

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 8-K**

**CURRENT REPORT**

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

Date of Report (Date of earliest event reported): **August 16, 2019**

**Tailored Brands, Inc.**

(Exact name of Company as specified in its charter)

**Texas**  
(State or other jurisdiction  
of incorporation)

**1-16097**  
(Commission File Number)

**47-4908760**  
(IRS Employer Identification No.)

**6380 Rogerdale Road**  
**Houston, Texas**  
(Address of principal executive offices)

**77072**  
(Zip Code)

**281-776-7000**  
(Company's telephone number,  
including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Company under any of the following provisions (see General Instruction A.2. below):

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

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$.01 per share	TLRD	New York Stock Exchange

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

Emerging growth company

If an emerging growth company, indicate by check mark if the Company 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.

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

On August 16, 2019, Tailored Brands, Inc. (the “Company”) completed the sale of MWUK Limited (“MWUK”), its United Kingdom (“UK”) corporate apparel business conducted by Dimensions, Alexandra, and Yaffy, to Project Dart Bidco Limited, pursuant to a Share Purchase Agreement dated August 16, 2019. In addition, concurrent with the sale of MWUK, the Company completed the sale of Twin Hill Acquisition Company, Inc. (“Twin Hill”), which conducted its U.S.-based corporate apparel business, to TH Holdco Inc., pursuant to a Stock Purchase Agreement dated August 16, 2019. For purposes of this Form 8-K, the sale of MWUK and Twin Hill are collectively referred to as the “Transaction”. The total consideration for this Transaction is approximately \$62 million in cash, subject to certain working capital adjustments. Approximately \$6 million of the consideration is deferred to the first quarter of fiscal 2020.

In connection with the Transaction, the Company also entered into a transition services agreement with Twin Hill, whereby the Company will provide certain post-closing services for Twin Hill over an expected period of up to nine months.

On August 19, 2019, the Company issued a press release announcing the disposition of its corporate apparel business.

**Item 2.02 Results of Operations and Financial Condition.**

On August 19, 2019, the Company issued a press release reporting preliminary earnings results for its second quarter ended August 3, 2019. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information in this Item 2.02 and Exhibit 99.1 attached hereto is intended to be furnished under Item 2.02 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Act, except as expressly set forth by specific reference in such filing.

**Item 2.05 Costs Associated with Exit or Disposal Activities.**

As described above under Item 2.01 of this Current Report on Form 8-K, which description is incorporated by reference in this Item 2.05, the Company completed the disposition of its corporate apparel business on August 16, 2019. The Company expects to incur pre-tax charges in connection with the disposition of its corporate apparel business in the range of \$58 million to \$68 million during the third quarter of fiscal 2019.

Certain statements made in this Current Report on Form 8-K contain forward-looking statements (as defined in the Private Securities Litigation Reform Act of 1995), including those relating to the Company’s expectations regarding costs and charges incurred in connection with the disposition of its corporate apparel business. Forward-looking statements are based upon management’s current beliefs or expectations and are inherently uncertain. Any forward-looking statements made herein are not guarantees of future performance, and actual results may differ materially from those in such forward-looking statements as a result of various factors, many of which the Company is unable to predict or control. Forward-looking statements are intended to convey the Company’s expectations about the future, and speak only as of the date they are made. The Company

undertakes no obligation to publicly update or revise any forward-looking statements that may be made from time to time, whether as a result of new information, future developments or otherwise, except as required by applicable law. However, any further disclosures made on related subjects in our subsequent reports on Forms 10-K, 10-Q and 8-K should be consulted.

**Item 9.01 Financial Statements and Exhibits.**

(b) Pro forma financial information

The Company's unaudited pro forma condensed consolidated financial statements giving effect to the disposition of its corporate apparel business is filed as Exhibit 99.2 and incorporated herein by reference.

(d) Exhibits. The following exhibits are included in this Form 8-K:

<b>Exhibit Number</b>	<b>Description</b>
99.1	Press Release of the Company dated August 19, 2019.
99.2	Unaudited pro forma condensed consolidated financial statements of Tailored Brands, Inc.

EXHIBIT INDEX

Exhibit Number	Description
99.1	<a href="#">Press Release of the Company dated August 19, 2019.</a>
99.2	<a href="#">Unaudited pro forma condensed consolidated financial statements of Tailored Brands, Inc.</a>





## TAILORED BRANDS

For Immediate Release

### News Release

Contact:  
Investor Relations  
(281) 776-7575  
ir@tailoredbrands.com

Julie MacMedan, VP, Investor Relations  
Tailored Brands, Inc.

### TAILORED BRANDS ANNOUNCES SALE OF CORPORATE APPAREL BUSINESS FOR \$62 MILLION IN CASH; PROVIDES UPDATE ON FISCAL 2019 SECOND QUARTER RESULTS

- *Sale positions Tailored Brands to strengthen balance sheet and focus on core business*
- *Expects Q2 2019 GAAP EPS of \$0.64 to \$0.66*
- *Expects Q2 2019 Adjusted EPS<sup>(1)</sup> of \$0.78 to \$0.80, above prior guidance of \$0.65 to \$0.70*

FREMONT, CA — August 19, 2019 — Tailored Brands, Inc. (NYSE: TLRD) today announced that it has closed the sale of its corporate apparel business to a group led by the existing corporate apparel U.K. executive team for total cash consideration of \$62 million, subject to certain working capital adjustments. Of the \$62 million in total consideration, approximately \$56 million was received upon closing and approximately \$6 million is deferred to the first quarter of fiscal 2020.

“We are pleased to have reached an agreement to sell our corporate apparel business. The consummation of this transaction supports our previously stated strategy to focus on our core retail business in the U.S. and Canada while reducing debt,” said Tailored Brands President and CEO Dinesh Lathi. “We thank the management team and employees for their many contributions and wish them well.”

The Company will use cash proceeds from the transaction to reinvest in its business in accordance with the provisions of its term loan. This will free up funds previously slated for capital expenditures for debt reduction.

The transaction represents a multiple of 4.3 times fiscal 2018 Adjusted EBITDA for the corporate apparel business, which had net sales of \$235.4 million in fiscal 2018. Please see the reconciliation of adjusted EBITDA for the corporate apparel business, a non-GAAP financial measure, to the GAAP financial measure in the table at the end of this press release.

The Company was advised on the transaction by Edwin Coe LLP and Vorys, Sater, Seymour and Pease LLP. Houlihan Lokey, Inc. served as financial advisor to the Tailored Brands Board of Directors.

<sup>(1)</sup>In the second quarter of fiscal 2019, adjusted diluted EPS excludes net charges of \$10.4 million comprised of \$8.1 million of charges related to our multi-year cost savings and operational excellence programs (consisting of \$6.1 million of consulting costs, \$1.9 million of severance costs and \$0.1 million of lease termination costs) and \$3.2 million of costs related to the closure of a distribution center in Canada primarily from the write-off of rental product, offset by a \$0.9 million net favorable adjustment primarily related to a derivative instrument entered into for our corporate apparel business. Please see the reconciliation of adjusted diluted EPS, a non-GAAP financial measure, to the GAAP financial measure in the table at the end of this press release.

## **Fiscal 2019 Second Quarter Results**

For the fiscal 2019 second quarter, the Company expects to report net sales in the range of \$787.0 to \$789.0 million, GAAP diluted EPS in the range of \$0.64 to \$0.66 and adjusted diluted EPS in the range of \$0.78 to \$0.80, which is above the Company's expected adjusted EPS range of \$0.65 to \$0.70 provided on June 12, 2019. The Company noted that its updated adjusted EPS guidance includes a \$0.02 benefit from a lower-than-anticipated effective tax rate. In addition, the Company expects to report comparable sales for each of its retail brands in line with its outlook provided on June 12, 2019.

"We are pleased to provide updated guidance for second quarter adjusted EPS that is above our previous outlook," said Tailored Brands President and CEO Dinesh Lathi. "We remain focused on improving our performance by transforming our customer experience through three key strategic initiatives: delivering personalized products and services, inspiring and seamless experiences in and across every channel, and brands that stand for more than just price. We look forward to sharing more about our progress on these initiatives on our upcoming conference call in September."

The Company's anticipated fiscal second quarter adjusted diluted EPS excludes net charges of \$10.4 million comprised of \$8.1 million of charges related to our multi-year cost savings and operational excellence programs (consisting of \$6.1 million of consulting costs, \$1.9 million of severance costs and \$0.1 million of lease termination costs) and \$3.2 million of costs related to the closure of a distribution center in Canada primarily from the write-off of rental product, offset by a \$0.9 million net favorable adjustment primarily related to a derivative instrument entered into for our corporate apparel business. Please see the reconciliation of adjusted diluted EPS, a non-GAAP financial measure, to the GAAP financial measure in the table at the end of this press release.

## **Conference Call and Webcast Information**

As previously announced, Tailored Brands will report its fiscal 2019 second quarter results on Wednesday, September 11, 2019 after market close.

At 5:00 p.m. Eastern time on Wednesday, September 11, 2019, management will host a conference call and webcast to discuss fiscal 2019 second quarter results. To access the conference call, please dial 201-689-8029. To access the live webcast, visit the Investor Relations section of the Company's website at <http://ir.tailoredbrands.com>. The webcast archive will be available on the website for approximately 90 days.

## **About Tailored Brands, Inc.**

As the leading specialty retailer of men's tailored clothing and largest men's formalwear provider in the U.S. and Canada, Tailored Brands helps men love the way they look for work and special occasions. We serve our customers through an expansive omni-channel network that includes over 1,400 locations in the U.S. and Canada as well as our branded e-commerce websites. Our brands include Men's Wearhouse, Jos. A. Bank, Joseph Abboud, Moores Clothing for Men and K&G.

For additional information on Tailored Brands, please visit the Company's websites at [www.tailoredbrands.com](http://www.tailoredbrands.com), [www.menswearhouse.com](http://www.menswearhouse.com), [www.josbank.com](http://www.josbank.com), [www.josephabboud.com](http://www.josephabboud.com), [www.mooreclothing.com](http://www.mooreclothing.com) and [www.kgstores.com](http://www.kgstores.com).

*This press release contains forward-looking information, including the Company's statements regarding its anticipated second quarter fiscal 2019 net sales, comparable sales, effective tax rate and diluted earnings per share, and its strategy to focus on core retail business and reduce debt. In addition, words such as "expects," "anticipates," "envisions," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," "guidance," "may," "projections," and "business outlook," variations of such words and similar expressions are intended to identify such forward-looking statements. The forward-looking statements are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Any forward-looking statements that we make herein are not guarantees of future performance and actual results may differ materially from those in such forward-looking statements as a result of various factors. Factors that might cause or contribute to such differences include, but are not limited to: actions or inactions by governmental entities; domestic and international macro-economic conditions; inflation or deflation; the loss of, or changes in, key personnel; success, or lack thereof, in formulating or executing our internal strategies and operating plans including new store and new market expansion plans; cost reduction initiatives and revenue enhancement strategies; changes in demand for clothing or rental product; market trends in the retail business; customer confidence and spending patterns; changes in traffic trends in our stores; customer acceptance of our merchandise strategies, including custom clothing; performance issues with key suppliers; disruptions in our supply chain; severe weather; foreign currency fluctuations; government export and import policies, including the enactment of duties or tariffs; advertising or marketing activities of competitors; the impact of cybersecurity threats or data breaches; legal proceedings and the impact of climate change.*

*Forward-looking statements are intended to convey the Company's expectations about the future, and speak only as of the date they are made. We undertake no obligation to publicly update or revise any forward-looking statements that may be made from time to time, whether as a result of new information, future developments or otherwise, except as required by applicable law. However, any further disclosures made on related subjects in our subsequent reports on Forms 10-K, 10-Q and 8-K should be consulted. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995, and all written or oral forward-looking statements that are made by or attributable to us are expressly qualified in their entirety by the cautionary statements contained or referenced in this section.*

*(Tables Follow)*



## Use of Non-GAAP Financial Measures

The non-GAAP financial information should be considered in addition to, not as a substitute for or as being superior to, financial information prepared in accordance with GAAP. Management strongly encourages investors and shareholders to review the Company's financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

### Corporate Apparel Fiscal 2018 Adjusted EBITDA

Management has included non-GAAP financial information in this release to enhance the user's overall understanding of the corporate apparel business's financial performance by removing the impacts of a goodwill impairment charge in fiscal 2018 that we believe is not indicative of its core business results.

Corporate Apparel Segment (amounts in millions)	Fiscal Year Ended February 2, 2019
Net loss	\$ (13.0)
Add: Income tax benefit	(3.0)
Add: Interest expense	—
Earnings before interest and taxes (EBIT)	(16.0)
Add: Depreciation and amortization	6.5
Earnings before interest, taxes, depreciation and amortization (EBITDA)	(9.5)
Goodwill impairment charge	24.0
Adjusted EBITDA	<u>\$ 14.5</u>

### Fiscal 2019 Second Quarter Adjusted EPS

In addition to providing anticipated financial results in accordance with GAAP, we have provided anticipated adjusted information for our fiscal second quarter ending August 3, 2019. This non-GAAP financial information is provided to enhance the user's overall understanding of the Company's financial performance by removing the impacts of large, unusual or unique transactions that we believe are not indicative of our core business results. For the second quarter of fiscal 2019, adjusted items consist of charges related to our multi-year cost savings and operational excellence programs, and costs related to the closure of a distribution center in Canada, offset by a favorable adjustment related to the disposal of our corporate apparel business.

Management uses these adjusted results to assess the Company's performance, to make decisions about how to allocate resources and to develop expectations for future performance. In addition, adjusted EPS is used as a performance measure in the Company's executive compensation program to determine the number of performance units that are ultimately earned for certain equity awards.

**GAAP to Non-GAAP Adjusted  
Reconciliation of Anticipated Adjusted EPS for Fiscal 2019 Second Quarter**

Diluted EPS- GAAP Basis	\$0.64 - \$0.66
Adjustments	\$0.14
Diluted EPS- Non-GAAP Adjusted	\$0.78 - \$0.80

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Overview**

On August 16, 2019, Tailored Brands, Inc. (the “Company”) completed the sale of MWUK Limited, its UK corporate apparel operations conducted by Dimensions, Alexandra, and Yaffy to Project Dart Bidco Limited, pursuant to a Share Purchase Agreement entered into on August 16, 2019. In addition, the Company also completed the sale of Twin Hill Acquisition Company, Inc. (“Twin Hill”), to TH Holding Company, pursuant to a Stock Purchase Agreement entered into on August 16, 2019. The aggregate consideration paid for all of the outstanding equity of MWUK Limited and Twin Hill (collectively, the “corporate apparel business”) was approximately \$62 million, subject to certain working capital adjustments. Of the \$62 million in total consideration, approximately \$56 million was received upon closing and approximately \$6 million is deferred to the first quarter of fiscal 2020. For purposes of the unaudited Pro Forma Condensed Consolidated Financial Statements, the sale of MWUK and Twin Hill are collectively referred to as the “Disposition.”

The following unaudited Pro Forma Condensed Consolidated Balance Sheet, as of May 4, 2019, reflects the Company’s financial position as if the Disposition had occurred on that date. The following unaudited Pro Forma Condensed Consolidated Statements of Earnings for the three months ended May 4, 2019 and the three fiscal years ended February 2, 2019, February 3, 2018, and January 28, 2017, reflect the Company’s results of operations as if the Disposition had occurred on January 31, 2016, the beginning of the earliest period presented. All fiscal years for which financial information is included herein had 52 weeks with the exception of the fiscal year ended February 3, 2018, which had 53 weeks.

These unaudited Pro Forma Condensed Consolidated Financial Statements and the accompanying notes are based upon and should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019 and Quarterly Report on Form 10-Q for the three months ended May 4, 2019. The accompanying unaudited Pro Forma Condensed Consolidated Statements of Earnings are provided for informational purposes only and should not be considered indicative of the financial position or results of operations that would have occurred if the Disposition had been consummated on the dates indicated, nor are they indicative of the future financial position or results of operations of the Company.

The historical financial information has been adjusted in the unaudited Pro Forma Condensed Consolidated Financial Statements to give effect to pro forma events that are directly attributable, factually supportable, and with respect to the unaudited Pro Forma Condensed Statement of Earnings, expected to have a continuing impact on the consolidated results.

**TAILORED BRANDS, INC. AND SUBSIDIARIES**  
**PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**  
(In thousands, except per share data)  
(Unaudited)

	For the Three Months Ended May 4, 2019		
	Company As Reported (a)	Less: Corporate Apparel (b)	Company Pro Forma
Net sales	\$ 781,387	\$ 56,725	\$ 724,662
Cost of sales	460,831	41,044	419,787
Gross margin	320,556	15,681	304,875
Advertising expense	45,043	374	44,669
Selling, general and administrative expenses	245,211	14,009	231,202
Operating income	30,302	1,298	29,004
Interest income	96	—	96
Interest expense	(18,663)	—	(18,663)
Earnings before income taxes	11,735	1,298	10,437
Provision for income taxes	4,593	636	3,957
Net earnings	<u>\$ 7,142</u>	<u>\$ 662</u>	<u>\$ 6,480</u>
Net earnings per common share:			
Basic	<u>\$ 0.14</u>		<u>\$ 0.13</u>
Diluted	<u>\$ 0.14</u>		<u>\$ 0.13</u>
Weighted-average common shares outstanding:			
Basic	<u>50,280</u>		<u>50,280</u>
Diluted	<u>50,587</u>		<u>50,587</u>

**TAILORED BRANDS, INC. AND SUBSIDIARIES**  
**PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**  
(In thousands, except per share data)  
(Unaudited)

	For the Fiscal Year End February 2, 2019		
	Company As Reported (a)	Less: Corporate Apparel (b)	Company Pro Forma
Net sales	\$ 3,239,902	\$ 235,391	\$ 3,004,511
Cost of sales	1,862,435	168,532	1,693,903
Gross margin	1,377,467	66,859	1,310,608
Advertising expense	166,457	1,209	165,248
Selling, general and administrative expenses	974,054	55,282	918,772
Goodwill impairment charge	23,991	23,991	—
Asset impairment charges	1,026	—	1,026
Operating income (loss)	211,939	(13,623)	225,562
Interest income	563	—	563
Interest expense	(79,573)	(3)	(79,570)
Loss on extinguishment of debt, net	(30,253)	—	(30,253)
Earnings (loss) before income taxes	102,676	(13,626)	116,302
Provision for income taxes	19,436	1,730	17,706
Net earnings (loss)	<u>\$ 83,240</u>	<u>\$ (15,356)</u>	<u>\$ 98,596</u>
Net earnings per common share:			
Basic	<u>\$ 1.67</u>		<u>\$ 1.98</u>
Diluted	<u>\$ 1.64</u>		<u>\$ 1.94</u>
Weighted-average common shares outstanding:			
Basic	<u>49,856</u>		<u>49,856</u>
Diluted	<u>50,725</u>		<u>50,725</u>

**TAILORED BRANDS, INC. AND SUBSIDIARIES**  
**PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**  
(In thousands, except per share data)  
(Unaudited)

	For the Fiscal Year End February 3, 2018		
	Company As Reported (a)	Less: Corporate Apparel (b)	Company Pro Forma
Net sales	\$ 3,304,346	\$ 251,325	\$ 3,053,021
Cost of sales	1,895,580	183,987	1,711,593
Gross margin	1,408,766	67,338	1,341,428
Advertising expense	173,411	1,410	172,001
Selling, general and administrative expenses	1,000,892	52,608	948,284
Goodwill impairment charge	1,500	—	1,500
Asset impairment charges	3,547	—	3,547
Operating income	229,416	13,320	216,096
Interest income	564	—	564
Interest expense	(100,471)	—	(100,471)
Gain on extinguishment of debt, net	5,445	—	5,445
Earnings before income taxes	134,954	13,320	121,634
Provision for income taxes	38,251	3,634	34,617
Net earnings	\$ 96,703	\$ 9,686	\$ 87,017
Net earnings per common share:			
Basic	\$ 1.97		\$ 1.77
Diluted	\$ 1.95		\$ 1.76
Weighted-average common shares outstanding:			
Basic	49,094		49,094
Diluted	49,468		49,468

**TAILORED BRANDS, INC. AND SUBSIDIARIES**  
**PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**  
(In thousands, except per share data)  
(Unaudited)

	For the Fiscal Year End January 28, 2017		
	Company As Reported (a)	Less: Corporate Apparel (b)	Company Pro Forma
Net sales	\$ 3,378,703	\$ 280,302	\$ 3,098,401
Cost of sales	1,937,235	191,792	1,745,443
Gross margin	1,441,468	88,510	1,352,958
Advertising expense	189,956	1,606	188,350
Selling, general and administrative expenses	1,099,328	60,300	1,039,028
Asset impairment charges	19,358	—	19,358
Operating income	132,826	26,604	106,222
Interest income	167	—	167
Interest expense	(103,149)	—	(103,149)
Gain on extinguishment of debt, net	1,737	—	1,737
Earnings before income taxes	31,581	26,604	4,977
Provision (benefit) for income taxes	6,625	8,806	(2,181)
Net earnings	<u>\$ 24,956</u>	<u>\$ 17,798</u>	<u>\$ 7,158</u>
Net earnings per common share:			
Basic	<u>\$ 0.51</u>		<u>\$ 0.15</u>
Diluted	<u>\$ 0.51</u>		<u>\$ 0.15</u>
Weighted-average common shares outstanding:			
Basic	<u>48,607</u>		<u>48,607</u>
Diluted	<u>48,786</u>		<u>48,786</u>

**TAILORED BRANDS, INC. AND SUBSIDIARIES**  
**PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS OF MAY 4, 2019**  
(In thousands)  
(Unaudited)

	Company As Reported (a)	Less: Corporate Apparel (b)	Pro Forma Adjustments	Company Pro Forma
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 29,749	\$ 9,290	\$ 55,379 (c)	\$ 75,838
Accounts receivable, net	80,623	39,863	6,047 (d)	46,807
Inventories	874,412	106,718		767,694
Other current assets	49,904	3,717		46,187
Total current assets	<u>1,034,688</u>	<u>159,588</u>	<u>61,426</u>	<u>936,526</u>
PROPERTY AND EQUIPMENT, net	428,380	14,745		413,635
OPERATING LEASE RIGHT-OF-USE ASSETS	955,970	11,439		944,531
RENTAL PRODUCT, net	103,895	—		103,895
GOODWILL	78,964	—		78,964
INTANGIBLE ASSETS, net	156,614	9,631		146,983
OTHER ASSETS	6,942	25		6,917
TOTAL ASSETS	<u>\$ 2,765,453</u>	<u>\$ 195,428</u>	<u>\$ 61,426</u>	<u>\$ 2,631,451</u>
<b>LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	\$ 218,492	\$ 16,397	\$	\$ 202,095
Accrued expenses and other current liabilities	316,821	16,132		300,689
Current portion of operating lease liabilities	183,011	2,519		180,492
Income taxes payable	15,923	1,974	2,375 (e)	16,324
Current portion of long-term debt	9,000	—		9,000
Total current liabilities	<u>743,247</u>	<u>37,022</u>	<u>2,375</u>	<u>708,600</u>
LONG-TERM DEBT, net	1,151,196	—		1,151,196
OPERATING LEASE LIABILITIES	804,895	9,058		795,837
DEFERRED TAXES, net AND OTHER LIABILITIES	70,161	5,370		64,791
Total liabilities	<u>2,769,499</u>	<u>51,450</u>	<u>2,375</u>	<u>2,720,424</u>
SHAREHOLDERS' (DEFICIT) EQUITY	(4,046)	143,978	59,051 (c),(e)	(88,973)
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY	<u>\$ 2,765,453</u>	<u>\$ 195,428</u>	<u>\$ 61,426</u>	<u>\$ 2,631,451</u>



## Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

- (a) Represents the Company's historical financial statements for the periods presented and does not reflect any adjustments related to the Disposition. The historical condensed consolidated balance sheet as of May 4, 2019 and the condensed consolidated statements of earnings for the three months ended May 4, 2019 were derived from the Company's unaudited condensed consolidated financial statements included in its Quarterly Report on Form 10-Q for the quarter ended May 4, 2019. The historical consolidated statements of earnings for each of the years ended February 2, 2019, February 3, 2018 and January 28, 2017 were derived from the Company's audited consolidated financial statements included in its Annual Report on Form 10-K for the year ended February 2, 2019.
- (b) Reflects the historical financial results from operations and financial position of the corporate apparel business reflecting the effect of the Disposition of the corporate apparel business on assets, liabilities, revenues and expenses directly attributable to the Disposition. Certain amounts historically allocated to the corporate apparel business's results of operations are not reflected in this adjustment because they relate to costs that the Company will recognize on an ongoing basis after the Disposition.
- (c) Reflects the cash proceeds, net of \$0.4 million in transaction costs, received upon closing of the Disposition totaling \$55.4 million.
- (d) Reflects the establishment of a receivable for the amount of consideration related to Disposition deferred to the first quarter of fiscal 2020 totaling \$6.0 million.
- (e) Reflects the estimated after-tax loss to be recorded on the Disposition. This loss is not included in the pro forma condensed consolidated statements of earnings as the loss is considered non-recurring and is not expected to have a continuing impact on the Company's operations. The tax effect on the Disposition differs from the blended statutory rate for the corporate apparel business primarily due to the exclusion of the loss for U.K. purposes and the recognition of withholding tax on the proceeds of the Disposition. The estimated after-tax loss is preliminary and may change based on finalization of certain items and was calculated as follows (amounts in thousands):

Net proceeds related to the Disposition	\$	61,426
Net assets of corporate apparel business		(143,978)
Pre-tax loss on Disposition		(82,552)
Tax effect on Disposition		2,375
After-tax loss on Disposition	\$	(84,927)