

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended April 30, 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: 0-18183

**G-III APPAREL GROUP, LTD.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)  
  
512 Seventh Avenue, New York, New York  
(Address of principal executive offices)

41-1590959  
(I.R.S. Employer  
Identification No.)

10018  
(Zip Code)

(212) 403-0500

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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, \$0.01 par value per share	GIII	The Nasdaq Stock Market

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

As of June 2, 2023, there were 45,593,524 shares of issuer's common stock, par value \$0.1 per share, outstanding.

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**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**G-III APPAREL GROUP, LTD. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS**

	April 30, 2023	April 30, 2022	January 31, 2023
	(Unaudited)	(Unaudited)	
(In thousands, except per share amounts)			
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 289,729	\$ 438,411	\$ 191,652
Accounts receivable, net of allowance for doubtful accounts of \$18.8 million, \$16.9 million and \$18.3 million, respectively	494,601	573,613	674,963
Inventories	630,308	550,059	709,345
Prepaid income taxes	7,692	1,071	5,886
Prepaid expenses and other current assets	69,432	53,425	70,654
Total current assets	1,491,762	1,616,579	1,652,500
Investments in unconsolidated affiliates	27,585	89,827	24,467
Property and equipment, net	53,157	47,274	53,742
Operating lease assets	237,056	164,607	239,665
Other assets, net	52,183	54,132	52,644
Other intangibles, net	34,131	30,512	34,842
Deferred income tax assets, net	26,389	1,647	26,389
Trademarks	632,220	451,967	628,156
Goodwill	—	261,727	—
Total assets	<u>\$ 2,554,483</u>	<u>\$ 2,718,272</u>	<u>\$ 2,712,405</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities			
Current portion of notes payable	\$ 139,418	\$ 4,554	\$ 135,518
Accounts payable	140,064	215,489	169,508
Accrued expenses	99,092	94,359	115,586
Customer refund liabilities	69,408	78,052	89,760
Current operating lease liabilities	51,024	41,112	52,917
Income tax payable	8,234	17,060	14,875
Other current liabilities	863	1,358	905
Total current liabilities	508,103	451,984	579,069
Notes payable, net of discount and unamortized issuance costs	403,586	516,828	483,840
Deferred income tax liabilities, net	45,561	38,021	44,783
Noncurrent operating lease liabilities	202,406	139,686	204,974
Other noncurrent liabilities	15,325	12,998	15,141
Total liabilities	1,174,981	1,159,517	1,327,807
Redeemable noncontrolling interests	(945)	463	(850)
Stockholders' Equity			
Preferred stock; 1,000 shares authorized; no shares issued	—	—	—
Common stock - \$0.01 par value; 120,000 shares authorized; 49,396, 49,396 and 49,396 shares issued, respectively	264	264	264
Additional paid-in capital	472,474	460,999	468,712
Accumulated other comprehensive loss	(6,936)	(18,657)	(11,653)
Retained earnings	987,180	1,147,639	983,944
Common stock held in treasury, at cost - 3,802, 1,209 and 2,680 shares, respectively	(72,535)	(31,953)	(55,819)
Total stockholders' equity	1,380,447	1,558,292	1,385,448
Total liabilities, redeemable noncontrolling interests and stockholders' equity	<u>\$ 2,554,483</u>	<u>\$ 2,718,272</u>	<u>\$ 2,712,405</u>

*The accompanying notes are an integral part of these statements.*

**G-III APPAREL GROUP, LTD. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**

	Three Months Ended April 30,	
	2023	2022
(Unaudited)		
(In thousands, except per share amounts)		
Net sales	\$ 606,589	\$ 688,757
Cost of goods sold	356,788	442,718
Gross profit	249,801	246,039
Selling, general and administrative expenses	227,961	185,407
Depreciation and amortization	6,576	6,095
Operating profit	15,264	54,537
Other income (loss)	973	(2,708)
Interest and financing charges, net	(12,151)	(12,203)
Income before income taxes	4,086	39,626
Income tax expense	945	9,000
Net income	3,141	30,626
Less: Loss attributable to noncontrolling interests	(95)	(8)
Net income attributable to G-III Apparel Group, Ltd.	\$ 3,236	\$ 30,634

**NET INCOME PER COMMON SHARE ATTRIBUTABLE TO G-III APPAREL GROUP, LTD.:**

<b>Basic:</b>		
Net income per common share	\$ 0.07	\$ 0.64
Weighted average number of shares outstanding	46,286	48,016
<b>Diluted:</b>		
Net income per common share	\$ 0.07	\$ 0.62
Weighted average number of shares outstanding	47,442	49,108
Net income	\$ 3,141	\$ 30,626
Other comprehensive income:		
Foreign currency translation adjustments	4,715	(4,130)
Other comprehensive income (loss):	4,715	(4,130)
Comprehensive income	\$ 7,856	\$ 26,496
Comprehensive loss attributable to noncontrolling interests:		
Net loss	(95)	(8)
Foreign currency translation adjustments	2	2
Comprehensive loss attributable to noncontrolling interests	(93)	(6)
Comprehensive income attributable to G-III Apparel Group, Ltd.	\$ 7,763	\$ 26,490

*The accompanying notes are an integral part of these statements.*



**G-III APPAREL GROUP, LTD. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Three Months Ended April 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited, in thousands)</b>	
<b>Cash flows from operating activities</b>		
Net income attributable to G-III Apparel Group, Ltd.	\$ 3,236	\$ 30,634
<b>Adjustments to reconcile net income to net cash used in operating activities:</b>		
Depreciation and amortization	6,576	6,095
Loss on disposal of fixed assets	393	24
Non-cash operating lease costs	14,902	11,852
Equity loss (gain) in unconsolidated affiliates	482	(676)
Change in fair value of equity securities	(1,009)	1,126
Share-based compensation	3,837	20,549
Deferred financing charges and debt discount amortization	2,640	2,494
Deferred income taxes	778	71
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable, net	180,362	31,898
Inventories	79,037	(37,904)
Income taxes, net	(8,448)	20,496
Prepaid expenses and other current assets	2,422	(9)
Other assets, net	448	62
Customer refund liabilities	(20,352)	(8,736)
Operating lease liabilities	(16,724)	(11,675)
Accounts payable, accrued expenses and other liabilities	(46,749)	(55,130)
<b>Net cash provided by operating activities</b>	<b>201,831</b>	<b>11,171</b>
<b>Cash flows from investing activities</b>		
Operating lease assets initial direct costs	(52)	—
Investment in e-commerce retailer	—	(25,000)
Investment in equity interest of private company	(3,600)	—
Capital expenditures	(4,978)	(4,334)
<b>Net cash used in investing activities</b>	<b>(8,630)</b>	<b>(29,334)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings - revolving facility	(85,400)	—
Proceeds from borrowings - revolving facility	5,313	—
Repayment of borrowings - foreign facilities	(36,073)	(356)
Proceeds from borrowings - foreign facilities	37,199	287
Purchase of treasury shares	(16,769)	—
Taxes paid for net share settlements	(22)	(8,675)
<b>Net cash used in financing activities</b>	<b>(95,752)</b>	<b>(8,744)</b>
Foreign currency translation adjustments	628	(666)
Net increase (decrease) in cash and cash equivalents	98,077	(27,573)
Cash and cash equivalents at beginning of period	191,652	465,984
<b>Cash and cash equivalents at end of period</b>	<b>\$ 289,729</b>	<b>\$ 438,411</b>
<b>Supplemental disclosures of cash flow information</b>		
<b>Cash payments:</b>		
Interest, net	\$ 16,781	\$ 17,236
Income tax payments, net	\$ 9,176	\$ (11,694)

*The accompanying notes are an integral part of these statements.*

## G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 1 – BASIS OF PRESENTATION

As used in these financial statements, the term “Company” or “G-III” refers to G-III Apparel Group, Ltd. and its subsidiaries. The Company designs, sources and markets an extensive range of apparel, including outerwear, dresses, sportswear, swimwear, women’s suits and women’s performance wear, as well as women’s handbags, footwear, small leather goods, cold weather accessories and luggage. The Company also operates retail stores and licenses its proprietary brands under several product categories.

The Company consolidates the accounts of its wholly-owned and majority-owned subsidiaries. Fabco Holding B.V. (“Fabco”) is a Dutch joint venture limited liability company that is 75% owned by the Company and is treated as a consolidated majority-owned subsidiary. In October 2021, the Company purchased Sonia Rykiel, a wholly-owned operating subsidiary. The results of Sonia Rykiel are included in the Company’s consolidated financial statements beginning in the fourth quarter of fiscal 2022. Karl Lagerfeld Holding B.V. (“KLH”) is a Dutch limited liability company that was 19% owned by the Company through May 30, 2022 and was accounted for during that time using the equity method of accounting. Effective May 31, 2022, the Company acquired the remaining 81% interest in KLH that it did not previously own and, as a result, KLH began being treated as a consolidated wholly-owned subsidiary. KL North America B.V. (“KLNA”) is a Dutch joint venture limited liability company that was 49% owned by the Company and 51% indirectly owned by KLH through May 30, 2022 and was accounted for during that time using the equity method of accounting. Effective May 31, 2022, KLNA became an indirect wholly-owned subsidiary of the Company as a result of the Company’s acquisition of the remaining 81% interest in KLH it did not previously own. All material intercompany balances and transactions have been eliminated. The results of KLH are included in the Company’s consolidated financial statements beginning May 31, 2022.

Vilebrequin International SA (“Vilebrequin”), a Swiss corporation that is wholly-owned by the Company, KLH, Fabco and Sonia Rykiel, report results on a calendar year basis rather than on the January 31 fiscal year basis used by the Company. Accordingly, the results of Vilebrequin, KLH, Fabco and Sonia Rykiel are included in the financial statements for the quarter ended or ending closest to the Company’s fiscal quarter end. For example, with respect to the Company’s results for the three-month period ended April 30, 2023, the results of Vilebrequin, Fabco, KLH and Sonia Rykiel are included for the three-month period ended March 31, 2023. For the year ended December 31, 2022, the results of KLH, which includes KLNA, are included for the period from June 1, 2022 through December 31, 2022. The results of the Company’s previous 49% ownership interest in KLNA and 19% ownership interest in KLH are included for the period from February 1, 2022 through May 30, 2022. The Company’s retail operations segment reports on a 52/53 week fiscal year. The Company’s three-month periods ended April 30, 2023 and 2022 were each 13-week periods for the retail operations segment. For fiscal 2024 and 2023, the three-month periods for the retail operations segment ended on April 29, 2023 and April 30, 2022, respectively.

The results for the three months ended April 30, 2023 are not necessarily indicative of the results expected for the entire fiscal year, given the seasonal nature of the Company’s business. The accompanying financial statements included herein are unaudited. All adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations and cash flows for the interim period presented have been reflected.

The accompanying financial statements should be read in conjunction with the financial statements and notes included in the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2023 filed with the Securities and Exchange Commission (the “SEC”).

Assets and liabilities of the Company’s foreign operations, where the functional currency is not the U.S. dollar (reporting currency), are translated from the foreign currency into U.S. dollars at period-end rates, while income and expenses are translated at the weighted-average exchange rates for the period. The related translation adjustments are reflected as a foreign currency translation adjustment in accumulated other comprehensive loss within stockholders’ equity.

**NOTE 2 – ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The Company's financial instruments consist of trade receivables arising from revenue transactions in the ordinary course of business. The Company considers its trade receivables to consist of two portfolio segments: wholesale and retail trade receivables. Wholesale trade receivables result from credit the Company has extended to its wholesale customers based on pre-defined criteria and are generally due within 30 to 60 days. Retail trade receivables primarily relate to amounts due from third-party credit card processors for the settlement of debit and credit card transactions and are typically collected within 3 to 5 days.

The Company's accounts receivable and allowance for doubtful accounts as of April 30, 2023, April 30, 2022 and January 31, 2023 were:

	April 30, 2023		
	Wholesale	Retail (In thousands)	Total
Accounts receivable, gross	\$ 512,315	\$ 1,118	\$ 513,433
Allowance for doubtful accounts	(18,769)	(63)	(18,832)
Accounts receivable, net	<u>\$ 493,546</u>	<u>\$ 1,055</u>	<u>\$ 494,601</u>

  

	April 30, 2022		
	Wholesale	Retail (In thousands)	Total
Accounts receivable, gross	\$ 589,233	\$ 1,319	\$ 590,552
Allowance for doubtful accounts	(16,858)	(81)	(16,939)
Accounts receivable, net	<u>\$ 572,375</u>	<u>\$ 1,238</u>	<u>\$ 573,613</u>

  

	January 31, 2023		
	Wholesale	Retail (In thousands)	Total
Accounts receivable, gross	\$ 692,033	\$ 1,227	\$ 693,260
Allowance for doubtful accounts	(18,237)	(60)	(18,297)
Accounts receivable, net	<u>\$ 673,796</u>	<u>\$ 1,167</u>	<u>\$ 674,963</u>

The allowance for doubtful accounts for wholesale trade receivables is estimated based on several factors. In circumstances where the Company is aware of a specific customer's inability to meet its financial obligations (such as in the case of bankruptcy filings (including potential bankruptcy filings), extensive delay in payment or substantial downgrading by credit rating agencies), a specific reserve for bad debt is recorded against amounts due from that customer to reduce the net recognized receivable to the amount reasonably expected to be collected. For all other wholesale customers, an allowance for doubtful accounts is determined through analysis of the aging of accounts receivable at the end of the reporting period for financial statements, assessments of collectability based on historical trends and an evaluation of the impact of economic conditions. The Company considers both current and forecasted future economic conditions in determining the adequacy of its allowance for doubtful accounts.

The allowance for doubtful accounts for retail trade receivables is estimated at the credit card chargeback rate applied to the previous 90 days of credit card sales. In addition, the Company considers both current and forecasted future economic conditions in determining the adequacy of its allowance for doubtful accounts.



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The Company had the following activity in its allowance for credit losses:

	Wholesale	Retail (In thousands)	Total
Balance as of January 31, 2023	\$ (18,237)	\$ (60)	\$ (18,297)
Provision for credit losses, net	(532)	(3)	(535)
Accounts written off as uncollectible	—	—	—
Balance as of April 30, 2023	<u>\$ (18,769)</u>	<u>\$ (63)</u>	<u>\$ (18,832)</u>
Balance as of January 31, 2022	\$ (17,307)	\$ (84)	\$ (17,391)
Provision for credit losses, net	411	3	414
Accounts written off as uncollectible	38	—	38
Balance as of April 30, 2022	<u>\$ (16,858)</u>	<u>\$ (81)</u>	<u>\$ (16,939)</u>
Balance as of January 31, 2022	\$ (17,307)	\$ (84)	\$ (17,391)
Provision for credit losses, net	(1,002)	24	(978)
Accounts written off as uncollectible	72	—	72
Balance as of January 31, 2023	<u>\$ (18,237)</u>	<u>\$ (60)</u>	<u>\$ (18,297)</u>

### NOTE 3 – INVENTORIES

Wholesale inventories, which comprise a significant portion of the Company's inventory, are stated at the lower of cost (determined by the first-in, first-out method) or net realizable value. Retail and Vilebrequin inventories are stated at the lower of cost (determined by the weighted average method) or net realizable value. Substantially all of the Company's inventories consist of finished goods.

The inventory return asset, which consists of the amount of goods that are anticipated to be returned by customers, was \$12.9 million, \$16.4 million and \$19.2 million as of April 30, 2023, April 30, 2022 and January 31, 2023, respectively. The inventory return asset is recorded within prepaid expenses and other current assets on the condensed consolidated balance sheets.

Inventory held on consignment by the Company's customers totaled \$7.6 million, \$5.9 million and \$6.6 million at April 30, 2023, April 30, 2022 and January 31, 2023, respectively. Consignment inventory is held by the Company's customers. The Company reflects this inventory on its condensed consolidated balance sheets.

### NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Generally Accepted Accounting Principles establish a three-level valuation hierarchy for disclosure of fair value measurements. The determination of the applicable level within the hierarchy for a particular asset or liability depends on the inputs used in its valuation as of the measurement date, notably the extent to which the inputs are market-based (observable) or internally-derived (unobservable). A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

- Level 1 — inputs to the valuation methodology based on quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 — inputs to the valuation methodology based on quoted prices for similar assets or liabilities in active markets for substantially the full term of the financial instrument; quoted prices for identical or similar instruments in markets that are not active for substantially the full term of the financial instrument; and model-derived valuations whose inputs or significant value drivers are observable.
- Level 3 — inputs to the valuation methodology based on unobservable prices or valuation techniques that are significant to the fair value measurement.

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The following table summarizes the carrying values and the estimated fair values of the Company's debt instruments:

Financial Instrument	Level	Carrying Value			Fair Value		
		April 30, 2023	April 30, 2022	January 31, 2023	April 30, 2023	April 30, 2022	January 31, 2023
(In thousands)							
Secured Notes	1	\$ 400,000	\$ 400,000	\$ 400,000	\$ 376,000	\$ 416,000	\$ 380,000
Revolving credit facility	2	—	—	80,087	—	—	80,087
Note issued to LVMH	3	123,019	115,926	121,202	121,476	112,306	119,426
Unsecured loans	2	11,212	7,845	10,866	11,212	7,845	10,866
Overdraft facilities	2	4,132	3,131	3,657	4,132	3,131	3,657
Foreign credit facility	2	8,462	—	7,792	8,462	—	7,792

The Company's debt instruments are recorded at their carrying values in its condensed consolidated balance sheets, which may differ from their respective fair values. The fair value of the Company's secured notes is based on their current market price as of April 30, 2023. The carrying amount of the Company's variable rate debt approximates the fair value, as interest rates change with the market rates. Furthermore, the carrying value of all other financial instruments potentially subject to valuation risk (principally consisting of cash, accounts receivable and accounts payable) also approximates fair value due to the short-term nature of these accounts.

The 2% note in the principal amount of \$125 million (the "LVMH Note") issued to LVMH Moët Hennessy Louis Vuitton Inc. ("LVMH") in connection with the acquisition of DKNY and Donna Karan was recorded on the balance sheet at a discount of \$40.0 million in accordance with ASC 820 – *Fair Value Measurements*. For purposes of this fair value disclosure, the Company based its fair value estimate for the LVMH Note on the initial fair value as determined at the date of the acquisition of DKNY and Donna Karan and records the amortization using the effective interest method over the term of the LVMH Note.

The fair value of the LVMH Note was considered a Level 3 valuation in the fair value hierarchy.

#### Non-Financial Assets and Liabilities

The Company's non-financial assets that are measured at fair value on a nonrecurring basis include long-lived assets, which consist primarily of property and equipment and operating lease assets. The Company reviews these assets for impairment whenever events or changes in circumstances indicate that their carrying value may not be fully recoverable. For assets that are not recoverable, an impairment loss is recognized equal to the difference between the carrying amount of the asset or asset group and its estimated fair value. For operating lease assets, the Company determines the fair value of the assets by discounting the estimated market rental rates over the remaining term of the lease. These fair value measurements are considered level 3 measurements in the fair value hierarchy. During fiscal 2023, the Company recorded a \$2.7 million impairment charge related to leasehold improvements, furniture and fixtures and operating lease assets at certain DKNY, Karl Lagerfeld Paris and Vilebrequin stores as a result of the performance of these stores.

#### **NOTE 5 – LEASES**

The Company leases retail stores, warehouses, distribution centers, office space and certain equipment. Leases with an initial term of 12 months or less are not recorded on the balance sheet. The Company recognizes lease expense for these leases on a straight-line basis over the lease term.

Most leases are for a term of one to ten years. Some leases include one or more options to renew, with renewal terms that can extend the lease term from one to ten years. Several of the Company's retail store leases include an option to terminate the lease based on failure to achieve a specified sales volume. The exercise of lease renewal options is generally at the Company's sole discretion. The exercise of lease termination options is generally by mutual agreement between the Company and the lessor.

Certain of the Company's lease agreements include rental payments based on a percentage of retail sales over contractual levels and others include rental payments adjusted periodically for inflation. The Company's leases do not contain any material residual value guarantees or material restrictive covenants.

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The Company's lease assets and liabilities as of April 30, 2023, April 30, 2022 and January 31, 2023 consist of the following:

<u>Leases</u>	<u>Classification</u>	<u>April 30, 2023</u>	<u>April 30, 2022</u>	<u>January 31, 2023</u>
			(In thousands)	
<b>Assets</b>				
Operating	Operating lease assets	\$ 237,056	\$ 164,607	\$ 239,665
<b>Liabilities</b>				
Current operating	Current operating lease liabilities	\$ 51,024	\$ 41,112	\$ 52,917
Noncurrent operating	Noncurrent operating lease liabilities	202,406	139,686	204,974
<b>Total lease liabilities</b>		<u>\$ 253,430</u>	<u>\$ 180,798</u>	<u>\$ 257,891</u>

The Company's operating lease assets and operating lease liabilities increased during fiscal 2023 primarily due to the acquisition of KLH. The Company recorded lease costs of \$18.6 million and \$14.1 million during the three months ended April 30, 2023 and 2022, respectively. Lease costs are recorded within selling, general and administrative expenses in the Company's condensed consolidated statements of operations and comprehensive income. The Company recorded variable lease costs and short-term lease costs of \$5.9 million and \$5.1 million for the three months ended April 30, 2023 and 2022, respectively. Short-term lease costs are immaterial.

As of April 30, 2023, the Company's maturity of operating lease liabilities in the years ending up to January 31, 2028 and thereafter are as follows:

<u>Year Ending January 31,</u>	<u>Amount</u>
	(In thousands)
2024	\$ 51,368
2025	67,036
2026	56,130
2027	45,065
2028	36,772
After 2028	57,057
<b>Total lease payments</b>	<u>\$ 313,428</u>
Less: Interest	59,998
<b>Present value of lease liabilities</b>	<u>\$ 253,430</u>

As of April 30, 2023, there are no material leases that are legally binding but have not yet commenced.

As of April 30, 2023, the weighted average remaining lease term related to operating leases is 5.4 years. The weighted average discount rate related to operating leases is 8.0%.

Cash paid for amounts included in the measurement of operating lease liabilities is \$21.2 million and \$15.0 million during the three months ended April 30, 2023 and 2022, respectively. Right-of-use assets obtained in exchange for lease obligations were \$10.5 million and \$8.6 million during the three months ended April 30, 2023 and 2022, respectively.

**NOTE 6 – KARL LAGERFELD ACQUISITION**

On April 29, 2022, the Company entered into a share purchase agreement (the "Purchase Agreement") with a group of investors pursuant to which the Company agreed to acquire, on the terms set forth and subject to the conditions set forth in the Purchase Agreement, the remaining 81% interest in KLH that it did not already own, for an aggregate consideration of €193.4 million (approximately \$207.6 million) in cash, after taking into account certain adjustments. The acquisition closed on May 31, 2022. The Company funded the purchase price from cash on hand.

On May 31, 2022, the effective date of the acquisition, the Company's previously held 19% investment in KLH and 49% investment in KLNA were remeasured at fair value using a market approach based on the purchase price of the acquisition

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and a discount for lack of control related to the Company's previously held minority investment in KLH. As a result of this remeasurement, a non-cash gain of \$27.1 million was recorded as of the effective date of the acquisition.

The addition of KLH to the Company's portfolio of owned brands advances several of its strategic initiatives, including increasing its direct ownership of brands and their licensing opportunities and further diversifying its global presence. This acquisition offers additional opportunities to expand the Company's international growth by further developing its European-based brands, which also include Vilebrequin and Sonia Rykiel. The Company believes that KLH's existing digital channel presence provides an opportunity for the Company to enhance its omni-channel business and further accelerate its digital initiatives.

#### *Purchase Price Consideration*

The purchase price of \$207.6 million, after taking into account certain adjustments, was paid from cash on hand. The purchase price has been revised to include adjustments in accordance with the Purchase Agreement.

The initial purchase price and the valuation of the prior minority ownership for the acquisition of KLH is as follows (in thousands):

Cash disbursed for the acquisition of KLH	\$	168,592
Plus: cash acquired		38,499
Plus: aggregate adjustments to purchase price		516
Initial purchase price		207,607
Plus: fair value of prior minority ownership		102,858
Total consideration	\$	310,465

#### *Allocation of the Purchase Price Consideration*

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition:

<b>(In thousands)</b>		
Cash and cash equivalents	\$	38,499
Accounts receivable, net		28,449
Inventories		33,489
Prepaid income taxes		1,100
Prepaid expenses and other current assets		3,347
Property, plant and equipment, net		11,545
Operating lease assets		55,753
Goodwill		84,336
Trademarks		178,823
Customer relationships		4,294
Deferred income taxes		5,131
Other long-term assets		2,237
Total assets acquired	\$	447,003
Notes payable		3,606
Accounts payable		9,175
Accrued expenses		15,261
Operating lease liabilities		58,942
Income taxes payable		2,099
Deferred income taxes		42,222
Other long-term liabilities		5,233
Total liabilities assumed	\$	136,538
Total fair value of acquisition consideration	\$	310,465

During the year ended January 31, 2023, the Company recorded adjustments to the fair values of assets acquired and liabilities assumed at the date of acquisition based on additional information obtained. The Company recorded an

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additional \$36.9 million in both total assets and total liabilities, primarily related to goodwill, deferred tax assets and liabilities, operating lease assets, inventories, accounts receivable, net, accounts payable, customer relationships and operating lease liabilities.

The Company recognized goodwill of approximately \$84.3 million in connection with the acquisition of KLH. The goodwill was assigned to the Company's wholesale operations reporting unit. The Company intends to make an election under Internal Revenue Code Section 338(g) to amortize the total goodwill and intangible assets over a 15 year period for income tax purposes in the United States.

The fair values assigned to identifiable intangible assets acquired were based on assumptions and estimates made by management using unobservable inputs reflecting the Company's own assumptions about the inputs that market participants would use in pricing the asset or liability based on the best information available. The fair values of the trademarks were determined using the relief from royalty method and the fair value of the customer relationships were determined using an income approach. The Company classifies these intangibles as Level 3 fair value measurements. Identifiable intangible assets acquired include the following (in thousands):

	Fair Value	Weighted Average Amortization Period
Trademarks	\$ 178,823	—
Customer relationships	4,294	8
	<u>\$ 183,117</u>	<u>—</u>

The Company recognized approximately \$5.6 million of acquisition related costs that were expensed in fiscal 2023 and fiscal 2022. The fiscal 2023 and fiscal 2022 acquisition and integration costs were recorded within selling, general and administrative expenses in the Company's condensed consolidated statements of operations and comprehensive income for the fiscal years ended January 31, 2023 and 2022, respectively.

The estimates of fair value of assets acquired and liabilities assumed are preliminary and subject to change based on completion of certain working capital adjustments and the tax implications of the Company's purchase price allocation. The purchase price allocation for acquired companies can be modified for up to one year from the date of acquisition.

**NOTE 7 – NET INCOME PER COMMON SHARE**

Basic net income per common share has been computed using the weighted average number of common shares outstanding during each period. Diluted net income per share, when applicable, is computed using the weighted average number of common shares and potential dilutive common shares, consisting of unvested restricted stock unit awards outstanding during the period. Approximately 302,200 and 113,300 shares of common stock have been excluded from the diluted net income per share calculation for the three months ended April 30, 2023 and 2022, respectively. All share-based payments outstanding that vest based on the achievement of performance conditions, and for which the respective performance conditions have not been achieved, have been excluded from the diluted per share calculation.

The following table reconciles the numerators and denominators used in the calculation of basic and diluted net income per share:

	Three Months Ended April 30,	
	2023	2022
	(In thousands, except share and per share amounts)	
Net income attributable to G-III Apparel Group, Ltd.	\$ 3,236	\$ 30,634
Basic net income per share:		
Basic common shares	46,286	48,016
Basic net income per share	<u>\$ 0.07</u>	<u>\$ 0.64</u>
Diluted net income per share:		
Basic common shares	46,286	48,016
Dilutive restricted stock unit awards and stock options	1,156	1,092
Diluted common shares	47,442	49,108
Diluted net income per share	<u>\$ 0.07</u>	<u>\$ 0.62</u>

**NOTE 8 – NOTES PAYABLE**

Long-term debt consists of the following:

	<u>April 30, 2023</u>	<u>April 30, 2022</u> (In thousands)	<u>January 31, 2023</u>
Secured Notes	\$ 400,000	\$ 400,000	\$ 400,000
Revolving credit facility	—	—	80,087
LVMH Note	125,000	125,000	125,000
Unsecured loans	11,212	7,845	10,866
Overdraft facilities	4,132	3,131	3,657
Foreign credit facility	8,462	—	7,792
Subtotal	<u>548,806</u>	<u>535,976</u>	<u>627,402</u>
Less: Net debt issuance costs <sup>(1)</sup>	(3,821)	(5,520)	(4,246)
Debt discount	(1,981)	(9,074)	(3,798)
Current portion of long-term debt	(139,418)	(4,554)	(135,518)
Total	<u>\$ 403,586</u>	<u>\$ 516,828</u>	<u>\$ 483,840</u>

<sup>(1)</sup> Does not include debt issuance costs, net of amortization, totaling \$3.6 million, \$5.2 million and \$4.0 million as of April 30, 2023, April 30, 2022 and January 31, 2023, respectively, related to the revolving credit facility. These debt issuance costs have been deferred and are classified in assets in the accompanying condensed consolidated balance sheets in accordance with ASC 835.

*Senior Secured Notes*

In August 2020, the Company completed a private debt offering of \$400 million aggregate principal amount of its 7.875% Senior Secured Notes due 2025 (the “Notes”). The terms of the Notes are governed by an indenture (the “Indenture”), among the Company, the guarantors party thereto and U.S. Bank, National Association, as trustee and collateral agent (the “Collateral Agent”). The net proceeds of the Notes were used (i) to repay the \$300 million that was outstanding under the Company’s prior term loan facility due 2022 (the “Term Loan”), (ii) to pay related fees and expenses and (iii) for general corporate purposes.

The Notes bear interest at a rate of 7.875% per year payable semi-annually in arrears on February 15 and August 15 of each year.

The Notes are unconditionally guaranteed on a senior-priority secured basis by the Company’s current and future wholly-owned domestic subsidiaries that guarantee any of the Company’s credit facilities, including the Company’s ABL facility (the “ABL Facility”) pursuant to the ABL Credit Agreement, or certain future capital markets indebtedness of the Company or guarantors.

The Notes and the related guarantees are secured by (i) first priority liens on the Company’s Cash Flow Priority Collateral (as defined in the Indenture), and (ii) a second-priority lien on the Company’s ABL Priority Collateral (as defined in the Indenture), in each case subject to permitted liens described in the Indenture.

In connection with the issuance of the Notes and execution of the Indenture, the Company and the Guarantors entered into a pledge and security agreement (the “Pledge and Security Agreement”), among the Company, the Guarantors and the Collateral Agent.

The Notes are subject to the terms of the intercreditor agreement which governs the relative rights of the secured parties in respect of the ABL Facility and the Notes (the “Intercreditor Agreement”). The Intercreditor Agreement restricts the actions permitted to be taken by the Collateral Agent with respect to the Collateral on behalf of the holders of the Notes. The Notes are also subject to the terms of the LVMH Note subordination agreement which governs the relative rights of the secured parties in respect of the LVMH Note, the ABL Facility and the Notes.

The Company may redeem some or all of the Notes at any time and from time to time at the redemption prices set forth in the Indenture, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date.

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If the Company experiences a Change of Control (as defined in the Indenture), the Company is required to offer to repurchase the Notes at 101% of the principal amount of such Notes plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

The Indenture contains covenants that, among other things, limit the Company's ability and the ability of its restricted subsidiaries to incur or guarantee additional indebtedness, pay dividends or make other restricted payments, make certain investments, incur restrictions on the ability of the Company's restricted subsidiaries that are not guarantors to pay dividends or make certain other payments, create or incur certain liens, sell assets and subsidiary stock, impair the security interests, transfer all or substantially all of the Company's assets or enter into merger or consolidation transactions, and enter into transactions with affiliates. The Indenture provides for customary events of default which include (subject in certain cases to customary grace and cure periods), among others, nonpayment of principal or interest, breach of other agreements in the Indenture, failure to pay certain other indebtedness, failure of certain guarantees to be enforceable, failure to perfect certain collateral securing the Notes, failure to pay certain final judgments, and certain events of bankruptcy or insolvency.

The Company incurred debt issuance costs totaling \$8.5 million related to the Notes. In accordance with ASC 835, the debt issuance costs have been deferred and are presented as a contra-liability, offsetting the outstanding balance of the Notes, and are amortized over the remaining life of the Notes.

### *Second Amended and Restated ABL Credit Agreement*

In August 2020, the Company's subsidiaries, G-III Leather Fashions, Inc., Riviera Sun, Inc., CK Outerwear, LLC, AM Retail Group, Inc. and The Donna Karan Company Store LLC (collectively, the "Borrowers"), entered into the second amended and restated credit agreement (the "ABL Credit Agreement") with the Lenders named therein and with JPMorgan Chase Bank, N.A., as Administrative Agent. The ABL Credit Agreement is a five year senior secured credit facility subject to a springing maturity date if, subject to certain conditions, the LVMH Note is not refinanced or repaid prior to the date that is 91 days prior to the date of any relevant payment thereunder. The ABL Credit Agreement provides for borrowings in the aggregate principal amount of up to \$650 million. The Company and certain of its subsidiaries (the "Guarantors"), are Loan Guarantors under the ABL Credit Agreement.

The ABL Credit Agreement refinanced, amended and restated the Amended Credit Agreement, dated as of December 1, 2016 (as amended, supplemented or otherwise modified from time to time prior to August 7, 2020, the "Prior Credit Agreement"). The Prior Credit Agreement provided for borrowings of up to \$650 million. The ABL Credit Agreement extended the maturity date of this facility from December 2021 to August 2025, subject to a springing maturity date if, subject to certain conditions, the LVMH Note is not refinanced or repaid prior to the date that is 91 days prior to the date of any relevant payment thereunder.

Amounts available under the ABL Credit Agreement are subject to borrowing base formulas and overadvances as specified in the ABL Credit Agreement. Borrowings bear interest, at the Borrowers' option, at LIBOR plus a margin of 1.75% to 2.25% or an alternate base rate margin of 0.75% to 1.25% (defined as the greatest of (i) the "prime rate" of JPMorgan Chase Bank, N.A. from time to time, (ii) the federal funds rate plus 0.5% and (iii) the LIBOR rate for a borrowing with an interest period of one month) plus 1.00%, with the applicable margin determined based on Borrowers' availability under the ABL Credit Agreement. The calculation of the interest rate under the ABL Credit Agreement has been revised as set forth in the next paragraph. The ABL Credit Agreement is secured by specified assets of the Borrowers and the Guarantors. In addition to paying interest on any outstanding borrowings under the ABL Credit Agreement, the Company is required to pay a commitment fee to the lenders under the credit agreement with respect to the unutilized commitments. The commitment fee accrues at a tiered rate equal to 0.50% per annum on the average daily amount of the available commitments when the average usage is less than 50% of the total available commitments and decreases to 0.35% per annum on the average daily amount of the available commitments when the average usage is greater than or equal to 50% of the total available commitments. As of April 30, 2023, interest under the ABL Credit Agreement was being paid at an average rate of 6.62% per annum.

On April 20, 2023, the Company amended the ABL Credit Agreement to replace LIBOR with the Adjusted Term Secured Overnight Financing Rate ("SOFR") as a successor rate. All other material terms and conditions of the ABL Credit Agreement were unchanged. Borrowings under the amended ABL Credit Agreement will bear interest, at the Borrower's

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option, at the alternate base rate (defined as, for a given day, the greatest of (i) the “prime rate” in effect on such day, (ii) the NYFRB Rate (as defined in the amendment) in effect on such day plus 0.5% and (iii) the Adjusted Term SOFR (defined as an interest rate per annum equal to the Term SOFR for such interest period plus 0.10%) for a one-month interest period as published two business days prior to such day plus 1%) plus an applicable spread or the Adjusted Term SOFR Rate plus an applicable spread. The Company applied certain provisions and practical expedients of ASC 848 – Reference Rate Reform related to the transition from LIBOR to SOFR.

The revolving credit facility contains covenants that, among other things, restrict the Company’s ability to, subject to specified exceptions, incur additional debt; incur liens; sell or dispose of certain assets; merge with other companies; liquidate or dissolve the Company; acquire other companies; make loans, advances, or guarantees; and make certain investments. In certain circumstances, the revolving credit facility also requires the Company to maintain a fixed charge coverage ratio, as defined in the agreement, not less than 1.00 to 1.00 for each period of twelve consecutive fiscal months of the Company. As of April 30, 2023, the Company was in compliance with these covenants.

As of April 30, 2023, the Company had no borrowings outstanding under the ABL Credit Agreement. The ABL credit agreement also includes amounts available for letters of credit. As of April 30, 2023, there were outstanding trade and standby letters of credit amounting to \$7.8 million and \$2.9 million, respectively.

At the date of the refinancing of the Prior Credit Agreement, the Company had \$3.3 million of unamortized debt issuance costs remaining from the Prior Credit Agreement. The Company extinguished and charged to interest expense \$0.4 million of the prior debt issuance costs and incurred new debt issuance costs totaling \$5.1 million related to the ABL Credit Agreement. The Company has a total of \$8.0 million of debt issuance costs related to the ABL Credit Agreement. As permitted under ASC 835, the debt issuance costs have been deferred and are presented as an asset which is amortized ratably over the term of the ABL Credit Agreement.

### *LVMH Note*

As a portion of the consideration for the acquisition of Donna Karan International (“DKI”), the Company issued to LVMH a junior lien secured promissory note in the principal amount of \$125.0 million that bears interest at the rate of 2% per year. \$75.0 million of the principal amount of the LVMH Note is due and payable on June 1, 2023 and \$50.0 million of such principal amount is due and payable on December 1, 2023. The LVMH Note is classified in current portion of notes payable in the Company’s condensed consolidated balance sheet as of April 30, 2023.

ASC 820 requires the LVMH Note to be recorded at fair value at issuance. As a result, the Company recorded a \$40.0 million debt discount upon issuance of the LVMH Note. This discount is being amortized as interest expense using the effective interest method over the term of the LVMH Note.

### *Unsecured Loans*

Several of the Company’s foreign entities borrow funds under various unsecured loans of which a portion is to provide funding for operations in the normal course of business while other loans are European state backed loans as part of COVID-19 relief programs. In the aggregate, the Company is currently required to make quarterly installment payments of principal in the amount of €0.6 million under these loans. Interest on the outstanding principal amount of the unsecured loans accrues at a fixed rate equal to 0% to 5.0% per annum, payable on either a quarterly or monthly basis. As of April 30, 2023, the Company had an aggregate outstanding balance of €10.3 million (\$11.2 million) under these unsecured loans.

### *Overdraft Facilities*

During fiscal 2021, T.R.B International SA (“TRB”) entered into several overdraft facilities that allow for applicable bank accounts to be in a negative position up to a certain maximum overdraft. TRB entered into an uncommitted overdraft facility with HSBC Bank allowing for a maximum overdraft of €5 million. Interest on drawn balances accrues at a rate equal to the Euro Interbank Offered Rate plus a margin of 1.75% per annum, payable quarterly. The facility may be cancelled at any time by TRB or HSBC Bank. As part of a COVID-19 relief program, TRB and its subsidiaries have also entered into several state backed overdraft facilities with UBS Bank in Switzerland for an aggregate of CHF 4.7 million at



varying interest rates of 0% to 0.5%. As of April 30, 2023, TRB had an aggregate of €3.8 million (\$4.1 million) drawn under these facilities.

*Foreign Credit Facility*

KLH has a credit agreement with ABN AMRO Bank N.V. with a credit limit of €15.0 million which is secured by specified assets of KLH. Borrowings bear interest at the Euro Interbank Offered Rate (“EURIBOR”) plus a margin of 1.7%. As of April 30, 2023, KLH had €7.8 million (\$8.5 million) of borrowings outstanding under this credit facility.

**NOTE 9 – REVENUE RECOGNITION**

*Disaggregation of Revenue*

In accordance with ASC 606 – *Revenue from Contracts with Customers*, the Company discloses its revenues by segment. Each segment presents its own characteristics with respect to the timing of revenue recognition and the type of customer. In addition, disaggregating revenues using a segment basis is consistent with how the Company’s Chief Operating Decision Maker manages the Company. The Company has identified the wholesale operations segment and the retail operations segment as distinct sources of revenue.

*Wholesale Operations Segment.* Wholesale revenues include sales of products to retailers under owned, licensed and private label brands, as well as sales related to the Vilebrequin and Karl Lagerfeld businesses, other than sales of product under the Karl Lagerfeld Paris brand from our retail stores and digital outlets. Wholesale revenues from sales of products are recognized when control transfers to the customer. The Company considers control to have been transferred when the Company has transferred physical possession of the product, the Company has a right to payment for the product, the customer has legal title to the product and the customer has the significant risks and rewards of the product. Wholesale revenues are adjusted by variable consideration arising from implicit or explicit obligations. Wholesale revenues also include revenues from license agreements related to the DKNY, Donna Karan, Karl Lagerfeld, G.H. Bass, Andrew Marc, Vilebrequin and Sonia Rykiel trademarks owned by the Company. As of April 30, 2023, revenues from license agreements represented an insignificant portion of wholesale revenues.

*Retail Operations Segment.* Retail store revenues are generated by direct sales to consumers through company-operated stores and product sales through the Company’s digital channels for the DKNY, Donna Karan, G.H. Bass, Karl Lagerfeld Paris, Andrew Marc and Wilsons Leather businesses. Retail stores primarily consist of DKNY and Karl Lagerfeld Paris retail stores, substantially all of which are operated as outlet stores. Retail operations segment revenues are recognized at the point of sale when the customer takes possession of the goods and tenders payment. Digital revenues primarily consist of sales to consumers through the Company’s digital platforms. Digital revenue is recognized when a customer takes possession of the goods. Retail sales are recorded net of applicable sales tax.

*Contract Liabilities*

The Company’s contract liabilities, which are recorded within accrued expenses in the accompanying condensed consolidated balance sheets, primarily consist of gift card liabilities and advance payments from licensees. In some of its retail concepts, the Company also offers a limited loyalty program where customers accumulate points redeemable for cash discount certificates that expire 90 days after issuance. Total contract liabilities were \$4.1 million, \$3.6 million and \$5.1 million at April 30, 2023, April 30, 2022 and January 31, 2023, respectively. The Company recognized \$3.6 million in revenue for the three months ended April 30, 2023 related to contract liabilities that existed at January 31, 2023. The Company recognized \$3.7 million in revenue for the three months ended April 30, 2022 related to contract liabilities that existed at January 31, 2022. There were no contract assets recorded as of April 30, 2023, April 30, 2022 and January 31, 2023. Substantially all of the advance payments from licensees as of April 30, 2023 are expected to be recognized as revenue within the next twelve months.

**NOTE 10 – SEGMENTS**

The Company’s reportable segments are business units that offer products through different channels of distribution. The Company has two reportable segments: wholesale operations and retail operations. The wholesale operations segment includes sales of products under the Company’s owned, licensed and private label brands, as well as sales related to the Vilebrequin and Karl Lagerfeld businesses, other than sales of the Karl Lagerfeld Paris brand from retail stores and digital outlets. Wholesale revenues also include revenues from license agreements related to our owned trademarks including DKNY, Donna Karan, Karl Lagerfeld, Vilebrequin, G.H. Bass, Andrew Marc and Sonia Rykiel. The retail operations segment consists primarily of direct sales to consumers through Company-operated stores, which consists primarily of DKNY and Karl Lagerfeld Paris stores, as well as the digital channels for DKNY, Donna Karan, Karl Lagerfeld Paris, G.H. Bass, Andrew Marc and Wilsons Leather. Substantially all DKNY and Karl Lagerfeld Paris stores are operated as outlet stores.

The following segment information is presented for the three month periods indicated below:

	Three Months Ended April 30, 2023			Total
	Wholesale	Retail	Elimination <sup>(1)</sup>	
	(In thousands)			
Net sales	\$ 586,903	\$ 30,217	\$ (10,531)	\$ 606,589
Cost of goods sold	352,470	14,849	(10,531)	356,788
Gross profit	234,433	15,368	—	249,801
Selling, general and administrative expenses	204,089	23,872	—	227,961
Depreciation and amortization	5,745	831	—	6,576
Operating profit (loss)	\$ 24,599	\$ (9,335)	\$ —	\$ 15,264

  

	Three Months Ended April 30, 2022			Total
	Wholesale	Retail	Elimination <sup>(1)</sup>	
	(In thousands)			
Net sales	\$ 680,904	\$ 27,885	\$ (20,032)	\$ 688,757
Cost of goods sold	448,769	13,981	(20,032)	442,718
Gross profit	232,135	13,904	—	246,039
Selling, general and administrative expenses	161,808	23,599	—	185,407
Depreciation and amortization	5,414	681	—	6,095
Operating profit (loss)	\$ 64,913	\$ (10,376)	\$ —	\$ 54,537

<sup>(1)</sup> Represents intersegment sales to the Company’s retail operations segment.

The total net sales by licensed and proprietary product sales for each of the Company’s reportable segments are as follows:

	Three Months Ended	
	April 30, 2023	April 30, 2022
	(In thousands)	
Licensed brands	\$ 298,005	\$ 459,984
Proprietary brands	288,898	220,920
Wholesale net sales <sup>(1)</sup>	\$ 586,903	\$ 680,904
Licensed brands	\$ —	\$ 13,928
Proprietary brands	30,217	13,957
Retail net sales	\$ 30,217	\$ 27,885

<sup>(1)</sup> The Company acquired the remaining interests in KLH (the Karl Lagerfeld branded product) that it did not already own as of May 31, 2022. Net sales of Karl Lagerfeld product were included in licensed brand net sales of the wholesale operations segment through May 31, 2022. Subsequent to May 31, 2022, net sales of Karl Lagerfeld product are included in proprietary brands net sales of the wholesale operations segment.

**NOTE 11 – STOCKHOLDERS’ EQUITY**

For the three months ended April 30, 2023, the Company issued no shares of common stock and utilized 2,001 shares of treasury stock in connection with the vesting of equity awards. For the three months ended April 30, 2022, the Company issued no shares of common stock and utilized 271,536 shares of treasury stock in connection with the vesting of equity awards.

**NOTE 12 – CANADIAN CUSTOMS DUTY EXAMINATION**

In accordance with a favorable ruling by the Canadian International Trade Tribunal, in fiscal 2023, G-III Canada received a refund from the Canada Border Service Agency (“CBSA”) of CAD\$1.5 million (\$1.1 million), including interest and net of a dutiable design assist, for amounts paid by G-III Canada to the CBSA between February 1, 2014 and January 31, 2018. G-III Canada has filed adjustment requests with the CBSA for the period from February 1, 2018 to January 31, 2022 to amend declared dutiable values. These amendments are expected to result in a refund of duty and interest from the CBSA of approximately CAD\$13.3 million (\$9.8 million) plus related interest. These amounts are recorded within other assets, net on the condensed consolidated balance sheets.

**NOTE 13 – RECENT ADOPTED AND ISSUED ACCOUNTING PRONOUNCEMENTS**

*Recently Adopted Accounting Guidance*

There was no accounting guidance adopted during the three months ended April 30, 2023.

*Issued Accounting Guidance Being Evaluated for Adoption*

The Company has reviewed all recently issued accounting pronouncements and concluded that they were either not applicable or not expected to have a significant impact to the consolidated financial statements.

**NOTE 14 – SUBSEQUENT EVENTS**

In May 2023, the Company entered into a global twenty-five year master license agreement with Xcel Brands to design and produce all categories of men’s and women’s product for the Halston brand. The agreement provides for an initial term of five years, followed by a twenty-year period, as well as a purchase option at the end of the twenty-five year term. First deliveries of Halston product are expected to begin in the fall of 2024. The product will be distributed globally through better department stores and digital channels.

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

Unless the context otherwise requires, “G-III,” “us,” “we” and “our” refer to G-III Apparel Group, Ltd. and its subsidiaries. References to fiscal years refer to the year ended or ending on January 31 of that year. For example, our fiscal year ending January 31, 2023 is referred to as “fiscal 2023.”

Vilebrequin, KLH, Fabco and Sonia Rykiel report results on a calendar year basis rather than on the January 31 fiscal year basis used by G-III. Accordingly, the results of Vilebrequin, KLH, Fabco and Sonia Rykiel are, and will be, included in our financial statements for the quarter ended or ending closest to G-III’s fiscal quarter end. For example, with respect to our results for the three-month period ended April 30, 2023, the results of Vilebrequin, Fabco, KLH and Sonia Rykiel are included for the three-month period ended March 31, 2023. We accounted for our investment in each of KLH and KLNA using the equity method of accounting through May 30, 2022. As of May 31, 2022, KLH is accounted for as our consolidated wholly-owned subsidiary and KLNA is an indirect wholly-owned subsidiary of ours. Our retail operations segment uses a 52/53-week fiscal year. For fiscal 2023 and 2022, the three-month period for the retail operations segment were each 13-week periods and ended on April 29, 2023 and April 30, 2022, respectively.

Various statements contained in this Form 10-Q, in future filings by us with the SEC, in our press releases and in oral statements made from time to time by us or on our behalf constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations and are indicated by words or phrases such as “anticipate,” “estimate,” “expect,” “will,” “project,” “we believe,” “is or remains optimistic,” “currently envisions,” “forecasts,” “goal” and similar words or phrases and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from the future results, performance or achievements expressed in or implied by such forward-looking statements. Forward-looking statements also include representations of our expectations or beliefs concerning future events that involve risks and uncertainties, including, but not limited to, the following:

- the failure to maintain our material license agreements could cause us to lose significant revenues and have a material adverse effect on our results of operations;
- unless we are able to increase the sales of our other products, acquire new businesses and/or enter into other license agreements covering different products, the limited extension period of the recently amended Calvin Klein and Tommy Hilfiger license agreements could cause a significant decrease in our net sales and have a material adverse effect on our results of operations;
- any adverse change in our relationship with PVH Corp. and its Calvin Klein or Tommy Hilfiger brands would have a material adverse effect on our results of operations;
- our dependence on the strategies and reputation of our licensors;
- risks relating to our wholesale operations including, among others, maintaining the image of our proprietary brands, business practices of our customers that could adversely affect us and retail customer concentration;
- risks relating to our retail operations segment;
- our ability to achieve operating enhancements and cost reductions from our retail operations;
- dependence on existing management;
- our ability to make strategic acquisitions and possible disruptions from acquisitions, including our recent acquisition of the remaining interest in Karl Lagerfeld;
- need for additional financing;
- seasonal nature of our business and effect of unseasonable or extreme weather on our business;
- possible adverse effects from disruptions to the worldwide supply chain;
- price, availability and quality of materials used in our products;
- the need to protect our trademarks and other intellectual property;
- risk that our licensees may not generate expected sales or maintain the value of our brands;
- the impact of the current economic and credit environment on us, our customers, suppliers and vendors, including without limitation, the effects of inflationary cost pressures and higher interest rates;
- effects of war, acts of terrorism, natural disasters or public health crises could adversely affect our business and results of operations, including the war in Ukraine;

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- the global health crisis caused by the COVID-19 pandemic has had, and the current and uncertain future outlook of the outbreak will likely continue to have, adverse effects on our business, financial condition and results of operations;
- our dependence on foreign manufacturers;
- risks of expansion into foreign markets, conducting business internationally and exposures to foreign currencies;
- risks related to the adoption of a national security law in Hong Kong;
- the need to successfully upgrade, maintain and secure our information systems;
- increased exposure to consumer privacy, cybersecurity and fraud concerns, including as a result of the remote working environment;
- possible adverse effects of data security or privacy breaches;
- the impact on our business of the imposition of tariffs by the United States government and the escalation of trade tensions between countries;
- changes in tax legislation or exposure to additional tax liabilities could impact our business;
- the effect of regulations applicable to us as a U.S. public company;
- focus on corporate responsibility issues by stakeholders;
- potential effect on the price of our stock if actual results are worse than financial forecasts or if we are unable to provide financial forecasts;
- fluctuations in the price of our common stock;
- impairment of our trademarks or other intangibles may require us to record charges against earnings as was the case in the fourth quarter of fiscal 2023; and
- risks related to our indebtedness.

Any forward-looking statements are based largely on our expectations and judgments and are subject to a number of risks and uncertainties, many of which are unforeseeable and beyond our control. A detailed discussion of significant risk factors that have the potential to cause our actual results to differ materially from our expectations is described under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended January 31, 2023. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

### **Overview**

G-III designs, sources and markets an extensive range of apparel, including outerwear, dresses, sportswear, swimwear, women’s suits and women’s performance wear, as well as women’s handbags, footwear, small leather goods, cold weather accessories and luggage. G-III has a substantial portfolio of more than 30 licensed and proprietary brands, anchored by our global power brands: DKNY, Donna Karan, Karl Lagerfeld, Calvin Klein and Tommy Hilfiger. We are not only licensees, but also brand owners, and we distribute our products through multiple channels.

Our own proprietary brands include DKNY, Donna Karan, Karl Lagerfeld, Karl Lagerfeld Paris, Vilebrequin, G.H. Bass, Eliza J, Jessica Howard, Andrew Marc, Marc New York, Wilsons Leather and Sonia Rykiel. We sell products under an extensive portfolio of well-known licensed brands, including Calvin Klein, Tommy Hilfiger, Levi’s, Guess?, Kenneth Cole, Cole Haan, Vince Camuto, Dockers, Nautica and Halston. Through our team sports business, we have licenses with the National Football League, National Basketball Association, Major League Baseball, National Hockey League and over 150 U.S. colleges and universities. We also source and sell products to major retailers under their private retail labels.

Our products are sold through a cross section of leading retailers such as Macy’s, including its Bloomingdale’s division, Dillard’s, Hudson’s Bay Company, including its Saks Fifth Avenue division, Nordstrom, Kohl’s, TJX Companies, Ross Stores, Burlington and Costco. We also sell our products using digital channels through retail partners such as macys.com, nordstrom.com and dillards.com, each of which has a substantial online business. In addition, we sell to leading online retail partners such as Amazon, Fanatics, Zalando and Zappos.

We also distribute apparel and other products directly to consumers through our own DKNY, Karl Lagerfeld, Karl Lagerfeld Paris and Vilebrequin retail stores, as well as through our digital channels for the DKNY, Donna Karan, Karl Lagerfeld, Karl Lagerfeld Paris, Vilebrequin, G.H. Bass, Andrew Marc, Wilsons Leather and Sonia Rykiel businesses.

We operate in fashion markets that are intensely competitive. Our ability to continuously evaluate and respond to changing consumer demands and tastes, across multiple market segments, distribution channels and geographic areas is critical to our success. Although our portfolio of brands is aimed at diversifying our risks in this regard, misjudging shifts in consumer preferences could have a negative effect on our business. Our success in the future will depend on our ability to design products that are accepted in the marketplace, source the manufacture of our products on a competitive basis, and continue to diversify our product portfolio and the markets we serve.

We believe that consumers prefer to buy brands they know, and we have continually sought to increase the portfolio of name brands we can offer through different tiers of retail distribution, for a wide array of products at a variety of price points. We have increased the portfolio of brands we offer through licenses, acquisitions and joint ventures. It is our objective to continue to expand our product offerings and we are continually discussing new licensing opportunities with brand owners and seeking to acquire established brands.

## **Recent Developments**

### *Repositioning and Expansion of Donna Karan*

We acquired the DKNY and Donna Karan brands, two of the most iconic American fashion brands, in December 2016. We initially repositioned and relaunched DKNY and have successfully grown the brand to approximately \$600.0 million in annual net sales. We are now focused on the repositioning and expansion of the Donna Karan brand for Spring 2024. The new Donna Karan will be a modern system of dressing created to appeal to a woman's senses on every level, addressing the full lifestyle needs of a new customer. Our Donna Karan product is expected to be distributed in better department stores, digital channels and our own Donna Karan website in North America and internationally. Donna Karan is widely considered a top fashion brand and is recognized as one of the most famous designer names in American fashion. We believe that the strength of the Donna Karan brand, along with our success with the DKNY brand, demonstrates the potential for our new Donna Karan products.

### *License Agreement for Nautica Brand*

In March 2023, we entered into a long-term license with Authentic Brands Group for the Nautica brand in North America.

We plan to produce products under the Nautica brand across a number of categories starting with a full women's jeanswear collection and then expanding in a phased approach into additional categories including sportswear, suit separates and dresses. The new five-year license agreement, effective beginning in January 2024, includes three extensions, for five years each. First deliveries are expected to begin in January 2024. The product is expected to be distributed in better department stores, digital channels and Nautica's stores and website in North America and franchised stores globally. We believe that significant opportunity exists in the better women's apparel space in categories where we have strong expertise. The Nautica brand joins our portfolio of some of the largest American brands in the world.

### *License Agreement for Halston Brand*

In May 2023, we entered into a global twenty-five year master license with Xcel Brands, Inc. to design and produce all categories of men's and women's product for the Halston brand.

The agreement provides for an initial term of five years, followed by a twenty-year period, as well as a purchase option at the end of the twenty-five year term. First deliveries of Halston product are expected to begin in the fall of 2024. The product will be distributed globally through better department stores and digital channels. We believe that significant opportunity exists in the better women's apparel space where G-III has significant expertise. The Halston brand joins G-III's portfolio of some of the largest American brands in the world.

## **Segments**

We report based on two segments: wholesale operations and retail operations.

Our wholesale operations segment includes sales of products to retailers under owned, licensed and private label brands, as well as sales related to the Vilebrequin and Karl Lagerfeld businesses, other than sales of product under the Karl

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Lagerfeld Paris brand from our retail stores and digital outlets. Wholesale revenues also include royalty revenues from license agreements related to our owned trademarks including DKNY, Donna Karan, Karl Lagerfeld, Vilebrequin, Sonia Rykiel, G.H. Bass and Andrew Marc.

Our retail operations segment consists primarily of direct sales to consumers through our company-operated stores and through digital channels. Our company-operated stores consist primarily of DKNY and Karl Lagerfeld Paris stores, as well as the digital channels for DKNY, Donna Karan, Karl Lagerfeld Paris, G.H. Bass, Andrew Marc and Wilsons Leather. Substantially all DKNY and Karl Lagerfeld Paris stores are operated as outlet stores.

### **Trends Affecting Our Business**

#### *Industry Trends*

Significant trends that affect the apparel industry include retail chains closing unprofitable stores, an increased focus by retail chains and others on expanding digital sales and providing convenience-driven fulfillment options, the continued consolidation of retail chains and the desire on the part of retailers to consolidate vendors supplying them.

We sell our products online through retail partners such as macys.com, nordstrom.com and dillards.com, each of which has a substantial online business. As sales of apparel through digital channels continue to increase, we are developing additional digital marketing initiatives on both our web sites and third party web sites and through social media. We are investing in digital personnel, marketing, logistics, planning, distribution and other strategic opportunities to expand our digital footprint. Our digital business consists of our own web platforms at www.dkny.com, www.donnakaran.com, www.ghbass.com, www.vilebrequin.com, www.andrewmarc.com, www.wilsonleather.com, www.soniarykiel.com, www.karllagerfeldparis.com and www.karl.com. In addition, we sell to leading online retail partners such as Amazon, Fanatics, Zalando and Zappos and have made minority investments in two e-commerce retailers.

A number of retailers have experienced financial difficulties, which in some cases have resulted in bankruptcies, liquidations and/or store closings. The financial difficulties of a retail customer of ours could result in reduced business with that customer. We may also assume higher credit risk relating to receivables of a retail customer experiencing financial difficulty that could result in higher reserves for doubtful accounts or increased write-offs of accounts receivable. We attempt to mitigate credit risk from our customers by closely monitoring accounts receivable balances and shipping levels, as well as the ongoing financial performance and credit standing of customers.

Retailers are seeking to differentiate their offerings by devoting more resources to the development of exclusive products, whether by focusing on their own private label products or on products produced exclusively for a retailer by a national brand manufacturer. Exclusive brands are only made available to a specific retailer, and thus customers loyal to their brands can only find them in the stores of that retailer.

We have attempted to respond to general trends in our industry by continuing to focus on selling products with recognized brand equity, by attention to design, quality and value and by improving our sourcing capabilities. We have also responded with the strategic acquisitions made by us, such as our recent purchase of the interests not owned by us that resulted in Karl Lagerfeld becoming our wholly-owned subsidiary, and new license agreements entered into by us that added to our portfolio of licensed and proprietary brands and helped diversify our business by adding new product lines and expanding distribution channels. We believe that our broad distribution capabilities help us to respond to the various shifts by consumers between distribution channels and that our operational capabilities will enable us to continue to be a vendor of choice for our retail partners.

#### *Inflation and Interest Rates*

Inflationary pressures have impacted the entire economy, including our industry. Recent historic high rates of inflation, including increased fuel and food prices, has led to a softening of consumer demand and increased promotional activity in our categories and may lead to further challenges to grow our sales. Ongoing inflation may also negatively impact our cost structure and labor costs in the future.

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The Federal Reserve raised interest rates multiple times in fiscal 2023, as well as thus far in fiscal 2024 in response to concerns about inflation and may continue to do so in the remainder of fiscal 2024. Higher interest rates increase the costs of our borrowing under our revolving credit facility, may increase economic uncertainty and may negatively affect consumer spending. Volatility in interest rates may adversely affect our business or our customers. If the equity and credit markets deteriorate, it may make any necessary debt or equity financing more difficult to obtain in a timely manner or on favorable terms, or at all.

### *Foreign currency fluctuation*

Our consolidated operations are impacted by the relationships between our reporting currency, the U.S. Dollar, and those of our non-United States subsidiaries whose functional/local currency is other than the U.S. Dollar, primarily the Euro. Volatility in the global foreign currency exchange rates may have a negative impact on the reported results of certain of our non-United States subsidiaries in the future, when translated to the U.S. Dollar.

### *Supply Chain*

In our two previous fiscal years, there were numerous factors disrupting the shipping industry that negatively affected transit times from our overseas suppliers, as well as our ability to ensure that we were able to import our product in a manner that allows for timely delivery to our customers.

More recently, shipping costs and transit times have returned to comparable, and in some cases lower than, pre-pandemic levels. We continue to monitor the transportation market for circumstances that may cause delays and negatively impact our ability to deliver product to our retail partners in a timely manner.

As a result of supply chain disruptions, in fiscal 2023, we accelerated production schedules to allow for more lead time and to accommodate the anticipated extended transit times from our overseas suppliers in an effort to import our product in a manner that allows for timely delivery to our customers. As a result, our inventory levels were, and continue to be, higher than in the comparable period of prior years.

Elevated inventory levels and disruptions in the shipping industry contributed to us incurring significant demurrage charges in fiscal 2023. We believe we have taken sufficient measures to ensure that we do not again incur these charges in our current fiscal year, including reducing product buys to account for current inventory levels, adjusting our production schedules and contracting with vendors to provide storage options domestically and overseas, if needed. We expect to have inventory levels that are higher than normal through the first half of fiscal 2024. As a result, we expect our warehouse operations may be less efficient and that we will continue to incur additional labor and storage costs related to our inventory in the first half of fiscal 2024. In the third and fourth quarters of fiscal 2024, we expect our inventory levels to be reduced to more normalized levels and our warehouse capacity to be sufficient for our needs which is expected to bring these costs in line with historical norms.

We have secured new contracts with two of our long-term steamship carrier partners and are finalizing a third in an effort to mitigate our risk should rates increase. We are presently seeking to secure space needed for peak shipping periods through existing contracts and to leverage favorable spot market rates from secondary market providers.

### *Excess Inventory in the Marketplace*

Higher marketplace inventories and a rapidly changing economic environment have caused retailers to rationalize their inventory levels. As a result, retailers have increased promotional activity to reduce their inventory. While we have planned for a certain amount of promotional activity, additional promotional activity in excess of what we have planned for could have an adverse effect on our results of operations.

### *Impact of COVID-19*

The continued impact of the COVID-19 pandemic on our business operations remains uncertain and cannot be predicted. The extent to which COVID-19 impacts our results will depend on continued developments around the world in the public and private responses to the pandemic. New information may emerge concerning the severity of the outbreak and the



spread of variants of the COVID-19 virus in locations that are important to our business. Actions taken to contain COVID-19 or treat its impact may change or become more restrictive if additional waves of infections occur. We continue to monitor the latest developments regarding the COVID-19 pandemic and have incorporated certain assumptions regarding the duration, severity and global macroeconomic impact of the pandemic into our financial outlook.

#### *War in Ukraine*

The current war in Ukraine and the continued threat of terrorism, heightened security measures and military action in response to acts of terrorism or civil unrest has disrupted commerce and intensified concerns regarding the United States and world economies. Less than 1% of our revenue in fiscal 2023 was generated in Russia and Ukraine. However, the imposition of additional sanctions by the United States and/or foreign governments, as well as the sanctions already in place, could lead to restrictions related to sales and our supply chain for which the financial impact is uncertain. In addition, the war has also led to, and may lead to further, broader unfavorable macroeconomic implications, including unfavorable foreign exchange rates, increases in fuel prices, food shortages, a weakening of the European economy, lower consumer demand and volatility in financial markets. These implications of the war in Ukraine could have a material adverse effect on our business and our results of operations.

### **Results of Operations**

#### ***Three months ended April 30, 2023 compared to three months ended April 30, 2022***

Net sales for the three months ended April 30, 2023 decreased to \$606.6 million from \$688.8 million in the same period last year. Net sales of our segments are reported before intercompany eliminations.

Net sales of our wholesale operations segment decreased to \$586.9 million for the three months ended April 30, 2023 from \$680.9 million in the comparable period last year. This decrease is primarily the result of a decrease in net sales of Calvin Klein and Tommy Hilfiger licensed products and in net sales of our DKNY and Donna Karan products due to a moderation in consumer demand. This decrease was partially offset by the inclusion of the results of the Karl Lagerfeld business in the quarter which added \$60.9 million in net sales to our wholesale operations segment for the three months ended April 30, 2023. The results of the Karl Lagerfeld business was not included in our results until May 31, 2022.

Net sales of our retail operations segment increased to \$30.2 million for the three months ended April 30, 2023 from \$27.9 million in the same period last year. The number of retail stores operated by us increased to 61 at April 30, 2023 from 60 at April 30, 2022. The increase in sales in our retail operations segment is primarily the result of increased sales of our Karl Lagerfeld Paris products associated with our conversion of DKNY stores to Karl Lagerfeld Paris stores.

Gross profit was \$249.8 million, or 41.2% of net sales, for the three months ended April 30, 2023, compared to \$246.0 million, or 35.7% of net sales, in the same period last year. The gross profit percentage in our wholesale operations segment was 39.9% in the three months ended April 30, 2023 compared to 34.1% in the same period last year. The addition of the results of KLH resulted in an increase of 2.2% in the gross profit percentage of our wholesale operations segment as this business operates with a higher gross profit percentage than our legacy wholesale operations segment. The gross profit percentage in the current year period was also positively impacted by slightly higher prices to our customers and lower freight costs compared to the same period last year. The gross profit percentage in our retail operations segment was 50.9% for the three months ended April 30, 2023 compared to 49.9% for the same period last year.

Selling, general and administrative expenses increased to \$228.0 million in the three months ended April 30, 2023 from \$185.4 million in the same period last year. The inclusion of the results of KLH for the three months ended April 30, 2023 represented \$36.1 million of this increase. The remainder of the increase in expenses was due to an increase of \$6.0 million in third-party warehouse and facility expenses primarily related to higher inventory levels. This increase was partially offset by reduced royalty advertising expenses which decreased due to lower net sales of licensed product.

Depreciation and amortization was \$6.6 million for the three months ended April 30, 2023 compared to \$6.1 million in the same period last year. This increase primarily results from the inclusion of the results of KLH for the three month period which increased depreciation and amortization by \$1.3 million, partially offset by lower depreciation and amortization as a result of a reduction in capital expenditures in recent years.

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Other income was \$1.0 million in the three months ended April 30, 2023 compared to other loss of \$2.7 million for the same period last year. Other income in the current period consisted of \$0.4 million of foreign currency income during the three months ended April 30, 2023 compared to \$3.4 million of foreign currency losses during the same period last year.

Interest and financing charges, net, for the three months ended April 30, 2023 were \$12.2 million compared to \$12.2 million in the same period last year.

Income tax expense was \$0.9 million for the three months ended April 30, 2023 compared to \$9.0 million for the same period last year. Our effective tax rate increased to 23.1% in the current year's quarter from 22.7% in last year's comparable quarter due to discrete items in the quarter. We anticipate that our annual effective tax rate will be approximately 28% for fiscal 2024.

## **Liquidity and Capital Resources**

### *Cash Availability*

We rely on our cash flows generated from operations, cash and cash equivalents and the borrowing capacity under our revolving credit facility to meet the cash requirements of our business. The cash requirements of our business are primarily related to the seasonal buildup in inventories, compensation paid to employees, payments to vendors in the normal course of business, capital expenditures, interest payments on debt obligations and income tax payments. During fiscal 2024, the principal amount of \$125 million under the LVMH Note will become due and payable. A principal payment of \$75 million was made on June 1, 2023 and the remaining principal of \$50 million is due and payable on December 1, 2023. We have also used cash to repurchase our shares.

As of April 30, 2023, we had cash and cash equivalents of \$289.7 million and availability under our revolving credit facility of approximately \$500 million. As of April 30, 2023, we were in compliance with all covenants under our senior secured notes and revolving credit facility.

### *Senior Secured Notes*

In August 2020, we completed a private debt offering of \$400 million aggregate principal amount of our 7.875% Senior Secured Notes due 2025 (the "Notes"). The terms of the Notes are governed by an indenture, dated as of August 7, 2020 (the "Indenture"), among us, the guarantors party thereto and U.S. Bank, National Association, as trustee and collateral agent (the "Collateral Agent"). The net proceeds of the Notes were used (i) to repay the \$300 million that was outstanding under our prior term loan facility due 2022 (the "Term Loan"), (ii) to pay related fees and expenses and (iii) for general corporate purposes.

The Notes bear interest at a rate of 7.875% per year payable semi-annually in arrears on February 15 and August 15 of each year.

The Notes are unconditionally guaranteed on a senior-priority secured basis by our current and future wholly-owned domestic subsidiaries that guarantee any of our credit facilities, including our ABL facility (the "ABL Facility") pursuant to the ABL Credit Agreement, or certain future capital markets indebtedness of ours or the guarantors.

The Notes and the related guarantees are secured by (i) first priority liens on our Cash Flow Priority Collateral (as defined in the Indenture), and (ii) a second-priority lien on our ABL Priority Collateral (as defined in the Indenture), in each case subject to permitted liens described in the Indenture.

In connection with the issuance of the Notes and execution of the Indenture, we and the Guarantors entered into a pledge and security agreement (the "Pledge and Security Agreement"), among us, the Guarantors and the Collateral Agent.

The Notes are subject to the terms of the intercreditor agreement which governs the relative rights of the secured parties in respect of the ABL Facility and the Notes (the "Intercreditor Agreement"). The Intercreditor Agreement restricts the actions permitted to be taken by the Collateral Agent with respect to the Collateral on behalf of the holders of the Notes.

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The Notes are also subject to the terms of the LVMH Note subordination agreement which governs the relative rights of the secured parties in respect of the LVMH Note, the ABL Facility and the Notes.

We may redeem some or all of the Notes at any time and from time to time at the redemption prices set forth in the Indenture, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date.

If we experience a Change of Control (as defined in the Indenture), we are required to offer to repurchase the Notes at 101% of the principal amount of such Notes plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

The Indenture contains covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to incur or guarantee additional indebtedness, pay dividends or make other restricted payments, make certain investments, incur restrictions on the ability of our restricted subsidiaries that are not guarantors to pay dividends or make certain other payments, create or incur certain liens, sell assets and subsidiary stock, impair the security interests, transfer all or substantially all of our assets or enter into merger or consolidation transactions, and enter into transactions with affiliates. The Indenture provides for customary events of default which include (subject in certain cases to customary grace and cure periods), among others, nonpayment of principal or interest, breach of other agreements in the Indenture, failure to pay certain other indebtedness, failure of certain guarantees to be enforceable, failure to perfect certain collateral securing the Notes, failure to pay certain final judgments, and certain events of bankruptcy or insolvency.

We incurred debt issuance costs totaling \$8.5 million related to the Notes. In accordance with ASC 835, the debt issuance costs have been deferred and are presented as a contra-liability, offsetting the outstanding balance of the Notes, and are amortized over the remaining life of the Notes.

### *Second Amended and Restated ABL Credit Agreement*

In August 2020, our subsidiaries, G-III Leather Fashions, Inc., Riviera Sun, Inc., CK Outerwear, LLC, AM Retail Group, Inc. and The Donna Karan Company Store LLC (collectively, the “Borrowers”), entered into the second amended and restated credit agreement (the “ABL Credit Agreement”) with the Lenders named therein and with JPMorgan Chase Bank, N.A., as Administrative Agent. The ABL Credit Agreement is a five year senior secured credit facility subject to a springing maturity date if, subject to certain conditions, the LVMH Note is not refinanced or repaid prior to the date that is 91 days prior to the date of any relevant payment thereunder. The ABL Credit Agreement provides for borrowings in the aggregate principal amount of up to \$650 million. We and certain of our subsidiaries (the “Guarantors”), are Loan Guarantors under the ABL Credit Agreement.

The ABL Credit Agreement refinanced, amended and restated the Amended Credit Agreement, dated as of December 1, 2016 (as amended, supplemented or otherwise modified from time to time prior to August 7, 2020, the “Prior Credit Agreement”). The Prior Credit Agreement provided for borrowings of up to \$650 million. The ABL Credit Agreement extended the maturity date of this facility from December 2021 to August 2025, subject to a springing maturity date if, subject to certain conditions, the LVMH Note is not refinanced or repaid prior to the date that is 91 days prior to the date of any relevant payment thereunder.

Amounts available under the ABL Credit Agreement are subject to borrowing base formulas and overadvances as specified in the ABL Credit Agreement. Borrowings bear interest, at the Borrowers’ option, at LIBOR plus a margin of 1.75% to 2.25% or an alternate base rate margin of 0.75% to 1.25% (defined as the greatest of (i) the “prime rate” of JPMorgan Chase Bank, N.A. from time to time, (ii) the federal funds rate plus 0.5% and (iii) the LIBOR rate for a borrowing with an interest period of one month) plus 1.00%, with the applicable margin determined based on Borrowers’ availability under the ABL Credit Agreement. The calculation of the interest rate under the ABL Credit Agreement has been revised as set forth in the next paragraph. The ABL Credit Agreement is secured by specified assets of the Borrowers and the Guarantors. In addition to paying interest on any outstanding borrowings under the ABL Credit Agreement, we are required to pay a commitment fee to the lenders under the credit agreement with respect to the unutilized commitments. The commitment fee accrues at a tiered rate equal to 0.50% per annum on the average daily amount of the available commitments when the average usage is less than 50% of the total available commitments and decreases to 0.35% per annum on the average daily amount of the available commitments when the average usage is greater than or equal to 50% of the total available

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commitments. As of April 30, 2023, interest under the ABL Credit Agreement was being paid at an average rate of 6.62% per annum.

On April 20, 2023, we amended the ABL Credit Agreement to replace LIBOR with Adjusted Term Secured Overnight Financing Rate (“SOFR”) as a successor rate. All other material terms and conditions of the ABL Credit Agreement were unchanged. Borrowings under the amended ABL Credit Agreement will bear interest, at the Borrower’s option, at the alternate base rate (defined as, for a given day, the greatest of (i) the “prime rate” in effect on such day, (ii) the NYFRB Rate (as defined in the amendment) in effect on such day plus 0.5% and (iii) the Adjusted Term SOFR (defined as an interest rate per annum equal to the Term SOFR for such interest period plus 0.10%) for a one-month interest period as published two business days prior to such day plus 1%) plus an applicable spread or the Adjusted Term SOFR Rate plus an applicable spread. We do not expect a material change to our interest expense or results of operations as a result of transitioning the reference rate used in our ABL Credit Agreement from LIBOR to SOFR.

The revolving credit facility contains covenants that, among other things, restrict our ability to, subject to specified exceptions, incur additional debt; incur liens; sell or dispose of certain assets; merge with other companies; liquidate or dissolve the Company; acquire other companies; make loans, advances, or guarantees; and make certain investments. In certain circumstances, the revolving credit facility also requires us to maintain a fixed charge coverage ratio, as defined in the agreement, not less than 1.00 to 1.00 for each period of twelve consecutive fiscal months of the Company. As of April 30, 2023, the Company was in compliance with these covenants.

As of April 30, 2023, we had no borrowings outstanding under the ABL Credit Agreement. The ABL Credit Agreement also includes amounts available for letters of credit. As of April 30, 2023, there were outstanding trade and standby letters of credit amounting to \$7.8 million and \$2.9 million, respectively.

At the date of the refinancing of the Prior Credit Agreement, we had \$3.3 million of unamortized debt issuance costs remaining from the Prior Credit Agreement. We extinguished and charged to interest expense \$0.4 million of the prior debt issuance costs and incurred new debt issuance costs totaling \$5.1 million related to the ABL Credit Agreement. We have a total of \$8.0 million of debt issuance costs related to our ABL Credit Agreement. As permitted under ASC 835, the debt issuance costs have been deferred and are presented as an asset which is amortized ratably over the term of the ABL Credit Agreement.

### *LVMH Note*

We issued to LVMH, as a portion of the consideration for the acquisition of DKI, a junior lien secured promissory note in favor of LVMH in the principal amount of \$125 million (the “LVMH Note”) that bears interest at the rate of 2% per year. \$75 million of the principal amount of the LVMH Note was paid on June 1, 2023 and \$50 million of such principal amount is due and payable on December 1, 2023. The LVMH Note is classified in current portion of notes payable in our consolidated balance sheet as of April 30, 2023.

Based on an independent valuation, it was determined that the LVMH Note should be treated as having been issued at a discount of \$40 million in accordance with ASC 820 — *Fair Value Measurements*. This discount is being amortized as interest expense using the effective interest method over the term of the LVMH Note.

In connection with the issuance of the LVMH Note, LVMH entered into (i) a subordination agreement providing that our obligations under the LVMH Note are subordinate and junior to our obligations under the revolving credit facility and Term Loan and (ii) a pledge and security agreement with us and our subsidiary, G-III Leather, pursuant to which we and G-III Leather granted to LVMH a security interest in specified collateral to secure our payment and performance of our obligations under the LVMH Note that is subordinate and junior to the security interest granted by us with respect to our obligations under the revolving credit facility and Term Loan.

### *Unsecured Loans*

Several of our foreign entities borrow funds under various unsecured loans of which a portion is to provide funding for operations in the normal course of business while other loans are European state backed loans as part of COVID-19 relief programs. In the aggregate, the Company is currently required to make quarterly installment payments of principal in the

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amount of €0.6 million. Interest on the outstanding principal amount of the unsecured loans accrues at a fixed rate equal to 0% to 5.0% per annum, payable on either a quarterly or monthly basis. As of April 30, 2023, the Company had an aggregate outstanding balance of €10.3 million (\$11.2 million) under these unsecured loans.

### *Overdraft Facilities*

During fiscal 2021, TRB entered into several overdraft facilities that allow for applicable bank accounts to be in a negative position up to a certain maximum overdraft. TRB entered into an uncommitted overdraft facility with HSBC Bank allowing for a maximum overdraft of €5 million. Interest on drawn balances accrues at a fixed rate equal to the Euro Interbank Offered Rate plus a margin of 1.75% per annum, payable quarterly. The facility may be cancelled at any time by TRB or HSBC Bank. As part of a COVID-19 relief program, TRB and its subsidiaries have also entered into several state backed overdraft facilities with UBS Bank in Switzerland for an aggregate of CHF 4.7 million at varying interest rates of 0% to 0.5%. As of April 30, 2023, TRB had an aggregate €3.8 million (\$4.1 million) drawn under these facilities.

### *Foreign Credit Facility*

KLH has a credit agreement with ABN AMRO Bank N.V. with a credit limit of €15.0 million which is secured by specified assets of KLH. Borrowings bear interest at the Euro Interbank Offered Rate (“EURIBOR”) plus a margin of 1.7%. As of April 30, 2023, KLH had €7.8 million (\$8.5 million) of borrowings outstanding under this credit facility.

### *Outstanding Borrowings*

Our primary operating cash requirements are to fund our seasonal buildup in inventories and accounts receivable, primarily during the second and third fiscal quarters each year. Due to the seasonality of our business, we generally reach our peak borrowings under our asset-based credit facility during our third fiscal quarter. The primary sources to meet our operating cash requirements have been borrowings under this credit facility and cash generated from operations.

We had no borrowings outstanding at April 30, 2023 and April 30, 2022, respectively. We had \$400 million in borrowings outstanding under the Notes at April 30, 2023 and April 30, 2022, respectively. Our contingent liability under open letters of credit was approximately \$10.7 million and \$22.2 million at April 30, 2023 and 2022, respectively. In addition to the amounts outstanding under these two loan agreements, at April 30, 2023 and 2022, we had \$125 million of face value principal amount outstanding under the LVMH Note. As of April 30, 2023 and 2022, we had an aggregate of €10.3 million (\$11.2 million) and €7.1 million (\$7.8 million) outstanding under the Company’s various unsecured loans. As of April 30, 2023 and 2022, we had €3.8 million (\$4.1 million) and €2.8 million (\$3.1 million) outstanding under the Company’s various overdraft facilities. As of April 30, 2023, we had €7.8 million (\$8.5 million) outstanding under KLH’s foreign credit facility.

### *Share Repurchase Program*

In March 2022, our Board of Directors authorized an increase in the number of shares covered by our share repurchase program to an aggregate amount of 10,000,000 shares. Pursuant to this program, during the three months ended April 30, 2023, we acquired 1,124,271 of our shares of common stock for an aggregate purchase price of \$16.8 million. The timing and actual number of shares repurchased, if any, will depend on a number of factors, including market conditions and prevailing stock prices, and are subject to compliance with certain covenants contained in our loan agreement. Share repurchases may take place on the open market, in privately negotiated transactions or by other means, and would be made in accordance with applicable securities laws. As of April 30, 2023, we had 7,288,148 authorized shares remaining under this program. As of June 2, 2023, we had approximately 45,593,524 shares of common stock outstanding.

### *Cash from Operating Activities*

We generated \$201.8 million in cash from operating activities during the three months ended April 30, 2023, primarily as a result of our net income of \$3.2 million and decreases of \$180.4 million in accounts receivable and \$79.0 million in inventories. We also generated cash from operating activities as a result of non-cash charges relating primarily to depreciation and amortization of \$6.6 million and share-based compensation of \$3.8 million. These items were offset, in

part, by decreases of \$46.7 million in accounts payable and accrued expenses and \$20.4 million in customer refund liabilities.

The changes in operating cash flow items are consistent with our seasonal pattern. Our accounts receivable, inventory and customer refund liabilities decreased because we experience lower sales levels in our first and second quarters than in our third and fourth quarters. The decrease in accounts payable and accrued expenses is primarily attributable to vendor payments related to inventory purchases and the payment of year-end bonuses in our first fiscal quarter.

#### *Cash from Investing Activities*

We used \$8.6 million of cash in investing activities during the three months ended April 30, 2023. We had \$5.0 million in capital expenditures primarily related to infrastructure and information technology expenditures and additional fixturing costs at department stores. In addition, we used \$3.6 million for an investment in the equity of a private company.

#### *Cash from Financing Activities*

Net cash used by financing activities was \$95.8 million during three months ended April 30, 2023 primarily as a result of repayments of borrowings of \$85.4 million under our ABL Credit Agreement, partially offset by borrowings of \$5.3 million under that Agreement. In addition, we used \$16.8 million of cash to repurchase 1,124,271 shares of our common stock under our share repurchase program.

### **Critical Accounting Policies**

Our discussion of results of operations and financial condition relies on our consolidated financial statements that are prepared based on certain critical accounting policies that require management to make judgments and estimates that are subject to varying degrees of uncertainty. We believe that investors need to be aware of these policies and how they impact our financial statements as a whole, as well as our related discussion and analysis presented herein. While we believe that these accounting policies are based on sound measurement criteria, actual future events can, and often do, result in outcomes that can be materially different from these estimates or forecasts.

The accounting policies and related estimates described in our Annual Report on Form 10-K for the year ended January 31, 2023 are those that depend most heavily on these judgments and estimates. As of April 30, 2023, there have been no material changes to our critical accounting policies.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

There are no material changes to the disclosure made with respect to these matters in our Annual Report on Form 10-K for the year ended January 31, 2023.

### **Item 4. Controls and Procedures.**

As of the end of the period covered by this report, our management, including our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure, and thus, are effective in making known to them material information relating to G-III required to be included in this report.

### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal controls over financial reporting during the period covered by the Quarterly Report that have materially affected, or are reasonably likely to materially affect, these internal controls.

On May 31, 2022, we acquired KLH. See Note 6 – Karl Lagerfeld Acquisition in the accompanying Notes to our Condensed Consolidated Financial Statements in this Quarterly Report and Note 15 – Karl Lagerfeld Acquisition in the accompanying Notes to our Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended January 31, 2023 for further information on our acquisition of KLH. We are currently in the process of integrating the internal controls and procedures of KLH into our internal control over financial reporting. As provided under the Sarbanes-Oxley Act of 2002 and the applicable rules and regulations of the SEC, we will include the internal controls and procedures of KLH in our annual assessment of the effectiveness of our internal control over financial reporting for our 2024 fiscal year.

## PART II – OTHER INFORMATION

### Item 1A. Risk Factors.

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risk factors contained in “Item 1A.-Risk Factors” in our Annual Report on Form 10-K for the year ended January 31, 2023 (the “Annual Report”), which could materially affect our business, financial condition and/or future results. As of April 30, 2023, there have been no material changes in our risk factors from those set forth in the Annual Report. The risks described in the Annual Report are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or future results.

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

The following table provides information with respect to the Company’s common stock that the Company repurchased during the three months ended April 30, 2023. Included in this table are shares withheld during April 2023 to satisfy tax withholding requirements in connection with stock awards.

Date Purchased	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid Per Share <sup>(1)</sup>	Total Number of Share Purchased as Part of Publicly Announced Program <sup>(2)</sup>	Maximum Number of Shares that may yet be Purchased Under the Program <sup>(2)</sup>
February 1 - February 28, 2023	—	\$ —	—	8,412,419
March 1 - March 31, 2023	636,583	14.72	636,583	7,775,836
April 1 - April 30, 2023	489,021	15.17	487,688	7,288,148
	<u>1,125,604</u>	<u>\$ 14.95</u>	<u>1,124,271</u>	<u>7,288,148</u>

<sup>(1)</sup> Included in this table are 1,333 shares withheld during April 2023 in connection with the settlement of vested restricted stock units to satisfy tax withholding requirements. Our 2015 Long-Term Incentive Plan provides that shares withheld are valued at the closing price per share on the date withheld.

<sup>(2)</sup> In March 2022, our Board of Directors reapproved a previously authorized share repurchase program and increased the number of shares remaining under that program from 2,293,149 to 10,000,000 shares. This program has no expiration date. Repurchases under the program may be made from time to time through open market purchases, accelerated share repurchase programs, privately negotiated transactions or other methods, as we deem appropriate.

**Item 6. Exhibits.**

- 3.1 Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, dated July 2, 2008).
- 3.1(a) [Certificate of Amendment of Certificate of Incorporation, dated June 8, 2006 \(incorporated by reference to Exhibit 3.1 to the Company's Form 10-Q, dated September 13, 2006\).](#)
- 3.1(b) [Certificate of Amendment of Certificate of Incorporation, dated June 7, 2011 \(incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, dated June 9, 2011\).](#)
- 3.1(c) [Certificate of Amendment of Certificate of Incorporation, dated June 30, 2015 \(incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, dated July 1, 2015\).](#)
- 3.2 [By-Laws, as amended, of G-III \(incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, dated March 15, 2013\).](#)
- 10.1+ [Form of Performance Share Unit Agreement for April 27, 2023 PSU awards \(incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, dated May 1, 2023\).](#)
- 10.2 [Amendment No. 1, dated as of April 20, 2023, entered into among G-III Leather Fashions, Inc., JPMorgan Chase Bank, N.A. as administrative agent and as collateral agent and the other Lenders party thereto \(incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, dated April 26, 2023\).](#)
- 31.1 [Certification by Morris Goldfarb, Chief Executive Officer of G-III Apparel Group, Ltd., pursuant to Rule 13a - 14\(a\) or Rule 15d - 14\(a\) of the Securities Exchange Act of 1934, as amended, in connection with G-III Apparel Group, Ltd.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2023.](#)
- 31.2 [Certification by Neal S. Nackman, Chief Financial Officer of G-III Apparel Group, Ltd., pursuant to Rule 13a - 14\(a\) or Rule 15d - 14\(a\) of the Securities Exchange Act of 1934, as amended, in connection with G-III Apparel Group, Ltd.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2023.](#)
- 32.1\* [Certification by Morris Goldfarb, Chief Executive Officer of G-III Apparel Group, Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2023.](#)
- 32.2\* [Certification by Neal S. Nackman, Chief Financial Officer of G-III Apparel Group, Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2023.](#)
- 101.INS iXBRL Instance Document.
- 101.SCH iXBRL Schema Document.
- 101.CAL iXBRL Calculation Linkbase Document.
- 101.DEF iXBRL Extension Definition.
- 101.LAB iXBRL Label Linkbase Document.
- 101.PRE iXBRL Presentation Linkbase Document.
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

\* This certification is deemed furnished, and not filed, for purposes of section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

+ Indicates a management contract.



**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.

G-III APPAREL GROUP, LTD.  
(Registrant)

Date: June 6, 2023

By: /s/ Morris Goldfarb  
Morris Goldfarb  
Chief Executive Officer

Date: June 6, 2023

By: /s/ Neal S. Nackman  
Neal S. Nackman  
Chief Financial Officer

CERTIFICATION PURSUANT TO  
RULE 13a - 14(a) OR RULE 15d - 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Morris Goldfarb, certify that:

1. I have reviewed this quarterly report on Form 10-Q of G-III Apparel Group, Ltd.
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.
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.

Date: June 6, 2023

/s/ Morris Goldfarb  
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Morris Goldfarb  
Chief Executive Officer

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CERTIFICATION PURSUANT TO  
RULE 13a - 14(a) OR RULE 15d - 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Neal S. Nackman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of G-III Apparel Group, Ltd.
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.
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.

Date: June 6, 2023

/s/ Neal S. Nackman  
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Neal S. Nackman  
Chief Financial Officer

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

In connection with the Quarterly Report of G-III Apparel Group, Ltd. (the "Company") on Form 10-Q for the quarterly period ended April 30, 2023, as filed with the Securities and Exchange Commission (the "Report"), I, Morris Goldfarb, Chief Executive Officer of the Company, hereby certify that, to my knowledge, (a) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Morris Goldfarb  
\_\_\_\_\_  
Morris Goldfarb  
Chief Executive Officer

Date: June 6, 2023

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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

In connection with the Quarterly Report of G-III Apparel Group, Ltd. (the "Company") on Form 10-Q for the quarterly period ended April 30, 2023, as filed with the Securities and Exchange Commission (the "Report"), I, Neal S. Nackman, Chief Financial Officer of the Company, hereby certify that, to my knowledge, (a) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Neal S. Nackman  
\_\_\_\_\_  
Neal S. Nackman  
Chief Financial Officer

Date: June 6, 2023

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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