

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 29, 2022

Or

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

For the transition period from to

Commission File Number: 001-36212

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 Exchange 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

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

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

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

Large accelerated filer	<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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 30, 2022, the registrant had 12,332,011 shares of common stock, \$0.01 par value per share, outstanding.

VINCE HOLDING CORP. AND SUBSIDIARIES

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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”), from the Company. The Company continues to own and operate the Vince business, which includes Vince, LLC.

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.

On November 18, 2016, Kellwood Intermediate Holding, LLC and Kellwood Company 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. Prior to the closing, Kellwood Intermediate Holding, LLC and Kellwood Company conducted a pre-closing reorganization pursuant to which certain assets of Kellwood Company were distributed to a newly formed subsidiary of Kellwood Intermediate Holding, LLC, St. Louis Transition, 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.

For purposes of this Quarterly Report, the “Company,” “we,” and “our,” refer to Vince Holding Corp. and our wholly owned subsidiaries, including Vince Intermediate Holding, LLC (“Vince Intermediate”) and Vince, LLC. References to “Vince,” “Rebecca Taylor” or “Parker” refer only to the referenced brands. 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.

DISCLOSURES REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, 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: our ability to realize the benefits of our strategic initiatives, including our ability to successfully implement and execute our omni-channel and customer strategies; our ability to expand our product offerings into new product categories, including the ability to find suitable licensing partners; the impact of the novel coronavirus (COVID-19) pandemic on our business, results of operations and liquidity; general economic conditions; 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; our ability to continue having the liquidity necessary to service our debt, meet contractual payment obligations, and fund our operations; further impairment of our goodwill and indefinite-lived intangible assets; the execution and management of our retail store growth plans; our ability to make lease payments when due; our ability to maintain our larger wholesale partners; the loss of certain of our wholesale partners; our ability to successfully wind down the Rebecca Taylor business; our ability to remediate the identified material weakness in our internal control over financial reporting; our ability to comply with domestic and international laws, regulations and orders; 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; seasonal and quarterly variations in our revenue and income; our ability to mitigate system security risk issues, such as cyber or malware attacks, as well as other major system failures; our ability to optimize our systems, processes and functions; our ability to comply with privacy-related obligations; our ability to ensure the proper operation of the distribution facilities by third-party logistics providers; fluctuations in the price, availability and quality of raw materials; commodity, raw material and other cost increases; the extent of our foreign sourcing; our reliance on independent manufacturers; 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 report on Form 10-Q and our Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 29, 2022 (the “2021 Annual Report on Form 10-K”) under the heading “Part I, Item 1A—Risk Factors.” We intend these forward-looking statements to speak only as of the date of this Quarterly Report on Form 10-Q and do not undertake to update or revise them as more information becomes available, except as required by law.

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

VINCE HOLDING CORP. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets
(in thousands, except share and per share data, unaudited)

	October 29, 2022	January 29, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,157	\$ 1,056
Trade receivables, net	30,083	29,948
Inventories, net	116,441	78,564
Prepaid expenses and other current assets	3,994	5,804
Total current assets	151,675	115,372
Property and equipment, net	13,286	17,117
Operating lease right-of-use assets, net	75,703	92,677
Intangible assets, net	70,256	75,835
Goodwill	31,973	31,973
Assets held for sale	2,890	—
Other assets	3,498	4,253
Total assets	<u>\$ 349,281</u>	<u>\$ 337,227</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 68,175	\$ 46,722
Accrued salaries and employee benefits	5,444	6,244
Other accrued expenses	15,009	13,226
Short-term lease liabilities	21,988	22,700
Current portion of long-term debt	3,500	2,625
Total current liabilities	114,116	91,517
Long-term debt	119,517	88,869
Long-term lease liabilities	77,215	94,367
Deferred income tax liability	7,104	6,067
Other liabilities	613	627
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common stock at \$0.01 par value (100,000,000 shares authorized, 12,331,328 and 11,986,127 shares issued and outstanding at October 29, 2022 and January 29, 2022, respectively)	123	120
Additional paid-in capital	1,142,823	1,140,516
Accumulated deficit	(1,112,128)	(1,084,734)
Accumulated other comprehensive loss	(102)	(122)
Total stockholders' equity	30,716	55,780
Total liabilities and stockholders' equity	<u>\$ 349,281</u>	<u>\$ 337,227</u>

See notes to unaudited condensed consolidated financial statements.

VINCE HOLDING CORP. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(in thousands, except share and per share data, unaudited)

	Three Months Ended		Nine Months Ended	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
Net sales	\$ 98,564	\$ 87,450	\$ 266,134	\$ 223,656
Cost of products sold	68,761	45,317	164,324	120,662
Gross profit	29,803	42,133	101,810	102,994
Impairment of intangible assets	—	—	1,700	—
Impairment of long-lived assets	—	—	866	—
Selling, general and administrative expenses	39,198	38,999	119,128	104,326
(Loss) income from operations	(9,395)	3,134	(19,884)	(1,332)
Interest expense, net	2,456	3,037	6,222	6,842
(Loss) income before income taxes	(11,851)	97	(26,106)	(8,174)
(Benefit) provision for income taxes	(6,615)	(2,118)	1,288	1,823
Net (loss) income	\$ (5,236)	\$ 2,215	\$ (27,394)	\$ (9,997)
Other comprehensive (loss) income:				
Foreign currency translation adjustments	24	(5)	20	4
Comprehensive (loss) income	<u>\$ (5,212)</u>	<u>\$ 2,210</u>	<u>\$ (27,374)</u>	<u>\$ (9,993)</u>
(Loss) Earnings per share:				
Basic (loss) earnings per share	\$ (0.43)	\$ 0.19	\$ (2.25)	\$ (0.84)
Diluted (loss) earnings per share	\$ (0.43)	\$ 0.18	\$ (2.25)	\$ (0.84)
Weighted average shares outstanding:				
Basic	12,307,952	11,935,371	12,186,490	11,882,147
Diluted	12,307,952	12,019,429	12,186,490	11,882,147

See notes to unaudited condensed consolidated financial statements.

VINCE HOLDING CORP. AND SUBSIDIARIES

Condensed Consolidated Statements of Stockholders' Equity
(in thousands, except share amounts, unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Number of Shares Outstanding	Par Value				
	11,986,127					
Balance as of January 29, 2022	7	\$ 120	\$ 1,140,516	\$ (1,084,734)	\$ (122)	\$ 55,780
Comprehensive loss:						
Net loss	—	—	—	(7,169)	—	(7,169)
Foreign currency translation adjustment	—	—	—	—	(6)	(6)
Common stock issuance, net of certain fees	36,874	—	305	—	—	305
Share-based compensation expense	—	—	609	—	—	609
Restricted stock unit vestings	118,831	1	(1)	—	—	—
Tax withholdings related to restricted stock vesting	(16,962)	—	(148)	—	—	(148)
Issuance of common stock related to Employee Stock Purchase Plan ("ESPP")	2,663	—	23	—	—	23
	12,127,533					
Balance as of April 30, 2022	3	\$ 121	\$ 1,141,304	\$ (1,091,903)	\$ (128)	\$ 49,394
Comprehensive loss:						
Net loss	—	—	—	(14,989)	—	(14,989)
Foreign currency translation adjustment	—	—	—	—	2	2
Common stock issuance, net of certain fees	68,106	1	519	—	—	520
Share-based compensation expense	—	—	551	—	—	551
Restricted stock unit vestings	102,137	1	(1)	—	—	—
Tax withholdings related to restricted stock vesting	(6,164)	—	(49)	—	—	(49)
Issuance of common stock related to ESPP	2,416	—	18	—	—	18
	12,294,028					
Balance as of July 30, 2022	8	\$ 123	\$ 1,142,342	\$ (1,106,892)	\$ (126)	\$ 35,447
Comprehensive loss:						
Net loss	—	—	—	(5,236)	—	(5,236)
Foreign currency translation adjustment	—	—	—	—	24	24
Share-based compensation expense	—	—	477	—	—	477
Restricted stock unit vestings	36,807	—	—	—	—	—
Tax withholdings related to restricted stock vesting	(1,694)	—	(13)	—	—	(13)
Issuance of common stock related to ESPP	2,187	—	17	—	—	17
	12,331,328					
Balance as of October 29, 2022	8	\$ 123	\$ 1,142,823	\$ (1,112,128)	\$ (102)	\$ 30,716

See notes to unaudited condensed consolidated financial statements.

VINCE HOLDING CORP. AND SUBSIDIARIES

Condensed Consolidated Statements of Stockholders' Equity
(in thousands, except share amounts, unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Number of Shares Outstanding	Par Value				
	11,809,02					
Balance as of January 30, 2021	3	\$ 118	\$ 1,138,247	\$ (1,072,030)	\$ (128)	\$ 66,207
Comprehensive loss:						
Net loss	—	—	—	(11,622)	—	(11,622)
Foreign currency translation adjustment	—	—	—	—	7	7
Share-based compensation expense	—	—	331	—	—	331
Restricted stock unit vestings	2,382	—	—	—	—	—
Tax withholdings related to restricted stock vesting	(985)	—	(8)	—	—	(8)
Issuance of common stock related to ESPP	4,832	—	49	—	—	49
	11,815,25					
Balance as of May 1, 2021	2	\$ 118	\$ 1,138,619	\$ (1,083,652)	\$ (121)	\$ 54,964
Comprehensive loss:						
Net loss	—	—	—	(590)	—	(590)
Foreign currency translation adjustment	—	—	—	—	2	2
Share-based compensation expense	—	—	558	—	—	558
Restricted stock unit vestings	110,025	1	(1)	—	—	—
Tax withholdings related to restricted stock vesting	(4,608)	—	(54)	—	—	(54)
Issuance of common stock related to ESPP	2,438	—	23	—	—	23
	11,923,10					
Balance as of July 31, 2021	7	\$ 119	\$ 1,139,145	\$ (1,084,242)	\$ (119)	\$ 54,903
Comprehensive income:						
Net income	—	—	—	2,215	—	2,215
Foreign currency translation adjustment	—	—	—	—	(5)	(5)
Share-based compensation expense	—	—	596	—	—	596
Restricted stock unit vestings	31,160	1	—	—	—	1
Tax withholdings related to restricted stock vesting	(524)	—	(4)	—	—	(4)
	11,953,74					
Balance as of October 30, 2021	3	\$ 120	\$ 1,139,737	\$ (1,082,027)	\$ (124)	\$ 57,706

See notes to unaudited condensed consolidated financial statements.

VINCE HOLDING CORP. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows
(in thousands, unaudited)

	Nine Months Ended	
	October 29, 2022	October 30, 2021
Operating activities		
Net loss	\$ (27,394)	\$ (9,997)
Add (deduct) items not affecting operating cash flows:		
Impairment of intangible assets	1,700	—
Impairment of long-lived assets	866	—
Depreciation and amortization	5,828	4,644
Provision for bad debt	149	(48)
Loss on disposal of property and equipment	72	—
Amortization of deferred financing costs	734	562
Deferred income taxes	1,039	1,656
Share-based compensation expense	1,637	1,485
Capitalized PIK Interest	1,917	1,721
Loss on debt extinguishment	—	1,501
Changes in assets and liabilities:		
Receivables, net	(301)	(355)
Inventories	(37,913)	(13,810)
Prepaid expenses and other current assets	718	2,056
Accounts payable and accrued expenses	20,954	9,663
Other assets and liabilities	1,108	(3,326)
Net cash used in operating activities	(28,886)	(4,248)
Investing activities		
Payments for capital expenditures	(2,100)	(4,124)
Net cash used in investing activities	(2,100)	(4,124)
Financing activities		
Proceeds from borrowings under the Revolving Credit Facilities	304,952	234,445
Repayment of borrowings under the Revolving Credit Facilities	(272,375)	(236,397)
Repayment of borrowings under the Term Loan Facilities	(1,750)	(24,750)
Proceeds from borrowings under the Term Loan Facilities	—	35,000
Proceeds from common stock issuance, net of certain fees	825	—
Tax withholdings related to restricted stock vesting	(210)	(66)
Proceeds from stock option exercises, restricted stock vesting, and issuance of common stock under employee stock purchase plan	58	73
Financing fees	(406)	(2,151)
Net cash provided by financing activities	31,094	6,154
Increase (decrease) in cash, cash equivalents, and restricted cash	108	(2,218)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(12)	6
Cash, cash equivalents, and restricted cash, beginning of period	1,096	3,858
Cash, cash equivalents, and restricted cash, end of period	1,192	1,646
Less: restricted cash at end of period	35	41
Cash and cash equivalents per balance sheet at end of period	\$ 1,157	\$ 1,605
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	\$ 2,479	\$ 3,359
Cash payments for income taxes, net of refunds	68	67
Supplemental Disclosures of Non-Cash Investing and Financing Activities		
Capital expenditures in accounts payable and accrued liabilities	76	384
Deferred financing fees in accrued liabilities	1,675	150

See notes to unaudited condensed consolidated financial statements.

VINCE HOLDING CORP. AND SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements (in thousands, except share and per share data)

Note 1. Description of Business and Basis of Presentation

(A) Description of Business: The Company is a global contemporary retailer, 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 contemporary womenswear line lauded for its signature prints, romantic detailing and vintage inspired aesthetic, reimagined for a modern era. Parker, founded in 2008 in New York City, is a contemporary women's fashion brand that is trend focused. During the first half of fiscal 2020 the Company decided to pause the creation of new products for the Parker brand to focus resources on the operations of the Vince and Rebecca Taylor brands. On September 12, 2022, the Company announced its decision to wind down the Rebecca Taylor business. See Note 2 "Wind Down of Rebecca Taylor Business" for further details.

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 condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted. Therefore, these financial statements should be read in conjunction with VHC's audited financial statements for the fiscal year ended January 29, 2022, as set forth in the 2021 Annual Report on Form 10-K.

The condensed consolidated financial statements include the Company's accounts and the accounts of the Company's wholly-owned subsidiaries as of October 29, 2022. All intercompany accounts and transactions have been eliminated in consolidation. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting solely of normal recurring adjustments) and disclosures necessary for a fair statement. The results of operations for these periods are not necessarily comparable to, or indicative of, results of any other interim period or the fiscal year as a whole.

(C) Use of Estimates: The preparation of 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.

(D) COVID-19: The spread of the novel coronavirus ("COVID-19"), which was declared a pandemic by the World Health Organization in March 2020, remains highly volatile, particularly in light of ongoing vaccination efforts and emerging strains of the virus. In response, we implemented various measures to effectively manage our business as well as the impacts from the COVID-19 pandemic, including (i) serving our customers through our online e-commerce websites during the periods in which we were forced to shut down retail locations or operate with reduced shopping hours, alongside other retailers, including our wholesale partners, in accordance with state and local regulations related to the COVID-19 pandemic; (ii) engaging with our lenders to provide additional liquidity and increased operational flexibility; (iii) temporarily reducing retained employee salaries and suspending board retainer fees; (iv) engaging with our landlords to address the operating environment throughout the COVID-19 pandemic, including amending existing lease terms; and (v) streamlining our expense structure and carefully managing operational initiatives to align with the business environment and sales opportunities.

The unpredictable nature of the COVID-19 pandemic could negatively affect the outcome of the measures intended to address its impact and/or our current expectations of our future business performance.

(E) 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 (as amended and restated and as defined below) and its ability to access the capital markets, including the Open Market Sale AgreementSM entered into with Jefferies LLC in September 2021 (see Note 8 "Stockholders' Equity" for further information). The Company's primary cash needs are funding working capital requirements, meeting its debt service requirements and capital expenditures for new stores and related leasehold improvements. The most significant components of the Company's working capital are cash and cash equivalents, accounts receivable, inventories, accounts payable and other current liabilities.

Our recent financial results have been, and our future financial results may be, subject to substantial fluctuations, and may be impacted by business conditions and macroeconomic factors as discussed below. While these potential fluctuations of our results introduce inherent uncertainty in our projections of liquidity, based on our current expectations, during the next twelve months from the date these financial statements are issued, we expect to maintain Excess Availability (as defined in the Revolving Credit Facility Agreement) minimally above the required threshold to meet our monthly Excess Availability covenant under our credit facilities and believe that our other sources of liquidity will generate sufficient cash flows to meet our operating obligations during this twelve month period. The foregoing expectation is dependent on a number of factors, including, among others, our ability to generate sufficient cash flow from operations, our ongoing ability to manage our operating obligations, the results of the currently ongoing inventory valuation and potential borrowing restrictions imposed by our lenders based on their credit judgment, which could materially and negatively impact our borrowing capacity, the wind down of the Rebecca Taylor business, as well as macroeconomic factors such as the rising costs and inflationary impacts on our customers, residual effect of the COVID-19 pandemic and the armed conflict between Ukraine and Russia. Any material negative impact from these factors or others could require us to implement alternative plans to satisfy our liquidity needs which may be unsuccessful. 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, liquidate inventory through additional discounting, sell material assets or operations or seek other financing opportunities.

(F) 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 Financial 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 October 29, 2022 and January 29, 2022, the contract liability was \$1,773 and \$1,739, respectively. For the three and nine months ended October 29, 2022, the Company recognized \$52 and \$239, respectively, of revenue that was previously included in the contract liability as of January 29, 2022.

(G) 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 Issued Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 Accounting Standards Codification 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 but does not expect it to have a material impact on its consolidated financial statements.

Note 2. Wind down of Rebecca Taylor business

On September 12, 2022, the Company announced its decision to wind down the Rebecca Taylor business. On September 30, 2022, the Company entered into amendments to the Term Loan Credit Facility, the 2018 Revolving Credit Facility and the Third Lien Credit Facility (see Note 5 "Long-Term Debt and Financing Arrangements"), which in part, permits the sale of the intellectual property of the Rebecca Taylor, Inc. and the Rebecca Taylor, Inc. liquidation.

As of October 29, 2022, the Company had assets totaling approximately \$19,800 associated with the Rebecca Taylor business, of which \$2,630, which represents the Rebecca Taylor tradename, has been classified as Assets held for sale on the Condensed

Consolidated Balance Sheets. Additionally, as of October 29, 2022, Assets held for sale on the Condensed Consolidated Balance Sheets includes \$260 related to the Parker tradename.

The following table presents a summary of Rebecca Taylor wind down related charges, reported within the Rebecca Taylor and Parker segment, incurred for the three and nine months ended October 29, 2022:

(in thousands)	Three and Nine Months Ended October 29, 2022
Cost of products sold:	
Inventory write-down	\$ 6,696
Selling, general and administrative expenses:	
Operating lease right-of-use asset accelerated amortization	2,152
Accelerated depreciation and amortization	1,062
Employee termination costs, net ⁽¹⁾	556
Other advisory and liquidation costs	650
Total selling, general and administrative expenses	4,420
Total wind-down charges	<u>\$ 11,116</u>

(1) Employee termination costs, net are primarily related to severance and were recorded within Other accrued expenses on the Condensed Consolidated Balance Sheets. Substantially all severance costs will be paid by the end of fiscal 2022.

The Company may record additional non-cash charges in fiscal 2022 associated with the carrying value of certain tradenames, property and equipment, ROU assets and inventory, as well as cash charges associated with separation costs and contractual liabilities primarily related to its 18 retail stores, and office leases associated with Rebecca Taylor. The execution of the wind down is expected to be substantially completed by the end of fiscal 2022 and is subject to various risks and uncertainties that could impact the Company's ability to successfully complete the wind down or the costs associated with the wind down.

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 January 29, 2022	\$ 31,973	\$ —	\$ —	\$ 31,973
Balance as of October 29, 2022	<u>\$ 31,973</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 31,973</u>

The total carrying amount of goodwill is net of accumulated impairments of \$101,845.

The following tables present a summary of identifiable intangible assets:

(in thousands)	Gross Amount	Accumulated Amortization	Accumulated Impairments	Reclassification to Assets Held for Sale	Net Book Value
Balance as of October 29, 2022					
Amortizable intangible assets:					
Customer relationships	\$ 31,355	\$ (22,084)	\$ (6,115)	\$ —	\$ 3,156
Tradenames ⁽¹⁾	22,236	(683)	(18,663)	(2,890)	—
Indefinite-lived intangible assets:					
Tradenames	101,850	—	(34,750)	—	67,100
Total intangible assets	<u>\$ 155,441</u>	<u>\$ (22,767)</u>	<u>\$ (59,528)</u>	<u>\$ (2,890)</u>	<u>\$ 70,256</u>

(1) On September 12, 2022, the Company announced its decision to wind down the Rebecca Taylor business. Therefore, the Company determined that the indefinite life classification was no longer appropriate for the Rebecca Taylor tradename and began amortizing the Rebecca Taylor tradename in the third quarter of fiscal 2022. Amortization of the Rebecca Taylor tradename ceased upon classification as held for sale in the third quarter of fiscal 2022. Additionally, during the third quarter of fiscal 2022, the Parker tradename was classified as held for sale and amortization ceased. See Note 2 "Wind Down of Rebecca Taylor Business" for further information.

(in thousands)	Gross Amount	Accumulated Amortization	Accumulated Impairments	Net Book Value
Balance as of January 29, 2022				
Amortizable intangible assets:				
Customer relationships	\$ 31,355	\$ (21,635)	\$ (6,115)	\$ 3,605
Tradenames	13,100	(143)	(12,527)	430
Indefinite-lived intangible assets:				
Tradenames	110,986	—	(39,186)	71,800
Total intangible assets	<u>\$ 155,441</u>	<u>\$ (21,778)</u>	<u>\$ (57,828)</u>	<u>\$ 75,835</u>

During the second quarter of fiscal 2022, the Company determined that a triggering event had occurred in the Rebecca Taylor and Parker segment as a result of changes to the Company's long-term projections. The Company performed an interim quantitative impairment assessment of the Rebecca Taylor tradename utilizing the relief from royalty valuation approach. The relief from royalty valuation approach is dependent on a number of factors, including estimates of projected revenues, royalty rates in the category of intellectual property, discount rates and other variables. The Company estimated the fair value of the Rebecca Taylor tradename intangible asset and determined that the fair value of the Rebecca Taylor tradename was below its carrying amount. Accordingly, the Company recorded an impairment charge for the Rebecca Taylor tradename intangible asset of \$1,700, which was recorded within Impairment of intangible assets on the condensed consolidated statement of operations and comprehensive income (loss) for the nine months ended October 29, 2022. There was no such impairment charge for the three months ended October 29, 2022 and the three and nine months ended October 30, 2021.

Amortization of identifiable intangible assets was \$661 and \$989 for the three and nine months ended October 29, 2022, respectively, and \$164 and \$492 for the three and nine months ended October 30, 2021, respectively. The estimated amortization expense for identifiable intangible assets for the remainder of fiscal 2022 and the next five fiscal years is expected to be as follows:

(in thousands)	Future Amortization
2022	\$ 150
2023	598
2024	598
2025	598
2026	598
2027	598
	<u>\$ 3,140</u>

Note 4. Fair Value Measurements

We define the fair value of a financial instrument as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We are responsible for the determination of the value of the investments carried at fair value and the supporting methodologies and assumptions. The Company's 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 October 29, 2022 or January 29, 2022. At October 29, 2022 and January 29, 2022, 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 \$125,454 as of October 29, 2022 are at variable interest rates. Borrowings under the Company's 2018 Revolving Credit Facility (as amended and restated and as defined below) are recorded at carrying value, which approximates fair value due to the frequent nature of such borrowings and repayments. The Company considers this as a Level 2 input. The fair value of the Company's Term Loan Credit Facility (as defined below) and the Third Lien Credit Facility (as defined below) was approximately \$32,000 and \$23,000, respectively, as of October 29, 2022 based upon estimated market value calculations that factor principal, time to maturity, interest rate, and current cost of debt. The Company considers this a Level 3 input.

The Company's non-financial assets, which primarily consist of goodwill, intangible assets, operating lease right-of-use ("ROU") 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.

Determining the fair value of goodwill and other intangible assets is judgmental in nature and requires the use of significant estimates and assumptions, including projected revenues, EBITDA margins growth rates and operating margins, long-term growth rates, working capital, royalty rates in the category of intellectual property, discount rates and future market conditions, among others, as applicable. The inputs used in determining the fair value of the ROU assets are the current comparable market rents for similar properties and a store discount rate. The fair value of the property and equipment is based on its estimated liquidation value. The measurement of fair value of these assets are considered Level 3 valuations as certain of these inputs are unobservable and are estimated to be those that would be used by market participants in valuing these or similar assets.

The following table presents the non-financial assets the Company measured at fair value on a non-recurring basis for the nine months ended October 29, 2022, based on such fair value hierarchy. There were no losses on these non-financial assets taken in the nine months ended October 30, 2021.

(in thousands)	Net Carrying Value of Impaired Assets as of October 29, 2022	Fair Value Measured and Recorded at Reporting Date Using:			Total Losses - Nine Months Ended October 29, 2022
		Level 1	Level 2	Level 3	
Property and equipment	\$ 158	\$ —	\$ —	\$ 158	\$ 866 ⁽¹⁾
Tradenname	2,630	—	—	2,630	1,700 ⁽²⁾

(1) Recorded within Impairment of long-lived assets on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

(2) Recorded within Impairment of intangible assets on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). See Note 3 "Goodwill and Intangible Assets" for additional information. As of October 29, 2022, the carrying value of this tradenname was classified within Assets Held for Sale on the Condensed Consolidated Balance Sheets.

Note 5. Long-Term Debt and Financing Arrangements

Long-term debt consisted of the following:

(in thousands)	October 29, 2022	January 29, 2022
Long-term debt:		
Term Loan Facilities	\$ 33,250	\$ 35,000
Revolving Credit Facilities	67,201	34,624
Third Lien Credit Facility	25,003	23,087
Total debt principal	125,454	92,711
Less: current portion of long-term debt	3,500	2,625
Less: deferred financing costs	2,437	1,217
Total long-term debt	<u>\$ 119,517</u>	<u>\$ 88,869</u>

Term Loan Credit Facility

On September 7, 2021, Vince, LLC entered into a new term loan credit facility as described below. The proceeds were used to repay in full all outstanding amounts under the \$27,500 senior secured term loan facility (the "2018 Term Loan Facility") pursuant to a credit agreement originally entered into on August 21, 2018 and a portion of the borrowings outstanding under the 2018 Revolving Credit Facility, totaling \$25,960, which included interest and a prepayment penalty of \$743 (which was included within financing fees on the Condensed Consolidated Statements of Cash Flows). The 2018 Term Loan Facility was terminated and, as a result, the Company recorded expense of \$758 related to the write-off of the remaining deferred financing costs.

Vince, LLC entered into a new \$35,000 senior secured term loan credit facility (the "Term Loan Credit Facility") pursuant to a Credit Agreement (the "Term Loan Credit Agreement") by and among Vince, LLC, as the borrower, the guarantors named therein, PLC Agent, LLC, as administrative agent and collateral agent, and the other lenders from time to time party thereto. Vince Holding Corp. and Vince Intermediate Holding, LLC ("Vince Intermediate") are guarantors under the Term Loan Credit Facility. The Term Loan Credit Facility matures on the earlier of September 7, 2026 and 91 days after the maturity date of the 2018 Revolving Credit Facility (as defined below).

The Term Loan Credit Facility is subject to quarterly amortization of \$875 commencing on July 1, 2022, with the balance payable at final maturity. Interest is payable on loans under the Term Loan Credit Facility at a rate equal to the 90-day LIBOR rate, or

an alternate applicable reference rate in the event LIBOR is no longer available, subject, in either case, to a 1.0% floor, plus 7.0%. During the continuance of certain specified events of default, interest will accrue on the overdue amount of any loan at a rate of 2.0% in excess of the rate otherwise applicable to such amount. In addition, the Term Loan Credit Agreement requires mandatory prepayments upon the occurrence of certain events, including but not limited to, an Excess Cash Flow payment (as defined in the Term Loan Credit Agreement), subject to reductions for voluntary prepayments made during such fiscal year, commencing with the fiscal year ending January 28, 2023.

The Term Loan Credit Facility contains a requirement that Vince, LLC will maintain an availability under its 2018 Revolving Credit Facility of the greater of 10% of the commitments thereunder or \$9,500. The Term Loan Credit Facility did not permit dividends prior to April 30, 2022, or an earlier date designated by Vince, LLC (the period until such date, the “Accommodation Period”) and now permits them to the extent that no default or event of default is continuing or would result from a contemplated dividend, so long as after giving pro forma effect to the contemplated dividend subtracting any accounts payable amounts that are or are projected to be past due for the following six months, excess availability for such six month period will be at least the greater of 25.0% of the aggregate lending commitments and \$15,000. In addition, the Term Loan Credit Facility contains customary representations and warranties, other covenants, and events of default, including but not limited 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 its business or its fiscal year, and distributions and dividends. Furthermore, the Term Loan Credit Facility is subject to a Borrowing Base (as defined in the Term Loan Credit Agreement) which can, under certain conditions result in the imposition of a reserve under the 2018 Revolving Credit Facility. As of October 29, 2022, the Company was in compliance with applicable covenants.

All obligations under the Term Loan Credit Facility are guaranteed by Vince Intermediate and the Company and any future material domestic restricted subsidiaries of Vince, LLC and secured by a lien on substantially all of the assets of the Company, Vince, LLC and Vince Intermediate and any future material domestic restricted subsidiaries.

On September 30, 2022, Vince, LLC entered into the First Amendment to the Term Loan Credit Agreement (the “TL First Amendment”). The TL First Amendment, among other things, (i) requires more frequent borrowing base reporting and establishes variance reporting in connection with the Rebecca Taylor, Inc. liquidation; (ii) removes the assets (other than intellectual property) of the Rebecca Taylor, Inc. and Parker Holding, LLC companies from the term loan borrowing base; (iii) permits the sale of the intellectual property of the Rebecca Taylor, Inc. and Parker Holding, LLC companies and the Rebecca Taylor, Inc. liquidation; (iv) amends the ABL (as defined in the Term Loan Credit Agreement) excess availability covenant to provide the Company with up to \$5,000 of additional potential liquidity through December 28, 2022; and (v) requires prepayment of the Obligations in an amount equal to 100% of the Net Cash Proceeds received from the sale of the intellectual property of the Rebecca Taylor, Inc. and Parker Holding, LLC companies to be applied against the Obligations as outlined in the TL First Amendment. In connection with the TL First Amendment, Vince, LLC agreed to pay the term lenders fees equal to (i) \$600 and (ii) if the underlying term loan is not paid in full by January 31, 2023, an additional \$850, which is payable upon Payment in Full of the Term Loan Credit Facility.

As a result of the TL First Amendment, the Company incurred a total of \$1,525 of financing costs. In accordance with ASC Topic 470, “Debt”, the Company accounted for this amendment as a debt modification and has recorded \$75 of the financing costs paid to third parties within selling, general and administrative expenses on the condensed consolidated statements of operations and comprehensive income (loss) for the nine months ended October 29, 2022. The remaining \$1,450 of financing costs are recorded as deferred debt issuance costs (which is presented within Long-term debt on the Condensed Consolidated Balance Sheets) which will be amortized over the remaining term of the Term Loan Credit Facility.

Through October 29, 2022, on an inception to date basis, the Company has made repayments of \$1,750 on the Term Loan Credit Facility.

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.

Interest is payable on the loans under the 2018 Revolving Credit Facility at either the LIBOR Rate 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, LLC 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).

On November 1, 2019, Vince, LLC entered into the First Amendment (the "First Revolver Amendment") to the 2018 Revolving Credit Facility, which provided 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.

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, increased 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 "Third Amendment Accommodation Period") (ii) temporarily revising the eligibility of certain account debtors during the Third Amendment 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) waived events of default; (b) temporarily increased the applicable margin on all borrowings of revolving loans by 0.75% per annum during the Third Amendment Accommodation Period and increased the LIBOR floor from 0% to 1.0%; (c) eliminated 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 Third Amendment Extended Accommodation Period; (d) temporarily suspended the Fixed Charge Coverage Ratio covenant through the Third Amendment Extended Accommodation Period; (e) required 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 was 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 Third Amendment Extended Accommodation Period; (f) imposed a requirement (y) to pay down the 2018 Revolving Credit Facility to the extent cash on hand exceeded \$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) permitted 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) established a method for imposing a successor reference rate if LIBOR should become unavailable, (i) extended 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 August 1, 2020 to July 31, 2020 and October 29, 2020, respectively, and (j) granted ongoing relief through September 30, 2020 with respect to certain covenants regarding the payment of lease obligations.

On December 11, 2020, Vince, LLC entered into the Fifth Amendment (the "Fifth Revolver Amendment") to the 2018 Revolving Credit Facility. The Fifth Revolver Amendment, among other things, (i) extended the period from November 30, 2020 to July 31, 2021 (such period, "Accommodation Period"), during which the eligibility of certain account debtors was revised by extending by 30 days the time those accounts may remain outstanding past due as well as increasing the concentration limits of certain account debtors; (ii) extended the period through which the applicable margin on all borrowings of revolving loans by 0.75% per annum during such Accommodation Period; (iii) extended the period from October 30, 2021 to January 29, 2022, during which the cap on which certain items eligible to be added back to "Consolidated EBITDA" (as defined in the 2018 Revolving Credit Facility) was increased to 27.5% from 22.5%; (iv) extended the temporary suspension of the Consolidated Fixed Charge Coverage Ratio

“FCCR”) covenant through the delivery of a compliance certificate relating to the fiscal quarter ended January 29, 2022 (such period, the “Extended Accommodation Period”), other than the fiscal quarter ending January 29, 2022; (v) required Vince, LLC to maintain an FCCR of 1.0 to 1.0 in the event the excess availability under the 2018 Revolving Credit Facility was less than (x) \$7,500 through the end of the Accommodation Period; and (y) \$10,000 from August 1, 2020 through the end of the Extended Accommodation Period; (vi) permitted Vince, LLC to incur the debt under the Third Lien Credit Facility (as described below); (vii) revised the definition of “Cash Dominion Trigger Amount” to mean \$15,000 through the end of the Extended Accommodation Period and at all other times thereafter, 12.5% of the Loan Cap and \$5,000, whichever is greater; (viii) deemed the Cash Dominion Event (as defined in the credit agreement for the 2018 Revolving Credit Facility) as triggered during the Accommodation Period; and (ix) required an engagement by the Company of a financial advisor from February 1, 2021 until March 31, 2021 (or until the excess availability was greater than 25% of the Loan Cap for a period of at least thirty days, whichever is later) to assist in the preparation of certain financial reports, including the review of the weekly cashflow reports and other items. As of April 2021, the requirement to engage a financial advisor had been satisfied.

On September 7, 2021, concurrently with the Term Loan Credit Facility, Vince, LLC entered into an Amended and Restated Credit Agreement (the “A&R Revolving Credit Facility Agreement”) which, among other things, contained amendments to reflect the terms of the Term Loan Credit Facility and extended the maturity of the 2018 Revolving Credit Facility to the earlier of June 8, 2026 and 91 days prior to the maturity of the Term Loan Credit Facility.

In addition, the A&R Revolving Credit Facility Agreement, among others: (i) lowered all applicable margins by 0.75%; (ii) revised the end of the Accommodation Period (as defined therein) to April 30, 2022 or an earlier date as elected by Vince, LLC; (iii) amended the borrowing base calculation to exclude Eligible Cash On Hand (as defined therein); (iv) revised the threshold under the definition of the Cash Dominion Trigger Event to be the excess availability of the greater of (a) 12.5% of the Loan Cap and (b) \$11,000; (v) deleted the financial covenant and replaced it with a requirement to maintain a minimum excess availability not to be less than the greater of (a) \$9,500 and (b) 10% of the commitments at any time; and (vi) revised certain representations and warranties as well as operational covenants.

Concurrently with the TL First Amendment, on September 30, 2022, Vince, LLC entered into the First Amendment to the A&R Revolving Credit Facility Agreement (the “ABL First Amendment”). The ABL First Amendment, among other things, (i) requires more frequent borrowing base reporting and establishes variance reporting in connection with the Rebecca Taylor, Inc. liquidation; (ii) amends the definition of “Availability Reserves” to account for the difference between the aggregate amount of the ABL borrowing base attributable to the assets of the Rebecca Taylor, Inc. and Parker Holding, LLC companies and the amounts received (or anticipated to be received) as net proceeds of asset sales in connection with the Rebecca Taylor, Inc. liquidation; (iii) permits the sale of the intellectual property of the Rebecca Taylor, Inc. and Parker Holding, LLC companies and the Rebecca Taylor, Inc. liquidation; (iv) amends the excess availability covenant to provide the Company with up to \$5,000 of additional potential liquidity through December 28, 2022; and (v) removes the assets of the Rebecca Taylor, Inc. and Parker Holding, LLC companies from the borrowing base from and after November 30, 2022. In connection with the ABL First Amendment, Vince, LLC agreed to pay the ABL lenders fees equal to (i) \$375 and (ii) if the ABL is not paid in full by December 15, 2022, an additional \$125.

As a result of the ABL First Amendment, the Company incurred a total of \$611 of financing costs. In accordance with ASC Topic 470, “Debt”, the Company accounted for this amendment as a debt modification and therefore, these financing costs were recorded as deferred debt issuance costs (which is presented within Other assets on the Condensed Consolidated Balance Sheets) and will be amortized over the remaining term of the 2018 Revolving Credit Facility.

As of October 29, 2022, the Company was in compliance with applicable covenants. As of October 29, 2022, \$26,809 was available under the 2018 Revolving Credit Facility, net of the Loan Cap, and there were \$67,201 of borrowings outstanding and \$5,990 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 October 29, 2022 was 4.8%.

Third Lien Credit Facility

On December 11, 2020, Vince, LLC entered into a \$20,000 subordinated term loan credit facility (the “Third Lien Credit Facility”) pursuant to a credit agreement (the “Third Lien Credit Agreement”), dated December 11, 2020, by and among Vince, LLC, as the borrower, VHC and Vince Intermediate, as guarantors, and SK Financial Services, LLC (“SK Financial”), as administrative agent and collateral agent, and other lenders from time to time party thereto.

SK Financial is an affiliate of Sun Capital Partners, Inc. (“Sun Capital”), whose affiliates own, as of October 29, 2022, approximately 69% of the Company’s common stock. The Third Lien Credit Facility was reviewed and approved by the Special Committee of the Company’s Board of Directors, consisting solely of directors not affiliated with Sun Capital, which committee was represented by independent legal advisors.

Interest on loans under the Third Lien Credit Facility is payable in kind at a rate equal to the LIBOR rate (subject to a floor of 1.0%) plus applicable margins subject to a pricing grid based on minimum Consolidated EBITDA (as defined in the Third Lien Credit Agreement). During the continuance of certain specified events of default, interest may accrue on the loans under the Third Lien Credit Facility at a rate of 2.0% in excess of the rate otherwise applicable to such amount. The Third Lien Credit Facility contains

representations, covenants and conditions that were substantially similar to those under the 2018 Term Loan Facility, except the Third Lien Credit Facility does not contain any financial covenants.

The Company incurred \$485 in deferred financing costs associated with the Third Lien Credit Facility of which a \$400 closing fee is payable in kind and was added to the principal balance. These deferred financing costs are recorded as deferred debt issuance costs which will be amortized over the remaining term of the Third Lien Credit Facility.

All obligations under the Third Lien Credit Facility are guaranteed by the Company, Vince Intermediate and the Company's existing material domestic restricted subsidiaries as well as any future material domestic restricted subsidiaries and are secured on a junior basis relative to the 2018 Revolving Credit Facility and the 2018 Term Loan Facility by a lien on substantially all of the assets of the Company, Vince Intermediate, Vince, LLC and the Company's existing material domestic restricted subsidiaries as well as any future material domestic restricted subsidiaries.

The proceeds were received on December 11, 2020 and were used to repay a portion of the borrowings outstanding under the 2018 Revolving Credit Facility.

On September 7, 2021, concurrently with the Term Loan Credit Facility as well as the A&R Revolving Credit Facility Agreement, Vince, LLC entered into an amendment (the "Third Lien First Amendment") to the Third Lien Credit Facility which amended its terms to extend its maturity to March 6, 2027, revised the interest rate to remove the tiered applicable margins so that the rate is now equal to the 90-day LIBOR rate, or an alternate applicable reference rate in the event LIBOR is no longer available, plus 9.0% at all times, and to reflect the applicable terms of the Term Loan Credit Facility as well as the A&R Revolving Credit Facility Agreement.

Concurrently with the TL First Amendment and the ABL First Amendment, on September 30, 2022, Vince, LLC entered into the Second Amendment to the Third Lien Credit Agreement (the "Third Lien Second Amendment"). The Third Lien Second Amendment, among other things, (i) establishes variance reporting in connection with the Rebecca Taylor, Inc. liquidation; and (ii) permits the sale of the intellectual property of the Rebecca Taylor, Inc. and Parker Holding, LLC companies and the Rebecca Taylor, Inc. liquidation.

Note 6. Inventory

Inventories consisted of finished goods. As of October 29, 2022 and January 29, 2022, finished goods, net of reserves were \$116,441 and \$78,564, respectively.

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. Additionally, in September 2020, the Company filed a Registration Statement on Form S-8 to register an additional 1,000,000 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 October 29, 2022, there were 871,288 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 typically vest in equal installments over a three-year period or vest in equal installments over four years, subject to the employees' continued employment.

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 selling, general and administrative ("SG&A") expense for the difference between the fair market value and the discounted purchase price of the Company's common stock. During the nine months ended October 29, 2022, 7,266 shares of common stock were issued under the ESPP. During the nine months ended October 30, 2021, 7,270 shares of

common stock were issued under the ESPP. As of October 29, 2022, there were 62,834 shares available for future issuance under the ESPP.

Stock Options

A summary of stock option activity for the nine months ended October 29, 2022 is as follows:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 29, 2022	58	\$ 38.77	3.7	\$ —
Granted	—	\$ —		
Exercised	—	\$ —		
Forfeited or expired	—	\$ —		
Outstanding at October 29, 2022	58	\$ 38.77	2.9	\$ —
Vested and exercisable at October 29, 2022	58	\$ 38.77	2.9	\$ —

Restricted Stock Units

A summary of restricted stock unit activity for the nine months ended October 29, 2022 is as follows:

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Non-vested restricted stock units at January 29, 2022	628,883	\$ 10.48
Granted	277,402	\$ 7.80
Vested	(255,951)	\$ 9.84
Forfeited	(85,883)	\$ 10.48
Non-vested restricted stock units at October 29, 2022	564,451	\$ 9.46

Share-Based Compensation Expense

The Company recognized share-based compensation expense of \$477 and \$596, including expense of \$59 and \$72 related to non-employees, during the three months ended October 29, 2022 and October 30, 2021, respectively. The Company recognized share-based compensation expense of \$1,637 and \$1,485, including expense of \$248 and \$181, respectively, related to non-employees, during the nine months ended October 29, 2022 and October 30, 2021, respectively.

Note 8. Stockholders' Equity

At-the-Market Offering

On September 9, 2021, the Company filed a shelf registration statement on Form S-3, which was declared effective on September 21, 2021 (the "Registration Statement"). Under the Registration Statement, the Company may offer and sell up to 3,000,000 shares of common stock from time to time in one or more offerings at prices and terms to be determined at the time of the sale. In connection with the filing of the Registration Statement, the Company entered into an Open Market Sale AgreementSM with Jefferies LLC ("At-the-Market Offering"), under which the Company is able to offer and sell, from time to time, up to 1,000,000 shares of common stock, par value \$0.01 per share, which shares are included in the securities registered pursuant to the Registration Statement. During the three months ended October 29, 2022, the Company did not make any offerings or sales of shares of common stock under the At-the-Market Offering. During the nine months ended October 29, 2022, the Company issued and sold 104,980 shares of common stock under the At-the-Market Offering for aggregate net proceeds of \$825, at an average price of \$7.86 per share. At October 29, 2022, 877,886 shares of common stock were available to be offered and sold under the At-the-Market Offering.

Note 9. Earnings (Loss) 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. In periods when the Company incurs a net loss, share-based awards are excluded from the calculation of earnings per share as their inclusion would have an anti-dilutive effect.

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

	Three Months Ended		Nine Months Ended	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
Weighted-average shares—basic	12,307,952	11,935,371	12,186,490	11,882,147
Effect of dilutive equity securities	—	84,058	—	—
Weighted-average shares—diluted	12,307,952	12,019,429	12,186,490	11,882,147

For the three months ended October 30, 2021, 484,050 weighted average shares of share-based compensation were excluded from the computation of weighted average shares for diluted earnings per share, as their effect would have been anti-dilutive.

Because the Company incurred a net loss for the three and nine months ended October 29, 2022 and the nine months ended October 30, 2021, weighted-average basic shares and weighted-average diluted shares outstanding are equal for the periods.

Note 10. Commitments and Contingencies

Litigation

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 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 11. Income Taxes

The Company provides for income taxes at the end of each interim period based on the estimated effective tax rate for the full fiscal year. In interim periods where the entity is experiencing losses, an entity must make assumptions concerning its future taxable income and determine whether the realization of future tax benefits is more likely than not. The benefit for income taxes of \$6,615 for the three months ended October 29, 2022 reflects the impact of a decrease in the Company's estimated effective tax rate for the full fiscal year. The Company's estimated effective tax rate is driven by the non-cash deferred tax expense created by the current period amortization of indefinite-lived goodwill and intangible assets for tax but not for book purposes. A portion of these deferred tax liabilities cannot be used as a source to support the realization of certain deferred tax assets related to the Company's net operating losses which results in tax expense to record these deferred tax liabilities. The provision for income taxes was \$1,288 and the effective income tax rate was (4.9%) for the nine months ended October 29, 2022. The Company's effective tax rate for the nine months ended October 29, 2022 differs from the U.S. statutory rate of 21% primarily due to the increase in deferred tax liabilities attributable to indefinite-lived goodwill and intangible assets as described above, as well as state and foreign taxes partially offset by the impact of the valuation allowance established against additional deferred tax assets.

The benefit for income taxes was \$2,118 for the three months ended October 30, 2021 and primarily reflected the impact of a decrease in the Company's estimated effective tax rate for the full fiscal year. The provision for income taxes was \$1,823 for the nine months ended October 30, 2021 and primarily represented the non-cash deferred tax expense created by the current period amortization of indefinite-lived goodwill and intangible assets for tax but not for book purposes. Additionally, the provision for income taxes for the nine months ended October 30, 2021 included a correction of an error of \$882 related to the state tax impact of the non-cash deferred tax expense created by the amortization of indefinite-lived goodwill and intangible assets as previously recorded in the fourth quarter of fiscal 2020. The effective tax rate was (22.3%) for the nine months ended October 30, 2021 and differs from the U.S. statutory rate primarily due to the increase in deferred tax liabilities attributable to indefinite-lived goodwill and intangible assets as described above and the impact of the valuation allowance established against additional deferred tax assets.

Each reporting period, the Company evaluates the realizability of its deferred tax assets and has maintained a full valuation allowance against its deferred tax assets. These valuation allowances will be maintained until there is sufficient positive evidence to conclude that it is more likely than not that these deferred tax assets will be realized.

Note 12. Leases

The Company determines if a contract contains a lease at inception. The Company has operating leases for real estate (primarily retail stores, storage and office spaces) some of which have initial terms of 10 years, and in many instances can be extended for an additional term, while the Company's more recent leases are subject to shorter terms as a result of the implementation of the strategy to pursue shorter lease 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.

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 a 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.

Total lease cost is included in cost of sales and SG&A expense in the accompanying condensed consolidated statements 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 the nine months ended October 29, 2022 and October 30, 2021. The Company's lease cost is comprised of the following:

(in thousands)	Three Months Ended		Nine Months Ended	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
Operating lease cost	\$ 6,446	\$ 6,077	\$ 18,859	\$ 18,270
Variable operating lease cost	45	810	503	(59)
Total lease cost	<u>\$ 6,491</u>	<u>\$ 6,887</u>	<u>\$ 19,362</u>	<u>\$ 18,211</u>

The operating lease cost for the three and nine months ended October 29, 2022 includes \$2,152 of accelerated amortization associated with the wind-down of the Rebecca Taylor business. See Note 2 "Wind Down of Rebecca Taylor Business" for additional information. The operating lease cost above for the nine months ended October 30, 2021 included a benefit of \$501 for the correction of an error recorded within SG&A expenses related to a lease amendment for a retail store location signed in April 2020. The amendment lowered the base rent for fiscal 2021 through fiscal 2023 which was not accounted for upon the signing of the agreement leading to an overstatement of the ROU asset related expenses and lease liability in the first quarter of fiscal 2020.

As of October 29, 2022, the future maturity of lease liabilities are as follows:

(in thousands)	October 29, 2022
Fiscal 2022	\$ 7,212
Fiscal 2023	26,758
Fiscal 2024	24,102
Fiscal 2025	15,598
Fiscal 2026	10,951
Thereafter	34,904
Total lease payments	119,525
Less: Imputed interest	(20,322)
Total operating lease liabilities	<u>\$ 99,203</u>

The operating lease payments do not include any renewal options as such leases are not reasonably certain of being renewed as of October 29, 2022, and do not include \$11,497 of legally binding minimum lease payments for leases signed but not yet commenced.

Note 13. Segment 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, e-commerce platform and its subscription service Vince Unfold; 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 in the U.S. and select international markets, directly to the

consumer through their own branded e-commerce platforms and Rebecca Taylor retail and outlet stores, and through its subscription service Rebecca Taylor RNTD.

On September 12, 2022, the Company announced its decision to wind down the Rebecca Taylor business. See Note 2 “Wind Down of Rebecca Taylor Business” for further details.

The accounting policies of the Company’s reportable segments are consistent with those described in Note 1 to the audited consolidated financial statements of VHC for the fiscal year ended January 29, 2022 included in the 2021 Annual Report on Form 10-K. 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. 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.

Beginning with the fourth quarter of fiscal 2021, the Company changed the allocation methodology for certain corporate operational expenses and assets between Vince Wholesale and Vince Direct-to-consumer segments. The prior period has been updated to conform to the current allocation methodology. These changes did not impact the Company’s previously reported consolidated financial results.

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
<u>Three Months Ended October 29, 2022</u>					
Net Sales ⁽¹⁾	\$ 55,023	\$ 34,651	\$ 8,890	\$ —	\$ 98,564
Income (loss) before income taxes ⁽²⁾	14,352	696	(13,155)	(13,744)	(11,851)
<u>Three Months Ended October 30, 2021</u>					
Net Sales ⁽³⁾	\$ 42,636	\$ 35,722	\$ 9,092	\$ —	\$ 87,450
Income (loss) before income taxes	14,394	3,715	(3,121)	(14,891)	97
<u>Nine Months Ended October 29, 2022</u>					
Net Sales ⁽¹⁾	\$ 135,179	\$ 103,633	\$ 27,322	\$ —	\$ 266,134
Income (loss) before income taxes ⁽²⁾	37,312	(723)	(20,124)	(42,571)	(26,106)
<u>Nine Months Ended October 30, 2021</u>					
Net Sales ⁽³⁾	\$ 104,605	\$ 91,636	\$ 27,415	\$ —	\$ 223,656
Income (loss) before income taxes	34,364	6,482	(7,955)	(41,065)	(8,174)
(in thousands)	Vince Wholesale	Vince Direct-to-consumer	Rebecca Taylor and Parker	Unallocated Corporate	Total
<u>October 29, 2022</u>					
Total Assets	\$ 101,239	\$ 104,679	\$ 20,092	\$ 123,271	\$ 349,281
<u>January 29, 2022</u>					
Total Assets	\$ 64,502	\$ 108,019	\$ 38,825	\$ 125,881	\$ 337,227

(1) Net sales for the Rebecca Taylor and Parker reportable segment for the three and nine months ended October 29, 2022 consisted of \$4,205 and \$12,985 through wholesale distribution channels and \$4,685 and \$14,337 through direct-to-consumer distribution channels.

(2) Rebecca Taylor and Parker reportable segment includes a non-cash impairment charge of \$2,566, of which \$1,700 is related to the Rebecca Taylor tradename and \$866 is related to property and equipment for the nine months ended October 29, 2022. The three and nine months ended October 29, 2022 also includes charges associated with the wind-down of the Rebecca Taylor business. See Note 2 "Wind Down of Rebecca Taylor Business" for additional information.

(3) Net sales for the Rebecca Taylor and Parker reportable segment for the three and nine months ended October 30, 2021 consisted of \$5,171 and \$17,316 through wholesale distribution channels and \$3,921 and \$10,099 through direct-to-consumer distribution channels.

Note 14. Related Party Transactions

Third Lien Credit Agreement

On December 11, 2020, Vince, LLC entered into the \$20,000 Third Lien Credit Facility pursuant to the Third Lien Credit Agreement, by and among Vince, LLC, as the borrower, SK Financial, as agent and lender, and other lenders from time-to-time party thereto. SK Financial is an affiliate of Sun Capital, whose affiliates own, as of October 29, 2022, approximately 69% of the Company's common stock. The Third Lien Credit Facility was reviewed and approved by the Special Committee of the Company's Board of Directors, consisting solely of directors not affiliated with Sun Capital, which committee was represented by independent legal advisors.

See Note 5 "Long-Term Debt and Financing Arrangements" 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 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.

As of October 29, 2022, the Company's total obligation under the Tax Receivable Agreement was estimated to be \$0 based on projected future pre-tax income.

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.

During the three months ended October 29, 2022 and October 30, 2021, the Company incurred expenses of \$1 and \$1, respectively, under the Sun Capital Consulting Agreement. During the nine months ended October 29, 2022 and October 30, 2021, the Company incurred expenses of \$11 and \$9, respectively, under the Sun Capital Consulting Agreement.

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

This discussion summarizes our consolidated operating results, financial condition and liquidity. The following discussion and analysis should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q (this "Quarterly Report"). All amounts disclosed are in thousands except store counts, share and per share data and percentages. See Note 1 "Description of Business and Basis of Presentation" within the notes to the condensed consolidated financial statements in this Quarterly 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" of this Quarterly Report as well as in our 2021 Annual Report on Form 10-K.

COVID-19

The spread of COVID-19, which was declared a pandemic by the World Health Organization in March 2020, remains highly volatile, particularly in light of ongoing vaccination efforts and emerging strains of the virus. In response, we implemented various measures to effectively manage our business as well as the impacts from the COVID-19 pandemic, including (i) serving our customers through our online e-commerce websites during the periods in which we were forced to shut down retail locations or operate with reduced shopping hours, alongside other retailers, including our wholesale partners, in accordance with state and local regulations related to the COVID-19 pandemic; (ii) engaging with our lenders to provide additional liquidity and increased operational flexibility; (iii) temporarily reducing retained employee salaries and suspending board retainer fees; (iv) engaging with our landlords to address the operating environment throughout the COVID-19 pandemic, including amending existing lease terms; and (v) streamlining our expense structure and carefully managing operational initiatives to align with the business environment and sales opportunities.

The unpredictable nature of the COVID-19 pandemic could negatively affect the outcome of the measures intended to address its impact and/or our current expectations of our future business performance. See Part I, Item 1A. Risk Factors in the 2021 Annual Report on Form 10-K — "*Risks Related to Our Business and Industry — The COVID-19 pandemic has adversely affected, and may 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 retailer, 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. Known for its range of luxury products, Vince offers women's and men's ready-to-wear, footwear and accessories through 50 full-price retail stores, 17 outlet stores, 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 contemporary womenswear line lauded for its signature prints, romantic detailing and vintage inspired aesthetic, reimagined for a modern era. The Rebecca Taylor collection is available at 10 full-price retail stores, 8 outlet stores, through its e-commerce site at *rebeccataylor.com* and through its subscription service Rebecca Taylor RNTD at *rebeccataylorrntd.com*, as well as through major department and specialty stores worldwide. On September 12, 2022, the Company announced its decision to wind down the Rebecca Taylor business. See Note 2 "Wind Down of the Rebecca Taylor Business" to the condensed consolidated financial statements for further details.

Parker, founded in 2008 in New York City, is a contemporary women's fashion brand that is trend focused. During the first half of fiscal 2020 the Company decided to pause the creation of new products to focus resources on the operations of the Vince and Rebecca Taylor brands. The Parker collection was previously available through major department stores and specialty stores worldwide as well as through its e-commerce website.

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 stores 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 stores 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.

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

	Three Months Ended				Nine Months Ended			
	October 29, 2022		October 30, 2021		October 29, 2022		October 30, 2021	
	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales
(in thousands, except per share data and percentages)								
Statements of Operations:								
Net sales	\$ 98,564	100.0 %	\$ 87,450	100.0 %	\$ 266,134	100.0 %	\$ 223,656	100.0 %
Cost of products sold	68,761	69.8 %	45,317	51.8 %	164,324	61.7 %	120,662	53.9 %
Gross profit	29,803	30.2 %	42,133	48.2 %	101,810	38.3 %	102,994	46.1 %
Impairment of intangible assets	—	0.0 %	—	0.0 %	1,700	0.6 %	—	0.0 %
Impairment of long-lived assets	—	0.0 %	—	0.0 %	866	0.3 %	—	0.0 %
Selling, general and administrative expenses	39,198	39.8 %	38,999	44.6 %	119,128	44.8 %	104,326	46.6 %
(Loss) income from operations	(9,395)	(9.5) %	3,134	3.6 %	(19,884)	(7.5) %	(1,332)	(0.6) %
Interest expense, net	2,456	2.5 %	3,037	3.5 %	6,222	2.3 %	6,842	3.1 %
(Loss) income before income taxes	(11,851)	(12.0) %	97	0.1 %	(26,106)	(9.8) %	(8,174)	(3.7) %
(Benefit) provision for income taxes	(6,615)	(6.7) %	(2,118)	(2.4) %	1,288	0.5 %	1,823	0.8 %
Net (loss) income	\$ (5,236)	(5.3) %	\$ 2,215	2.5 %	\$ (27,394)	(10.3) %	\$ (9,997)	(4.5) %
(Loss) Earnings per share:								
Basic (loss) earnings per share	\$ (0.43)		\$ 0.19		\$ (2.25)		\$ (0.84)	
Diluted (loss) earnings per share	\$ (0.43)		\$ 0.18		\$ (2.25)		\$ (0.84)	

Three Months Ended October 29, 2022 Compared to Three Months Ended October 30, 2021

Net sales for the three months ended October 29, 2022 were \$98,564, increasing \$11,114, or 12.7%, versus \$87,450 for the three months ended October 30, 2021.

Gross profit decreased 29.3% to \$29,803 for the three months ended October 29, 2022 from \$42,133 in the prior year third quarter. As a percentage of sales, gross margin was 30.2%, compared with 48.2% in the prior year third quarter. The total gross margin rate decrease was primarily driven by the following factors:

- The unfavorable impact from inventory write-downs and other liquidation efforts as a result of the wind down of the Rebecca Taylor business contributed negatively by approximately 800 basis points;
- The unfavorable impact of year-over-year adjustments to inventory reserves contributed negatively by approximately 710 basis points;
- The unfavorable impact from an increase in promotional activity in the Direct-to-consumer segment which contributed negatively by approximately 420 basis points; which were partly offset by
- The favorable impact of leveraging our distribution and other overhead costs which contributed positively by approximately 260 basis points.

Selling, general and administrative ("SG&A") expenses for the three months ended October 29, 2022 were \$39,198, increasing \$199, or 0.5%, versus \$38,999 for the three months ended October 30, 2021. SG&A expenses as a percentage of sales were 39.8% and 44.6% for the three months ended October 29, 2022 and October 30, 2021, respectively. The change in SG&A expenses compared to the prior fiscal year period was primarily due to:

- \$4,420 of costs associated with the wind down of the Rebecca Taylor business (see Note 2 "Wind Down of Rebecca Taylor Business" to the condensed consolidated financial statements for a detailed listing); which were partly offset by
- \$2,612 of decreased rent expense primarily due to lease modifications effective in the third quarter of fiscal 2022, as well as higher rent expense in the prior year driven by the repayment of rent deferrals associated with COVID-19;
- \$810 of decreased consulting and other third-party costs;
- \$757 of decreased marketing and advertising; and

- \$652 of decreased compensation and benefits primarily due to a decrease in incentive compensation.

Interest expense, net decreased \$581, or 19.1%, to \$2,456 in the three months ended October 29, 2022 from \$3,037 in the three months ended October 30, 2021 primarily due to the \$758 write-off of deferred financing costs and the \$743 prepayment penalty incurred in the prior year associated with the termination of the 2018 Term Loan Facility during the three months ended October 30, 2021, which were partly offset by higher interest rates.

Benefit for income taxes for the three months ended October 29, 2022 was \$6,615 which primarily reflects the impact of a decrease in the Company's estimated effective tax rate for the full fiscal year. The Company's estimated effective tax rate is driven by the non-cash deferred tax expense created by the current period amortization of indefinite-lived goodwill and intangible assets for tax but not for book purposes. The benefit for income taxes was \$2,118 for the three months ended October 30, 2021 which primarily reflects the impact of a decrease in the Company's estimated effective tax rate for the full fiscal year. See Note 11 "Income Taxes" to the condensed consolidated financial statements in this Quarterly Report for further information.

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 its subscription service Vince Unfold; and
- Rebecca Taylor and Parker segment—consists of the Company's operations to distribute Rebecca Taylor and Parker brand products to major department stores and specialty stores in the U.S. and select international markets, directly to the consumer through their own branded e-commerce platforms and Rebecca Taylor retail and outlet stores, and through its subscription service Rebecca Taylor RNTD.

On September 12, 2022, the Company announced its decision to wind down the Rebecca Taylor business. See Note 2 "Wind Down of Rebecca Taylor Business" to the condensed consolidated financial statements for further details.

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.

Beginning with the fourth quarter of fiscal 2021, the Company changed the allocation methodology for certain corporate operational expenses between the Vince Wholesale and Vince Direct-to-consumer segments. The prior period has been updated to conform to the current allocation methodology. These changes did not impact the Company's previously reported consolidated financial results.

(in thousands)	Three Months Ended	
	October 29, 2022	October 30, 2021
Net Sales:		
Vince Wholesale	\$ 55,023	\$ 42,636
Vince Direct-to-consumer	34,651	35,722
Rebecca Taylor and Parker	8,890	9,092
Total net sales	<u>\$ 98,564</u>	<u>\$ 87,450</u>
Income (loss) from operations:		
Vince Wholesale	\$ 14,352	\$ 14,394
Vince Direct-to-consumer	696	3,715
Rebecca Taylor and Parker	(13,155)	(3,121)
Subtotal	1,893	14,988
Unallocated corporate	(11,288)	(11,854)
Total (loss) income from operations	<u>\$ (9,395)</u>	<u>\$ 3,134</u>

Vince Wholesale

(in thousands)	Three Months Ended		
	October 29, 2022	October 30, 2021	\$ Change
Net sales	\$ 55,023	\$ 42,636	\$ 12,387
Income from operations	14,352	14,394	(42)

Net sales from our Vince Wholesale segment increased \$12,387, or 29.1%, to \$55,023 in the three months ended October 29, 2022 from \$42,636 in the three months ended October 30, 2021, primarily due to higher full-price shipments, as well as an increase in off-price shipments.

Income from operations from our Vince Wholesale segment decreased \$42, or 0.3%, to \$14,352 in the three months ended October 29, 2022 from \$14,394 in the three months ended October 30, 2021, primarily due to a decline in gross margin.

Vince Direct-to-consumer

(in thousands)	Three Months Ended		
	October 29, 2022	October 30, 2021	\$ Change
Net sales	\$ 34,651	\$ 35,722	\$ (1,071)
Income from operations	696	3,715	(3,019)

Net sales from our Vince Direct-to-consumer segment decreased \$1,071, or 3.0%, to \$34,651 in the three months ended October 29, 2022 from \$35,722 in the three months ended October 30, 2021. Comparable sales decreased \$951, or 2.8%, including e-commerce, primarily due to a decrease in e-commerce traffic. Non-comparable sales declined \$120 which includes new stores which have not completed 13 full fiscal months of operations and Vince Unfold. Since October 30, 2021, two net stores have closed bringing our total retail store count to 67 (consisting of 50 full price stores and 17 outlet stores) as of October 29, 2022, compared to 69 (consisting of 51 full price stores and 18 outlet stores) as of October 30, 2021.

Our Vince Direct-to-consumer segment had income from operations of \$696 in the three months ended October 29, 2022 compared to income from operations of \$3,715 in the three months ended October 30, 2021. The change was primarily driven by a decline in gross margin, which was partly offset by a decrease in SG&A expenses driven by decreased rent expense.

Rebecca Taylor and Parker

(in thousands)	Three Months Ended		
	October 29, 2022	October 30, 2021	\$ Change
Net sales	\$ 8,890	\$ 9,092	\$ (202)
Loss from operations	(13,155)	(3,121)	(10,034)

Net sales from our Rebecca Taylor and Parker segment decreased \$202, or 2.2%, to \$8,890 in the three months ended October 29, 2022 from \$9,092 in the three months ended October 30, 2021, primarily due to (a) a \$966 decrease in wholesale sales primarily driven by the final sell through of Parker inventory in the prior year, partly offset by (b) a \$764 increase in the direct-to-consumer channels primarily due to new stores, as well as increased store traffic.

Loss from operations from our Rebecca Taylor and Parker segment increased \$10,034, or 321.5%, to \$13,155 in the three months ended October 29, 2022 from \$3,121 in the three months ended October 30, 2021. The increase was primarily driven by costs associated with the wind down of the Rebecca Taylor business (see Note 2 "Wind Down of Rebecca Taylor Business" to the condensed consolidated financial statements for a detailed listing).

Nine Months Ended October 29, 2022 Compared to Nine Months Ended October 30, 2021

Net sales for the nine months ended October 29, 2022 were \$266,134, increasing \$42,478, or 19.0%, versus \$223,656 for the nine months ended October 30, 2021.

Gross profit decreased 1.1% to \$101,810 for the nine months ended October 29, 2022 from \$102,994 in the nine months ended October 30, 2021. As a percentage of sales, gross margin was 38.3%, compared with 46.1% in the nine months ended October 30, 2021. The total gross margin rate decrease was primarily driven by the following factors:

- The unfavorable impact from inventory write-downs and other liquidation efforts as a result of the wind down of the Rebecca Taylor business contributed negatively by approximately 300 basis points;
- The unfavorable impact of year-over-year adjustments to inventory reserves contributed negatively by approximately 340 basis points;

- The unfavorable impact from an increase in promotional activity in the Direct-to-consumer segment which contributed negatively by approximately 180 basis points;
- The unfavorable impact from higher product and freight costs which contributed negatively by approximately 150 basis points; which were partly offset by
- The favorable impact of leveraging our distribution and other overhead costs contributed positively by approximately 190 basis points.

Impairment of intangible assets for the nine months ended October 29, 2022 was \$1,700 related to the impairment of the Rebecca Taylor tradename. See Note 3 "Goodwill and Intangible Assets" to the condensed consolidated financial statements in this Quarterly Report for further information.

Impairment of long-lived assets for the nine months ended October 29, 2022 was \$866 related to the impairment of property and equipment for certain Rebecca Taylor retail locations.

SG&A expenses for the nine months ended October 29, 2022 were \$119,128, increasing \$14,802, or 14.2%, versus \$104,326 for the nine months ended October 30, 2021. SG&A expenses as a percentage of sales were 44.8% and 46.6% for the nine months ended October 29, 2022 and October 30, 2021, respectively. The change in SG&A expenses compared to the prior fiscal year period was primarily due to:

- \$4,420 of costs associated with the wind down of the Rebecca Taylor business (see Note 2 "Wind Down of Rebecca Taylor Business" to the condensed consolidated financial statements for a detailed listing);
- \$6,140 of increased compensation and benefits, partly due to lower expense in the prior year associated with our retail store associates as a result of the impact of COVID-19;
- \$1,380 of increased consulting and other third-party costs due to investments in our customer facing technologies to further expand our omni-channel capabilities, as well as increased investments in our e-commerce platforms;
- \$692 of increased marketing and advertising costs, primarily due to investments in digital marketing; partly offset by
- \$1,113 of decreased rent expense primarily due to lease modifications effective in the third quarter of fiscal 2022, as well as higher rent expense in the prior year driven by the repayment of rent deferrals associated with COVID-19.

Interest expense, net decreased \$620, or 9.1%, to \$6,222 in the nine months ended October 29, 2022 from \$6,842 in the nine months ended October 30, 2021 primarily due to the \$758 write-off of deferred financing costs and the \$743 prepayment penalty incurred in the prior year associated with the termination of the 2018 Term Loan Facility during the three months ended October 30, 2021, which were partly offset by higher interest rates.

Provision for income taxes for the nine months ended October 29, 2022 was \$1,288 and the effective income tax rate was (4.9)% for the nine months ended October 29, 2022. The Company's effective tax rate for the nine months ended October 29, 2022 differs from the U.S. statutory rate of 21% primarily due to the increase in deferred tax liabilities attributable to indefinite-lived goodwill and intangible assets, as well as state and foreign taxes partially offset by the impact of valuation allowance established against additional deferred tax assets. The provision for income taxes was \$1,823 for the nine months ended October 30, 2021. The effective tax rate for the nine months ended October 30, 2021 was (22.3)% and differed from the U.S. statutory rate of 21% primarily due to the increase in deferred tax liabilities attributable to indefinite-lived goodwill and intangible assets and the impact of the valuation allowance established against additional deferred tax assets. See Note 11 "Income Taxes" to the condensed consolidated financial statements in this Quarterly Report for further information.

Performance by Segment

Beginning with the fourth quarter of fiscal 2021, the Company changed the allocation methodology for certain corporate operational expenses between the Vince Wholesale and Vince Direct-to-consumer segments. The prior period has been updated to conform to the current allocation methodology. These changes did not impact the Company's previously reported consolidated financial results.

(in thousands)	Nine Months Ended	
	October 29, 2022	October 30, 2021
Net Sales:		
Vince Wholesale	\$ 135,179	\$ 104,605
Vince Direct-to-consumer	103,633	91,636
Rebecca Taylor and Parker	27,322	27,415
Total net sales	<u>\$ 266,134</u>	<u>\$ 223,656</u>
Income (loss) from operations:		
Vince Wholesale	\$ 37,312	\$ 34,364
Vince Direct-to-consumer	(723)	6,482
Rebecca Taylor and Parker	(20,124)	(7,955)
Subtotal	16,465	32,891
Unallocated corporate	(36,349)	(34,223)
Total loss from operations	<u>\$ (19,884)</u>	<u>\$ (1,332)</u>

Vince Wholesale

(in thousands)	Nine Months Ended		
	October 29, 2022	October 30, 2021	\$ Change
Net sales	\$ 135,179	\$ 104,605	\$ 30,574
Income from operations	37,312	34,364	2,948

Net sales from our Vince Wholesale segment increased \$30,574, or 29.2%, to \$135,179 in the nine months ended October 29, 2022 from \$104,605 in the nine months ended October 30, 2021, primarily due to higher full-price shipments as the prior year was impacted by COVID-19, as well as an increase in off-price shipments.

Income from operations from our Vince Wholesale segment increased \$2,948, or 8.6%, to \$37,312 in the nine months ended October 29, 2022 from \$34,364 in the nine months ended October 30, 2021, primarily due to higher sales as noted above, partly offset by a decline in gross margin.

Vince Direct-to-consumer

(in thousands)	Nine Months Ended		
	October 29, 2022	October 30, 2021	\$ Change
Net sales	\$ 103,633	\$ 91,636	\$ 11,997
(Loss) income from operations	(723)	6,482	(7,205)

Net sales from our Vince Direct-to-consumer segment increased \$11,997, or 13.1%, to \$103,633 in the nine months ended October 29, 2022 from \$91,636 in the nine months ended October 30, 2021. Comparable sales increased \$9,331, or 10.8%, including e-commerce, primarily due to an increase in store traffic as the prior year reflected the impact from COVID-19. Non-comparable sales contributed \$2,666 of sales growth which includes new stores which have not completed 13 full fiscal months of operations and Vince Unfold. Since October 30, 2021, two net stores have closed bringing our total retail store count to 67 (consisting of 50 full price stores and 17 outlet stores) as of October 29, 2022, compared to 69 (consisting of 51 full price stores and 18 outlet stores) as of October 30, 2021.

Our Vince Direct-to-consumer segment had a loss from operations of \$723 in the nine months ended October 29, 2022 compared to income from operations of \$6,482 in the nine months ended October 30, 2021. The change was primarily driven by an increase in SG&A expenses driven by staffing and occupancy costs as the prior year was impacted by COVID-19, as well as investments in our customer facing technologies to further expand our omni-channel capabilities and increased investments in our e-commerce platforms, and a decline in gross margin, partly offset by higher net sales as noted above.

(in thousands)	Nine Months Ended		
	October 29, 2022	October 30, 2021	\$ Change
Net sales	\$ 27,322	\$ 27,415	\$ (93)
Loss from operations	(20,124)	(7,955)	(12,169)

Net sales from our Rebecca Taylor and Parker segment decreased \$93, or 0.3%, to \$27,322 in the nine months ended October 29, 2022 from \$27,415 in the nine months ended October 30, 2021 primarily due to (a) a \$4,331 decrease in wholesale sales primarily driven by lower full-price shipments, which was partly offset by (b) a \$4,238 increase in the direct-to-consumer channels primarily due to increased store traffic, as the prior year reflected the impact of COVID-19, as well as new stores.

Loss from operations from our Rebecca Taylor and Parker segment increased \$12,169, or 153.0%, to \$20,124 in the nine months ended October 29, 2022 from \$7,955 in the nine months ended October 30, 2021. The increase was primarily driven by costs associated with the wind down of the Rebecca Taylor business (see Note 2 "Wind Down of Rebecca Taylor Business" to the condensed consolidated financial statements for a detailed listing), as well as \$2,566 of impairment charges related to the impairment of the Rebecca Taylor tradename and property and equipment.

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 (as amended and restated and as defined below) and our ability to access the capital markets, including our Open Market Sale AgreementSM entered into with Jefferies LLC in September 2021 (see Note 8 "Stockholders' Equity" to the condensed consolidated financial statements in this Quarterly Report for further information). 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.

Our recent financial results have been, and our future financial results may be, subject to substantial fluctuations, and may be impacted by business conditions and macroeconomic factors as discussed below. While these potential fluctuations of our results introduce inherent uncertainty in our projections of liquidity, based on our current expectations, during the next twelve months from the date these financial statements are issued, we expect to maintain Excess Availability (as defined in the Revolving Credit Facility Agreement) minimally above the required threshold to meet our monthly Excess Availability covenant under our credit facilities and believe that our other sources of liquidity will generate sufficient cash flows to meet our operating obligations during this twelve month period. The foregoing expectation is dependent on a number of factors, including, among others, our ability to generate sufficient cash flow from operations, our ongoing ability to manage our operating obligations, the results of the currently ongoing inventory valuation and potential borrowing restrictions imposed by our lenders based on their credit judgment, which could materially and negatively impact our borrowing capacity, the wind down of the Rebecca Taylor business, as well as macroeconomic factors such as the rising costs and inflationary impacts on our customers, residual effect of the COVID-19 pandemic and the armed conflict between Ukraine and Russia. Any material negative impact from these factors or others could require us to implement alternative plans to satisfy our liquidity needs which may be unsuccessful. 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, liquidate inventory through additional discounting, sell material assets or operations or seek other financing opportunities.

Operating Activities

(in thousands)	Nine Months Ended	
	October 29, 2022	October 30, 2021
Operating activities		
Net loss	\$ (27,394)	\$ (9,997)
Add (deduct) items not affecting operating cash flows:		
Impairment of intangible assets	1,700	—
Impairment of long-lived assets	866	—
Depreciation and amortization	5,828	4,644
Provision for bad debt	149	(48)
Loss on disposal of property and equipment	72	—
Amortization of deferred financing costs	734	562
Deferred income taxes	1,039	1,656
Share-based compensation expense	1,637	1,485
Capitalized PIK Interest	1,917	1,721
Loss on debt extinguishment	—	1,501
Changes in assets and liabilities:		
Receivables, net	(301)	(355)
Inventories	(37,913)	(13,810)
Prepaid expenses and other current assets	718	2,056
Accounts payable and accrued expenses	20,954	9,663
Other assets and liabilities	1,108	(3,326)
Net cash used in operating activities	<u>\$ (28,886)</u>	<u>\$ (4,248)</u>

Net cash used in operating activities during the nine months ended October 29, 2022 was \$28,886, which consisted of a net loss of \$27,394, impacted by non-cash items of \$13,942 and cash used in working capital of \$15,434. Net cash used in working capital primarily resulted from a cash outflow in inventory of \$37,913 primarily due to a higher level of current season inventory and replenishment product, as well as higher product costs, partly offset by a cash inflow in accounts payable and accrued expenses of \$20,954 primarily due to the timing of payments to vendors.

Net cash used in operating activities during the nine months ended October 30, 2021 was \$4,248, which consisted of a net loss of \$9,997, impacted by non-cash items of \$11,521 and cash used in working capital of \$5,772. Net cash used in working capital primarily resulted from a cash outflow in inventory of \$13,810 primarily due to the timing of receipts partly offset by a cash inflow in accounts payable and accrued expenses of \$9,663 primarily due to the timing of payments to vendors.

Investing Activities

(in thousands)	Nine Months Ended	
	October 29, 2022	October 30, 2021
Investing activities		
Payments for capital expenditures	\$ (2,100)	\$ (4,124)
Net cash used in investing activities	<u>\$ (2,100)</u>	<u>\$ (4,124)</u>

Net cash used in investing activities of \$2,100 during the nine months ended October 29, 2022 represents capital expenditures primarily related to the investment in our e-commerce platforms, as well as retail store buildouts, including leasehold improvements and store fixtures.

Net cash used in investing activities of \$4,124 during the nine months ended October 30, 2021 represents capital expenditures primarily related to retail store buildouts, including leasehold improvements and store fixtures, as well as the investment in our information technology systems.

Financing Activities

(in thousands)	Nine Months Ended	
	October 29, 2022	October 30, 2021
Financing activities		
Proceeds from borrowings under the Revolving Credit Facilities	\$ 304,952	\$ 234,445
Repayment of borrowings under the Revolving Credit Facilities	(272,375)	(236,397)
Repayment of borrowings under the Term Loan Facilities	(1,750)	(24,750)
Proceeds from borrowings under the Term Loan Facilities	—	35,000
Proceeds from common stock issuance, net of certain fees	825	—
Tax withholdings related to restricted stock vesting	(210)	(66)
Proceeds from stock option exercises, restricted stock vesting, and issuance of common stock under employee stock purchase plan	58	73
Financing fees	(406)	(2,151)
Net cash provided by financing activities	<u>\$ 31,094</u>	<u>\$ 6,154</u>

Net cash provided by financing activities was \$31,094 during the nine months ended October 29, 2022, primarily consisting of \$32,577 of net proceeds from borrowings under the 2018 Revolving Credit Facility.

Net cash provided by financing activities was \$6,154 during the nine months ended October 30, 2021, primarily consisting of \$35,000 of proceeds received from the Term Loan Credit Facility, partly offset by the repayment of \$24,750 of borrowings under the 2018 Term Loan Facility, financing fees of \$2,151 (which includes a \$743 prepayment penalty associated with the termination of the 2018 Term Loan Facility during the nine months ended October 30, 2021) and \$1,952 net repayment of borrowings under the 2018 Revolving Credit Facility.

Term Loan Credit Facility

On September 7, 2021, Vince, LLC entered into a new term loan credit facility as described below. The proceeds were used to repay in full all outstanding amounts under the \$27,500 senior secured term loan facility (the “2018 Term Loan Facility”) pursuant to a credit agreement originally entered into on August 21, 2018 and a portion of the borrowings outstanding under the 2018 Revolving Credit Facility, totaling \$25,960, which included interest and a prepayment penalty of \$743 (which was included within financing fees on the Condensed Consolidated Statements of Cash Flows). The 2018 Term Loan Facility was terminated and, as a result, the Company recorded expense of \$758 related to the write-off of the remaining deferred financing costs.

Vince, LLC entered into a new \$35,000 senior secured term loan credit facility (the “Term Loan Credit Facility”) pursuant to a Credit Agreement (the “Term Loan Credit Agreement”) by and among Vince, LLC, as the borrower, the guarantors named therein, PLC Agent, LLC, as administrative agent and collateral agent, and the other lenders from time to time party thereto. Vince Holding Corp. and Vince Intermediate Holding, LLC (“Vince Intermediate”) are guarantors under the Term Loan Credit Facility. The Term Loan Credit Facility matures on the earlier of September 7, 2026 and 91 days after the maturity date of the 2018 Revolving Credit Facility (as defined below).

The Term Loan Credit Facility is subject to quarterly amortization of \$875 commencing on July 1, 2022, with the balance payable at final maturity. Interest is payable on loans under the Term Loan Credit Facility at a rate equal to the 90-day LIBOR rate, or an alternate applicable reference rate in the event LIBOR is no longer available, subject, in either case, to a 1.0% floor, plus 7.0%. During the continuance of certain specified events of default, interest will accrue on the overdue amount of any loan at a rate of 2.0% in excess of the rate otherwise applicable to such amount. In addition, the Term Loan Credit Agreement requires mandatory prepayments upon the occurrence of certain events, including but not limited to, an Excess Cash Flow payment (as defined in the Term Loan Credit Agreement), subject to reductions for voluntary prepayments made during such fiscal year, commencing with the fiscal year ending January 28, 2023.

The Term Loan Credit Facility contains a requirement that Vince, LLC will maintain an availability under its 2018 Revolving Credit Facility of the greater of 10% of the commitments thereunder or \$9,500. The Term Loan Credit Facility did not permit dividends prior to April 30, 2022, or an earlier date designated by Vince, LLC (the period until such date, the “Accommodation Period”) and now permits them to the extent that no default or event of default is continuing or would result from a contemplated dividend, so long as after giving pro forma effect to the contemplated dividend subtracting any accounts payable amounts that are or are projected to be past due for the following six months, excess availability for such six month period will be at least the greater of 25.0% of the aggregate lending commitments and \$15,000. In addition, the Term Loan Credit Facility contains customary representations and warranties, other covenants, and events of default, including but not limited 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 its business or its fiscal year, and distributions and dividends. Furthermore, the Term Loan Credit Facility is subject to a Borrowing Base (as defined in the

Term Loan Credit Agreement) which can, under certain conditions result in the imposition of a reserve under the 2018 Revolving Credit Facility. As of October 29, 2022, the Company was in compliance with applicable covenants.

All obligations under the Term Loan Credit Facility are guaranteed by Vince Intermediate and the Company and any future material domestic restricted subsidiaries of Vince, LLC and secured by a lien on substantially all of the assets of the Company, Vince, LLC and Vince Intermediate and any future material domestic restricted subsidiaries.

On September 30, 2022, Vince, LLC entered into the First Amendment to the Term Loan Credit Agreement (the “TL First Amendment”). The TL First Amendment, among other things, (i) requires more frequent borrowing base reporting and establishes variance reporting in connection with the Rebecca Taylor, Inc. liquidation; (ii) removes the assets (other than intellectual property) of the Rebecca Taylor, Inc. and Parker Holding, LLC companies from the term loan borrowing base; (iii) permits the sale of the intellectual property of the Rebecca Taylor, Inc. and Parker Holding, LLC companies and the Rebecca Taylor, Inc. liquidation; (iv) amends the ABL (as defined in the Term Loan Credit Agreement) excess availability covenant to provide the Company with up to \$5,000 of additional potential liquidity through December 28, 2022; and (v) requires prepayment of the Obligations in an amount equal to 100% of the Net Cash Proceeds received from the sale of the intellectual property of the Rebecca Taylor, Inc. and Parker Holding, LLC companies to be applied against the Obligations as outlined in the TL First Amendment. In connection with the TL First Amendment, Vince, LLC agreed to pay the term lenders fees equal to (i) \$600 and (ii) if the underlying term loan is not paid in full by January 31, 2023, an additional \$850, which is payable upon Payment in Full of the Term Loan Credit Facility.

As a result of the TL First Amendment, the Company incurred a total of \$1,525 of financing costs. In accordance with ASC Topic 470, “Debt”, the Company accounted for this amendment as a debt modification and has recorded \$75 of the financing costs paid to third parties within selling, general and administrative expenses on the condensed consolidated statements of operations and comprehensive income (loss) for the nine months ended October 29, 2022. The remaining \$1,450 of financing costs are recorded as deferred debt issuance costs (which is presented within Long-term debt on the Condensed Consolidated Balance Sheets) which will be amortized over the remaining term of the Term Loan Credit Facility.

Through October 29, 2022, on an inception to date basis, the Company has made repayments of \$1,750 on the Term Loan Credit Facility.

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.

Interest is payable on the loans under the 2018 Revolving Credit Facility at either the LIBOR Rate 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, LLC 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).

On November 1, 2019, Vince, LLC entered into the First Amendment (the “First Revolver Amendment”) to the 2018 Revolving Credit Facility, which provided 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.

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, increased 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 “Third Amendment Accommodation Period”) (ii) temporarily revising the eligibility of certain account debtors during the Third Amendment 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) waived events of default; (b) temporarily increased the applicable margin on all borrowings of revolving loans by 0.75% per annum during the Third Amendment Accommodation Period and increased the LIBOR floor from 0% to 1.0%; (c) eliminated 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 Third Amendment Extended Accommodation Period; (d) temporarily suspended the Fixed Charge Coverage Ratio covenant through the Third Amendment Extended Accommodation Period; (e) required 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 was 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 Third Amendment Extended Accommodation Period; (f) imposed a requirement (y) to pay down the 2018 Revolving Credit Facility to the extent cash on hand exceeded \$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) permitted 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) established a method for imposing a successor reference rate if LIBOR should become unavailable, (i) extended 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 August 1, 2020 to July 31, 2020 and October 29, 2020, respectively, and (j) granted ongoing relief through September 30, 2020 with respect to certain covenants regarding the payment of lease obligations.

On December 11, 2020, Vince, LLC entered into the Fifth Amendment (the “Fifth Revolver Amendment”) to the 2018 Revolving Credit Facility. The Fifth Revolver Amendment, among other things, (i) extended the period from November 30, 2020 to July 31, 2021 (such period, “Accommodation Period”), during which the eligibility of certain account debtors was revised by extending by 30 days the time those accounts may remain outstanding past due as well as increasing the concentration limits of certain account debtors; (ii) extended the period through which the applicable margin on all borrowings of revolving loans by 0.75% per annum during such Accommodation Period; (iii) extended the period from October 30, 2021 to January 29, 2022, during which the cap on which certain items eligible to be added back to “Consolidated EBITDA” (as defined in the 2018 Revolving Credit Facility) was increased to 27.5% from 22.5%; (iv) extended the temporary suspension of the Consolidated Fixed Charge Coverage Ratio (“FCCR”) covenant through the delivery of a compliance certificate relating to the fiscal quarter ended January 29, 2022 (such period, the “Extended Accommodation Period”), other than the fiscal quarter ending January 29, 2022; (v) required Vince, LLC to maintain an FCCR of 1.0 to 1.0 in the event the excess availability under the 2018 Revolving Credit Facility was less than (x) \$7,500 through the end of the Accommodation Period; and (y) \$10,000 from August 1, 2020 through the end of the Extended Accommodation Period; (vi) permitted Vince, LLC to incur the debt under the Third Lien Credit Facility (as described below); (vii) revised the definition of “Cash Dominion Trigger Amount” to mean \$15,000 through the end of the Extended Accommodation Period and at all other times thereafter, 12.5% of the Loan Cap and \$5,000, whichever is greater; (viii) deemed the Cash Dominion Event (as defined in the credit agreement for the 2018 Revolving Credit Facility) as triggered during the Accommodation Period; and (ix) required an engagement by the Company of a financial advisor from February 1, 2021 until March 31, 2021 (or until the excess availability was greater than 25% of the Loan Cap for a period of at least thirty days, whichever is later) to assist in the preparation of certain financial reports, including the review of the weekly cashflow reports and other items. As of April 2021, the requirement to engage a financial advisor had been satisfied.

On September 7, 2021, concurrently with the Term Loan Credit Facility, Vince, LLC entered into an Amended and Restated Credit Agreement (the “A&R Revolving Credit Facility Agreement”) which, among other things, contained amendments to reflect the terms of the Term Loan Credit Facility and extended the maturity of the 2018 Revolving Credit Facility to the earlier of June 8, 2026 and 91 days prior to the maturity of the Term Loan Credit Facility.

In addition, the A&R Revolving Credit Facility Agreement, among others: (i) lowered all applicable margins by 0.75%; (ii) revised the end of the Accommodation Period (as defined therein) to April 30, 2022 or an earlier date as elected by Vince, LLC; (iii) amended the borrowing base calculation to exclude Eligible Cash On Hand (as defined therein); (iv) revised the threshold under the definition of the Cash Dominion Trigger Event to be the excess availability of the greater of (a) 12.5% of the Loan Cap and (b) \$11,000; (v) deleted the financial covenant and replaced it with a requirement to maintain a minimum excess availability not to be less than the greater of (a) \$9,500 and (b) 10% of the commitments at any time; and (vi) revised certain representations and warranties as well as operational covenants.

Concurrently with the TL First Amendment, on September 30, 2022, Vince, LLC entered into the First Amendment to the A&R Revolving Credit Facility Agreement (the “ABL First Amendment”). The ABL First Amendment, among other things, (i) requires more frequent borrowing base reporting and establishes variance reporting in connection with the Rebecca Taylor, Inc. liquidation; (ii) amends the definition of “Availability Reserves” to account for the difference between the aggregate amount of the ABL borrowing base attributable to the assets of the Rebecca Taylor, Inc. and Parker Holding, LLC companies and the amounts received (or anticipated to be received) as net proceeds of asset sales in connection with the Rebecca Taylor, Inc. liquidation; (iii) permits the sale of the intellectual property of the Rebecca Taylor, Inc. and Parker Holding, LLC companies and the Rebecca Taylor, Inc. liquidation; (iv) amends the excess availability covenant to provide the Company with up to \$5,000 of additional potential liquidity through December 28, 2022; and (v) removes the assets of the Rebecca Taylor, Inc. and Parker Holding, LLC companies from the borrowing base from and after November 30, 2022. In connection with the ABL First Amendment, Vince, LLC agreed to pay the ABL lenders fees equal to (i) \$375 and (ii) if the ABL is not paid in full by December 15, 2022, an additional \$125.

As a result of the ABL First Amendment, the Company incurred a total of \$611 of financing costs. In accordance with ASC Topic 470, “Debt”, the Company accounted for this amendment as a debt modification and therefore, these financing costs were recorded as deferred debt issuance costs (which is presented within Other assets on the Condensed Consolidated Balance Sheets) which will be amortized over the remaining term of the 2018 Revolving Credit Facility.

As of October 29, 2022, the Company was in compliance with applicable covenants. As of October 29, 2022, \$26,809 was available under the 2018 Revolving Credit Facility, net of the Loan Cap, and there were \$67,201 of borrowings outstanding and \$5,990 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 October 29, 2022 was 4.8%.

Third Lien Credit Facility

On December 11, 2020, Vince, LLC entered into a \$20,000 subordinated term loan credit facility (the “Third Lien Credit Facility”) pursuant to a credit agreement (the “Third Lien Credit Agreement”), dated December 11, 2020, by and among Vince, LLC, as the borrower, VHC and Vince Intermediate, as guarantors, and SK Financial Services, LLC (“SK Financial”), as administrative agent and collateral agent, and other lenders from time to time party thereto.

SK Financial is an affiliate of Sun Capital Partners, Inc. (“Sun Capital”), whose affiliates own, as of October 29, 2022, approximately 69% of the Company’s common stock. The Third Lien Credit Facility was reviewed and approved by the Special Committee of the Company’s Board of Directors, consisting solely of directors not affiliated with Sun Capital, which committee was represented by independent legal advisors.

Interest on loans under the Third Lien Credit Facility is payable in kind at a rate equal to the LIBOR rate (subject to a floor of 1.0%) plus applicable margins subject to a pricing grid based on minimum Consolidated EBITDA (as defined in the Third Lien Credit Agreement). During the continuance of certain specified events of default, interest may accrue on the loans under the Third Lien Credit Facility at a rate of 2.0% in excess of the rate otherwise applicable to such amount. The Third Lien Credit Facility contains representations, covenants and conditions that were substantially similar to those under the 2018 Term Loan Facility, except the Third Lien Credit Facility does not contain any financial covenants.

The Company incurred \$485 in deferred financing costs associated with the Third Lien Credit Facility of which a \$400 closing fee is payable in kind and was added to the principal balance. These deferred financing costs are recorded as deferred debt issuance costs which will be amortized over the remaining term of the Third Lien Credit Facility.

All obligations under the Third Lien Credit Facility are guaranteed by the Company, Vince Intermediate and the Company’s existing material domestic restricted subsidiaries as well as any future material domestic restricted subsidiaries and are secured on a junior basis relative to the 2018 Revolving Credit Facility and the 2018 Term Loan Facility by a lien on substantially all of the assets of the Company, Vince Intermediate, Vince, LLC and the Company’s existing material domestic restricted subsidiaries as well as any future material domestic restricted subsidiaries.

The proceeds were received on December 11, 2020 and were used to repay a portion of the borrowings outstanding under the 2018 Revolving Credit Facility.

On September 7, 2021, concurrently with the Term Loan Credit Facility as well as the A&R Revolving Credit Facility Agreement, Vince, LLC entered into an amendment (the “Third Lien First Amendment”) to the Third Lien Credit Facility which amended its terms to extend its maturity to March 6, 2027, revised the interest rate to remove the tiered applicable margins so that the

rate is now equal to the 90-day LIBOR rate, or an alternate applicable reference rate in the event LIBOR is no longer available, plus 9.0% at all times, and to reflect the applicable terms of the Term Loan Credit Facility as well as the A&R Revolving Credit Facility Agreement.

Concurrently with the TL First Amendment and the ABL First Amendment, on September 30, 2022, Vince, LLC entered into the Second Amendment to the Third Lien Credit Agreement (the “Third Lien Second Amendment”). The Third Lien Second Amendment, among other things, (i) establishes variance reporting in connection with the Rebecca Taylor, Inc. liquidation; and (ii) permits the sale of the intellectual property of the Rebecca Taylor, Inc. and Parker Holding, LLC companies and the Rebecca Taylor, Inc. liquidation.

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.

Critical Accounting Policies and Estimates

Our discussion of financial condition and results of operations relies on our condensed consolidated financial statements, as set forth in Part I, Item 1 of this Quarterly Report, which are prepared based on certain critical accounting policies that require management to make judgments and estimates that are subject to varying degrees of uncertainty. While we believe that these accounting policies are based on reasonable measurement criteria, actual future events can and often do result in outcomes materially different from these estimates.

A summary of our critical accounting policies is included in the Management’s Discussion and Analysis of Financial Condition and Results of Operations section of our 2021 Annual Report on Form 10-K. As of October 29, 2022, there have been no material changes to the critical accounting policies contained therein.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Attached as exhibits to this Quarterly Report on Form 10-Q 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.

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 October 29, 2022.

Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective due to the material weakness in our internal control over financial reporting as 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 condensed consolidated financial statements were prepared in accordance with U.S. GAAP. Accordingly, management believes that the condensed consolidated financial statements and related notes thereto included in this Quarterly Report on Form 10-Q fairly state, in all material respects, the Company’s financial condition, results of operations and cash flows for the periods presented.

Material Weaknesses in Internal Control over Financial Reporting

As described in Management’s Annual Report On Internal Control Over Financial Reporting in Item 9A of our Annual Report on Form 10-K for the year ended January 29, 2022, 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.

Remediation Efforts to Address the Material Weakness

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

- 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.

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 yet remediated, we believe we have 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.

Limitations on the Effectiveness of Disclosure Controls and Procedures

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure system are met. 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.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended October 29, 2022 that have materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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 1A. RISK FACTORS

The risk factors disclosed in the Company's 2021 Annual Report on Form 10-K, in addition to the other information set forth in this Quarterly Report on Form 10-Q, could materially affect the Company's business, financial condition or results. The Company's risk factors have not changed materially from those disclosed in its 2021 Annual Report on Form 10-K other than those listed below.

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 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, borrowing availability under the Revolving Credit Facility or other financing. While we expect to maintain Excess Availability (as defined in the Revolving Credit Facility Agreement) minimally above the required threshold to meet our monthly Excess Availability covenant and believe that our other sources of liquidity will generate sufficient cash flows to meet our obligations for the next twelve months, the foregoing expectation is dependent on a number of factors, including, among others, our ability to generate sufficient cash flow from operations, our ongoing ability to manage our operating obligations, the results of the currently ongoing inventory valuation and potential borrowing restrictions imposed by our lenders based on their credit judgment, which could materially and negatively impact our borrowing capacity, the wind down of the Rebecca Taylor business, as well as macroeconomic factors such as the rising costs and inflationary impacts on our customers, residual effect of the COVID-19 pandemic and the armed conflict between Ukraine and Russia. 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, liquidate inventory through additional discounting, 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 defaults under the Term Loan Facility or the Revolving Credit Facility which could result in all amounts outstanding under those credit facilities becoming immediately due and payable.

We may be unable to successfully implement the wind down of the Rebecca Taylor business.

On September 12, 2022, the Company announced its decision to wind down the Rebecca Taylor business. The execution of the wind down is subject to various risks and uncertainties surrounding the actions of customers, vendors and other counterparties, including our ability to negotiate and execute asset liquidation strategies on appropriate terms and to assess and manage financial and legal risks associated with the wind down. As a result, we may not be able to successfully implement the wind down of the Rebecca Taylor business or the cost of the wind down may exceed our expectations. Furthermore, if we are unable to successfully implement the wind down of the Rebecca Taylor business or the cost exceeds our expectations, the Vince business may be adversely impacted.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

<u>Exhibit Number</u>	<u>Exhibit Description</u>
10.1	<u>First Amendment to Credit Agreement, dated as of September 30, 2022, by and among Vince, LLC as the borrower, the guarantors named therein, PLC Agent, LLC, as agent, and the other lenders from time to time party thereto</u>
10.2	<u>First Amendment to Amended and Restated Credit Agreement, dated as of September 30, 2022, by and among Vince, LLC as the borrower, the guarantors named therein, Citizens Bank, N.A., as agent, and the other lenders from time to time party thereto</u>
10.3	<u>Second Amendment to Credit Agreement, dated as of September 30, 2022, by and among Vince, LLC as the borrower, SK Financial Services, LLC, as agent, and the other lenders from time to time party thereto</u>
31.1	<u>CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2	<u>CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1	<u>CEO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2	<u>CFO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS	Inline XBRL Instance - <i>the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.</i>
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation
101.PRE	Inline XBRL Taxonomy Extension Presentation
101.LAB	Inline XBRL Taxonomy Extension Labels
101.DEF	Inline XBRL Taxonomy Extension Definition
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURE

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

Date

December 13, 2022

Vince Holding Corp.

By:

/s/ David Stefko

David Stefko

Executive Vice President, Chief Financial Officer

(as duly authorized officer, principal executive officer and principal financial officer)

FIRST AMENDMENT TO CREDIT AGREEMENT

This **FIRST AMENDMENT TO CREDIT AGREEMENT** (this “Amendment”) is entered into as of September 30, 2022, by and among **VINCE, LLC**, a Delaware limited liability company (the “Borrower”), the Guarantors signatory hereto, **PLC AGENT LLC**, as administrative agent and collateral agent under the Loan Documents (in such capacities, the “Agent”) and each of the Lenders party hereto.

WITNESSETH:

WHEREAS, the Borrower, the Guarantors from time to time party thereto, the Agent and the Lenders from time to time party thereto are parties to that certain Credit Agreement, dated as of September 7, 2021 (as amended, restated, amended and restated, supplemented, modified, or otherwise in effect from time to time prior to the date hereof, the “Credit Agreement”; the Credit Agreement as amended hereby, the “Amended Credit Agreement”); and

WHEREAS, the Borrower, the Guarantors, the Agent and the undersigned Lenders, which constitute all Lenders as of the date hereof, wish to amend the Credit Agreement;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

SECTION 1. Definitions.

Unless otherwise indicated, all capitalized terms used herein (including the preamble and the recitals) and not otherwise defined shall have the respective meanings provided to such terms in the Amended Credit Agreement.

SECTION 2. Amendments to Credit Agreement. Subject to the satisfaction of the conditions precedent set forth in Section 3 and in reliance upon the representations and warranties of the Loan Parties set forth in Section 5, effective as of the First Amendment Effective Date (as defined below), the Credit Agreement is hereby amended as follows:

(a) **Amendments to Section 1.01 (Defined Terms).**

(i) The definition of “Accelerated Borrowing Base Delivery Event” in Section 1.01 of the Credit Agreement is hereby amended by amending and restating the definition thereof in its entirety as follows:

“Accelerated Borrowing Base Delivery Event” means the period beginning on the First Amendment Effective Date and all times thereafter.

(ii) The definition of “Availability Reserves” in Section 1.01 of the Credit Agreement is hereby amended by amending and restating the definition thereof in its entirety as follows:

“Availability Reserves” as defined under the ABL Credit Agreement after giving effect to any amendment or modification of such definition or any component definitions (or any sub-component definitions) thereof to the extent such amendment or modification is permitted under the terms of the Intercreditor Agreement.

(iii) Clause (e) of the definition of “Borrowing Base” in Section 1.01 of the Credit Agreement is hereby amended by amending and restating such clause in its entirety as follows:

“(e) the ABL Borrowing Base solely attributable to the assets of the Borrower (and, for certainty, excluding the assets of each other Loan Party) (determined without giving effect to (i) the Term Loan Reserve or (ii) any Reserves).”

(iv) The definition of “Eligible Credit Card Receivables” in Section 1.01 of the Credit Agreement is hereby amended by adding the following proviso immediately at the end of such definition:

“; provided further that, notwithstanding anything to the contrary herein or in the ABL Credit Agreement, at all times after the First Amendment Effective Date, in no event shall any Credit Card Receivables payable to any of the Taylor/Parker Companies constitute “Eligible Credit Card Receivables” under this Agreement or any other Loan Document.”

(v) The definition of “Eligible In-Transit Inventory” in Section 1.01 of the Credit Agreement is hereby amended by adding the following proviso immediately at the end of such definition:

“; provided further that, notwithstanding anything to the contrary herein or in the ABL Credit Agreement, at all times after the First Amendment Effective Date, in no event shall In-Transit Inventory owned by any of the Taylor/Parker Companies constitute “Eligible In-Transit Inventory” under this Agreement or any other Loan Document.”

(vi) The definition of “Eligible Inventory” in Section 1.01 of the Credit Agreement is hereby amended by adding the following proviso immediately at the end of such definition:

“; provided further that, notwithstanding anything to the contrary herein or in the ABL Credit Agreement, at all times after the First Amendment Effective Date, in no event shall any Inventory owned by any of the Taylor/Parker Companies constitute “Eligible Inventory” under this Agreement or any other Loan Document.”

(vii) The definition of “Eligible Trade Receivables” in Section 1.01 of the Credit Agreement is hereby amended by adding the following proviso immediately at the end of such definition:

“; provided further that, notwithstanding anything to the contrary herein or in the ABL Credit Agreement, at all times after the First Amendment Effective Date, in no event shall any Account payable to any of the Taylor/Parker Companies constitute “Eligible Trade Receivables” under this Agreement or any other Loan Document.”

(b) Further Amendments to Section 1.01 (Defined Terms). The following definitions are added to Section 1.01 of the Credit Agreement in the appropriate alphabetical order:

“Amendment Fee Installment 2” has the meaning specified in the First Amendment Fee Letter.

“First Amendment” means the First Amendment to Credit Agreement, dated as of the First Amendment Effective Date, by and among, the Loan Parties, the Lenders party thereto and the Agent.

“First Amendment Effective Date” means September 30, 2022.

“First Amendment Fee Letter” means that certain First Amendment Fee Letter dated as of the First Amendment Effective Date between the Borrower and the Agent.

“Parker Intellectual Property Assets” means the Intellectual Property owned by Parker Holding, LLC and Parker Lifestyle, LLC.

“Parker Intellectual Property Sale” means the sale of Parker Intellectual Property Assets in accordance with Section 6 of the First Amendment and on terms and conditions reasonably acceptable to the Agent.

“Taylor Intellectual Property Assets” means the Intellectual Property owned by Rebecca Taylor, Inc., Rebecca Taylor Retail Stores, LLC and Rebecca Taylor Design Limited.

“Taylor Intellectual Property Sale” means the sale of Taylor Intellectual Property Assets in accordance with each of the Taylor Liquidation Agreement and Section 6 of the First Amendment and otherwise on terms and conditions reasonably acceptable to the Agent.

“Taylor Liquidation” means the sale of all inventory and furniture, fixtures and equipment owned by Rebecca Taylor, Inc., Rebecca Taylor Retail Stores, LLC and Rebecca Taylor Design Limited pursuant to and in accordance with the Taylor Liquidation Agreement and on terms and conditions reasonably acceptable to the Agent.

“Taylor Liquidation Agreement” means that certain letter agreement dated on or about the First Amendment Effective Date between certain of the Loan Parties and Hilco Merchant Resources, LLC.

“Taylor Liquidation Budget” means that certain “Rebecca Taylor Wind Down Budget Summary” delivered to the Agent on or prior to the First Amendment Effective Date prepared by Berkeley Research Group, in form and substance (and with detail) reasonably satisfactory to Agent.

“Taylor/Parker Companies” means, collectively, Rebecca Taylor, Inc., Parker Holding, LLC, Parker Lifestyle, LLC, Rebecca Taylor Retail Stores, LLC and Rebecca Taylor Design Limited.

(c) Amendment to Section 2.06 (Mandatory Prepayments). Section 2.06 of the Credit Agreement is hereby amended by (i) deleting the “[reserved]” in clause (c) of such Section and (ii) replacing with the following:

“(c) Notwithstanding anything to the contrary set forth in this Agreement (including, without limitation, clause (a) of this Section 2.06 and Section 8.03) and any other Loan Document, if the Borrower has received Net Cash Proceeds from the Disposition of Parker Intellectual Property Assets and/or Taylor Intellectual Property Assets, the Borrower shall make a prepayment of the Obligations in an amount equal to 100% of such Net Cash Proceeds and any such amounts shall be applied by the Agent against the Obligations in the following order: (i) first, to payment of the Obligations constituting unpaid principal of the Term Loans and the Early Termination Fee (if applicable) until the aggregate amount of payments received under this clause (i) equals \$2,000,000 (exclusive of any Early Termination Fee), ratably among the Lenders in proportion to the respective amounts described in this clause (i) payable to them; (ii) second, (x) to the Loan Parties in the amount and to the extent the Amendment Fee Installment 2 has been paid to the Agent prior to the date of such Disposition; (y) to payment of the Obligations constituting the unpaid Amendment Fee Installment 2 (or any portion thereof) (to the extent such Amendment Fee Installment 2 (or any portion thereof) is earned and due and payable in accordance with the First Amendment Fee Letter; and (z) to the Agent in an amount equal to the Amendment Fee Installment 2 (or any portion thereof) which is earned but not yet due and payable in accordance with the First Amendment Fee Letter, which amount the Agent shall apply as a prepayment of the Amendment Fee Installment 2 (or any portion thereof); (iii) third, to payment of the Obligations constituting unpaid principal of the Term Loans and the Early Termination Fee (if applicable), ratably among the Lenders in proportion to the respective amounts described in this clause (iii) payable to them; and (iv) last, the balance, if any, after Payment in Full of all of the Obligations, to the Loan Parties or as otherwise required by Requirement of Law.”

(d) Amendment to Section 2.09 (Fees). Section 2.09 of the Credit Agreement is hereby amended by amending and restating such Section in its entirety as follows:

“**2.09 Fees.** The Borrower shall pay to the Agent and the Lenders for their own respective accounts fees in the amounts and at the times specified in the Fee Letter and the First Amendment Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.”

(e) Amendment to Section 7.04 (Fundamental Changes). Section 7.04 of the Credit Agreement is hereby amended by (i) replacing the “; and” with “;” at the end of clause (f), (ii) replacing the period (“.”) with “; and” at the end of clause (g) and (iii) adding the following new clause (h) immediately after clause (g) as follows:

“(h) the Loan Parties may effect the Parker Intellectual Property Sale, the Taylor Liquidation and the Taylor Intellectual Property Sale.”

(f) Amendment to Section 7.05 (Dispositions). Section 7.05 of the Credit Agreement is hereby amended by:

(1) (i) replacing the “; and” with “;” at the end of clause (q), (ii) replacing the period (“.”) with “; and” at the end of clause (r) and (iii) adding the following new clause (s) immediately after clause (r) as follows:

“(s) the Loan Parties may effect the Parker Intellectual Property Sale, the Taylor Liquidation and the Taylor Intellectual Property Sale.”

(2) amending and restating the final sentence of such Section 7.05 in its entirety as follows:

“Notwithstanding anything to the contrary contained in this Section 7.05 (other than Section 7.05(a), Section 7.05(b)(ii), Section 7.05(k) or Section 7.05(s)), no Borrower Intellectual Property that is Term Priority Collateral shall be included in any Disposition to any Person that is not a Loan Party.”

(g) Amendment to Section 7.18 (Availability Covenant). Section 7.18 of the Credit Agreement is hereby amended by amending and restating such Section 7.18 in its entirety as follows:

“7.18 Availability Covenant. Permit ABL Excess Availability to be less than (a) during the period from the First Amendment Effective Date through and including December 29, 2022, the result of (i) the greater of (x) \$9,500,000 and (y) 10% of the ABL Commitments, minus (ii) the amount (if any, but not less than zero) by which the amount of the ABL Borrowing Base solely attributable to the assets of the Borrower (and, for certainty, excluding the assets of each other Loan Party) exceeds the aggregate ABL Commitments (but in no event shall the amount under this clause (a)(ii) exceed \$5,000,000) and (b) at all other times, the greater of (x) \$9,500,000 and (y) 10% of the ABL Commitments at any time.”

(h) Amendment to Section 8.01 (Events of Default). Section 8.01(b) of the Credit Agreement is hereby amended by deleting the text “(after a two (2) Business Day grace period if an Accelerated Borrowing Base Delivery Event described in clause (ii) of the definition thereof has occurred and is continuing; provided that, if no such Accelerated Borrowing Base Delivery Event has occurred and is continuing, the applicable grace period shall be five (5) Business Days)” appearing therein.

(i) Amendment to Section 10.01 (Amendments and Waivers). Section 10.01(a) of the Credit Agreement is hereby amended by amending and restating clause (ii) in the last paragraph of such Section 10.01(a) in its entirety as follows:

“(ii) each of the Fee Letter and the First Amendment Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto, and”

SECTION 3. Conditions of Effectiveness of this Amendment. This Amendment shall become effective on the date when the following conditions shall have been satisfied (or waived) (the “First Amendment Effective Date”):

- (a) execution and delivery of this Amendment by the Borrower, each Guarantor, the Agent and the Lenders;
- (b) all action on the part of the Loan Parties necessary for the valid execution, delivery and performance by the other Loan Parties of this Amendment 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, including an officer's certificate, dated as of the date hereof, certifying as to and (as applicable) attaching the Loan Parties' organization documents (which to the extent filed with a Governmental Authority, shall be certified as of a recent date by such Governmental Authority) or certifying as to no changes thereto since such documents were last delivered, the resolutions of the governing body of each Loan Party, the good standing, existence or its equivalent of each Loan Party, and of the incumbency (including specimen signatures) of the Responsible Officers of each Loan Party;
- (c) the Agent shall have received UCC, tax lien, litigation, bankruptcy and intellectual property searches from all offices that Agent deems appropriate in its reasonable discretion;
- (d) the Borrower shall have paid any fees required to be paid to the Agent and the Lenders on the First Amendment Effective Date, including pursuant to the First Amendment Fee Letter and with respect to any fees, charges and disbursements of counsel for the Agent;
- (e) the Agent shall have received that certain First Amendment to Intercreditor Agreement, dated as of the First Amendment Effective Date, executed by the Agent, ABL Agent and acknowledged by the Loan Parties, in form and substance reasonably satisfactory to the Agent;
- (f) the Agent shall have received the First Amendment Fee Letter executed by the Borrower and the Agent;
- (g) the Agent shall have received a Borrowing Base Certificate dated as of the date hereof executed by a Responsible Officer of the Borrower and which shall include appropriate exhibits, schedules, supporting documentation, and additional reports as reasonably requested by Agent, which shall be prepared in all respects in a manner reasonably acceptable to the Agent;
- (h) the Agent shall have received the Taylor Liquidation Agreement executed by the Loan Parties and Hilco Merchant Resources, LLC;
- (i) the Agent shall have received a certified copy of the Taylor Liquidation Budget in form and substance reasonably satisfactory to Agent;
- (j) the Agent shall have received the First Amendment to Amended and Restated Credit Agreement executed by the ABL Agent, the Lenders (as defined in the ABL Credit Agreement) and the Borrowers and Guarantors, in form and substance

reasonably satisfactory to the Agent;

- (k) the Agent shall have received the Second Amendment to Credit Agreement executed by SK Financial Services, LLC, the Lenders (as defined in the Third Lien Credit Agreement) and the Borrowers and Guarantors, in form and substance reasonably satisfactory to the Agent (the “Third Lien Amendment”); and
- (l) the Agent shall have received such other assurances, certificates or documents as the Agent may reasonably require.

SECTION 4. [Reserved].

SECTION 5. Representations and Warranties. To induce the Agent and the Lenders to enter into this Amendment, the Borrower and each other Loan Party represents and warrants to the Agent and the Lenders on and as of the First Amendment Effective Date that, in each case:

(a) all of the representations and warranties contained in the Amended Credit Agreement or the other Loan Documents are true and correct in all material respects on the First Amendment Effective Date both immediately before and after giving effect to this Amendment, with the same effect as though such representations and warranties had been made on and as of the First Amendment Effective Date (it being understood that (x) any representation or warranty that is qualified by materiality or Material Adverse Effect shall be required to be true and correct in all respects after taking into account such qualification and (y) any representation or warranty made as of a specific date shall be true and correct in all material respects (or all respects after taking into account such qualification, as the case may be) as of such date); and

(b) no Default or Event of Default has occurred and is continuing as of the First Amendment Effective Date or would result from the transactions contemplated by this Amendment.

SECTION 6. Covenants.

(a) The Borrower shall furnish to the Agent, in form and detail reasonably satisfactory to the Agent, on a weekly basis, by not later than 11:00 am (ET) on Wednesday of each week, (i) a variance report, in form and substance reasonably satisfactory to Agent, comparing data and information from the Taylor Liquidation to the Taylor Liquidation Budget and (ii) a budget variance report, in a form reasonably satisfactory to the Agent, comparing the applicable Taylor/Parker Companies’ actual cash receipts and disbursements on a line item basis for the immediately preceding week in the Taylor Liquidation Budget as compared to projected cash receipts and disbursements for such week as set forth in the Taylor Liquidation Budget.

(b) The Borrower shall at no time allow aggregate total operating disbursements of the applicable Taylor/Parker Companies during any rolling four (4) week period to be greater than 115% of the forecasted aggregate total operating disbursements for such period as set forth in the Taylor Liquidation Budget.

- (c) The Loan Parties shall use reasonable best efforts to complete the Taylor Liquidation on or before January 31, 2023.

(d) In connection with the Taylor Intellectual Property Sale: (1) the Agent (including its representatives) is hereby authorized to communicate directly with the Intellectual Property liquidator regarding any and all matters related to the Taylor Intellectual Property Sale so long as, in each case to the extent reasonably practical, the Loan Parties are copied on any such written communication and are provided with notice and a reasonable opportunity to participate in any live discussions; (2) the Loan Parties shall promptly (but in any event within three (3) Business Days after its receipt thereof) deliver to the Agent copies and drafts of all written offers and letters of intent, asset purchase agreements and other material documents received by the Loan Parties relating to the Taylor Intellectual Property Sale; and (3) on or before December 23, 2022, the applicable Taylor/Parker Companies shall have consummated the Taylor Intellectual Property Sale and shall have applied the net proceeds thereof to the Obligations (subject to the terms of the Intercreditor Agreement).

(e) The Loan Parties will use commercially reasonable efforts to consummate the Parker Intellectual Property Sale as quickly as practicable; provided that the Parker Intellectual Property Sale may be conducted in a manner and on a delayed timeline (including upon the advice of the Intellectual Property liquidator engaged to assist with same) so as not to interfere with, or diminish the value of the assets subject to, the Taylor Intellectual Property Sale or the Taylor Liquidation.

(f) If the Taylor Intellectual Property Assets are sold or otherwise disposed of prior to the completion of the Taylor Liquidation, then, as a condition to such sale, such sale shall include an irrevocable, unconditional license to and right to use (without the payment of any royalty or any other amount) the Taylor Intellectual Property Assets in favor of the Agent, the Loan Parties and Hilco Merchant Resources, LLC to sell or otherwise dispose of the assets and properties of the applicable Taylor/Parker Companies (including pursuant to the Taylor Liquidation), all on terms and conditions reasonably acceptable to the Agent.

(g) No Loan Party shall amend or otherwise modify the Taylor Liquidation Agreement or the Taylor Liquidation Budget, in each case without the prior written consent of the Agent (not to be unreasonably withheld).

(h) Each Loan Party hereby acknowledges and agrees that the Agent may, in its Permitted Discretion and at the Loan Parties' sole cost and expense as set forth below, from and after November 1, 2022, engage a financial advisor (the "Consultant") (which engagement may be made jointly between the Agent and the ABL Agent). Each Loan Party hereby agrees to (i) give Agent, the Consultant and their Representatives reasonable access during normal business hours to the offices, properties, officers, employees, accountants, auditors, counsel and other Representatives of the Loan Parties and to the books and records of the Loan Parties, (ii) furnish to each of Agent, the Consultant and their Representatives such financial, operating and property related data and other information as such persons reasonably request, and (iii) instruct any Loan Party's management, employees, advisors, consultants and financial advisors to cooperate reasonably with the Consultant and its Representatives in respect of the aforementioned clauses (i) and (ii). For purposes of this clause (h), the term "Representatives" shall mean each of the Loan

Parties', Agent's and the Consultant's, as applicable, respective employees, agents, advisors and consultants and any appraiser, field auditor, other financial advisor, accountant, legal counsel, agent or other expert retained by or acting on behalf of Agent, the Consultant or the Loan Parties. The Loan Parties agree and acknowledge that all fees, costs and expenses of the Consultant are and shall be required to be reimbursed under and in accordance with Section 10.04 of the Credit Agreement.

SECTION 7. Reference to and Effect on the Credit Agreement and the Loan Documents; Ratification.

(a) On and after the First Amendment Effective Date, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof" or words of like import referring to the Credit Agreement shall mean and be a reference to the Amended Credit Agreement.

(b) The Amended Credit Agreement and each of the other Loan Documents, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Security Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents, in each case, as amended by this Amendment.

(c) The Borrower expressly acknowledges and agrees that (i) there has not been, and this Amendment does not constitute or establish, a novation with respect to the Credit Agreement or any of the other Loan Documents, or a mutual departure from the strict terms, provisions, and conditions thereof, other than as explicitly set forth herein, and (ii) nothing in this Amendment shall affect or limit Agent's or the Lenders' right to demand payment of liabilities owing from Borrower to Agent or the Lenders under, or to demand strict performance of the terms, provisions and conditions of, the Amended Credit Agreement and the other Loan Documents, to exercise any and all rights, powers, and remedies under the Amended Credit Agreement or the other Loan Documents or at law or in equity, or to do any and all of the foregoing, immediately at any time after the occurrence of a Default or an Event of Default under the Amended Credit Agreement or the other Loan Documents.

(d) Each Loan Party hereby restates, ratifies, and reaffirms each and every term, covenant, and condition set forth in the Amended Credit Agreement and the other Loan Documents to which it is a party effective as of the First Amendment Effective Date.

SECTION 8. Governing Law. THIS AMENDMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 9. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by telecopy, pdf or other electronic transmission shall be as effective as delivery of a manually executed counterpart of this

SECTION 10. Electronic Execution. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed signature page counterpart hereof by telecopy, emailed .pdf or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart hereof. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic association of signatures and records on electronic platforms, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, any other similar state laws based on the Uniform Electronic Transactions Act, the Uniform Commercial Code, each as amended, and the parties hereto hereby waive any objection to the contrary, provided that (x) nothing herein shall require Agent to accept electronic signature counterparts in any form or format and (y) Agent reserves the right to require, at any time and at its sole discretion, the delivery of manually executed counterpart signature pages to this Amendment and the parties hereto agree to promptly deliver such manually executed counterpart signature pages.

SECTION 11. Release. BY EXECUTION OF THIS AMENDMENT, EACH LOAN PARTY ACKNOWLEDGES AND CONFIRMS THAT SUCH LOAN PARTY DOES NOT HAVE ANY OFFSETS, DEFENSES (OTHER THAN FOR PAYMENT ACTUALLY MADE), CLAIMS OR COUNTERCLAIMS OF THE TYPE THAT ARE SUBJECT TO THE RELEASE IN THE IMMEDIATELY SUCCEEDING SENTENCE AGAINST AGENT, ANY LENDER, OR ANY OF THEIR SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ATTORNEYS, PREDECESSORS, SUCCESSORS OR PERMITTED ASSIGNS (COLLECTIVELY, THE “RELEASED PARTIES”) WHETHER ASSERTED OR UNASSERTED. EACH LOAN PARTY AND ITS SUCCESSORS, ASSIGNS, PARENTS, SUBSIDIARIES, AFFILIATES, PREDECESSORS, EMPLOYEES, AGENTS, HEIRS AND EXECUTORS, AS APPLICABLE (COLLECTIVELY, “RELEASING PARTIES”), JOINTLY AND SEVERALLY, RELEASE AND FOREVER DISCHARGE THE RELEASED PARTIES FROM ANY AND ALL MANNER OF ACTION AND ACTIONS, CAUSE AND CAUSES OF ACTION, SUITS, DEBTS, CONTROVERSIES, DAMAGES, JUDGMENTS, EXECUTIONS, CLAIMS, COUNTERCLAIMS AND DEMANDS (“CLAIMS”) WHATSOEVER, ASSERTED OR UNASSERTED, IN LAW OR IN EQUITY WHICH THE RELEASING PARTIES EVER HAD OR NOW HAVE UPON OR BY REASON OF ANY MANNER, CAUSE, CAUSES OR THING WHATSOEVER, INCLUDING, WITHOUT LIMITATION, ANY PRESENTLY EXISTING CLAIMS WHETHER OR NOT PRESENTLY SUSPECTED, CONTEMPLATED OR ANTICIPATED, IN EACH CASE RELATED TO THE LOAN DOCUMENTS AND BASED ON FACTS THAT ARE EXISTING ON OR BEFORE THE FIRST AMENDMENT EFFECTIVE DATE; PROVIDED, THAT, WITH RESPECT TO ANY RELEASED PARTY, THE FOREGOING RELEASE SHALL NOT APPLY TO (X) ANY CLAIMS ARISING AS A

RESULT OF NONCOMPLIANCE WITH, OR OTHER MATERIAL BREACH BY, SUCH RELEASED PARTY OF THIS AMENDMENT, (Y) ANY CLAIMS RESULTING FROM SUCH RELEASED PARTY'S GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR BAD FAITH OR (Z) ANY CLAIMS ARISING FROM DISPUTES ARISING SOLELY AMONG THE RELEASED PARTIES THAT DO NOT INVOLVE ANY ACT OR OMISSION BY ANY RELEASING PARTY OR ITS AFFILIATES (OTHER THAN A DISPUTE AGAINST THE AGENT IN ITS CAPACITY AS SUCH). THE PROVISIONS OF THIS SECTION 11 SHALL SURVIVE THE TERMINATION OF THIS AMENDMENT, THE AMENDED CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS AND THE PAYMENT IN FULL OF THE OBLIGATIONS.

SECTION 12. Miscellaneous. Sections 10.04, 10.10, 10.12, 10.14, 10.15 and 10.16 of the Amended Credit Agreement are incorporated herein *mutatis mutandis*. This Amendment shall constitute a Loan Document. Notwithstanding anything to the contrary contained in Section 8.01 of the Amended Credit Agreement, any breach or default of any term or covenant under this Amendment (including the covenants contained in Section 6) shall constitute an immediate Event of Default under Section 8.01 of the Amended Credit Agreement (without any grace period).

SECTION 13. Amendment to Third Lien Credit Agreement. Notwithstanding any of the restrictions set forth in the Third Lien Subordination Agreement, including, without limitation, Section 9 thereof, each of the undersigned hereby acknowledges and consents to the execution, delivery and performance of the Third Lien Amendment and the amendments and modifications to the Third Lien Credit Agreement effected by the Third Lien Amendment.

[The remainder of the page is intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Amendment as of the date first above written.

VINCE, LLC, as Borrower

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

VINCE INTERMEDIATE HOLDING, LLC, as a Guarantor

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

VINCE HOLDING CORP., as a Guarantor

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

REBECCA TAYLOR, INC., as a Guarantor

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

[Vince – Signature Page to First Amendment]

PARKER HOLDING, LLC, as a Guarantor

By: /s/ David Stefko

Name: David Stefko

Title: Chief Financial Officer

REBECCA TAYLOR RETAIL STORES, LLC, as a Guarantor

By: /s/ David Stefko

Name: David Stefko

Title: Chief Financial Officer

PARKER LIFESTYLE, LLC, as a Guarantor

By: /s/ David Stefko

Name: David Stefko

Title: Chief Financial Officer

[Vince – Signature Page to First Amendment]

PLC AGENT LLC, as the Agent

By: Pathlight Capital LP, its Sole Member

By: Pathlight GP LLC, its General Partner

By: /s/ Christopher A. Arnold

Name: Christopher A. Arnold

Title: Managing Director

PATHLIGHT CAPITAL FUND I LP, as a Lender

By: Pathlight Partners GP LLC, its General Partner

By: /s/ Christopher A. Arnold

Name: Christopher A. Arnold

Title: Managing Director

PATHLIGHT CAPITAL FUND II LP, as a Lender

By: Pathlight Partners II GP LLC, its General Partner

By: /s/ Christopher A. Arnold

Name: Christopher A. Arnold

Title: Managing Director

[Vince – Signature Page to First Amendment]

FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

This **FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT** (this “Amendment”) is entered into as of September 30, 2022, by and among **VINCE, LLC**, a Delaware limited liability company (the “Borrower”), the Guarantors signatory hereto, **CITIZENS BANK, N.A.** (in its individual capacity, “Citizens”), as administrative agent and collateral agent under the Loan Documents (in such capacities, the “Agent”), Citizens, as an L/C Issuer, and each of the Lenders party hereto.

WITNESSETH:

WHEREAS, the Borrower, the Guarantors from time to time party thereto, the Agent, the L/C Issuers from time to time party thereto, and the Lenders from time to time party thereto are parties to that certain Amended and Restated Credit Agreement, dated as of September 7, 2021 (as amended, restated, amended and restated, supplemented, modified, or otherwise in effect from time to time prior to the date hereof, the “Credit Agreement”; the Credit Agreement as amended hereby, the “Amended Credit Agreement”); and

WHEREAS, the Borrower, the Guarantors, the Agent, the L/C Issuer and the Lenders wish to further amend the Credit Agreement;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

SECTION 1. Definitions.

Unless otherwise indicated, all capitalized terms used herein (including the preamble and the recitals) and not otherwise defined shall have the respective meanings provided to such terms in the Amended Credit Agreement.

SECTION 2. Amendments to Credit Agreement. Subject to the satisfaction of the conditions precedent set forth in Section 3 and in reliance upon the representations and warranties of the Loan Parties set forth in Section 5, effective as of the First Amendment Effective Date (as defined below), the Credit Agreement is hereby amended as follows:

(a) Amendments to Section 1.01 (Defined Terms).

(i) The definition of “Accelerated Borrowing Base Delivery Event” is hereby amended by amending and restating the definition thereof in its entirety as follows:

“Accelerated Borrowing Base Delivery Event” means the period beginning on the First Amendment Effective Date and all times thereafter.

(ii) The definition of “Availability Reserves” in Section 1.01 of the Credit Agreement is hereby amended by amending and restating clause (c) of such definition in its entirety as follows:

“(c) to reflect criteria, events, conditions, contingencies or risks which adversely affect any component of the Borrowing Base, the aggregate value of the Collateral reflected in the Borrowing Base or the validity or enforceability of the Loan Documents or the material remedies of the Credit Parties thereunder or otherwise which the Agent, in its reasonable credit judgment, determines reserves should be established from time to time hereunder.”

(iii) The definition of “Availability Reserves” in Section 1.01 of the Credit Agreement is hereby further amended by adding the following sentence immediately at the end of such definition:

“It is hereby understood and agreed that the Agent may establish reserves to account for the difference between the aggregate amount of the Borrowing Base attributable to the assets of any of the Taylor/Parker Companies and the amounts received (or anticipated to be received) as net proceeds of the asset sales in connection with the Taylor Liquidation (it being understood and agreed that on the First Amendment Effective Date the reserve shall be \$7,079,000 and such reserve may be increased from time to time by the Agent in its Permitted Discretion (including, without limitation, as a result of increases in variances in disbursements or net cash flow with respect to the applicable Taylor/Parker Companies (as against the Taylor Liquidation Budget) in connection with the Taylor Liquidation)); provided, however that the amount of such reserve described in this sentence shall not exceed the aggregate amount of the Borrowing Base attributable to the assets of the Taylor/Parker Companies.”

(iv) The definition of “Fee Letter” in Section 1.01 of the Credit Agreement is hereby amended by amending and restating the definition thereof in its entirety as follows:

“Fee Letter” means, collectively, (i) the letter agreement, dated as of the Original Closing Date, between the Borrower and the Agent, (ii) the letter agreement, dated as of the date hereof, between the Borrower and the Agent and (iii) the First Amendment Fee Letter.

(v) The definition of “Reserves” in Section 1.01 of the Credit Agreement is hereby amended by amending and restating the first proviso of such definition in its entirety as follows:

“provided that no such prior notice shall be required for (1) changes to any Availability Reserves resulting solely by virtue of mathematical calculations of the amount of the Reserve in accordance with the methodology of calculation previously utilized (such as, but not limited to, rent and Customer Credit Liabilities), (2) if a Specified Event of Default has occurred and is continuing, (3) changes to any Availability Reserves with respect to the Taylor Liquidation in respect of the assets of the Taylor/Parker Companies, or (4) any Reserve implemented after November 30, 2022;”

(b) Further Amendments to Section 1.01 (Defined Terms). The following definitions are added to Section 1.01 of the Credit Agreement in the appropriate alphabetical order:

“First Amendment” means the First Amendment to Amended and Restated Credit Agreement, dated as of the First Amendment Effective Date, by and among, the Loan Parties, the Lenders party thereto and the Agent.

“First Amendment Effective Date” means September 30, 2022.

“First Amendment Fee Letter” means that certain Fee Letter dated the First Amendment Effective Date between the Borrower and the Agent.

“Parker Intellectual Property Assets” means the Intellectual Property owned by Parker Holding, LLC and Parker Lifestyle, LLC.

“Parker Intellectual Property Sale” means the sale of Parker Intellectual Property Assets in accordance with Section 6 of the First Amendment and on terms and conditions reasonably acceptable to the Agent.

“Taylor Intellectual Property Assets” means the Intellectual Property owned by Rebecca Taylor, Inc., Rebecca Taylor Retail Stores, LLC and Rebecca Taylor Design Limited.

“Taylor Intellectual Property Sale” means the sale of Taylor Intellectual Property Assets in accordance with each of the Taylor Liquidation Agreement and Section 6 of the First Amendment and otherwise on terms and conditions reasonably acceptable to the Agent.

“Taylor Liquidation” means the sale of all inventory and furniture, fixtures and equipment owned by Rebecca Taylor, Inc., Rebecca Taylor Retail Stores, LLC and Rebecca Taylor Design Limited pursuant to and in accordance with the Taylor Liquidation Agreement and on terms and conditions reasonably acceptable to the Agent.

“Taylor Liquidation Agreement” means that certain letter agreement dated on or about the First Amendment Effective Date between certain of the Loan Parties and Hilco Merchant Resources, LLC.

“Taylor Liquidation Budget” means that certain “Rebecca Taylor Wind Down Budget Summary” delivered to the Agent on or prior to the First Amendment Effective Date prepared by Berkeley Research Group, in form and substance (and with detail) reasonably satisfactory to Agent.

“Taylor/Parker Companies” means, collectively, Rebecca Taylor, Inc., Parker Holding, LLC, Parker Lifestyle, LLC, Rebecca Taylor Retail Stores, LLC and Rebecca Taylor Design Limited.

(c) Amendment to Section 7.04 (Fundamental Changes). Section 7.04 of the Credit Agreement is hereby amended by (i) replacing the “; and” with “;” at the end of clause (f), (ii) replacing the period (“.”) with “; and” at the end of clause (g) and (iii) adding the following new clause (h)

immediately after clause (g) as follows:

“(h) the Loan Parties may effect the Parker Intellectual Property Sale, the Taylor Liquidation and the Taylor Intellectual Property Sale.”

(d) Amendment to Section 7.05 (Dispositions). Section 7.05 of the Credit Agreement is hereby amended by:

(1)(i) replacing the “; and” with “;” at the end of clause (q), (ii) replacing the period (“.”) with “; and” at the end of clause (r) and (iii) adding the following new clause (s) immediately after clause (r) as follows:

“(s) the Loan Parties may effect the Parker Intellectual Property Sale, the Taylor Liquidation and the Taylor Intellectual Property Sale.”

(2) deleting the text “Section 7.05(c), (d), (e), (j), (k), (m), (n), (o), (q), or (r)” appearing therein and replacing it with the text “Section 7.05(c), (d), (e), (j), (k), (m), (n), (o), (q), (r), or (s)” in lieu thereof.

(e) Amendment to Section 7.18 (Minimum Excess Availability). Section 7.18 of the Credit Agreement is hereby amended by amending and restating such Section 7.18 in its entirety as follows:

“7.18 Minimum Excess Availability. Permit Excess Availability to be less than (a) during the period from the First Amendment Effective Date through and including December 29, 2022, the result of (i) the greater of (x) \$9,500,000 and (y) 10% of the Commitments, minus (ii) the amount (if any, but not less than zero) by which the amount of the Borrowing Base solely attributable to the assets of the Borrower (and, for certainty, excluding the assets of each other Loan Party) exceeds the aggregate Commitments (but in no event shall the amount under this clause (a)(ii) exceed \$5,000,000) and (b) at all other times, the greater of (x) \$9,500,000 and (y) 10% of the Commitments at any time.”

(f) Amendment to Section 8.01 (Events of Default). Section 8.01(b) of the Credit Agreement is hereby amended by deleting the text “(after a two (2) Business Day grace period if an Accelerated Borrowing Base Delivery Event described in clause (ii) of the definition thereof has occurred and is continuing; provided that, if no such Accelerated Borrowing Base Delivery Event has occurred and is continuing, the applicable grace period shall be five (5) Business Days)” appearing therein.

SECTION 3. Conditions of Effectiveness of this Amendment. This Amendment shall become effective on the date when the following conditions shall have been satisfied (or waived) (the “First Amendment Effective Date”):

- (a) execution and delivery of this Amendment by the Borrower, each Guarantor, the Agent and the Lenders;
- (b) all action on the part of the Loan Parties necessary for the valid execution, delivery and performance by the other Loan Parties of this Amendment 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, including an officer's certificate, dated as of the date hereof, certifying as to and (as applicable) attaching the Loan Parties' organization documents (which to the extent filed with a Governmental Authority, shall be certified as of a recent date by such Governmental Authority) or certifying as to no changes thereto since such documents were last delivered, the resolutions of the governing body of each Loan Party, the good standing, existence or its equivalent of each Loan Party, and of the incumbency (including specimen signatures) of the Responsible Officers of each Loan Party;

- (c) the Agent shall have received UCC, tax lien, litigation, bankruptcy and intellectual property searches from all offices that Agent deems appropriate in its reasonable discretion;
- (d) the Borrower shall have paid any fees required to be paid to the Agent and the Lenders on the First Amendment Effective Date, including pursuant to the First Amendment Fee Letter and with respect to any fees, charges and disbursements of counsel for the Agent;
- (e) the Agent shall have received that certain First Amendment to Intercreditor Agreement, dated as of the First Amendment Effective Date, executed by the Agent, Term Agent and acknowledged by the Loan Parties, in form and substance reasonably satisfactory to the Agent;
- (f) the Agent shall have received the First Amendment Fee Letter executed by the Borrower and the Agent;
- (g) the Agent shall have received a Borrowing Base Certificate dated as of the date hereof executed by a Responsible Officer of the Borrower and which shall include appropriate exhibits, schedules, supporting documentation, and additional reports as reasonably requested by Agent, which shall be prepared in all respects in a manner reasonably acceptable to the Agent;
- (h) the Agent shall have received the Taylor Liquidation Agreement executed by the Loan Parties and Hilco Merchant Resources, LLC;
- (i) the Agent shall have received a certified copy of the Taylor Liquidation Budget in form and substance reasonably satisfactory to Agent;
- (j) the Agent shall have received the First Amendment to Credit Agreement executed by the Term Agent, the Lenders (as defined in the Term Loan Agreement) and the Borrowers and Guarantors, in form and substance reasonably satisfactory to the Agent;
- (k) the Agent shall have received the Second Amendment to Credit Agreement executed by SK Financial Services, LLC, the Lenders (as defined in the Third Lien Credit Agreement) and the Borrowers and Guarantors, in form and substance reasonably satisfactory to the Agent (the "Third Lien Amendment"); and

- (l) the Agent shall have received such other assurances, certificates or documents as the Agent may reasonably require.

SECTION 4. [Reserved].

SECTION 5. Representations and Warranties. To induce the Agent and the Lenders to enter into this Amendment, the Borrower and each other Loan Party represents and warrants to the Agent, the L/C Issuer and the Lenders on and as of the First Amendment Effective Date that, in each case:

(a) all of the representations and warranties contained in the Amended Credit Agreement or the other Loan Documents are true and correct in all material respects on the First Amendment Effective Date both immediately before and after giving effect to this Amendment, with the same effect as though such representations and warranties had been made on and as of the First Amendment Effective Date (it being understood that (x) any representation or warranty that is qualified by materiality or Material Adverse Effect shall be required to be true and correct in all respects after taking into account such qualification and (y) any representation or warranty made as of a specific date shall be true and correct in all material respects (or all respects after taking into account such qualification, as the case may be) as of such date); and

(b) no Default or Event of Default has occurred and is continuing as of the First Amendment Effective Date or would result from the transactions contemplated by this Amendment.

SECTION 6. Covenants.

(a) The Borrower shall furnish to the Agent, in form and detail reasonably satisfactory to the Agent, on a weekly basis, by not later than 11:00 am (ET) on Wednesday of each week, (i) a variance report, in form and substance reasonably satisfactory to Agent, comparing data and information from the Taylor Liquidation to the Taylor Liquidation Budget and (ii) a budget variance report, in a form reasonably satisfactory to the Agent, comparing the applicable Taylor/Parker Companies' actual cash receipts and disbursements on a line item basis for the immediately preceding week in the Taylor Liquidation Budget as compared to projected cash receipts and disbursements for such week as set forth in the Taylor Liquidation Budget.

(b) The Borrower shall at no time allow aggregate total operating disbursements of the applicable Taylor/Parker Companies during any rolling four (4) week period to be greater than 115% of the forecasted aggregate total operating disbursements for such period as set forth in the Taylor Liquidation Budget.

(c) The Loan Parties shall use reasonable best efforts to complete the Taylor Liquidation on or before January 31, 2023.

(d) In connection with the Taylor Intellectual Property Sale: (1) the Agent (including its representatives) is hereby authorized to communicate directly with the Intellectual Property

liquidator regarding any and all matters related to the Taylor Intellectual Property Sale so long as, in each case to the extent reasonably practical, the Loan Parties are copied on any such written communication and are provided with notice and a reasonable opportunity to participate in any live discussions; (2) the Loan Parties shall promptly (but in any event within three (3) Business Days after its receipt thereof) deliver to the Agent copies and drafts of all written offers and letters of intent, asset purchase agreements and other material documents received by the Loan Parties relating to the Taylor Intellectual Property Sale; and (3) on or before December 23, 2022, the applicable Taylor/Parker Companies shall have consummated the Taylor Intellectual Property Sale and shall have applied the net proceeds thereof to the Obligations (subject to the terms of the Intercreditor Agreement).

(e) The Loan Parties will use commercially reasonable efforts to consummate the Parker Intellectual Property Sale as quickly as practicable; provided that the Parker Intellectual Property Sale may be conducted in a manner and on a delayed timeline (including upon the advice of the Intellectual Property liquidator engaged to assist with same) so as not to interfere with, or diminish the value of the assets subject to, the Taylor Intellectual Property Sale or the Taylor Liquidation.

(f) If the Taylor Intellectual Property Assets are sold or otherwise disposed of prior to the completion of the Taylor Liquidation, then, as a condition to such sale, such sale shall include an irrevocable, unconditional license to and right to use (without the payment of any royalty or any other amount) the Taylor Intellectual Property Assets in favor of the Agent, the Loan Parties and Hilco Merchant Resources, LLC to sell or otherwise dispose of the assets and properties of the applicable Taylor/Parker Companies (including pursuant to the Taylor Liquidation), all on terms and conditions reasonably acceptable to the Agent.

(g) No Loan Party shall amend or otherwise modify the Taylor Liquidation Agreement or the Taylor Liquidation Budget, in each case without the prior written consent of the Agent (not to be unreasonably withheld).

(h) The parties hereto agree that no assets of the Taylor/Parker Companies shall be included in the determination of the Borrowing Base from and after November 30, 2022.

(i) Each Loan Party hereby acknowledges and agrees that the Agent may, in its Permitted Discretion and at the Loan Parties' sole cost and expense, from and after November 1, 2022, engage a financial advisor (the "Consultant") (which engagement may be made jointly between the Agent and the Term Agent). Each Loan Party hereby agrees to (i) give each of Agent, the Consultant and their Representatives reasonable access during normal business hours to the offices, properties, officers, employees, accountants, auditors, counsel and other Representatives of the Loan Parties and to the books and records of the Loan Parties, (ii) furnish to each of Agent, the Consultant and their Representatives such financial, operating and property related data and other information as such persons reasonably request, and (iii) instruct any Loan Party's management, employees, advisors, consultants and financial advisors to cooperate reasonably with the Consultant and its Representatives in respect of the aforementioned clauses (i) and (ii). For purposes of this Section 6(i), the term "Representatives" shall mean each of the Loan Parties',

Agent's and the Consultant's, as applicable, respective employees, agents, advisors and consultants and any appraiser, field auditor, other financial advisor, accountant, legal counsel, agent or other expert retained by or acting on behalf of any of Agent, the Consultant or the Loan Parties. The Loan Parties agree and acknowledge that all fees, costs and expenses of the Consultant are and shall be required to be reimbursed under and in accordance with Section 10.04 of the Credit Agreement.

SECTION 7. Reference to and Effect on the Credit Agreement and the Loan Documents; Ratification.

(a) On and after the First Amendment Effective Date, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof" or words of like import referring to the Credit Agreement shall mean and be a reference to the Amended Credit Agreement.

(b) The Amended Credit Agreement and each of the other Loan Documents, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Security Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents, in each case, as amended by this Amendment.

(c) The Borrower expressly acknowledges and agrees that (i) there has not been, and this Amendment does not constitute or establish, a novation with respect to the Credit Agreement or any of the other Loan Documents, or a mutual departure from the strict terms, provisions, and conditions thereof, other than as explicitly set forth herein, and (ii) nothing in this Amendment shall affect or limit Agent's or the Lenders' right to demand payment of liabilities owing from Borrower to Agent or the Lenders under, or to demand strict performance of the terms, provisions and conditions of, the Amended Credit Agreement and the other Loan Documents, to exercise any and all rights, powers, and remedies under the Amended Credit Agreement or the other Loan Documents or at law or in equity, or to do any and all of the foregoing, immediately at any time after the occurrence of a Default or an Event of Default under the Amended Credit Agreement or the other Loan Documents.

(d) Each Loan Party hereby restates, ratifies, and reaffirms each and every term, covenant, and condition set forth in the Amended Credit Agreement and the other Loan Documents to which it is a party effective as of the First Amendment Effective Date.

SECTION 8. Governing Law. THIS AMENDMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 9. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by telecopy, pdf or other electronic

transmission shall be as effective as delivery of a manually executed counterpart of this Amendment.

SECTION 10. Electronic Execution. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed signature page counterpart hereof by telecopy, emailed .pdf or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart hereof. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic association of signatures and records on electronic platforms, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, any other similar state laws based on the Uniform Electronic Transactions Act, the Uniform Commercial Code, each as amended, and the parties hereto hereby waive any objection to the contrary, provided that (x) nothing herein shall require Agent to accept electronic signature counterparts in any form or format and (y) Agent reserves the right to require, at any time and at its sole discretion, the delivery of manually executed counterpart signature pages to this Amendment and the parties hereto agree to promptly deliver such manually executed counterpart signature pages.

SECTION 11. Release. BY EXECUTION OF THIS AMENDMENT, EACH LOAN PARTY ACKNOWLEDGES AND CONFIRMS THAT SUCH LOAN PARTY DOES NOT HAVE ANY OFFSETS, DEFENSES (OTHER THAN FOR PAYMENT ACTUALLY MADE), CLAIMS OR COUNTERCLAIMS OF THE TYPE THAT ARE SUBJECT TO THE RELEASE IN THE IMMEDIATELY SUCCEEDING SENTENCE AGAINST AGENT, ANY LENDER, OR ANY OF THEIR SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ATTORNEYS, PREDECESSORS, SUCCESSORS OR PERMITTED ASSIGNS (COLLECTIVELY, THE “RELEASED PARTIES”) WHETHER ASSERTED OR UNASSERTED. EACH LOAN PARTY AND ITS SUCCESSORS, ASSIGNS, PARENTS, SUBSIDIARIES, AFFILIATES, PREDECESSORS, EMPLOYEES, AGENTS, HEIRS AND EXECUTORS, AS APPLICABLE (COLLECTIVELY, “RELEASING PARTIES”), JOINTLY AND SEVERALLY, RELEASE AND FOREVER DISCHARGE THE RELEASED PARTIES FROM ANY AND ALL MANNER OF ACTION AND ACTIONS, CAUSE AND CAUSES OF ACTION, SUITS, DEBTS, CONTROVERSIES, DAMAGES, JUDGMENTS, EXECUTIONS, CLAIMS, COUNTERCLAIMS AND DEMANDS (“CLAIMS”) WHATSOEVER, ASSERTED OR UNASSERTED, IN LAW OR IN EQUITY WHICH THE RELEASING PARTIES EVER HAD OR NOW HAVE UPON OR BY REASON OF ANY MANNER, CAUSE, CAUSES OR THING WHATSOEVER, INCLUDING, WITHOUT LIMITATION, ANY PRESENTLY EXISTING CLAIMS WHETHER OR NOT PRESENTLY SUSPECTED, CONTEMPLATED OR ANTICIPATED, IN EACH CASE RELATED TO THE LOAN DOCUMENTS AND BASED ON FACTS THAT ARE EXISTING ON OR BEFORE THE FIRST AMENDMENT

EFFECTIVE DATE; PROVIDED, THAT, WITH RESPECT TO ANY RELEASED PARTY, THE FOREGOING RELEASE SHALL NOT APPLY TO (X) ANY CLAIMS ARISING AS A RESULT OF NONCOMPLIANCE WITH, OR OTHER MATERIAL BREACH BY, SUCH RELEASED PARTY OF THIS AMENDMENT, (Y) ANY CLAIMS RESULTING FROM SUCH RELEASED PARTY'S GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR BAD FAITH OR (Z) ANY CLAIMS ARISING FROM DISPUTES ARISING SOLELY AMONG THE RELEASED PARTIES THAT DO NOT INVOLVE ANY ACT OR OMISSION BY ANY RELEASING PARTY OR ITS AFFILIATES (OTHER THAN A DISPUTE AGAINST THE AGENT IN ITS CAPACITY AS SUCH). THE PROVISIONS OF THIS SECTION 11 SHALL SURVIVE THE TERMINATION OF THIS AMENDMENT, THE AMENDED CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS AND THE PAYMENT IN FULL OF THE OBLIGATIONS.

SECTION 12. Miscellaneous. Sections 10.04, 10.10, 10.12, 10.14, 10.15 and 10.16 of the Amended Credit Agreement are incorporated herein *mutatis mutandis*. This Amendment shall constitute a Loan Document. Notwithstanding anything to the contrary contained in Section 8.01 of the Amended Credit Agreement, any breach or default of any term or covenant under this Amendment (including the covenants contained in Section 6) shall constitute an immediate Event of Default under Section 8.01 of the Amended Credit Agreement (without any grace period).

SECTION 13. Amendment to Third Lien Credit Agreement. Notwithstanding any of the restrictions set forth in the Third Lien Subordination Agreement, including, without limitation, Section 9 thereof, each of the undersigned hereby acknowledges and consents to the execution, delivery and performance of the Third Lien Amendment and the amendments and modifications to the Third Lien Credit Agreement effected by the Third Lien Amendment.

[The remainder of the page is intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Amendment as of the date first above written.

VINCE, LLC, as Borrower

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

VINCE INTERMEDIATE HOLDING, LLC, as a Guarantor

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

VINCE HOLDING CORP., as a Guarantor

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

REBECCA TAYLOR, INC., as a Guarantor

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

[Vince – Signature Page to First Amendment]

PARKER HOLDING, LLC, as a Guarantor

By: /s/ David Stefko

Name: David Stefko

Title: Chief Financial Officer

REBECCA TAYLOR RETAIL STORES, LLC, as a Guarantor

By: /s/ David Stefko

Name: David Stefko

Title: Chief Financial Officer

PARKER LIFESTYLE, LLC, as a Guarantor

By: /s/ David Stefko

Name: David Stefko

Title: Chief Financial Officer

[Vince – Signature Page to First Amendment]

CITIZENS BANK, N.A., as Agent, a Lender, Swing Line Lender and L/C
Issuer

By: /s/ Richard Norberg
Name: Richard Norberg
Title: Vice President

Signature Page to Amendment (ABL)

PNC BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ J. Danforth

Name: J. Danforth

Title: Vice President

[Vince – Signature Page to First Amendment]

SECOND AMENDMENT TO CREDIT AGREEMENT

This **SECOND AMENDMENT TO CREDIT AGREEMENT** (this “Amendment”) is entered into as of September 30, 2022, by and among VINCE, LLC, a Delaware limited liability company (the “Borrower”), the Guarantors signatory hereto, SK FINANCIAL SERVICES, LLC (in its individual capacity, “SK Financial”), as administrative agent and collateral agent under the Loan Documents (in such capacities, the “Agent”) and each of the Lenders party hereto.

WITNESSETH:

WHEREAS, the Borrower, the Guarantors from time to time party thereto, the Agent and the Lenders from time to time party thereto are parties to that certain Credit Agreement, dated as of December 11, 2020 (as amended by that certain First Amendment to Credit Agreement, dated September 7, 2021, and as further amended, restated, amended and restated, supplemented, modified, or otherwise in effect from time to time prior to the date hereof, the “Credit Agreement”; the Credit Agreement as amended hereby, the “Amended Credit Agreement”); and

WHEREAS, the Borrower, the Guarantors, the Agent and the Lenders wish to further amend the Credit Agreement;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

SECTION 1. Definitions.

Unless otherwise indicated, all capitalized terms used herein (including the preamble and the recitals) and not otherwise defined shall have the respective meanings provided to such terms in the Amended Credit Agreement.

SECTION 2. Amendments to Credit Agreement. Subject to the satisfaction (or waiver) of the conditions precedent set forth in Section 3 of this Amendment and in reliance upon the representations and warranties of the Loan Parties set forth in Section 4 of this Amendment, effective as of the Second Amendment Effective Date (as defined below), the Credit Agreement is hereby amended as follows:

(a) Amendments to Section 1.01 (Defined Terms). The following definitions are added to Section 1.01 of the Credit Agreement in the appropriate alphabetical order:

“Parker Intellectual Property Assets” means the Intellectual Property owned by Parker Holding, LLC and Parker Lifestyle, LLC.

“Parker Intellectual Property Sale” means the sale of Parker Intellectual Property Assets in accordance with Section 5 of the Second Amendment and on terms and conditions reasonably acceptable to the Agent.

“Second Amendment” means the Second Amendment to Credit Agreement, dated as of the Second Amendment Effective Date, by and among, the Loan Parties, the Lenders party thereto and the Agent.

“Second Amendment Effective Date” means September 30, 2022.

“Taylor Intellectual Property Assets” means the Intellectual Property owned by Rebecca Taylor, Inc., Rebecca Taylor Retail Stores, LLC and Rebecca Taylor Design Limited.

“Taylor Intellectual Property Sale” means the sale of Taylor Intellectual Property Assets in accordance with each of the Taylor Liquidation Agreement and Section 5 of the Second Amendment and otherwise on terms and conditions reasonably acceptable to the Agent.

“Taylor Liquidation” means the sale of all inventory and furniture, fixtures and equipment owned by Rebecca Taylor, Inc., Rebecca Taylor Retail Stores, LLC and Rebecca Taylor Design Limited pursuant to and in accordance with the Taylor Liquidation Agreement and on terms and conditions reasonably acceptable to the Agent.

“Taylor Liquidation Agreement” means that certain letter agreement dated on or about the Second Amendment Effective Date between certain of the Loan Parties and Hilco Merchant Resources, LLC.

“Taylor Liquidation Budget” means that certain “Rebecca Taylor Wind Down Budget Summary” delivered to the Agent on or prior to the Second Amendment Effective Date prepared by Berkeley Research Group, in form and substance (and with detail) reasonably satisfactory to Agent.

“Taylor/Parker Companies” means, collectively, Rebecca Taylor, Inc., Parker Holding, LLC, Parker Lifestyle, LLC, Rebecca Taylor Retail Stores, LLC and Rebecca Taylor Design Limited.

(b) Amendment to Section 7.04 (Fundamental Changes). Section 7.04 of the Credit Agreement is hereby amended by (i) replacing the “; and” with “;” at the end of clause (f), (ii) replacing the period (“.”) with “; and” at the end of clause (g) and (iii) adding the following new clause (h) immediately after clause (g) as follows:

“(h) the Loan Parties may effect the Parker Intellectual Property Sale, the Taylor Liquidation and the Taylor Intellectual Property Sale.”

(c) Amendment to Section 7.05 (Dispositions). Section 7.05 of the Credit Agreement is hereby amended by:

(1) (i) replacing the “; and” with “;” at the end of clause (q), (ii) replacing the period (“.”) with “; and” at the end of clause (r) and (iii) adding the following new clause (s) immediately after clause (r) as follows:

“(s) the Loan Parties may effect the Parker Intellectual Property Sale, the Taylor Liquidation and the Taylor Intellectual Property Sale.”

(2) amending and restating the final sentence of such Section 7.05 in its entirety as follows:

“Notwithstanding anything to the contrary contained in this Section 7.05 (other than Section 7.05(a), Section 7.05(b) (ii), Section 7.05(k) or Section 7.05(s)), no Borrower Intellectual Property shall be included in any Disposition to any Person that is not a Loan Party.”

SECTION 3. Conditions of Effectiveness of this Amendment. This Amendment shall become effective on the date when the following conditions shall have been satisfied (or waived) (the “Second Amendment Effective Date”):

(a) execution and delivery of this Amendment by the Borrower, each Guarantor, the Agent and the Lenders; and

(b) all action on the part of the Loan Parties necessary for the valid execution, delivery and performance by the Loan Parties of this Amendment 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, including an officer’s certificate, dated as of the date hereof, certifying as to and (as applicable) attaching the Loan Parties’ organization documents (which to the extent filed with a Governmental Authority, shall be certified as of a recent date by such Governmental Authority) or certifying as to no changes thereto since such documents were last delivered, the resolutions of the governing body of each Loan Party, the good standing, existence or its equivalent of each Loan Party, and of the incumbency (including specimen signatures) of the Responsible Officers of each Loan Party.

SECTION 4. Representations and Warranties. To induce the Agent and the Lenders to enter into this Amendment, the Borrower and each other Loan Party represents and warrants to the Agent and the Lenders on and as of the Second Amendment Effective Date that, in each case:

(a) all of the representations and warranties contained in the Amended Credit Agreement or the other Loan Documents are true and correct in all material respects on the Second Amendment Effective Date both immediately before and after giving effect to this Amendment, with the same effect as though such representations and warranties had been made on and as of the Second Amendment Effective Date (it being understood that (x) any representation or warranty that is qualified by materiality or Material Adverse Effect shall be required to be true and correct in all respects after taking into account such qualification and (y) any representation or warranty made as of a specific date shall be true and correct in all material respects (or all respects after taking into account such qualification, as the case may be) as of such date); and

(b) no Default or Event of Default has occurred and is continuing as of the Second Amendment Effective Date or would result from the transactions contemplated by this Amendment.

SECTION 5. Covenants.

(a) The Borrower shall furnish to the Agent, in form and detail reasonably satisfactory to the Agent, on a weekly basis, by not later than 11:00 am (ET) on Wednesday of each week, (i) a variance report, in form and substance reasonably satisfactory to Agent, comparing data and information from the Taylor Liquidation to the Taylor Liquidation Budget and (ii) a budget variance report, in a form reasonably satisfactory to the Agent, comparing the applicable

Taylor/Parker Companies' actual cash receipts and disbursements on a line item basis for the immediately preceding week in the Taylor Liquidation Budget as compared to projected cash receipts and disbursements for such week as set forth in the Taylor Liquidation Budget.

(b) The Borrower shall at no time allow aggregate total operating disbursements of the applicable Taylor/Parker Companies during any rolling four (4) week period to be greater than 120% of the forecasted aggregate total operating disbursements for such period as set forth in the Taylor Liquidation Budget.

(c) The Loan Parties shall use reasonable best efforts to complete the Taylor Liquidation on or before January 31, 2023.

(d) In connection with the Taylor Intellectual Property Sale: (1) the Agent (including its representatives) is hereby authorized to communicate directly with the Intellectual Property liquidator regarding any and all matters related to the Taylor Intellectual Property Sale so long as, in each case to the extent reasonably practical, the Loan Parties are copied on any such written communication and are provided with notice and a reasonable opportunity to participate in any live discussions; (2) the Loan Parties shall promptly (but in any event within three (3) Business Days after its receipt thereof) deliver to the Agent copies and drafts of all written offers and letters of intent, asset purchase agreements and other material documents received by the Loan Parties relating to the Taylor Intellectual Property Sale; and (3) on or before December 23, 2022, the applicable Taylor/Parker Companies shall have consummated the Taylor Intellectual Property Sale and shall have applied the net proceeds thereof to the Obligations (as defined in the Senior Term Loan Credit Agreement) (subject to the terms of the Intercreditor Agreement (as defined in the Senior Term Loan Credit Agreement)).

(e) The Loan Parties will use commercially reasonable efforts to consummate the Parker Intellectual Property Sale as quickly as practicable; provided that the Parker Intellectual Property Sale may be conducted in a manner and on a delayed timeline (including upon the advice of the Intellectual Property liquidator engaged to assist with same) so as not to interfere with, or diminish the value of the assets subject to, the Taylor Intellectual Property Sale or the Taylor Liquidation.

(f) If the Taylor Intellectual Property Assets are sold or otherwise disposed of prior to the completion of the Taylor Liquidation, then, as a condition to such sale, such sale shall include an irrevocable, unconditional license to and right to use (without the payment of any royalty or any other amount) the Taylor Intellectual Property Assets in favor of the Agent, the Loan Parties and Hilco Merchant Resources, LLC to sell or otherwise dispose of the assets and properties of the applicable Taylor/Parker Companies (including pursuant to the Taylor Liquidation), all on terms and conditions reasonably acceptable to the Agent.

(g) No Loan Party shall amend or otherwise modify the Taylor Liquidation Agreement or the Taylor Liquidation Budget, in each case, without the prior written consent of the Agent (not to be unreasonably withheld).

SECTION 6. Reference to and Effect on the Credit Agreement and the Loan Documents;

Ratification.

(a) On and after the Second Amendment Effective Date, each reference in the Credit Agreement to “this Agreement,” “hereunder,” “hereof” or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

(b) The Credit Agreement and each of the other Loan Documents, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Security Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents, in each case, as amended by this Amendment.

(c) The Borrower expressly acknowledges and agrees that (i) there has not been, and this Amendment does not constitute or establish, a novation with respect to the Credit Agreement or any of the other Loan Documents, or a mutual departure from the strict terms, provisions, and conditions thereof, other than as explicitly set forth herein, and (ii) nothing in this Amendment shall affect or limit Agent’s or the Lenders’ right to demand payment of liabilities owing from Borrower to Agent or the Lenders under, or to demand strict performance of the terms, provisions and conditions of, the Amended Credit Agreement and the other Loan Documents, to exercise any and all rights, powers, and remedies under the Amended Credit Agreement or the other Loan Documents or at law or in equity, or to do any and all of the foregoing, immediately at any time after the occurrence of a Default or an Event of Default under the Amended Credit Agreement or the other Loan Documents.

(d) Each Loan Party hereby restates, ratifies, and reaffirms each and every term, covenant, and condition set forth in the Amended Credit Agreement and the other Loan Documents to which it is a party effective as of the Second Amendment Effective Date.

(e) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

SECTION 7. Governing Law. THIS AMENDMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 8. Counterparts; Electronic Execution. This Amendment may be executed in one or more counterparts (and by different parties hereto in different counterparts), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed signature page counterpart hereof by telecopy, emailed .pdf or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart hereof. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to any document to be signed in

connection with this Amendment and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic association of signatures and records on electronic platforms, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, any other similar state laws based on the Uniform Electronic Transactions Act, the Uniform Commercial Code, each as amended, and the parties hereto hereby waive any objection to the contrary, provided that (x) nothing herein shall require Agent to accept electronic signature counterparts in any form or format and (y) Agent reserves the right to require, at any time and at its sole discretion, the delivery of manually executed counterpart signature pages to this Amendment and the parties hereto agree to promptly deliver such manually executed counterpart signature pages.

SECTION 9. Miscellaneous. Sections 10.04, 10.10, 10.12, 10.14, 10.15 and 10.16 of the Amended Credit Agreement are incorporated herein *mutatis mutandis*. This Amendment shall constitute a Loan Document. Notwithstanding anything to the contrary contained in Section 8.01 of the Amended Credit Agreement, any breach or default of any term or covenant under this Amendment (including the covenants contained in Section 5) shall constitute an immediate Event of Default under Section 8.01 of the Amended Credit Agreement (without any grace period).

[The remainder of the page is intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Amendment as of the date first above written.

VINCE, LLC, as Borrower

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

VINCE INTERMEDIATE HOLDING, LLC, as a Guarantor

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

VINCE HOLDING CORP., as a Guarantor

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

REBECCA TAYLOR, INC., as a Guarantor

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

PARKER HOLDING, LLC, as a Guarantor

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

REBECCA TAYLOR RETAIL STORES, LLC, as a Guarantor

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

PARKER LIFESTYLE, LLC, as a Guarantor

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

SK FINANCIAL SERVICES, LLC, as Agent and a Lender

By: /s/ Chad Crosby

Name: Chad Crosby

Title: Vice President and Assistant Secretary

Signature Page - Second Amendment to Credit Agreement (Vince)

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

I, Jonathan Schwefel, certify that:

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

/s/ Jonathan Schwefel

Jonathan Schwefel
Chief Executive Officer
(principal executive officer)
December 13, 2022

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

/s/ David Stefko

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

December 13, 2022

**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 Quarterly Report of Vince Holding Corp. (the "Company"), on Form 10-Q for the quarter ended October 29, 2022 as filed with the Securities and Exchange Commission (the "Report"), Jonathan Schwefel, 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/ Jonathan Schwefel

Jonathan Schwefel

Chief Executive Officer
(principal executive officer)

December 13, 2022

**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 Quarterly Report of Vince Holding Corp. (the “Company”), on Form 10-Q for the quarter ended October 29, 2022 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)

December 13, 2022
