

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended February 1, 2020

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

Commission File Number: 001-36212

VINCE HOLDING CORP.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

75-3264870
(I.R.S. Employer
Identification No.)

500 5th Avenue—20th Floor
New York, New York 10110
(Address of principal executive offices) (Zip code)

(212) 944-2600
(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.01 par value per share	VNCE	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 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 type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

The aggregate market value of the registrant's Common Stock held by non-affiliates as of August 3, 2019, the last day of the registrant's most recently completed second quarter, was approximately \$40.1 million based on a closing price per share of \$12.90 as reported on the New York Stock Exchange on August 2, 2019. As of May 31, 2020, there were 11,772,324 shares of the registrant's Common Stock outstanding.

Portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission in connection with the registrant's 2020 annual meeting of stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

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INTRODUCTORY NOTE

On November 27, 2013, Vince Holding Corp. (“VHC” or the “Company”), previously known as Apparel Holding Corp., closed an initial public offering (“IPO”) of its common stock and completed a series of restructuring transactions (the “Restructuring Transactions”) through which Kellwood Holding, LLC acquired the non-Vince businesses, which included Kellwood Company, LLC (“Kellwood Company” or “Kellwood”), from the Company. The Company continues to own and operate the Vince business, which includes Vince, LLC.

On November 18, 2016, Kellwood Intermediate Holding, LLC and Kellwood Company, LLC entered into a Unit Purchase Agreement with Sino Acquisition, LLC (the “Kellwood Purchaser”) whereby the Kellwood Purchaser agreed to purchase all of the outstanding equity interests of Kellwood Company, LLC. Prior to the closing, Kellwood Intermediate Holding, LLC and Kellwood Company, LLC conducted a pre-closing reorganization pursuant to which certain assets of Kellwood Company, LLC were distributed to a newly formed subsidiary of Kellwood Intermediate Holding, LLC, St. Louis Transition, LLC (“St. Louis, LLC”). The transaction closed on December 21, 2016 (the “Kellwood Sale”).

On November 3, 2019, Vince, LLC, an indirectly wholly owned subsidiary of VHC, completed its acquisition (the “Acquisition”) of 100% of the equity interests of Rebecca Taylor, Inc. and Parker Holding, LLC (collectively, the “Acquired Businesses”) from Contemporary Lifestyle Group, LLC (“CLG”). Because the Acquisition was a transaction between commonly controlled entities, U.S. Generally Accepted Accounting Principles (“GAAP”) requires the retrospective combination of the entities for all periods presented as if the combination had been in effect since the inception of common control. Accordingly, the Company’s audited financial statements included in this Annual Report on Form 10-K (this “Annual Report”), including for the fiscal year ended February 2, 2019, reflect the retrospective combination of the entities as if the combination had been in effect since inception of common control. See Note 2 “Business Combinations” to the Consolidated Financial Statements in this Annual Report for further information.

RELIANCE OF SECURITIES AND EXCHANGE COMMISSION ORDER

The Company is relying on the Order under Section 36 of the Securities Exchange Act of 1934 Modifying Exemptions From the Reporting and Proxy Delivery Requirements for Public Companies, dated March 25, 2020 (Release No. 34-88465) (the “Order”) to delay the filing of this Annual Report due to circumstances related to the novel coronavirus (COVID-19) pandemic as disclosed in the Company’s Current Report on Form 8-K filed with the Security Exchange Commissions (the “SEC”) on April 27, 2020. The Company was unable to file this Annual Report in a timely manner because COVID-19 caused significant disruptions to the Company’s business and operations, including furloughs of a significant portion of our corporate associates. The Company’s management and staff needed to devote significant time and attention to assess the impact of COVID-19 on the Company’s operations and financial position and to develop operational and financial plans to address those matters. As a result, the Company’s resources, which were already been significantly reduced after the furloughs, were diverted from completing certain tasks necessary to file the Annual Report in a timely manner.

DISCLOSURES REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report, and any statements incorporated by reference herein, contain forward-looking statements under the Private Securities Litigation Reform Act of 1995. Forward-looking statements are indicated by words or phrases such as “may,” “will,” “should,” “believe,” “expect,” “seek,” “anticipate,” “intend,” “estimate,” “plan,” “target,” “project,” “forecast,” “envision” and other similar phrases. Although we believe the assumptions and expectations reflected in these forward-looking statements are reasonable, these assumptions and expectations may not prove to be correct and we may not achieve the results or benefits anticipated. These forward-looking statements are not guarantees of actual results, and our actual results may differ materially from those suggested in the forward-looking statements. These forward-looking statements involve a number of risks and uncertainties, some of which are beyond our control, including, without limitation: the impact of the novel coronavirus (COVID-19) pandemic on our business, results of operations and liquidity; our ability to continue having the liquidity necessary to service our debt, meet contractual payment obligations, and fund our operations; changes in global economics and credit and financial markets; the expected effects of the acquisition of the Acquired Businesses on the Company; our ability to integrate the Acquired Businesses with the Company, including our ability to retain customers, suppliers and key employees; our ability to realize the benefits of our strategic initiatives; our ability to maintain our larger wholesale partners; the loss of certain of our wholesale partners; our ability to make lease payments when due; the execution and management of our retail store growth plans; our ability to expand our product offerings into new product categories, including the ability to find suitable licensing partners; our ability to remediate the identified material weakness in our internal control over financial reporting; our ability to optimize our systems, processes and functions; our ability to mitigate system security risk issues, such as cyber or malware attacks, as well as other major system failures; our ability to comply with privacy-related obligations; our ability to comply with domestic and international laws, regulations and orders; changes in laws and regulations; our ability to ensure the proper operation of the distribution facilities by third-party logistics providers; our ability to anticipate and/or react to changes in customer demand and attract new customers, including in connection with making inventory commitments; our ability to remain competitive in the areas of merchandise quality, price, breadth of selection and customer service; our ability to keep a strong

brand image; our ability to attract and retain key personnel; our ability to protect our trademarks in the U.S. and internationally; the execution and management of our international expansion, including our ability to promote our brand and merchandise outside the U.S. and find suitable partners in certain geographies; our current and future licensing arrangements; the extent of our foreign sourcing; fluctuations in the price, availability and quality of raw materials; commodity, raw material and other cost increases; our reliance on independent manufacturers; seasonal and quarterly variations in our revenue and income; further impairment of our goodwill and indefinite-lived intangible assets; competition; other tax matters; and other factors as set forth from time to time in our Securities and Exchange Commission filings, including those described in this Annual Report under the heading “Item 1A—Risk Factors.” We intend these forward-looking statements to speak only as of the date of this Annual Report and do not undertake to update or revise them as more information becomes available, except as required by law.

PART I

ITEM 1. BUSINESS.

For purposes of this Annual Report on Form 10-K, the “Company,” “we,” “us,” and “our,” refer to Vince Holding Corp. (“VHC”) and its wholly owned subsidiaries, including Vince Intermediate Holding, LLC and Vince, LLC. References to “Kellwood” refer, as applicable, to Kellwood Holding, LLC and its consolidated subsidiaries (including Kellwood Company, LLC) or the operations of the non-Vince businesses after giving effect to the Restructuring Transactions and prior to the Kellwood Sale. References to “Vince,” “Rebecca Taylor” or “Parker” refer only to the referenced brand.

Overview

We are a global contemporary group, consisting of three brands: Vince, Rebecca Taylor, and Parker. As mentioned above, on November 3, 2019, we completed the acquisition of 100% of the equity interests of Rebecca Taylor, Inc. and Parker Holding, LLC from CLG. We serve our customers through wholesale and direct-to-consumer channels that reinforce our brand images.

We have a select number of wholesale partners who account for a significant portion of our net sales. In fiscal 2019 and fiscal 2018, sales to one wholesale partner, Nordstrom Inc., accounted for more than ten percent of the Company’s net sales. These sales represented 22% of fiscal 2019 and 22% of fiscal 2018 net sales, respectively.

We design our products in the U.S. and source the vast majority of our products from contract manufacturers outside the U.S., primarily in Asia.

The Company operates on a fiscal calendar widely used by the retail industry that results in a given fiscal year consisting of a 52 or 53-week period ending on the Saturday closest to January 31.

- References to “fiscal year 2019” or “fiscal 2019” refer to the fiscal year ended February 1, 2020; and
- References to “fiscal year 2018” or “fiscal 2018” refer to the fiscal year ended February 2, 2019.

Each of fiscal years 2019 and 2018 consisted of a 52-week period.

Our principal executive office is located at 500 5th Avenue, 20th Floor, New York, New York 10110, and our telephone number is (212) 944-2600. Our corporate website address is www.vince.com.

Recent Developments

The spread of the novel coronavirus (“COVID-19”), which was declared a pandemic by the World Health Organization in March 2020, has caused state and municipal public officials to mandate jurisdiction-wide curfews, including “shelter-in-place” and closures of most non-essential businesses as well as other measures to mitigate the spread of the virus. While we continue to serve our customers through our online e-commerce websites, we were forced to shut down all of our domestic and international retail locations alongside other retailers, including our wholesale partners, which has resulted in a sharp decline in our revenue and ability to generate cash flows from operations. Although certain jurisdictions have since loosened the restrictive orders and a limited number of our retail stores have re-opened, the extent of the negative impact of COVID-19 on our operations remains uncertain and potentially wide-spread.

We have taken various measures in response to COVID-19, including:

- entering into amendments to our 2018 Term Loan Facility as well as our 2018 Revolving Credit Facility to provide additional liquidity and amend certain financial covenants to allow increased operational flexibility (See Note 15 “Subsequent Events” to the Consolidated Financial Statements in this Annual Report for more details on these amendments);
- furloughing all of our retail store associates as well as a significant portion of our corporate associates;
- temporarily reducing retained employee salaries and board retainer fees;
- engaging in active discussions with landlords to address the current operating environment including our rental obligations, while reopening a limited number of stores in accordance with the applicable regulations;
- executing other operational initiatives to carefully manage our investments across all key areas, including aligning inventory levels with anticipated demand and reevaluating non-critical capital build-out and other investments and activities; and

- streamlining our expense structure in all areas such as marketing, distribution, and product development to align with the business environment and sales opportunities.

The COVID-19 pandemic remains highly volatile and continues to evolve on a daily basis. See Item 1A. Risk Factors — “Risks Related to Our Business — The COVID-19 pandemic has adversely affected, and is expected to continue to adversely affect, our business, financial condition, cash flow, liquidity and results of operations” for additional discussion regarding risks to our business associated with the COVID-19 pandemic.

Our Brands

Vince

Vince, established in 2002, is a leading global luxury apparel and accessories brand best known for creating elevated yet understated pieces for every day effortless style. Known for its range of luxury products, Vince offers women’s and men’s ready-to-wear, footwear and accessories through 48 full-price retail stores, 14 outlet stores, and its e-commerce site, *vince.com* and through its subscription service Vince Unfold, *www.vinceunfold.com*, as well as through premium wholesale channels globally.

Our wholesale business is comprised of sales to major department stores and specialty stores in the U.S. and in select international markets. We have limited distribution arrangements with Nordstrom and Neiman Marcus Group for non-licensed product which has improved profitability in the wholesale business and enables us to focus on other areas of growth for the brand, particularly in the direct-to-consumer business. We continue to collaborate with our wholesale partners in various areas including merchandising and logistics to build a more profitable and focused wholesale business.

Our wholesale business also includes our licensing business related to our licensing arrangement for our women’s and men’s footwear. The licensed products are sold in our own stores and by our licensee to select wholesale partners. We earn a royalty based on net sales to the wholesale partners.

Our direct-to-consumer business includes our company-operated retail and outlet stores and our e-commerce business. During fiscal 2019, we opened net three new full-price retail stores. As of February 1, 2020, we operated 62 Vince stores, consisting of 48 company-operated full-price retail stores and 14 company-operated outlet locations. The direct-to-consumer business also includes our e-commerce website, *www.vince.com*, and our subscription business, Vince Unfold, *www.vinceunfold.com*.

The following table details the number of Vince retail stores we operated for the past two fiscal years:

	Fiscal Year	
	2019	2018
Beginning of fiscal year	59	55
Net opened	3	4
End of fiscal year	62	59

Rebecca Taylor

Rebecca Taylor, founded in 1996 in New York City, is a high-end women’s contemporary lifestyle brand inspired by beauty in the everyday. The Rebecca Taylor collection is available at six full-price retail stores, through our e-commerce site at *rebeccataylor.com* and through our subscription service Rebecca Taylor RNTD, *www.rebeccataylornrd.com*, as well as through high-end department and specialty stores in select international markets.

Our wholesale business is comprised of sales to major department stores and specialty stores in the U.S. and in select international markets.

Our direct-to-consumer business includes our company-operated retail stores and our e-commerce business. During fiscal 2019, we closed 1 full-price retail store. As of February 1, 2020, we operated six full-price retail stores. The direct-to-consumer business also includes our e-commerce website, *www.rebeccataylor.com*, and our subscription business Rebecca Taylor RNTD, *www.rebeccataylornrd.com*.

The following table details the number of Rebecca Taylor retail stores we operated for the past two fiscal years:

	Fiscal Year	
	2019	2018
Beginning of fiscal year	7	7
Net opened (closed)	(1)	—
End of fiscal year	6	7

Parker

Parker, founded in 2008 in New York City, is a contemporary women's fashion brand that is trend focused. The Parker collection is available at *parkerny.com* as well as at high-end department and specialty stores in select international markets.

Our wholesale business is comprised of sales to major department stores and specialty stores in the U.S. and in select international markets.

Our direct-to-consumer business includes our e-commerce website *www.parkerny.com*.

Business Segments

We serve our customers through a variety of channels that reinforce our brand images. Our diversified channel strategy allows us to introduce our products to customers through multiple distribution points that are presented in three reportable segments: Vince Wholesale, Vince Direct-to-consumer, and Rebecca Taylor and Parker.

(in thousands, except percentages)	Fiscal Year			
	2019	% of Total Net sales	2018	% of Total Net sales
Vince Wholesale	\$ 166,805	44.4%	\$ 159,635	44.1%
Vince Direct-to-consumer	133,412	35.6%	119,316	33.0%
Rebecca Taylor and Parker	74,970	20.0%	82,728	22.9%
Total net sales	<u>\$ 375,187</u>	<u>100.0%</u>	<u>\$ 361,679</u>	<u>100.0%</u>

Our Vince Wholesale segment is comprised of sales to major department stores and specialty stores in the U.S. and in select international markets. Our Vince Wholesale segment also includes our licensing business related to our licensing arrangement for our women's and men's footwear line.

Our Vince Direct-to-consumer segment includes our Vince company-operated retail and outlet stores, our Vince e-commerce business and our subscription business, Vince Unfold.

Our Rebecca Taylor and Parker segment consists of our operations to distribute Rebecca Taylor and Parker brand products to high-end department and select international markets and directly to the consumer through their own branded e-commerce platforms, our Rebecca Taylor retail stores and through our subscription business, Rebecca Taylor RNTD.

Unallocated corporate expenses are related to the Vince brand and are comprised of selling, general and administrative expenses attributable to corporate and administrative activities (such as marketing, design, finance, information technology, legal and human resource departments), and other charges that are not directly attributable to the Company's Vince Wholesale and Vince Direct-to-consumer reportable segments.

Products

We believe that our differentiated design aesthetic and strong attention to detail and fit allow us to maintain premium pricing, and that the combination of quality and value positions us as everyday luxury brands that encourage repeat purchases among our customers. We also believe that we can expand our product assortments and distribute these expanded product assortments through our branded retail locations and our branded e-commerce platforms, as well as through our premier wholesale partners in the U.S. and select international markets.

The Vince women's collection includes seasonal collections of luxurious cashmere sweaters and silk blouses, leather and suede leggings and jackets, dresses, skirts, denim, pants, t-shirts, footwear, outerwear, and accessories. The Vince men's collection includes t-shirts, knit and woven tops, sweaters, denim, pants, blazers, footwear, and outerwear.

The Rebecca Taylor collection includes seasonal collections of occasion-forward dresses, suiting, silk blouses, leather and tweed jackets, outerwear, jumpsuits, cotton dresses and blouses, denim, sweaters, pants, skirts and knit and woven tops. The Rebecca Taylor collections are grounded in artful prints, dimensional textures, and feminine silhouettes.

The Parker collection includes seasonal collections of occasion-forward dresses, cotton dresses, jumpsuits, silk blouses, knit and woven tops, leather jackets, sweaters, pants, and skirts.

We continue to evaluate other brand extension opportunities through both in-house development activities as well as through potential partnerships or licensing arrangements with third parties.

Design and Merchandising

Our creative teams are focused on developing and implementing the design direction for the Vince, Rebecca Taylor and Parker brands. We have dedicated design and merchandising teams for our brands which ensures that we focus on the unique positioning of each brand. Our design efforts are supported by well-established product development and production teams. We believe continued collaboration between design and merchandising will ensure we respond to consumer preferences and market trends with new innovative product offerings while maintaining our core fashion foundation.

Marketing, Advertising and Public Relations

We use marketing, advertising and public relations as critical tools to deliver a consistent and compelling brand message to consumers. The message and marketing strategies of our brands are cultivated by dedicated creative, design, marketing, visual merchandising, and public relations teams. These teams work closely together to develop and execute campaigns that appeal to both our core and aspirational customers.

To execute our marketing strategies, we engage in a wide range of campaign tactics that include traditional media (such as direct mail, print advertising, cooperative advertising with wholesale partners and outdoor advertising), digital media (such as email, search social, and display) and experiential campaigns (such as events) to drive traffic, brand awareness, conversion and ultimately sales across all channels. In addition, we use social platforms such as Instagram and Facebook to engage customers and create excitement about our brands. The visits to www.vince.com, www.rebeccataylor.com and www.parkerny.com also provide an opportunity to grow our customer base and communicate directly with our customers.

Our public relations team conducts a wide variety of press activities to reinforce our brand images and create excitement around the brands. Our apparel has appeared in the pages of major fashion magazines such as *Vogue*, *Harper's Bazaar*, *Elle*, *InStyle*, *GQ*, *Esquire* and *WSJ*. Well-known trend setters in entertainment and fashion are also regularly seen wearing our brands.

Sourcing and Manufacturing

We do not own or operate any manufacturing facilities. We contract for the purchase of finished goods with manufacturers who are responsible for the entire manufacturing process, including the purchase of piece goods and trim. Although we do not have long-term written contracts with manufacturers, we have long-standing relationships with a diverse base of vendors which we believe to be mutually satisfactory. We work with more than 60 manufacturers across eight countries, with 88% of our products produced in China in fiscal 2019. For cost and control purposes, we contract with select third-party vendors in the U.S. to produce a small portion of our merchandise.

All of our garments are produced according to our specifications, and we require that all of our manufacturers adhere to strict regulatory compliance and standards of conduct. Our vendors' factories are monitored by our production team to ensure quality control, and they are monitored by independent third-party inspectors we employ for compliance with local manufacturing standards and regulations on an annual basis. We also monitor our vendors' manufacturing facilities regularly, providing technical assistance and performing in-line and final audits to ensure the highest possible quality.

Distribution Facilities

As of February 1, 2020, we operated out of eight distribution centers, three located in the U.S., two in Hong Kong, one in Canada, one in the United Kingdom and one in Belgium.

Our three warehouses in the U.S., located in California, are operated by third-party logistics providers and include dedicated space to fulfilling orders to support our wholesale partners, retail locations and e-commerce business and utilize warehouse management systems that are fully customer and vendor compliant.

Our two warehouses in Hong Kong are operated by third-party logistics providers and support our wholesale orders for international customers located primarily in Asia.

Our warehouses in the United Kingdom and Belgium are operated by third-party logistics providers and support our wholesale orders for international customers located primarily in Europe.

Our warehouse in Canada is operated by a third-party logistics provider and supports our wholesale orders for this region.

We believe we have sufficient capacity in our domestic and international distribution facilities to support our current and projected business.

Information Systems

Each of our brands currently operate using their legacy systems for enterprise resource planning (“ERP”), point-of-sale (“POS”) transactions, e-commerce platforms and other supporting systems. Our strategy includes consolidating certain systems across our brands over time to create operational efficiencies, as well as to achieve a common platform across the Company.

See “Risk Factors— We are continuing to optimize and improve our information technology systems, processes and functions. If these systems, processes, and functions do not operate successfully, our business, financial condition, results of operations and cash flows could be materially harmed” and Part II, Item 9A. “Controls and Procedures.”

Seasonality

The apparel and fashion industry in which we operate is cyclical and, consequently, our revenues are affected by general economic conditions and the seasonal trends characteristic to the apparel and fashion industry. Purchases of apparel are sensitive to a number of factors that influence the level of consumer spending, including economic conditions and the level of disposable consumer income, consumer debt, interest rates and consumer confidence as well as the impact of adverse weather conditions. In addition, fluctuations in the amount of sales in any fiscal quarter are affected by the timing of seasonal wholesale shipments and other events affecting direct-to-consumer sales. As such, the financial results for any particular quarter may not be indicative of results for the fiscal year. We expect such seasonality to continue.

Competition

We face strong competition in each of the product categories and markets in which we compete on the basis of style, quality, price, and brand recognition. Some of our competitors have achieved significant recognition for their brand names or have substantially greater financial, marketing, distribution and other resources compared to us. However, we believe that we have established a sustainable and distinct position in the current marketplace, driven by a product assortment that combines classic and fashion-forward styling, and a pricing strategy that offers customers accessible luxury.

Employees

As of February 1, 2020, we had 768 employees, of which 425 were employed in our company-operated retail stores. Except for 11 employees in France, who are covered by collective bargaining agreements pursuant to French law, none of our employees are currently covered by a collective bargaining agreement, and we believe our employee relations are good. In response to the COVID-19 pandemic, a majority of our employees remain furloughed.

Trademarks and Licensing

We own the *Vince*, *Rebecca Taylor* and *Parker* trademarks for the production, marketing, and distribution of our products in the U.S. and internationally. We have registered the trademark domestically and have registrations on file or pending in a number of foreign jurisdictions. We intend to continue to strategically register, both domestically and internationally, trademarks that we use today and those we develop in the future. We license the domain name for our website, www.vince.com, pursuant to a license agreement. Under this license agreement, we have an exclusive, irrevocable license to use the www.vince.com domain name without restriction at a nominal annual cost. While we may terminate such license agreement at our discretion, the agreement does not provide for termination by the licensor. We also own unregistered copyright rights in our design marks.

Available Information

We make available free of charge on our website, www.vince.com, copies of our Annual Reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy and information statements and all amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as soon as reasonably practicable after filing such material electronically with, or otherwise furnishing it to, the SEC. The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements and other information regarding the Company and other companies that electronically file materials with the SEC. The reference to our website address does not constitute incorporation by reference of the information contained on the website, and the information contained on the website is not part of this Annual Report.

ITEM 1A. RISK FACTORS.

The following risk factors should be carefully considered when evaluating our business and the forward-looking statements in this Annual Report. See “Disclosures Regarding Forward-Looking Statements.” All amounts disclosed are in thousands except shares, per share amounts, percentages, stores, and number of leases.

Risks Related to Our Business

The COVID-19 pandemic has adversely affected, and is expected to continue to adversely affect, our business, financial condition, cash flow, liquidity, and results of operations.

The spread of the novel coronavirus (“COVID-19”), which was declared a pandemic by the World Health Organization in March 2020, has caused state and municipal public officials to mandate jurisdiction-wide curfews, including “shelter-in-place” and closures of most non-essential businesses as well as other measures to mitigate the spread of the virus. While we continue to serve our customers through our online e-commerce websites, we were forced to shut down all of our domestic and international retail locations alongside other retailers, including our wholesale partners, which has resulted in a sharp decline in our revenue and ability to generate cash flows from operations. Although certain jurisdictions have since loosened the restrictive orders and a limited number of our retail stores have re-opened, the extent of the negative impact of COVID-19 on our operations remains uncertain and potentially wide-spread, including:

- our ability to successfully execute our long-term growth strategy during these uncertain times;
- temporary closures and/or re-closures of our stores, distribution centers, and corporate facilities for unknown periods of time, as well as those of our wholesale partners;
- potential declines in the level of consumer purchases of discretionary items and luxury retail products, including our products, caused by lower disposable income levels, travel restrictions, or other factors beyond our control;
- the potential build-up of excess inventory as a result of store closures and/or lower consumer demand, including those resulting from potential changes in consumer traffic, shopping preferences, such as their willingness to shop at our or our wholesale partners’ retail locations;
- supply chain disruptions resulting from closed factories, reduced workforces, scarcity of raw materials, and scrutiny or embargoing of goods produced in infected areas;
- our ability to access capital sources and maintain compliance with our credit facilities, as well as the ability of our key customers, suppliers, and vendors to do the same in regard to their own obligations;
- our ability to collect outstanding receivables from our customers; and
- diversion of management and employee attention and resources from key business activities and risk management outside of COVID-19 response efforts, including cybersecurity and maintenance of internal controls.

To date, we have taken various measures in response to COVID-19, as further described in *Item 1. Business – Recent Developments*. The COVID-19 pandemic remains highly volatile and continues to evolve on a daily basis and therefore, despite these efforts and developments, there can be no assurance that these measures will prove successful and these and other impacts of COVID-19 are expected to continue to adversely affect the Company’s business, financial condition, cash flow, liquidity and results of operations.

Our ability to continue to have the liquidity necessary to service our debt, meet contractual payment obligations and fund our operations depends on many factors, including our ability to generate sufficient cash flow from operations, maintain adequate availability under our 2018 Revolving Credit Facility or obtain other financing.

Our ability to timely service our indebtedness, meet contractual payment obligations and to fund our operations will depend on our ability to generate sufficient cash, either through cash flows from operations or borrowing availability under the 2018 Revolving Credit Facility (as defined below), and our ability to access the capital markets if other sources of financing are unavailable on acceptable terms. Our primary cash needs are funding working capital requirements, meeting debt service requirements, paying amounts due under the Tax Receivable Agreement and capital expenditures for new stores and related leasehold improvements.

The COVID-19 pandemic has negatively impacted, and is expected to continue to negatively impact, our liquidity. See “— The COVID-19 pandemic has adversely affected, and is expected to continue to adversely affect, our business, financial condition, cash flow, liquidity and results of operations.” While we believe we will have sufficient liquidity for the next twelve months, there can be no assurances in the future that we will be able to generate sufficient cash flow from operations to meet our liquidity needs, that we will have the necessary availability under the 2018 Revolving Credit Facility, or be able to obtain other financing when liquidity needs

arise. In particular, our ability to continue to meet our obligations is dependent on our ability to generate positive cash flow from a combination of initiatives and failure to successfully implement these initiatives would require us to implement alternative plans to satisfy our liquidity needs. In the event that we are unable to timely service our debt, meet other contractual payment obligations or fund our other liquidity needs, we may need to refinance all or a portion of our indebtedness before maturity, seek waivers of or amendments to our contractual obligations for payment, reduce or delay scheduled expansions and capital expenditures, sell material assets or operations or seek other financing opportunities. There can be no assurance that these options would be readily available to us and our inability to address our liquidity needs could materially and adversely affect our operations and jeopardize our business, financial condition and results of operations, including causing defaults under the 2018 Term Loan Facility (as defined below) or the 2018 Revolving Credit Facility which could result in all amounts outstanding under those credit facilities becoming immediately due and payable.

We are subject to risks associated with leasing retail and office space, are historically subject to long-term non-cancelable leases and are required to make substantial lease payments under our operating leases, and any failure to make these lease payments when due would likely harm our business, profitability and results of operations.

We do not own any of our stores or our offices, including our New York, Los Angeles or Paris offices and showroom spaces, but instead lease all of such space under operating leases. Although some of our leases are subject to shorter terms as a result of the implementation of our strategy to pursue shorter lease terms, our leases generally have initial terms of 10 years, and generally can be extended only for one additional 5-year term. Substantially all of our leases require a fixed annual rent, and most require the payment of additional rent if store sales exceed a negotiated amount. Most of our leases are “net” leases, which require us to pay the cost of insurance, taxes, maintenance, and utilities, and we generally cannot cancel these leases at our option. Additionally, certain of our leases allow the lessor to terminate the lease if we do not achieve a specified gross sales threshold. We cannot assure you that we will be able to achieve these required thresholds and in the event we are no able to do so, we may be forced to find an alternative store location and may not be successful in doing so. Any loss of our store locations due to underperformance may harm our results of operations, stock price and reputation.

Payments under these leases account for a significant portion of our selling, general and administrative expenses. For example, as of February 1, 2020, we were a party to 76 operating leases associated with our retail stores and our office and showroom spaces requiring future minimum lease payments of \$27,472 in the aggregate through fiscal 2020 and \$106,438 thereafter. Any new retail stores leased by us under operating leases will further increase our operating lease expenses and some of those stores may require significant capital expenditures. Our substantial operating lease obligations could have significant negative consequences, including, among others:

- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional financing;
- requiring a substantial portion of our available cash to pay our rental obligations, thus reducing cash available for other purposes;
- limiting our flexibility in planning for or reacting to changes in our business or in the industry in which we compete; and
- placing us at a disadvantage with respect to some of our competitors.

We depend on cash flow from operations to pay our lease expenses and to fulfill our other cash needs. If our business does not generate sufficient cash flow from operating activities, and sufficient funds are not otherwise available to us from borrowings under our credit facilities or from other sources, we may not be able to service our operating lease expenses, grow our business, respond to competitive challenges or fund our other liquidity and capital needs, which would harm our business. In addition, we may remain obligated under the applicable lease for, among other things, payment of the base rent for the remaining lease term, even after the space is exited or otherwise closed (such as our recent temporary store closures resulting from the COVID-19 pandemic). Such costs and obligations related to the early or temporary closure of our stores or termination of our leases could have a material adverse effect on our business, results of operations, and financial condition.

If an existing or future store is not profitable, and we decide to close it, we may nonetheless be committed to perform our obligations under the applicable lease including, among others, paying the base rent for the balance of the lease term if we cannot negotiate a mutually acceptable termination payment. In addition, as our leases expire, we may fail to negotiate renewals, either on commercially acceptable terms or at all, or to find a suitable alternative location, which could cause us to close stores in desirable locations or in the case of office leases, incur costs in relocating our office space. In fiscal 2020, six of our existing store leases will expire. If we are unable to enter into new leases or renew existing leases on terms acceptable to us or be released from our obligations under leases for stores that we close, our business, profitability and results of operations may be harmed.

General economic conditions in the U.S. and other parts of the world, including a weakening of the economy and restricted credit markets, can affect consumer confidence and consumer spending patterns.

The success of our operations depends on consumer spending. Consumer spending is impacted by a number of factors, including actual and perceived economic conditions affecting disposable consumer income (such as unemployment, wages, energy costs and consumer debt levels), customer traffic within shopping and selling environments, business conditions, interest rates and availability

of credit and tax rates in the general economy and in the international, regional and local markets in which our products are sold, including those resulting from the COVID-19 pandemic. Global economic conditions historically included significant recessionary pressures and declines in employment levels, disposable income and actual and/or perceived wealth and further declines in consumer confidence and economic growth. A depressed economic environment is often characterized by a decline in consumer discretionary spending and has disproportionately affected retailers and sellers of consumer goods, particularly those whose goods are viewed as discretionary or luxury purchases, including fashion apparel and accessories such as ours. Such factors as well as another shift towards recessionary conditions have impacted, and could further adversely impact, our sales volumes and overall profitability. Further, economic and political volatility and declines in the value of foreign currencies could negatively impact the global economy as a whole and have a material adverse effect on the profitability and liquidity of our operations, as well as hinder our ability to grow through expansion in the international markets. In addition, domestic and international political situations also affect consumer confidence, including the threat, outbreak or escalation of terrorism, military conflicts, or other hostilities around the world.

Our operations are restricted by our credit facilities.

In August 2018, we entered into an \$80,000 senior secured revolving credit facility (the “2018 Revolving Credit Facility”) and a \$27,500 senior secured term loan facility (the “2018 Term Loan Facility”), which replaced our prior \$50,000 senior secured revolving credit facility (the “2013 Revolving Credit Facility”) and \$175,000 senior secured term loan facility (the “2013 Term Loan Facility”). In November 2019, in connection with the Acquisition, we increased the aggregate commitments under the 2018 Revolving Credit Facility to \$100,000 by exercising the accordion feature thereunder. The Acquired Businesses became guarantors under the 2018 Revolving Credit Facility and the 2018 Term Loan Facility and jointly and severally liable for the obligations thereunder.

Our credit facilities contain significant restrictive covenants. These covenants may impair our financing and operational flexibility and make it difficult for us to react to market conditions and satisfy our ongoing capital needs and unanticipated cash requirements. Specifically, such covenants restrict our ability and, if applicable, the ability of our subsidiaries to, among other things:

- incur additional debt;
- make certain investments and acquisitions;
- enter into certain types of transactions with affiliates;
- use assets as security in other transactions;
- pay dividends;
- sell certain assets or merge with or into other companies;
- guarantee the debt of others;
- enter into new lines of businesses;
- make capital expenditures;
- prepay, redeem, or exchange our debt; and
- form any joint ventures or subsidiary investments.

Our credit facilities also contain certain financial covenants, including a covenant under the 2018 Term Loan Facility requiring us to maintain a specified Consolidated Fixed Charge Coverage Ratio. In June 2020, we entered into the Third Amendment (the “Third Term Loan Amendment”) to the 2018 Term Loan Facility, which amendment suspended such requirement through the delivery of a compliance certificate relating to the fiscal quarter ending July 31, 2021, and replaced it with a springing covenant, under which the obligation to maintain a specified Consolidated Fixed Charge Coverage Ratio of 1.0 to 1.0 is triggered only when the Excess Availability under the 2018 Revolving Credit Facility falls below \$15,000, or for the period between September 30, 2020 and January 30, 2021, \$10,000. See Amendments to 2018 Term Loan Facility under Note 15 “Subsequent Events” to the Consolidated Financial Statements in this Annual Report for more details.

Our ability to comply with the covenants, including the springing covenant describe above, and other terms of our debt obligations, particularly in light of the COVID-19 pandemic, will depend on our future operating performance. If we fail to comply with such covenants and terms, and are unable to cure such failure under the terms of our credit facilities, if applicable, we would be required to obtain additional waivers from our lenders to maintain compliance with our debt obligations. If we are unable to obtain any necessary waivers and the debt is accelerated, a material adverse effect on our financial condition and future operating performance would likely result.

The terms of our debt obligations and the amount of borrowing availability under our credit facilities may also restrict or delay our ability to fulfill our obligations under the Tax Receivable Agreement. In accordance with the terms of the Tax Receivable Agreement, delayed or unpaid amounts thereunder would accrue interest at a default rate of one-year London Interbank Offered Rate (“LIBOR”) plus 500 basis points until paid. Our obligations under the Tax Receivable Agreement could result in a failure to comply with covenants or financial ratios required by our existing or future credit facilities and could result in an event of default thereunder. See “Tax Receivable Agreement” under Note 14 “Related Party Transactions” to the Consolidated Financial Statements in this Annual Report on for further information.

The proposed phase-out of LIBOR could have an adverse effect on our results of operations.

Borrowings under our credit facilities bear interest at a rate that varies depending on the LIBOR. On July 27, 2017, the UK's Financial Conduct Authority, which regulates LIBOR, announced that it would phase out LIBOR by the end of 2021. It is unclear if at that time LIBOR will cease to exist or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, announced replacement of U.S. dollar LIBOR with a new index calculated by short-term repurchase agreements, backed by U.S. Treasury securities called the Secured Overnight Financing Rate ("SOFR"). The first publication of SOFR was released in April 2018. Whether or not SOFR attains market traction as a LIBOR replacement tool remains in question and the future of LIBOR at this time is uncertain. If LIBOR rates are no longer available, our costs of borrowings under our credit facilities may be negatively impacted, which could have an adverse effect on our results of operations.

The Rebecca Taylor and Parker brands may not be successfully integrated and the Acquisition may not achieve its intended benefits.

We face risks associated with our strategy to grow our business through acquisitions of other brands and geographic licensees, such as our recently completed acquisition of the Rebecca Taylor and Parker brands. The potential difficulties that we may face that could cause the results of the Acquisition, including any anticipated operational synergies, to not be in line with our expectations include, among others:

- the impact of the COVID-19 pandemic;
- failure to implement our business plan for the combined business or to achieve anticipated revenue or profitability targets;
- delays or difficulties in completing the integration of Acquired Businesses;
- higher than expected costs, lower than expected cost savings and/or a need to allocate resources to manage unexpected operating difficulties;
- unanticipated issues in integrating logistics, information and other systems;
- unanticipated changes in applicable laws and regulations;
- retaining key customers, suppliers, and employees across brands;
- operating risks inherent in the Acquired Businesses and our business;
- diversion of the attention and resources of management and resource constraints;
- assumption of liabilities not identified in due diligence or other unanticipated issues, expenses, and liabilities; and
- regulatory and compliance risks, including, the impact on our internal controls and compliance with the requirements under the Sarbanes-Oxley Act of 2002, as amended ("SOX"), particularly upon the acquisition of historically privately held businesses, which have not previously been subject to regulations applicable to the Company.

Contemporary Lifestyle Group, LLC ("CLG"), the seller of Rebecca Taylor and Parker brands, is owned by Sun Capital, which currently beneficially owns approximately 73% of the Company's common stock. Because the Acquisition was a transaction between commonly controlled entities, U.S. Generally Accepted Accounting Principles requires the retrospective combination of the entities for all periods presented as if the combination had been in effect since inception of common control. Accordingly, the Acquisition reflects historical balance sheet data for the Acquired Businesses instead of reflecting the fair market value of their assets and liabilities, and the financial statements reflecting the acquisition are different from and may yield worse results of operations than those based on an unaffiliated transaction.

Our acquisition of the Acquired Businesses may not perform as well as initially expected, which could have a material adverse effect on our results of operations and financial condition. During the second quarter of fiscal 2019, the Acquired Businesses recorded impairment charges of \$19,491 relating to goodwill, tradename, and customer relationship intangible assets. We may in the future be required to record further impairment charges relating to the assets of the Acquired Businesses, which could have a material adverse effect on our results of operations and financial condition.

Our post-closing recourse with respect to the Acquisition is limited under the related purchase agreement. We obtained and paid for a representation and warranty insurance containing customary terms and conditions, which policy is our sole recourse for any losses we may suffer due to breaches of the representations and warranties of CLG and the Acquired Businesses in the purchase agreement other than fraud. We may continue to pursue future acquisitions as part of our growth strategy. Any such acquisition may subject us to further risks as those described above and could have a material adverse effect on the combined businesses and impact the intended results of such acquisitions.

We may not be able to realize the benefits of our strategic initiatives.

Our business growth depends on the successful execution of our strategic initiatives for the three brands. However, the continued success of our strategic initiatives depends on a number of factors including our ability to position our retail and e-commerce businesses for further strategic growth, the effectiveness of our collaboration efforts with Nordstrom and Neiman Marcus Group, including marketing and logistics initiatives, our ability to properly identify appropriate future growth opportunities, our ability to apply certain growth strategies modeled on the Vince brand to the Acquired Businesses and macroeconomic impact on our business, including the impact of the COVID-19 pandemic. For instance, in the third quarter of fiscal 2017, we entered into limited distribution arrangements with Nordstrom and Neiman Marcus Group for non-licensed product in order to rationalize our department store distribution strategy to improve profitability in the Vince Wholesale segment and to focus on other areas of growth for the brand, particularly in the direct-to-consumer business. During fiscal 2018, we implemented these strategic initiatives to capture the sales from exited wholesale doors through our retail and e-commerce businesses while collaborating with the wholesale partners in various areas including merchandising and logistics to build a more profitable and focused wholesale business. However, in May 2020, Neiman Marcus Group commenced voluntary proceedings under Chapter 11 of the United States Bankruptcy Code, as amended (“Chapter 11”). As a result of these proceedings, any unpaid payments due to us for the period prior to the commencement of those proceedings are unsecured claims, which may not be paid in full, and the proceedings may in the future lead to a disruption in our ongoing partnership with Neiman Marcus Group. There can be no assurance that the strategic initiatives would produce intended positive results. Moreover, due to the impact of the COVID-19 pandemic, some or all of the strategic initiatives contemplated prior to the pandemic may become infeasible or impractical in the post-pandemic operating environment. If we are unable to realize the benefits of the strategic initiatives, our financial conditions, results of operations and cash flows could be materially and adversely affected.

A substantial portion of our revenue is derived from a small number of large wholesale partners, and the loss of any of these wholesale partners could substantially reduce our total revenue.

We historically had a small number of wholesale partners who account for a significant portion of our net sales. Our consolidated net sales to the full-price, off-price and e-commerce operations of our largest wholesale partner comprised 22% of our total revenue for fiscal 2019. This reflects the impact on the wholesale partnership base of the limited distribution arrangements with Nordstrom and Neiman Marcus Group with respect to the Vince brand. We do not have formal written agreements with any of our wholesale partners and purchases generally occur on an order-by-order basis. A decision by any of our major wholesale partners, whether motivated by marketing strategy, competitive conditions, financial difficulties or otherwise, to significantly decrease the amount of merchandise purchased from us or our licensing partners, to change their manner of doing business with us or our licensing partners, or with respect to Nordstrom and Neiman Marcus Group, to no longer participate in limited distribution arrangements for the Vince brand, could substantially reduce our revenue and have a material adverse effect on our profitability. Furthermore, due to the concentration of and/or ownership changes in our wholesale partner base, our results of operations could be adversely affected if any of these wholesale partners fails to satisfy its payment obligations to us when due or no longer takes part in the distribution arrangements. These changes could also decrease our opportunities in the market and decrease our negotiating strength with our wholesale partners. Furthermore, our wholesale partners, including Nordstrom and Neiman Marcus Group have been significantly impacted by the COVID-19 pandemic, along with the other wholesalers, and may become unable to continue business with us as they had pre-pandemic. These factors could have a material adverse effect on our business, financial condition, and operating results, especially in light of our new limited wholesale distribution strategy. See “—We may not be able to realize the benefits of our strategic initiatives” for more information on Neiman Marcus Group’s Chapter 11 proceedings.

One of our strategic initiatives is to focus on our direct-to-consumer business, which includes opening retail stores in select locations under more favorable and shorter lease terms and operating and maintaining our new and existing retail stores successfully. If we are unable to execute this strategy in a timely manner, or at all, our financial condition and results of operations could be materially and adversely affected.

As part of our strategy to increase focus on our direct-to-consumer business, we continue to seek retail opportunities in targeted streets or malls with desirable size and adjacencies, typically near luxury retailers that we believe are consistent with our key customers’ demographics and shopping preferences, and seek to negotiate more favorable leases including shorter terms. The success of this strategy depends on a number of factors, including the discussions with existing and new landlords in light of the COVID-19 pandemic, identification of suitable markets and sites, negotiation of acceptable lease terms while securing those favorable locations, including desired term, rent and tenant improvement allowances, and if entering a new market, the timely achievement of brand awareness and proper evaluation of the market particularly for locations with shorter term, affinity and purchase intent in that market, as well as our business condition in funding the opening and operations of stores. Furthermore, we may not be able to maintain the successful operation of our retail stores if the areas around our existing retail locations undergo changes that result in reductions in customer foot traffic or otherwise render the locations unsuitable, such as economic downturns in the area, changes in demographics and customer preferences and the closing or decline in popularity of adjacent stores. During fiscal 2019 and fiscal 2018, we recorded non-cash asset impairment charges of \$818 and \$1,684, respectively, within selling, general and administrative expenses related to the impairment of property and equipment of certain retail stores with carrying values that were determined not to be recoverable and

exceeded fair value and operating lease right-of-use assets. If we are unable to successfully implement our retail strategy, particularly given the impact on the retail market from the COVID-19 pandemic, our financial condition and results of operations may be materially and adversely affected, including the potential of further impairments of tangible assets.

As of February 1, 2020, we operated 68 stores, including 47 company-operated Vince full-price stores, 6 company-operated Rebecca Taylor full-price stores, and 14 company-operated Vince outlet stores throughout the United States and one company-operated Vince full price store in the United Kingdom. We plan to continue evaluating our store base consistent with the current operating environment.

Our plans to improve and expand our product offerings may not be successful, and the implementation of these plans may divert our operational, managerial, and administrative resources, which could harm our competitive position and reduce our net sales and profitability.

We may continue to grow our core product offerings and categories such as lifestyle products and inclusive.

The principal risks to our ability to successfully carry out our plans to improve and expand our product offerings are that:

- if our expected product offerings fail to maintain and enhance our brand identity, our image may be diminished or diluted, and our sales may decrease;
- if we fail to find and enter into relationships with external partners with the necessary specialized expertise or execution capabilities, we may be unable to offer our planned product extensions or to realize the additional revenue we have targeted for those extensions;
- the use of licensing partners or other external suppliers may limit our ability to conduct comprehensive final quality checks on merchandise before it is shipped to our stores or to our wholesale partners; and
- our exposure to product liability claims may increase as we add product categories that have different liability profiles than those of our historical product offerings.

In addition, our ability to successfully carry out our plans to improve and expand our product offerings may be affected by economic and competitive conditions, changes in consumer spending patterns and changes in consumer preferences and style trends, particularly in light of the COVID-19 pandemic. These plans could be abandoned, cost more than anticipated or divert resources from other areas of our business, any of which could negatively impact our competitive position and reduce our net revenue and profitability.

We have identified a material weakness in our internal control over financial reporting that could, if not remediated, result in material misstatements in our financial statements.

In fiscal 2019, and fiscal 2018 we identified and concluded that we have material weaknesses relating to our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of an entity's financial statements will not be prevented or detected on a timely basis. As further described in Part II, Item 9A in this Annual Report, during fiscal 2018, we took specific steps to remediate such material weaknesses by implementing and enhancing our control procedures and as a result, remediated three out of the four previously identified material weaknesses as of the end of fiscal 2018. Although during fiscal 2019 we made significant progress on our comprehensive remediation plan related to the remaining material weakness, the remaining material weakness will not be remediated until all necessary internal controls have been implemented, tested and determined to be operating effectively. In addition, we may need to take additional measures to address such material weakness or modify the planned remediation steps, and we cannot be certain that the measures we have taken, and expect to take, to improve our internal controls will be sufficient to address the issues identified, to ensure that our internal controls are effective or to ensure that the identified material weakness will not result in a material misstatement of our consolidated financial statements. Moreover, although no additional material weakness was identified in fiscal 2019, other material weaknesses or deficiencies may develop or be identified in the future. If we are unable to correct material weaknesses or deficiencies in internal controls in a timely manner, our ability to record, process, summarize and report financial information accurately and within the time periods specified in the rules and forms of the SEC, will be adversely affected. This failure could negatively affect the market price and trading liquidity of our common stock, cause investors to lose confidence in our reported financial information, subject us to civil and criminal investigations and penalties, and otherwise materially and adversely impact our business and financial condition.

In addition, we recently acquired Rebecca Taylor and Parker, which were previously not subject to regulations promulgated under SOX and accordingly were not required to establish and maintain an internal control infrastructure meeting the standards promulgated under SOX. Our assessment of and conclusion on the effectiveness of our internal control over financial reporting as of February 1, 2020 did not include the internal controls of Rebecca Taylor and Parker, all of which we acquired during fiscal 2019. Although our management will continue to review and evaluate the effectiveness of our internal controls in light of the Acquisition, we cannot provide any assurances that there will be no significant deficiencies or material weaknesses in the internal control structure of the Acquired Businesses. Any significant deficiencies or material weaknesses in the internal control structure of the Acquired Businesses may cause additional significant deficiencies or material weaknesses in our internal control over financial reporting or

cause us to incur significant costs to remedy such significant deficiencies or material weaknesses, which could have a material adverse effect on our business and our ability to comply with Section 404 of SOX. For so long as we remain a “non-accelerated filer” under the rules of the SEC, our independent registered public accounting firm is not required to deliver an annual attestation report on the effectiveness of our internal control over financial reporting. We will cease to be a non-accelerated filer if the aggregate market value of our outstanding common stock held by non-affiliates as of the last business day of our most recently completed second fiscal quarter is \$75 million or more, in which case we would become subject to the requirement for an annual attestation report by our independent registered public accounting firm on the effectiveness of our internal control over financial reporting.

We are continuing to optimize and improve our information technology systems, processes, and functions. If these systems, processes, and functions do not operate successfully, our business, financial condition, results of operations and cash flows could be materially harmed.

We underwent a systems migration in 2016 and implemented our own information technology systems, processes, and functions, which we are continuing to optimize and improve. During the first half of fiscal 2017, these systems we implemented did not operate as successfully as the systems we historically used as such systems were highly customized or proprietary, which resulted in disruptions to our business, such as delayed shipments which resulted in order cancellations, and identified material weaknesses in our internal controls. Although we have made progress in our efforts to optimize these systems, processes, and functions, we also incurred costs through those efforts. If we fail in our efforts to continue optimizing and improving these systems, processes and functions as currently planned, we could incur further disruptions to our business operations, including deficiencies or weaknesses in our internal controls, as well as additional costs to replace those systems and functions. We may also be forced to adopt less capable alternatives. Any of these would materially and adversely affect our business and results of operations, cash flows and liquidity.

In addition, we may in the future migrate Rebecca Taylor and Parker information technology systems, processes, and functions to those of Vince as part of the integration efforts. There is no guarantee that such migration would be conducted in the most cost-efficient manner and/or any disruption arising out of such migration would not have a material negative impact on our businesses.

System or data security issues, such as cyber or malware attacks, as well as other major system failures could disrupt our internal operations or information technology services, and any such disruption could negatively impact our net sales, increase our expenses and harm our reputation.

Experienced computer programmers and hackers, and even internal users, may be able to penetrate our network security and misappropriate our confidential information or that of third parties, including our customers, enter into or facilitate fraudulent transactions, create system disruptions or cause shutdowns. In addition, employee error, malfeasance, or other errors in the storage, use or transmission of any such information could result in a disclosure to third parties outside of our network. The increased use of smartphones, tablets, and other wireless devices, as well as the need for a substantial portion of our corporate employees to work remotely during the COVID-19 pandemic, may also heighten these and other operational risks. As a result, we could incur significant expenses addressing problems created by any such inadvertent disclosure or any security breaches of our network. In addition, we rely on third parties for the operation of our websites and for the various business strategies, including CRM, social media and other marketing tools and websites.

From time to time, we are subject to system or data security problems, including viruses and bugs, including a recent temporary company-wide systems outage that was caused by a malware. None of these incidents, including the most recent event, has resulted in any data or information breaches or any other material impact to our business and/or financial results. There is no assurance, however, that we would not be subject to material security problems in the future, including cyber or malware attacks, and we could incur significant expenses or disruptions of our operations in connection with resulting system failures or data and information breaches. In addition, sophisticated hardware and operating system software and applications that we procure from third parties may contain defects in design or manufacture, including “bugs” and other problems that could unexpectedly interfere with the operation of our systems. The costs to us to eliminate or alleviate security problems, viruses and bugs could be significant, and the efforts to address these problems could result in interruptions, delays or cessation of service that may impede our sales, distribution or other critical functions.

Concerns have been increasing over the security of personal information transmitted over the internet and personal identity theft and user privacy. Any compromise of personal information of our customers or employees could subject us to litigation and/or penalties and harm our reputation, materially and adversely affecting our business and growth. In addition to taking the necessary precautions ourselves, we require that third-party service providers implement reasonable security measures to protect our customers’ or employees’ identity and privacy, including any personally identifiable information and credit card information. We do not, however, control these third-party service providers and cannot guarantee that no electronic or physical computer break-ins and security breaches will occur in the future.

In the case of a disaster affecting our information technology systems, we may experience delays in recovery of data, inability to perform vital corporate functions, tardiness in required reporting and compliance, failures to adequately support our operations and

other breakdowns in normal communication and operating procedures that could materially and adversely affect our financial condition and results of operations.

Failure to comply with privacy-related obligations, including privacy laws and regulations in the U.S. and internationally as well as other legal obligations, could materially adversely affect our business.

A variety of laws and regulations, in the U.S. and internationally, govern the collection, use, retention, sharing, transfer and security of personally identifiable information and data, including the European Union’s General Data Protection Regulation (“GDPR”), which became effective during fiscal 2018, and the California Consumer Privacy Act of 2018 (“CCPA”), which became effective on January 1, 2020. We strive to comply with all applicable laws, regulations, self-regulatory requirements, policies and legal obligations relating to privacy, data usage, and data protection. It is possible, however, that these laws, rules and regulations, which evolve frequently and may be inconsistent from one jurisdiction to another, could be interpreted to conflict with our practices. Any failure or perceived failure by us or any third parties with which we do business to comply with these laws, rules and regulations, or with other obligations to which we may be or become subject, may result in actions against us by governmental entities, private claims and litigation, fines, penalties or other liabilities. Any such action would be expensive to defend, could damage our reputation and could adversely affect our business and operating results.

Changes in laws could make conducting our business more expensive or otherwise change the way we do business.

We are subject to numerous domestic and international regulations, including labor and employment, wage and hour, customs, truth-in-advertising, consumer protection, data and privacy protection, and zoning and occupancy laws and ordinances that regulate retailers generally or govern the importation, promotion and sale of merchandise and the operation of stores and warehouse facilities. If these regulations were to change or were violated by our management, employees, vendors, independent manufacturers or partners, the costs of certain goods could increase, or we could experience delays in shipments of our products, be subject to fines or penalties, or suffer reputational harm, which could reduce demand for our merchandise and hurt our business and results of operations.

In addition to increased regulatory compliance requirements, changes in laws could make ordinary conduct of business more expensive or require us to change the way we do business. For example, privacy-related laws, regulations, self-regulatory obligations and other legal obligations are evolving and various federal and state legislative and regulatory bodies may expand current laws or enact new laws regarding privacy matters, and courts may interpret existing privacy-related laws and regulations in new or different manners. CCPA, which became effective on January 1, 2020, imposes additional data protection obligations on companies doing business in California and provides for substantial fines for non-compliance and, in some cases, a private right of action to consumers who are victims of data breaches. It is unclear how CCPA will be implemented as the California legislature is still engaged in additional rulemaking under CCPA. In addition, it is uncertain how the so-called “Brexit” may impact GDPR and privacy and data concerns and regulations involving the United Kingdom. Changes in privacy-related laws, regulations, self-regulatory obligations and other legal obligations, or changes in industry standards or consumer sentiment, could require us to incur substantial costs or to change our business practices, including changing, limiting or ceasing altogether the collection, use, sharing, or transfer of data relating to consumers. Any of these effects could materially adversely affect our business, financial condition, and operating results. As another example, changes in federal and state minimum wage laws could raise the wage requirements for certain of our employees at our retail locations, which would increase our selling costs and may cause us to reexamine our wage structure for such employees. Other laws related to employee benefits and treatment of employees, including laws related to limitations on employee hours, supervisory status, leaves of absence, mandated health benefits, overtime pay, unemployment tax rates and citizenship requirements, could negatively impact us, by increasing compensation and benefits costs which would in turn reduce our profitability.

Moreover, changes in product safety or other consumer protection laws could lead to increased costs to us for certain merchandise, or additional labor costs associated with readying merchandise for sale. It is often difficult for us to plan and prepare for potential changes to applicable laws and future actions or payments related to such changes could be material to us.

Furthermore, the COVID-19 pandemic has led various jurisdictions and regulators to impose strict rules and guidelines on how to operate retail stores as well as office facilities, with respect to health and safety, including those of customers and employees. If we fail to comply with these new sets of rules and guidelines, or we do not, or are perceived to not, follow industry standards of health and safety, our operations, including our reputation, could be negatively impacted and maintaining such compliance could become costly and operationally burdensome.

Problems with our distribution process could materially harm our ability to meet customer expectations, manage inventory, complete sale transactions, and achieve targeted operating efficiencies.

In the U.S., we rely on distribution facilities operated by third-party logistics providers in California. Our ability to meet the needs of our wholesale partners and our own direct-to-consumer business depends on the proper operation of these distribution facilities. Because substantially all of our products are distributed from one location, our operations could be interrupted by labor difficulties, or by floods, fires, earthquakes or other natural disasters and health crises, such as the COVID-19 pandemic, at or near

such facility. For example, a majority of our ocean shipments go through the ports in Los Angeles, which had previously been subject to significant processing delays due to labor issues involving the port workers. We also have warehouses overseas, including in Hong Kong, Belgium, the United Kingdom and Canada, operated by third-party logistics providers, supporting our wholesale orders for customers located primarily in the nearby regions. Disruptions at any of these facilities located outside the U.S. could also materially and negatively impact the business.

We maintain business interruption insurance. These policies, however, may not adequately protect us from the adverse effects that could result from significant disruptions to our distribution system. If we encounter problems with any of our distribution processes, our ability to meet customer expectations, manage inventory, complete sales, and achieve targeted operating efficiencies could be harmed. Any of the foregoing factors could have a material adverse effect on our business, financial condition, and operating results.

We may in the future integrate the warehouse operations of the Acquired Businesses to those of Vince. If such integration efforts do not progress as planned, or at all, our business operations may be significantly disrupted, materially and adversely impacting our business results.

If we are unable to accurately forecast customer demand for our products, our manufacturers may not be able to deliver products to meet our requirements, and this could result in delays in the shipment of products to our stores, wholesale partners and e-commerce customers, or we could face issues relating to excess inventory.

We stock our stores, and provide inventory to our wholesale partners, based on our or their estimates of future demand for particular products. Our inventory management and planning team determines the number of pieces of each product that we will order from our manufacturers based upon past sales of similar products, sales trend information and anticipated demand at our suggested retail prices. However, if our inventory and planning team fails to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products. There can be no assurance that we will be able to successfully manage our inventory at a level appropriate for future customer demand.

Factors that could affect our inventory management and planning team's ability to accurately forecast customer demand for our products include:

- a substantial increase or decrease in demand for our products or for products of our competitors;
- our failure to accurately forecast customer acceptance for our new products;
- new product introductions or pricing strategies by competitors;
- changes in our product items across seasonal fashion items and replenishment;
- changes to our overall seasonal promotional cadence and the number and timing of promotional events;
- more limited historical store sales information for our newer markets;
- weakening of economic conditions or consumer confidence in the future, such as those caused by the COVID-19 pandemic, which could reduce demand for discretionary items, such as our products;
- inability to operate our retail stores as intended, such as the mandated closures of all retail stores experienced during the COVID-19 pandemic; and
- acts or threats of war or terrorism which could adversely affect consumer confidence and spending or interrupt production and distribution of our products and our raw materials.

We cannot guarantee that we will be able to match supply with demand in all cases in the future, whether as a result of our inability to produce sufficient levels of desirable product or our failure to forecast demand accurately. As a result of these inability or failures, we may in the future encounter further difficulties in filling customer orders or in liquidating excess inventory at discount prices and may experience significant write-offs. Additionally, if we over-produce a product based on an aggressive forecast of demand, retailers may not be able to sell the product and cancel future orders or require give backs. These outcomes could have a material adverse effect on our brand images, sales, gross margins, and profitability.

Intense competition in the apparel and fashion industry could reduce our sales and profitability.

As a fashion company, we face intense competition from other domestic and foreign apparel, footwear and accessories manufacturers and retailers. Competition has and may continue to result in pricing pressures, reduced profit margins, lost market share or failure to grow our market share, any of which could substantially harm our business and results of operations. Competition is based on many factors including, without limitation, the following:

- establishing and maintaining favorable brand recognition;
- developing products that appeal to consumers;
- pricing products appropriately;
- determining and maintaining product quality;
- obtaining access to sufficient floor space in retail locations;

- providing appropriate services and support to retailers;
- maintaining and growing market share;
- developing and maintaining a competitive e-commerce site;
- hiring and retaining key employees; and
- protecting intellectual property.

Competition in the apparel and fashion industry is intense and is dominated by a number of very large brands, many of which have longer operating histories, larger customer bases, more established relationships with a broader set of suppliers, greater brand recognition and greater financial, research and development, marketing, distribution and other resources than we do. These capabilities of our competitors may allow them to better withstand downturns in the economy or apparel and fashion industry. Any increased competition, or our failure to adequately address any of these competitive factors which we have seen from time to time, could result in reduced sales, which could adversely affect our business, financial condition, and operating results.

Competition, along with such other factors as consolidation within the retail industry and changes in consumer spending patterns, could also result in significant pricing pressure and cause the sales environment to be more promotional, as it has been in recent years, impacting our financial results. If promotional pressure remains intense, either through actions of our competitors or through customer expectations, this may cause a further reduction in our sales and gross margins and could have a material adverse effect on our business, financial condition and operating results.

Our business depends on a strong brand image, and if we are not able to maintain or enhance our brands, particularly in new markets where we have limited brand recognition, we may be unable to sell sufficient quantities of our merchandise, which would harm our business and cause our results of operations to suffer.

We believe that maintaining and enhancing our brands is critical to maintaining and expanding our customer base. Maintaining and enhancing our brands may require us to make substantial investments in areas such as visual merchandising, marketing, and advertising, employee training and store operations. Certain of our competitors in the fashion industry have faced adverse publicity surrounding the quality, attributes and performance of their products or company culture. Any or all our brands may similarly be adversely affected if our public image or reputation is tarnished by failing to maintain high standards for merchandise quality and corporate integrity. Any negative publicity about these types of concerns may reduce demand for our merchandise. Maintaining and enhancing our brands will depend largely on our ability to be a leading global contemporary group of apparel and accessories brands and to continue to provide high quality products. Moreover, we anticipate that, as our business expands into new markets and further penetrates existing markets, and as the markets in which we operate become increasingly competitive, maintaining, and enhancing our brands may become increasingly difficult and expensive. If we are unable to maintain or enhance our brand images, our results of operations may suffer and our business may be harmed.

If we lose any key personnel, are unable to attract key personnel, or assimilate and retain our key personnel, we may not be able to successfully operate or grow our business.

Our continued success is dependent on our ability to attract, assimilate, retain, and motivate qualified management, designers, administrative talent, and sales associates to support existing operations and future growth. Competition for qualified talent in the apparel and fashion industry is intense, and we compete for these individuals with other companies that in many cases have greater financial and other resources. The loss of the services of any members of senior management or the inability to attract and retain qualified executives could have a material adverse effect on our business, results of operations and financial condition. In addition, we will need to continue to attract, assimilate, retain, and motivate highly talented employees with a range of other skills and experience. Competition for employees in our industry, especially at the store management levels, is intense and we may from time to time experience difficulty in retaining our associates or attracting the additional talent necessary to support the growth of our business. We will also need to attract, assimilate, and retain other professionals across a range of disciplines, including design, production, sourcing, and international business, as we develop new product categories and continue to expand our international presence.

Our competitive position could suffer if our intellectual property rights are not protected.

We believe that our trademarks and designs are of great value. From time to time, third parties have challenged, and may in the future try to challenge, our ownership of our intellectual property. In some cases, third parties with similar trademarks or other intellectual property may have pre-existing and potentially conflicting trademark registrations. We rely on cooperation from third parties with similar trademarks to be able to register our trademarks in jurisdictions in which such third parties have already registered their trademarks. We are susceptible to others imitating our products and infringing our intellectual property rights. Imitation or counterfeiting of our products or infringement of our intellectual property rights could diminish the value of our brands or otherwise adversely affect our revenues. The actions we have taken to establish and protect our trademarks and other intellectual property rights may not be adequate to prevent imitation of our products by others or to prevent others from seeking to invalidate our trademarks or block sales of our products as a violation of the trademarks and intellectual property rights of others. In addition, others may assert

rights in, or ownership of, our trademarks and other intellectual property rights or in similar marks or marks that we license and/or market and we may not be able to successfully resolve these conflicts to our satisfaction. We may need to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of resources. Successful infringement claims against us could result in significant monetary liability or prevent us from selling some of our products. In addition, resolution of claims may require us to redesign our products, license rights from third parties or cease using those rights altogether. Any of these events could harm our business and cause our results of operations, liquidity, and financial condition to suffer.

We license our Vince website domain name from a third-party. Pursuant to the license agreement (the “Domain License Agreement”), our license to use www.vince.com automatically renews on an annual basis, subject to our right to terminate the arrangement with or without cause; provided, that we must pay the applicable early termination fee and provide 30 days prior notice in connection with a termination without cause. The licensor has no termination rights under the Domain License Agreement. Any failure by the licensor to perform its obligations under the Domain License Agreement could adversely affect our brand and make it more difficult for users to find our website.

Our limited operating experience and brand recognition in international markets may delay our expansion strategy and cause our business and growth to suffer.

We face risks with respect to our strategy to expand internationally, including our efforts to further expand our business in Canada, select European countries, Asia, including China, and the Middle East through company-operated locations, wholesale arrangements as well as with international partners. Our current operations are based largely in the U.S., with international wholesale sales representing 8% of net sales for fiscal 2019. Therefore, we have a limited number of customers and experience in operating outside of the U.S. We also do not have extensive experience with regulatory environments and market practices outside of the U.S. and cannot guarantee, notwithstanding our international partners’ familiarity with such environments and market practices, that we will be able to penetrate or successfully operate in any market outside of the U.S. Many of these markets have different operational characteristics, including employment and labor regulations, transportation, logistics, real estate (including lease terms) and local reporting or legal requirements, particularly in light of the COVID-19 pandemic and the impact on the international markets which remain unclear.

Furthermore, consumer demand and behavior, as well as style preferences, size and fit, and purchasing trends, may differ in these markets and, as a result, sales of our product may not be successful, or the margins on those sales may not be in line with those that we currently anticipate. In addition, in many of these markets there is significant competition to attract and retain experienced and talented employees. Failure to develop new markets outside of the U.S. or disappointing sales growth outside of the U.S. may harm our business and results of operations.

In particular, we are subject to the laws of the United Kingdom as well as France through our operations in the respective areas, including tax, employment, and corporate laws. We may also enter into other foreign jurisdictions and become subject to the laws of those jurisdictions in the future. If we fail to comply with some or all of those laws, we may be subject to fines or penalties that could negatively impact our business and results of operations.

Our current and future licensing arrangements may not be successful and may make us susceptible to the actions of third parties over whom we have limited control.

We currently have product licensing agreements for Vince women’s footwear and men’s footwear and on a limited basis, Vince fragrance. In the future, we may enter into select additional licensing arrangements for product offerings which require specialized expertise. In addition, we have entered into select licensing agreements pursuant to which we have granted certain third parties the right to distribute and sell our products in certain geographic areas, and may continue to do so in the future. Although we have taken and will continue to take steps to select potential licensing partners carefully and monitor the activities of our existing licensing partners (through, among other things, approval rights over product design, production quality, packaging, merchandising, marketing, distribution and advertising), such arrangements may not be successful. Our licensing partners may fail to fulfill their obligations under their license agreements or have interests that differ from or conflict with our own, such as the pricing of our products and the offering of competitive products. In addition, the risks applicable to the business of our licensing partners may be different than the risks applicable to our business, including risks associated with each such partner’s ability to:

- react successfully to pandemic diseases such as the COVID-19 pandemic;
- obtain capital;
- exercise operational and financial control over its business;
- maintain relationships with suppliers;
- manage its credit and bankruptcy risks; and
- maintain customer relationships.

Any of the foregoing risks, or the inability of any of our licensing partners to successfully market our products or otherwise conduct its business, may result in loss of revenue and competitive harm to our operations in regions or product categories where we have entered into such licensing arrangements.

The extent of our foreign sourcing may adversely affect our business.

We work with more than 60 manufacturers across eight countries, with 88% of our products produced in China in fiscal 2019. A manufacturing contractor's failure to ship products to us in a timely manner or to meet the required quality standards could cause us to miss the delivery date requirements of our customers for those items. The failure to make timely deliveries may cause customers to cancel orders, refuse to accept deliveries or demand reduced prices, any of which could have a material adverse effect on us. As a result of the magnitude of our foreign sourcing, our business is subject to the following risks:

- political and economic instability in countries or regions, especially Asia, including heightened terrorism and other security concerns, which could subject imported or exported goods to additional or more frequent inspections, leading to delays in deliveries or impoundment of goods;
- imposition of regulations, quotas and other trade restrictions relating to imports, including quotas imposed by bilateral textile agreements between the U.S. and foreign countries;
- currency exchange rates;
- imposition of increased duties, taxes, tariffs (including, but not limited to, the current U.S. Administration's tariffs on products manufactured in China and China's retaliatory tariffs on certain products sourced from the U.S. as described below) and other charges on imports;
- labor union strikes at ports through which our products enter the U.S.;
- labor shortages in countries where contractors and suppliers are located;
- restrictions on the transfer of funds to or from foreign countries;
- disease epidemics and health-related concerns, including the COVID-19 pandemic, which could result in travel restrictions, closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas;
- the migration and development of manufacturing contractors, which could affect where our products are or are planned to be produced;
- increases in the costs of fuel, travel and transportation;
- reduced manufacturing flexibility because of geographic distance between our foreign manufacturers and us, increasing the risk that we may have to mark down unsold inventory as a result of misjudging the market for a foreign-made product; and
- violations by foreign contractors of labor and wage standards and resulting adverse publicity.

To date, the current U.S. Administration has imposed, and continues to propose to impose, additional tariffs to all imports from China, which tariff lines include products we manufacture. We continue to evaluate the known and potential impact of these effective and proposed tariffs and any other recent changes in foreign trade policy, including any retaliatory tariffs and other international trade agreements and policies, on our supply chain, costs, sales and profitability. While we have implemented certain strategies to mitigate such impact, including accelerating shipments, reviewing sourcing options, working with our suppliers and strategically increasing prices of some of our product and continue to evaluate mitigation options as necessary, any recently enacted, proposed and future tariffs on products imported by us from China could significantly increase our production costs and negatively impact our business and results of operations.

If these risks limit or prevent us from manufacturing products in any significant international market, prevent us from acquiring products from foreign suppliers, or significantly increase the cost of our products, our operations could be seriously disrupted until alternative suppliers are found or alternative markets are developed, which could negatively and significantly impact our business. While we may be able to shift our sourcing options to avoid any negative macroenvironmental impact of a particular region such as China, executing such a shift would be time consuming and would be difficult or impracticable for many products and may result in an increase in our manufacturing costs and/or may negatively impact the quality of our products. Any increase in the prices of our products and/or decline in the quality of our products could in turn negatively impact the demand for our products.

Fluctuations in the price, availability and quality of raw materials could cause delays and increase costs and cause our operating results and financial condition to suffer.

Fluctuations in the price, availability and quality of the fabrics or other raw materials, particularly cotton, silk, leather and synthetics used in our manufactured apparel, could have a material adverse effect on cost of sales or our ability to meet customer demands. The prices of fabrics depend largely on the market prices of the raw materials used to produce them. The price and availability of the raw materials and, in turn, the fabrics used in our apparel may fluctuate significantly, depending on many factors, including crop yields, weather patterns, labor costs and changes in oil prices as well as other economic factors, such as those related to the COVID-19 pandemic. We may not be able to create suitable design solutions that utilize raw materials with attractive prices or, alternatively, to pass higher raw materials prices and related transportation costs on to our customers. We are not always successful in our efforts to protect our business from the volatility of the market price of raw materials, and our business can be materially affected by dramatic movements in prices of raw materials. The ultimate effect of this change on our earnings cannot be quantified, as the effect of movements in raw materials prices on industry selling prices are uncertain, but any significant increase in these prices could have a material adverse effect on our business, financial condition and operating results.

Our reliance on independent manufacturers could cause delays or quality issues which could damage customer relationships.

We use independent manufacturers to assemble or produce all of our products, whether inside or outside the U.S. We are dependent on the ability of these independent manufacturers to adequately finance the production of goods ordered and maintain sufficient manufacturing capacity. Because we do not control these independent manufacturers, they may not continue to provide products that are consistent with our standards. We receive from time to time shipments of product that fail to conform to our quality control standards or products that are damaged during shipment as they were not properly packed. Failures such as these in our quality control program may result in diminished product quality, which in turn may result in increased order cancellations and returns, decreased consumer demand for our products, or product recalls, any of which may have a material adverse effect on our results of operations and financial condition. In addition, products that fail to meet our standards, or other unauthorized products, could end up in the marketplace without our knowledge. This could materially harm our brand and our reputation in the marketplace.

We generally do not have long-term written agreements with any independent manufacturers. As a result, any single manufacturing contractor could unilaterally terminate its relationship with us at any time. Our top five manufacturers accounted for the production of approximately 50% of our finished products during fiscal 2019. Supply disruptions from these manufacturers (or any of our other manufacturers) could have a material adverse effect on our ability to meet customer demands, if we are unable to source suitable replacement materials at acceptable prices or at all. Moreover, alternative manufacturers, if available, may not be able to provide us with products or services of a comparable quality, at an acceptable price or on a timely basis. We may also, from time to time, make a decision to enter into a relationship with a new manufacturer. Identifying a suitable supplier is an involved process that requires us to become satisfied with their quality control, responsiveness and service, financial stability and labor and other ethical practices. There can be no assurance that there will not be a disruption in the supply of our products from independent manufacturers or that any new manufacturer will be successful in producing our products in a manner we expected, especially in light of the COVID-19 pandemic, which initially significantly impacted the regions many of these manufacturers are located. Moreover, during fiscal 2017, certain manufacturers demanded accelerated payment terms or prepayments as a condition to delivering finished goods to us, which required us to take various steps to address those requests to avoid disruptions in product deliveries and to return to normal terms. There can be no assurance that such demands would not recur in the future, particularly in light of economic challenges posed by the COVID-19 pandemic. In the event of any disruption with a manufacturer, we may not be able to substitute suitable alternative manufacturers in a timely and cost-efficient manner. The failure of any independent manufacturer to perform or the loss of any independent manufacturer could have a material adverse effect on our business, results of operations and financial condition.

If our independent manufacturers fail to use ethical business practices and comply with applicable laws and regulations, our brand images could be harmed due to negative publicity.

We have established and currently maintain operating guidelines which promote ethical business practices such as fair wage practices, compliance with child labor laws and other local laws. While we monitor compliance with those guidelines, we do not control our independent manufacturers or their business practices. Accordingly, we cannot guarantee their compliance with our guidelines. A lack of demonstrated compliance could lead us to seek alternative suppliers, which could increase our costs and result in delayed delivery of our products, product shortages or other disruptions of our operations.

Violation of labor or other laws by our independent manufacturers or the divergence of an independent manufacturer's labor or other practices from those generally accepted as ethical in the U.S. or other markets in which we do business could also attract negative publicity for us and our brands. From time to time, our audit results have revealed a lack of compliance in certain respects, including with respect to local labor, safety, and environmental laws. Other fashion companies have faced criticism after highly publicized incidents or compliance issues have occurred or been exposed at factories producing their products. To the extent our manufacturers do not bring their operations into compliance with such laws or resolve material issues identified in any of our audit results, we may face similar criticism and negative publicity. This could diminish the value of our brand images and reduce demand for our merchandise. In addition, other fashion companies have encountered organized boycotts of their products in such situations. If we, or other companies in our industry, encounter similar problems in the future, it could harm our brand images, stock price and results of operations.

Monitoring compliance by independent manufacturers is complicated by the fact that expectations of ethical business practices continually evolve, may be substantially more demanding than applicable legal requirements and are driven in part by legal developments and by diverse groups active in publicizing and organizing public responses to perceived ethical shortcomings. Accordingly, we cannot predict how such expectations might develop in the future and cannot be certain that our guidelines would satisfy all parties who are active in monitoring and publicizing perceived shortcomings in labor and other business practices worldwide.

Our operating results may be subject to seasonal and quarterly variations in our net revenue and income from operations.

The apparel and fashion industry in which we operate is cyclical and, consequently, our revenues are affected by general economic conditions and the seasonal trends characteristic to the apparel and fashion industry. Purchases of apparel are sensitive to a number of factors that influence the level of consumer spending, including economic conditions and the level of disposable consumer

income, consumer debt, interest rates, consumer confidence as well as the impact from adverse weather conditions. In addition, fluctuations in the amount of sales in any fiscal quarter are affected by the timing of seasonal wholesale shipments and other events affecting direct-to-consumer sales; as such, the financial results for any particular quarter may not be indicative of results for the fiscal year. Any future seasonal or quarterly fluctuations in our results of operations may not match the expectations of market analysts and investors to assess the longer-term profitability and strength of our business at any particular point, which could lead to increased volatility in our stock price.

Our goodwill and indefinite-lived intangible assets could become further impaired, which may require us to take significant non-cash charges against earnings.

In accordance with Financial Accounting Standards Board ASC Topic 350 Intangibles-Goodwill and Other (“ASC 350”), goodwill and other indefinite-lived intangible assets are tested for impairment at least annually during the fourth fiscal quarter and in an interim period if a triggering event occurs. Determining the fair value of goodwill and indefinite-lived intangible assets is judgmental in nature and requires the use of significant estimates and assumptions, including revenue growth rates and operating margins, discount rates and future market conditions, among others. We base our estimates on assumptions we believe to be reasonable, but which are unpredictable and inherently uncertain. Actual future results may differ from those estimates. During the second quarter of fiscal 2019, the Acquired Businesses recorded impairment charges of \$13,376 relating to goodwill and the tradename intangible assets. Furthermore, in light of the COVID-19 pandemic, it is likely there will be goodwill and intangible asset impairment charges recognized in the first fiscal quarter ended May 2, 2020. It is possible that our current estimates of future operating results could change adversely and impact the evaluation of the recoverability of the remaining carrying value of goodwill and intangible assets and that the effect of such changes could be material. There can be no assurances that we will not be required to record further charges in our financial statements which would negatively impact our results of operations during the period in which any impairment of our goodwill or intangible assets is determined.

We are required to pay to the Pre-IPO Stockholders 85% of certain tax benefits and could be required to make substantial cash payments in which our stockholders will not participate.

We entered into a Tax Receivable Agreement with the Pre-IPO Stockholders (as defined therein) in connection with the IPO and Restructuring Transactions which closed on November 27, 2013. Under the Tax Receivable Agreement, we will be obligated to pay to the Pre-IPO Stockholders an amount equal to 85% of the cash savings in federal, state and local income tax realized by us by virtue of our future use of the federal, state and local net operating losses (“NOLs”) held by us as of November 27, 2013, together with section 197 intangible deductions (collectively, the “Pre-IPO Tax Benefits”). “Section 197 intangible deductions” means amortization deductions with respect to certain amortizable intangible assets which are held by us and our subsidiaries immediately after November 27, 2013. Cash tax savings generally will be computed by comparing our actual federal, state and local income tax liability to the amount of such taxes that we would have been required to pay had such Pre-IPO Tax Benefits not been available to us. Assuming the federal, state and local corporate income tax rates presently in effect which includes the impact of the TCJA, no material change in applicable tax law and no limitation on our ability to use the Pre-IPO Tax Benefits under Section 382 of the U.S. Internal Revenue Code, as amended (the “Code”), the estimated cash benefit of the full use of these Pre-IPO Tax Benefits as of February 1, 2020 would be approximately \$41,057, of which 85%, or approximately \$34,898 plus accrued interest, is potentially payable to the Pre-IPO Stockholders under the terms of the Tax Receivable Agreement. As of February 1, 2020, \$2,320, plus accrued interest, is currently outstanding. Accordingly, the Tax Receivable Agreement could require us to make substantial cash payments.

Payments made under the Tax Receivable Agreement will depend upon a number of factors, including the amount and timing of taxable income we generate in the future and any future limitations that may be imposed on our ability to use the Pre-IPO Tax Benefits, and estimating future taxable income is inherently uncertain and requires judgment. If we determine in the future that the estimate should be revised, we would be required to either recognize additional liability related to tax benefits expected to be utilized or derecognize liability relating to tax benefits no longer expected to be utilized, which could result in material modifications to our financial statements.

Although we are not aware of any issue that would cause the U.S. Internal Revenue Service (the “IRS”) to challenge any tax benefits arising under the Tax Receivable Agreement, the affiliates of Sun Capital will not reimburse us for any payments previously made if such benefits subsequently were disallowed, although the amount of any tax savings subsequently disallowed will reduce any future payment otherwise owed to the Pre-IPO Stockholders. For example, if our determinations regarding the applicability (or lack thereof) and amount of any limitations on the NOLs under Section 382 of the Code were to be successfully challenged by the IRS after payments relating to such NOLs had been made to the Pre-IPO Stockholders, we would not be reimbursed by the Pre-IPO Stockholders and our recovery would be limited to the extent of future payments (if any) otherwise remaining under the Tax Receivable Agreement. As a result, in such circumstances we could make payments to the Pre-IPO Stockholders under the Tax Receivable Agreement in excess of our actual cash tax savings.

At the effective date of the Tax Receivable Agreement, the liability recognized was accounted for in our financial statements as a reduction of additional paid-in capital. Subsequent changes in the Tax Receivable Agreement liability will be recorded through earnings. Even if the NOLs are available to us, the Tax Receivable Agreement will operate to transfer 85% of the benefit to the Pre-

IPO Stockholders. Additionally, the payments we make to the Pre-IPO Stockholders under the Tax Receivable Agreement are not expected to give rise to any incidental tax benefits to us, such as deductions or an adjustment to the basis of our assets.

Federal and state laws impose substantial restrictions on the utilization of NOL carry-forwards in the event of an “ownership change,” as defined in Section 382 of the Code. Under the rules, such an ownership change is generally any change in ownership of more than 50 percent of a company’s stock within a rolling three-year period, as calculated in accordance with the rules. The rules generally operate by focusing on changes in ownership among stockholders considered by the rules as owning directly or indirectly 5% or more of the stock of the company and any change in ownership arising from new issuances of stock by the company.

While we have performed an analysis under Section 382 of the Code that indicates the IPO and Restructuring Transactions would not constitute an ownership change, such technical guidelines are complex and subject to significant judgment and interpretation. With the IPO and the transactions related to the IPO including the Restructuring Transactions, we may trigger or have already triggered an “ownership change” limitation. We may also experience ownership changes in the future as a result of subsequent shifts in stock ownership. As a result, if we earn net taxable income, our ability to use the pre-change NOL carry-forwards (after giving effect to payments to be made to the Pre-IPO Stockholders under the Tax Receivable Agreement) to offset U.S. federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to us. Notwithstanding the foregoing, our analysis to date under Section 382 of the Code indicates that the IPO Restructuring Transactions have not triggered an “ownership change” limitation.

If we did not enter into the Tax Receivable Agreement, we would be entitled to realize the full economic benefit of the Pre-IPO Tax Benefits, to the extent allowed by federal, state and local law, including Section 382 of the Code. Subject to exceptions, the Tax Receivable Agreement is designed with the objective of causing our annual cash costs attributable to federal state and local income taxes (without regard to our continuing 15% interest in the Pre-IPO Tax Benefits) to be the same as we would have paid had we not had the Pre-IPO Tax Benefits available to offset our federal, state and local taxable income. As a result, we will not be entitled to the economic benefit of the Pre-IPO Tax Benefits that would have been available if the Tax Receivable Agreement were not in effect (except to the extent of our continuing 15% interest in the Pre-IPO Tax Benefits).

In certain cases, payments under the Tax Receivable Agreement to the Pre-IPO Stockholders may be accelerated and/or significantly exceed the actual benefits we realize in respect of the Pre-IPO Tax Benefits.

Upon the election of an affiliate of Sun Capital to terminate the Tax Receivable Agreement pursuant to a change in control (as defined in the Tax Receivable Agreement) or upon our election to terminate the Tax Receivable Agreement early, all of our payment and other obligations under the Tax Receivable Agreement will be accelerated and will become due and payable. Additionally, the Tax Receivable Agreement provides that in the event that we breach any of our material obligations under the Tax Receivable Agreement by operation of law as a result of the rejection of the Tax Receivable Agreement in a case commenced under Title 11 of the United States Code (the “Bankruptcy Code”) then all of our payment and other obligations under the Tax Receivable Agreement will be accelerated and will become due and payable.

In the case of any such acceleration, we would be required to make an immediate payment equal to 85% of the present value of the tax savings represented by any portion of the Pre-IPO Tax Benefits for which payment under the Tax Receivable Agreement has not already been made, which upfront payment may be made years in advance of the actual realization of such future benefits. Such payments could be substantial and could exceed our actual cash tax savings from the Pre-IPO Tax Benefits. In these situations, our obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. There can be no assurance that we will have sufficient cash available or that we will be able to finance our obligations under the Tax Receivable Agreement.

If we were to elect to terminate the Tax Receivable Agreement, based on a discount rate equal to monthly LIBOR plus 200 basis points, we estimate that as of February 1, 2020 we would be required to pay approximately \$1,804 in the aggregate under the Tax Receivable Agreement.

We could incur significant costs in complying with environmental, health and safety laws or as a result of satisfying any liability or obligation imposed under such laws.

Our operations are subject to various federal, state, local and foreign environmental, health and safety laws and regulations. We could be held liable for the costs to address contamination of any real property ever owned, operated, or used as a disposal site. In addition, in the event that Kellwood becomes financially incapable of addressing the environmental liability incurred prior to the structural reorganization separating Kellwood from Vince Holding Corp. that occurred on November 27, 2013, a third party may file suit and attempt to allege that Kellwood and Vince Holding Corp. engaged in a fraudulent transfer by arguing that the purpose of the separation of the non-Vince assets from Vince Holding Corp. was to insulate our assets from the environmental liability. For example, pursuant to a Consent Decree with the U.S. Environmental Protection Agency (“EPA”) and the State of Missouri, a non-Vince subsidiary, which was separated from us in the Restructuring Transactions, is conducting a cleanup of contamination at the site of a plant in New Haven, Missouri, which occurred between 1973 and 1985. Kellwood has posted a letter of credit in the amount of

approximately \$5,900 as a performance guarantee for the estimated cost of the required remediation work. In connection with the Kellwood Sale, the letter of credit was transferred to the account of the Kellwood Purchaser. If, despite the financial assurance provided by the letter of credit as required by the EPA, the buyer of Kellwood became financially unable to address this remediation, and if the corporate separateness of Vince Holding Corp. is disregarded or if a fraudulent transfer is found to have occurred, we could be liable for the full amount of the remediation. If this were to occur or if we were to become liable for other environmental liabilities or obligations, it could have a material adverse effect on our business, financial condition or results of operations.

Any disputes that arise between us and St. Louis, LLC, or between us and Kellwood, which is now an unaffiliated entity, with respect to our past relationships, could materially harm our business operations.

Disputes may arise between St. Louis, LLC and us with respect to any past transitional services provided under the Shared Services Agreement. In addition, disputes may arise between us and Kellwood, which is now an unaffiliated entity as a result of the Kellwood Sale, in a number of areas relating to our past relationships, including intellectual property and technology matters; information retention, labor, tax, employee benefit, indemnification and other matters arising from our separation from Kellwood.

Any dispute relating to the Shared Services Agreement may not be addressed adequately as St. Louis, LLC is now an entity with no operations. In addition, we may not be able to resolve any potential conflicts with Kellwood and the resolution might be more difficult with an unaffiliated party due to, among other things, lack of historical knowledge and understanding of the nature of our past relationship with Kellwood. Any such dispute, if not resolved, could materially harm our business operations.

Risks Related to Our Structure and Ownership

We are a “controlled company,” controlled by investment funds advised by affiliates of Sun Capital, whose interests in our business may be different from yours.

Affiliates of Sun Capital Partners, Inc. (“Sun Capital”) owned approximately 73% of our outstanding common stock as of May 31, 2020. As such, affiliates of Sun Capital will, for the foreseeable future, have significant influence over our reporting and corporate management and affairs, and will be able to control virtually all matters requiring stockholder approval. For so long as affiliates of Sun Capital own 30% or more of our outstanding shares of common stock, Sun Cardinal, LLC, an affiliate of Sun Capital, will have the right to designate a majority of our board of directors. For so long as affiliates of Sun Capital have the right to designate a majority of our board of directors, the directors designated by affiliates of Sun Capital may constitute a majority of each committee of our board of directors, other than the Audit Committee, and the chairman of each of the committees, other than the Audit Committee, may be a director serving on such committee who is designated by affiliates of Sun Capital, provided that, at such time as we are not a “controlled company” under the NYSE corporate governance standards, our committee membership will comply with all applicable requirements of those standards and a majority of our board of directors will be “independent directors,” as defined under the rules of the NYSE (subject to applicable phase-in rules).

As a “controlled company,” the rules of the NYSE exempt us from the obligation to comply with certain corporate governance requirements, including the requirements that a majority of our board of directors consists of “independent directors,” as defined under such rules, and that we have nominating and corporate governance and compensation committees that are each composed entirely of independent directors. These exemptions do not modify the requirement for a fully independent audit committee, which we have. Similarly, once we are no longer a “controlled company,” we must comply with the independent board committee requirements as they relate to the nominating and corporate governance and compensation committees, which are permitted to be phased-in as follows: (1) one independent committee member on the date we cease to be a “controlled company”; (2) a majority of independent committee members within 90 days of such date; and (3) all independent committee members within one year of such date. Additionally, we will have 12 months from the date we cease to be a “controlled company” to have a majority of independent directors on our board of directors.

Affiliates of Sun Capital control actions to be taken by us, our board of directors and our stockholders, including amendments to our amended and restated certificate of incorporation and amended and restated bylaws and approval of significant corporate transactions, including mergers and sales of substantially all of our assets. The directors designated by affiliates of Sun Capital have the authority, subject to the terms of our indebtedness and the rules and regulations of the NYSE, to issue additional stock, implement stock repurchase programs, declare dividends and make other decisions. The NYSE independence standards are intended to ensure that directors who meet the independence standard are free of any conflicting interest that could influence their actions as directors. Our amended and restated certificate of incorporation provides that the doctrine of “corporate opportunity” does not apply against Sun Capital or its affiliates, or any of our directors who are associates of, or affiliated with, Sun Capital, in a manner that would prohibit them from investing in competing businesses or doing business with our partners or customers. It is possible that the interests of Sun Capital and its affiliates may in some circumstances conflict with our interests and the interests of our other stockholders, including you. For example, Sun Capital may have different tax positions from other stockholders which could influence their decisions regarding whether and when we should dispose of assets, whether and when we should incur new or refinance existing indebtedness, especially in light of the existence of the Tax Receivable Agreement, and whether and when we should terminate the Tax Receivable Agreement and accelerate our obligations thereunder. In addition, the structuring of future transactions may take into consideration tax

or other considerations of Sun Capital and its affiliates even where no similar benefit would accrue to us. See “Tax Receivable Agreement” under Note 14 “Related Party Transactions” to the Consolidated Financial Statements in this Annual Report for additional information.

We are a holding company and we are dependent upon distributions from our subsidiaries to pay dividends, taxes, and other expenses.

Vince Holding Corp. is a holding company with no material assets other than its ownership of membership interests in Vince Intermediate Holding, LLC, a holding company that has no material assets other than its interest in Vince, LLC. Neither Vince Holding Corp. nor Vince Intermediate Holding, LLC have any independent means of generating revenue. To the extent that we need funds, for a cash dividend to holders of our common stock or otherwise, and Vince Intermediate Holding, LLC or Vince, LLC is restricted from making such distributions under applicable law or regulation or is otherwise unable to provide such funds, it could materially adversely affect our liquidity and financial condition.

We file consolidated income tax returns on behalf of Vince Holding Corp. and Vince Intermediate Holding, LLC. Most of our future tax obligations will likely be attributed to the operations of Vince, LLC. Accordingly, most of the payments against the Tax Receivable Agreement will be attributed to the operations of Vince, LLC. We intend to cause Vince, LLC to pay distributions or make funds available to us in an amount sufficient to allow us to pay our taxes and any payments due to the Pre-IPO stockholders under the Tax Receivable Agreement. If, as a consequence of these various limitations and restrictions, we do not have sufficient funds to pay tax or other liabilities, we may have to borrow funds and thus our liquidity and financial condition could be materially adversely affected. To the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, such payments will be deferred and will accrue interest at a default rate of one-year LIBOR plus 500 basis points until paid. See “Tax Receivable Agreement” under Note 14 “Related Party Transactions” to the Consolidated Financial Statements in this Annual Report for more information regarding the terms of the Tax Receivable Agreement.

Anti-takeover provisions of Delaware law and our amended and restated certificate of incorporation and bylaws could delay and discourage takeover attempts that stockholders may consider to be favorable.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our Company more difficult without the approval of our board of directors. These provisions include:

- the classification of our board of directors so that not all members of our board of directors are elected at one time;
- the authorization of the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock;
- stockholder action can only be taken at a special or regular meeting and not by written consent following the time that Sun Capital and its affiliates cease to beneficially own a majority of our common stock;
- advance notice procedures for nominating candidates to our board of directors or presenting matters at stockholder meetings;
- removal of directors only for cause following the time that Sun Capital and its affiliates cease to beneficially own a majority of our common stock;
- allowing Sun Cardinal to fill any vacancy on our board of directors for so long as affiliates of Sun Capital own 30% or more of our outstanding shares of common stock and thereafter, allowing only our board of directors to fill vacancies on our board of directors; and
- following the time that Sun Capital and its affiliates cease to beneficially own a majority of our common stock, super-majority voting requirements to amend our bylaws and certain provisions of our certificate of incorporation.

Our amended and restated certificate of incorporation also contains a provision that provides us with protections similar to Section 203 of the Delaware General Corporation Law, and prevents us from engaging in a business combination, such as a merger, with a person or group who acquires at least 15% of our voting stock for a period of three years from the date such person became an interested stockholder, unless board or stockholder approval is obtained prior to acquisition. However, our amended and restated certificate of incorporation also provides that both Sun Capital and its affiliates and any persons to whom a Sun Capital affiliate sells its common stock will be deemed to have been approved by our board of directors.

These anti-takeover provisions and other provisions under Delaware law could discourage, delay, or prevent a transaction involving a change of control of our Company, even if doing so would benefit our stockholders. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

Our amended and restated certificate of incorporation also provides that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is, to the fullest extent permitted by applicable law, the sole and exclusive forum for any of the following: any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising under the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. The choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business and financial condition.

We are a "smaller reporting company" and intend to avail ourselves of reduced disclosure requirements applicable to smaller reporting companies, which could make our common stock less attractive to investors.

We are a "smaller reporting company," as defined in the Exchange Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "smaller reporting companies," including reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. We intend to take advantage of these reporting exemptions until we are no longer a "smaller reporting company." We will remain a "smaller reporting company" until the aggregate market value of our outstanding common stock held by non-affiliates as of the last business day of our most recently completed second fiscal quarter is \$250 million or more and annual revenue as of our most recently completed fiscal year is \$100 million or more, or the aggregate market value of our outstanding common stock held by non-affiliates as of the last business day of our most recently completed second fiscal quarter is \$700 million or more, regardless of annual revenue.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

The following table sets forth the location, use and size of our significant corporate facilities and showrooms as of February 1, 2020, all of which are leased under various agreements expiring at various time through fiscal 2025, subject to renewal options.

Location	Use	Approximate Square Footage
New York, NY	Vince Corporate Office	33,009
New York, NY	Rebecca Taylor Corporate Office	31,653
Los Angeles, CA	Vince Design Studio	28,541
New York, NY	Parker Corporate Office & Showroom	9,276
New York, NY	Rebecca Taylor Showroom	5,900
Paris, France	Vince Showroom	4,209

We also rent two other showrooms in Los Angeles, California on month-to-month terms.

As of February 1, 2020, we leased 161,850 gross square feet related to our 68 company-operated retail stores. Our leases generally have initial terms of 10 years and cannot be extended or can be extended for one additional 5-year term, with the exception of a few recent leases which are on shorter terms. Substantially all of our leases require a fixed annual rent, and most require the payment of additional rent if store sales exceed a negotiated amount. Most of our leases are “net” leases, which require us to pay all of the cost of insurance, taxes, maintenance, and utilities. Although we generally cannot cancel these leases at our option, certain of our leases allow us, and in some cases, the lessor, to terminate the lease if we do not achieve a specified gross sales threshold.

The following store list shows the location, opening date, type, and size of our company-operated retail locations as of February 1, 2020:

Vince Locations	State	Opening Date	Type	Gross Square Feet	Selling Square Feet
Washington St. (Meatpacking - Women's)	NY	February 3, 2009	Street	2,000	1,600
Prince St. (Nolita)	NY	July 25, 2009	Street	2,002	1,356
San Francisco	CA	October 15, 2009	Street	1,895	1,408
Chicago	IL	October 1, 2010	Street	2,590	1,371
Madison Ave.	NY	August 3, 2012	Street	3,503	1,928
Westport	CT	March 28, 2013	Street	1,801	1,344
Greenwich	CT	July 19, 2013	Street	2,463	1,724
Mercer St. (Soho)	NY	August 22, 2013	Street	4,500	3,080
Columbus Ave. (Upper West Side)	NY	December 18, 2013	Street	4,465	3,126
Washington St. (Meatpacking - Men's)	NY	June 2, 2014	Street	1,827	1,027
Newbury St. (Boston)	MA	May 24, 2014	Street	4,124	3,100
Pasadena	CA	August 7, 2014	Street	3,475	2,200
Walnut St. (Philadelphia)	PA	August 4, 2014	Street	3,250	2,000
Abbot Kinney (Los Angeles)	CA	September 26, 2015	Street	1,990	1,815
Melrose (Los Angeles)	CA	October 15, 2017	Street	1,932	1,554
Draycott (London, UK)		September 18, 2019	Street	1,582	1,087
Fifth Ave.	NY	September 20, 2019	Street	2,820	1,948
Total Street (17):				46,219	31,668
Malibu	CA	August 9, 2009	Lifestyle Center	1,298	1,070
Dallas	TX	August 28, 2009	Lifestyle Center	1,368	1,182
Boca Raton	FL	October 13, 2009	Mall	1,547	1,199
White Plains	NY	November 6, 2009	Mall	1,325	1,045
Atlanta	GA	April 16, 2010	Mall	1,643	1,356
Palo Alto	CA	September 17, 2010	Lifestyle Center	2,028	1,391
Bellevue Square	WA	November 5, 2010	Mall	1,460	1,113
Manhasset (Long Island)	NY	April 22, 2011	Lifestyle Center	1,414	1,000
Newport Beach	CA	May 20, 2011	Lifestyle Center	1,656	1,242
Chestnut Hill	MA	July 25, 2014	Lifestyle Center	2,357	1,886
Brookfield (Downtown)	NY	March 26, 2015	Lifestyle Center	2,966	2,373
Merrick Park (Coral Gables)	FL	April 30, 2015	Lifestyle Center	2,512	1,871
Washington D.C. City Center	DC	April 30, 2015	Lifestyle Center	3,202	2,562
Scottsdale Quarter	AZ	May 15, 2015	Lifestyle Center	2,753	2,200
Houston	TX	October 1, 2015	Lifestyle Center	2,998	2,398
Las Vegas	NV	April 1, 2016	Mall	3,220	2,576
Tyson's Galleria (McLean)	VA	April 29, 2016	Mall	2,668	2,134
The Grove	CA	May 23, 2016	Lifestyle Center	2,717	2,174
Troy	MI	May 27, 2016	Mall	2,700	2,160

<u>Vince Locations</u>	<u>State</u>	<u>Opening Date</u>	<u>Type</u>	<u>Gross Square Feet</u>	<u>Selling Square Feet</u>
King of Prussia	PA	August 18, 2016	Mall	2,600	2,080
San Diego (Fashion Valley)	CA	August 25, 2016	Lifestyle Center	2,817	2,254
Honolulu	HI	May 25, 2017	Mall	1,828	1,371
Short Hills	NJ	March 29, 2018	Mall	1,450	1,290
El Paseo Village	CA	April 26, 2018	Lifestyle Center	2,394	1,882
Waterside Shops	FL	May 24, 2018	Mall	1,723	1,315
The Domain	TX	June 28, 2018	Mall	1,719	1,375
Pacific Palisades	CA	October 4, 2018	Lifestyle Center	2,953	2,525
Palm Beach Gardens	FL	October 19, 2018	Mall	2,360	2,025
Aventura	FL	April 5, 2019	Mall	1,873	1,280
Santana Row	CA	August 8, 2019	Lifestyle Center	2,295	1,517
Mall at Millenia	FL	November 21, 2019	Mall	1,768	1,275
Total Mall and Lifestyle Centers (31)				67,612	53,120
Total Full-Price (48)				113,831	84,788
Cabazon	CA	November 11, 2011	Outlet	2,066	1,653
Riverhead	NY	November 30, 2012	Outlet	2,100	1,490
Chicago	IL	August 1, 2013	Outlet	3,485	2,599
Seattle	WA	August 30, 2013	Outlet	2,214	1,550
Las Vegas	NV	October 3, 2013	Outlet	2,028	1,420
San Marcos	TX	October 10, 2014	Outlet	2,433	1,703
Carlsbad	CA	October 24, 2014	Outlet	2,453	1,717
Wrentham	MA	September 29, 2014	Outlet	2,000	1,400
Camarillo	CA	February 1, 2015	Outlet	3,001	2,101
Livermore	CA	August 13, 2015	Outlet	2,500	1,767
Chicago Premium	IL	August 27, 2015	Outlet	2,300	1,840
Woodbury Commons	NY	November 6, 2015	Outlet	2,289	1,831
Sawgrass	FL	December 4, 2015	Outlet	2,539	1,771
National Harbor	MD	June 27, 2019	Outlet	2,400	1,865
Total Outlets (14)				33,808	24,707
Total Vince Stores (62)				147,639	109,495
Rebecca Taylor Locations	State	Opening Date	Type	Gross Square Feet	Selling Square Feet
Meatpacking	NY	February 15, 2011	Street	2,386	1,800
Fashion Island	CA	December 9, 2011	Lifestyle	2,196	1,500
Westchester	NY	June 22, 2012	Mall	1,400	1,110
Madison	NY	August 3, 2012	Street	4,338	1,901
Aventura	FL	October 6, 2016	Mall	2,091	1,673
Northpark	TX	April 20, 2017	Mall	1,800	1,450
Total Rebecca Taylor Stores (6)				14,211	9,434

ITEM 3. LEGAL PROCEEDINGS.

On September 7, 2018, a complaint was filed in the United States District Court for the Eastern District of New York by certain stockholders (collectively, the “Plaintiff”), naming us as well as Brendan Hoffman, our Chief Executive Officer, David Stefko, our Executive Vice President, Chief Financial Officer, one of our directors, certain of our former officers and directors, and Sun Capital and certain of its affiliates, as defendants. The complaint generally alleges that we and the named parties made false and/or misleading statements and/or failed to disclose matters relating to the transition of our ERP systems from Kellwood. The complaint brings causes of action for violations of Section 10(b) of the Exchange Act, as amended and Rule 10b-5 promulgated under the Exchange Act against us and the named parties and for violations of Section 20(a) of the Exchange Act against the individual parties, Sun Capital Partners, Inc. and its affiliates. The complaint seeks unspecified monetary damages and unspecified costs and fees. On January 28, 2019, in response to our motion to dismiss the original complaint, the Plaintiff filed an amended complaint, naming the same defendants as parties and asserting the same causes of action as those stated in the original complaint. On October 4, 2019, an individual stockholder filed a complaint marked as a related suit to the amended complaint, containing substantially identical allegations and claims against the same defendant parties.

We currently believe that the likelihood of an unfavorable judgment arising from this matter is remote based on the information currently available and that the ultimate resolution of this matter will not have a material adverse effect on our business in a future period. However, given the inherent unpredictability of litigation and the fact that this litigation is still in its very early stages, we are unable to predict with certainty the outcome of this litigation or reasonably estimate a possible loss or range of loss, if any, associated with this litigation at this time. In addition, we will be required to expend resources to defend this matter.

On September 6, 2019, Vince, LLC received a favorable judgment from the second instance court in the People's Republic of China in connection with a trademark infringement case. The judgment awarded Vince, LLC approximately \$700 in damages and fees, net of applicable taxes, which was included in selling, general and administrative expenses in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). This amount was paid in full to Vince, LLC by the defendants in the case in the fourth quarter of fiscal 2019.

Additionally, we are a party to legal proceedings, compliance matters, environmental, as well as wage and hour and other labor claims that arise in the ordinary course of our business. Although the outcome of such items cannot be determined with certainty, we believe that the ultimate outcome of these items, individually and in the aggregate will not have a material adverse impact on our financial position, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Our common stock trades on the New York Stock Exchange under the symbol "VNCE".

Record Holders

As of May 31, 2020, there were 3 holders of record of our common stock.

Dividends

We have never paid cash dividends on our common stock. We currently intend to retain all available funds and any future earnings to fund the development and growth of our business, and we do not anticipate paying any cash dividends in the foreseeable future. In addition, because we are a holding company, our ability to pay dividends depends on our receipt of cash distributions from our subsidiaries. The terms of our indebtedness substantially restrict the ability to pay dividends. See "Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Financing Activities" of this Annual Report for a description of the related restrictions.

Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, restrictions contained in current and future financing instruments and other factors that our board of directors deems relevant.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

We did not repurchase any shares of common stock during the three months ended February 1, 2020.

Unregistered Sales of Equity Securities

None.

ITEM 6. SELECTED FINANCIAL DATA.

As a "smaller reporting company" as defined by Rule 12b-2 of the Security Act of 1934, as amended (the "Exchange Act"), we are not required to provide the information in this item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Our fiscal year ends on the Saturday closest to January 31. Fiscal years 2019 and 2018 ended on February 1, 2020 ("fiscal 2019") and February 2, 2019 ("fiscal 2018"), respectively. Fiscal years 2019 and 2018 each consisted of 52 weeks. The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this Annual Report. All amounts disclosed are in thousands except store counts, share and per share data and percentages.

For purposes of this Annual Report, the "Company," "we," and "our," refer to VHC and our wholly owned subsidiaries, including Vince Intermediate Holding, LLC and Vince, LLC. References to "Kellwood" refer, as applicable, to Kellwood Holding, LLC and its consolidated subsidiaries (including Kellwood Company, LLC) or the operations of the non-Vince businesses after giving effect to the Restructuring Transactions and prior to the Kellwood Sale. References to "Vince," "Rebecca Taylor" or "Parker" refer only to the referenced brands.

On November 3, 2019, Vince, LLC, an indirectly wholly owned subsidiary of VHC, completed its acquisition (the "Acquisition") of 100% of the equity interests of Rebecca Taylor, Inc. and Parker Holding, LLC (collectively, the "Acquired Businesses") from Contemporary Lifestyle Group, LLC ("CLG"). Because the Acquisition was a transaction between commonly controlled entities, GAAP requires the retrospective combination of the entities for all periods presented as if the combination had been in effect since the inception of common control. Accordingly, the Company's audited financial statements included in this Annual Report, including for the fiscal year ended February 2, 2019, reflect the retrospective combination of the entities as if the combination had been in effect since inception of common control. See Note 2 "Business Combinations" to the Consolidated Financial Statements in this Annual Report for further information.

This discussion contains forward-looking statements involving risks, uncertainties and assumptions that could cause our results to differ materially from expectations. For a discussion of the risks facing our business, see "Item 1A—Risk Factors" included in this Annual Report.

Recent Developments

The spread of the novel coronavirus ("COVID-19"), which was declared a pandemic by the World Health Organization in March 2020, has caused state and municipal public officials to mandate jurisdiction-wide curfews, including "shelter-in-place" and closures of most non-essential businesses as well as other measures to mitigate the spread of the virus. While we continue to serve our customers through our online e-commerce websites, we were forced to shut down all of our domestic and international retail locations alongside other retailers, including our wholesale partners, which has resulted in a sharp decline in our revenue and ability to generate cash flows from operations. Although certain jurisdictions have since loosened the restrictive orders and a limited number of our retail stores have reopened, the extent of the negative impact of COVID-19 on our operations remains uncertain and potentially wide-spread.

We have taken various measures in response to COVID-19, including:

- entering into amendments to our 2018 Term Loan Facility as well as our 2018 Revolving Credit Facility to provide additional liquidity and amend certain financial covenants to allow increased operational flexibility (See Note 15 "Subsequent Events" to the Consolidated Financial Statements in this Annual Report for more details on these amendments);
- furloughing all of our retail store associates as well as a significant portion of our corporate associates;
- temporarily reducing retained employee salaries and board retainer fees;
- engaging in active discussions with landlords to address the current operating environment including our rental obligations, while reopening a limited number of stores in accordance with the applicable regulations;
- executing other operational initiatives to carefully manage our investments across all key areas, including aligning inventory levels with anticipated demand and reevaluating non-critical capital build-out and other investments and activities; and
- streamlining our expense structure in all areas such as marketing, distribution, and product development to align with the business environment and sales opportunities.

The COVID-19 pandemic remains highly volatile and continues to evolve on a daily basis. See Item 1A. Risk Factors — "*Risks Related to Our Business — The COVID-19 pandemic has adversely affected, and is expected to continue to adversely affect, our business, financial condition, cash flow, liquidity and results of operations*" for additional discussion regarding risks to our business associated with the COVID-19 pandemic.

Executive Overview

We are a global contemporary group, consisting of three brands: Vince, Rebecca Taylor and Parker. On November 3, 2019, we completed the acquisition of 100% of the equity interests of Rebecca Taylor, Inc. and Parker Holding, LLC (collectively, the “Acquired Businesses”) from Contemporary Lifestyle Group, LLC. See Note 2 “Business Combinations” to the Consolidated Financial Statements in this Annual Report for additional information.

Vince, established in 2002, is a leading global luxury apparel and accessories brand best known for creating elevated yet understated pieces for every day effortless style. Known for its range of luxury products, Vince offers women’s and men’s ready-to-wear and accessories through 48 full-price retail stores, 14 outlet stores, and its e-commerce site, *vince.com* and through its subscription service Vince Unfold, *vinceunfold.com*, as well as through premium wholesale channels globally.

Rebecca Taylor, founded in 1996 in New York City, is a high-end women’s contemporary lifestyle brand inspired by beauty in the everyday. The Rebecca Taylor collection is available at six full-price retail stores, through its e-commerce site at *rebeccataylor.com* and through its subscription service Rebecca Taylor RNTD at *rebeccataylorrntd.com*, as well as through high-end department and specialty stores worldwide.

Parker, founded in 2008 in New York City, is a contemporary women’s fashion brand that is trend focused. The Parker collection is available at *parkerny.com* as well as through high-end department and specialty stores worldwide.

We serve our customers through a variety of channels that reinforce our brand images. Our diversified channel strategy allows us to introduce our products to customers through multiple distribution points that are presented in three reportable segments: Vince Wholesale, Vince Direct-to-consumer and Rebecca Taylor and Parker.

Results of Operations

Comparable Sales

Comparable sales include our e-commerce sales in order to align with how we manage our brick-and-mortar retail stores and e-commerce online store as a combined single direct-to-consumer channel of distribution. As a result of our omni-channel sales and inventory strategy, as well as cross-channel customer shopping patterns, there is less distinction between our brick-and-mortar retail stores and our e-commerce online store and we believe the inclusion of e-commerce sales in our comparable sales metric is a more meaningful representation of these results and provides a more comprehensive view of our year over year comparable sales metric.

A store is included in the comparable sales calculation after it has completed 13 full fiscal months of operations and includes stores, if any, that have been remodeled or relocated within the same geographic market the Company served prior to the relocation. Non-comparable sales include new stores which have not completed 13 full fiscal months of operations, sales from closed stores, and relocated stores serving a new geographic market. For 53-week fiscal years, we continue to adjust comparable sales to exclude the additional week. There may be variations in the way in which some of our competitors and other retailers calculate comparable sales.

Fiscal 2019 Compared to Fiscal 2018

The following table presents, for the periods indicated, our operating results as a percentage of net sales as well as earnings per share data:

	Fiscal Year				Variances	
	2019		2018**		Amount	Percent
	Amount	% of Net Sales	Amount	% of Net Sales		
(in thousands, except per share data and percentages)						
Statements of Operations:						
Net sales	\$ 375,187	100.0%	\$ 361,679	100.0%	\$ 13,508	3.7%
Cost of products sold	196,757	52.4%	192,273	53.2%	4,484	2.3%
Gross profit	178,430	47.6%	169,406	46.8%	9,024	5.3%
Impairment of goodwill and intangible assets	19,491	5.2%	—	0.0%	19,491	*
Selling, general and administrative expenses	179,329	47.8%	164,049	45.3%	15,280	9.3%
(Loss) income from operations	(20,390)	(5.4)%	5,357	1.5%	(25,747)	(480.6)%
Interest expense, net	4,958	1.3%	6,922	1.9%	(1,964)	(28.4)%
Other (income) expense, net	(55,842)	(14.8)%	237	0.1%	(56,079)	*
Income (loss) before income taxes	30,494	8.1%	(1,802)	(0.5)%	32,296	*
Provision for income taxes	98	0.0%	156	0.0%	(58)	(37.2)%
Net income (loss)	\$ 30,396	8.1%	\$ (1,958)	(0.5)%	\$ 32,354	*
Earnings (loss) per share:						
Basic earnings (loss) per share	\$ 2.60		\$ (0.17)			
Diluted earnings (loss) earnings per share	\$ 2.55		\$ (0.17)			

(*) Not meaningful

(**) Fiscal 2018 amounts reflect the retrospective combination of the entities. See Note 2 “Business Combinations” to the Consolidated Financial Statements in this Annual Report for additional details.

Net sales for fiscal 2019 were \$375,187, increasing \$13,508, or 3.7%, versus \$361,679 for fiscal 2018, driven by increases in the Vince segments of \$21,266 partly offset by a decline in the Rebecca Taylor and Parker segment of \$7,758.

Gross profit increased \$9,024, or 5.3%, to \$178,430 in fiscal 2019 from \$169,406 in fiscal 2018. As a percentage of sales, gross margin was 47.6%, compared with 46.8% in the prior year which was driven by improvements in the Vince Wholesale segment, partly offset by a decline in the Rebecca Taylor and Parker segment.

Impairment of goodwill and intangible assets for fiscal 2019 includes charges of \$2,129 related to goodwill, \$11,247 related to our indefinite-lived tradename assets and \$6,115 related to our customer relationship intangible assets. See “Critical Accounting Policies” below for further details.

Selling, general and administrative (“SG&A”) expenses for fiscal 2019 were \$179,329, increasing \$15,280, or 9.3%, versus \$164,049 for fiscal 2018. SG&A expenses as a percentage of sales were 47.8% and 45.3% for fiscal 2019 and fiscal 2018, respectively. The change in SG&A expenses compared to the prior year period was primarily due to:

- \$5,559 of increased compensation and benefits, partially due to growth in stores;

- \$3,571 of transaction and other related costs related to the Acquisition;
- \$2,499 of increased marketing investments;
- \$1,570 of increased rent and occupancy expenses primarily related to net new store openings;
- \$1,509 of increased investments in our e-commerce and Vince Unfold platforms; and
- \$1,350 of strategic consulting cost.

The above increases were partially offset by:

- \$1,701 decreased depreciation and amortization expense.

Interest expense, net decreased \$1,964, or 28.4%, to \$4,958 in fiscal 2019 from \$6,922 in fiscal 2018 primarily due to the \$816 write-off of deferred financing costs in the prior year related to the 2013 Term Loan Facility and the 2013 Revolving Credit Facility, lower borrowings under the 2018 Term Loan Facility, and lower interest rates on borrowings.

Other (income) expense, net was \$(55,842) in fiscal 2019 and \$237 in fiscal 2018. The change was primarily attributable to a \$55,953 pre-tax benefit from re-measurement of the liability related to the Tax Receivable Agreement (“TRA”) in fiscal 2019 which adjustment was not required for the prior year. See “Critical Accounting Policies – Tax Receivable Agreement” below and Note 14 “Related Party Transactions” to the Consolidated Financial Statements in this Annual Report for further information.

Provision for income taxes for fiscal 2019 was \$98 as compared to \$156 for fiscal 2018. Our effective tax rate for fiscal 2019 and fiscal 2018 was 0.3% and (8.7)%, respectively. The effective tax rate for fiscal 2019 differed from the U.S. statutory rate of 21% primarily due to the impact of pre-tax items with no corresponding tax impact, primarily the revaluation of the TRA liability as well as the impairment of goodwill and intangible assets, partially offset by the impact of state taxes, and the impact of the valuation allowance established against our deferred tax asset. The effective tax rate for fiscal 2018 differed from the U.S. statutory rate of 21% primarily due to the impact of state taxes, the impact of the valuation allowance established against our deferred tax asset, and non-deductible officers’ compensation offset by the impact of a return to provision adjustment.

Performance by Segment

The Company has identified three reportable segments as further described below:

- Vince Wholesale segment—consists of the Company’s operations to distribute Vince brand products to major department stores and specialty stores in the United States and select international markets;
- Vince Direct-to-consumer segment—consists of the Company’s operations to distribute Vince brand products directly to the consumer through its Vince branded full-price specialty retail stores, outlet stores, and e-commerce platform; and
- Rebecca Taylor and Parker segment—consists of the Company’s operations to distribute Rebecca Taylor and Parker brand products to high-end department and specialty stores worldwide and directly to the consumer through their own branded e-commerce platforms and Rebecca Taylor retail stores.

Unallocated corporate expenses are related to the Vince brand and are comprised of SG&A expenses attributable to corporate and administrative activities (such as marketing, design, finance, information technology, legal and human resources departments), and other charges that are not directly attributable to the Company’s Vince Wholesale and Vince Direct-to-consumer reportable segments.

(in thousands)	Fiscal Year	
	2019	2018
Net Sales:		
Vince Wholesale	\$ 166,805	\$ 159,635
Vince Direct-to-consumer	133,412	119,316
Rebecca Taylor and Parker	74,970	82,728
Total net sales	<u>\$ 375,187</u>	<u>\$ 361,679</u>
(Loss) income from operations:		
Vince Wholesale	\$ 55,440	\$ 48,078
Vince Direct-to-consumer	10,127	6,442
Rebecca Taylor and Parker	(28,562)	1,218
Subtotal	37,005	55,738
Unallocated corporate	(57,395)	(50,381)
Total (loss) income from operations	<u>\$ (20,390)</u>	<u>\$ 5,357</u>

Vince Wholesale

(in thousands)	Fiscal Year		
	2019	2018	\$ Change
Net sales	\$ 166,805	\$ 159,635	\$ 7,170
Income from operations	55,440	48,078	7,362

Net sales from our Vince Wholesale segment increased \$7,170, or 4.5%, to \$166,805 in fiscal 2019 from \$159,635 in fiscal 2018, primarily due to higher domestic and international full price shipments, partly offset by lower shipments to the off-price channel.

Income from operations from our Vince Wholesale segment increased \$7,362, or 15.3%, to \$55,440 in fiscal 2019 from \$48,078 in fiscal 2018 primarily due to higher gross margin driven by efficiencies in the product development cycle and sourcing initiatives.

Vince Direct-to-consumer

(in thousands)	Fiscal Year		
	2019	2018	\$ Change
Net sales	\$ 133,412	\$ 119,316	\$ 14,096
Income from operations	10,127	6,442	3,685

Net sales from our Vince Direct-to-consumer segment increased \$14,096, or 11.8%, to \$133,412 in fiscal 2019 from \$119,316 in fiscal 2018. Comparable sales increased \$8,493, or 6.6%, including e-commerce, primarily due to an increase in transactions and average dollar sale. Additionally, non-comparable store sales contributed \$5,603 of sales growth. Since the end of fiscal 2018, three net new stores have opened, bringing our total retail store count to 62 (consisting of 48 full price stores and 14 outlet stores) as of February 1, 2020, compared to 59 (consisting of 45 full price stores and 14 outlet stores) as of February 2, 2019.

Income from operations from our Vince Direct-to-consumer segment increased \$3,685, or 57.2%, to \$10,127 in fiscal 2019 from \$6,442 in fiscal 2018 primarily driven by higher net sales, as noted above, partially offset by increased SG&A expenses associated with our investments in the Vince Direct-to-consumer segment discussed in more detail above.

Rebecca Taylor and Parker

(in thousands)	Fiscal Year		
	2019	2018	\$ Change
Net sales	\$ 74,970	\$ 82,728	\$ (7,758)
(Loss) income from operations	(28,562)	1,218	(29,780)

Net sales from our Rebecca Taylor and Parker segment decreased \$7,758, or 9.4%, to \$74,970 in fiscal 2019 from \$82,728 in fiscal 2018 primarily due to a \$10,016 decrease in wholesale sales partly offset by an increase in the direct-to-consumer channels of \$2,258.

Our Rebecca Taylor and Parker segment had a loss from operations of \$28,562 in fiscal 2019 compared to income from operations of \$1,218, in fiscal 2018. The loss from operations in fiscal 2019 included total goodwill and intangible asset impairment charges of \$19,491 and property and equipment and lease right-of-use ("ROU") asset impairment charges of \$753. The remaining change in the loss from operations is primarily driven by the decrease in sales, as noted above, and a decline in gross profit as a result of higher inventory reserves of approximately \$1,600 as well as higher tariff costs of approximately \$2,000.

Liquidity and Capital Resources

Our sources of liquidity are cash and cash equivalents, cash flows from operations, if any, borrowings available under the 2018 Revolving Credit Facility and our ability to access capital markets. Our primary cash needs are funding working capital requirements, meeting our debt service requirements and capital expenditures for new stores and related leasehold improvements. The most significant components of our working capital are cash and cash equivalents, accounts receivable, inventories, accounts payable and other current liabilities. In light of the COVID-19 pandemic, we have taken various measures to improve our liquidity as described below. Based on these measures and our current expectations, we believe that our sources of liquidity will generate sufficient cash flows to meet our obligations during the next twelve months from the date these financial statements are issued.

Amendments to Existing Credit Facilities

On June 8, 2020, Vince, LLC entered into the Third Amendment (the "Third Revolver Amendment") to the 2018 Revolving Credit Facility and the Third Amendment (the "Third Term Loan Amendment") to the 2018 Term Loan Credit Facility. The Third Revolver Amendment, among others, temporarily increased availability under the facility's borrowing base by increasing the

aggregate commitments to \$110,000 from \$100,000 through November 30, 2020 and revising certain eligibility criteria of trade receivables to be included in the borrowing base during that period, as well as waived certain events of default. The Third Term Loan Amendment, among others, temporarily suspended the requirement to maintain a specified Consolidated Fixed Charge Coverage Ratio through the delivery of a compliance certificate relating to the fiscal quarter ending July 31, 2021, and replaced it with a springing covenant, under which the obligation to maintain a specified Consolidated Fixed Charge Coverage Ratio of 1.0 to 1.0 is triggered only when the excess availability under the 2018 Revolving Credit Facility falls below \$15,000, or for the period between September 6, 2020 and January 9, 2021, \$10,000, and for the period between January 10, 2021 and January 31, 2021, \$12,500. The Third Term Loan Amendment also revised the Consolidated Fixed Charge Coverage Ratio required to be maintained following the period of the covenant suspension such that the required ratio is now 1.50 to 1.0 for the fiscal quarter ending July 31, 2021 and 1.75 to 1.0 for each fiscal quarter thereafter, as well as waived certain events of default. See Note 15 “Subsequent Events” to the Consolidated Financial Statements in this Annual Report for more details on these amendments.

Operational Adjustments

In response to the COVID-19 pandemic, we have implemented, and continue to implement, various operational measures, including:

- furloughing all of our retail store associates as well as a significant portion of our corporate associates;
- temporarily reducing retained employee salaries and board retainer fees;
- engaging in active discussions with landlords to address the current operating environment including rent, while reopening a limited number of stores in accordance with the applicable regulations;
- executing other operational initiatives to carefully manage our investments across all key areas, including aligning inventory levels with anticipated demand and reevaluating non-critical capital build-out and other investments and activities; and
- streamlining our expense structure in all areas such as marketing, distribution, and product development to align with the business environment and sales opportunities.

In addition, affiliates of Sun Capital, who own approximately 73% of the outstanding shares of the Company’s common stock, have committed through June 15, 2021 to provide financial support to the Company of up to \$8,000 upon the occurrence of certain events and conditions.

We believe the Company’s liquidity is further supported by the amended terms of our credit facilities combined with anticipated receipts from our e-commerce business and on a limited basis, from our reopened retail stores and wholesale business, which we project to primarily occur over the next several months, as well as the disciplined management of the Company’s operating expenses based on the operational measures described above.

COVID-19 pandemic remains highly volatile and continues to evolve on a daily basis, which could negatively affect the outcome of the measures intended to address its impact and/or our current expectations of the Company’s future business performance, as discussed under “— Item 1A. Risk Factors—Risks Related to Our Business”.

Operating Activities

(in thousands)	Fiscal Year	
	2019	2018*
Operating activities		
Net income (loss)	\$ 30,396	\$ (1,958)
Add (deduct) items not affecting operating cash flows:		
Adjustment to Tax Receivable Agreement Liability	(55,953)	—
Impairment of goodwill and intangible assets	19,491	—
Depreciation and amortization	9,602	11,298
Impairment of property and equipment and Lease ROU assets	818	1,684
Loss on disposal of property and equipment	128	293
Deferred rent	—	(1,476)
Deferred income taxes	101	176
Share-based compensation expense	2,033	1,335
Loss on debt extinguishment	—	816
Amortization of deferred financing cost	554	660
Other, net	(304)	106
Changes in assets and liabilities:		
Receivables, net	(2,628)	(9,922)
Inventories	5,252	(10,875)
Prepaid expenses and other current assets	2,942	224
Accounts payable and accrued expenses	7,606	9,928
Other assets and liabilities	(3,219)	327
Net cash provided by operating activities	\$ 16,819	\$ 2,616

(*) Fiscal 2018 amounts reflect the retrospective combination of the entities. See Note 2 “Business Combinations” to the Consolidated Financial Statements in this Annual Report for additional details.

Net cash provided by operating activities during fiscal 2019 was \$16,819 which consisted of a net income of \$30,396, impacted by non-cash items of \$(23,530) and cash provided by working capital of \$9,953. Net cash provided by working capital resulted from a cash inflow in accounts payable and accrued expenses of \$7,606 primarily due to the timing of payments to vendors and a cash inflow in inventories of \$4,654 due to lower in-transit inventories, partly offset by a cash outflow in receivables, net of \$2,628 driven largely by the timing of collections.

Net cash provided by operating activities during fiscal 2018 was \$2,616, which consisted of a net loss of \$1,958, impacted by non-cash items of \$14,892 and cash used in working capital of \$10,318. Net cash used in working capital resulted from a cash outflow in receivables, net of \$9,922 driven largely by lower sales allowances and a cash outflow in inventories of \$11,113 due to higher in-transit inventories, offset by cash inflow in accounts payable and accrued expenses of \$9,928 primarily due to timing of payments to vendors.

Investing Activities

(in thousands)	Fiscal Year	
	2019	2018*
Investing activities		
Payments for capital expenditures	\$ (4,523)	\$ (3,699)
Net cash used in investing activities	\$ (4,523)	\$ (3,699)

(*) Fiscal 2018 amounts reflect the retrospective combination of the entities. See Note 2 “Business Combinations” to the Consolidated Financial Statements in this Annual Report for additional details.

Net cash used in investing activities of \$4,523 during fiscal 2019 represents capital expenditures related to retail store build-outs, including leasehold improvements and store fixtures.

Net cash used in investing activities of \$3,699 during fiscal 2018 represents capital expenditures related to retail store build-outs, including leasehold improvements and store fixtures.

Financing Activities

(in thousands)	Fiscal Year	
	2019	2018*
Financing activities		
Net proceeds from borrowings under the Revolving Credit Facilities	\$ 8,707	\$ 2,116
Net (repayment of) proceeds from borrowings under the Acquired Businesses Revolving Credit Facilities	(17,649)	1,084
Proceeds from borrowings under the Term Loan Facilities	—	27,500
Repayment of borrowings under the Term Loan Facilities	(2,750)	(33,000)
Tax payments related to restricted stock vesting	(321)	—
Proceeds from stock option exercises, restricted stock vesting, and issuance of common stock under employee stock purchase plan	35	18
Financing fees	(13)	(2,455)
Net cash used in financing activities	\$ (11,991)	\$ (4,737)

(*) Fiscal 2018 amounts reflect the retrospective combination of the entities. See Note 2 “Business Combinations” to the Consolidated Financial Statements in this Annual Report for additional details.

Net cash used in financing activities was \$11,991 during fiscal 2019, primarily consisting of \$17,649 of net repayments of borrowings under the Acquired Businesses revolving credit facilities and \$2,750 of repayments under the 2018 Term Loan Facility partly offset by \$8,707 of net proceeds received under the 2018 Revolving Credit Facility. The acquisition of the Acquired Businesses was funded with borrowings under the 2018 Revolving Credit Facility of which \$19,099, plus accrued interest, was used to repay the outstanding debt obligations under the Acquired Businesses Revolving Credit Facilities.

Net cash used in financing activities was \$4,737 during fiscal 2018, primarily consisting of \$33,000 of repayments under the 2013 Term Loan Facility offset by \$27,500 of borrowings under the 2018 Term Loan Facility, net proceeds received from Revolving Credit Facilities of \$2,116 and net proceeds from borrowings under the Acquired Businesses Revolving Credit facilities. Financing fees of \$2,455 were paid as part of the refinancing of our 2013 Revolving Credit Facility and 2013 Term Loan Facility.

2018 Term Loan Facility

On August 21, 2018, Vince, LLC entered into a \$27,500 senior secured term loan facility (the “2018 Term Loan Facility”) pursuant to a credit agreement by and among Vince, LLC, as the borrower, VHC and Vince Intermediate Holdings, LLC, a direct subsidiary of VHC and the direct parent company of Vince, LLC (“Vince Intermediate”), as guarantors, Crystal Financial, LLC, as administrative agent and collateral agent, and the other lenders from time to time party thereto. The 2018 Term Loan Facility is subject to quarterly amortization of principal equal to 2.5% of the original aggregate principal amount of the 2018 Term Loan Facility, with the balance payable at final maturity. Interest is payable on loans under the 2018 Term Loan Facility at a rate equal to the 90-day LIBOR rate (subject to a 0% floor) plus applicable margins subject to a pricing grid based on a minimum Consolidated EBITDA (as defined in the credit agreement for the 2018 Term Loan Facility) calculation. During the continuance of certain specified events of default, interest will accrue on the outstanding amount of any loan at a rate of 2.0% in excess of the rate otherwise applicable to such amount. The 2018 Term Loan Facility matures on the earlier of August 21, 2023 and the maturity date of the 2018 Revolving Credit Facility (as defined below).

The 2018 Term Loan Facility contains a requirement that Vince, LLC maintain a Consolidated Fixed Charge Coverage Ratio (as defined in the credit agreement for the 2018 Term Loan Facility) as of the last day of any period of four fiscal quarters not to exceed 0.85:1.00 for the fiscal quarter ended November 3, 2018, 1.00:1.00 for the fiscal quarter ended February 2, 2019, 1.20:1.00 for the fiscal quarter ending May 4, 2019, 1.35:1.00 for the fiscal quarter ending August 3, 2019, 1.50:1.00 for the fiscal quarters ending November 2, 2019 and February 1, 2020 and 1.75:1.00 for the fiscal quarter ending May 2, 2020 and each fiscal quarter thereafter. In addition, the 2018 Term Loan Facility contains customary representations and warranties, other covenants, and events of default, including but not limited to, covenants with respect to limitations on the incurrence of additional indebtedness, liens, burdensome agreements, guarantees, investments, loans, asset sales, mergers, acquisitions, prepayment of other debt, the repurchase of capital stock, transactions with affiliates, and the ability to change the nature of the Company’s business or its fiscal year, and distributions and dividends. The 2018 Term Loan Facility generally permits dividends to the extent that no default or event of default is continuing or would result from a contemplated dividend, so long as (i) after giving pro forma effect to the contemplated dividend and for the following six months Excess Availability will be at least the greater of 20.0% of the Loan Cap (as defined in the credit agreement for the 2018 Term Loan Facility) and \$10,000, (ii) after giving pro forma effect to the contemplated dividend, the Consolidated Fixed Charge Coverage Ratio for the 12 months preceding such dividend will be greater than or equal to 1.0 to 1.0 (provided that the Consolidated Fixed Charge Coverage Ratio may be less than 1.0 to 1.0 if, after giving pro forma effect to the contemplated dividend,

Excess Availability for the six fiscal months following the dividend is at least the greater of 25.0% of the Loan Cap and \$12,500), and (iii) the pro forma Fixed Charge Coverage Ratio after giving effect to such contemplated dividend is no less than the minimum Consolidated Fixed Charge Coverage Ratio for such quarter. In addition, the 2018 Term Loan Facility is subject to a Borrowing Base (as defined in the credit agreement of the 2018 Term Loan Facility) which can, under certain conditions, result in the imposition of a reserve under the 2018 Revolving Credit Facility. As of February 1, 2020, the Company was in compliance with applicable covenants.

The 2018 Term Loan Facility also contains an Excess Cash Flow (as defined in the credit agreement for the 2018 Term Loan Facility) sweep requirement in which Vince, LLC remits 50% of Excess Cash Flow reduced on a dollar-for-dollar basis by any voluntary prepayments of the 2018 Term Loan Facility or the 2018 Revolving Credit Facility (to the extent accompanied by a permanent reduction in commitments) during such fiscal year or after the fiscal year but prior to the date of the excess cash flow payment, to be applied to the outstanding principal balance commencing 10 business days after the filing of the Company's Annual Report on Form 10-K starting from fiscal year ended February 1, 2020.

Through February 1, 2020, on an inception to date basis, the Company had made repayments of \$2,750 on the 2018 Term Loan Facility.

Subsequent to February 1, 2020, the Company entered into certain amendments for the 2018 Term Loan Facility. See Note 15 "Subsequent Events" to the Consolidated Financial Statements in this Annual Report for further information.

2018 Revolving Credit Facility

On August 21, 2018, Vince, LLC entered into an \$80,000 senior secured revolving credit facility (the "2018 Revolving Credit Facility") pursuant to a credit agreement by and among Vince, LLC, as the borrower, VHC and Vince Intermediate, as guarantors, Citizens Bank, N.A. ("Citizens"), as administrative agent and collateral agent, and the other lenders from time to time party thereto. The 2018 Revolving Credit Facility provides for a revolving line of credit of up to \$80,000, subject to a Loan Cap, which is the lesser of (i) the Borrowing Base as defined in the credit agreement for the 2018 Revolving Credit Facility and (ii) the aggregate commitments, as well as a letter of credit sublimit of \$25,000. It also provides for an increase in aggregate commitments of up to \$20,000. The 2018 Revolving Credit Facility matures on the earlier of August 21, 2023 and the maturity date of the 2018 Term Loan Facility. On August 21, 2018, Vince, LLC incurred \$39,555 of borrowings, prior to which \$66,271 was available, given the Loan Cap as of such date.

Interest is payable on the loans under the 2018 Revolving Credit Facility at either the LIBOR or the Base Rate, in each case, with applicable margins subject to a pricing grid based on an average daily excess availability calculation. The "Base Rate" means, for any day, a fluctuating rate per annum equal to the highest of (i) the rate of interest in effect for such day as publicly announced from time to time by Citizens as its prime rate; (ii) the Federal Funds Rate for such day, plus 0.5%; and (iii) the LIBOR Rate for a one month interest period as determined on such day, plus 1.00%. During the continuance of certain specified events of default, at the election of Citizens, interest will accrue at a rate of 2.0% in excess of the applicable non-default rate.

The 2018 Revolving Credit Facility contains a requirement that, at any point when Excess Availability (as defined in the credit agreement for the 2018 Revolving Credit Facility) is less than 10.0% of the loan cap and continuing until Excess Availability exceeds the greater of such amounts for 30 consecutive days, Vince must maintain during that time a Consolidated Fixed Charge Coverage Ratio (as defined in the credit agreement for the 2018 Revolving Credit Facility) equal to or greater than 1.0 to 1.0 measured as of the last day of each fiscal month during such period.

The 2018 Revolving Credit Facility contains representations and warranties, other covenants and events of default that are customary for this type of financing, including covenants with respect to limitations on the incurrence of additional indebtedness, liens, burdensome agreements, guarantees, investments, loans, asset sales, mergers, acquisitions, prepayment of other debt, the repurchase of capital stock, transactions with affiliates, and the ability to change the nature of the Company's business or its fiscal year. The 2018 Revolving Credit Facility generally permits dividends in the absence of any event of default (including any event of default arising from a contemplated dividend), so long as (i) after giving pro forma effect to the contemplated dividend and for the following six months Excess Availability will be at least the greater of 20.0% of the Loan Cap and \$10,000 and (ii) after giving pro forma effect to the contemplated dividend, the Consolidated Fixed Charge Coverage Ratio for the 12 months preceding such dividend will be greater than or equal to 1.0 to 1.0 (provided that the Consolidated Fixed Charge Coverage Ratio may be less than 1.0 to 1.0 if, after giving pro forma effect to the contemplated dividend, Excess Availability for the six fiscal months following the dividend is at least the greater of 25.0% of the Loan Cap and \$12,500). As of February 1, 2020, the Company was in compliance with applicable covenants.

On November 1, 2019, Vince, LLC entered into the First Amendment (the "First Revolver Amendment") to the 2018 Revolving Credit Facility, which provides the borrower the ability to elect the Daily LIBOR Rate in lieu of the Base Rate to be applied to the borrowings upon applicable notice. The "Daily LIBOR Rate" means a rate equal to the Adjusted LIBOR Rate in effect on such day for deposits for a one day period, provided that, upon notice and not more than once every 90 days, such rate may be substituted for a one week or one month period for the Adjusted LIBOR Rate for a one day period.

On November 4, 2019, Vince, LLC entered into the Second Amendment (the “Second Revolver Amendment”) to the credit agreement of the 2018 Revolving Credit Facility. The Second Revolver Amendment increased the aggregate commitments under the 2018 Revolving Credit Facility by \$20,000 to \$100,000. Pursuant to the terms of the Second Revolver Amendment, the Acquired Businesses became guarantors under the 2018 Revolving Credit Facility and jointly and severally liable for the obligations thereunder. Simultaneously, Vince, LLC entered into a Joinder Amendment to the credit agreement of the 2018 Term Loan Facility whereby the Acquired Businesses became guarantors under the 2018 Term Loan Facility and jointly and severally liable for the obligations thereunder.

Subsequent to February 1, 2020, the Company entered into an amendment for the 2018 Revolving Credit Facility. See Note 15 “Subsequent Events” to the Consolidated Financial Statements in this Annual Report for further information.

As of February 1, 2020, \$59,916 was available under the 2018 Revolving Credit Facility, net of the loan cap, and there were \$27,723 of borrowings outstanding and \$6,505 of letters of credit outstanding under the 2018 Revolving Credit Facility. The weighted average interest rate for borrowings outstanding under the 2018 Revolving Credit Facility as of February 1, 2020 was 3.3%.

As of February 2, 2019, \$36,850 was available under the 2018 Revolving Credit Facility, net of the loan cap, and there were \$19,016 of borrowings outstanding and \$6,013 of letters of credit outstanding under the 2018 Revolving Credit Facility. The weighted average interest rate for borrowings outstanding under the 2018 Revolving Credit Facility as of February 2, 2019 was 4.4%.

2013 Term Loan Facility

On November 27, 2013, Vince, LLC and Vince Intermediate entered into a \$175,000 senior secured term loan facility (as amended from time to time, the “2013 Term Loan Facility”) with the lenders party thereto, Bank of America, N.A. (“BofA”), as administrative agent, JP Morgan Chase Bank and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers, and Cantor Fitzgerald as documentation agent. The 2013 Term Loan Facility would have matured on November 27, 2019. Vince, LLC and Vince Intermediate were borrowers and VHC was a guarantor under the 2013 Term Loan Facility.

On August 21, 2018, the Company refinanced the 2013 Term Loan Facility by entering into the 2018 Term Loan Facility and the 2018 Revolving Credit Facility. All outstanding amounts under the 2013 Term Loan Facility of \$29,146, including interest, were repaid in full and the 2013 Term Loan Facility was terminated.

2013 Revolving Credit Facility

On November 27, 2013, Vince, LLC entered into a \$50,000 senior secured revolving credit facility (as amended from time to time, the “2013 Revolving Credit Facility”) with BofA as administrative agent. Vince, LLC was the borrower and VHC and Vince Intermediate were the guarantors under the 2013 Revolving Credit Facility. On June 3, 2015, Vince, LLC entered into a first amendment to the 2013 Revolving Credit Facility, that among other things, increased the aggregate commitments under the facility from \$50,000 to \$80,000, subject to a loan cap which was the lesser of (i) the Borrowing Base, as defined in the loan agreement, (ii) the aggregate commitments, or (iii) \$70,000 until debt obligations under the Company’s 2013 Term Loan Facility have been paid in full, and extended the maturity date from November 27, 2018 to June 3, 2020.

On August 21, 2018, the Company refinanced the 2013 Revolving Credit Facility by entering into the 2018 Term Loan Facility and the 2018 Revolving Credit Facility. All outstanding amounts under the 2013 Revolving Credit Facility of \$40,689, including interest, were repaid in full and the 2013 Revolving Credit Facility was terminated.

Acquired Businesses Short-Term Borrowings

On July 23, 2014, Parker Lifestyle, LLC, as borrower, and Sun Capital Partners V, L.P., as guarantor, entered into a Loan Authorization Agreement with BMO Harris Bank N.A., as lender, for a revolving credit facility. On December 21, 2016, that facility was amended to include Rebecca Taylor, Inc. The maximum credit line was \$25,000 (the “BMO Obligations”) subject to a maximum credit limit, which required that the sum of (i) the aggregate principal amounts of loans outstanding, (ii) the aggregate undrawn stated amount of letters of credit issued under the credit facility, and (iii) the aggregate amount of any unreimbursed draws under any letters of credit issued, shall not exceed the credit limit. Any letters of credit issued under the BMO Obligations credit facility were subject to the same maximum credit line. On November 3, 2019, in conjunction with the acquisition of the Acquired Businesses, \$19,099 plus accrued interest of the cash consideration was used to pay-off the outstanding debt obligation under this facility. On November 3, 2019, at the request of the Company and upon the satisfaction of certain release conditions, the BMO Obligations were released.

Off-Balance Sheet Arrangements

We did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities, that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes during the periods presented herein.

Contractual Obligations

The following table summarizes our contractual obligations as of February 1, 2020:

(in thousands)	Future payments due by period				
	2020	2021-2022	2023-2024	Thereafter	Total
Unrecorded contractual obligations					
Other contractual obligations (1)	\$ 38,585	\$ 1,124	\$ —	\$ —	\$ 39,709
Recorded contractual obligations					
Operating lease obligations	27,472	49,535	37,211	19,692	133,910
Long-term debt obligations	2,750	5,500	16,500	—	24,750
Tax Receivable Agreement (2)				2,320	2,320
Total	\$ 68,807	\$ 56,159	\$ 53,711	\$ 22,012	\$ 200,689

(1) Consists primarily of inventory purchase obligations and service contracts.

Subsequent to February 1, 2020, the Company reduced certain inventory purchase obligations totaling approximately \$1,900 as part of its operational adjustments in response to the COVID-19 pandemic.

(2) VHC entered into the Tax Receivable Agreement with the Pre-IPO Stockholders (as described in Note 14 “Related Party Transactions” to the Consolidated Financial Statements in this Annual Report).

The summary above does not include the following items:

- As of February 1, 2020, we have recorded \$2,304 of unrecognized tax benefits, excluding interest and penalties. We are unable to make reliable estimates of cash flows by period due to the inherent uncertainty surrounding the effective settlement of these positions.
- Interest payable under the 2018 Term Loan Facility, which is calculated at a rate equal to the 90-day LIBOR rate (subject to a 0% floor) plus applicable margins subject to a pricing grid based on a minimum Consolidated EBITDA (as defined in the credit agreement for the 2018 Term Loan Facility) calculation.
- Interest payable under the 2018 Revolving Credit facility, which is calculated at either the LIBOR or the Base Rate, in each case, with applicable margins subject to a pricing grid based on an average daily excess availability calculation. The “Base Rate” means, for any day, a fluctuating rate per annum equal to the highest of (i) the rate of interest in effect for such day as publicly announced from time to time by Citizens as its prime rate; (ii) the Federal Funds Rate for such day, plus 0.5%; and (iii) the LIBOR Rate for a one month interest period as determined on such day, plus 1.00%.

Seasonality

The apparel and fashion industry in which we operate is cyclical and, consequently, our revenues are affected by general economic conditions and the seasonal trends characteristic to the apparel and fashion industry. Purchases of apparel are sensitive to a number of factors that influence the level of consumer spending, including economic conditions and the level of disposable consumer income, consumer debt, interest rates and consumer confidence as well as the impact of adverse weather conditions. In addition, fluctuations in the amount of sales in any fiscal quarter are affected by the timing of seasonal wholesale shipments and other events affecting direct-to-consumer sales; as such, the financial results for any particular quarter may not be indicative of results for the fiscal year. We expect such seasonality to continue.

Inflation

While inflation may impact our sales, cost of goods sold and expenses, we believe the effects of inflation on our results of operations and financial condition are not significant. While it is difficult to accurately measure the impact of inflation, management believes it has not been significant and cannot provide any assurances that our results of operations and financial condition will not be materially impacted by inflation in the future.

Critical Accounting Policies

Management's discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of these financial statements requires estimates and judgments that affect the reported amounts of our assets, liabilities, revenues and expenses. Management bases estimates on historical experience and other assumptions it believes to be reasonable under the circumstances and evaluates these estimates on an on-going basis. Actual results may differ from these estimates under different assumptions or conditions.

The following critical accounting policies reflect the significant estimates and judgments used in the preparation of our consolidated financial statements. With respect to critical accounting policies, even a relatively minor variance between actual and expected experience can potentially have a materially favorable or unfavorable impact on subsequent consolidated results of operations. For more information on our accounting policies, please refer to the Notes to Consolidated Financial Statements in this Annual Report.

Revenue Recognition and Reserves for Allowances

The Company recognizes revenue when performance obligations identified under the terms of contracts with its customers are satisfied, which generally occurs upon the transfer of control in accordance with the contractual terms and conditions of the sale. Sales are recognized when the control of the goods are transferred to the customer for the Company's wholesale businesses, upon receipt by the customer for the Company's e-commerce businesses, and at the time of sale to the consumer for the Company's retail businesses. Sales are measured as the amount of consideration the Company expects to receive in exchange for transferring goods, which includes estimates for variable consideration. Variable consideration mainly includes discounts, chargebacks, markdown allowances, cooperative advertising programs, and sales returns. Estimated amounts of discounts, chargebacks, markdown allowances, cooperative advertising programs, and sales returns are accounted for as reductions of sales when the associated sale occurs. These estimated amounts are adjusted periodically based on changes in facts and circumstances when the changes become known. On the Company's consolidated balance sheet, reserves for sales returns are included within other accrued liabilities, and the value of inventory associated with reserves for sales returns are included in prepaid expenses and other current assets. The Company continues to estimate the amount of sales returns based on known trends and historical return rates.

Accounts receivable are recorded net of allowances for expected future chargebacks and margin support from wholesale partners. It is the nature of the apparel and fashion industry that suppliers like us face significant pressure from wholesale partners in the retail industry to provide allowances to compensate for their margin shortfalls. This pressure often takes the form of customers requiring us to provide price concessions on prior shipments as a prerequisite for obtaining future orders. Pressure for these concessions is largely determined by overall retail sales performance and, more specifically, the performance of our products at retail. To the extent our wholesale partners have more of our goods on hand at the end of the season, there will be greater pressure for us to grant markdown concessions on prior shipments. Our accounts receivable balances are reported net of expected allowances for these matters based on the historical level of concessions required and our estimates of the level of markdowns and allowances that will be required in the coming season. We evaluate the allowance balances on a continual basis and adjust them as necessary to reflect changes in anticipated allowance activity. We also provide an allowance for sales returns based on known trends and historical return rates.

At February 1, 2020, a hypothetical 1% change in the reserves for allowances would have resulted in a change of \$137 in accounts receivable and net sales.

Inventory Valuation

Inventory values are reduced to net realizable value when there are factors indicating that certain inventories will not be sold on terms sufficient to recover their cost. Out-of-season inventories may be sold to off-price retailers and other customers who serve a customer base that will purchase prior year fashions and may be liquidated through our outlets and our e-commerce websites. The amount, if any, that these customers will pay for prior year fashions is determined by the desirability of the inventory itself as well as the general level of prior year goods available to these customers. The assessment of inventory value, as a result, is highly subjective and requires an assessment of the seasonality of the inventory, its future desirability, and future price levels in the off-price sector.

In our wholesale businesses, some of our products are purchased for and sold to specific customers' orders. For the remainder of our business, products are purchased in anticipation of selling them to a specific customer based on historical trends. The loss of a major customer, whether due to the customer's financial difficulty or other reasons, could have a significant negative impact on the value of the inventory expected to be sold to that customer. This negative impact can also extend to purchase obligations for goods that have not yet been received. These obligations involve product to be received into inventory over the next one to six months.

At February 1, 2020, a hypothetical 1% change in the inventory obsolescence reserve would have resulted in a change of \$36 in inventory, net and cost of products sold.

Fair Value Assessments of Goodwill and Other Indefinite-Lived Intangible Assets

Goodwill and other indefinite-lived intangible assets are tested for impairment at least annually and in an interim period if a triggering event occurs. As discussed in further detail below, we determined that a triggering event occurred during the second quarter of fiscal 2019.

An entity may elect to perform a qualitative impairment assessment for goodwill and indefinite-lived intangible assets. If adverse qualitative trends are identified during the qualitative assessment that indicate that it is more likely than not that the fair value of a reporting unit or indefinite-lived intangible asset is less than its carrying amount, a quantitative impairment test is required. “Step one” of the quantitative impairment test for goodwill requires an entity to determine the fair value of each reporting unit and compare such fair value to the respective carrying amount. If the estimated fair value of the reporting unit exceeds the carrying value of the net assets assigned to that reporting unit, goodwill is not impaired, and we are not required to perform further testing. If the carrying amount of the reporting unit exceeds its estimated fair value, an impairment loss is recorded for the amount by which a reporting unit’s carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The goodwill impairment test is dependent on a number of factors, including estimates of future growth, profitability and cash flows, discount rates and other variables. We base our estimates on assumptions we believe to be reasonable, but which are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

We estimate the fair value of our tradename intangible assets using a discounted cash flow valuation analysis, which is based on the “relief from royalty” methodology. This methodology assumes that in lieu of ownership, a third party would be willing to pay a royalty in order to exploit the related benefits of these types of assets. The relief from royalty approach is dependent on a number of factors, including estimates of future growth, royalty rates in the category of intellectual property, discount rates and other variables. We base our fair value estimates on assumptions we believe to be reasonable, but which are unpredictable and inherently uncertain. Actual future results may differ from those estimates. We recognize an impairment loss when the estimated fair value of the tradename intangible asset is less than the carrying value.

An entity may pass on performing the qualitative assessment for a reporting unit or indefinite-lived intangible asset and directly perform the quantitative assessment. This determination can be made on an asset by asset basis, and an entity may resume performing a qualitative assessment in subsequent periods.

During the second quarter of fiscal 2019, the Company identified facts and circumstances that indicated that the fair value of goodwill associated with Rebecca Taylor and Parker, the Rebecca Taylor tradename and the Parker tradename may not be recoverable, resulting in the determination that a triggering event had occurred. Because of decreases in projected revenues and declines in margins due to increases of aged inventory related to the Rebecca Taylor and Parker brands that were considered other than temporary, the Company performed a quantitative assessment on goodwill and these indefinite-lived intangible assets.

The Company estimated the fair value of the Rebecca Taylor and Parker tradename intangible assets using the relief from royalty methodology and determined that the fair value of the Rebecca Taylor and Parker tradenames were below their carrying amounts. Accordingly, the Company recorded an impairment charge for the Rebecca Taylor and Parker tradename intangible assets of \$11,247, which was recorded within Impairment of goodwill and intangible assets on the Consolidated Statements of Operations and Comprehensive Income (Loss) in fiscal 2019. Significant assumptions utilized in these analyses included projected revenue growth rates, royalty rates and discount rates. A quantitative impairment test on the goodwill allocated to the Rebecca Taylor and Parker reporting unit determined that the fair value was below the carrying value. The Company estimated the fair value using the income valuation approach. “Step one” of the assessment determined that the fair value was below the carrying amount by \$2,129, and as a result the Company recorded a goodwill impairment charge of \$2,129 within Impairment of goodwill and intangible assets on the Consolidated Statements of Operations and Comprehensive Income (Loss) in fiscal 2019. There were no impairment charges for fiscal 2018.

In accordance with Accounting Standards Codification 350, indefinite-lived intangibles should be reassessed each reporting period to determine whether events or circumstances continue to support an indefinite life. Based on the factors that led to the recognition of the Parker tradename impairment charge the Company determined that the indefinite life classification was no longer appropriate for the Parker tradename. Accordingly, the Company determined a 10-year useful life was more appropriate and began amortizing the Parker tradename as of the beginning of the third quarter of fiscal 2019.

In both fiscal 2019 and fiscal 2018, the Company performed its annual impairment test during the fourth quarter. The Company elected to perform a qualitative impairment test on goodwill allocated to the Company’s Vince Wholesale reporting unit and concluded that it was more likely than not that the fair value of the Company’s Vince Wholesale reporting unit exceeded its carrying value and was not impaired. Goodwill was \$41,435 as of February 1, 2020 and February 2, 2019.

The Company also elected to perform a qualitative impairment test on its Vince tradename intangible asset and concluded that it is more likely than not that the fair value of the Company’s Vince tradename intangible asset exceeds its carrying value and the Vince tradename intangible asset is not impaired. There was no additional impairment as part of the annual impairment test for Rebecca Taylor tradename. Tradename intangible assets were \$76,730 and \$88,006 as of February 1, 2020 and February 2, 2019 respectively, which is included within Intangible assets, net in our consolidated balance sheets.

Furthermore, in light of the COVID-19 pandemic, it is likely there will be goodwill and intangible asset impairment charges recognized in the first fiscal quarter ended May 2, 2020.

Property and Equipment, Operating Lease Assets and Other Finite-Lived Intangible Assets

The Company reviews its property and equipment, operating lease assets and finite-lived intangible assets for impairment when the existence of facts and circumstances indicate that the useful life is shorter than previously estimated or that the carrying amount of such assets may not be recoverable from future operations based on undiscounted cash flow. Recoverability of these assets is evaluated by comparing the carrying value of the asset with estimated future undiscounted cash flows. If the comparisons indicate that the value of the asset is not recoverable, an impairment loss is calculated as the difference between the carrying value and the fair value of the asset and the loss is recognized during that period. The fair value of operating lease assets is based on the present value of comparable market rents. The long-lived asset impairment test is dependent on a number of factors, including estimates of future growth, profitability and cash flows, discount rates and other variables.

During the second quarter of fiscal 2019, the Company identified facts and circumstances that indicated that the net book value of finite-lived intangible assets associated with Rebecca Taylor and Parker may not be recoverable, resulting in the determination that a triggering event had occurred. We recorded a non-cash asset impairment charge of \$6,115 related to the Rebecca Taylor and Parker customer relationships, within Impairment of goodwill and intangible assets on the Consolidated Statements of Operations and Comprehensive Income (Loss), as we had determined that the fair value of these customer relationships was \$0. Significant assumptions utilized in these analyses included projected revenue growth rates and discount rates.

During fiscal 2019, we recorded non-cash asset impairment charges of \$818, within SG&A expenses on the Consolidated Statements of Operations and Comprehensive Income (Loss), related to the impairment of certain retail stores as the carrying values were determined not to be recoverable. The impairment charge consisted of \$641 related to property and equipment and \$177 related to operating lease right-of-use assets. The carrying amounts of these assets were adjusted to their estimated fair values. Prior to the impairment charge, the assets associated with these retail stores had a total net book value of \$1,620.

During fiscal 2018, we recorded non-cash asset impairment charges of \$1,684, within SG&A expenses on the Consolidated Statements of Operations and Comprehensive Income (Loss), related to the impairment of property and equipment for certain retail stores as the carrying values were determined not to be recoverable. The carrying amounts of these assets were adjusted to their estimated fair values. Prior to the impairment charge, these retail stores had a total net book value of \$1,740.

The finite-lived intangible assets are comprised of customer relationships which are being amortized on a straight-line basis over their useful lives of 20 years. After the impairment of the Parker tradename as discussed in "Fair Value Assessments of Goodwill and Other Indefinite-Lived Intangible Assets" above, the Parker tradename intangible asset is now being amortized on a straight-line basis over its useful life of 10 years.

Furthermore, in light of the COVID-19 pandemic, it is likely there will be property and equipment, operating lease asset or other finite-lived intangible asset impairment charges recognized in the first fiscal quarter ended May 2, 2020.

Tax Receivable Agreement

In connection with the consummation of the IPO, we entered into a Tax Receivable Agreement with the Pre-IPO Stockholders. The Tax Receivable Agreement provides for payments to the Pre-IPO Stockholders in an amount equal to 85% of the aggregate reduction in taxes payable realized by the Company and its subsidiaries from the utilization of the Pre-IPO Tax Benefits. Amounts payable under the Tax Receivable Agreement are contingent upon, among other things, (i) generation of future taxable income over the term of the Tax Receivable Agreement and (ii) changes in tax laws. If we do not generate sufficient taxable income in the aggregate over the term of the Tax Receivable Agreement to utilize the tax benefits, then we would not be required to make the related payment obligations under the Tax Receivable Agreement. Therefore, we would only recognize a liability for the Tax Receivable Agreement obligation if we determine if it is probable that we will generate sufficient future taxable income over the term of the Tax Receivable Agreement to utilize the related tax benefits. Estimating future taxable income is inherently uncertain and requires judgment. In projecting future taxable income, we consider our historical results and incorporate certain assumptions, including revenue growth, operating margins, and projected retail location openings, among others. If we determine in the future that we will not be able to fully utilize all or part of the related tax benefits, we would derecognize the portion of the liability related to benefits not expected to be utilized. Alternatively, if we generate additional future taxable income beyond our current estimate, we would recognize additional liability related to benefits expected to be utilized.

As of February 1, 2020, our TRA liability was recorded at \$2,320 after reducing the liability by \$55,953 as a result of changes in the levels of projected pre-tax income, as well as the acquisition of NOLs from the Acquired Businesses. The TRA liability is classified as non-current under Other liabilities on our Consolidated Balance Sheets.

In light of the impact of the COVID-19 pandemic, the TRA liability will likely be reduced to zero in the first fiscal quarter ended May 2, 2020.

Income taxes and Valuation Allowances

We account for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities at enacted rates. We assess the likelihood of the realization of deferred tax assets and adjust the carrying amount of these deferred tax assets by a valuation allowance to the extent we believe it more likely than not that all or a portion of the deferred tax assets will not be realized. We consider many factors when assessing the likelihood of future realization of deferred tax assets, including recent earnings results within taxing jurisdictions, expectations of future taxable income, the carryforward periods available and other relevant factors. Changes in the required valuation allowance are recorded in income in the period such determination is made. Significant judgment is required in determining the provision for income taxes. Changes in estimates may create volatility in our effective tax rate in future periods for various reasons, including changes in tax laws or rates, changes in forecasted amounts of pretax income (loss), settlements with various tax authorities, either favorable or unfavorable, the expiration of the statute of limitations on some tax positions and obtaining new information about particular tax positions that may cause management to change its estimates. The ultimate tax outcome is uncertain for certain transactions. We recognize tax positions in our Consolidated Balance Sheets as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with tax authorities assuming full knowledge of the position and all relevant facts.

Due to the uncertain nature of the realization of our deferred income tax assets, during the fourth quarter of fiscal 2016, we recorded valuation allowances within Provision for income taxes on the Consolidated Statements of Operations and Comprehensive Income (Loss). During fiscal 2019, the Company recorded additional valuation allowances in the amount of \$1,402 and maintained a full valuation allowance on its deferred tax assets as it does not believe it is more likely than not that such deferred tax assets will be recognized. This valuation allowance is subject to periodic review, and if the allowance is reduced, the tax benefit will be recorded in the future operations as a reduction of our income tax expense.

Recent Accounting Pronouncements

For information on certain recently issued or proposed accounting standards which may impact the Company, please refer to the notes to Consolidated Financial Statements in this Annual Report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As a “smaller reporting company” as defined by Rule 12b-2 of the Security Act of 1934, as amended (the “Exchange Act”), we are not required to provide the information in this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

See “Index to the Audited Consolidated Financial Statements,” which is located on page F-1 appearing at the end of this Annual Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Attached as exhibits to this Annual Report are certifications of our Chief Executive Officer and Chief Financial Officer. Rule 13a-14 of the Exchange Act requires that we include these certifications with this report. This Controls and Procedures section includes information concerning the disclosure controls and procedures referred to in the certifications. You should read this section in conjunction with the certifications.

Disclosure Controls and Procedures

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, management has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of February 1, 2020.

Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of February 2, 2019 due to the material weakness in our internal control over financial reporting described below.

As a result of the material weakness identified, we performed additional analysis, substantive testing and other post-closing procedures intended to ensure that our consolidated financial statements were prepared in accordance with U.S.GAAP. Accordingly, management believes that the consolidated financial statements and related notes thereto included in this Annual Report on Form 10-K fairly present, in all material respects, the Company's financial condition, results of operations and cash flows for the periods presented.

Changes in Internal Control Over Financial Reporting

There have been no changes in internal control over financial reporting during the quarter ended February 1, 2020 that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed 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. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of February 1, 2020. In making this assessment, management used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control-Integrated Framework* (2013). Based on this assessment, management has concluded that, as of February 1, 2020, our internal control over financial reporting was not effective, as management identified a deficiency in internal control over financial reporting that was determined to rise to the level of a material weakness. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In accordance with guidance issued by the Securities and Exchange Commission, companies are permitted to exclude acquisitions from their final assessment of internal control over financial reporting for the first fiscal year in which the acquisition occurred. We have excluded from our evaluation of internal control over financial reporting the internal control activities of our Acquired Businesses, Rebecca Taylor, Inc. and Parker Holding, LLC, which we acquired on November 3, 2019 (refer to Note 2 "Business Combinations" to the accompanying consolidated financial statements for additional information). The Acquired Businesses comprised approximately 12% of the Company's total assets at February 1, 2020 and approximately 20% of the Company's total revenue for fiscal 2019. As of February 1, 2020, we are in the process of evaluating the internal controls of the Acquired Businesses and integrating them into our existing operations.

We previously identified and disclosed in our Annual Report on Form 10-K for the period ended February 2, 2019, as well as in our Quarterly Reports on Form 10-Q for each interim period in fiscal 2019, a material weakness in our internal control over financial reporting relating to the following:

IT general controls

We did not maintain adequate user access controls to ensure appropriate segregation of duties and to adequately restrict access to financial applications and data.

This material weakness did not result in a material misstatement to the annual or interim consolidated financial statements. However, this material weakness could impact the effectiveness of IT-dependent controls (such as automated controls that address the risk of material misstatement to one or more assertions, along with the IT controls and underlying data that support the effectiveness of system-generated data and reports) that could result in a misstatement impacting account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

This annual report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the company to provide only management's report in this annual report.

Remediation Efforts to Address the Material Weakness

During fiscal 2019, we made continued progress on our comprehensive remediation plan related to this material weakness by implementing the following controls and procedures:

- The Company implemented and executed procedures designed to monitor and evaluate system change reports related to the order entry/ERP system;
- The Company modified its system access rights to limit the use of generic ID's, particularly in instances where those ID's possessed privileged access rights; and
- The Company effectively designed and implemented a full recertification of AX user access rights.

To fully address the remediation of deficiencies related to segregation of duties, we will need to fully remediate the deficiencies regarding systems access discussed below.

Management continues to follow a comprehensive remediation plan to fully address this material weakness. The remediation plan includes implementing and effectively operating controls related to the routine reviews of user system access and user re-certifications, inclusive of those related to users with privileged access, as well as, to ensure user's access rights to systems are removed timely upon termination.

While we have reported a material weakness that is not remediated in fiscal 2019, we believe we made continued progress in addressing financial, compliance, and operational risks and improving controls across the Company. Until the material weakness is remediated, we will continue to perform additional analysis, substantive testing, and other post-closing procedures to ensure that our consolidated financial statements are prepared in accordance with U.S. GAAP.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by this Item is incorporated herein by reference from the Company's definitive proxy statement for its 2020 annual meeting of stockholders, filed as Exhibit 99.1 to this Annual Report.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item is incorporated herein by reference from the Company's definitive proxy statement for its 2020 annual meeting of stockholders, filed as Exhibit 99.1 to this Annual Report.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by this Item is incorporated herein by reference from the Company's definitive proxy statement for its 2020 annual meeting of stockholders, filed as Exhibit 99.1 to this Annual Report.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this Item is incorporated herein by reference from the Company's definitive proxy statement for its 2020 annual meeting of stockholders, filed as Exhibit 99.1 to this Annual Report.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information required by this Item is incorporated herein by reference from the Company's definitive proxy statement for its 2020 annual meeting of stockholders, filed as Exhibit 99.1 to this Annual Report.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

- (a) Financial Statements and Financial Statement Schedules. See “Index to the Audited Consolidated Financial Statements” which is located on F-1 of this Annual Report on Form 10-K.
- (b) Exhibits. See the exhibit index which is included herein.

Exhibit Listing:

Exhibit Number	Exhibit Description
3.1	<u>Amended & Restated Certificate of Incorporation of Vince Holding Corp.</u> (incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on November 27, 2013).
3.2	<u>Amended & Restated Bylaws of Vince Holding Corp.</u> (incorporated by reference to Exhibit 3.2 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on November 27, 2013).
3.3	<u>Certificate of Amendment of Amended and Restated Certificate of Incorporation</u> (incorporated by reference to Exhibit 3.01 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on September 8, 2017).
4.1	<u>Form of Stock certificate</u> (incorporated by reference to Exhibit 4.1 to the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 25, 2018).
4.2	<u>Registration Agreement, dated as of February 20, 2008, among Apparel Holding Corp., Sun Cardinal, LLC, SCSF Cardinal, LLC and the Other Investors party thereto</u> (incorporated by reference to Exhibit 4.2 to the Company’s Registration Statement on Form S-1 (File No. 333-191336) filed with the Securities and Exchange Commission on September 24, 2013).
4.3	<u>Description of Vince Holding Corp.’s Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934</u>
10.1	<u>Shared Services Agreement, dated as of November 27, 2013, between Vince, LLC and Kellwood Company, LLC</u> (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on November 27, 2013).
10.2	<u>Tax Receivable Agreement, dated as of November 27, 2013, between Vince Intermediate Holding, LLC, the Stockholders, and Sun Cardinal, LLC as Stockholder Representative</u> (incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on November 27, 2013).
10.3	<u>Consulting Agreement, dated as of November 27, 2013, between Vince Holding Corp. and Sun Capital Partners Management V, LLC</u> (incorporated by reference to Exhibit 10.3 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on November 27, 2013).
10.4	<u>Credit Agreement, dated as of November 27, 2013, by and among Vince, LLC, Vince Intermediate Holding, LLC, Bank of America, N.A., as Administrative Agent, J.P. Morgan Securities LLC, as Syndication Agent, Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, as Joint Lead Arrangers and Joint Bookrunners, and Cantor Fitzgerald Securities, as Documentation Agent</u> (incorporated by reference to Exhibit 10.5 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on November 27, 2013).
10.5	<u>Credit Agreement, dated as of November 27, 2013, by and among Vince, LLC, the guarantors party thereto, Bank of America, N.A., as Agent, the other lenders party thereto and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Sole Lead Arranger and Sole Book Runner</u> (incorporated by reference to Exhibit 10.4 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on November 27, 2013).

Exhibit Number	Exhibit Description
10.6†	<u>Form of Indemnification Agreement (for directors and officers affiliated with Sun Capital Partners)</u> (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 27, 2013).
10.7†	<u>Form of Indemnification Agreement (for directors and officers not affiliated with Sun Capital Partners)</u> (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 27, 2013).
10.8†	<u>Vince Holding Corp. Amended and Restated 2013 Omnibus Incentive Plan</u> (incorporated by reference to Annex A to the Company's Information Statement on Schedule 14C filed with the Securities and Exchange Commission on April 26, 2018).
10.9†	<u>Form of Non-Qualified Stock Option Agreement</u> (incorporated by reference to Exhibit 10.15 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 27, 2013).
10.10†	<u>Form of Director Restricted Stock Unit Agreement</u> (incorporated by reference to Exhibit 10.16 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 27, 2013).
10.11†	<u>Vince Holding Corp. Amended and Restated 2013 Employee Stock Purchase Plan</u> (incorporated by reference to Annex A to the Company's Information Statement on Schedule 14C filed with the Securities and Exchange Commission on September 3, 2015).
10.12	<u>First Amendment to Credit Agreement, dated as of June 3, 2015, by and among Vince, LLC, the guarantors party thereto, Bank of America, N.A., as Agent, the other lenders party thereto and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Sole Lead Arranger and Sole Book Runner</u> (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on September 8, 2015).
10.13	<u>First Amendment to the Tax Receivable Agreement, dated as of September 1, 2015, between Vince Holding Corp., the Stockholders, and the Stockholder Representative</u> (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on December 10, 2015).
10.14†	<u>Employment Agreement, dated as of October 22, 2015, by and between Vince, LLC to Brendan Hoffman</u> (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on December 10, 2015).
10.15†	<u>Employment Offer Letter, dated as of January 12, 2016, by and between Vince, LLC and David Stefko</u> (incorporated by reference to Exhibit 10.44 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 14, 2016).
10.16†	<u>Employment Offer Letter, dated as of June 30, 2016, by and between Vince, LLC and Mark Engebretson</u> (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on December 8, 2016).
10.17†	<u>Amendment No. 1 to Employment Offer Letter, dated as of September 12, 2016, by and between Vince, LLC to Mark Engebretson</u> (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on December 8, 2016).
10.18	<u>Side Letter to Credit Agreement, dated as of March 6, 2017, by and among Vince, LLC, Vince Intermediate Holding, LLC, Vince Holding Corp. and Bank of America, N.A.</u> (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on June 8, 2017).
10.19	<u>Side Letter to Credit Agreement, dated as of April 14, 2017, by and among Vince, LLC, Vince Intermediate Holding, LLC, Vince Holding Corp. and Bank of America, N.A.</u> (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on June 8, 2017).
10.20	<u>First Amendment to the Credit Agreement, dated as of June 30, 2017, by and among Vince, LLC, Vince Intermediate Holding, LLC, Vince Holding Corp. and Bank of America, N.A.</u> (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 5, 2017).

Exhibit Number	Exhibit Description
10.21	<u>Side Letter to the Credit Agreement, dated as of June 30, 2017, by and among Vince, LLC, Vince Intermediate Holding, LLC, Vince Holding Corp and Bank of America N.A.</u> (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 5, 2017).
10.22	<u>Second Amendment to the Credit Agreement, dated as of June 22, 2017, by and among Vince, LLC, the guarantors party thereto, Bank of America, N.A., as Agent, the other lenders party thereto and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Sole Lead Arranger and Sole Book Runner by and among the Company, the guarantors parties thereto, BofA, as administrative agent, and each lender party thereto</u> (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 5, 2017).
10.23	<u>Third Amendment to the Credit Agreement, dated as of March 28, 2018, by and among Vince, LLC, the guarantors party thereto, Bank of America, N.A., as Agent, the other lenders party thereto and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Sole Lead Arranger and Sole Book Runner by and among the Company, the guarantors parties thereto, BofA, as administrative agent, and each lender party thereto</u> (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 29, 2018).
10.24	<u>Letter Agreement, dated June 22, 2017, with Bank of America, N.A.</u> (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 5, 2017).
10.25	<u>Agreement, dated as of July 13, 2017, by and between Vince, LLC and Rebecca Taylor, Inc.</u> (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 14, 2017).
10.26†	<u>Employment Offer Letter, dated as of January 10, 2017, by and between Vince, LLC and Marie Fogel</u> (incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 12, 2019).
10.27†	<u>Amendment No. 1 to Employment Offer Letter, dated as of July 11, 2017, by and between Vince, LLC and Marie Fogel</u> (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 12, 2019).
10.28	<u>Amendment No. 2 to Employment Offer Letter, dated as of June 29, 2018, by and between Vince, LLC and Marie Fogel</u> (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 12, 2019).
10.29	<u>Credit Agreement ("2018 Revolving Credit Facility Credit Agreement"), dated as of August 21, 2018, by and among Vince, LLC as the borrower, the guarantors named therein, Citizens Bank, N.A., as administrative agent and collateral agent, and the other lenders from time to time party thereto</u> (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 21, 2018).
10.30	<u>First Amendment to 2018 Revolving Credit Facility Credit Agreement, dated November 1, 2020</u> (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on December 12, 2019).
10.31	<u>Joinder, Confirmation, Ratification, Commitment Increase and Second Amendment to Credit Agreement and Ancillary Documents, dated as of November 4, 2019, by and among Vince, LLC, as borrower, the guarantors named therein, Rebecca Taylor, Inc., Parker Holding, LLC, Parker Lifestyle, LLC, Rebecca Taylor Retail Store, LLC, Citizens Bank, N.A., as the administrative agent under 2018 Revolving Credit Facility Credit Agreement, and other lenders from time to time party thereto</u> (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities Exchange Commission on November 5, 2019).
10.32	<u>Credit Agreement ("2018 Term Loan Facility Credit Agreement"), dated as of August 21, 2018, by and among Vince, LLC as the borrower, the guarantors named therein, Crystal Financial, LLC, as administrative agent and collateral agent, and the other lenders from time to time party thereto</u> (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 21, 2018).

Exhibit Number	Exhibit Description
10.33	Joinder, Confirmation, Ratification, Commitment Increase and Amendment to Credit Agreement and Related Documents, dated as of November 4, 2019, by and among Vince, LLC, as the borrower, the guarantors named therein, Rebecca Taylor, Inc., Rebecca Taylor Retail Store, LLC, Parker Lifestyle, LLC, Parker Holding, LLC and Crystal Financial LLC, as administrative agent and collateral agent under 2018 Term Loan Facility Credit Agreement.
10.34†	Form of Restricted Stock Unit Agreement with respect to RSUs granted to Brendan Hoffman and David Stefko on May 25, 2018 (incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 12, 2019).
10.35†	Form of Restricted Stock Unit Agreement with respect to RSUs granted pursuant to the Company's annual long-term incentive program (incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 12, 2019).
10.36†	Form of Restricted Stock Unit Agreement with respect to RSUs granted pursuant to the Company's 2018 Option Exchange (incorporated by reference to Exhibit (d)(9) to the Company's Tender Offer Statement on Schedule TO filed with the Securities and Exchange Commission on April 26, 2018).
10.37	Equity Purchase Agreement, dated November 4, 2019 and effective November 3, 2019, by and between Vince, LLC and Contemporary Lifestyle Group, LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Securities Exchange Commission on November 5, 2019).
10.38	Employment Offer Letter, dated May 23, 2019, by and between Vince, LLC and Lee Meiner.
21.1	List of subsidiaries of Vince Holding Corp.
23.1	Consent of PricewaterhouseCoopers LLP
23.2	Consent of Crowe LLP
31.1	CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	CEO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	CFO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Definitive Proxy Statement, dated June 11, 2020
101	Financial Statements in XBRL Format

† Indicates exhibits that constitute management contracts or compensatory plans or arrangements

ITEM 16. FORM 10-K SUMMARY.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VINCE HOLDING CORP.

By: /s/ Brendan Hoffman
Name: Brendan Hoffman
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed by the following persons in the capacities and on the dates listed.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Brendan Hoffman</u> Brendan Hoffman	Chief Executive Officer (Principal Executive Officer) (Director)	June 11, 2020
<u>/s/ David Stefko</u> David Stefko	Executive Vice President, Chief Financial Officer (Principal Financial and Accounting Officer)	June 11, 2020
<u>/s/ Matthew Garff</u> Matthew Garff	Director	June 11, 2020
<u>/s/ Jerome Griffith</u> Jerome Griffith	Director	June 11, 2020
<u>/s/ Robin Kramer</u> Robin Kramer	Director	June 11, 2020
<u>/s/ Marc J. Leder</u> Marc J. Leder	Director	June 11, 2020
<u>/s/ Michael Mardy</u> Michael Mardy	Director	June 11, 2020
<u>/s/ Eugenia Ulasewicz</u> Eugenia Ulasewicz	Director	June 11, 2020

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Vince Holding Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Vince Holding Corp. and its subsidiaries (the “Company”) as of February 1, 2020 and February 2, 2019, and the related consolidated statements of operations and comprehensive income (loss), of stockholders’ equity and of cash flows for the years then ended, including the related notes and the accompanying schedule of valuation and qualifying accounts for the years then ended (collectively referred to as the “consolidated financial statements”). In our opinion, based on our audits and the report of other auditors with respect to the consolidated financial statements as of and for the year ended February 2, 2019, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of February 1, 2020 and February 2, 2019, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Contemporary Lifestyle Group, LLC, as of and for the year ended February 2, 2019, which statements reflect total assets of \$62.1 million as of February 2, 2019, and total revenues of \$82.7 million for the year then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for Contemporary Lifestyle Group, LLC as of and for the year ended February 2, 2019, is based solely on the report of the other auditors.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for leases as of February 3, 2019.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

Emphasis of Matter

As discussed in Note 15 to the consolidated financial statements, in March 2020, the Company shut down all of its domestic and international retail locations alongside other retailers, including its wholesale partners, in response to COVID-19 which has resulted in a sharp decline in the Company's revenue and ability to generate cash flows from operations. Management's evaluation of these events and conditions and management's plans to mitigate these matters are also described in Note 15.

/s/ PricewaterhouseCoopers LLP
New York, New York
June 11, 2020

We have served as the Company's auditor since 2012.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders of
Vince Holding Corp.
New York, New York

Opinion on the Financial Statements

We have audited the consolidated balance sheet of Contemporary Lifestyle Group LLC, and Subsidiaries (the "Company") as of February 2, 2019, the related consolidated statements of operations, comprehensive income, member's equity, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements", but not presented separately herein). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of February 2, 2019, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Crowe LLP

We have served as the Company's auditor since 2017.

Oak Brook, Illinois
June 11, 2020

VINCE HOLDING CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	February 1, 2020	February 2, 2019 *
Assets		
Current assets:		
Cash and cash equivalents	\$ 466	\$ 209
Trade receivables, net	40,660	38,038
Inventories, net	66,393	71,634
Prepaid expenses and other current assets	6,725	9,634
Total current assets	<u>114,244</u>	<u>119,515</u>
Property and equipment, net	25,274	29,317
Operating lease right-of-use assets, net	94,632	—
Intangible assets, net	81,533	100,491
Goodwill	41,435	43,564
Deferred income taxes	102	203
Other assets	5,082	3,942
Total assets	<u>\$ 362,302</u>	<u>\$ 297,032</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 43,075	\$ 40,256
Accrued salaries and employee benefits	9,620	6,933
Other accrued expenses	14,194	11,633
Short-term lease liabilities	20,638	—
Short-term borrowings	—	17,649
Current portion of long-term debt	2,750	2,750
Total current liabilities	<u>90,277</u>	<u>79,221</u>
Long-term debt	48,680	42,340
Deferred rent	—	17,177
Long-term lease liabilities	90,211	—
Other liabilities	2,354	59,048
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Common stock at \$0.01 par value (100,000,000 shares authorized, 11,680,593 and 11,622,994 shares issued and outstanding at February 1, 2020 and February 2, 2019, respectively)	117	116
Additional paid-in capital	1,137,147	1,135,401
Accumulated deficit	(1,006,381)	(1,036,188)
Accumulated other comprehensive loss	(103)	(83)
Total stockholders' equity	<u>130,780</u>	<u>99,246</u>
Total liabilities and stockholders' equity	<u>\$ 362,302</u>	<u>\$ 297,032</u>

See accompanying notes to Consolidated Financial Statements.

* Fiscal 2018 amounts reflect the retrospective combination of the entities. See Note 2 "Business Combinations" for additional details.

VINCE HOLDING CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(In thousands, except per share data and share amounts)

	Fiscal Year	
	2019	2018 *
Net sales	\$ 375,187	\$ 361,679
Cost of products sold	196,757	192,273
Gross profit	178,430	169,406
Impairment of goodwill and intangible assets	19,491	—
Selling, general and administrative expenses	179,329	164,049
(Loss) income from operations	(20,390)	5,357
Interest expense, net	4,958	6,922
Other (income) expense, net	(55,842)	237
Income (loss) before income taxes	30,494	(1,802)
Provision for income taxes	98	156
Net income (loss)	\$ 30,396	\$ (1,958)
Other comprehensive income (loss):		
Foreign currency translation adjustments	(20)	(18)
Comprehensive income (loss)	\$ 30,376	\$ (1,976)
Earnings (loss) per share:		
Basic earnings (loss) per share	\$ 2.60	\$ (0.17)
Diluted earnings (loss) earnings per share	\$ 2.55	\$ (0.17)
Weighted average shares outstanding:		
Basic	11,665,541	11,619,828
Diluted	11,929,299	11,619,828

See accompanying notes to Consolidated Financial Statements.

* Fiscal 2018 amounts reflect the retrospective combination of the entities. See Note 2 "Business Combinations" for additional details.

VINCE HOLDING CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share amounts)

	<u>Common Stock</u>		<u>Additional Paid- In Capital</u>	<u>Accumulated Deficit</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Total Stockholders' Equity</u>
	<u>Number of Shares Outstanding</u>	<u>Par Value</u>				
Balance as of February 3, 2018 *	11,616,500	\$ 116	\$ 1,134,048	\$ (1,034,230)	\$ (65)	\$ 99,869
Comprehensive income:						
Net loss	—	—	—	(1,958)	—	(1,958)
Foreign currency translation adjustment	—	—	—	—	(18)	(18)
Total Comprehensive Income						(1,976)
Share-based compensation expense	—	—	1,335	—	—	1,335
Exercise of stock options and issuance of common stock under employee stock purchase plan ("ESPP")	1,654	—	18	—	—	18
Restricted stock unit vestings	4,840	—	—	—	—	—
Balance as of February 2, 2019 *	11,622,994	116	1,135,401	(1,036,188)	(83)	99,246
Comprehensive income:						
Net income	—	—	—	30,396	—	30,396
Foreign currency translation adjustment	—	—	—	—	(20)	(20)
Total Comprehensive Income						30,376
Cumulative effect of accounting change from adoption of ASU 2016-02	—	—	—	(589)	—	(589)
Share-based compensation expense	—	—	2,033	—	—	2,033
Restricted stock unit vestings	79,918	1	—	—	—	1
Tax withholdings related to restricted stock vesting	(24,509)	—	(321)	—	—	(321)
Issuance of common stock related to ESPP	2,190	—	34	—	—	34
Balance as of February 1, 2020	<u>11,680,593</u>	<u>\$ 117</u>	<u>\$ 1,137,147</u>	<u>\$ (1,006,381)</u>	<u>\$ (103)</u>	<u>\$ 130,780</u>

See accompanying notes to Consolidated Financial Statements.

* Fiscal 2017 and 2018 amounts reflect the retrospective combination of the entities. See Note 2 "Business Combinations" for additional details.

VINCE HOLDING CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Twelve Months Ended	
	February 1, 2020	February 2, 2019
Operating activities		
Net income (loss)	\$ 30,396	\$ (1,958)
Add (deduct) items not affecting operating cash flows:		
Adjustment to Tax Receivable Agreement Liability	(55,953)	—
Impairment of goodwill and intangible assets	19,491	—
Depreciation and amortization	9,602	11,298
Impairment of property and equipment and Lease ROU assets	818	1,684
Loss on disposal of property and equipment	128	293
Deferred rent	—	(1,476)
Deferred income taxes	101	176
Share-based compensation expense	2,033	1,335
Loss on debt extinguishment	—	816
Amortization of deferred financing cost	554	660
Other, net	(304)	106
Changes in assets and liabilities:		
Receivables, net	(2,628)	(9,922)
Inventories	5,252	(10,875)
Prepaid expenses and other current assets	2,942	224
Accounts payable and accrued expenses	7,606	9,928
Other assets and liabilities	(3,219)	327
Net cash provided by operating activities	<u>16,819</u>	<u>2,616</u>
Investing activities		
Payments for capital expenditures	(4,523)	(3,699)
Net cash used in investing activities	<u>(4,523)</u>	<u>(3,699)</u>
Financing activities		
Net proceeds from borrowings under the Revolving Credit Facilities	8,707	2,116
Net (repayment of) proceeds from borrowings under the Acquired Businesses Revolving Credit Facilities	(17,649)	1,084
Proceeds from borrowings under the Term Loan Facilities	—	27,500
Repayment of borrowings under the Term Loan Facilities	(2,750)	(33,000)
Tax payments related to restricted stock vesting	(321)	—
Proceeds from stock option exercises, restricted stock vesting, and issuance of common stock under employee stock purchase plan	35	18
Financing fees	(13)	(2,455)
Net cash used in financing activities	<u>(11,991)</u>	<u>(4,737)</u>
Increase (decrease) in cash, cash equivalents, and restricted cash	305	(5,820)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(20)	2
Cash, cash equivalents, and restricted cash, beginning of period	361	6,179
Cash, cash equivalents, and restricted cash, end of period	646	361
Less: restricted cash at end of period	180	152
Cash and cash equivalents per balance sheet at end of period	<u>\$ 466</u>	<u>\$ 209</u>
Supplemental Disclosures of Cash Flow Information		
Cash payments on Tax Receivable Agreement obligation	\$ —	\$ 351
Cash payments for interest	4,195	5,481
Cash payments for income taxes, net of refunds	(13)	27
Supplemental Disclosures of Non-Cash Investing and Financing Activities		
Capital expenditures in accounts payable and accrued liabilities	494	103

See accompanying notes to Consolidated Financial Statements.

* Fiscal 2018 amounts reflect the retrospective combination of the entities. See Note 2 "Business Combinations" for additional details.

VINCE HOLDING CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share data and share amounts)

Note 1. Description of Business and Summary of Significant Accounting Policies

On November 27, 2013, Vince Holding Corp. (“VHC” or the “Company”), previously known as Apparel Holding Corp., closed an initial public offering (“IPO”) of its common stock and completed a series of restructuring transactions (the “Restructuring Transactions”) through which Kellwood Holding, LLC acquired the non-Vince businesses, which included Kellwood Company, LLC (“Kellwood Company” or Kellwood), from the Company. The Company continues to own and operate the Vince business, which includes Vince, LLC. References to “Vince”, “Rebecca Taylor” or “Parker” refer only to the referenced brand.

Prior to the IPO and the Restructuring Transactions, VHC was a diversified apparel company operating a broad portfolio of fashion brands, which included the Vince business. As a result of the IPO and Restructuring Transactions, the non-Vince businesses were separated from the Vince business, and the stockholders immediately prior to the consummation of the Restructuring Transactions (the “Pre-IPO Stockholders”) (through their ownership of Kellwood Holding, LLC) retained the full ownership and control of the non-Vince businesses. The Vince business is now the sole operating business of VHC.

On November 18, 2016, Kellwood Intermediate Holding, LLC and Kellwood Company, LLC entered into a Unit Purchase Agreement with Sino Acquisition, LLC (the “Kellwood Purchaser”) whereby the Kellwood Purchaser agreed to purchase all of the outstanding equity interests of Kellwood Company, LLC. Prior to the closing, Kellwood Intermediate Holding, LLC and Kellwood Company, LLC conducted a pre-closing reorganization pursuant to which certain assets of Kellwood Company, LLC were distributed to a newly formed subsidiary of Kellwood Intermediate Holding, LLC, St. Louis Transition, LLC (“St. Louis, LLC”). The transaction closed on December 21, 2016 (the “Kellwood Sale”).

On November 3, 2019, Vince, LLC, an indirectly wholly owned subsidiary of VHC, completed its acquisition (the “Acquisition”) of 100% of the equity interests of Rebecca Taylor, Inc. and Parker Holding, LLC (collectively, the “Acquired Businesses”) from Contemporary Lifestyle Group, LLC (“CLG”). The Acquired Businesses represented all of the operations of CLG. Because the Acquisition was a transaction between commonly controlled entities, GAAP requires the retrospective combination of the entities for all periods presented as if the combination had been in effect since the inception of common control. Accordingly, the Company’s audited financial statements included in this Annual Report, including for the fiscal year ended February 2, 2019, reflect the retrospective combination of the entities as if the combination had been in effect since inception of common control. See Note 2 “Business Combinations” for further information.

(A) Description of Business: The Company is a global contemporary group, consisting of three brands: Vince, Rebecca Taylor, and Parker. Vince, established in 2002, is a leading global luxury apparel and accessories brand best known for creating elevated yet understated pieces for every day effortless style. Rebecca Taylor, founded in 1996 in New York City, is a high-end women’s contemporary lifestyle brand inspired by beauty in the everyday. Parker, founded in 2008 in New York City, is a contemporary women’s fashion brand that is trend focused. The Company reaches its customers through a variety of channels, specifically through major wholesale department stores and specialty stores in the United States (“U.S.”) and select international markets, as well as through the Company’s branded retail locations and the Company’s websites. The Company designs products in the U.S. and sources the vast majority of products from contract manufacturers outside the U.S., primarily in Asia. Products are manufactured to meet the Company’s product specifications and labor standards.

(B) Basis of Presentation: The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”).

The consolidated financial statements include the Company’s accounts and the accounts of the Company’s wholly-owned subsidiaries as of February 1, 2020. All intercompany accounts and transactions have been eliminated in consolidation. In the opinion of management, the financial statements contain all adjustments (consisting solely of normal recurring adjustments) and disclosures necessary for a fair statement.

As noted above, the Company’s audited financial statements for the fiscal year ended February 2, 2019, as set forth in the 2018 Annual Report on Form 10-K now reflect the retrospective combination of the entities as if the combination had been in effect since inception of common control. See Note 2 “Business Combinations” for further information.

(C) **Fiscal Year:** The Company operates on a fiscal calendar widely used by the retail industry that results in a given fiscal year consisting of a 52 or 53-week period ending on the Saturday closest to January 31.

- References to “fiscal year 2019” or “fiscal 2019” refer to the fiscal year ended February 1, 2020; and
- References to “fiscal year 2018” or “fiscal 2018” refer to the fiscal year ended February 2, 2019.

Fiscal years 2019 and 2018 consisted of a 52-week period.

(D) **Sources and Uses of Liquidity:** The Company’s sources of liquidity are cash and cash equivalents, cash flows from operations, if any, borrowings available under the 2018 Revolving Credit Facility and the Company’s ability to access capital markets. The Company’s primary cash needs are funding working capital requirements, meeting debt service requirements and capital expenditures for new stores and related leasehold improvements. See Note 15, “Subsequent Events” for further discussion regarding the impact of the novel coronavirus (“COVID-19”) on the Company’s sources and uses of liquidity.

(E) **Use of Estimates:** The preparation of consolidated financial statements in conformity with GAAP requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements which affect revenues and expenses during the period reported. Estimates are adjusted when necessary to reflect actual experience. Significant estimates and assumptions may affect many items in the financial statements. Actual results could differ from estimates and assumptions in amounts that may be material to the consolidated financial statements.

Significant estimates inherent in the preparation of the consolidated financial statements include accounts receivable allowances, customer returns, the net realizable value of inventory, reserves for contingencies, useful lives and impairments of long-lived tangible and intangible assets, the impact of COVID-19 in evaluating the Company’s sources and uses of liquidity, Tax Receivable Agreement obligation, and accounting for income taxes, among others.

(F) **Cash and cash equivalents:** All demand deposits and highly liquid short-term deposits with original maturities of three months or less are considered cash equivalents.

(G) **Accounts Receivable and Concentration of Credit Risk:** The Company maintains an allowance for accounts receivable estimated to be uncollectible. The provision for bad debts is included in Selling, general and administrative (“SG&A”) expense. Substantially all of the Company’s trade receivables are derived from sales to retailers and are recorded at the invoiced amount and do not bear interest. The Company performs ongoing credit evaluations of its wholesale partners’ financial condition and requires collateral as deemed necessary. The past due status of a receivable is based on its contractual terms. Account balances are charged off against the allowance when it is probable the receivable will not be collected.

Accounts receivable are recorded net of allowances including expected future chargebacks from wholesale partners and estimated margin support. It is the nature of the apparel and fashion industry that suppliers similar to the Company face significant pressure from customers in the retail industry to provide allowances to compensate for wholesale partner margin shortfalls. This pressure often takes the form of customers requiring the Company to provide price concessions on prior shipments as a prerequisite for obtaining future orders. Pressure for these concessions is largely determined by overall retail sales performance and, more specifically, the performance of the Company’s products at retail. To the extent the Company’s wholesale partners have more of the Company’s goods on hand at the end of the season, there will be greater pressure for the Company to grant markdown concessions on prior shipments. Accounts receivable balances are reported net of expected allowances for these matters based on the historical level of concessions required and estimates of the level of markdowns and allowances that will be required in the coming season. The Company evaluates the allowance balances on a continual basis and adjusts them as necessary to reflect changes in anticipated allowance activity. The Company also provides an allowance for sales returns based on known trends and historical return rates.

In fiscal 2019, sales to one wholesale partner accounted for more than ten percent of the Company’s net sales. These sales represented 22% of fiscal 2019 net sales. In fiscal 2018, sales to one wholesale partner accounted for more than ten percent of the Company’s net sales. These sales represented 22% of fiscal 2018 net sales.

Three wholesale partners each represented greater than ten percent of the Company’s gross accounts receivable balance as of February 1, 2020, with a corresponding aggregate total of 60% of such balance. Four wholesale partners each represented greater than ten percent of the Company’s gross accounts receivable balance as of February 2, 2019, with a corresponding aggregate total of 72% of such balance.

(H) **Inventories:** Inventories are stated at the lower of cost or net realizable value. Cost is determined on the first-in, first-out basis. The cost of inventory includes purchase cost as well as sourcing, transportation, duty, and other processing costs associated with acquiring, importing, and preparing inventory for sale. Inventory costs are included in cost of products sold at the time of their sale. Product development costs are expensed in SG&A expense when incurred. Inventory values are reduced to net realizable value when there are factors indicating that certain inventories will not be sold on terms sufficient to recover their cost. Inventories consisted of finished goods. As of February 1, 2020 and February 2, 2019, finished goods, net of reserves were \$66,393 and \$71,634, respectively.

The Company has two major suppliers that accounted for approximately 34% of inventory purchases for fiscal 2019. Amounts due to these suppliers was \$3,173 included in accounts payable in the consolidated balance sheet as of February 1, 2020. The Company had two major suppliers that accounted for approximately 26% of inventory purchases for fiscal 2018. Amounts due to these suppliers was \$3,968 included in accounts payable in the consolidated balance sheet as of February 2, 2019.

(I) **Property and Equipment:** Property and equipment are stated at cost. Depreciation is computed on the straight-line method over estimated useful lives of three to ten years for furniture, fixtures, and equipment. Leasehold improvements are depreciated on the straight-line basis over the shorter of their estimated useful lives or the lease term, excluding renewal terms. Capitalized software is depreciated on the straight-line basis over the estimated economic useful life of the software, generally three to seven years. Maintenance and repair costs are charged to earnings while expenditures for major renewals and improvements are capitalized. Upon the disposition of property and equipment, the accumulated depreciation is deducted from the original cost and any gain or loss is reflected in current earnings. Property and equipment consisted of the following:

(in thousands)	February 1, 2020	February 2, 2019
Leasehold improvements	\$ 43,075	\$ 41,705
Furniture, fixtures and equipment	14,565	13,777
Capitalized software	12,516	12,048
Construction in process	905	362
Total property and equipment	71,061	67,892
Less: accumulated depreciation	(45,787)	(38,575)
Property and equipment, net	\$ 25,274	\$ 29,317

Depreciation expense was \$7,886 and \$8,601 for fiscal 2019 and fiscal 2018, respectively.

(J) **Impairment of Long-lived Assets:** The Company reviews long-lived assets which consist of property and equipment, operating lease assets and intangible assets with a finite life for impairment when the existence of facts and circumstances indicate that the useful life is shorter than previously estimated or that the carrying amount of an asset group may not be recoverable from future operations based on undiscounted expected future cash flows. The asset group is defined as the lowest level for which identifiable cash flows are available and largely independent of the cash flows of other groups of assets, which for our retail stores is at the store level. The estimated fair value of the asset or asset group is based on discounted future cash flows of the asset or asset group using a discount rate commensurate with the related risk. 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 estimates can be affected by factors such as future store results, real estate demand, store closure plans, property specific discount rate and economic conditions that can be difficult to predict.

During fiscal 2019, the Company recorded non-cash asset impairment charges of \$818, within SG&A expenses on the Consolidated Statements of Operations and Comprehensive Income (Loss), related to the impairment of certain retail stores as the carrying values were determined not to be recoverable. The impairment charge consisted of \$641 related to property and equipment and \$177 related to operating lease right-of-use assets. The carrying amounts of these assets were adjusted to their estimated fair values. Additionally, during the second quarter of fiscal 2019, the Company identified facts and circumstances that indicated that the net book value of finite-lived intangible assets associated with Rebecca Taylor and Parker may not be recoverable, resulting in the determination that a triggering event had occurred. The Company recorded a non-cash asset impairment charge of \$6,115 related to the Rebecca Taylor and Parker customer relationships within Impairment of goodwill and intangible assets on the Consolidated Statements of Operations and Comprehensive Income (Loss), as the Company had determined that the fair value of these customer relationships was \$0. Significant assumptions utilized in these analyses included projected revenue growth rates and discount rates.

During fiscal 2018, the Company recorded non-cash asset impairment charges of \$1,684 within SG&A expenses on the Consolidated Statements of Operations and Comprehensive Income (Loss), related to the impairment of property and equipment for certain retail stores as the carrying values were determined not to be recoverable. The carrying amounts of these assets were adjusted to their estimated fair values.

(K) **Goodwill and Other Intangible Assets:** Goodwill and other indefinite-lived intangible assets are tested for impairment at least annually and in an interim period if a triggering event occurs. As discussed in further detail below, we determined that a triggering event occurred during the second quarter of fiscal 2019.

Goodwill is not allocated to the Company's operating segments in the measure of segment assets regularly reported to and used by management, however goodwill is allocated to operating segments (goodwill reporting units) for the purpose of the annual impairment test for goodwill.

Goodwill represents the excess of the cost of acquired businesses over the fair market value of the identifiable net assets. The indefinite-lived intangible assets are the Vince tradename and the Rebecca Taylor tradename.

An entity may elect to perform a qualitative impairment assessment for goodwill and indefinite-lived intangible assets. If adverse qualitative trends are identified during the qualitative assessment that indicate that it is more likely than not that the fair value of a reporting unit or indefinite-lived intangible asset is less than its carrying amount, a quantitative impairment test is required. "Step one" of the quantitative impairment test for goodwill requires an entity to determine the fair value of each reporting unit and compare such fair value to the respective carrying amount. If the estimated fair value of the reporting unit exceeds the carrying value of the net assets assigned to that reporting unit, goodwill is not impaired, and the Company is not required to perform further testing. If the carrying amount of the reporting unit exceeds its estimated fair value, an impairment loss is recorded for the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The goodwill impairment test is dependent on a number of factors, including estimates of future growth, profitability and cash flows, discount rates and other variables. The Company bases its estimates on assumptions it believes to be reasonable, but which are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

The Company estimates the fair value of the tradename intangible assets using a discounted cash flow valuation analysis, which is based on the "relief from royalty" methodology. This methodology assumes that in lieu of ownership, a third party would be willing to pay a royalty in order to exploit the related benefits of these types of assets. The relief from royalty approach is dependent on a number of factors, including estimates of future growth, royalty rates in the category of intellectual property, discount rates and other variables. The Company bases its fair value estimates on assumptions it believes to be reasonable, but which are unpredictable and inherently uncertain. Actual future results may differ from those estimates. The Company recognizes an impairment loss when the estimated fair value of the tradename intangible asset is less than the carrying value.

An entity may pass on performing the qualitative assessment for a reporting unit or indefinite-lived intangible asset and directly perform the quantitative assessment. This determination can be made on an asset by asset basis, and an entity may resume performing a qualitative assessment in subsequent periods.

During the second quarter of fiscal 2019, the Company identified facts and circumstances that indicated that the fair value of goodwill associated with Rebecca Taylor and Parker, the Rebecca Taylor tradename and the Parker tradename may not be recoverable, resulting in the determination that a triggering event had occurred. Because of decreases in projected revenues and declines in margins due to increases of aged inventory related to the Rebecca Taylor and Parker brands that were considered other than temporary, the Company performed a quantitative assessment on goodwill and these indefinite-lived intangible assets.

The Company estimated the fair value of the Rebecca Taylor and Parker tradename intangible assets using the relief from royalty methodology and determined that the fair value of the Rebecca Taylor and Parker tradenames were below their carrying amounts. Accordingly, the Company recorded an impairment charge for the Rebecca Taylor and Parker tradename intangible assets of \$11,247, which was recorded within Impairment of goodwill and intangible assets on the Consolidated Statements of Operations and Comprehensive Income (Loss) in fiscal 2019. Significant assumptions utilized in these analyses included projected revenue growth rates, royalty rates and discount rates. A quantitative impairment test on the goodwill allocated to the Rebecca Taylor and Parker reporting unit determined that the fair value was below the carrying value. The Company estimated the fair value using the income valuation approach. "Step one" of the assessment determined that the fair value was below the carrying amount by \$2,129, and as a result the Company recorded a goodwill impairment charge of \$2,129 within Impairment of goodwill and intangible assets on the Consolidated Statements of Operations and Comprehensive Income (Loss) in fiscal 2019. There were no impairment charges for fiscal 2018.

Determining the fair value of goodwill and other intangible assets is judgmental in nature and requires the use of significant estimates and assumptions, including revenue growth rates and operating margins, discount rates and future market conditions, among others. It is possible that estimates of future operating results could change adversely and impact the evaluation of the recoverability of the carrying value of goodwill and intangible assets and that the effect of such changes could be material.

In accordance with Accounting Standards Codification ("ASC") 350, indefinite-lived intangibles should be reassessed each reporting period to determine whether events or circumstances continue to support an indefinite life. Based on the impairment charge calculated, the Company determined that the indefinite life classification was no longer appropriate for the Parker tradename. Accordingly, the Company determined a 10-year useful life was more appropriate and began amortizing the Parker tradename as of the beginning of the third quarter of fiscal 2019. The remaining definite-lived intangible assets are comprised of customer relationships and are being amortized on a straight-line basis over their useful lives of 20 years.

In both fiscal 2019 and fiscal 2018, the Company performed its annual impairment test during the fourth quarter. The Company elected to perform a qualitative impairment test on goodwill allocated to the Company's Vince Wholesale reporting unit and

concluded that it was more likely than not that the fair value of the Company's Vince Wholesale reporting unit exceeded its carrying value and was not impaired. Goodwill was \$41,435 as of February 1, 2020 and February 2, 2019.

The Company also elected to perform a qualitative impairment test on its Vince tradename intangible asset and concluded that it is more likely than not that the fair value of the Company's Vince tradename intangible asset exceeds its carrying value and the Vince tradename intangible asset is not impaired. There was no additional impairment as part of the annual impairment test for Rebecca Taylor tradename. Tradename intangible assets were \$76,730 and \$88,006 as of February 1, 2020 and February 2, 2019 respectively, which is included within Intangible assets, net in our consolidated balance sheets.

See Note 3 "Goodwill and Intangible Assets" for more information on the details surrounding goodwill and intangible assets.

(L) Deferred Financing Costs: Deferred financing costs, such as underwriting, financial advisory, professional fees, and other similar fees are capitalized and recognized in interest expense over the contractual life of the related debt instrument using the straight-line method, as this method results in recognition of interest expense that is materially consistent with that of the effective interest method.

(M) Leases: The Company determines if a contract contains a lease at inception. The Company leases various office spaces, showrooms and retail stores which generally have initial terms of 10 years and cannot be extended or can be extended for one additional 5-year term, with the exception of a few recent leases which are on shorter terms. The Company will not include renewal options in the underlying lease term unless the Company is reasonably certain to exercise the renewal option. Substantially all of the Company's leases require a fixed annual rent, and most require the payment of additional rent if store sales exceed a negotiated amount. These percentage rent expenses are considered as variable lease costs and are recognized in the consolidated financial statements when incurred. In addition, the Company's real estate leases may also require additional payments for real estate taxes and other occupancy-related costs which it considers as non-lease components.

Operating lease right-of-use ("ROU") assets and operating lease liabilities are recognized based upon the present value of the future lease payments over the lease term. As the Company's leases do not provide an implicit borrowing rate, the Company uses an estimated incremental borrowing rate based upon combination of market-based factors, such as market quoted forward yield curves and company specific factors, such as the Company's credit rating, lease size and duration to calculate the present value.

(N) Revenue Recognition: The Company recognizes revenue when performance obligations identified under the terms of contracts with its customers are satisfied, which generally occurs upon the transfer of control in accordance with the contractual terms and conditions of the sale. Sales are recognized when the control of the goods are transferred to the customer for the Company's wholesale business, upon receipt by the customer for the Company's e-commerce business, and at the time of sale to the consumer for the Company's retail business. See Note 13 "Segment Information" for disaggregated revenue amounts by segment.

Revenue associated with gift cards is recognized upon redemption and unredeemed balances are considered a contract liability and recorded within other accrued expenses, which are subject to escheatment within the jurisdictions in which it operates. As of February 1, 2020 and February 2, 2019, the contract liability was \$1,585 and \$1,428, respectively. In fiscal 2019, the Company recognized \$303 of revenue that was previously included in the contract liability as of February 2, 2019.

Amounts billed to customers for shipping and handling costs are not material. Such shipping and handling costs are accounted for as a fulfillment cost and are included in cost of products sold. Sales taxes that are collected by the Company from a customer are excluded from revenue.

Sales are measured as the amount of consideration the Company expects to receive in exchange for transferring goods, which includes estimates for variable consideration. Variable consideration mainly includes discounts, chargebacks, markdown allowances, cooperative advertising programs, and sales returns. Estimated amounts of discounts, chargebacks, markdown allowances, cooperative advertising programs, and sales returns are accounted for as reductions of sales when the associated sale occurs. These estimated amounts are adjusted periodically based on changes in facts and circumstances when the changes become known. On the Company's consolidated balance sheet, reserves for sales returns are included within other accrued liabilities, and the value of inventory associated with reserves for sales returns are included in prepaid expenses and other current assets. The Company continues to estimate the amount of sales returns based on known trends and historical return rates.

(O) Cost of Products Sold: The Company's cost of products sold and gross margins may not necessarily be comparable to that of other entities as a result of different practices in categorizing costs. The primary components of the Company's cost of products sold are as follows:

- the cost of purchased merchandise, including raw materials;
- the cost of inbound transportation, including freight;

- the cost of the Company's production and sourcing departments;
- other processing costs associated with acquiring and preparing the inventory for sale; and
- shrink and valuation reserves.

(P) Marketing and Advertising: The Company provides cooperative advertising allowances to certain of its customers. These allowances are accounted for as reductions in sales as discussed in "Revenue Recognition" above. Production expense related to company-directed advertising is deferred until the first time at which the advertisement runs. All other expenses related to company-directed advertising are expensed as incurred. Marketing and advertising expense recorded in SG&A expenses was \$17,581 and \$15,081 in fiscal 2019 and fiscal 2018, respectively. At February 1, 2020 and February 2, 2019, deferred production expenses associated with company-directed advertising were \$749 and \$941, respectively.

(Q) Share-Based Compensation: New, modified and unvested share-based payment transactions with employees, such as stock options and restricted stock units, are measured at fair value and recognized as compensation expense over the requisite service period and is included as a component of SG&A expenses in the Consolidated Statements of Operations and Comprehensive Income (Loss). Additionally, share-based awards granted to non-employees are expensed over the period in which the related services are rendered at their fair value, using the Black Scholes Pricing Model to determine fair value. Forfeitures are accounted for as they occur.

(R) Income Taxes: The Company accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities at enacted rates. The Company assesses the likelihood of the realization of deferred tax assets and adjusts the carrying amount of these deferred tax assets by a valuation allowance to the extent the Company believes it more likely than not that all or a portion of the deferred tax assets will not be realized. Many factors are considered when assessing the likelihood of future realization of deferred tax assets, including recent earnings results within taxing jurisdictions, expectations of future taxable income, the carryforward periods available and other relevant factors. Changes in the required valuation allowance are recorded in income in the period such determination is made. The Company recognizes tax positions in the Consolidated Balance Sheets as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with tax authorities assuming full knowledge of the position and all relevant facts. Accrued interest and penalties related to unrecognized tax benefits are included in income taxes in the Consolidated Statements of Operations and Comprehensive Income (Loss).

(S) Earnings Per Share: Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Except when the effect would be anti-dilutive, diluted earnings per share is calculated based on the weighted average number of shares of common stock outstanding plus the dilutive effect of share-based awards calculated under the treasury stock method.

(T) Recent Accounting Pronouncements:

Except as noted below, the Company has considered all recent accounting pronouncements and has concluded that there are no recent accounting pronouncements that may have a material impact on its Consolidated Financial Statements, based on current information.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02: "*Leases (Topic 842)*", a new lease accounting standard. The guidance requires lessees to recognize right-of-use lease assets and lease liabilities on the balance sheet for those leases currently classified as operating leases. In July 2018, the FASB issued ASU 2018-11: "*Leases (Topic 842): Targeted improvements*" which provides companies with an additional transition method to apply the new guidance at the adoption date instead of the earliest period presented in the financial statements. The Company adopted the standard on February 3, 2019, the first day of fiscal 2019 instead of the earliest period presented in the financial statements per ASU 2018-11. See Note 12. "Leases" for additional details.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13: "*Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*". The ASU requires an impairment model (known as the current expected credit loss ("CECL") model) that is based on expected losses rather than incurred losses. Under the new guidance, each reporting entity should estimate an allowance for expected credit losses, which is intended to result in more timely recognition of losses. The new standard applies to trade receivables arising from revenue transactions. Under ASC 606, revenue is recognized when, among other criteria, it is probable that an entity will collect the consideration it is entitled to when goods or services are transferred to a customer. When trade receivables are

recorded, they become subject to the CECL model and estimates of expected credit losses on trade receivables over their contractual life will be required to be recorded at inception based on historical information, current conditions, and reasonable and supportable forecasts. This guidance is effective for smaller reporting companies for annual periods beginning after December 15, 2022, including the interim periods in the year. Early adoption is permitted. Management is currently evaluating the impact of this ASU on the consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15: “Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract”. The ASU is intended to align the requirements for capitalization of implementation costs incurred in a cloud computing arrangement that is a service contract with the existing guidance for internal-use software. This guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2019. The guidance provides flexibility in adoption, allowing for either retrospective adjustment or prospective adjustment for all implementation costs incurred after the date of adoption. We do not expect that the adoption of this ASU will have a material impact on our Consolidated Financial Statements.

In December 2019, the FASB issued ASU 2019-12: “Income Taxes (ASC 740): Simplifying the Accounting for Income Taxes.” The guidance simplifies the approach for intraperiod tax allocations, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. The guidance also clarifies and simplifies other areas of ASC 740. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Early adoption is permitted. Management is currently evaluating the impact of this ASU on the consolidated financial statements.

Note 2. Business Combinations

On November 4, 2019, Vince, LLC entered into an Equity Purchase Agreement (the “Purchase Agreement”) with CLG, providing for the Acquisition by Vince, LLC of 100% of the equity interests of the Acquired Businesses from CLG. The Acquisition was consummated effective on November 3, 2019.

The aggregate purchase price for the Acquisition was \$19,730, which amount was used to satisfy all outstanding obligations under the credit facility of the Acquired Businesses and for the payment of certain compensation expenses. The purchase price was paid in cash and funded under the 2018 Revolving Credit Facility which was upsized simultaneously with the Acquisition, as described in Note 5 “Long-Term Debt and Financing Arrangements”.

CLG is owned by affiliates of Sun Capital Partners, Inc. (collectively, “Sun Capital”). Sun Capital beneficially owns approximately 73% of the Company’s common stock. The Acquisition was reviewed and approved by the Special Committee of the Company’s Board of Directors, consisting solely of directors not affiliated with Sun Capital, who was represented by independent financial and legal advisors.

The Acquisition is treated for accounting purposes as a transaction by entities under common control within the scope of ASC Topic 805 “Business Combinations”. This guidance requires the retrospective combination of the entities for all periods presented as if the combination had been in effect since inception of common control. Therefore, the Company’s audited financial statements for the fiscal year ended February 2, 2019, now reflect the retrospective combination of the entities. Additionally, the combination of the entities reflects the historical balance sheet data for the Acquired Businesses. This presentation constitutes a change in reporting entity. The following table provides the impact of the change in reporting entity on our results of operations for fiscal 2018:

(in thousands)	Fiscal Year 2018
Income (loss) from operations	\$ 1,218
Net (loss) income	64
Other comprehensive income	(18)
Earnings (loss) per share:	
Basic (loss) earnings per share	\$ —
Diluted (loss) earnings per share	\$ —

During fiscal 2019, the Company incurred \$3,571 of transaction and other related costs related to the Acquisition, which have been expensed and are included in SG&A expense in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss).

Note 3. Goodwill and Intangible Assets

Net goodwill balances and changes therein by segment were as follows:

(in thousands)	Vince Wholesale	Vince Direct-to-consumer	Rebecca Taylor and Parker	Total Net Goodwill
Balance as of February 2, 2019	\$ 41,435	\$ —	\$ 2,129	\$ 43,564
Impairment charges	—	—	(2,129)	(2,129)
Balance as of February 1, 2020	<u>\$ 41,435</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 41,435</u>

The total carrying amount of goodwill was net of accumulated impairments of \$92,383 and \$90,254 as of February 1, 2020 and February 2, 2019, respectively. During the second quarter of fiscal 2019, the Company identified facts and circumstances that indicated that the fair value of goodwill associated with Rebecca Taylor and Parker may not be recoverable, resulting in the determination that a triggering event had occurred. As a result, the Company recorded a \$2,129 goodwill impairment charge in the Rebecca Taylor and Parker reporting unit. See Note 1 “Description of Business and Summary of Significant Accounting Policies – (K) Goodwill and Other Intangible Assets” for additional details. There were no impairments recorded as a result of the Company’s annual goodwill impairment test performed during fiscal 2019 and 2018.

The following tables present a summary of identifiable intangible assets:

(in thousands)	Gross Amount	Accumulated Amortization	Accumulated Impairments	Net Book Value
Balance as of February 1, 2020				
Amortizable intangible assets:				
Customer relationships	\$ 31,355	\$ (20,437)	\$ (6,115)	\$ 4,803
Tradename	13,100	(29)	(12,527)	544
Indefinite-lived intangible asset:				
Tradename	110,986	—	(34,800)	76,186
Total intangible assets	<u>\$ 155,441</u>	<u>\$ (20,466)</u>	<u>\$ (53,442)</u>	<u>\$ 81,533</u>

(in thousands)	Gross Amount	Accumulated Amortization	Accumulated Impairments	Net Book Value
Balance as of February 2, 2019				
Amortizable intangible assets:				
Customer relationships	\$ 31,355	\$ (18,870)	\$ —	\$ 12,485
Indefinite-lived intangible asset:				
Tradename	124,086	—	(36,080)	88,006
Total intangible assets	<u>\$ 155,441</u>	<u>\$ (18,870)</u>	<u>\$ (36,080)</u>	<u>\$ 100,491</u>

During the second quarter of fiscal 2019, the Company identified facts and circumstances that indicated that the fair value of the Rebecca Taylor tradename, the Parker tradename and Rebecca Taylor and Parker customer relationships may not be recoverable, resulting in the determination that a triggering event had occurred. As a result of comparing the fair value of these assets to their respective carrying values, the Company recorded an \$11,247 impairment charge associated with the Rebecca Taylor and Parker tradename intangible assets and \$6,115 of impairment charges for the Rebecca Taylor and Parker customer relationships. See Note 1 “Description of Business and Summary of Significant Accounting Policies – (J) Impairment of Long-Lived Assets and (K) Goodwill and Other Intangible Assets” for additional details. No impairments of the Company’s indefinite lived tradenames were recorded as a result of the Company’s annual asset impairment tests performed during fiscal 2019 and fiscal 2018.

In accordance with ASC 350, indefinite-lived intangibles should be reassessed each reporting period to determine whether events or circumstances continue to support an indefinite life. Based on the impairment charge calculated, the Company determined that the indefinite life classification was no longer appropriate for the Parker tradename. Accordingly, the Company determined a 10-year useful life was more appropriate and began amortizing the Parker tradename beginning in the third quarter of fiscal 2019.

Amortization of identifiable intangible assets was \$1,596 and \$2,536 for fiscal 2019 and fiscal 2018, respectively, which is included in SG&A expenses on the Consolidated Statements of Operations and Comprehensive Income (Loss). Amortization expense for each of the fiscal years 2020 to 2024 is expected to be as follows:

(in thousands)	<u>Future Amortization</u>
2020	\$ 655
2021	655
2022	655
2023	655
2024	655
Total next 5 fiscal years	<u>\$ 3,275</u>

Note 4. Fair Value Measurements

Accounting Standards Codification (“ASC”) Subtopic 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance outlines a valuation framework, creates a fair value hierarchy to increase the consistency and comparability of fair value measurements and details the disclosures that are required for items measured at fair value. Financial assets and liabilities are to be measured using inputs from three levels of the fair value hierarchy as follows:

Level 1—	quoted market prices in active markets for identical assets or liabilities
Level 2—	observable market-based inputs (quoted prices for similar assets and liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active) or inputs that are corroborated by observable market data
Level 3—	significant unobservable inputs that reflect the Company’s assumptions and are not substantially supported by market data

The Company did not have any non-financial assets or non-financial liabilities recognized at fair value on a recurring basis at February 1, 2020 or February 2, 2019. At February 1, 2020 and February 2, 2019, the Company believes that the carrying values of cash and cash equivalents, receivables, and accounts payable approximate fair value, due to the short-term maturity of these instruments. The Company’s debt obligations with a carrying value of \$52,473 as of February 1, 2020 are at variable interest rates. The carrying value of the Company’s 2018 Revolving Credit Facility approximates fair value as the stated interest rate approximates market rate currently available to the Company, which is considered a Level 2 input. The fair value of the Company’s 2018 Term Loan Facility was approximately \$25,000 as of February 1, 2020 based upon an estimated market value calculation that factors principal, time to maturity, interest rate, and current cost of debt, which is considered a Level 3 input.

The Company’s non-financial assets, which primarily consist of goodwill, intangible assets, ROU lease assets, and property and equipment, are not required to be measured at fair value on a recurring basis and are reported at their carrying values. However, on a periodic basis whenever events or changes in circumstances indicate that their carrying value may not be fully recoverable (and at least annually for goodwill and indefinite-lived intangible assets), non-financial assets are assessed for impairment, and if applicable, written down to (and recorded at) fair value.

The following tables present the non-financial assets the Company measured at fair value on a non-recurring basis in fiscal 2019 and fiscal 2018, based on such fair value hierarchy:

(in thousands)	Net Carrying Value as of February 1, 2020	Fair Value Measured and Recorded at Reporting Date Using:			Total Losses - Year Ended February 1, 2020
		Level 1	Level 2	Level 3	
Property and equipment	\$ —	\$ —	\$ —	\$ —	\$ 641 (1)
Goodwill	—	—	—	—	2,129 (2)
Tradenames - Indefinite-lived	5,086	—	—	5,086	3,550 (2)
Tradenames - Definite-lived	544	—	—	544	7,697 (2)
Customer Lists	—	—	—	—	6,115 (2)
ROU Assets	788	—	—	788	177 (1)

(in thousands)	Net Carrying Value as of February 2, 2019	Fair Value Measured and Recorded at Reporting Date Using:			Total Losses - Year Ended February 2, 2019
		Level 1	Level 2	Level 3	
Property and equipment	\$ 56	\$ —	\$ —	\$ 56	\$ 1,684 (1)

(1) Recorded within SG&A expenses on the Consolidated Statements of Operations and Comprehensive Income (Loss). See Note 1 “Description of Business and Summary of Significant Accounting Policies – (J) Impairment of Long-lived Assets” for additional information.

(2) Recorded within Impairment of goodwill and intangible assets on the Consolidated Statements of Operations and Comprehensive Income (Loss). See Note 1 “Description of Business and Summary of Significant Accounting Policies – (J) Impairment of Long-lived Assets and (K) Goodwill and Other Intangible Assets” for additional information.

Note 5. Long-Term Debt and Financing Arrangements

Debt obligations consisted of the following:

(in thousands)	February 1, 2020	February 2, 2019
Short-term borrowings:		
Acquired Businesses Short Term Borrowings	\$ —	\$ 17,649
Total short-term borrowings	\$ —	\$ 17,649
Long-term debt:		
Term Loan Facilities	\$ 24,750	\$ 27,500
Revolving Credit Facilities	27,723	19,016
Total debt principal	52,473	46,516
Less: current portion of long-term debt	2,750	2,750
Less: deferred financing costs	1,043	1,426
Total long-term debt	\$ 48,680	\$ 42,340

2018 Term Loan Facility

On August 21, 2018, Vince, LLC entered into a \$27,500 senior secured term loan facility (the “2018 Term Loan Facility”) pursuant to a credit agreement by and among Vince, LLC, as the borrower, VHC and Vince Intermediate Holdings, LLC, a direct subsidiary of VHC and the direct parent company of Vince, LLC (“Vince Intermediate”), as guarantors, Crystal Financial, LLC, as administrative agent and collateral agent, and the other lenders from time to time party thereto. The 2018 Term Loan Facility is subject to quarterly amortization of principal equal to 2.5% of the original aggregate principal amount of the 2018 Term Loan Facility, with the balance payable at final maturity. Interest is payable on loans under the 2018 Term Loan Facility at a rate equal to the 90-day LIBOR rate (subject to a 0% floor) plus applicable margins subject to a pricing grid based on a minimum Consolidated EBITDA (as defined in the credit agreement for the 2018 Term Loan Facility) calculation. During the continuance of certain specified events of default, interest will accrue on the outstanding amount of any loan at a rate of 2.0% in excess of the rate otherwise applicable to such amount. The 2018 Term Loan Facility matures on the earlier of August 21, 2023 and the maturity date of the 2018 Revolving Credit Facility (as defined below).

The 2018 Term Loan Facility contains a requirement that Vince, LLC maintain a Consolidated Fixed Charge Coverage Ratio (as defined in the credit agreement for the 2018 Term Loan Facility) as of the last day of any period of four fiscal quarters not to exceed 0.85:1.00 for the fiscal quarter ended November 3, 2018, 1.00:1.00 for the fiscal quarter ended February 2, 2019, 1.20:1.00 for the fiscal quarter ending May 4, 2019, 1.35:1.00 for the fiscal quarter ending August 3, 2019, 1.50:1.00 for the fiscal quarters ending November 2, 2019 and February 1, 2020 and 1.75:1.00 for the fiscal quarter ending May 2, 2020 and each fiscal quarter thereafter. In addition, the 2018 Term Loan Facility contains customary representations and warranties, other covenants, and events of default, including but not limited to, covenants with respect to limitations on the incurrence of additional indebtedness, liens, burdensome agreements, guarantees, investments, loans, asset sales, mergers, acquisitions, prepayment of other debt, the repurchase of capital stock, transactions with affiliates, and the ability to change the nature of the Company’s business or its fiscal year, and distributions and dividends. The 2018 Term Loan Facility generally permits dividends to the extent that no default or event of default is continuing or would result from a contemplated dividend, so long as (i) after giving pro forma effect to the contemplated dividend and for the following six months Excess Availability will be at least the greater of 20.0% of the Loan Cap (as defined in the credit agreement for the 2018 Term Loan Facility) and \$10,000, (ii) after giving pro forma effect to the contemplated dividend, the Consolidated Fixed

Charge Coverage Ratio for the 12 months preceding such dividend will be greater than or equal to 1.0 to 1.0 (provided that the Consolidated Fixed Charge Coverage Ratio may be less than 1.0 to 1.0 if, after giving pro forma effect to the contemplated dividend, Excess Availability for the six fiscal months following the dividend is at least the greater of 25.0% of the Loan Cap and \$12,500), and (iii) the pro forma Fixed Charge Coverage Ratio after giving effect to such contemplated dividend is no less than the minimum Consolidated Fixed Charge Coverage Ratio for such quarter. In addition, the 2018 Term Loan Facility is subject to a Borrowing Base (as defined in the credit agreement of the 2018 Term Loan Facility) which can, under certain conditions, result in the imposition of a reserve under the 2018 Revolving Credit Facility. As of February 1, 2020, the Company was in compliance with applicable covenants.

The 2018 Term Loan Facility also contains an Excess Cash Flow (as defined in the credit agreement for the 2018 Term Loan Facility) sweep requirement in which Vince, LLC remits 50% of Excess Cash Flow reduced on a dollar-for-dollar basis by any voluntary prepayments of the 2018 Term Loan Facility or the 2018 Revolving Credit Facility (to the extent accompanied by a permanent reduction in commitments) during such fiscal year or after the fiscal year but prior to the date of the excess cash flow payment, to be applied to the outstanding principal balance commencing 10 business days after the filing of the Company's Annual Report on Form 10-K starting from fiscal year ended February 1, 2020. There were no such payment due for fiscal year ended February 1, 2020.

Through February 1, 2020, on an inception to date basis, the Company had made repayments of \$2,750 on the 2018 Term Loan Facility.

Scheduled maturities of the 2018 Term Loan Facility are as follows:

(in thousands)	2018 Term Loan	
	Maturities	
Fiscal 2020	\$	2,750
Fiscal 2021		2,750
Fiscal 2022		2,750
Fiscal 2023		16,500
Total	\$	<u>24,750</u>

Subsequent to February 1, 2020, the Company entered into certain amendments for the 2018 Term Loan Facility. See Note 15 "Subsequent Events" for additional information.

2018 Revolving Credit Facility

On August 21, 2018, Vince, LLC entered into an \$80,000 senior secured revolving credit facility (the "2018 Revolving Credit Facility") pursuant to a credit agreement by and among Vince, LLC, as the borrower, VHC and Vince Intermediate, as guarantors, Citizens Bank, N.A. ("Citizens"), as administrative agent and collateral agent, and the other lenders from time to time party thereto. The 2018 Revolving Credit Facility provides for a revolving line of credit of up to \$80,000, subject to a Loan Cap, which is the lesser of (i) the Borrowing Base as defined in the credit agreement for the 2018 Revolving Credit Facility and (ii) the aggregate commitments, as well as a letter of credit sublimit of \$25,000. It also provides for an increase in aggregate commitments of up to \$20,000. The 2018 Revolving Credit Facility matures on the earlier of August 21, 2023 and the maturity date of the 2018 Term Loan Facility. On August 21, 2018, Vince, LLC incurred \$39,555 of borrowings, prior to which \$66,271 was available, given the Loan Cap as of such date.

Interest is payable on the loans under the 2018 Revolving Credit Facility at either the LIBOR or the Base Rate, in each case, with applicable margins subject to a pricing grid based on an average daily excess availability calculation. The "Base Rate" means, for any day, a fluctuating rate per annum equal to the highest of (i) the rate of interest in effect for such day as publicly announced from time to time by Citizens as its prime rate; (ii) the Federal Funds Rate for such day, plus 0.5%; and (iii) the LIBOR Rate for a one month interest period as determined on such day, plus 1.00%. During the continuance of certain specified events of default, at the election of Citizens, interest will accrue at a rate of 2.0% in excess of the applicable non-default rate.

The 2018 Revolving Credit Facility contains a requirement that, at any point when Excess Availability (as defined in the credit agreement for the 2018 Revolving Credit Facility) is less than 10.0% of the loan cap and continuing until Excess Availability exceeds the greater of such amounts for 30 consecutive days, Vince must maintain during that time a Consolidated Fixed Charge Coverage Ratio (as defined in the credit agreement for the 2018 Revolving Credit Facility) equal to or greater than 1.0 to 1.0 measured as of the last day of each fiscal month during such period.

The 2018 Revolving Credit Facility contains representations and warranties, other covenants and events of default that are customary for this type of financing, including covenants with respect to limitations on the incurrence of additional indebtedness, liens, burdensome agreements, guarantees, investments, loans, asset sales, mergers, acquisitions, prepayment of other debt, the repurchase of capital stock, transactions with affiliates, and the ability to change the nature of the Company's business or its fiscal year. The 2018 Revolving Credit Facility generally permits dividends in the absence of any event of default (including any event of default arising from a contemplated dividend), so long as (i) after giving pro forma effect to the contemplated dividend and for the following six months Excess Availability will be at least the greater of 20.0% of the Loan Cap and \$10,000 and (ii) after giving pro

forma effect to the contemplated dividend, the Consolidated Fixed Charge Coverage Ratio for the 12 months preceding such dividend will be greater than or equal to 1.0 to 1.0 (provided that the Consolidated Fixed Charge Coverage Ratio may be less than 1.0 to 1.0 if, after giving pro forma effect to the contemplated dividend, Excess Availability for the six fiscal months following the dividend is at least the greater of 25.0% of the Loan Cap and \$12,500). As of February 1, 2020, the Company was in compliance with applicable covenants.

On November 1, 2019, Vince, LLC entered into the First Amendment (the "First Revolver Amendment") to the 2018 Revolving Credit Facility, which provides the borrower the ability to elect the Daily LIBOR Rate in lieu of the Base Rate to be applied to the borrowings upon applicable notice. The "Daily LIBOR Rate" means a rate equal to the Adjusted LIBOR Rate in effect on such day for deposits for a one day period, provided that, upon notice and not more than once every 90 days, such rate may be substituted for a one week or one month period for the Adjusted LIBOR Rate for a one day period.

On November 4, 2019, Vince, LLC entered into the Second Amendment (the "Second Revolver Amendment") to the credit agreement of the 2018 Revolving Credit Facility. The Second Revolver Amendment increased the aggregate commitments under the 2018 Revolving Credit Facility by \$20,000 to \$100,000. Pursuant to the terms of the Second Revolver Amendment, the Acquired Businesses became guarantors under the 2018 Revolving Credit Facility and jointly and severally liable for the obligations thereunder. Simultaneously, Vince, LLC entered into a Joinder Amendment to the credit agreement of the 2018 Term Loan Facility whereby the Acquired Businesses became guarantors under the 2018 Term Loan Facility and jointly and severally liable for the obligations thereunder.

Subsequent to February 1, 2020, the Company entered into an amendment for the 2018 Revolving Credit Facility. See Note 15 "Subsequent Events" for additional information.

As of February 1, 2020, \$59,916 was available under the 2018 Revolving Credit Facility, net of the loan cap, and there were \$27,723 of borrowings outstanding and \$6,505 of letters of credit outstanding under the 2018 Revolving Credit Facility. The weighted average interest rate for borrowings outstanding under the 2018 Revolving Credit Facility as of February 1, 2020 was 3.3%.

As of February 2, 2019, \$36,850 was available under the 2018 Revolving Credit Facility, net of the loan cap, and there were \$19,016 of borrowings outstanding and \$6,013 of letters of credit outstanding under the 2018 Revolving Credit Facility. The weighted average interest rate for borrowings outstanding under the 2018 Revolving Credit Facility as of February 2, 2019 was 4.4%.

2013 Term Loan Facility

On November 27, 2013, Vince, LLC and Vince Intermediate entered into a \$175,000 senior secured term loan facility (as amended from time to time, the "2013 Term Loan Facility") with the lenders party thereto, Bank of America, N.A. ("BofA"), as administrative agent, JP Morgan Chase Bank and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers, and Cantor Fitzgerald as documentation agent. The 2013 Term Loan Facility would have matured on November 27, 2019. Vince, LLC and Vince Intermediate were borrowers and VHC was a guarantor under the 2013 Term Loan Facility.

On August 21, 2018, the Company refinanced the 2013 Term Loan Facility by entering into the 2018 Term Loan Facility and the 2018 Revolving Credit Facility. All outstanding amounts under the 2013 Term Loan Facility of \$29,146, including interest, were repaid in full and the 2013 Term Loan Facility was terminated.

2013 Revolving Credit Facility

On November 27, 2013, Vince, LLC entered into a \$50,000 senior secured revolving credit facility (as amended from time to time, the "2013 Revolving Credit Facility") with BofA as administrative agent. Vince, LLC was the borrower and VHC and Vince Intermediate were the guarantors under the 2013 Revolving Credit Facility. On June 3, 2015, Vince, LLC entered into a first amendment to the 2013 Revolving Credit Facility, that among other things, increased the aggregate commitments under the facility from \$50,000 to \$80,000, subject to a loan cap which was the lesser of (i) the Borrowing Base, as defined in the loan agreement, (ii) the aggregate commitments, or (iii) \$70,000 until debt obligations under the Company's 2013 Term Loan Facility have been paid in full, and extended the maturity date from November 27, 2018 to June 3, 2020.

On August 21, 2018, the Company refinanced the 2013 Revolving Credit Facility by entering into the 2018 Term Loan Facility and the 2018 Revolving Credit Facility. All outstanding amounts under the 2013 Revolving Credit Facility of \$40,689, including interest, were repaid in full and the 2013 Revolving Credit Facility was terminated.

Acquired Businesses Short-Term Borrowings

On July 23, 2014, Parker Lifestyle, LLC, as borrower, and Sun Capital Partners V, L.P., as guarantor, entered into a Loan Authorization Agreement with BMO Harris Bank N.A., as lender, for a revolving credit facility. On December 21, 2016, that facility was amended to include Rebecca Taylor, Inc. The maximum credit line was \$25,000 (the "BMO Obligations") subject to a maximum credit limit, which required that the sum of (i) the aggregate principal amounts of loans outstanding, (ii) the aggregate undrawn stated

amount of letters of credit issued under the credit facility, and (iii) the aggregate amount of any unreimbursed draws under any letters of credit issued, shall not exceed the credit limit. Any letters of credit issued under the BMO Obligations credit facility were subject to the same maximum credit line. On November 3, 2019, in conjunction with the acquisition of the Acquired Businesses, \$19,099, plus accrued interest, of the cash consideration was used to pay-off the outstanding debt obligation under this facility. On November 3, 2019, at the request of the Company and upon the satisfaction of certain release conditions, the BMO Obligations were released.

Note 6. Commitments and Contingencies

Leases

The Company leases its office spaces, showrooms and retail stores under operating leases which have remaining terms up to ten years, excluding renewal terms. Most of the Company's real estate leases contain covenants that require the Company to pay real estate taxes, insurance, and other executory costs. Certain of these leases require contingent rent payments or contain kick-out clauses and/or opt-out clauses, based on the operating results of the retail operations utilizing the leased premises. Rent under leases with scheduled rent changes or lease concessions are recorded on a straight-line basis over the lease term. Rent expense under all operating leases was \$29,230 and \$27,746 for fiscal 2019 and fiscal 2018, respectively, which is recorded within SG&A expenses.

The future minimum lease payments under operating leases at February 1, 2020 were as follows:

(in thousands)	Minimum Lease Payments
Fiscal 2020	\$ 27,472
Fiscal 2021	25,723
Fiscal 2022	23,812
Fiscal 2023	20,173
Fiscal 2024	17,038
Thereafter	19,692
Total minimum lease payments	<u>\$ 133,910</u>

Other Contractual Cash Obligations

At February 1, 2020, the Company's other contractual cash obligations of \$39,709 consisted primarily of inventory purchase obligations and service contracts. Subsequent to February 1, 2020, the Company reduced certain inventory purchase obligations totaling approximately \$1,900 as part of its operational adjustments in response to the COVID-19 pandemic.

Litigation

On September 7, 2018, a complaint was filed in the United States District Court for the Eastern District of New York by certain stockholders (collectively, the "Plaintiff"), naming the Company as well as Brendan Hoffman, the Company's Chief Executive Officer, David Stefko, the Company's Executive Vice President, Chief Financial Officer, one of the Company's directors, certain of the Company's former officers and directors, and Sun Capital Partners, Inc. and certain of its affiliates, as defendants. The complaint generally alleges that the Company and the named parties made false and/or misleading statements and/or failed to disclose matters relating to the transition of the Company's ERP systems from Kellwood. The complaint brings causes of action for violations of Section 10(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rule 10b-5 promulgated under the Exchange Act against the Company and the named parties and for violations of Section 20(a) of the Exchange Act against the individual parties, Sun Capital Partners, Inc. and its affiliates. The complaint seeks unspecified monetary damages and unspecified costs and fees. On January 28, 2019, in response to our motion to dismiss the original complaint, the Plaintiff filed an amended complaint, naming the same defendants as parties and asserting the same causes of action as those stated in the original complaint. On October 4, 2019, an individual stockholder filed a complaint marked as a related suit to the amended complaint, containing substantially identical allegations and claims against the same defendant parties.

The Company currently believes that the likelihood of an unfavorable judgment arising from this matter is remote based on the information currently available and that the ultimate resolution of this matter will not have a material adverse effect on the Company's business in a future period. However, given the inherent unpredictability of litigation and the fact that this litigation is still in its very early stages, the Company is unable to predict with certainty the outcome of this litigation or reasonably estimate a possible loss or range of loss, if any, associated with this litigation at this time. In addition, the Company will be required to expend resources to defend this matter.

On September 6, 2019, Vince, LLC received a favorable judgment from the second instance court in the People's Republic of China in connection with a trademark infringement case. The judgment awarded Vince, LLC approximately \$700 in damages and

fees, net of applicable taxes, which was included in SG&A expense in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). This amount was paid in full to Vince, LLC by the defendants in the case in the fourth quarter of fiscal 2019.

Additionally, the Company is a party to legal proceedings, compliance matters, environmental as well as wage and hour and other labor claims that arise in the ordinary course of its business. Although the outcome of such items cannot be determined with certainty, management believes that the ultimate outcome of these items, individually and in the aggregate, will not have a material adverse impact on the Company's financial position, results of operations or cash flows.

Note 7. Share-Based Compensation

Employee Stock Plans

Vince 2013 Incentive Plan

In connection with the IPO, the Company adopted the Vince 2013 Incentive Plan, which provides for grants of stock options, stock appreciation rights, restricted stock, and other stock-based awards. In May 2018, the Company filed a Registration Statement on Form S-8 to register an additional 660,000 shares of common stock available for issuance under the Vince 2013 Incentive Plan. The aggregate number of shares of common stock which may be issued or used for reference purposes under the Vince 2013 Incentive Plan or with respect to which awards may be granted may not exceed 1,000,000 shares. The shares available for issuance under the Vince 2013 Incentive Plan may be, in whole or in part, either authorized and unissued shares of the Company's common stock or shares of common stock held in or acquired for the Company's treasury. In general, if awards under the Vince 2013 Incentive Plan are cancelled for any reason, or expire or terminate unexercised, the shares covered by such award may again be available for the grant of awards under the Vince 2013 Incentive Plan. As of February 1, 2020, there were 254,206 shares under the Vince 2013 Incentive Plan available for future grants. Options granted pursuant to the Vince 2013 Incentive Plan typically vest in equal installments over four years, subject to the employees' continued employment and expire on the earlier of the tenth anniversary of the grant date or upon termination as outlined in the Vince 2013 Incentive Plan. Restricted stock units ("RSUs") granted vest in equal installments over a three-year period or vest in equal installments over four years, subject to the employees' continued employment, except for RSUs issued under the exchange offer described below.

On April 26, 2018, the Company commenced a tender offer to exchange certain options to purchase shares of its common stock, whether vested or unvested, from eligible employees and executive officers for replacement restricted stock units ("Replacement RSUs") granted under the Vince 2013 Incentive Plan (the "Option Exchange"). Employees and executive officers of the Company on the date of offer commencement and those who remained an employee or executive officer of the Company through the expiration date of the offer and held at least one option as of the commencement of the offer that was granted under the Vince 2013 Incentive Plan were eligible to participate. The exchange ratio of this offer was a 1-to-1.7857 basis (one stock option exchanged for every 1.7857 Replacement RSUs). This tender offer expired on 11:59 p.m. Eastern Time on May 24, 2018 (the "Offer Expiration Date"). The Replacement RSUs were granted on the business day immediately following the Offer Expiration Date. As a result of the Option Exchange, 149,819 stock options were cancelled and 267,538 Replacement RSUs were granted with a grant date fair value of \$9.15 per unit. All Replacement RSUs vest pursuant to the following schedule: 10% on April 19, 2019; 20% on April 17, 2020; 25% on April 16, 2021; and 45% on April 15, 2022, subject to the holder's remaining continuously employed with the Company through each such applicable vesting date. Replacement RSUs have the new vesting schedule regardless of whether the surrendered eligible options were partially vested at the time it was exchanged. The purpose of this exchange was to foster retention, motivate our key contributors, and better align the interests of our employees and stockholders to maximize stockholder value.

Employee Stock Purchase Plan

The Company maintains an employee stock purchase plan ("ESPP") for its employees. Under the ESPP, all eligible employees may contribute up to 10% of their base compensation, up to a maximum contribution of \$10 per year. The purchase price of the stock is 90% of the fair market value, with purchases executed on a quarterly basis. The plan is defined as compensatory, and accordingly, a charge for compensation expense is recorded to SG&A expense for the difference between the fair market value and the discounted purchase price of the Company's Stock. During fiscal 2019 and fiscal 2018, 2,190 and 1,654 shares of common stock, respectively, were issued under the ESPP. As of February 1, 2020, there were 91,135 shares available for future issuance under the ESPP.

Stock Options

A summary of stock option activity for both employees and non-employees for fiscal 2019 is as follows:

	<u>Stock Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term (years)</u>	<u>Aggregate Intrinsic Value (in thousands)</u>
Outstanding at February 2, 2019	204	\$ 31.71	6.7	\$ —
Granted	—	\$ —		
Exercised	—	\$ —		
Forfeited or expired	(29)	\$ 38.77		
Outstanding at February 1, 2020	<u>175</u>	<u>\$ 38.87</u>	5.7	\$ —
Vested and exercisable at February 1, 2020	175	\$ 38.87	5.7	\$ —

All outstanding shares were vested at February 1, 2020.

Restricted Stock Units

A summary of restricted stock unit activity for fiscal 2019 is as follows:

	<u>Restricted Stock Units</u>	<u>Weighted Average Grant Date Fair Value</u>
Non-vested restricted stock units at February 2, 2019	504,230	\$ 9.19
Granted	273,483	\$ 14.38
Vested	(79,918)	\$ 10.19
Forfeited	(17,869)	\$ 10.81
Non-vested restricted stock units at February 1, 2020	<u>679,926</u>	<u>\$ 11.12</u>

The total fair value of restricted stock units vested during fiscal 2019 and fiscal 2018 was \$814 and \$179, respectively.

At February 1, 2020, there was \$5,968 of unrecognized compensation costs related to restricted stock units that will be recognized over a remaining weighted average period of 1.8 years.

Share-Based Compensation Expense

During fiscal 2019, the Company recognized share-based compensation expense of \$2,033 and a related tax benefit of \$0. During fiscal 2018, the Company recognized share-based compensation expense of \$1,335 and a related tax benefit of \$0.

Note 8. Defined Contribution Plan

The Company maintains defined contribution plans for employees who meet certain eligibility requirements. Features of these plans allow participants to contribute to a plan a percentage of their annual compensation, subject to IRS limitations. Certain plans also provide for discretionary matching contributions by the Company. The annual expense incurred by the Company for defined contribution plans was \$464 and \$460 in fiscal 2019 and fiscal 2018, respectively.

Note 9. Stockholders' Equity

Common Stock

The Company currently has authorized for issuance 100,000,000 shares of its voting common stock, par value of \$0.01 per share.

As of February 1, 2020 and February 2, 2019, the Company had 11,680,593 and 11,622,994 shares issued and outstanding, respectively.

Dividends

The Company has not paid dividends, and the Company's current ability to pay such dividends is restricted by the terms of its debt agreements. The Company's future dividend policy will be determined on a yearly basis and will depend on earnings, financial condition, capital requirements, and certain other factors. The Company does not expect to declare dividends with respect to its common stock in the foreseeable future.

Note 10. Earnings Per Share

Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Except when the effect would be anti-dilutive, diluted earnings (loss) per share is calculated based on the weighted average number of shares of common stock outstanding plus the dilutive effect of share-based awards calculated under the treasury stock method.

The following is a reconciliation of weighted average basic shares to weighted average diluted shares outstanding:

	Fiscal Year	
	2019	2018
Weighted-average shares—basic	11,665,541	11,619,828
Effect of dilutive equity securities	263,758	—
Weighted-average shares—diluted	11,929,299	11,619,828

Because the Company incurred a net loss for the fiscal year ended February 2, 2019, weighted-average basic shares and weighted-average diluted shares outstanding are equal for the period.

For the fiscal years ended February 1, 2020 and February 2, 2019, 16,408 and 115,280 weighted average shares of share-based compensation, respectively, were excluded from the computation of weighted average shares for diluted earnings per share, as their effect would have been anti-dilutive.

Note 11. Income Taxes

The provision for income taxes consisted of the following:

(in thousands)	Fiscal Year	
	2019	2018
Current:		
Domestic:		
Federal	\$ (130)	\$ 85
State	188	93
Foreign	40	72
Total current	98	250
Deferred:		
Domestic:		
Federal	—	(443)
State	—	346
Foreign	—	3
Total deferred	—	(94)
Total provision for income taxes	\$ 98	\$ 156

The sources of income (loss) before provision for income taxes are from the United States, the Company's subsidiaries in the United Kingdom and the Company's French branch. The Company files U.S. federal income tax returns and income tax returns in various state and local jurisdictions.

Current income taxes are the amounts payable under the respective tax laws and regulations on each year's earnings. Deferred income tax assets and liabilities represent the tax effects of revenues, costs and expenses, which are recognized for tax purposes in different periods from those used for financial statement purposes.

A reconciliation of the federal statutory income tax rate to the effective tax rate is as follows:

	Fiscal Year	
	2019	2018
Statutory federal rate	21.0%	21.0%
State taxes, net of federal benefit	5.8%	(74.1)%
Non-deductible Tax Receivable Agreement adjustment ⁽¹⁾	(38.3)%	—
Valuation allowance	4.6%	(32.4)%
Return to provision adjustment	0.2%	96.0%
Non-deductible Officers Compensation	2.1%	(10.6)%
Rate Differential on Foreign Income	0.1%	(3.0)%
Other	4.8%	(5.6)%
Total	<u>0.3%</u>	<u>(8.7)%</u>

⁽¹⁾ Non-deductible Tax Receivable Agreement liability revaluation in fiscal 2019 is a result of changes in levels of projected pre-tax income, as well as the acquisition of NOLs from the Acquired Businesses. See “Tax Receivable Agreement” under Note 14 “Related Party Transactions” for additional information.

Deferred income tax assets and liabilities consisted of the following:

(in thousands)	February 1, 2020	February 2, 2019
Deferred tax assets:		
Depreciation and amortization	\$ 2,063	\$ 9,503
Employee related costs	2,857	2,347
Allowance for asset valuations	1,664	1,555
Accrued expenses	361	422
Lease liability	27,712	—
Deferred rent	—	4,098
Net operating losses	91,345	85,495
Tax credits	193	295
Other	679	1,321
Total deferred tax assets	<u>126,874</u>	<u>105,036</u>
Less: valuation allowances	<u>(100,846)</u>	<u>(99,444)</u>
Net deferred tax assets	<u>26,028</u>	<u>5,592</u>
Deferred tax liabilities:		
ROU lease asset	(23,630)	—
Other	(2,296)	(5,389)
Total deferred tax liabilities	<u>(25,926)</u>	<u>(5,389)</u>
Net deferred tax assets	<u>\$ 102</u>	<u>\$ 203</u>
Included in:		
Deferred income taxes	\$ 102	\$ 203
Net deferred tax assets	<u>\$ 102</u>	<u>\$ 203</u>

As of February 1, 2020, the Company had a gross federal net operating loss of \$334,357 (federal tax effected amount of \$70,215) for federal income tax purposes that may be used to reduce future federal taxable income. The net operating losses for federal income tax purposes will expire between 2030 and 2038 for losses incurred in tax years beginning before January 1, 2018. Net operating losses incurred in tax years beginning after January 1, 2018 will have an indefinite carryforward period.

As of February 1, 2020, the Company had gross state net operating loss carryforward of \$496,604 (tax effected net of federal benefit of \$21,115) that may be used to reduce future state taxable income. The net operating loss carryforwards for state income tax purposes expire between 2029 and 2039.

As of February 1, 2020, the Company had total deferred tax assets including net operating loss carryforwards, reduced for uncertain tax positions, of \$100,948, of which \$77,466 and \$23,490 were attributable to federal and domestic state and local jurisdictions, respectively.

The valuation allowance for deferred tax assets was \$100,846 at February 1, 2020, increasing \$1,402 from the valuation allowance for deferred tax assets of \$99,444 at February 2, 2019. During fiscal 2019, the Company maintained a full valuation

allowance on its deferred tax assets as it does not believe it is more likely than not that such deferred tax assets will be recognized. Adjustments to the valuation allowance are made when there is a change in management's assessment of the amount of deferred tax assets that are realizable.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits, excluding interest and penalties, is as follows:

(in thousands)	Fiscal Year	
	2019	2018
Beginning balance	\$ 2,304	\$ 2,349
Increases for tax positions in current year	—	—
Increases for tax positions in prior years	—	—
Decreases for tax positions in prior years	—	(45)
Ending balance	\$ 2,304	\$ 2,304

During the year ended February 2, 2019, the statute of limitations expired on the 2008 tax return filings which caused a reduction of the unrecognized tax position balance by \$45. As of February 1, 2020 and February 2, 2019, unrecognized tax benefits in the amount of \$2,304 and \$2,304, respectively, would impact the Company's effective tax rate if recognized. The statute of limitations does not begin until the net operating losses are utilized. Therefore, the unrecognized tax benefit balance will remain the same until three years after the net operating losses are used to offset taxable income.

The Company includes accrued interest and penalties on underpayments of income taxes in its income tax provision. As of February 1, 2020 and February 2, 2019, the Company did not have any interest and penalties accrued on its Consolidated Balance Sheets and no related provision or benefit was recognized in each of the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) for the years ended February 1, 2020 and February 2, 2019. Interest is computed on the difference between the tax position recognized net of any unrecognized tax benefits and the amount previously taken or expected to be taken in the Company's tax returns.

With limited exceptions, the Company is no longer subject to examination for U.S. federal and state income tax for 2007 and prior.

Note 12. Leases

During the first quarter of fiscal 2019, the Company adopted ASU No. 2016-02: "Leases (topic 842)" which requires lessees to recognize ROU lease assets and lease liabilities on the balance sheet for those leases that were previously classified as operating leases. The Company adopted the standard on February 3, 2019, the first day of fiscal 2019 instead of the earliest period presented in the financial statements per ASU No. 2018-11: "Leases (Topic 842): Targeted improvements." The Company recognized a \$589 cumulative effect adjustment in retained earnings at the beginning of the period of adoption which resulted from the impairment of select operating lease ROU assets of \$416 related to stores whose fixed assets had been previously impaired and for which the initial carrying value of the ROU assets were determined to be above fair market value and \$173 of cumulative correction of an immaterial error in prior period rent expense.

The Company elected the package of three practical expedients. As such, the Company did not reassess whether expired or existing contracts are or contain a lease and did not need to reassess the lease classifications or reassess the initial direct costs associated with expired or existing leases. The Company did not elect the hindsight practical expedient in determining the lease term and assessing the impairment of the entity's right-of-use assets. The land easement practical expedient is not applicable to the Company.

The Company determines if an arrangement is a lease at inception. The Company has operating leases for real estate (primarily retail stores, storage, and office spaces) which generally have initial terms of 10 years and cannot be extended or can be extended for one additional 5-year term, with the exception of a few recent leases which are on shorter terms. The Company will not include renewal options in the underlying lease term unless the Company is reasonably certain to exercise the renewal option. Substantially all of our leases require a fixed annual rent, and most require the payment of additional rent if store sales exceed a negotiated amount. These percentage rent expenses are considered as variable lease costs and recognized in the consolidated financial statements when incurred. In addition, the Company's real estate leases may also require additional payments for real estate taxes and other occupancy-related costs which it considers as non-lease components. The Company did not elect the practical expedient to group lease and non-lease components as a single lease component for the operating leases. Operating lease ROU assets and operating lease liabilities are recognized based upon the present value of the future lease payments over the lease term. As the Company's leases do not provide an implicit borrowing rate, the Company uses an estimated incremental borrowing rate based upon combination of market-based factors, such as market quoted forward yield curves and company specific factors, such as the Company's credit rating, lease size and duration to calculate the present value. The Company does not have any finance leases. The Company's lease agreements do not contain any

material residual value guarantees or material restrictive covenants. The weighted-average remaining lease term and weighted-average discount rate for our operating leases are 5.4 years and 6.9% as of February 1, 2020.

Total lease cost is included in cost of sales and SG&A in the accompanying Consolidated Statement of Operations and Comprehensive Income (Loss) and is recorded net of immaterial sublease income. Some leases have a non-cancelable lease term of less than one year and therefore, the Company has elected to exclude these short-term leases from our ROU asset and lease liabilities. Short term lease costs were immaterial for fiscal year ended February 1, 2020. The Company's lease cost is comprised of the following:

(in thousands)	Fiscal 2019
Operating lease cost	\$ 25,168
Variable operating lease cost	450
Total lease cost	<u>\$ 25,618</u>

Supplemental cash flow and non-cash information related to leases is as follows:

(in thousands)	February 1, 2020
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 26,416
Right-of-use assets obtained in exchange for new operating lease liabilities	20,932

Subsequent to the date of adoption, during fiscal 2019, the Company had lease modifications which changed the lease payment from fixed to variable or reduced the monthly lease payment which reduced the ROU assets and lease liabilities by \$5,510 and \$5,526, respectively.

The future maturity of lease liabilities are as follows:

(in thousands)	February 1, 2020
Fiscal 2020	\$ 27,472
Fiscal 2021	25,723
Fiscal 2022	23,812
Fiscal 2023	20,173
Fiscal 2024	17,038
Thereafter	19,692
Total lease payments	133,910
Less: Imputed interest	(23,061)
Total operating lease liabilities	<u>\$ 110,849</u>

The operating lease payments do not include any renewal options as such leases are not reasonably certain of being renewed as of February 1, 2020 and does not include \$7,842 legally binding minimum lease payments of leases signed but not yet commenced.

Under the previous lease accounting standard, future minimum lease payments due under non-cancelable operating leases would have been as follows as of February 2, 2019:

(in thousands)	February 2, 2019
Fiscal 2019	\$ 25,764
Fiscal 2020	24,298
Fiscal 2021	22,899
Fiscal 2022	20,929
Fiscal 2023	17,023
Thereafter	25,981
Total minimum lease payments	<u>\$ 136,894</u>

Note 13. Segment and Geographical Financial Information

The Company has identified three reportable segments, as further described below. Management considered both similar and dissimilar economic characteristics, internal reporting and management structures, as well as products, customers, and supply chain logistics to identify the following reportable segments:

- Vince Wholesale segment—consists of the Company’s operations to distribute Vince brand products to major department stores and specialty stores in the United States and select international markets;
- Vince Direct-to-consumer segment—consists of the Company’s operations to distribute Vince brand products directly to the consumer through its Vince branded full-price specialty retail stores, outlet stores, and e-commerce platform; and
- Rebecca Taylor and Parker segment—consists of the Company’s operations to distribute Rebecca Taylor and Parker brand products to high-end department and specialty stores worldwide and directly to the consumer through their own branded e-commerce platforms and Rebecca Taylor retail stores.

The accounting policies of the Company’s reportable segments are consistent with those described in Note 1 “Description of Business and Summary of Significant Accounting Policies.” Unallocated corporate expenses are related to the Vince brand and are comprised of SG&A expenses attributable to corporate and administrative activities (such as marketing, design, finance, information technology, legal and human resource departments), and other charges that are not directly attributable to the Company’s Vince Wholesale and Vince Direct-to-consumer reportable segments. Unallocated corporate assets are related to the Vince brand and are comprised of the carrying values of the Company’s goodwill and tradename, deferred tax assets, and other assets that will be utilized to generate revenue for the Company’s Vince Wholesale and Vince Direct-to-consumer reportable segments.

Summary information for the Company’s reportable segments is presented below.

(in thousands)	Vince Wholesale	Vince Direct-to-consumer	Rebecca Taylor and Parker	Unallocated Corporate	Total
Fiscal Year 2019					
Net Sales (1)	\$ 166,805	\$ 133,412	\$ 74,970	\$ —	\$ 375,187
Income (loss) before income taxes (2) (3) (4)	55,440	10,127	(29,410)	(5,663)	30,494
Depreciation & Amortization	838	3,809	2,196	2,759	9,602
Capital Expenditures	395	3,423	657	48	4,523
Total Assets	71,028	112,408	43,258	135,608	362,302
Fiscal Year 2018					
Net Sales (5)	\$ 159,635	\$ 119,316	\$ 82,728	\$ —	\$ 361,679
Income (loss) before income taxes (6)	48,078	6,442	166	(56,488)	(1,802)
Depreciation & Amortization	884	4,202	3,160	3,052	11,298
Capital Expenditures	194	2,785	629	91	3,699
Total Assets	67,945	40,502	62,101	126,484	297,032

(1) Net sales for Rebecca Taylor and Parker for fiscal 2019 consisted of \$55,734 through wholesale distribution channels and \$19,236 through direct-to-consumer distribution channels.

(2) Vince Direct-to-consumer for fiscal 2019 includes a non-cash impairment charge of \$65 related to right-of-use assets. See Note 1 “Description of Business and Summary of Significant Accounting Policies – (J) Impairment of Long-lived Assets” for additional information.

(3) Rebecca Taylor and Parker for fiscal 2019 includes non-cash impairment charges of \$20,244, of which \$2,129 is related to goodwill, \$11,247 is related to the Rebecca Taylor and Parker tradenames, \$6,115 is related to the Rebecca Taylor and Parker customer relationships and \$753 is related to property and equipment and right-of-use assets. See Note 1 “Description of Business and Summary of Significant Accounting Policies – (J) Impairment of Long-lived Assets and (K) Goodwill and Other Intangible Assets” for further details.

(4) Unallocated Corporate for fiscal 2019 includes the \$55,953 pre-tax benefit from re-measurement of the liability related to the Tax Receivable Agreement. See Note 14 “Related Party Transactions” for additional information.

(5) Net sales for Rebecca Taylor and Parker for fiscal 2018 consisted of \$65,865 through wholesale distribution channels and \$16,863 through direct-to-consumer distribution channels.

(6) Vince Direct-to-consumer for fiscal 2018 includes a non-cash impairment charge of \$1,684 related to property and equipment. See Note 1 “Description of Business and Summary of Significant Accounting Policies – (J) Impairment of Long-lived Assets” for additional information.

The Company is domiciled in the U.S. and as of February 1, 2020, had no significant international subsidiaries and therefore substantially all of the Company's sales originate in the U.S. As a result, net sales by destination are not provided. Additionally, substantially all long-lived assets, including property and equipment, are located in the U.S.

Note 14. Related Party Transactions

Purchase Agreement

On November 4, 2019, Vince, LLC entered into the Purchase Agreement with CLG, providing for the Acquisition by Vince, LLC of 100% of the equity interests of the Acquired Businesses from CLG. The Acquisition was consummated effective on November 3, 2019.

CLG is owned by affiliates of Sun Capital. Sun Capital beneficially owns approximately 73% of the Company's common stock. The Acquisition was reviewed and approved by the Special Committee of the Company's Board of Directors, consisting solely of directors not affiliated with Sun Capital, who was represented by independent financial and legal advisors.

See Note 2 "Business Combinations" for additional information.

Tax Receivable Agreement

VHC entered into a Tax Receivable Agreement with the Pre-IPO Stockholders on November 27, 2013. The Company and its former subsidiaries generated certain tax benefits (including NOLs and tax credits) prior to the Restructuring Transactions consummated in connection with the Company's IPO and will generate certain section 197 intangible deductions (the "Pre-IPO Tax Benefits"), which would reduce the actual liability for taxes that the Company might otherwise be required to pay. The Tax Receivable Agreement provides for payments to the Pre-IPO Stockholders in an amount equal to 85% of the aggregate reduction in taxes payable realized by the Company and its subsidiaries from the utilization of the Pre-IPO Tax Benefits (the "Net Tax Benefit").

For purposes of the Tax Receivable Agreement, the Net Tax Benefit equals (i) with respect to a taxable year, the excess, if any, of (A) the Company's liability for taxes using the same methods, elections, conventions and similar practices used on the relevant company return assuming there were no Pre-IPO Tax Benefits over (B) the Company's actual liability for taxes for such taxable year (the "Realized Tax Benefit"), plus (ii) for each prior taxable year, the excess, if any, of the Realized Tax Benefit reflected on an amended schedule applicable to such prior taxable year over the Realized Tax Benefit reflected on the original tax benefit schedule for such prior taxable year, minus (iii) for each prior taxable year, the excess, if any, of the Realized Tax Benefit reflected on the original tax benefit schedule for such prior taxable year over the Realized Tax Benefit reflected on the amended schedule for such prior taxable year; provided, however, that to the extent any of the adjustments described in clauses (ii) and (iii) were reflected in the calculation of the tax benefit payment for any subsequent taxable year, such adjustments shall not be taken into account in determining the Net Tax Benefit for any subsequent taxable year. To the extent that the Company is unable to make the payment under the Tax Receivable Agreement when due under the terms of the Tax Receivable Agreement for any reason, such payment would be deferred and would accrue interest at a default rate of LIBOR plus 500 basis points until paid, instead of the agreed rate of LIBOR plus 200 basis points per annum in accordance with the terms of the Tax Receivable Agreement.

While the Tax Receivable Agreement is designed with the objective of causing the Company's annual cash costs attributable to federal, state and local income taxes (without regard to the Company's continuing 15% interest in the Pre-IPO Tax Benefits) to be the same as that which the Company would have paid had the Company not had the Pre-IPO Tax Benefits available to offset its federal, state and local taxable income, there are circumstances in which this may not be the case. In particular, the Tax Receivable Agreement provides that any payments by the Company thereunder shall not be refundable. In that regard, the payment obligations under the Tax Receivable Agreement differ from a payment of a federal income tax liability in that a tax refund would not be available to the Company under the Tax Receivable Agreement even if the Company were to incur a net operating loss for federal income tax purposes in a future tax year. Similarly, the Pre-IPO Stockholders will not reimburse the Company for any payments previously made if any tax benefits relating to such payments are subsequently disallowed, although the amount of any such tax benefits subsequently disallowed will reduce future payments (if any) otherwise owed to such Pre-IPO Stockholders. In addition, depending on the amount and timing of the Company's future earnings (if any) and on other factors including the effect of any limitations imposed on the Company's ability to use the Pre-IPO Tax Benefits, it is possible that all payments required under the Tax Receivable Agreement could become due within a relatively short period of time following consummation of the Company's IPO.

If the Company had not entered into the Tax Receivable Agreement, the Company would be entitled to realize the full economic benefit of the Pre-IPO Tax Benefits to the extent allowed by federal, state, and local law. The Tax Receivable Agreement is designed with the objective of causing the Company's annual cash costs attributable to federal, state and local income taxes (without regard to the Company's continuing 15% interest in the Pre-IPO Tax Benefits) to be the same as the Company would have paid had the Company not had the Pre-IPO Tax Benefits available to offset its federal, state and local taxable income. As a result, stockholders who purchased shares in the IPO are not entitled to the economic benefit of the Pre-IPO Tax Benefits that would have been available if the Tax Receivable Agreement were not in effect, except to the extent of the Company's continuing 15% interest in the Pre-IPO Benefits.

Additionally, the payments the Company makes to the Pre-IPO Stockholders under the Tax Receivable Agreement are not expected to give rise to any incidental tax benefits to the Company, such as deductions or an adjustment to the basis of the Company's assets.

An affiliate of Sun Capital may elect to terminate the Tax Receivable Agreement upon the occurrence of a Change of Control (as defined below). In connection with any such termination, the Company is obligated to pay the present value (calculated at a rate per annum equal to LIBOR plus 200 basis points as of such date) of all remaining Net Tax Benefit payments that would be required to be paid to the Pre-IPO Stockholders from such termination date, applying the valuation assumptions set forth in the Tax Receivable Agreement (the "Early Termination Period"). "Change of control," as defined in the Tax Receivable Agreement shall mean an event or series of events by which (i) VHC shall cease directly or indirectly to own 100% of the capital stock of Vince, LLC; (ii) any "person" or "group" (as such terms are used in Section 13(d) and 14(d) of the Exchange Act), other than one or more permitted investors, shall be the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of capital stock having more, directly or indirectly, than 35% of the total voting power of all outstanding capital stock of Vince Holding Corp. in the election of directors, unless at such time the permitted investors are direct or indirect "beneficial owners" (as so defined) of capital stock of Vince Holding Corp. having a greater percentage of the total voting power of all outstanding capital stock of VHC in the election of directors than that owned by each other "person" or "group" described above; (iii) for any reason whatsoever, a majority of the board of directors of VHC shall not be continuing directors; or (iv) a "Change of Control" (or comparable term) shall occur under (x) any term loan or revolving credit facility of VHC or its subsidiaries or (y) any unsecured, senior, senior subordinated or subordinated indebtedness of VHC or its subsidiaries, if, in each case, the outstanding principal amount thereof is in excess of \$15,000. The Company may also terminate the Tax Receivable Agreement by paying the Early Termination Payment (as defined therein) to the Pre-IPO Stockholders. Additionally, the Tax Receivable Agreement provides that in the event that the Company breaches any material obligations under the Tax Receivable Agreement by operation of law as a result of the rejection of the Tax Receivable Agreement in a case commenced under the Bankruptcy Code, then the Early Termination Payment plus other outstanding amounts under the Tax Receivable Agreement shall become due and payable.

The Tax Receivable Agreement will terminate upon the earlier of (i) the date all such tax benefits have been utilized or expired, (ii) the last day of the tax year including the tenth anniversary of the IPO Restructuring Transactions and (iii) the mutual agreement of the parties thereto, unless earlier terminated in accordance with the terms thereof.

As of February 1, 2020, the Company's total obligation under the Tax Receivable Agreement is estimated to be \$2,320 which is included as Other liabilities on the Consolidated Balance Sheet. The obligation was originally recorded in connection with the IPO as an adjustment to additional paid-in capital on the Company's Consolidated Balance Sheet.

During fiscal 2019, the obligation under the Tax Receivable Agreement was adjusted primarily as a result of changes in the levels of projected pre-tax income, primarily as a result of the impact of the Acquired Businesses, as well as due to the impact of the NOLs from the Acquired Businesses. The adjustment resulted in a net decrease of \$55,953 to the liability under the Tax Receivable Agreement with the corresponding adjustment accounted for within Other (income) expense, net on the Consolidated Statements of Operations and Comprehensive Income (Loss). During fiscal 2018, no adjustment was made to the obligation under the Tax Receivable Agreement.

Sun Capital Consulting Agreements

On November 27, 2013, the Company entered into an agreement with Sun Capital Management to (i) reimburse Sun Capital Management Corp. ("Sun Capital Management") or any of its affiliates providing consulting services under the agreement for out-of-pocket expenses incurred in providing consulting services to the Company and (ii) provide Sun Capital Management with customary indemnification for any such services.

The agreement is scheduled to terminate on November 27, 2023, the tenth anniversary of the Company's IPO. Under the consulting agreement, the Company has no obligation to pay Sun Capital Management or any of its affiliates any consulting fees other than those which are approved by a majority of the Company's directors that are not affiliated with Sun Capital. To the extent such fees are approved in the future, the Company will be obligated to pay such fees in addition to reimbursing Sun Capital Management or any of its affiliates that provide the Company services under the consulting agreement for all reasonable out-of-pocket fees and expenses incurred by such party in connection with the provision of consulting services under the consulting agreement and any related matters. Reimbursement of such expenses shall not be conditioned upon the approval of a majority of the Company's directors that are not affiliated with Sun Capital Management and shall be payable in addition to any fees that such directors may approve.

Neither Sun Capital Management nor any of its affiliates are liable to the Company or the Company's affiliates, security holders or creditors for (1) any liabilities arising out of, related to, caused by, based upon or in connection with the performance of services under the consulting agreement, unless such liability is proven to have resulted directly and primarily from the willful misconduct or gross negligence of such person or (2) pursuing any outside activities or opportunities that may conflict with the Company's best interests, which outside activities the Company consents to and approves under the consulting agreement, and which opportunities neither Sun Capital Management nor any of its affiliates will have any duty to inform the Company of. In no event will the aggregate

of any liabilities of Sun Capital Management or any of its affiliates exceed the aggregate of any fees paid under the consulting agreement.

In addition, the Company is required to indemnify Sun Capital Management, its affiliates and any successor by operation of law against any and all liabilities, whether or not arising out of or related to such party's performance of services under the consulting agreement, except to the extent proven to result directly and primarily from such person's willful misconduct or gross negligence. The Company is also required to defend such parties in any lawsuits which may be brought against such parties and advance expenses in connection therewith. In the case of affiliates of Sun Capital Management that have rights to indemnification and advancement from affiliates of Sun Capital, the Company agrees to be the indemnitor of first resort, to be liable for the full amounts of payments of indemnification required by any organizational document of such entity or any agreement to which such entity is a party, and that the Company will not make any claims against any affiliates of Sun Capital Partners for contribution, subrogation, exoneration or reimbursement for which they are liable under any organizational documents or agreement. Sun Capital Management may, in its sole discretion, elect to terminate the consulting agreement at any time. The Company may elect to terminate the consulting agreement if SCSF Cardinal, Sun Cardinal, or any of their respective affiliates' aggregate ownership of the Company's equity securities falls below 30%.

As of December 21, 2016, CLG entered into an Amended and Restated Consulting Agreement with Sun Capital Management for a period of 10 years with automatic one-year extensions thereafter. This agreement maintained the provision of substantially all consulting and advisory services by Sun Capital Management and restated the annual management fee payable by CLG between \$550 and \$650 per year in quarterly installments. This fee was computed on a sliding scale based on annual EBITDA performance. Additionally, upon the consummation of certain corporate events involving the Company, CLG was required to pay Sun Capital Partners Management V, LLC, a transaction fee in an amount equal to 1% of the aggregate consideration paid to or by CLG, subject to certain caps as specified in the agreement. Simultaneous with the Purchase Agreement, CLG's Amended and Restated Consulting Agreement with Sun Capital Management was terminated.

During fiscal 2019 and fiscal 2018, the Company incurred expenses of \$367 and \$627, respectively, under the Sun Capital Consulting Agreements.

Security Service Agreement

The Company has been a party to a master services agreement, and various statements of work issued pursuant thereto (collectively, the "Security Service Agreement"), with SOS Security, LLC ("SOS"), relating to permanent and temporary security services and loss prevention solutions for the Company's retail operations, since 2016. On April 30, 2019, all outstanding interests of SOS were acquired by the affiliates of Sun Capital Partners, Inc. (collectively, "Sun Capital"). Sun Capital subsequently signed a definitive agreement to sell SOS in November 2019. The sale was completed on December 31, 2019.

During fiscal 2019, the Company incurred expenses of \$170 under the Security Service Agreement.

Indemnification Agreements

The Company has entered into indemnification agreements with each of its executive officers and directors. The indemnification agreements provide the executive officers and directors with contractual rights to indemnification, expense advancement and reimbursement, to the fullest extent permitted under the Delaware General Corporation Law.

Amended and Restated Certificate of Incorporation

The Company's amended and restated certificate of incorporation provides that for so long as affiliates of Sun Capital own 30% or more of the Company's outstanding shares of common stock, Sun Cardinal, a Sun Capital affiliate, has the right to designate a majority of the Company's board of directors. For so long as Sun Cardinal has the right to designate a majority of the Company's board of directors, the directors designated by Sun Cardinal may constitute a majority of each committee of the Company's board of directors (other than the Audit Committee), and the chairman of each of the committees (other than the Audit Committee) may be a director serving on the committee who is selected by affiliates of Sun Capital, provided that, at such time as the Company is not a "controlled company" under the NYSE corporate governance standards, the Company's committee membership will comply with all applicable requirements of those standards and a majority of the Company's board of directors will be "independent directors," as defined under the rules of the NYSE, subject to any applicable phase in requirements.

Note 15. Subsequent Events

Recent Developments

The spread of COVID-19, which was declared a pandemic by the World Health Organization in March 2020, has caused state and municipal public officials to mandate jurisdiction-wide curfews, including “shelter-in-place” and closures of most non-essential businesses as well as other measures to mitigate the spread of the virus. While we continue to serve our customers through our online e-commerce websites, we were forced to shut down all of our domestic and international retail locations alongside other retailers, including our wholesale partners, which has resulted in a sharp decline in our revenue and ability to generate cash flows from operations. Although certain jurisdictions have since loosened the restrictive orders and a limited number of our retail stores have re-opened, the extent of the negative impact of COVID-19 on our operations remains uncertain and potentially wide-spread. In light of the COVID-19 pandemic, we have taken various measures to improve our liquidity as described below. Based on these measures and our current expectations, we believe that our sources of liquidity will generate sufficient cash flows to meet our obligations during the next twelve months from the date these financial statements are issued.

In response to the COVID-19 pandemic, we have implemented, and continue to implement various measures including:

- entering into amendments to our 2018 Term Loan Facility as well as our 2018 Revolving Credit Facility to provide additional liquidity and amend certain financial covenants to allow increased operational flexibility (See below for further details on these amendments);
- furloughing all of our retail store associates as well as a significant portion of our corporate associates;
- temporarily reducing retained employee salaries and board retainer fees;
- engaging in active discussions with landlords to address the current operating environment, while reopening a limited number of stores in accordance with the applicable regulations;
- executing other operational initiatives to carefully manage our investments across all key areas, including aligning inventory levels with anticipated demand and reevaluating non-critical capital build-out and other investments and activities; and
- streamlining our expense structure in all areas such as marketing, distribution, and product development to align with the business environment and sales opportunities.

In addition, affiliates of Sun Capital, who own approximately 72% of the outstanding shares of the Company’s common stock, as of the date these financial statements are issued, (see Note 14 “Related Party Transactions” for further discussion regarding our relationship with Sun Capital) have committed through June 15, 2021 to provide financial support to the Company of up to \$8,000 upon the occurrence of certain events and conditions.

We believe the Company’s liquidity is further supported by the amended terms of our credit facilities combined with anticipated receipts from our e-commerce and wholesale businesses and on a limited basis, from our reopened retail stores, which we project to primarily occur over the next several months, as well as the disciplined management of the Company’s operating expenses based on the operational measures described above.

COVID-19 pandemic remains highly volatile and continues to evolve on a daily basis, which could negatively affect the outcome of the measures intended to address its impact and/or our current expectations of the Company’s future business performance. Factors such as continued temporary closures and/or reclosures of our stores, distribution centers and corporate facilities as well as those of our wholesale partners; declines and changes in consumer behavior including traffic, spending and demand and resulting build-up of excess inventory; supply chain disruptions; our and our business partners’ ability to access capital sources and maintain compliance with credit facilities; as well as our ability to collect receivables and diversion of corporate resources from key business activities and compliance efforts could continue to adversely affect the Company’s business, financial condition, cash flow, liquidity and results of operations.

Amendments to 2018 Term Loan Facility

On March 30, 2020, Vince, LLC entered into the Limited Waiver and Amendment (the “Second Term Loan Amendment”) to the 2018 Term Loan Facility. The Second Term Loan Amendment postpones the amortization payment due on April 1, 2020, with 50% of such payment to be paid on July 1, 2020 and the remainder to be paid on October 1, 2020 and modifies certain reporting obligations.

On June 8, 2020, Vince, LLC entered into the Third Amendment (the “Third Term Loan Amendment”) to the 2018 Term Loan Facility. The Third Term Loan Amendment, among others, (i) temporarily suspends the Consolidated Fixed Charge Coverage Ratio covenant through the delivery of a compliance certificate relating to the fiscal quarter ended July 31, 2021 (such period, the “Extended Accommodation Period”); (ii) requires Vince, LLC to maintain Fixed Charge Coverage Ratio of 1.0 to 1.0 in the event the excess

availability under the 2018 Revolving Credit Facility is less than (x) \$10,000 between September 6, 2020 and January 9, 2021 and (y) \$12,500 between January 10, 2021 and January 31, 2021 and (z) \$15,000 during all other times during the Extended Accommodation Period; (ii) revises the Fixed Charge Coverage Ratio required to be maintained following the Extended Accommodation Period (commencing with the fiscal month ending July 31, 2021) to be 1.50 to 1.0 for the fiscal quarter ending July 31, 2021 and 1.75 to 1.0 for each fiscal quarter thereafter; (iii) waives the amortization payments due on July 1, 2020 and October 1, 2020 (including the amortization payment due on April 1, 2020 that was previously deferred under the Second Term Loan Amendment); (iv) for any fiscal four quarter period ending prior to or on October 30, 2020, increasing the cap on certain items eligible to be added back to Consolidated EBITDA to 27.5% from 22.5%; and (iv) during the Extended Accommodation Period, allows Vince, LLC to cure any default under the applicable Fixed Charge Coverage Ratio covenant by including any amount provided by equity or subordinated debt (which amount shall be at least \$1,000) in the calculation of excess availability under the 2018 Revolving Credit Facility so that the excess availability is above the applicable threshold described above.

The Third Term Loan Amendment also (a) waives certain events of default; (b) temporarily revises the applicable margin to be 9.0% for one year after the Third Term Loan Amendment effective date (2.0% of which is to be accrued but not payable in cash until the first anniversary of the Third Term Loan Amendment effective date) and after such time and through the Extended Accommodation Period, 9.0% or 7.0% depending on the amount of Consolidated EBITDA; (c) increases the LIBOR floor from 0% to 1.0%; (d) eliminates the Borrower's and any loan party's ability to designate subsidiaries as unrestricted and to make certain payments, restricted payments and investments during the Extended Accommodation Period; (e) resets the prepayment premium to 3.0% of the prepaid amount if prepaid prior to the first anniversary of the Third Term Loan Amendment Effective Date, 1.5% of the prepaid amount if prepaid prior to the second anniversary of the Third Term Loan Amendment Effective Date and 0% thereafter; (f) imposes a requirement to pay down the 2018 Revolving Credit Facility to the extent cash on hand exceeds \$5,000 on the last day of each week; (g) permits Vince, LLC to incur up to \$8,000 of additional secured debt (in addition to any interest accrued or paid in kind), to the extent subordinated to the 2018 Term Loan Facility on terms reasonably acceptable to Crystal; (h) extends the delivery periods for (x) annual financial statements for the fiscal year ended February 1, 2020 to June 15, 2020 and (y) quarterly financial statements for the fiscal quarters ended May 2, 2020 and ending August 1, 2020 to July 31, 2020 and October 29, 2020, respectively, and (i) grants ongoing relief through September 30, 2020 with respect to certain covenants regarding the payment of lease obligations.

Amendments to 2018 Revolving Credit Facility

On June 8, 2020, Vince, LLC entered into the Third Amendment (the "Third Revolver Amendment") to the 2018 Revolving Credit Facility. The Third Revolver Amendment, among others, increases availability under the facility's borrowing base by (i) temporarily increasing the aggregate commitments under the 2018 Revolving Credit Facility to \$110,000 through November 30, 2020 (such period, the "Accommodation Period") (ii) temporarily revising the eligibility of certain account debtors during the Accommodation Period by extending by 30 days the period during which those accounts may remain outstanding past due as well as increasing the concentration limits of certain account debtors and (iii) for any fiscal four quarter period ending prior to or on October 30, 2021, increasing the cap on certain items eligible to be added back to Consolidated EBITDA to 27.5% from 22.5%.

The Third Revolver Amendment also (a) waives events of default; (b) temporarily increases the applicable margin on all borrowings of revolving loans by 0.75% per annum during the Accommodation Period and increases the LIBOR floor from 0% to 1.0%; (c) eliminates Vince LLC's and any loan party's ability to designate subsidiaries as unrestricted and to make certain payments, restricted payments and investments during the Extended Accommodation Period; (d) temporarily suspends the Fixed Charge Coverage Ratio covenant through the Extended Accommodation Period; (e) requires Vince, LLC to maintain a Fixed Charge Coverage Ratio of 1.0 to 1.0 in the event the excess availability under the 2018 Revolving Credit Facility is less than (x) \$10,000 between September 6, 2020 and January 9, 2021, (y) \$12,500 between January 10, 2021 and January 31, 2021 and (z) \$15,000 at all other times during the Extended Accommodation Period; (f) imposes a requirement (y) to pay down the 2018 Revolving Loan Facility to the extent cash on hand exceeds \$5,000 on the last day of each week and (z) that, after giving effect to any borrowing thereunder, Vince, LLC may have no more than \$5,000 of cash on hand; (g) permits Vince, LLC to incur up to \$8,000 of additional secured debt (in addition to any interest accrued or paid in kind), to the extent subordinated to the 2018 Revolving Credit Facility on terms reasonably acceptable to Citizens; (h) establishes a method for imposing a successor reference rate if LIBOR should become unavailable, (i) extends the delivery periods for (x) annual financial statements for the fiscal year ended February 1, 2020 to June 15, 2020 and (y) quarterly financial statements for the fiscal quarters ended May 2, 2020 and ending August 1, 2020 to July 31, 2020 and October 29, 2020, respectively, and (j) grants ongoing relief through September 30, 2020 with respect to certain covenants regarding the payment of lease obligations.

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
(In thousands)

	<u>Beginning of Period</u>	<u>Expense Charges, net of Reversals</u>	<u>Deductions and Write-offs, net of Recoveries</u>	<u>End of Period</u>
Sales Allowances				
Fiscal 2019	\$ (13,756)	(74,103)	74,125	(13,734)
Fiscal 2018	(22,974)	(67,055)	76,273	(13,756)
Allowance for Doubtful Accounts				
Fiscal 2019	(509)	51	74	(384)
Fiscal 2018	(1,038)	(13)	542	(509)
Valuation Allowances on Deferred Income Taxes				
Fiscal 2019	(99,444)	(1,402)	—	(100,846)
Fiscal 2018	(98,017)	(1,427)	—	(99,444)

**Description of the Registrant's Securities
Registered Pursuant to Section 12 of the
Securities Exchange Act of 1934**

Vince Holding Corp. (the "Company," "we," "our," or "us") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our common stock.

Description of Capital Stock

The following summary of the terms of our capital stock is based upon our Amended & Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation"), and our Amended & Restated Bylaws, as amended (the "Bylaws"). The summary is not complete and is qualified by reference to our Certificate of Incorporation and our Bylaws, which are filed as exhibits to this Annual Report on Form 10-K and are incorporated by reference herein. We encourage you to read our Certificate of Incorporation, our Bylaws and the applicable provisions of the Delaware General Corporation Law (the "DGCL") for additional information.

Authorized Capital Stock

The Company's authorized capital stock consists of 100,000,000 shares of common stock, par value \$0.01 per shares, and 10,000,000 shares of preferred stock, par value \$0.01 per share.

Common Stock

Voting Rights

Each share of common stock entitles the holder to one vote with respect to each matter presented to our stockholders on which the holders of common stock are entitled to vote. Our common stock votes as a single class on all matters relating to the election and removal of directors on our board of directors and as provided by law. Holders of our common stock do not have cumulative voting rights. Except in respect of matters relating to the election of directors, or as otherwise provided in the Certificate of Incorporation or required by law, all matters to be voted on by our stockholders must be approved by a majority of the shares present in person or by proxy at the meeting and entitled to vote on the subject matter. In the case of the election of directors, all matters to be voted on by our stockholders must be approved by a plurality of the shares present in person or by proxy at the meeting and entitled to vote on the election of directors.

Dividend Rights

The holders of our outstanding shares of common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds. Because we are a holding company, our ability to pay dividends on our common stock is limited by restrictions on the ability of our subsidiaries to pay dividends or make distributions to us, including restrictions under the terms of the agreements governing our indebtedness.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of our affairs, holders of our common stock would be entitled to share ratably in our assets that are legally available for distribution to stockholders after payment of our debts and other liabilities. If we have any preferred stock outstanding at such time, holders of the preferred stock may be entitled to distribution and/or liquidation preferences. In either such case, we must pay the applicable distribution to the holders of our preferred stock before we may pay distributions to the holders of our common stock.

Other Rights and Preferences

Our stockholders have no preemptive, conversion or other rights to subscribe for additional shares. All outstanding shares are validly issued, fully paid and nonassessable. The rights, preferences and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock that we may designate and issue in the future.

Choice of Forum

The Certificate of Incorporation provides that the Court of Chancery of the State of Delaware is, to the fullest extent permitted by applicable law, the sole exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising under the DGCL, the Certificate of Incorporation or the Bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine.

Listing

Our common stock is listed on the New York Stock Exchange under the symbol “VINCE”.

Preferred Stock

The Certificate of Incorporation authorizes our board of directors to provide for the issuance of shares of preferred stock in one or more series and to fix the preferences, powers and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including the dividend rate, conversion rights, voting rights, redemption rights and liquidation preference and to fix the number of shares to be included in any such series without any further vote or action by our stockholders. Any preferred stock so issued may rank senior to our common stock with respect to the payment of dividends or amounts upon liquidation, dissolution or winding up, or both. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of our company without further action by the stockholders and may adversely affect the voting and other rights of the holders of common stock. The issuance of preferred stock with voting and conversion rights may adversely affect the voting power of the holders of common stock, including the loss of voting control to others. At present, we have no plans to issue any preferred stock.

Antitakeover Effects of Delaware Law and the Certificate of Incorporation and the Bylaws

The Certificate of Incorporation and the Bylaws contains provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give our board of directors the power to discourage acquisitions that some stockholders may favor.

Undesignated Preferred Stock

The ability to authorize undesignated preferred stock will make it possible for our board of directors to issue preferred stock with super voting, special approval, dividend or other rights or preferences on a discriminatory basis that could impede the success of any attempt to acquire us. These and other provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of our company.

Classified Board of Directors

The Certificate of Incorporation provides that our board of directors is divided into three classes, with each class serving three-year staggered terms. In addition, (i) prior to the first date on which Sun Capital Partners, Inc. (“Sun Capital”) and its affiliates cease to beneficially own at least 30% of the voting power of our then outstanding capital stock entitled to vote generally in the election of directors, our directors may be removed with or without cause upon the affirmative vote of Sun Capital and its affiliates which beneficially own our outstanding voting stock and (ii) on and after such date, directors may only be removed for cause and only upon the affirmative vote of the majority of our outstanding voting stock, at a meeting of our stockholders called for that purpose. In the event Sun Capital and its affiliates cease to beneficially own at least 30% of the voting power of the voting stock then outstanding, directors previously designated by affiliates of Sun Cardinal would be entitled to serve the remainder of their respective terms, unless they are otherwise removed for cause in accordance with the terms of the Certificate of Incorporation.

Requirements for Advance Notification of Stockholder Meetings

The Certificate of Incorporation provides that special meetings of the stockholders may be called only upon a resolution approved by a majority of the total number of directors that we would have if there were no vacancies or, prior to the date that Sun Capital and its affiliates cease to beneficially own a majority of the voting power of our then outstanding capital stock entitled to vote generally in the election of directors (the “Trigger Date”) at the request of the holders of a majority of the voting power of our then outstanding shares of voting capital stock.

Requirements for Nominations and Proposals at Stockholder Meetings

The Bylaws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. The Bylaws also provides that nominations of persons for election to our board of directors may be made at a special meeting of stockholders at which

directors are to be elected pursuant to the notice of meeting (1) by or at the direction of our board of directors or (2) provided that our board of directors has determined that directors shall be elected at such meeting, by any stockholder who (i) is a stockholder of record both at the time the notice is delivered and on the record date for the determination of stockholders entitled to vote at the special meeting, (ii) is entitled to vote at the meeting and upon such election and (iii) complies with the notice procedures set forth in the Bylaws. These provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management, of our company. These provisions do not apply to nominations by Sun Cardinal, LLC (“Sun Cardinal”).

Stockholder Action by Written Consent

Pursuant to Section 228 of the DGCL, any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless the Certificate of Incorporation provides otherwise. The Certificate of Incorporation provides that, prior to the Trigger Date, any action required or permitted to be taken by our stockholders may be effected by written consent. From and after the Trigger Date, any action required or permitted to be taken by our stockholders may be effected only at a duly called annual or special meeting of our stockholders.

Business Combinations with Interested Stockholders

We have elected in the Certificate of Incorporation not to be subject to Section 203 of the DGCL, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15% or more of the corporation’s voting stock for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Accordingly, we are not be subject to any anti-takeover effects of Section 203. However, the Certificate of Incorporation contains provisions that have the same effect as Section 203, except that they provide that both Sun Capital and its affiliates and any persons to whom such persons sell their common stock will be deemed to have been approved by our board of directors, and thereby not subject to the restrictions set forth in our amended and restated certificate of incorporation that have the same effect as Section 203.

Requirements for Amendments to our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws

Prior to the Trigger Date, the Certificate of Incorporation provides that the Bylaws may be adopted, amended, altered or repealed by the vote of a majority of the voting power of our then outstanding voting stock, voting together as a single class. After the Trigger Date, the Bylaws may be adopted, amended, altered or repealed by either (i) a vote of a majority of the total number of directors that the company would have if there were no vacancies or (ii) in addition to any other vote otherwise required by law, the affirmative vote of the holders of at

least 66 2/3% of the voting power of our then outstanding capital stock entitled to vote generally in the election of directors, voting together as a single class.

Following the Trigger Date, the Certificate of Incorporation provides that the provisions of the Certificate of Incorporation relating to the size and composition of our board of directors, limitation on liabilities of directors, stockholder action by written consent, the ability of stockholders to call special meetings, business combinations with interested persons, amendment of our bylaws or certificate of incorporation and the Court of Chancery as the exclusive forum for certain disputes, may only be amended, altered, changed or repealed by the affirmative vote of the holders of at least 66 2/3% of the voting power of all of our outstanding shares of capital stock entitled to vote generally in the election of directors, voting together as a single class. Prior to the Trigger Date, the Certificate of Incorporation provides that such provisions may be amended, altered, changed or repealed by the affirmative vote of the holders of a majority of the voting power of our then outstanding capital stock entitled to vote generally in the election of directors, voting together as a single class. The Certificate of Incorporation also provides that the provision of the Certificate of Incorporation that deals with corporate opportunity may only be amended, altered or repealed by a vote of 80% of the voting power of our then outstanding capital stock entitled to vote generally in the election of directors, voting together as a single class.

Transfer Agent and Registrar

The transfer agent and registrar of our common stock is Broadridge Corporate Issuer Solutions, Inc.

Registration Rights

The Company has entered into a registration agreement with Sun Cardinal and SCSF Cardinal, LLC (“SCSF Cardinal”) and certain other investors, which provides that shares of our common stock held by Sun Cardinal, SCSF Cardinal or any of their affiliates may be registered on demand and also on registration statements relating to our securities, subject to various conditions and limitations.

JOINDER, CONFIRMATION, RATIFICATION AND AMENDMENT TO CREDIT AGREEMENT AND RELATED DOCUMENTS

This Joinder, Confirmation, Ratification and Amendment to Credit Agreement and Related Documents (the “Agreement”) is made as of November 4, 2019, by and among **VINCE, LLC**, a Delaware limited liability company, as borrower (in such capacity, the “Borrower”), the Guarantors (as defined in the Credit Agreement) party to the Credit Agreement before the effectiveness of this Agreement (the “Existing Guarantors”), **REBECCA TAYLOR, INC.**, a New York corporation (“Rebecca Taylor”), **REBECCA TAYLOR RETAIL STORE, LLC**, a New York limited liability company (“RT Retail”), **PARKER LIFESTYLE, LLC**, a Delaware limited liability company (“Parker Lifestyle”), **PARKER HOLDING, LLC**, a Delaware limited liability company (“Parker”), and together with Rebecca Taylor, RT Retail and Parker Lifestyle, the “New Guarantors” and each individually, a “New Guarantor”) and **CRYSTAL FINANCIAL LLC**, as administrative agent and collateral agent under the Credit Agreement referred to below (the “Agent”), in consideration of the mutual covenants herein contained and benefits to be derived herefrom.

WITNESSETH

1. Reference is made to that certain Credit Agreement, dated as of August 21, 2018 (as amended, restated, amended and restated, extended, supplemented, or otherwise modified from time to time, the “Credit Agreement”) by and among the Borrower, the Existing Guarantors party thereto (together with the Borrower, the “Existing Loan Parties”), the Lenders from time to time party thereto, and the Agent.

2. Reference is further made to that certain Guarantee and Collateral Agreement, dated as of August 21, 2018 (as amended, restated, amended and restated, extended, supplemented, or otherwise modified from time to time, the “Guarantee and Collateral Agreement”) by and among the Existing Loan Parties and the Agent, pursuant to which the Existing Loan Parties have granted to the Agent, for its benefit and for the benefit of the other Credit Parties, a lien on and a security interest in substantially all of their assets as collateral security for the payment and performance in full of all Secured Obligations (as defined therein).

3. Substantially concurrently herewith, the Borrower will acquire all of the issued and outstanding units of Parker and Rebecca Taylor pursuant to that certain Equity Purchase Agreement, dated as of November 4, 2019, by and between the Borrower, as purchaser, and Contemporary Lifestyle Group, LLC, a Delaware limited liability company, as seller (the “Acquisition”);

4. The Borrower has advised the Agent that the Acquisition is a Permitted Acquisition and, pursuant to Section 6.11 of the Credit Agreement, the New Guarantors are required to provide a Facility Guaranty, to become a party to the Security Documents and to take such actions necessary or advisable to grant to the Agent for the benefit of the Secured Parties a perfected security interest.

NOW, THEREFORE, it is hereby agreed by and among the Loan Parties and the Agent as follows:

1. Definitions. Unless otherwise defined herein, all capitalized terms used herein shall have the meaning set forth in the Credit Agreement.

2. Joinder and Assumption of Obligations. Effective as of the date of this Agreement, each New Guarantor hereby acknowledges that it has received and reviewed a copy of the Credit Agreement, the Guarantee and Collateral Agreement, and the other Loan Documents, and hereby:

(a) joins in the execution of, and becomes a party to the Credit Agreement, the Guarantee and Collateral Agreement, and the other Loan Documents as a Guarantor (and, in the case of the Guarantee and Collateral Agreement, a Grantor) thereunder, as indicated with its signature below;

(b) covenants and agrees to be bound by all covenants, agreements, liabilities and acknowledgments of a Guarantor under the Credit Agreement and a Grantor under the Guarantee and Collateral Agreement, as of the date hereof (other than covenants, agreements, liabilities and acknowledgments that relate solely to an earlier date), in each case, with the same force and effect as if such New Guarantor was a signatory to the Credit Agreement, the Guarantee and Collateral Agreement, and the other Loan Documents and was expressly named as a Guarantor (and, in the case of the Guarantee and Collateral Agreement, a Grantor) therein;

(c) makes all representations, warranties, and other statements of a Guarantor under the Credit Agreement (other than pursuant to Section 5.03(a)(i) of the Credit Agreement with respect to the good standing of Rebecca Taylor Design Limited), and the other Loan Documents and a Grantor under the Guarantee and Collateral Agreement, as of the date hereof (other than representations, warranties and other statements that relate solely to an earlier date), in each case, with the same force and effect as if the New Guarantor was a signatory to the Credit Agreement, the Guarantee and Collateral Agreement, and the other Loan Documents, and was expressly named as a Guarantor (and, in the case of the Guarantee and Collateral Agreement, a Grantor) therein; and

(d) assumes and agrees to perform all applicable duties and Obligations and Secured Obligations (as defined in the Guarantee and Collateral Agreement) of a Guarantor (on a joint and several basis with the other Loan Parties) and a Grantor (under the Guarantee and Collateral Agreement) under the Credit Agreement, the Guarantee and Collateral Agreement, and the other Loan Documents.

3. Grant of Security Interest. Without limiting the generality of Section 2 hereof, each New Guarantor hereby grants to the Agent, for the benefit of the Credit Parties, a security interest in all of the Collateral (as defined in the Guarantee and Collateral Agreement) as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of all Secured Obligations (as defined in the Guarantee and Collateral Agreement). Pursuant to any Requirement of Law, each New Guarantor authorizes the Agent to file or record financing statements and other filing or recording documents or instruments with respect to the Collateral without the signature of such New Guarantor in such form and such offices as the Agent reasonably determines appropriate to

perfect the security interests of the Agent under this Agreement. Each New Guarantor authorizes the Agent to use the collateral description “all assets” or words of similar effect in any such financing statements.

4. Amendments to Credit Agreement and Related Documents.

(a) Any and all references in the Credit Agreement and any related documents to “Guarantor”, “Guarantors”, “Loan Party” and “Loan Parties” shall hereafter be deemed to include the New Guarantors.

(b) The schedules, exhibits, or annexes to the Credit Agreement are hereby updated with respect to the New Guarantors, as evidenced by the supplemental schedules, exhibits, or annexes annexed to this Agreement at Annex A.

(c) The schedules, exhibits, or annexes to the Guarantee and Collateral Agreement are hereby updated with respect to the New Guarantors, as evidenced by the supplemental schedules, exhibits, or annexes annexed to this Agreement at Annex B.

5. Confirmation and Ratification of Credit Agreement and other Loan Documents.

(a) Each Existing Loan Party hereby ratifies and confirms all of the terms and conditions of, and all of the warranties and representations set forth in, the Credit Agreement (other than pursuant to Section 5.03(a)(i) of the Credit Agreement with respect to the good standing of Rebecca Taylor Design Limited), the Guarantee and Collateral Agreement, and any other Loan Document, and each Existing Loan Party acknowledges and agrees that the Credit Agreement and Guarantee and Collateral Agreement, as amended by this Agreement, remain in full force and effect.

(b) Without in any manner limiting the foregoing clause 5(a), each Existing Loan Party hereby acknowledges, confirms and agrees that any and all Collateral previously pledged to the Agent shall continue to secure all Secured Obligations (as defined in the Guarantee and Collateral Agreement) of the Loan Parties at any time and from time to time outstanding under the Credit Agreement and any other agreement with Agent, as such Secured Obligations (as defined in the Guarantee and Collateral Agreement) have been, and may hereafter be, amended, restated, supplemented, increased or otherwise modified from time to time.

6. Conditions Precedent to Effectiveness. This Agreement shall not be effective until each of the following conditions precedent have been fulfilled to the reasonable satisfaction of the Agent:

(a) This Agreement shall have been duly executed and delivered by the respective parties hereto, and shall be in full force and effect and shall be in form and substance reasonably satisfactory to the Agent.

(b) All action on the part of the New Guarantors and the other Loan Parties necessary for the valid execution, delivery and performance by the New Guarantors and the other Loan Parties of this Agreement and all other documentation, instruments, and

agreements to be executed in connection herewith shall have been duly and effectively taken and evidence thereof reasonably satisfactory to the Agent shall have been provided to the Agent.

(c) The New Guarantors shall have delivered the following to the Agent, in form and substance reasonably satisfactory to the Agent:

(i) An officer's certificate, dated as of the date hereof, certifying as to and (as applicable) attaching each New Guarantor's organization documents (which to the extent filed with a Governmental Authority, shall be certified as of a recent date by such Governmental Authority), the resolutions of the governing body of each New Guarantor, the good standing, existence or its equivalent of each New Guarantor, and of the incumbency (including specimen signatures) of the Responsible Officers of each New Guarantor.

(ii) A supplemental Representations and Warranties Certificate with respect to the New Guarantors substantially in the form delivered to the Agent on the Closing Date.

(d) The Borrower shall have delivered to the Agent a certificate, in form and substance reasonably satisfactory to the Agent, certifying that the ABL Payment Conditions have been satisfied with respect to the Acquisition.

(e) The Agent shall have received an executed legal opinion of Kirkland & Ellis LLP, counsel to the Borrower and the New Guarantors, in form and substance reasonably satisfactory to the Agent.

(f) The Agent shall have received all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, with respect to the New Guarantors, including without limitation the PATRIOT Act.

(g) The Agent shall have received certificates of insurance for the insurance policies as required by Section 6.07 of the Credit Agreement.

(h) The Agent shall have received all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Agent to be filed, registered or recorded to create or perfect the first priority Liens on each New Guarantor's assets to secure the Obligations intended to be created under the Credit Agreement and all such documents and instruments shall have been so filed, registered or recorded to the satisfaction of the Agent.

(i) The Agent shall have received a signature page to this Agreement executed by each Loan Party.

7. Conditions Subsequent. The New Guarantors will deliver or cause to be delivered, or use commercially reasonable efforts to deliver or cause to be delivered, in each case, in accordance with and subject to the terms and conditions set forth in the Credit

Agreement, to the Agent, in form and substance satisfactory to the Agent, on or before the dates set forth below (which may be extended or waived in the Agent's sole discretion):

(a) 15 days after the date hereof, a supplement to Schedule 5.23 (Insurance) to the Credit Agreement;

(b) reasonably promptly following a request therefor, such Credit Card Notifications, Blocked Account Agreements, Collateral Access Agreements and other documents necessary or desirable (in the Agent's sole discretion) to perfect the Agent's security interest in the Collateral as the Agent may request, to the extent the Borrower is obliged to provide such Credit Card Notification, Blocked Account Agreement, Collateral Access Agreement or other document under the Credit Agreement.

Each Loan Party agrees that the failure to perform or comply with the covenants set forth in this Section 7 shall constitute an Event of Default under the Credit Agreement; provided that, with respect to Section 7(b), such failure shall only constitute an Event of Default to the extent failure to deliver such document pursuant to the terms of the Credit Agreement would constitute an Event of Default thereunder.

8. Borrowing Base. Notwithstanding anything to the contrary contained in the Intercreditor Agreement (including Section 9.1(a) thereof), the Agent and Lenders hereby consent to the ABL Agent's use of its discretion to include or not to include certain of the New Guarantors' In-Transit Inventory that does not constitute Eligible In-Transit Inventory because of a failure to satisfy the requirements of clause (iii) of the definition of Eligible In-Transit Inventory in the ABL Credit Agreement (such In-Transit Inventory, the "Specified In-Transit Inventory") in the Borrowing Base as "Eligible In-Transit Inventory" for up to ninety (90) days following the date of the Acquisition. The ABL Agent and ABL Lenders shall be deemed to be express third-party beneficiaries of the consent provided in this Section 8, and this Section 8 shall not be amended, modified or waived without the prior written consent of the ABL Agent.

9. Miscellaneous. Sections 10.04 (Expenses; Indemnity; Damage Waiver), 10.10 (Counterparts; Integration; Effectiveness), 10.12 (Severability), 10.14 (GOVERNING LAW), 10.15 (SUBMISSION TO JURISDICTION; WAIVERS) and 10.16 (Waivers of Jury Trial) of the Credit Agreement are incorporated herein *mutatis mutandis*.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as a document under seal by their respective authorized officers as of the date first above written.

BORROWER: VINCE, LLC

By: /s/ David
Stefko
Name: David
Stefko
Title: Chief
Financial Officer

EXISTING GUARANTORS:

VINCE INTERMEDIATE HOLDING, LLC

By: /s/ David
Stefko
Name: David
Stefko
Title: Chief
Financial Officer

VINCE HOLDING CORP.

By: /s/ David
Stefko
Name: David
Stefko
Title: Chief
Financial Officer

NEW GUARANTORS:

REBECCA TAYLOR, INC.

By:
/s/ Bruce
Migliaccio
Name: Bruce
Migliaccio
Title: Chief
Financial Officer

PARKER HOLDING, LLC

By:
/s/ Bruce
Migliaccio
Name: Bruce
Migliaccio
Title: Chief
Financial Officer

REBECCA TAYLOR RETAIL STORE, LLC

By:
/s/ Bruce
Migliaccio
Name: Bruce
Migliaccio
Title: Chief
Financial Officer

PARKER LIFESTYLE, LLC

By:
/s/ Bruce
Migliaccio
Name: Bruce
Migliaccio
Title: Chief
Financial Officer

AGENT:

CRYSTAL FINANCIAL LLC

By:

/s/

Andric

Mirko

Name:

Mirko

Andric

Title:

Managing

Director

[Signature Page to Joinder, Confirmation, Ratification and Amendment of Credit Agreement]

LENDERS:

CRYSTAL FINANCIAL LLC

By:

/s/

Andric

Mirko

Name:

Mirko

Andric

Title:

Managing

Director

CRYSTAL FINANCIAL SPV LLC

By:

/s/

Andric

Mirko

Name:

Mirko

Andric

Title:

Managing

Director

[Signature Page to Joinder, Confirmation, Ratification and Amendment of Credit Agreement]

ANNEX A

Updated Schedules to Credit Agreement

See attached.

ANNEX B

Updated Schedules to Guarantee and Collateral Agreement

See attached.

VINCE.

Lee Meiner
[Home Address]

Dear Lee:

We are excited to confirm your offer of employment with Vince, LLC (hereafter “Vince” or the “Company”). Vince has a rich history and an exciting future. We are confident that you will help us reach even greater success. The terms of the employment offer are as follows:

Following are the key terms associated with your position:

- Effective Date: June 3, 2019
- Title: Senior Vice President, Chief Human Resources Officer (Member of Steering Committee)
- Reports to: Chief Executive Officer
- Location: New York, NY
- Base Compensation: Your annual base salary will be \$350,000. You will be paid on a bi-weekly basis (26 pay periods per year). This position is classified as exempt. As such, you are not eligible for overtime pay for hours worked over 40 in a week.
- Short-Term Incentive: You will be eligible to participate in the Company’s Annual Short-Term Incentive Plan (the “STI Plan”). The STI Plan year is the same as Vince’s fiscal year. The target bonus opportunity for your position under this plan is 60% of your annual base salary, based upon annual performance targets established each fiscal year. Anticipated timing of payout under the STI Plan is April - May 2020. Your bonus for Fiscal Year 2019 will not be pro-rated on your date of hire.
- Long-Term Incentive:
 - Subject to approval by the Board, you will receive a new hire grant in the form of 7,500 Restricted Stock Units stock options, vesting ratably over a four year period.
 - The official grant agreement, which will cover the vesting schedule, expiration rules, and other terms and conditions, will be provided at the time of the grant.
 - You will also be eligible to participate in the ongoing annual Long-Term Incentive Program. The Board will determine the target amount and terms (such as equity mix and vesting schedule) of the annual awards each year, based upon the Company’s performance as well as market conditions and other factors.
- Vacation/Holiday: You will accrue 5 weeks of vacation per annum (pro-rated for the first year of employment). Vacation time is accrued at 7.6923 hours per pay period. All vacation time to be earned during the year is available to take as of January 1st each year even though you actually earn it as the year proceeds. The maximum amount of vacation that may be taken as a continuous block of time is two (2) weeks. You are also eligible to receive all Company paid holidays and personal days in accordance with the Company’s standard vacation and holiday policies. In addition to ten paid Company holidays, associates are welcome to take one “floating holiday” of their choice during the year, as well as a day off on their birthday. If your birthday falls on a Saturday or Sunday, you may take your birthday holiday on the preceding Friday or upcoming Monday.

Benefits: As a full-time associate, you are eligible to participate in the Company's health benefits program. Medical, Dental and Vision coverage begin on the first of the month following completion of 90 days of employment. Additionally, you will be automatically enrolled in the company's 401k program on the first of the month following completion of 120 days of employment. Associates can be reimbursed up to \$600 max per benefit plan year for gym memberships. A summary of Vince's current benefits is enclosed.

Work Provided Tools: You will be provided with a \$65/month reimbursement in your paycheck to cover Vince's share of business-related mobile service charges on your own device.

Merchandise Discount: You and your immediate family are eligible to receive Vince's merchandise discount of 75% off apparel and 25% off licensed merchandise in retail stores and online, beginning on your first day of employment. Immediate family includes spouse/domestic partner and children. For your immediate family member to be eligible for the discount, you, as the Vince associate, must be present at the time of purchase or must make the purchase for the immediate family member. Discount amounts are subject to change at any time.

Clothing Allowance: Under Vince's Clothing Allowance Policy, you are eligible to receive an allowance in the amount of \$6,000 (pro-rated for the first year of employment). Your allowance will be calculated based on 75% off the retail price of each item of clothing. Please note that receiving a clothing allowance is considered a taxable benefit and, as a result, the applicable income taxes associated with receiving this benefit will be applied. Clothing allowance is determined by your position, department's function, and your frequency of customer-facing activity. The clothing allowance is a discretionary benefit and is subject to change with or without notice.

Severance: If your employment is terminated by the Company without "cause" (as such term is defined in the Company's stock option plan), then subject to the execution of a satisfactory release by you, you will receive severance payments, equivalent to your then current base rate of pay, for the next twelve (12) months or until other employment is earlier secured. If you are, as of the termination date, enrolled in the Company's medical and dental plans, you will continue to receive medical and dental coverage in accordance with the Company's plans that are then in place until the end of the salary continuation period or, at the Company's option, coverage under another medical and/or dental plan.

Restrictive Covenants: Notice Period Requirement. Should you voluntarily resign your employment, you shall provide the Company with a sixty (60) days working notice period. During this notice period, you agree to continue performing all of the functions and responsibilities of your position, continue to give your full time and attention to such responsibilities, and assist the Company in preparing for your departure.

Non-Compete. During your employment and for a period of twelve (12) months thereafter, you shall not directly or indirectly (i) source, manufacture, produce, design, develop, promote, sell, license, distribute, or market anywhere in the world (the "Territory") any contemporary apparel, accessories or related products ("Competitive Products") or (ii) own, manage, operate, be employed by, participate in or have any interest in any other business or enterprise engaged in the design, production, distribution or sale of Competitive Products anywhere in the Territory; provided, however, that nothing herein shall prohibit you from being a passive owner of not more than five percent (5%) of the outstanding stock of any class of securities of a corporation or other entity engaged in such business which is publicly traded, so long as you have no active participation in the business of such corporation or other entity. This paragraph will not apply and will not be enforced by the Company with respect to post-termination activity by you that occurs in California or in any other state in which this prohibition is not enforceable under applicable law.

Non-solicit, Non-interference. During your employment and for a period of twelve (12) months thereafter you shall not, except in furtherance of your duties during your employment with the Company, directly or indirectly, individually or on behalf of any other

person, firm, corporation or other entity, (A) solicit or induce any employee, consultant, representative or agent of the Company or any of its affiliates, to leave such employment or retention or to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company or hire or retain any such employee, consultant, representative or agent, or take any action to materially assist or aid any other person, firm corporation or other entity in identifying, hiring or soliciting any such employee, consultant, representative or agent, or (B) interfere, or aid or induce any other person or entity in interfering, with the relationship between the Company or any of its affiliates and their respective customers, suppliers, vendors, joint ventures, distribution partners, franchisees, licensors, licensees or any other business relation of the Company or its affiliates. Any person described in subparagraph (A) above shall be deemed covered by this paragraph while so employed or retained and for a period of twelve (12) months thereafter, unless such person's employment has been terminated by the Company.

Non-disparagement. During your period of employment and thereafter, you shall not make any negative comments or otherwise disparage the Company or any of its affiliates or any of the Company's or its affiliates' officers, directors, employees, shareholders, agents, products or business, or take any action, including making any public statements or publishing or participating in the publication of any accounts or stories relating to any persons, entities, products or businesses which negatively impacts or brings such person, entity, product or business into public ridicule or disrepute except if testifying truthfully under oath pursuant to subpoena or other legal process, in which event you agree to provide the Company, as appropriate, with notice of subpoena and opportunity to respond.

Compliance with Law:

This letter is intended to comply with applicable law. Without limiting the foregoing, this letter is intended to comply with the requirements of section 409A of the Internal Revenue Code ("409A"), and, specifically, with the separation pay and short term deferral exceptions of 409A. Notwithstanding anything in the letter to the contrary, separation pay may only be made upon a "separation from service" under 409A and only in a manner permitted by 409A. For purposes of 409A, the right to a series of installment payments under this letter shall be treated as a right to a series of separate payments. In no event may you, directly or indirectly, designate the calendar year of a payment. All reimbursements and in-kind benefits provided in this letter shall be made or provided in accordance with the requirements of 409A (including, where applicable, the reimbursement rules set forth in the regulations issued under 409A). If you are a "specified employee" of a publicly traded corporation on your termination date (as determined by the Company in accordance with 409A), to the extent required by 409A, separation pay due under this letter will be delayed for a period of six (6) months. Any separation pay that is postponed because of 409A will be paid to you (or, if you die, your beneficiary) within 30 days after the end of the six-month delay period.

This offer of employment is contingent upon your successful completion of our pre-employment process, which includes reference, credit, and background checks. Furthermore, as a condition of this offer, you acknowledge that you are not bound or limited in any manner by agreements from any previous employers or agencies that would prohibit the acceptance of employment or your ability to perform all aspects of your proposed employment at Vince. Terms of employment shall remain confidential.

The employment relationship is one that is at-will, meaning both you and the Company have the right to terminate your employment at any time, for any reason, with or without cause, and without prior notice.

You will receive an email to complete employment paperwork electronically prior to your effective date. Upon arrival, you will be provided orientation and benefit plan enrollment materials. Please review the list of acceptable documents for the Form I-9 and bring the appropriate personal identification with you on your effective date. One voided check will be required to set-up your direct deposit account for payroll.

Congratulations, Lee! We are confident that you will make significant contributions at Vince and we look forward to you joining our team. If you agree to the employment terms listed, please sign this letter and return it via email to hr@vince.com before your first day of employment.

Sincerely,

/s/Brendan Hoffman 5/23/19
Brendan Hoffman Date
Chief Executive Officer

I agree to the terms of the offer as outlined above.

/s/ Lee Meiner 5/27/19
Lee Meiner Date

LIST OF SUBSIDIARIES OF VINCE HOLDING CORP.

Vince Intermediate Holding, LLC	Delaware
Vince, LLC	Delaware
Vince SARL	France
Vince Group UK LTD	England & Wales
Parker Holding, LLC	Delaware
Parker Lifestyle, LLC	Delaware
Rebecca Taylor, Inc	New York
Rebecca Taylor Retail Store, LLC	New York
Rebecca Taylor Design Limited	England & Wales

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-192500 and 333-225036) of Vince Holding Corp. of our report dated June 11, 2020 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
New York, New York
June 11, 2020

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-225036 on Form S-8 and Registration Statement No. 333-192500 on Form S-8 of Vince Holding Corp. of our report dated June 11, 2020 relating to the consolidated financial statements of Contemporary Lifestyle Group LLC and Subsidiaries (not presented separately herein), appearing in this Annual Report on Form 10-K.

/s/ Crowe LLP

Oak Brook, Illinois
June 11, 2020

**CEO CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
(15 U.S.C. SECTION 1350)**

I, Brendan Hoffman, certify that:

1. I have reviewed this annual report on Form 10-K of Vince Holding Corp.;
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;
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Brendan Hoffman

Brendan Hoffman

Chief Executive Officer

(principal executive officer)

June 11, 2020

**CFO CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
(15 U.S.C. SECTION 1350)**

I, David Stefko, certify that:

1. I have reviewed this annual report on Form 10-K of Vince Holding Corp.;
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;
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David Stefko

David Stefko
Chief Financial Officer
(principal financial and accounting officer)

June 11, 2020

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

In connection with the Annual Report of Vince Holding Corp. (the “Company”), on Form 10-K for the year ended February 1, 2020 as filed with the Securities and Exchange Commission (the “Report”), Brendan Hoffman, Chief Executive Officer of the Company, does hereby certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company at the dates and for the periods indicated in the Report.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version 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.

The undersigned expressly disclaims any obligation to update the foregoing certification except as required by law.

/s/ Brendan Hoffman

Brendan Hoffman
Chief Executive Officer
(principal executive officer)

June 11, 2020

**CERTIFICATIONS OF CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

In connection with the Annual Report of Vince Holding Corp. (the “Company”), on Form 10-K for the year ended February 1, 2020 as filed with the Securities and Exchange Commission (the “Report”), David Stefko, Chief Financial Officer of the Company, does hereby certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company at the dates and for the periods indicated in the Report.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version 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.

The undersigned expressly disclaims any obligation to update the foregoing certification except as required by law.

/s/ David Stefko

David Stefko

Chief Financial Officer

(principal financial and accounting officer)

June 11, 2020

VINCE.

500 Fifth Avenue, 20th Floor
New York, New York 10110

June 11, 2020

To Our Stockholders:

You are cordially invited to attend the 2020 Annual Meeting of Stockholders of Vince Holding Corp. which will be conducted virtually online on Tuesday, June 30, 2020, at 10:30 a.m., Eastern Time. Due to concerns regarding the COVID-19 pandemic, we are holding the Annual Meeting in a virtual format via a live webcast, which can be accessed on the Internet by visiting <http://www.virtualshareholdermeeting.com/VNCE2020>.

Details on how to attend the meeting online and of the business to be conducted at the Annual Meeting are provided in the accompanying Notice of Meeting of Stockholders and Proxy Statement.

Your vote is important. Please take the time to carefully read each of the proposals described in the enclosed Proxy Statement and cast your vote by signing and returning your proxy card in the enclosed postage-prepaid envelope, by telephone or over the Internet by following the instructions on the enclosed proxy card.

Thank you for your support of Vince Holding Corp.

Sincerely,

A handwritten signature in black ink, appearing to read "Brendan Hoffman", with a long horizontal flourish extending to the right.

Brendan Hoffman
Chief Executive Officer

VINCE HOLDING CORP.
500 Fifth Avenue, 20th Floor
New York, New York 10110

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Our Stockholders:

NOTICE IS HEREBY GIVEN that the 2020 Annual Meeting of Stockholders (the “Annual Meeting”) of Vince Holding Corp. (the “Company,” “we,” “us” or “our”) will be held virtually online on Tuesday, June 30, 2020 at 10:30 a.m., Eastern Time, for the following purposes to:

1. elect the Class III directors, Jerome Griffith, Brendan Hoffman and Marc Leder, to serve until our annual meeting of stockholders to be held in 2023 or until their respective successors are duly elected and qualified;
2. ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending January 30, 2021;
3. approve, on a non-binding, advisory basis, the compensation of our named executive officers;
4. approve an amendment to the Vince Holding Corp. 2013 Omnibus Incentive Plan to increase the maximum aggregate number of shares of the Company’s common stock with respect to which equity awards may be granted thereunder; and
5. transact any other business properly brought before the Annual Meeting or any adjournment or postponement thereof.

Due to concerns regarding the COVID-19 pandemic, we are holding the Annual Meeting in a virtual format via a live webcast, which can be accessed on the Internet by visiting <http://www.virtualshareholdermeeting.com/VNCE2020>.

The Company’s board of directors has declared the close of business on May 26, 2020 as the record date for the Annual Meeting. Only stockholders of record on May 26, 2020 are entitled to receive notice of and vote at the Annual Meeting.

We appreciate your continued support of Vince Holding Corp.

By Order of the Board of Directors



Akiko Okuma
VP, General Counsel & Secretary

New York, New York
June 11, 2020

THE BOARD OF DIRECTORS URGES YOU TO VOTE BY THE INTERNET OR BY TELEPHONE OR TO MARK, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE POSTAGE-PREPAID ENVELOPE PROVIDED.

THE PROXY STATEMENT AND THE ANNUAL REPORT ARE AVAILABLE AT <http://www.proxyvote.com>

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VINCE.

500 Fifth Avenue, 20th Floor
New York, New York 10110

PROXY STATEMENT

The board of directors (the “Board of Directors”) of Vince Holding Corp. (the “Company,” “we,” “us” or “our”) is soliciting your proxy to vote at the 2020 Annual Meeting of Stockholders to be held on June 30, 2020, at 10:30 a.m., Eastern Time, and any adjournment or postponement of that meeting (the “Annual Meeting”). Due to concerns regarding the COVID-19 pandemic, we are holding the Annual Meeting in a virtual format via a live webcast, which can be accessed on the Internet by visiting <http://www.virtualshareholdermeeting.com/VNCE2020>.

We expect to first make this Proxy Statement available together with our Annual Report for the fiscal year ended February 1, 2020 on or about June 11, 2020, to our stockholders of record as of the close of business on May 26, 2020 (the “Record Date”). The Company’s principal executive offices are located at 500 Fifth Avenue, 20th Floor, New York, New York 10110 and its telephone number is (212) 944-2600.

Introductory Note About the Company

Vince Holding Corp., formerly known as Apparel Holding Corp. and Kellwood Holding Corp., was incorporated in Delaware in February 2008 in connection with the acquisition of Kellwood Company by affiliates of Sun Capital Partners, Inc. (“Sun Capital”). We completed an initial public offering of our common stock on November 27, 2013 (the “IPO”). Prior to the IPO and the related restructuring transactions, the Company was a diversified apparel company operating a broad portfolio of fashion brands, which included Vince. As a result of the IPO and the related restructuring transactions, the non-Vince businesses were separated from the Vince business, and the Vince business became the sole operating business of the Company. In November 2019, Vince, LLC (“Vince”), an indirectly wholly owned subsidiary of the Company, completed its acquisition (the “Acquisition”) of 100% of the equity interests in Rebecca Taylor, Inc. and Parker Holding LLC from Contemporary Lifestyle Group, LLC. The Company currently is a global contemporary group, consisting of three brands: Vince, Rebecca Taylor and Parker.

In this Proxy Statement, “Kellwood” refers, as applicable and unless otherwise defined, to any of: (i) Kellwood Company; (ii) Kellwood Company, LLC (a limited liability company to which Kellwood Company converted at the time of the restructuring transactions related to our IPO prior to the sale of Kellwood Company, LLC to an unaffiliated purchaser in December 2016 (the “Kellwood Sale”); (iii) St. Louis Transition, LLC (“St. Louis, LLC”) following the Kellwood Sale; and (iv) the operations of the non-Vince businesses after giving effect to our IPO and the related restructuring transactions and prior to the Kellwood Sale.

Our fiscal year ends on the Saturday closest to January 31. For the purposes of this Proxy Statement, “fiscal 2018” refers to our fiscal year ended February 2, 2019 and “fiscal 2019” refers to our fiscal year ended February 1, 2020.

At the close of business on October 23, 2017, the Company effected a 1-for-10 reverse stock split (the “Reverse Stock Split”) and the Company’s common stock began trading on a split-adjusted basis when the market opened on October 24, 2017. All references to our common stock provided in this Proxy Statement reflect the effect of the Reverse Stock Split except as otherwise indicated.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

Why am I receiving these materials?

The Board of Directors is soliciting proxies for the Annual Meeting.

Where and When is the Annual Meeting?

We will hold the Annual Meeting on Tuesday, June 30, 2020, at 10:30 a.m., Eastern Time. Due to concerns regarding the COVID-19 pandemic, we are holding the Annual Meeting in a virtual format via a live webcast, which can be accessed on the Internet by visiting <http://www.virtualshareholdermeeting.com/VNCE2020>.

What am I being asked to vote on at the Annual Meeting?

We are asking our stockholders to consider the following proposals:

- the election of the Class III directors, Jerome Griffith, Brendan Hoffman and Marc Leder, to serve until our annual meeting of stockholders to be held in 2023 or until their respective successors are duly elected and qualified;
- the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending January 30, 2021;
- the approval, on a non-binding, advisory basis, of the compensation of our named executive officers. Even though your vote is advisory and therefore will not be binding on the Company, the compensation committee (the “Compensation Committee”) of the Board of Directors will review the voting results and take them into consideration when making future decisions regarding executive compensation;
- the approval of an amendment to the Vince Holding Corp. 2013 Omnibus Incentive Plan (the “Vince 2013 Incentive Plan”) to increase the maximum aggregate number of shares of the Company’s common stock with respect to which equity awards may be granted thereunder; and
- any other business properly introduced at the Annual Meeting.

How does the Board of Directors recommend I vote on these proposals?

The Board of Directors recommends a vote:

- **“FOR”** the election of the Class III directors, Jerome Griffith, Brendan Hoffman and Marc Leder, to serve until our annual meeting of stockholders to be held in 2023 or until their respective successors are duly elected and qualified;
 - **“FOR”** the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending January 30, 2021;
 - **“FOR”** the approval, on a non-binding, advisory basis, of the compensation of our named executive officers; and
 - **“FOR”** the approval of the proposed amendment to the Vince 2013 Incentive Plan to increase the maximum aggregate number of shares of the Company’s common stock issuable thereunder.
-

What must I do if I want to attend the Annual Meeting?

Attendance at the Annual Meeting is limited to individuals who were stockholders as of the Record Date. Online registration will begin on Tuesday, June 30, 2020 at 10:00 a.m., Eastern Time, and you should allow ample time for the online check-in procedures. Due to concerns regarding the COVID-19 pandemic, we are holding the Annual Meeting in a virtual format via a live webcast, which can be accessed on the Internet by visiting <http://www.virtualshareholdermeeting.com/VNCE2020>. Any recording of the Annual Meeting is not permitted.

We will have technicians ready to assist you with any technical difficulties you may have accessing the virtual meeting. If you encounter any difficulties accessing the Annual Meeting virtually during the check-in or meeting time, a technical support number will be available the day of the Annual Meeting on the meeting website.

How many votes do I have?

You have and may cast one vote for each share of our common stock that you owned at the close of business on the Record Date. These shares include:

- shares registered directly in your name with Broadridge Corporate Issuer Solutions, Inc. (“Broadridge”), our transfer agent, for which you are considered the “stockholder of record;” and
- shares held for you as the beneficial owner through a broker, bank or other nominee.

As of the Record Date, the Company had 11,772,324 shares of common stock issued and outstanding.

What is the difference between holding shares as a “stockholder of record” and as a “beneficial owner?”

If your shares are registered directly in your name with Broadridge, you are considered the “stockholder of record” with respect to those shares. We have sent the Notice of Meeting of Stockholders and Proxy Statement directly to you. As the stockholder of record, you have the right to grant your voting proxy directly to the individuals listed on the enclosed proxy card or to vote in person at the Annual Meeting. Throughout this Proxy Statement, we refer to stockholders who hold their shares directly with Broadridge as “stockholders of record.”

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the “beneficial owner” of the shares held in street name. Your broker, bank or other nominee who is considered the stockholder of record with respect to those shares has forwarded the Notice of Meeting of Stockholders and Proxy Statement for the Annual Meeting to you. As the beneficial owner, you have the right to direct your broker or nominee on how to vote your shares. Beneficial owners are also invited to electronically attend the Annual Meeting. However, since a beneficial owner is not the stockholder of record, a beneficial owner may not electronically vote his or her shares of our common stock at the Annual Meeting unless such beneficial owner follows his or her broker’s procedures for obtaining a legal proxy. If you request a printed copy of our proxy materials by mail, your broker or nominee will provide a voting instruction card for you to use. Throughout this Proxy Statement, we refer to stockholders who hold their shares through a broker, bank or other nominee as “beneficial owners” or “street name stockholders.”

What is a proxy?

It is your legal designation of another person to vote the stock you own. That other person is called your proxy. If you designate someone as your proxy in a written document, that document is also called a proxy or a proxy card. We have designated two of our officers as proxies for the Annual Meeting to cast your vote. These officers are David Stefko, our Executive Vice President, Chief Financial Officer, and Akiko Okuma, our Vice President, General Counsel and Secretary.

How do I vote?***General***

You can vote by proxy or online during the Annual Meeting. For specific methods of voting available to you, see below.

If you submit your proxy using any of the methods below, David Stefko or Akiko Okuma will vote your shares in the manner you indicate. If you vote by telephone or Internet and choose to vote with the recommendation of the Board of Directors, or if you vote by mail, sign your proxy card and do not indicate specific choices, your shares will be voted “FOR” the election of all nominees for director; “FOR” the ratification of the appointment of our independent registered public accounting firm; “FOR” the approval, on a non-binding, advisory basis, of the compensation of our named executive officers; and “FOR” the approval of the amendment to the Vince 2013 Incentive Plan.

If any other matter is properly introduced at the Annual Meeting, your proxy will authorize David Stefko or Akiko Okuma to vote in accordance with their best judgment. At the time this Proxy Statement was printed, we knew of no matters to be considered at the Annual Meeting other than the four proposals referenced in this Proxy Statement.

Voting Methods for Stockholders of Record

If you are a stockholder of record, you may vote by one of the following methods:

- **By Mail:** you may authorize your proxy by completing, signing and dating your proxy card and returning it in the enclosed reply envelope;
- **By Internet:** you may vote online via the Internet by accessing the website <http://www.proxyvote.com> and following the instructions provided on the proxy card. Internet voting facilities will be available 24 hours a day and will close at 11:59 p.m., Eastern Time, on June 29, 2020;
- **By Telephone:** you may vote by touch-tone telephone by calling 1-800-690-6903. Telephone voting facilities will be available 24 hours per day and will close at 11:59 p.m., Eastern Time, on June 29, 2020;
- **Online During the Meeting:** you may virtually attend and vote at the Annual Meeting by entering your access code; however, virtually attending the Annual Meeting without submitting the virtual ballot will not count as a vote.

Voting Methods for Street Name Stockholders

If you are a street name stockholder, you will receive voting instructions from your broker, bank or other nominee. You must follow the voting instructions provided by your broker, bank or other nominee in order to instruct your broker, bank or other nominee on how to vote your shares. Street name stockholders should generally be able to vote by returning an instruction card, or by telephone or on the Internet. However, the availability of telephone and Internet voting will depend on the voting process of your broker, bank or other nominee. As discussed above, if you are a street name stockholder, you may not vote your shares virtually at the Annual Meeting unless you obtain a legal proxy from your broker, bank or other nominee.

Can I change my vote or revoke my proxy?

Yes.

If you are a stockholder of record, you can change your vote or revoke your proxy any time before the Annual Meeting by:

- returning a later-dated proxy card;
 - entering a new vote by Internet or by telephone;
 - notifying the Secretary of the Company, in writing, at Vince Holding Corp., 500 Fifth Avenue, 20th Floor, New York, New York 10110, Attention: Secretary; or
 - virtually submitting a ballot at the Annual Meeting.
-

If you are a street name stockholder, your broker, bank or other nominee can provide you with instructions on how to change your vote.

What is a quorum?

A quorum is the minimum number of shares required to be present at the Annual Meeting for the Annual Meeting to be properly held under our amended and restated bylaws and the Delaware General Corporation Law (the “DGCL”). The presence, in person or by proxy, of a majority of all issued and outstanding shares of our common stock entitled to vote at the Annual Meeting will constitute a quorum at the Annual Meeting. Abstentions, withheld votes and broker non-votes are counted as shares present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when an intermediary holding shares for a beneficial owner does not vote on a particular proposal because the intermediary does not have discretionary voting power for that particular proposal and has not received instructions from the beneficial owner.

How may my brokerage firm or other intermediary vote my shares if I fail to provide timely directions?

Brokerage firms and other intermediaries holding shares of our common stock in street name for customers are generally required to vote such shares in the manner directed by their customers. In the absence of timely directions, your broker will have discretion to vote your shares on our sole “routine” matter: the proposal to ratify the appointment of our independent registered public accounting firm. Your broker will not have discretion to vote on the election of directors, the advisory vote on the compensation of our named executive officers, or the amendment to the Vince 2013 Incentive Plan, all of which are “non-routine” matters, absent direction from you.

What vote is required to approve each proposal?

Three directors have been nominated for election at the Annual Meeting. Each director will be elected by a plurality of the votes cast in the election of directors at the Annual Meeting, either in person or represented by properly authorized proxy. This means that the three nominees who receive the largest number of “FOR” votes cast will be elected as directors. We do not have cumulative voting. Abstentions and broker non-votes will have no effect on this proposal.

The ratification of the appointment of our independent registered public accounting firm, the advisory vote on the compensation of our named executive officers, and the approval of the amendment to the Vince 2013 Incentive Plan require the affirmative vote of a majority of the votes represented at the meeting and entitled to vote on the proposal. In accordance with the DGCL, only votes cast “FOR” a matter constitute affirmative votes. A properly executed proxy marked “abstain” with respect to each of these proposals will not be voted, although it will be counted for purposes of determining whether there is a quorum. Since abstentions will not be votes cast “FOR” any of these proposals, they will have the same effect as negative votes or votes against each such matter.

Who will count the vote?

A representative of Broadridge will tabulate the votes and act as the inspector of election.

Is my vote confidential?

Yes. The Company encourages stockholder participation in corporate governance by ensuring the confidentiality of stockholder votes. The Company has designated Broadridge, its independent transfer agent and registrar, to receive and tabulate stockholder votes. Your vote on any particular proposal will be kept confidential and will not be disclosed to the Company or any of its officers or employees except where: (i) disclosure is required by applicable law; (ii) disclosure of your vote is expressly requested by you; or (iii) the Company concludes in good faith that a *bona fide* dispute exists as to the authenticity of one or more proxies, ballots or votes, or as to the accuracy of any tabulation of such proxies, ballots or votes. However, aggregate vote totals will be disclosed to the Company from time to time and publicly announced at the Annual Meeting.

Where can I find the voting results?

The Company will announce preliminary voting results at the Annual Meeting and publish preliminary, or final results if available, in a Current Report on Form 8-K filed with the SEC within four business days of the Annual Meeting.

Who pays for proxy solicitation?

We will pay the cost of soliciting proxies for the Annual Meeting. We will reimburse brokers, fiduciaries, custodians and other nominees for their costs in forwarding proxy materials to beneficial owners of our shares of common stock. Other proxy solicitation expenses that we will pay include those for preparation, mailing, returning and tabulating the proxies.

**PROPOSAL NO. 1
ELECTION OF DIRECTORS**

The Board of Directors is currently comprised of seven members and two seats that are currently vacant. The Board of Directors is divided into three classes. Each class of directors serves for a term of three years, until the successors of that class are duly elected and qualified or until their earlier death, resignation or removal. The term of directors of one class expires at each annual meeting of stockholders.

Pursuant to the Company's amended and restated certificate of incorporation, until such time as Sun Capital and certain of its fund affiliates (collectively, the "Sun Entities") cease to beneficially own at least 30% of the then outstanding shares of the Company's common stock, Sun Cardinal, LLC ("Sun Cardinal"), one of the Sun Entities, has the right to designate the majority of the Board of Directors, to fix the size of the Board of Directors and to designate the Chairman of the Board of Directors and the chairman of each committee of the Board of Directors. As of the Record Date, the Sun Entities held approximately 72% of the outstanding shares of our common stock.

At the Annual Meeting, three directors will be elected to serve until our annual meeting of stockholders to be held in 2023, until their successors are duly elected and qualified or until their earlier death, resignation or removal. The Board of Directors, upon the recommendation of the nominating and corporate governance committee of the Board of Directors (the "Nominating and Corporate Governance Committee"), has nominated Jerome Griffith, Brendan Hoffman and Marc Leder to serve as Class III directors and stand for election at the Annual Meeting. Mr. Griffith, Mr. Hoffman and Mr. Leder are currently serving as Class III directors. Immediately after the Annual Meeting, if all nominees are elected, the Board of Directors will be comprised of seven members and two seats that are vacant.

A plurality of all the votes cast at the Annual Meeting at which a quorum is present in person or by proxy is required for the election of directors.

If you are a stockholder of record and you vote by telephone or over the Internet or sign your proxy card but do not give instructions with respect to the voting of directors, your shares will be voted "FOR" the election of Mr. Griffith, Mr. Hoffman and Mr. Leder. If you are a street name stockholder and you do not give voting instructions to your broker or nominee, your broker or nominee will leave your shares unvoted on this matter.

We expect that Mr. Griffith, Mr. Hoffman and Mr. Leder will accept such nomination; however, in the event a director nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee who shall be designated by the Board of Directors or Sun Cardinal to fill such vacancy. Alternatively, the stockholders of record may vote for just the remaining nominee, leaving a vacancy that may be filled at a later date by the Board of Directors or Sun Cardinal, or the Board of Directors or Sun Cardinal may reduce the size of the Board of Directors.

The Board of Directors recommends a vote FOR the election of each of the nominated directors.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

The names of the nominees for election as Class III directors at the Annual Meeting and of the incumbent Class I and Class II directors, and certain information about them, including their ages as of June 1, 2020, are included below:

Nominees	Class	Age	Position	Year Elected Director	Current Term Expires	Expiration of Term for which Nominated
Jerome Griffith (1)(3)	III	62	Director	2017	2020	2023
Brendan Hoffman	III	51	Director and Chief Executive Officer	2017	2020	2023
Marc J. Leder	III	58	Chairman	2017	2020	2023
Continuing Directors						
Robin Kramer (2)(3)	I	57	Director	2019	2021	—
Michael Mardy (1)	I	71	Director	2018	2021	—
Eugenia Ulasewicz (1)(2)	II	66	Director	2019	2022	—
Matthew Garff (2)(3)	II	50	Director	2019	2022	—

(1) Member of the Audit Committee of the Board of Directors (the “Audit Committee”).

(2) Member of the Compensation Committee.

(3) Member of the Nominating and Corporate Governance Committee.

Nominees for Director

Jerome Griffith. Mr. Griffith has served as a Director since November 2013. Mr. Griffith currently serves as the Chief Executive Officer and director of Lands’ End, Inc. Prior to that he served as the Chief Executive Officer, President and a member of the board of directors of Tumi Holdings, Inc. from April 2009 to August 2016. From 2002 to February 2009, Mr. Griffith was employed at Esprit Holdings Limited, a global fashion brand, where he was promoted to Chief Operating Officer and appointed to the board of directors in 2004, then promoted to President of Esprit North and South America in 2006. From 1999 to 2002, Mr. Griffith worked as an Executive Vice President at Tommy Hilfiger. From 1998 to 1999, Mr. Griffith worked as the President of Retail at the J. Peterman Company, a catalog-based apparel and retail company. From 1989 through 1998, Mr. Griffith worked in various positions at Gap, Inc. Mr. Griffith is currently a member of the board of directors of Lands’ End, Samsonite and Parsons, The New School of Design. Mr. Griffith brings to the Board of Directors experience as a public company director, experience as a senior executive of a major global consumer products company and a proven track record of innovation and driving international growth and expansion.

Brendan Hoffman. Mr. Hoffman has served as our Chief Executive Officer since October 2015. Since 2011, he has served on the board of directors of Pier 1 Imports and currently serves on Pier 1 Imports' audit committee. Prior to joining Vince, Mr. Hoffman most recently served as the Chief Executive Officer and President of Bon-Ton Stores Inc. from February 2012 to August 2014. Previously he was the Chief Executive Officer and President of Lord & Taylor L.L.C. for more than three years where he was credited with revamping the brand. Prior to this, he served six years as President and Chief Executive Officer of Neiman Marcus Direct, a subsidiary of The Neiman Marcus Group Inc., where he oversaw the growth of neimanmarcus.com and the launch and growth of bergdorfgoodman.com. Mr. Hoffman also served as Vice President of Last Call Clearance Division at Neiman Marcus from August 2000 to December 2002 and as a Divisional Merchandise Manager of Bergdorf Goodman Inc. from October 1998 to August 2000. Mr. Hoffman brings to the Board of Directors extensive industry and management experience in retail and fashion.

Marc J. Leder. Mr. Leder was appointed to the Board of Directors in April 2014 and Chairman in June 2015. Mr. Leder serves as a Co-Chief Executive Officer of Sun Capital and has been engaged in leveraged buyouts, investment banking, and business operations for more than 30 years. Mr. Leder is a member of the board of directors of Sun Capital Advisors, Inc. Mr. Leder brings to the Board of Directors extensive leadership and financial experience.

Continuing Directors

Eugenia Ulasewicz. Ms. Ulasewicz has served as a Director since April 2014 and currently serves as a non-executive Director of Signet Jewelers Limited, Hudson Ltd, and ASOS PLC, and is a National Association of Corporate Directors (NACD) Leadership Fellow. Most recently, Ms. Ulasewicz completed her statutory nine-year term as a non-executive Director of Bunzl plc. Prior to her retirement in March 2013, Ms. Ulasewicz was President of the Americas division of Burberry Group PLC ("Burberry"), responsible for the United States, Canada and Central and South America. Previously, Ms. Ulasewicz held positions of increasing responsibility with Bloomingdales, Galeries Lafayette and Saks, Inc. Ms. Ulasewicz brings to our Board experience as a plural global public company Director and extensive retail operations experience.

Matthew Garff. Mr. Garff was appointed to the Board of Directors in May 2019. Mr. Garff is a Managing Director for Sun Capital, a private equity firm focused on investing in middle market business. He leads the Los Angeles office for Sun Capital where he focuses on investing in consumer facing industries. Mr. Garff joined Sun Capital in 2001. Prior to Sun Capital, Mr. Garff worked for The Carlyle Group in Washington, DC, as well as KSL Fairways (KKR affiliate at the time). Mr. Garff received a Bachelor of Science in Finance from the University of Utah and a Master of Business Administration in Finance from the University of Chicago. Mr. Garff brings valuable management and business experience to the Board.

Michael Mardy. Mr. Mardy has served as a Director since April 2018. Mr. Mardy previously served on the board of directors of David's Tea. Mr. Mardy served as Executive Vice President and director of specialty retailer, Tumi Inc. from July 2003 to August 2016. Prior to joining Tumi, from 1996 to 2002, he served as Executive Vice President and Chief Financial Officer of Keystone Foods LLC, a processor and distributor, supplying the quick service restaurant industry. From 1982 to 1996, he served as Senior Vice President, Chief Financial Officer and in various other finance positions at Nabisco Biscuit Company, a snack food and consumer products company. Mr. Mardy served on the board of directors of Keurig Green Mountain Inc. from 2007 until 2016 and ModusLink Global Solutions, Inc. from 2003 until 2013 acting as audit committee chair and a member of their respective compensation committees. Mr. Mardy had also served on the New York Stock Exchange ("NYSE") Advisory Board from 2014 until 2016 and is a trustee of the New Jersey chapter of the financial Executive Institute. Mr. Mardy holds an MBA from Rutgers University and undergraduate degree from Princeton University. He is a member of the American institute of Certified Public Accountants, and the New Jersey Society of Certified Public Accountants, as well as a member of the National Association of Corporate Directors. Mr. Mardy brings valuable management, retail, finance and accounting experience to the Board of Directors.

Robin Kramer. Robin Kramer joined the Board in September 2019. Ms. Kramer is a globally recognized leader in brand strategy and consumer experience design. She has worked with numerous Fortune 500 brands, from

luxury to mass brands, apparel to automotive, and has extensive insight into the consumer and retail. She is trusted and valued by a broad and distinguished roster of international clients. Prior to founding Kramer Design Group in 1996, Ms. Kramer was Vice President of Creative Services at Calvin Klein, supporting the brand through its initial global expansion. Ms. Kramer brings to the Board extensive brand and consumer strategy experience.

Board Composition

The Board of Directors currently consists of seven members and two seats that are currently vacant. Our amended and restated certificate of incorporation provides that the Board of Directors generally shall consist of such number of directors as determined from time to time by a resolution adopted by a majority of the total number of directors then in office. Notwithstanding the foregoing, under our amended and restated certificate of incorporation, until such time as the Sun Entities cease to beneficially own 30% or more of the voting power of our then outstanding shares of common stock, Sun Cardinal will have the right to designate a majority of the Board of Directors, to fix the size of the Board of Directors and to designate the Chairman of the Board of Directors and the chairman of each committee of the Board of Directors; provided that, at such time when we are no longer a “controlled company” under the NYSE corporate governance standards, a majority of the Board of Directors will be “independent directors,” as defined under the rules of NYSE, subject to the applicable phase-in requirements. See “— Controlled Company and Director Independence.” Until such time as the Sun Entities cease to beneficially own 30% or more of the then outstanding shares of our common stock, Sun Cardinal shall also have the ability to fill any vacancy on the Board of Directors, whether resulting from an increase to the board size, death, resignation or removal. Thereafter, only the Board of Directors shall be authorized to fill such vacancies. Additionally, even if the Sun Entities cease to beneficially own at least 30% of the then outstanding shares of our common stock, directors previously designated by Sun Cardinal shall have the right to serve the remainder of their respective terms, unless they are otherwise removed for cause in accordance with the terms of our amended and restated certificate of incorporation.

The Board of Directors is divided into three classes, with one class being elected at each year’s annual meeting of stockholders. Following the expiration of the initial term of a class of directors, each class of directors will serve a three-year term. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the total number of directors.

Controlled Company and Director Independence

Our common stock is listed on NYSE.

The Sun Entities currently control a majority of the voting power of our outstanding common stock. As a result, we are a “controlled company” under the NYSE corporate governance standards. As a controlled company, exemptions under the standards free us from the obligation to comply with certain corporate governance requirements, including the requirements that:

- a majority of the Board of Directors consists of “independent directors,” as defined under the NYSE rules;
- we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities;
- we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities; and
- we conduct annual performance evaluations of the Company’s Nominating and Corporate Governance Committee and the Compensation Committee.

These exemptions do not modify the independence requirements for the Audit Committee. The Audit Committee members must satisfy the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the listing standards of NYSE.

The Board of Directors has undertaken a review of the independence of each director. Based on information provided by each director concerning his or her background, employment and affiliations, the Board of Directors has determined that each of Messrs. Griffith and Mardy as well as Ms. Ulasewicz and Kramer is “independent” as that term is defined under Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) as well as the applicable listing standards of NYSE. In making these determinations, the Board of Directors considered the current and prior relationships that each such director has with the Company and all other facts and circumstances the Board of Directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each such director, and the transactions involving them that would be described in the section titled “Certain Relationships and Related Party Transactions,” if any.

Once we are no longer a “controlled company,” we must comply with the independent board committee requirements as they relate to the Compensation Committee and the Nominating and Corporate Governance Committee to be phased in as follows: (1) one independent committee member at the time we are no longer a “controlled company;”(2) a majority of independent committee members within 90 days of the time we are no longer a “controlled company;” and (3) all independent committee members within one year of the time we are no longer a “controlled company.” In addition, we will have 12 months from the date we cease to be a “controlled company” to have a majority of independent directors on the Board of Directors.

Board Leadership Structure

Mr. Leder serves as the Chairman of the Board of Directors and presides over the meetings and executive sessions. Under our amended and restated certificate of incorporation, until such time as the Sun Entities cease to beneficially own 30% or more of the then outstanding shares of our common stock, Sun Cardinal, an affiliate of Sun Capital, has the right to designate the Chairman of the Board of Directors. Mr. Leder was designated as the Chairman of the Board of Directors by Sun Cardinal in June 2015.

As set forth in our corporate governance guidelines, the Board of Directors recognizes that depending on future circumstances, other leadership structures may become more appropriate for the Company. Accordingly, the Board of Directors will continue to periodically review its leadership structure.

Board Meetings and Committees

During fiscal 2019, the Board of Directors held 4 regular meetings and 6 special meetings and each of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee held 5, 4, and 3 meetings, respectively. Each director attended at least 75% of the aggregate of (i) the total number of meetings of the Board of Directors held during the period for which he or she has been a director and (ii) the total number of meetings held by all committees of the Board of Directors on which he or she served during the periods that he or she served.

Pursuant to our corporate governance guidelines, our directors are expected to attend the annual meeting of stockholders and all or substantially all of the Board of Directors meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.

The Board of Directors has established the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The composition and responsibilities of each of the committees are described below. Members will serve on these committees until their resignation or as otherwise determined by the Board of Directors.

Audit Committee

The Audit Committee is responsible for, among other matters: (1) appointing, compensating, retaining, evaluating, terminating and overseeing our independent registered public accounting firm; (2) discussing with our independent registered public accounting firm their independence from management; (3) reviewing with our independent registered public accounting firm the scope and results of their audit; (4) approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm; (5) overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the interim and annual financial statements that we file with the SEC; (6) reviewing and monitoring our accounting principles, accounting policies, financial and accounting controls and compliance with legal and regulatory requirements; and (7) establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters.

The Audit Committee currently consists of Mr. Mardy, Mr. Griffith and Ms. Ulasewicz. Mr. Mardy is currently the chairperson of the Audit Committee. The Board of Directors has determined that all members of the Audit Committee qualify as independent directors according to the rules and regulations of the SEC with respect to audit committee membership. The Board of Directors has also determined that Mr. Mardy qualifies as an “audit committee financial expert,” as such term is defined in Item 401(h) of Regulation S-K under Securities Act of 1933, as amended (the “Securities Act”). The Board of Directors adopted a written charter for the Audit Committee, which is available on our corporate website at www.vince.com. Our website is not part of this Proxy Statement.

Compensation Committee

The Compensation Committee is responsible for, among other matters: (1) reviewing key corporate compensation goals, policies, plans and programs; (2) reviewing and approving the compensation of our chief executive officer and other named executive officers; (3) reviewing and approving employment agreements and other similar arrangements between us and our named executive officers; and (4) administering stock plans and other incentive compensation plans (including the Vince 2013 Incentive Plan) and the 2013 Employee Stock Purchase Plan (“Vince ESPP”). Pursuant to its charter, the Compensation Committee may also delegate any of its responsibilities to one or more subcommittees to the extent it deems appropriate and allowed by applicable law.

The Compensation Committee currently consists of Ms. Ulasewicz, Mr. Garff and Ms. Kramer. Ms. Ulasewicz is currently the chairperson of the Compensation Committee. The Board of Directors adopted a written charter for the Compensation Committee, which is available on our corporate website at www.vince.com. Our website is not part of this Proxy Statement.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for, among other matters: (1) identifying individuals qualified to become members of the Board of Directors, consistent with criteria approved by the Board of Directors; (2) overseeing the organization of the Board of Directors so that it can satisfy its duties and responsibilities properly and efficiently; (3) identifying best practices and recommending corporate governance principles; (4) reviewing and approving the compensation of our directors; (5) developing and recommending to the Board of Directors a set of corporate governance guidelines and principles applicable to us; and (6) reviewing and approving related party transactions.

The Nominating and Corporate Governance Committee currently consists of Mr. Griffith, Mr. Garff and Ms. Kramer. Mr. Griffith is currently the chairperson of the Nominating and Corporate Governance Committee. The Board of Directors adopted a written charter for the Nominating and Corporate Governance Committee, which is available on our corporate website at www.vince.com. Our website is not part of this Proxy Statement.

Other Committees

The Board of Directors may establish other committees as it deems necessary or appropriate from time to time.

Code of Business Conduct and Ethics and Corporate Governance Guidelines

We adopted a code of business conduct and ethics applicable to our principal executive, financial and accounting officers and all persons performing similar functions, as well as corporate governance guidelines. Copies of the code of business conduct and ethics as well as the corporate governance guidelines are available on our corporate website at www.vince.com. We expect that any amendments to the code or the guidelines, or any waivers of their respective requirements, will be disclosed on our website. Our website is not part of this Proxy Statement.

Risk Oversight

The Board of Directors oversees the risk management activities designed and implemented by our management. The Board of Directors executes its oversight responsibility for risk management both directly and through its committees. The Board of Directors also considers specific risk topics, including risks associated with our strategic plan, business operations and capital structure.

The Board of Directors has delegated to the Audit Committee oversight of our risk management process. The Audit Committee receives detailed regular reports from members of our senior management and other employees that include assessments and potential mitigation of the risks and exposures involved with their respective areas of responsibility. Our other board committees also consider and address risk as they perform their respective committee responsibilities. All committees report to the full Board of Directors as appropriate, including when a matter rises to the level of a material or enterprise level risk.

Risk Assessment and Compensation Practices

The Compensation Committee may also, from time to time, review and approve overall compensation programs and performs an annual compensation risk assessment. The Compensation Committee's compensation consultant provides a risk assessment of our compensation practices to help the Committee perform its annual compensation risk assessment. Following the annual risk assessment during fiscal 2019, we believe that any risks arising from such policies and practices are not reasonably likely to have a material adverse effect on us.

Considerations in Evaluating Director Nominees

The Board of Directors is responsible for nominating members for election to the Board of Directors and for filling vacancies on the Board of Directors that may occur between annual meetings of stockholders. The

Nominating and Corporate Governance Committee is responsible for identifying, screening and recommending candidates to the Board of Directors for board membership. When formulating its Board of Directors membership recommendations, the Nominating and Corporate Governance Committee may also consider advice and recommendations from others, including stockholders, as it deems appropriate.

The Nominating and Corporate Governance Committee has not identified specific minimum qualifications that must be met for a person to be considered as a candidate for director; however, the Nominating and Corporate Governance Committee and the Board of Directors believe that the Board of Directors should be composed of individuals with knowledge and experience in many substantive areas that impact our business. The following areas are the most important to us: fashion and consumer goods; retail and wholesale; marketing and merchandising; sales and distribution; international business development; strategic planning and leadership of complex organizations; accounting, finance, and capital structure; legal/regulatory and government affairs; operations and supply chain management; talent management; and board practices of other major corporations. The Nominating and Corporate Governance Committee and the Board of Directors review these factors, and diversity, in considering candidates for directorship.

We believe that all our current board members possess the professional and personal qualifications necessary for service on the Board of Directors, and have highlighted in the individual biographies above the specific experience, attributes and skills that led to the conclusion that each board member should serve as a director.

Stockholder Recommendations for Nominations to the Board of Directors

The Nominating and Corporate Governance Committee will consider nominees recommended by stockholders. Pursuant to the Company's amended and restated bylaws, stockholders who wish to nominate a candidate for election at our annual meeting of stockholders to be held in 2021 (the "2021 Meeting") may do so by delivering a written notice no earlier than the close of business on March 2, 2021 and no later than the close of business on April 1, 2021 to Vince Holding Corp., 500 Fifth Avenue, 20th Floor, New York, New York 10110, Attention: Secretary. Any stockholder of record or beneficial owner of common stock proposing such a nomination must: (i) be a stockholder of record on the date of the giving of such notice and on the record date for the determination of stockholders entitled to notice of and to vote at our 2021 Meeting; and (ii) comply with the applicable notice procedures set forth in the Company's amended and restated bylaws.

The Company's amended and restated bylaws require that certain information must be included in the notice provided to the Company's Secretary regarding the nomination and the stockholder giving the notice, the beneficial owner on whose behalf the notice is made, if any, and any affiliate or associate of the stockholder or the beneficial owner or by any immediate family of the stockholder sharing the same household (collectively, the "Nominating Person"). The information required to be set forth in such notice includes (i) the name and address of the Nominating Person as they appear on the Company's books, (ii) information regarding the common stock owned, directly or indirectly, beneficially or of record by the Nominating Person, (iii) whether and the extent to which any derivative or other instrument, transaction, agreement or arrangement has been entered into by or on behalf of the Nominating Person with respect to the common stock and certain additional information relating to any such instrument, transaction, agreement or arrangement as described in the Company's amended and restated bylaws, and (iv) any other information relating to the Nominating Person that would be required to be disclosed in a proxy statement or other filings made with the SEC in connection with the solicitation of proxies with respect to such business. The notice must also include a representation that the Nominating Person intends to appear in person or by proxy at our 2021 Meeting to nominate the person named in the notice.

The Company's amended and restated bylaws also require that the notice provide certain information regarding the candidate whom the Nominating Person proposes to nominate as a director, including: (i) certain biographical information, such as name, age, business and residential address and principal occupation; (ii) a description of all agreements, arrangements or understandings (including any anticipated benefits to the Nominating Person as a result of the nomination) between or among the Nominating Person and the candidate and any other person in connection with the proposed nomination; (iii) the information that would be required to be provided if the candidate were a Nominating Person; and (iv) any other information regarding the candidate, including the written

consent of the candidate indicating that the candidate is willing to be named in the proxy statement as a nominee and serve as a director if elected, that would be required to be disclosed in a proxy statement or other filings made with the SEC in connection with the solicitation of proxies for director elections.

For a complete description of the procedures and disclosure requirements to be complied with by stockholders in connection with submitting director nominations, stockholders should refer to the Company's amended and restated bylaws filed with the SEC as Exhibit 3.2 to the Company's Current Report on Form 8-K on November 27, 2013.

The Nominating and Corporate Governance Committee will consider director candidates timely submitted by the Company's stockholders in accordance with the notice provisions and procedures set forth in the Company's amended and restated bylaws, and shall apply the same criteria to the evaluation of those candidates as the committee applies to other director candidates.

No candidates for director nominations were submitted by any stockholder in connection with the Annual Meeting.

Communications with the Board of Directors

Interested parties wishing to communicate with the Board of Directors or with an individual member or members of the Board of Directors may do so by writing to the Board of Directors or to the particular member or members of the Board of Directors, and mailing the correspondence to Vince Holding Corp., Attention: General Counsel, 500 Fifth Avenue, 20th Floor, New York, New York 10110. Each communication should set forth: (i) the name and address of the stockholder, as it appears on our books, and if the shares of our common stock are held by a nominee, the name and address of the beneficial owner of such shares; and (ii) the number of shares of our common stock that are owned of record by the record holder and beneficially by the beneficial owner. Our General Counsel, in consultation with appropriate members of the Board of Directors and management, as necessary, will review all incoming communications and, if appropriate, all such communications will be forwarded to the appropriate member or members of the Board of Directors, or if none is specified, to the Chairman of the Board of Directors.

Director Compensation

All members of the Board of Directors that are not employed by us or by any of the Sun Entities are entitled to receive compensation for their services to the Board of Directors and related committees pursuant to the policy described below.

The annual cash fees paid to our non-employee directors and directors not employed by any of the Sun Entities are as follows:

Description	Amount
Annual Retainer (1)	\$50,000
Retainer for Chair of Committee (1)	\$15,000 for chairing the Audit Committee; \$10,000 for chairing the Compensation Committee; and \$5,000 for chairing the Nominating and Corporate Governance Committee

- (1) The applicable amount(s) are paid in arrears on a quarterly basis each year for the term of each director's services as a member of the Board of Directors and as chair of a committee, where applicable, with such amount calculated on a pro rata basis for the first year of service. In response to the COVID-19 pandemic, these retainer fees were temporarily reduced by 25% effective April 2020 until further notice.

All directors are also entitled to be reimbursed for their reasonable out-of-pocket expenses incurred to attend meetings of the Board of Directors and related committees.

In addition, generally, our non-employee directors and directors not employed by any of the Sun Entities are entitled to receive on an annual basis a grant of restricted stock units ("RSUs"). These RSUs vest over a three-year period from the grant date and are settled in shares of our common stock. Generally, each eligible director elected or appointed to the Board of Directors is entitled receive a pro rata amount of the relevant annual grant for the first year in which he or she serves on the Board of Directors based on the date such director is elected or appointed.

During fiscal 2019, Messrs. Griffith and Mardy and Meses. Ulasewicz and Kramer were our non-employee directors who were also not employed by any of the Sun Entities. The compensation earned during fiscal 2019 by each of Messrs. Griffith and Mardy and Meses. Ulasewicz and Kramer serving as a member of the Board of Directors and committees thereof is set forth in the following table:

Name	Fees Earned or Paid in Cash	Stock Awards	All Other Compensation	Total
Jerome Griffith	\$ 55,000(1)	\$ 74,997(5)	\$ - (6)	\$ 129,997
Michael Mardy	\$ 65,000(2)	\$ 74,997(5)	\$ 1,838(6)	\$ 141,835
Eugenia Ulasewicz	\$ 60,000(3)	\$ 74,997(5)	\$ - (6)	\$ 134,997
Robin Kramer	\$ 12,500(4)	\$ 56,255(5)	\$ - (6)	\$ 68,755

- (1) Represents annual and committee chair retainers paid to Mr. Griffith for his service as a member of the Board of Directors as well as the chairperson of the Nominating and Corporate Governance Committee.
- (2) Represents annual and committee chair retainers paid to Mr. Mardy for his service as a member of the Board of Directors as well as the chairperson of the Audit Committee.
- (3) Represents annual and committee chair retainers paid to Ms. Ulasewicz for her service as a member of the Board of Directors as well as the chairperson of the Compensation Committee.
- (4) Represents annual retainer paid to Ms. Kramer for her service as a member of the Board of Directors.

- (5) Represents the fair value of the awards, calculated in accordance with FASB ASC Topic 718 (the “Fair Value”), of 5,896 RSUs granted under the Vince 2013 Incentive Plan to each of Messrs. Griffith and Mardy and Ms. Ulasewicz and 4,581 RSUs to Ms. Kramer, in each case as an annual grant for their services as members of the Board of Directors. As of the end of fiscal 2019, Ms. Kramer held 4,581 RSUs, Mr. Griffith held 12,563 RSUs, Mr. Mardy held 11,730 RSUs and Ms. Ulasewicz held 12,563 RSUs.
- (6) Represents reimbursements made to directors for their out of pocket expenses, which they incurred to attend meetings of the Board of Directors and its committees.

Director and Officer Indemnification and Limitation of Liability

Our amended and restated bylaws provide that we indemnify our directors and officers to the fullest extent permitted by the DGCL. In addition, our amended and restated certificate of incorporation and the DGCL provide that our directors will not be liable for monetary damages for breach of fiduciary duty, except for liability for: (i) any breach of the director’s duty of loyalty to us or our stockholders; and (ii) any acts or omissions not in good faith or acts or omissions that involve intentional misconduct or a knowing violation of law.

In addition, we have entered into indemnification agreements with each of our executive officers and directors. The indemnification agreements provide the executive officers and directors with contractual rights to indemnification, expense advancement and reimbursement to the fullest extent permitted under the DGCL.

There is no pending litigation or proceeding naming any of our directors or officers to which indemnification is being sought, and we are not aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

PROPOSAL NO. 2
RATIFICATION OF APPOINTMENT OF INDEPENDENT
REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed PricewaterhouseCoopers LLP, an independent registered public accounting firm, to audit our consolidated financial statements for our fiscal year ending January 30, 2021. During fiscal 2019, PricewaterhouseCoopers LLP served as our independent registered public accounting firm.

At the Annual Meeting, our stockholders are being asked to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending January 30, 2021. The Audit Committee is submitting the appointment of PricewaterhouseCoopers LLP to our stockholders as a matter of good corporate governance and because we value our stockholders' views on our independent registered public accounting firm. Notwithstanding the appointment of PricewaterhouseCoopers LLP and any ratification of that appointment by our stockholders, the Audit Committee, in its discretion, may appoint another independent registered public accounting firm at any time if the Audit Committee believes that such a change would be in the best interests of the Company and its stockholders.

Representatives of PricewaterhouseCoopers LLP will attend the Annual Meeting virtually and will be available to respond to appropriate questions from our stockholders.

The ratification of the appointment of PricewaterhouseCoopers LLP requires the affirmative vote of a majority of the shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote thereon. Abstentions will have the effect of a vote AGAINST the proposal.

Audit and Related Fees.

The following table presents fees for professional audit services and other services rendered to us by PricewaterhouseCoopers LLP for fiscal 2019 and 2018:

	Fiscal 2019	Fiscal 2018
Audit Fees (1)	\$ 1,332,500	\$ 945,000
Audit Related Fees (2)	70,000	75,000
Tax Fees (3)	—	—
All Other Fees (4)	4,500	4,500
Total audit and related fees	\$ 1,407,000	\$ 1,024,500

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- (1) Represents fees and related expenses billed or expected to be billed by PricewaterhouseCoopers LLP for professional services rendered for the audits of the Company's annual consolidated financial statements for fiscal 2019 and fiscal 2018 and the reviews of interim period financial statements included in the Company's quarterly reports on Form 10-Q. Audit Fees for fiscal 2019 also include fees relating to professional services rendered in connection with the Acquisition.
 - (2) Represents fees and related expenses billed or expected to be billed by PricewaterhouseCoopers LLP for assurance and related services that are reasonably related to the performance of the audit of the Company's consolidated financial statements and are not reported under "Audit Fees" above. Audit Related Fees for fiscal 2019 also include fees relating to professional services rendered in connection with the Acquisition.
 - (3) Represents fees and related expenses incurred for professional services rendered by PricewaterhouseCoopers LLP for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and local jurisdictions. No such fees and expenses were incurred during fiscal 2019 and fiscal 2018.
 - (4) Represents costs for research software.
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Auditor Independence

The Audit Committee has considered whether the provision of the above-noted services is compatible with maintaining the auditor's independence and has determined that the provision of such services has not adversely affected the auditor's independence.

Policy and Audit Committee Pre-Approval of Audit and Permitted Non-Audit Services

The Audit Committee has established policies and procedures regarding the pre-approval of audit and other services that our independent auditor may perform for us, subject to the SEC rules which provide that certain non-audit services accounting for less than five percent of the total fees paid to the independent auditor be approved by the Audit Committee retroactively. In accordance with the charter of the Audit Committee, approval can be made by the chair of the Audit Committee, or any member of the Audit Committee if the chair is not available, in between committee meetings who is then required to disclose the pre-approved services to the Audit Committee at the next scheduled meeting.

**The Board of Directors recommends a vote FOR the ratification of the appointment of
PricewaterhouseCoopers LLP.**

REPORT OF THE AUDIT COMMITTEE

The Audit Committee is a committee of the Board of Directors comprised solely of independent directors as required by the listing standards of NYSE and the rules and regulations of the SEC. The Audit Committee operates under a written charter approved by the Board of Directors, which is available on our website at www.vince.com. Our website is not part of this Proxy Statement. The composition of the Audit Committee, the attributes of its members and the responsibilities of the Audit Committee, as reflected in its charter, are intended to be in accordance with applicable requirements for corporate audit committees. The Audit Committee reviews and assesses the adequacy of its charter and the Audit Committee's performance on an annual basis.

With respect to the Company's financial reporting process, the management of the Company is responsible for (1) establishing and maintaining internal controls; and (2) preparing the Company's consolidated financial statements. Our independent registered public accounting firm, PricewaterhouseCoopers LLP, is responsible for auditing these financial statements. It is the responsibility of the Audit Committee to oversee these activities. It is not the responsibility of the Audit Committee to prepare our financial statements. These are the fundamental responsibilities of management. In the performance of its oversight function, the Audit Committee has:

- reviewed and discussed the audited financial statements with management and PricewaterhouseCoopers LLP;
- discussed with PricewaterhouseCoopers LLP the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board (PCAOB) and the SEC; and
- received the written disclosures and the letter from PricewaterhouseCoopers LLP required by applicable requirements of the PCAOB regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with PricewaterhouseCoopers LLP its independence.

Based on the Audit Committee's review and discussions with management and PricewaterhouseCoopers LLP, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Annual Report.

Respectfully submitted by the members of the Audit Committee of the Board of Directors:

Michael Mardy (Chair)
Jerome Griffith
Eugenia Ulasewicz

This report of the Audit Committee is required by the SEC and, in accordance with the SEC's rules, will not be deemed to be part of or incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act, or under the Exchange Act, except to the extent that we specifically incorporate this information by reference, and will not otherwise be deemed "soliciting material" or "filed" under either the Securities Act or the Exchange Act.

PROPOSAL NO. 3
ADVISORY VOTE ON EXECUTIVE COMPENSATION

In accordance with Section 14A of the Exchange Act, the Board of Directors is providing the stockholders with the opportunity to vote to approve, on a non-binding, advisory basis, the compensation of our named executive officers as described in the section below entitled “Executive Compensation.” Stockholders may express their views on the compensation of our named executive officers or may abstain. This vote is not intended to address any specific element of compensation, but rather the overall compensation of the named executive officers. Accordingly, you may vote for the following resolution at the Annual Meeting: “RESOLVED, that the compensation paid to the Company’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the compensation tables and related narrative discussions, be, and hereby is, in all respects, approved, ratified and confirmed.”

The goal of our executive compensation program is to attract, recruit and retain qualified employees to run our business and achieve results that enhance stockholder value. The Compensation Committee oversees the Company’s existing and proposed executive compensation plans, policies and practices.

Our executive compensation program includes the annual incentive program based on pre-determined performance metrics of the Company and the long-term equity incentive program, which are designed to closely align the interests of our executives with those of our stockholders. Details on our compensation of our named executive officers are further described in the section entitled “Executive Compensation.”

The approval, on a non-binding, advisory basis, of the compensation of our named executive officers requires the affirmative vote of a majority of the shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote thereon. Abstentions will have the effect of a vote AGAINST the proposal.

Because the votes on this proposal are non-binding and advisory, voting results cannot overrule any decisions made by the Board of Directors or the Compensation Committee. The Board of Directors and the Compensation Committee will take into account the outcome of the vote when considering future compensation arrangements for our named executive officers.

The Board of Directors recommends a vote FOR the approval, on a non-binding, advisory basis, the compensation of our named executive officers.

EXECUTIVE OFFICERS

Below is the current list of names, ages (as of June 1, 2020) and a brief overview of the business experience of our executive officers:

<u>Name</u>	<u>Age</u>	<u>Position/Title</u>
Brendan Hoffman	51	Chief Executive Officer and Director
David Stefko	63	Executive Vice President, Chief Financial Officer
Mark Engebretson	62	Executive Vice President, Operations
Marie Fogel	60	Senior Vice President, Merchandising, Product Development & Production
Lee Meiner	57	Senior Vice President, Chief Human Resources Officer

Brendan Hoffman. See “Board of Directors and Corporate Governance — Continuing Director — Brendan Hoffman” for Mr. Hoffman’s biography.

David Stefko. Mr. Stefko has served as our Chief Financial Officer since September 2015. His title changed to Executive Vice President, Chief Financial Officer from Chief Financial Officer on September 1, 2016. The duties and terms of his employment have remained the same. Mr. Stefko has over 30 years of senior finance and executive management experience. Prior to joining Vince, Mr. Stefko served as Group Chief Financial Officer at Sun Capital since September 2011. Prior to Sun Capital, Mr. Stefko served as Senior Vice President, Chief Financial Officer & Chief Administrative Officer of Things Remembered, a national multichannel specialty retailer. Prior to Things Remembered, he served as either Chief Financial Officer or Vice President, Finance for various operating divisions of Cole National, lastly serving as Chief Financial Officer of Pearle Vision, a leading eye care provider. Prior to Cole National, Mr. Stefko spent 14 years with Sherwin-Williams in various consumer product, manufacturing and corporate divisions, and the last 6 years as Chief Financial Officer of the Consumer Brands Division. Mr. Stefko started his career with Ernst & Young.

Mark Engebretson. Mr. Engebretson has served as our Executive Vice President, Operations since August 2016. Prior to joining Vince, Mr. Engebretson spent 14 years at Ralph Lauren. In that time, Mr. Engebretson held multiple roles, including Vice President Design Operations, Vice President Sourcing and Production for multiple brands, launching American Living and Denim & Supply. Mr. Engebretson led a three-year global systems implementation, managing a team of over 250 people. Mr. Engebretson’s most recent role was Senior Vice President of all Luxury Brands. In that role, Mr. Engebretson participated in the consolidation of Women’s and Men’s apparel, footwear, handbags and accessories, as well as the RRL denim line, into one Luxury organization. Prior to Ralph Lauren, Mr. Engebretson held lead sourcing, product development and production roles with Victoria’s Secret, Liz Claiborne, Armani Jeans, and Tahari.

Marie Fogel. Ms. Fogel joined Vince in January 2017 and was appointed as our Senior Vice President, Merchandising, Product Development and Production in October 2018. Prior to joining Vince, Ms. Fogel spent a total of 18 years at Ralph Lauren companies, most recently serving as the Senior Vice President, Chief Merchandising Officer – Denim & Supply Ralph Lauren and previously as the Senior Vice President Merchandising, Design and Product Development – Polo Jeans Company. Prior to that, she held multiple leadership roles at New York & Company, including Executive Vice President of Design and Vice President of Design Casual Apparel. Prior to that, Ms. Fogel also held multiple leadership roles at Polo Jeans Company, Division of Jones Apparel Group.

Lee Meiner. Mr. Meiner joined Vince in June 2019 as our Senior Vice President, Chief Human Resources Officer. Prior to joining Vince, Mr. Meiner spent more than eight years at Theory and Helmut Lang (part of the Fast Retailing group of companies), most recently serving as their SVP, Global Head of Human Resources. During his early tenure at Theory, Mr. Meiner also oversaw the HR function for Uniqlo US during its initial expansion into the United States. Prior to that, he held multiple human resources leadership roles at Virgin USA, NY & Company, Gap Inc. and Saks Fifth Avenue. Mr. Meiner started his career at Saks Fifth Avenue in its Executive Training Program and spent several years in merchandising and planning before transitioning into human resources.

Family Relationships

There are no family relationships between any of our executive officers or directors.

EXECUTIVE COMPENSATION

The following section provides compensation information pursuant to the scaled disclosure rules applicable to “smaller reporting companies” under the rules of the SEC and may contain statements regarding future individual and company performance targets and goals. These targets and goals are disclosed in the limited context of the Company’s executive compensation program and should not be understood to be statements of management’s expectations or estimates of results or other guidance. We specifically caution investors not to apply these statements to other contexts. Our named executive officers for fiscal 2019 and the positions they held with us during fiscal 2019 are set forth below:

<u>Name</u>	<u>Position/Title</u>
Brendan Hoffman	Chief Executive Officer and Director (Principal Executive Officer)
David Stefko	Executive Vice President, Chief Financial Officer
Marie Fogel	Senior Vice President, Merchandising, Product Development & Production

Overview

Our Compensation Committee is responsible for making compensation decisions for our executive officers and directors. Our Compensation Committee also considers input from our Chief Executive Officer, who provides compensation recommendations to the Compensation Committee for executives other than himself based on the considerations mentioned herein. We grant long-term equity incentives from time to time to our executives under the Vince 2013 Incentive Plan, as described below under “— Vince 2013 Incentive Plan.”

Our Compensation Committee reviews compensation elements and amounts for our named executive officers on an annual basis and at the time of a promotion or other change in level of responsibilities, as well as when competitive circumstances or business needs may require. Accordingly, the compensation paid to our named executive officers for fiscal 2019 may not necessarily be indicative of how we may compensate our named executive officers in future years. In particular, the compensation arrangements and decisions described in this proxy statement relate to 2019 performance and compensation, neither of which were affected by the COVID-19 pandemic. The COVID-19 pandemic could significantly impact 2020 financial results and compensation outcomes. The Compensation Committee continues to closely monitor the COVID-19 pandemic, evaluate its impact and assess potential adjustments to business operations and compensation programs in response.

Executive Compensation Design Overview

Our executive compensation programs have historically been designed to provide competitive total compensation opportunities. They were designed to align pay with achievement of our annual and long-term financial and operational goals and recognize individual achievements. In setting pay levels, we reviewed published survey information and other available compensation data that was specific to companies of similar size or positioning in our industry. As currently structured, our executive compensation program is designed to:

- provide aggregate compensation that reflects the market compensation for executives with similar responsibilities in similar companies with appropriate adjustments to reflect the experience, performance and other distinguishing characteristics of specific individuals;
 - be commensurate with our short-term and long-term financial performance;
 - be aligned with the value for stockholders; and
 - provide a competitive compensation opportunity that enables us to attract and retain key executive talent.
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We believe that an important criterion for the determination of the aggregate value of our compensation program and the allocation of such value among the various elements of our compensation plans is market data on the amounts, allocations and structures utilized by similarly situated companies for positions of comparable responsibilities.

During fiscal 2019, the Compensation Committee engaged Steven Hall & Partners (“SHP”) to advise on our executive compensation program at the recommendation of management. SHP assisted the Compensation Committee in refining the Company’s executive compensation strategies and practices and non-executive employee compensation program in comparison to similarly situated companies.

Compensation of Named Executive Officers

Base Salaries. The Compensation Committee reviews the base salaries of our executive officers, including the named executive officers, at least annually, and makes adjustments as it determines to be reasonable and necessary. The base salaries of the named executive officers as of the end of fiscal 2019 were as follows:

Named Executive Officer	Base Salary
Brendan Hoffman, Chief Executive Officer and Director	\$ 1,000,000
David Stefko, Executive Vice President, Chief Financial Officer	\$ 625,000
Marie Fogel, Senior Vice President, Merchandising, Product Development and Production	\$ 600,000

In April 2020, in response to the COVID-19 pandemic, we implemented voluntary tiered salary reductions of the base salaries of our executive officers, including our named executive officers until further notice.

Cash Bonuses. With respect to services rendered during fiscal 2019, the Compensation Committee adopted the 2019 Short-Term Incentive Program (the “2019 Bonus Plan”) as our discretionary annual cash bonus plan. Under the 2019 Bonus Plan, the performance metric was based on EBITDA with certain internal adjustments. The payout opportunity for the named executive officers under the 2019 Bonus Plan (as a percentage of base salary) was 110% for Mr. Hoffman, 60% for Mr. Stefko and 70% for Ms. Fogel. The Compensation Committee has not yet made bonus determinations with respect to the 2019 Bonus Plan.

Vince 2013 Incentive Plan. In fiscal 2019, Mr. Hoffman was granted (i) on April 12, 2019, 40,179 RSUs and (ii) on October 22, 2019, 50,000 RSUs; Mr. Stefko was granted on April 12, 2019, 15,625 RSUs; and Ms. Fogel was granted on April 12, 2019, 12,857 RSUs. All RSUs granted to our named executive officers during fiscal 2019 vest at the rate of 25% on each of the first, second, third and fourth anniversaries of the grant date, so long as each such named executive officer remains continuously employed by the Company through each such vesting date.

Executive Officer Stock Ownership Guidelines

In February 2014, the Board of Directors adopted executive officer stock ownership guidelines for executive officers and certain other specified senior members of the Company’s management team to align their long-term financial interests with those of the Company’s stockholders.

According to the guidelines, starting the sixth year from the date of hire, the Company’s Chief Executive Officer is encouraged to maintain a stock ownership of at least five times the annual base salary; Presidents, four times the annual base salary; and Senior Vice Presidents, Chief Financial Officer and Group Presidents, three times the annual base salary. The ownership value will be calculated based on the fair market value of the stock at the time of the measurement.

As of the end of fiscal 2019, none of the covered officers of the Company had become subject to the ownership guidelines as they had been with the Company for less than five years in their respective positions.

Summary Compensation Table

The following table provides information regarding the total compensation for services rendered during fiscal 2019 and fiscal 2018 in all capacities that was earned by our named executive officers.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	All Other Compensation (\$)	Total (\$)
Brendan Hoffman						
<i>Chief Executive Officer and Director (Principal Executive Officer)</i>	2019	\$1,000,000	\$ — (2)	\$267,241 (3)	\$16,400 (4)	\$1,283,641
	2018	\$900,000	\$595,350 (5)	\$1,268,796 (6)	\$13,600 (7)	\$2,777,746
David Stefko						
<i>Executive Vice President, Chief Financial Officer</i>	2019	\$625,000	\$ — (8)	\$112,281 (9)	\$198,440 (10)	\$935,721
	2018	\$625,000	\$248,063 (11)	\$553,442 (12)	\$181,229 (13)	\$1,607,734
Marie Fogel						
<i>Senior Vice President, Merchandising, Product Development and Production</i>	2019	\$600,000	\$ — (14)	\$79,452 (15)	\$16,212 (16)	\$695,664
	2018	\$521,156 (17)	\$230,844 (18)	\$341,620 (19)	\$15,318 (20)	\$1,108,938

- (1) Reflects the aggregate Fair Value of the equity awards. All assumptions made in the valuation are discussed in Note 6 of our audited consolidated financial statements included in the Annual Report accompanying this Proxy Statement.
- (2) The bonus earned by Mr. Hoffman for fiscal 2019 is not yet determinable and the Compensation Committee has not yet set the date of such determination. Once determined, the amount of bonus earned by Mr. Hoffman for fiscal 2019 will be disclosed by the Company in its Current Report on Form 8-K to be filed with the SEC.
- (3) Mr. Hoffman was granted a total of 90,179 RSUs during fiscal 2019. The amount disclosed is attributable to (i) 40,179 RSUs granted on April 12, 2019 and (ii) 50,000 RSUs on October 22, 2019. See “— Compensation of Named Executive Officers — Vince 2013 Incentive Plan” for more details.
- (4) Reflects the value of a clothing allowance, 401(k) contributions made by the Company, executive life insurance premiums paid by the Company and cellular phone reimbursements made by the Company.
- (5) Reflects a cash bonus paid to Mr. Hoffman for the achievement of targeted objectives under the 2018 Bonus Plan.
- (6) Mr. Hoffman was granted a total of 185,475 RSUs during fiscal 2018. The amount disclosed is attributable to (i) 40,179 RSUs granted on April 12, 2018 and (ii) 105,117 RSUs on May 25, 2018 as a result of the option exchange completed in May 2018. 40,179 RSUs granted to Mr. Hoffman on May 25, 2018 vest only upon the occurrence of certain change of control events as defined under the applicable grant agreement, and therefore are subject to performance conditions. Based on the probable outcome of those conditions, the reported value is zero. Those RSUs had a grant date value of \$367,638 assuming the occurrence of any such change of control event. See “— Compensation of Named Executive Officers — Vince 2013 Incentive Plan” for more details.
- (7) Reflects a clothing allowance, 401(k) contributions made by the Company and executive life insurance premiums paid by the Company.
- (8) The bonus earned by Mr. Stefko for fiscal 2019 is not yet determinable and the Compensation Committee has not yet set the date of such determination. Once determined, the amount of bonus earned by Mr. Stefko for fiscal 2019 will be disclosed by the Company in its Current Report on Form 8-K to be filed with the SEC.
- (9) Mr. Stefko was granted a total of 15,625 RSUs during fiscal 2019. The amount disclosed is attributable to 15,625 RSUs granted on April 12, 2019. See “— Compensation of Named Executive Officers — Vince 2013 Incentive Plan” for more details.
- (10) Reflects relocation and housing benefits and tax gross-up of such expenses, the value of a clothing allowance, 401(k) contributions made by the Company, executive life insurance premiums paid by the Company and cellular phone reimbursements made by the Company.
- (11) Reflects a cash bonus paid to Mr. Stefko for the achievement of targeted objectives under the 2018 Bonus Plan.

- (12) Mr. Stefko was granted a total of 78,551 RSUs during fiscal 2018. The amount disclosed is attributable to (i) 15,625 RSUs granted on April 12, 2018 and (ii) 47,301 RSUs on May 25, 2018 as a result of the option exchange completed in May 2018. 15,625 RSUs granted to Mr. Stefko on May 25, 2018 vest only upon the occurrence of certain change of control events as defined under the applicable grant agreement, and therefore are subject to performance conditions. Based on the probable outcome of those conditions, the reported value is zero. Those RSUs had a grant date value of \$142,969 assuming the occurrence of any such change of control event. See “— Compensation of Named Executive Officers — Vince 2013 Incentive Plan” for more details.
- (13) Reflects relocation and housing benefits and tax gross-up of such expenses, the value of a clothing allowance, 401(k) contributions made by the Company and executive life insurance premiums paid by the Company.
- (14) The bonus earned by Ms. Fogel for fiscal 2019 is not yet determinable and the Compensation Committee has not yet set the date of such determination. Once determined, the amount of bonus earned by Ms. Fogel for fiscal 2019 will be disclosed by the Company in its Current Report on Form 8-K to be filed with the SEC.
- (15) Ms. Fogel was granted a total of 12,857 RSUs during fiscal 2019. See “— Compensation of Named Executive Officers — Vince 2013 Incentive Plan” for more details.
- (16) Reflects the value of a clothing allowance, 401(k) contributions made by the Company, executive life insurance premiums paid by the Company and cellular phone reimbursements made by the Company.
- (17) Reflects salary earned for services rendered (i) from the beginning of fiscal 2018 through April 2018 as the Senior Vice President, Merchandising and Product Development at a base salary of \$400,000; (ii) from April 2018 through July 2018 as the Senior Vice President, Merchandising and Product Development at a base salary of \$410,000, (iii) from July 2018 through October 2018 as the Senior Vice President, Merchandising and Product Development at a base salary of \$600,000; and (iii) from October 2018 through the end of fiscal 2018 as the Senior Vice President, Merchandising, Product Development and Production at a base salary of \$600,000.
- (18) Reflects a cash bonus paid to Ms. Fogel for the achievement of targeted objectives under the 2018 Bonus Plan, on a prorated basis based on her respective salary rates throughout the year.
- (19) Ms. Fogel was granted a total of 26,428 RSUs during fiscal 2018. See “— Compensation of Named Executive Officers — Vince 2013 Incentive Plan” for more details.
- (20) Reflects the value of a clothing allowance, 401(k) contributions made by the Company, executive life insurance premiums paid by the Company and cellular phone reimbursements made by the Company.

Employment Agreements

Brendan Hoffman, Chief Executive Officer and Director. The Company and Vince, the Company’s indirect wholly owned subsidiary, entered into an employment agreement with Mr. Hoffman on October 22, 2015 to serve as Chief Executive Officer. The employment agreement provided for a base salary of \$900,000, which may be increased upon an annual review by the Board of Directors or the Compensation Committee. Mr. Hoffman’s base salary was increased to \$1,000,000 effective fiscal 2019. In addition to base salary, Mr. Hoffman is eligible to participate in the Company’s annual incentive plan that provides him with the opportunity to earn a bonus targeted at 110% of his base salary, provided predetermined performance metrics are met, with a threshold bonus opportunity set at 50% of his base salary and maximum bonus opportunity capped at 200% of his base salary. The employment agreement also provides for an initial grant of stock options to acquire 500,000 shares of our common stock (on a pre-Reverse Stock Split basis) and the eligibility to receive additional equity grants, which commenced on October 22, 2016. His eligibility thereafter would be at the same time as other executive officers subject to the discretion of the Compensation Committee. Mr. Hoffman was also eligible to receive a long-term cash incentive bonus in the amount of \$500,000 for fiscal 2019, which did not become payable.

In the event Mr. Hoffman's employment is terminated without cause or Mr. Hoffman terminates his employment for good reason, he would be eligible to receive: (i) any unpaid base salary through his termination date, together with a pro-rated portion of the annual bonus for the year in which his termination occurs and other accrued benefits; (ii) his base salary during a period ending on the 12-month anniversary of his termination date, less any salary received from other full-time employment during such period; and (iii) the employer-portion of the monthly premiums during the salary continuation period associated with the continued health benefit coverage under COBRA upon timely election.

Mr. Hoffman's employment agreement also provides that, during the term of his employment and for a period of 12 months thereafter, he generally will not own, manage, operate, control, be employed by or render services to certain of our competitors or any of their successors or affiliates (the "Non-Competition Covenant"). In addition, during such 12-month period, Mr. Hoffman will not solicit, aid or induce any individual or entity that is, or was during the 12-month period immediately prior to termination of his employment for any reason, our customer to terminate or materially reduce its purchase of our goods or services or assist or aid any other persons or entity in doing so. Further, during the 12-month period after the termination of his employment, Mr. Hoffman will not: (i) solicit or induce any of our employees, representatives or agents to leave such employment or retention or to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with us or hire or retain such employee, representative or agent or take any action to materially assist or aid another person, firm, corporation or other entity in identifying, hiring or soliciting such employee, representative or agent, or (ii) interfere, or aid or induce any other person or entity in interfering with the relationship between us and any of our vendors, joint-venture partners or licensors ("Non-Solicit, Non-Interference Covenant").

David Stefko, Executive Vice President, Chief Financial Officer. Vince entered into an employment agreement with Mr. Stefko on January 12, 2016 to serve as Chief Financial Officer. The employment agreement provides for a base salary of \$625,000. In addition to base salary, the employment agreement provided for a one-time signing bonus of \$50,000 and an initial grant of stock options to acquire 225,000 shares of our common stock (on a pre-Reverse Stock Split basis). He is also eligible to participate in the Company's annual incentive plan that provides him with the opportunity to earn a bonus targeted at 60% of his base salary and to participate in the ongoing annual long-term incentive program subject to the discretion of the Compensation Committee.

In the event Mr. Stefko's employment is terminated without cause, he would be eligible to receive: (i) his base salary during a period ending on the 12-month anniversary of his termination date, less any salary received from other full-time employment during such period, and (ii) the employer-portion of the monthly premiums during the salary continuation period associated with the continued health benefit coverage under COBRA upon timely election.

Mr. Stefko's employment agreement also contains the Non-Competition Covenant and the Non-Solicit, Non-Interference Covenant during the term of his employment and 6 months thereafter.

Marie Fogel, Senior Vice President, Merchandising, Product Development and Production. Vince entered into an employment agreement with Ms. Fogel on January 10, 2017. The employment agreement was amended in July 2017 to provide for a base salary of \$400,000. The employment agreement was again amended in June 2018 to provide for a base salary of \$600,000, effective July 2018. Ms. Fogel is also eligible to participate in the Company's annual incentive plan each year with a target bonus opportunity of 70% of the base salary.

In the event Ms. Fogel's employment is terminated without cause, she would be eligible to receive: (i) her base salary during a period ending on the 12-month anniversary of her termination date, less any salary received from other full-time employment during such period, and (ii) the employer-portion of the monthly premiums during the salary continuation period associated with the continued health benefit coverage under COBRA upon timely election.

Ms. Fogel's employment agreement also includes the Non-Competition Covenant and the Non-Solicit, Non-Interference Covenant during her employment and 12 months thereafter.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding outstanding equity awards of the Company held by our named executive officers at the end of fiscal 2019:

Name	Grant Date (1)	Stock Awards			
		Number of Shares or units of stock that have not vested (#)	Market value of shares of units of stock that have not vested (\$)(2)	Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested (\$)(2)
Brendan Hoffman	October 22, 2019 (3)	50,000	738,500	—	—
	April 12, 2019 (3)	40,179	593,444	—	—
	May 25, 2018 (4)	—	—	40,179	593,444
	May 25, 2018 (5)	94,605	1,397,316	—	—
	April 12, 2018 (6)	30,134	445,079	—	—
David Stefko	April 12, 2019 (3)	15,625	230,781	—	—
	May 25, 2018 (4)	—	—	15,625	230,781
	May 25, 2018 (5)	42,571	628,774	—	—
	April 12, 2018 (6)	11,718	173,075	—	—
Marie Fogel	April 12, 2019 (3)	12,857	189,898	—	—
	July 9, 2018 (3)	9,375	138,469	—	—
	May 25, 2018 (5)	4,821	71,206	—	—
	April 12, 2018 (6)	6,428	94,942	—	—

- (1) Any shares of our common stock that any named executive officer receives upon vesting of RSUs will be subject to the Company's executive stock ownership guidelines.
- (2) The amounts are based on \$14.77 per share, which was the closing market price of our common stock at the end of fiscal 2019.
- (3) These shares represent RSUs that are subject to the terms of the Vince 2013 Incentive Plan and the applicable grant agreement. These RSUs vest over the course of four years, 25% of which vest on each of the first, second, third and fourth anniversaries of the grant date, in each case subject to the executive's continued employment with the Company through each such vesting date.
- (4) These shares represent RSUs that are subject to the terms of the Vince 2013 Incentive Plan and the applicable grant agreement. The RSUs vest 100% upon the occurrence of certain change in control events, as defined under the applicable grant agreement. In accordance with their terms, these RSUs expired on the second anniversary of the grant date.
- (5) These shares represent RSUs that are subject to the terms of the Vince 2013 Incentive Plan and the applicable grant agreement. These RSUs vest in the following manner: 10% on April 19, 2019; 20% on April 17, 2020; 25% on April 6, 2021 and 45% on April 15, 2022, in each case subject to the executive's continued employment with the Company through each such vesting date.
- (6) These shares represent RSUs that are subject to the terms of the Vince 2013 Incentive Plan and the applicable grant agreement. These RSUs vest in the following manner: 25% on each of April 19, 2019, April 17, 2020, April 6, 2021 and April 15, 2022, in each case subject to the executive's continued employment with the Company through each such vesting date.

401(k) Plan

During fiscal 2019, we maintained a defined contribution 401(k) Plan, as well as various group health and welfare programs that were generally available to all our employees, including the named executive officers.

Under the 401(k) plan, eligible employees electing to participate may contribute up to 100% of their pretax income, subject to IRS rules limiting an individual's total contributions and the application of IRS tests designed to ensure that the plan does not discriminate in favor of highly compensated employees. We match 50% up to the first 3% of the employee's deferral.

Severance Benefits

Upon certain types of terminations of employment, severance benefits may be payable to our named executive officers. Severance benefits payable to the named executive officers are addressed in each named executive officer's employment agreement. See "— Employment Agreements."

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth, as of the end of fiscal 2019, the Company's common stock that may be issued under the Company's equity compensation plans, which are the Vince 2013 Incentive Plan and the Vince ESPP. Each of these plans has been approved by the Company's stockholders. The Company does not maintain any equity compensation plans that have not been approved by its stockholders.

Plan Category	Number of securities to be issued upon the exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	680,101 (1)	\$38.87 (2)	345,341 (3)
Equity compensation plans not approved by security holders	—	—	—
Total	680,101	\$38.87	345,341

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- (1) Consists of: (i) 175 issued and outstanding options under the Vince 2013 Incentive Plan, and (ii) 679,926 issued and outstanding RSUs under the Vince 2013 Incentive Plan.
- (2) Applicable only to outstanding stock options as outstanding RSUs do not have an exercise price.
- (3) Includes 254,206 shares issuable under the Vince 2013 Incentive Plan and 91,135 shares issuable under the Vince ESPP.
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PROPOSAL NO. 4

APPROVAL OF AMENDMENT TO VINCE HOLDING CORP. 2013 OMNIBUS INCENTIVE PLAN

The Board has proposed to amend the Vince 2013 Incentive Plan (the “Plan Amendment”) to increase the maximum aggregate number of shares of the Company’s common stock with respect to which equity awards may be granted thereunder.

The Plan Amendment increases the maximum aggregate number of shares of the Company’s common stock with respect to which equity awards may be granted to eligible individuals under the Vince 2013 Incentive Plan from 1,000,000 shares to 2,000,000 shares. The Plan Amendment is necessary to ensure that the number of equity awards to be issued under the Vince 2013 Incentive Plan from time to time in the foreseeable future to the Company’s employees, executive officers and directors, as well as those of the Company’s subsidiaries including Rebecca Taylor and Parker which were acquired by Vince in the Acquisition, will be within the limits set forth in the Vince 2013 Incentive Plan regarding the number of shares of the Company’s common stock that may be subject to equity awards granted thereunder.

The approval of the Plan Amendment requires the affirmative vote of a majority of the shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote thereon. Abstentions will have the effect of a vote AGAINST the proposal.

Details of the Plan Amendment and material terms of the Vince 2013 Incentive Plan after giving effect to the Plan Amendment are described in the section entitled “Amendment to Vince 2013 Incentive Plan.”

The Board of Directors recommends a vote FOR the approval, of the proposed amendment to the Vince 2013 Incentive Plan.

AMENDMENT TO VINCE 2013 INCENTIVE PLAN

The Plan Amendment

The Plan Amendment increases the maximum aggregate number of shares of the Company's common stock with respect to which equity awards may be granted to eligible individuals under the Vince 2013 Incentive Plan from 1,000,000 shares to 2,000,000 shares. The Plan Amendment is necessary to ensure that the number of equity awards to be issued under the Vince 2013 Incentive Plan from time to time in the foreseeable future to the Company's employees, executive officers and directors, as well as those of the Company's subsidiaries including Rebecca Taylor and Parker which were acquired by Vince in the Acquisition, will be within the limits set forth in the Vince 2013 Incentive Plan regarding the number of shares of the Company's common stock that may be subject to equity awards granted thereunder.

Summary of Material Terms of Vince 2013 Incentive Plan

General

Administration. The Vince 2013 Incentive Plan is administered by the Compensation Committee. The Compensation Committee has the power to: determine the form, amount and other terms and conditions of awards; clarify, construe or resolve any ambiguity in any provision of the Vince 2013 Incentive Plan or any award agreement; amend the terms of outstanding awards; and adopt such rules, forms, instruments and guidelines for administering the Vince 2013 Incentive Plan as it deems necessary or proper. The Compensation Committee has authority to administer and interpret the Vince 2013 Incentive Plan, to grant discretionary awards under the Vince 2013 Incentive Plan, to determine the persons to whom awards will be granted, to determine the types of awards to be granted, to determine the terms and conditions of each award, to determine the number of shares of common stock to be covered by each award, to make all other determinations in connection with the Vince 2013 Incentive Plan and the awards thereunder as the Compensation Committee deems necessary or desirable and to delegate authority under the Vince 2013 Incentive Plan to our executive officers.

Share Reserve and Limitations. The Vince 2013 Incentive Plan initially reserved an aggregate of 340,000 shares of our common stock for issuance pursuant to awards granted under the Vince 2013 Incentive Plan. On April 2, 2018 and April 13, 2018, respectively, our Board and Majority Stockholders approved an amendment to the Vince 2013 Incentive Plan to, effective as of May 16, 2018, increase the number of shares available for grant under the Vince 2013 Incentive Plan by 660,000 shares, bringing the maximum aggregate number of shares available for issuance under the Vince 2013 Incentive Plan to 1,000,000 shares. As of February 1, 2020, without giving effect to the Plan Amendment, there were 254,206 shares available for future awards under the Vince 2013 Incentive Plan. The market value of the shares is \$6.00 based on the closing price of the shares of the Company's common stock on the New York Stock Exchange on June 1, 2020, the latest practicable date.

The number of shares available for issuance under the Vince 2013 Incentive Plan is subject to adjustment in the event of a reorganization, stock split, merger or similar change in the corporate structure or the outstanding shares of common stock. In the event of any of these occurrences, we may make any adjustments we consider appropriate to, among other things, the number and kind of shares, stock options or other property available for issuance under the Vince 2013 Incentive Plan or covered by grants previously made under such plan. The shares available for issuance under the Vince 2013 Incentive Plan may be, in whole or in part, either authorized and unissued shares of our common stock or shares of common stock held in or acquired for our treasury. In general, if Awards under the Vince 2013 Incentive Plan are for any reason cancelled, or expire or terminate unexercised, the shares covered by such awards may again be available for the grant of awards under the Vince 2013 Incentive Plan.

To the extent required by Section 162(m) of the U.S. Internal Revenue Code, the maximum number of shares of our common stock with respect to which any stock option, stock appreciation right, shares of restricted stock or other stock-based awards that are subject to the attainment of specified performance goals and may be granted under the Vince 2013 Incentive Plan during any fiscal year to any eligible individual is 100,000 shares (per type of award); provided, that the total number of shares of our common stock with respect to all such awards that may be granted under the Vince 2013 Incentive Plan during any fiscal year is 100,000 shares and the maximum value of any cash payment made pursuant to all such awards during any fiscal year is \$5,000,000. There are no annual limits on the number of shares of our common stock with respect to an award of restricted stock that is not subject to the attainment of specified performance goals to eligible individuals. The maximum number of shares of our common stock subject to any performance award which may be granted under the Vince 2013 Incentive Plan during any fiscal year to any eligible individual is 100,000 shares. The total number of shares of our common stock subject to any award which may be granted under the Vince 2013 Incentive Plan during any fiscal year to any non-employee director is 10,000 shares. The maximum value of any cash payment made pursuant to an award which may be granted under the Vince 2013 Incentive Plan during any fiscal year to any non-employee director is \$500,000.

Eligibility for Participation. Members of our Board, as well as employees of, and consultants to, us or any of our subsidiaries are eligible to receive awards under the Vince 2013 Incentive Plan. There were approximately 770 eligible participants as of the end of fiscal 2019.

Award Agreement. Awards granted under the Vince 2013 Incentive Plan are evidenced by award agreements, which need not be identical, that provide additional terms, conditions, restrictions and/or limitations covering the grant of the award, including, without limitation, additional terms providing for the acceleration of exercisability or vesting of awards in the event of a change of control or conditions regarding the Plan Participant's employment, as determined by the Compensation Committee.

Stock Options. The Compensation Committee may grant additional nonqualified stock options to eligible individuals and incentive stock options only to eligible employees. The Compensation Committee will determine the number of shares of our common stock subject to each option, the term of each option, which may not exceed ten years, or five years in the case of an incentive stock option granted to a ten percent stockholder, the exercise price, the vesting schedule, if any, and the other material terms of each option. No incentive stock option or nonqualified stock option may have an exercise price less than the fair market value of a share of our common stock at the time of grant or, in the case of an incentive stock option granted to a ten percent stockholder, 110% of such share's fair market value. Stock options will be exercisable at such time or times and subject to such terms and conditions as determined by the Compensation Committee at the time of the grant and the exercisability of such stock options may be accelerated by the Compensation Committee.

Stock Appreciation Rights. The Compensation Committee may grant stock appreciation rights (each, a "SAR") either with a stock option, which may be exercised only at such times and to the extent the related option is exercisable (a "Tandem SAR"), or independent of a stock option, (a "Non-Tandem SAR"). A SAR is a right to receive a payment in shares of our common stock or cash, as determined by the Compensation Committee, equal in value to the excess of the fair market value of one share of our common stock on the date of exercise over the exercise price per share established in connection with the grant of the SAR. The term of each SAR may not exceed ten years. The exercise price per share covered by a SAR will be the exercise price per share of the related option in the case of a Tandem SAR and will be the fair market value of our common stock on the date of grant in the case of a Non-Tandem SAR. The Compensation Committee may also grant limited SARs, either as Tandem SARs or Non-Tandem SARs, which may become exercisable only upon the occurrence of a change in control, as defined in the Vince 2013 Incentive Plan, or such other event as the Compensation Committee may designate at the time of grant or thereafter.

Restricted Stock. The Compensation Committee may award shares of restricted stock. Except as otherwise provided by the Compensation Committee upon the award of restricted stock, the recipient generally has the rights of a stockholder with respect to the shares, including the right to receive dividends, the right to vote the shares of restricted stock and, conditioned upon full vesting of shares of restricted stock, the right to tender such shares, subject to the conditions and restrictions generally applicable to restricted stock or specifically set forth in the recipient's restricted stock agreement. The Compensation Committee may determine at the time of award that the payment of dividends, if any, will be deferred until the expiration of the applicable restriction period.

Recipients of restricted stock are required to enter into a restricted stock agreement with us that states the restrictions to which the shares are subject, which may include satisfaction of pre-established performance goals, and the criteria or date or dates on which such restrictions will lapse.

If the grant of restricted stock or the lapse of the relevant restrictions is based on the attainment of performance goals, the Compensation Committee will establish for each recipient the applicable performance goals, formulae or standards and the applicable vesting percentages with reference to the attainment of such goals or satisfaction of such formulae or standards while the outcome of the performance goals are substantially uncertain. Such performance goals may incorporate provisions for disregarding, or adjusting for, changes in accounting methods, corporate transactions, including, without limitation, dispositions and acquisitions, and other similar events or circumstances.

Other Cash-Based Awards. The Compensation Committee may grant awards payable in cash. Cash-based awards will be in such form, and dependent on such conditions, as the Compensation Committee will determine, including, without limitation, being subject to the satisfaction of vesting conditions or awarded purely as a bonus and not subject to restrictions or conditions. If a cash-based award is subject to vesting conditions, the Compensation Committee may accelerate the vesting of such award in its discretion.

Performance Awards. The Compensation Committee may grant a performance award to a Plan Participant payable upon the attainment of specific performance goals. If the performance award is payable in cash, it may be paid upon the attainment of the relevant performance goals either in cash or in shares of restricted stock, based on the then current fair market value of such shares, as determined by the Compensation Committee. Based on service, performance and/or other factors or criteria, the Compensation Committee may, at or after grant, accelerate the vesting of all or any part of any performance award.

Performance Goals. The Compensation Committee may grant awards of restricted stock, performance awards, and other stock-based awards that are intended to vest and be paid based on attainment of specified performance goals established by the Compensation Committee. These performance goals may be based on the attainment of a certain target level of, or a specified increase or decrease in, one or more of the following measures selected by the Compensation Committee: (1) earnings per share; (2) operating income; (3) gross income; (4) net income, before or after taxes; (5) cash flow; (6) gross profit; (7) gross profit return on investment; (8) gross margin return on investment; (9) gross margin; (10) operating margin; (11) working capital; (12) earnings before interest and taxes; (13) earnings before interest, tax, depreciation and amortization; (14) return on equity; (15) return on assets; (16) return on capital; (17) return on invested capital; (18) net revenues; (19) gross revenues; (20) revenue growth; (21) annual recurring revenues; (22) recurring revenues; (23) license revenues; (24) sales or market share; (25) total stockholder return; (26) economic value added; (27) specified objectives with regard to limiting the level of increase in all or a portion of our bank debt or other long-term or short-term public or private debt or other similar financial obligations, which may be calculated net of cash balances and other offsets and adjustments as may be established by the Compensation Committee; (28) the fair market value of a share of our common stock; (29) the growth in the value of an investment in our common stock assuming the reinvestment of dividends; or (30) reduction in operating expenses.

To the extent permitted by law, the Compensation Committee may also exclude the impact of an event or occurrence which the Compensation Committee determines should be appropriately excluded, such as: (1) restructurings, discontinued operations, extraordinary items and other unusual or non-recurring charges; (2) an event either not directly related to our operations or not within the reasonable control of management; or (3) a change in accounting standards required by generally accepted accounting principles. Performance goals may also be based on an individual Plan Participant's performance goals, as determined by the Compensation Committee.

In addition, all performance goals may be based upon the attainment of specified levels of our performance, or the performance of a subsidiary, division or other operational unit, under one or more of the measures described above relative to the performance of other corporations. The Compensation Committee may designate additional business criteria on which the performance goals may be based or adjust, modify or amend those criteria.

Change in Control. In connection with a change in control, as defined in the Vince 2013 Incentive Plan, the Compensation Committee may accelerate vesting of outstanding awards under the Vince 2013 Incentive Plan. In addition, such awards may be, in the discretion of the Compensation Committee: (1) assumed and continued or substituted in accordance with applicable law; (2) purchased by us for an amount equal to the excess of the price of a share of our common stock paid in a change in control over the exercise price of the awards; or (3) cancelled for no consideration if the price of a share of our common stock paid in a change in control is less than the exercise price of the award. The Compensation Committee may also provide for accelerated vesting or lapse of restrictions of an award at any time.

Stockholder Rights. Except as otherwise provided in the applicable award agreement, and with respect to an award of restricted stock, a Plan Participant has no rights as a stockholder with respect to shares of our common stock covered by any award until the Plan Participant becomes the record holder of such shares.

Amendment and Termination. Notwithstanding any other provision of the Vince 2013 Incentive Plan, our Board may at any time amend any or all of the provisions of the Vince 2013 Incentive Plan, or suspend or terminate it entirely, retroactively or otherwise, subject to stockholder approval in certain instances; provided, however, that, unless otherwise required by law or specifically provided in the Vince 2013 Incentive Plan, the rights of a Plan Participant with respect to awards granted prior to such amendment, suspension or termination may not be adversely affected without the consent of such Plan Participant.

Transferability. Awards granted under the Vince 2013 Incentive Plan generally are nontransferable, other than by will or the laws of descent and distribution, except that the Compensation Committee may provide for the transferability of nonqualified stock options at the time of grant or thereafter to certain family members.

Recoupment of Awards. The Vince 2013 Incentive Plan provides that awards granted thereunder are subject to any recoupment policy that we may have in place or any obligation that we may have regarding the clawback of "incentive-based compensation" under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or under any applicable rules and regulations promulgated by the SEC.

Effective Date; Term. The Vince 2013 Incentive Plan became effective when it was adopted by the Board and approved by our Majority Stockholders prior to the consummation of our initial public offering. The Vince 2013 Incentive Plan will expire on November 21, 2023, ten years following its approval by our Board. Any award outstanding under the Vince 2013 Incentive Plan at the time of expiration will remain in effect until such award is exercised or has expired in accordance with its terms.

U.S. Federal Income Tax Consequences

The following is a brief summary of the U.S. federal income tax consequences of the issuance and exercise of awards granted under the Vince 2013 Incentive Plan as generally applicable to the Company and to Plan Participants who are subject to U.S. federal taxation. The summary is based on the Code, applicable Treasury Regulations and administrative and judicial interpretations thereof, each as in effect on the date of this Information Statement and is, therefore, subject to future changes in the law, possibly with retroactive effect. The summary is general in nature and does not purport to address issues relating to the tax circumstances of any individual Plan Participant or provide legal or tax advice. Furthermore, the summary does not address issues relating to any gift or estate tax consequences or the consequences of any state, local or foreign tax laws. Each Plan Participant is advised to consult his or her particular tax advisor concerning the application of federal, state, local or non-U.S. tax laws to such Plan Participant's particular situation before taking any action with respect to the awards.

Nonqualified Stock Options. A Plan Participant generally will not recognize taxable income upon the grant or vesting of a nonqualified stock option with an exercise price at least equal to the fair market value of our common stock on the date of grant and no additional deferral feature. Upon the exercise of a nonqualified stock option, a Plan Participant generally will recognize compensation taxable as ordinary income in an amount equal to the difference between the fair market value of the shares underlying the option on the date of exercise and the option exercise price. When a Plan Participant sells the shares, the Plan Participant will have short-term or long-term capital gain or loss, as the case may be, equal to the difference between the amount the Plan Participant received from the sale and the tax basis of the shares sold. The tax basis of the shares generally will be equal to the greater of the fair market value of the shares on the exercise date or the option exercise price.

Incentive Stock Options. A Plan Participant generally will not recognize taxable income upon the grant of an incentive stock option. If a Plan Participant exercises an incentive stock option during employment as an employee or within a prescribed period after his or her employment ends, the Plan Participant will not recognize taxable income at the time of exercise for regular U.S. federal income tax purposes (although the Plan Participant generally will have taxable income for alternative minimum tax purposes at that time as if the option were a nonqualified stock option). If a Plan Participant sells or otherwise disposes of the shares acquired upon exercise of an incentive stock option after the later of (a) one year from the date the Plan Participant exercised the option and (b) two years from the grant date of the option, the Plan Participant generally will recognize long-term capital gain or loss equal to the difference between the amount the Plan Participant received in the disposition and the option exercise price. If a Plan Participant sells or otherwise disposes of shares acquired upon exercise of an incentive stock option before these holding period requirements are satisfied, the disposition will constitute a "disqualifying disposition," and the Plan Participant generally will recognize taxable ordinary income in the year of disposition equal to the excess of the fair market value of the shares on the date of exercise over the option exercise price (or, if less, the excess of the amount realized on the disposition of the shares over the option exercise price). The balance of the Plan Participant's gain on a disqualifying disposition, if any, will be taxed as short-term or long-term capital gain, as the case may be.

With respect to both nonqualified stock options and incentive stock options, special rules apply if a Plan Participant uses shares of our common stock already held by the Plan Participant to pay the exercise price or if the shares received upon exercise of the option are subject to a substantial risk of forfeiture by the Plan Participant.

Stock Appreciation Rights. A Plan Participant generally will not recognize taxable income upon the grant or vesting of a SAR with a grant price at least equal to the fair market value of our common stock on the date of grant and no additional deferral feature. Upon the exercise of a SAR, a Plan Participant generally will recognize compensation taxable as ordinary income in an amount equal to the difference between the fair market value of the shares underlying the SAR on the date of exercise and the grant price of the SAR.

Restricted Stock Awards. A recipient of a restricted stock award generally will recognize compensation taxable as ordinary income when the shares cease to be subject to restrictions in an amount equal to the excess of the fair market value of the shares on the date the restrictions lapse over the amount, if any, paid by the Plan Participant

with respect to the shares. However, no later than 30 days after a Plan Participant receives the restricted stock award, the Plan Participant may elect to recognize compensation taxable as ordinary income in an amount equal to the fair market value of the shares at the time of receipt. Provided the election is properly made in a timely manner, when the restrictions on the shares lapse, the Plan Participant will not recognize any additional income. If the Plan Participant forfeits the shares to the Company (e.g., upon the Plan Participant's termination prior to expiration of the restriction period), the Plan Participant may not claim a deduction with respect to the income recognized as a result of making the election. Any dividends paid with respect to shares of restricted stock generally will be taxable as ordinary income to the Plan Participant at the time the dividends are received.

Restricted Stock Units. A Plan Participant generally will not recognize income at the time a restricted stock unit is granted. When any part of a stock unit is issued or paid, the Plan Participant generally will recognize compensation taxable as ordinary income at the time of such issuance or payment in an amount equal to the then fair market value of any shares the Plan Participant receives.

Tax Consequences to the Company. In the foregoing cases, the Company generally will be entitled to a deduction at the same time and in the same amount as a Plan Participant recognizes ordinary income, subject to certain limitations imposed under the Code.

Tax Withholding. In general, to the extent required by applicable law, the recipient of any payment or distribution under the Vince 2013 Incentive Plan must make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise by reason of such payment or distribution. The Company will not be required to make any payment or distribution under the Vince 2013 Incentive Plan until such obligations are satisfied.

New Plan Benefits. As of the date hereof, no awards have been made with respect to the additional shares of common stock reserved for issuance under the Vince 2013 Incentive Plan. The selection of Eligible Participants who may receive awards under the Vince 2013 Incentive Plan, and the size and the types of awards subject to issuance, will be determined by the Compensation Committee in its discretion in accordance with the Vince 2013 Incentive Plan. The amount of any such awards under the Vince 2013 Incentive Plan are not determinable at this time due to vesting, corporate performance and other future requirements that may be included in the award. Therefore, it is not possible to predict the future benefit or amounts that will be received by, or allocated to, any Plan Participant in future years.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table contains information about the beneficial ownership of our common stock as of the Record Date:

- each person, or group of persons, who beneficially owns more than 5% of our capital stock;
- each of our named executive officers;
- each of our directors; and
- all directors and executive officers as a group.

For further information regarding material transactions between us and certain of our stockholders, see “Certain Relationships and Related Party Transactions” of this Proxy Statement.

Beneficial ownership and percentage ownership are determined in accordance with the rules and regulations of the SEC and include voting or investment power with respect to shares of our common stock. This information does not necessarily indicate beneficial ownership for any other purpose. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to restrictions or options held by that person that are currently exercisable or exercisable within 60 days of the Record Date are deemed outstanding. Such shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Except as indicated in the footnotes to the following table or pursuant to applicable community property laws, each stockholder named in the table has sole voting and investment power with respect to the shares set forth opposite such stockholder’s name.

Our calculation of the percentages of beneficial ownership is based on 11,772,324 shares of our common stock outstanding on the Record Date. Unless otherwise indicated in the footnotes, the address of each of the individuals named below is: c/o Vince Holding Corp., 500 Fifth Avenue, 20th Floor, New York, New York 10110.

Name of Beneficial Owner	Shares Beneficially Owned Number	Percentage of Shares Beneficially Owned Percentage
5% Stockholder:		
Sun Capital (1)	8,481,318	72%
Named Executive Officers & Directors:		
Brendan Hoffman (2)	88,711	1%
David Stefko (2)	41,778	*
Marie Fogel (2)	15,357	*
Matthew Garff (3)	—	—
Jerome Griffith (2)	25,598	*
Robin Kramer	—	*
Marc J. Leder (1)(3)	8,481,318	72%
Michael Mardy (2)	7,800	*
Eugenia Ulasewicz (2)	12,603	*
All Executive Officers and Directors as a Group (11 Persons):	8,673,166	74%

* Represents less than 1.0%.

- (1) Includes 6,250,279 shares held of record by Sun Cardinal, 2,083,432 shares held of record by SCSF Cardinal, LLC (“SCSF Cardinal”) and 147,607 shares held of record by SK Financial Services, LLC (“SK Financial Services”). Sun Cardinal is a wholly owned subsidiary of Sun Capital Partners V, L.P. (“SCP V”). SCSF Cardinal is jointly owned by Sun Capital Securities Offshore Fund, Ltd. (“SCSF Offshore”) and Sun Capital Securities Fund, L.P. (“SCSF LP”). SK Financial Services is jointly owned by SCSF Offshore, SCP V and SCSF LP. Indirectly through their respective revocable trusts, Messrs. Marc J. Leder and Rodger Krouse each control 50% of the shares in Sun Capital Partners V, Ltd. (“Sun Partners V Ltd”), which in turn is the general partner of Sun Capital Advisors V, L.P. (“Sun Advisors V”), which in turn is the general partner of SCP V. As a result, Messrs. Krouse and Leder (and/or their respective revocable trusts), Sun Partners V Ltd, Sun Advisors V and Sun Partners V LP may be deemed to have indirect beneficial ownership of the securities owned directly by Sun Cardinal. Each of Messrs. Krouse and Leder also controls, indirectly through their respective revocable trusts, 50% of the membership interests in Sun Capital Securities, LLC (“SCSF LLC”), which in turn is the general partner of Sun Capital Securities Advisors, LP (“SCSF Advisors”), which in turn is the general partner of SCSF LP. As a result, Messrs. Krouse and Leder (and their respective revocable trusts), SCSF LLC, SCSF Advisors, SCSF LP and SCSF Offshore may be deemed to have indirect beneficial ownership of the securities directly owned by SCSF Cardinal. Further, each of Messrs. Krouse and Leder (and their respective revocable trusts), SCSF LLC, SCSF Advisors, SCSF LP and SCSF Offshore may be deemed to have indirect beneficial ownership of the securities directly owned by SK Financial Services. Each of Messrs. Krouse and Leder (and their respective revocable trusts), Sun Partners V Ltd, Sun Advisors V, Sun Partners V LP, SCSF LLC, SCSF Advisors, SCSF LP and SCSF Offshore expressly disclaims beneficial ownership of any securities in which they do not have a pecuniary interest. The business address for Messrs. Krouse and Leder, Sun Partners V Ltd, Sun Advisors V, Sun Partners V LP, SCSF LLC, SCSF Advisors, SCSF LP and SCSF Offshore is c/o Sun Capital Partners, Inc., 5200 Town Center Circle, Suite 600, Boca Raton, FL 33486.
- (2) Represents RSUs that have vested or will vest within 60 days of the Record Date.
- (3) The business address for each of Messrs. Garff and Leder is c/o Sun Capital Partners, Inc., 5200 Town Center Circle, Suite 400, Boca Raton, FL 33486.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Acquisition of Rebecca Taylor and Parker

On November 4, 2019, Vince, an indirectly wholly owned subsidiary of the Company, entered into an Equity Purchase Agreement (the “Purchase Agreement”) with Contemporary Lifestyle Group, LLC (“CLG”), providing for the Acquisition by Vince of 100% of the equity interests of Rebecca Taylor, Inc. and Parker Holding, LLC (collectively, the “Acquired Businesses”) from CLG. The Acquisition was consummated effective at 12:01 a.m. on November 3, 2019.

The aggregate purchase price for the Acquisition was \$19.7 million, which amount was used to satisfy all outstanding obligations under the credit facility of the Acquired Businesses and for the payment of certain compensation expenses. On the closing date, the assets of the Acquired Businesses included \$0.7 million of cash. The purchase price was paid in cash and funded under Vince’s existing revolving credit facility which was upsized simultaneously with the Acquisition.

CLG is owned by affiliates of Sun Capital, who beneficially owns approximately 72% of the Company’s common stock. The Acquisition was reviewed and approved by the Special Committee of the Board, consisting solely of directors not affiliated with Sun Capital, who was represented by independent financial and legal advisors.

Tax Receivable Agreement

The Company entered into a Tax Receivable Agreement (the “Tax Receivable Agreement”) with certain stockholders of the Company prior to its IPO (the “Pre-IPO Stockholders”) on November 27, 2013. The Company and its former subsidiaries generated certain tax benefits (including net operating losses and tax credits) prior to the restructuring transactions consummated in connection with the Company’s IPO and will generate certain section 197 intangible deductions (the “Pre-IPO Tax Benefits”), which would reduce the actual liability for taxes that the Company might otherwise be required to pay. The Tax Receivable Agreement provides for payments to the Pre-IPO Stockholders in an amount equal to 85% of the aggregate reduction in taxes payable realized by the Company and its subsidiaries from the utilization of the Pre-IPO Tax Benefits (the “Net Tax Benefit”).

For purposes of the Tax Receivable Agreement, the Net Tax Benefit equals (i) with respect to a taxable year, the excess, if any, of (A) the Company’s liability for taxes using the same methods, elections, conventions and similar practices used on the relevant company return assuming there were no Pre-IPO Tax Benefits over (B) the Company’s actual liability for taxes for such taxable year (the “Realized Tax Benefit”), plus (ii) for each prior taxable year, the excess, if any, of the Realized Tax Benefit reflected on an amended schedule applicable to such prior taxable year over the Realized Tax Benefit reflected on the original tax benefit schedule for such prior taxable year, minus (iii) for each prior taxable year, the excess, if any, of the Realized Tax Benefit reflected on the original tax benefit schedule for such prior taxable year over the Realized Tax Benefit reflected on the amended schedule for such prior taxable year; provided, however, that to the extent any of the adjustments described in clauses (ii) and (iii) were reflected in the calculation of the tax benefit payment for any subsequent taxable year, such adjustments shall not be taken into account in determining the Net Tax Benefit for any subsequent taxable year. To the extent that the Company is unable to make the payment under the Tax Receivable Agreement when due under the terms of the Tax Receivable Agreement for any reason, such payment would be deferred and would accrue interest at a default rate of LIBOR plus 500 basis points until paid, instead of the agreed rate of LIBOR plus 200 basis points per annum in accordance with the terms of the Tax Receivable Agreement.

While the Tax Receivable Agreement is designed with the objective of causing the Company's annual cash costs attributable to federal, state and local income taxes (without regard to the Company's continuing 15% interest in the Pre-IPO Tax Benefits) to be the same as that which the Company would have paid had the Company not had the Pre-IPO Tax Benefits available to offset its federal, state and local taxable income, there are circumstances in which this may not be the case. In particular, the Tax Receivable Agreement provides that any payments by the Company thereunder shall not be refundable. In that regard, the payment obligations under the Tax Receivable Agreement differ from a payment of a federal income tax liability in that a tax refund would not be available to the Company under the Tax Receivable Agreement even if the Company were to incur a net operating loss for federal income tax purposes in a future tax year. Similarly, the Pre-IPO Stockholders will not reimburse the Company for any payments previously made if any tax benefits relating to such payments are subsequently disallowed, although the amount of any such tax benefits subsequently disallowed will reduce future payments (if any) otherwise owed to such Pre-IPO Stockholders. In addition, depending on the amount and timing of the Company's future earnings (if any) and on other factors including the effect of any limitations imposed on the Company's ability to use the Pre-IPO Tax Benefits, it is possible that all payments required under the Tax Receivable Agreement could become due within a relatively short period of time following consummation of the Company's IPO.

If the Company had not entered into the Tax Receivable Agreement, the Company would be entitled to realize the full economic benefit of the Pre-IPO Tax Benefits to the extent allowed by federal, state and local law. The Tax Receivable Agreement is designed with the objective of causing the Company's annual cash costs attributable to federal, state and local income taxes (without regard to the Company's continuing 15% interest in the Pre-IPO Tax Benefits) to be the same as the Company would have paid had the Company not had the Pre-IPO Tax Benefits available to offset its federal, state and local taxable income. As a result, stockholders who purchased shares in the IPO are not entitled to the economic benefit of the Pre-IPO Tax Benefits that would have been available if the Tax Receivable Agreement were not in effect, except to the extent of the Company's continuing 15% interest in the Pre-IPO Benefits.

Additionally, the payments the Company makes to the Pre-IPO Stockholders under the Tax Receivable Agreement are not expected to give rise to any incidental tax benefits to the Company, such as deductions or an adjustment to the basis of the Company's assets.

The Sun Entities may elect to terminate the Tax Receivable Agreement upon the occurrence of a Change of Control (as defined below). In connection with any such termination, the Company is obligated to pay the present value (calculated at a rate per annum equal to LIBOR plus 200 basis points as of such date) of all remaining Net Tax Benefit payments that would be required to be paid to the Pre-IPO Stockholders from such termination date, applying the valuation assumptions set forth in the Tax Receivable Agreement (the "Early Termination Period"). "Change of control," as defined in the Tax Receivable Agreement shall mean an event or series of events by which (i) the Company shall cease directly or indirectly to own 100% of the capital stock of Vince; (ii) any "person" or "group" (as such terms are used in Section 13(d) and 14(d) of the Exchange Act), other than one or more permitted investors, shall be the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of capital stock having more, directly or indirectly, than 35% of the total voting power of all outstanding capital stock of the Company in the election of directors, unless at such time the permitted investors are direct or indirect "beneficial owners" (as so defined) of capital stock of the Company having a greater percentage of the total voting power of all outstanding capital stock of the Company in the election of directors than that owned by each other "person" or "group" described above; (iii) for any reason whatsoever, a majority of the Board of Directors shall not be continuing directors; or (iv) a "Change of Control" (or comparable term) shall occur under (x) any term loan or revolving credit facility of the Company or its subsidiaries or (y) any unsecured, senior, senior subordinated or subordinated indebtedness of the Company or its subsidiaries, if, in each case, the outstanding principal amount thereof is in excess of \$15 million. The Company may also terminate the Tax Receivable Agreement by paying the Early Termination Payment (as defined therein) to the Pre-IPO Stockholders. Additionally, the Tax Receivable Agreement provides that in the event that the Company breaches any material obligations under the Tax Receivable Agreement by operation of law as a result of the rejection of the Tax Receivable Agreement in a case commenced under the Bankruptcy Code, then the Early Termination Payment plus other outstanding amounts under the Tax Receivable Agreement shall become due and payable.

The Tax Receivable Agreement will terminate upon the earlier of (i) the date all such tax benefits have been utilized or expired, (ii) the last day of the tax year including the tenth anniversary of the IPO Restructuring Transactions and (iii) the mutual agreement of the parties thereto, unless earlier terminated in accordance with the terms thereof.

As of February 1, 2020, the Company's total obligation under the Tax Receivable Agreement is estimated to be \$2.3 million which is included as Other liabilities on the Consolidated Balance Sheet. The obligation was originally recorded in connection with the IPO as an adjustment to additional paid-in capital on the Company's Consolidated Balance Sheet.

During fiscal 2019, the obligation under the Tax Receivable Agreement was adjusted primarily as a result of changes in the levels of projected pre-tax income, as well as the acquisition of NOLs from the Acquired Businesses. The adjustment resulted in a net decrease of \$56 million to the liability under the Tax Receivable Agreement.

Registration Agreement

The Company entered into a registration agreement with Sun Cardinal and SCSF Cardinal and certain other investors in connection with the February 2008 acquisition of Kellwood Company by the Sun Entities. Pursuant to the terms of the Registration Agreement, holders of at least a majority of "Sun Registrable Securities" (which include (i) shares of our common stock originally issued to the Sun Entities; (ii) all shares of common stock or other securities of the Company issuable upon the conversion, exercise or exchange of our common stock in connection with certain reorganization transactions; and (iii) any other shares of common stock or other securities of the Company held by persons holding the securities described in clauses (i) and (ii)) are entitled to request that we register its shares on a registration statement on one or more occasions in the future. The Sun Entities and the other investors party to the registration agreement are also eligible to participate in certain registered offerings by the Company, subject to the restrictions in the registration rights agreement. We are obligated, within 30 days of receiving a request for registration, to file with the SEC a registration statement with respect to such registrable securities. In addition, we are obligated to use our best efforts to make short-form registrations on Form S-3 available for the sale of registrable securities. We will pay the expenses of the investors party to the registration agreement in connection with their exercise of the rights described in this paragraph, other than underwriting commissions or selling commissions attributable to the registrable securities sold by the holders thereof, as well reimburse the holders of registrable securities included in any registration for the reasonable fees and disbursements of one counsel chosen by the holders of a majority of the registrable securities included in such registration. Our obligation to bear all registration expenses is absolute and does not depend on whether any contemplated offering is completed or whether any registration statement is declared effective.

Employment Agreements

See "Employment Agreements" under "Executive Compensation" in this Proxy Statement for a description of our employment agreements with our named executive officers.

Sun Capital Consulting Agreement

On November 27, 2013, the Company entered into an agreement with Sun Capital Management to (i) reimburse Sun Capital Management Corp. ("Sun Capital Management") or any of its affiliates providing consulting services under the agreement for out-of-pocket expenses incurred in providing consulting services to the Company and (ii) provide Sun Capital Management with customary indemnification for any such services.

The agreement is scheduled to terminate on November 27, 2023, the tenth anniversary of the Company's IPO. Under the consulting agreement, the Company has no obligation to pay Sun Capital Management or any of its affiliates any consulting fees other than those which are approved by a majority of the Company's directors that are not affiliated with Sun Capital. To the extent such fees are approved in the future, the Company will be obligated to pay such fees in addition to reimbursing Sun Capital Management or any of its affiliates that provide the Company services under the consulting agreement for all reasonable out-of-pocket fees and expenses incurred by such party in connection with the provision of consulting services under the consulting agreement and any related matters. Reimbursement of such expenses shall not be conditioned upon the approval of a majority of the Company's directors that are not affiliated with Sun Capital Management, and shall be payable in addition to any fees that such directors may approve.

Neither Sun Capital Management nor any of its affiliates are liable to the Company or the Company's affiliates, security holders or creditors for (1) any liabilities arising out of, related to, caused by, based upon or in connection with the performance of services under the consulting agreement, unless such liability is proven to have resulted directly and primarily from the willful misconduct or gross negligence of such person or (2) pursuing any outside activities or opportunities that may conflict with the Company's best interests, which outside activities the Company consents to and approves under the consulting agreement, and which opportunities neither Sun Capital Management nor any of its affiliates will have any duty to inform the Company of. In no event will the aggregate of any liabilities of Sun Capital Management or any of its affiliates exceed the aggregate of any fees paid under the consulting agreement.

In addition, the Company is required to indemnify Sun Capital Management, its affiliates and any successor by operation of law against any and all liabilities, whether or not arising out of or related to such party's performance of services under the consulting agreement, except to the extent proven to result directly and primarily from such person's willful misconduct or gross negligence. The Company is also required to defend such parties in any lawsuits which may be brought against such parties and advance expenses in connection therewith. In the case of affiliates of Sun Capital Management that have rights to indemnification and advancement from affiliates of Sun Capital, the Company agrees to be the indemnitor of first resort, to be liable for the full amounts of payments of indemnification required by any organizational document of such entity or any agreement to which such entity is a party, and that the Company will not make any claims against any affiliates of Sun Capital Partners for contribution, subrogation, exoneration or reimbursement for which they are liable under any organizational documents or agreement. Sun Capital Management may, in its sole discretion, elect to terminate the consulting agreement at any time. The Company may elect to terminate the consulting agreement if SCSF Cardinal, Sun Cardinal or any of their respective affiliates' aggregate ownership of the Company's equity securities falls below 30%.

During fiscal 2019, the Company incurred expenses of \$0.4 million under the Sun Capital Consulting Agreement.

Security Service Agreement

The Company has been a party to a master services agreement, and various statements of work issued pursuant thereto (collectively, the "Security Service Agreement"), with SOS Security, LLC ("SOS"), relating to permanent and temporary security services and loss prevention solutions for the Company's retail operations, since 2016. On April 30, 2019, all outstanding interests of SOS were acquired by the affiliates of Sun Capital Partners, Inc. (collectively, "Sun Capital"). Sun Capital subsequently signed a definitive agreement to sell SOS in November 2019. The sale was completed on December 31, 2019.

During fiscal 2019, the Company incurred expenses of \$0.2 million under the Security Service Agreement.

Indemnification Agreements

We entered into indemnification agreements with each of our executive officers and directors. The indemnification agreements provide the executive officers and directors with contractual rights to indemnification, expense advancement and reimbursement, to the fullest extent permitted under the DGCL.

Amended and Restated Certificate of Incorporation

The Company's amended and restated certificate of incorporation provides that for so long as affiliates of Sun Capital own 30% or more of the Company's outstanding shares of common stock, Sun Cardinal, a Sun Capital affiliate, has the right to designate a majority of the Company's Board of Directors. For so long as Sun Cardinal has the right to designate a majority of the Company's Board of Directors, the directors designated by Sun Cardinal are expected to constitute a majority of each committee of the Company's Board of Directors (other than the Audit Committee), and the chairman of each of the committees (other than the Audit Committee) is expected to be a director serving on the committee who is selected by affiliates of Sun Capital, provided that, at such time as the Company is not a "controlled company" under the NYSE corporate governance standards, the Company's committee membership will comply with all applicable requirements of those standards and a majority of the Company's Board of Directors will be "independent directors," as defined under the rules of the NYSE, subject to any applicable phase in requirements.

Statement of Policy Regarding Transactions with Related Persons

Our written statement of policy with respect to related party transactions is administered by our Nominating and Corporate Governance Committee. Under our related party transaction policy, a "Related Party Transaction" is any transaction, arrangement or relationship between us or any of our subsidiaries and a Related Person not including any transactions involving less than \$120,000 when aggregated with all similar transactions, or transactions that have received pre-approval of the Nominating and Corporate Governance Committee. A "Related Person" is any of our executive officers, directors or director nominees, any stockholder beneficially owning in excess of 5% of our stock or securities exchangeable for our stock, any immediate family member of any of the foregoing persons, and any firm, corporation or other entity in which any of the foregoing persons is an executive officer, a partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest in such entity.

Pursuant to our related party transaction policy, a Related Party Transaction may only be consummated or may only continue if:

- our Nominating and Corporate Governance Committee approves or ratifies such transaction in accordance with the terms of the policy; or
- the chair of our Nominating and Corporate Governance Committee, or any member of the Committee as designated by the Committee, pre-approves or ratifies such transaction provided that for the Related Party Transaction to continue it must be subsequently ratified by our Nominating and Corporate Governance Committee at its next regularly scheduled meeting.

If advance approval of a Related Party Transaction is not feasible, then that Related Party Transaction will be considered and, if our Nominating and Corporate Governance Committee determines it to be appropriate, ratified, at its next regularly scheduled meeting. If we decide to proceed with a Related Party Transaction without advance approval, then the terms of such Related Party Transaction must permit termination by us without further material obligation in the event our ratification is not forthcoming at our next regularly scheduled meeting.

Transactions with Related Persons, though not classified as Related Party Transactions by our related party transaction policy and thus not subject to its review and approval requirements, may still need to be disclosed if required by the applicable securities laws, rules and regulations.

OTHER MATTERS

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our directors and officers, and other persons who beneficially own more than 10% of a registered class of our equity securities, to file with the SEC initial reports of stock ownership and reports of changes in stock ownership and to provide us with copies of all such filed forms. Based solely on our review of such copies or written representations from reporting persons, we believe that all reports were filed on a timely basis during fiscal 2019, except for the Form 4 of each of Michael Mardy, Eugenia Ulasewicz, and Jerome Griffith relating to the director compensation grant of restricted stock units which were filed late on August 6, 2019 and the Form 4 of each of Brendan Hoffman, David Stefko, Mark Engebretson and Marie Fogel which were filed late on May 9, 2019.

Proxy Solicitation

Our directors and officers may solicit proxies by telephone, electronic transmission and personally. Our directors and officers will not receive any special compensation for such services.

Stockholder Proposals

In order to submit stockholder proposals to be considered for inclusion in the Company's proxy materials for its 2021 Meeting pursuant to Rule 14a-8 under the Exchange Act, proposals must be delivered to the Secretary at our principal executive offices, as indicated below, on or before February 11, 2021. Such proposals must also comply with all applicable provisions of Rule 14a-8 under the Exchange Act. As clearly indicated in the rules of the SEC, simply submitting a proposal does not guarantee its inclusion in the proxy materials.

Our amended and restated bylaws also establish an advance notice procedure with regard to director nominations and stockholder proposals that are not submitted for inclusion in the proxy materials, but that a stockholder wishes to present directly at an annual meeting. To be properly brought before the 2021 Meeting, a notice of the nomination or other matters the stockholder wishes to present must be delivered to the Secretary at our principal executive offices, as indicated below, no earlier than the close of business on March 2, 2021 and no later than the close of business on April 1, 2021 and comply with the other provisions of our amended and restated bylaws.

Vince Holding Corp.
Attention: Secretary
500 Fifth Avenue, 20th Floor
New York, New York 10110

Director's Attendance at the Annual Meeting

The Company invites members of the Board of Directors to attend its annual stockholder meetings and requires that they make every effort to attend the annual meetings absent an unavoidable and irreconcilable conflict. Six out of seven of the then current members of the Board of Directors attended the Company's June 1, 2019 annual stockholder meeting.

Householding

We have adopted a procedure called “householding,” which the SEC has approved. Under this procedure, we deliver a single copy of the proxy materials to multiple stockholders who share the same address unless we have received contrary instructions from one or more of the stockholders. This procedure reduces our printing costs, mailing costs, and fees. Stockholders who participate in householding will continue to be able to access and receive separate proxy cards. Upon written or oral request, we will deliver promptly a separate copy our proxy materials to any stockholder at a shared address to which we delivered a single copy of any of these materials. To receive a separate copy, or, if a stockholder is receiving multiple copies, to request that we only send a single copy of the proxy materials, such stockholder may contact us at the following address:

Vince Holding Corp.
Attention: Secretary
500 Fifth Avenue, 20th Floor
New York, New York 10110

Stockholders who beneficially own shares of our common stock held in street name may contact their brokerage firm, bank, broker-dealer or other similar organization to request information about householding.

Fiscal 2019 Annual Report and SEC Filings

Our audited consolidated financial statements for fiscal 2019 are included in the Annual Report, which will be made available to stockholders at the same time as this Proxy Statement. This Proxy Statement and the Annual Report, as well as our other filings with the SEC, including our reports on Form 10-K, 10-Q, 8-K and all amendments thereto, are posted on our website at <http://www.vince.com> and are available from the SEC at its website at <http://www.sec.gov>. You may also obtain a copy of the Annual Report, this Proxy Statement or other SEC filings without charge by sending a written request to Vince Holding Corp. Attention: Secretary, 500 Fifth Avenue, 20th Floor, New York, New York 10110.

Other Business

Other than the four proposals described in this Proxy Statement, the Board of Directors does not know of any other matters to be presented at the Annual Meeting. If any additional matters are properly presented at the Annual Meeting, the persons named in the enclosed proxy card will have discretion to vote the shares of our common stock they represent in accordance with their own judgment on such matters.