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

FORM 10-Q

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

For the quarterly period ended May 1, 2021

Or

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

Commission File Number: 001-36212

VINCE HOLDING CORP.
(Exact name of registrant as specified in its charter)

Delaware	**75-3264870**
(State or other jurisdiction of incorporation or organization)	**(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, 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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

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

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

As of May 31, 2021, the registrant had 11,898,523 shares of common stock, $0.01 par value per share, outstanding.

VINCE HOLDING CORP. AND SUBSIDIARIES

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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: the impact of the novel coronavirus (COVID-19) pandemic on our business, results of operations and liquidity; our ability to continue having the liquidity necessary to service our debt, meet contractual payment obligations, and fund our operations; further impairment of our goodwill and indefinite-lived intangible assets; general economic conditions; our ability to realize the benefits of our strategic initiatives; our ability to maintain our larger wholesale partners; the loss of certain of our wholesale partners; our ability to make lease payments when due; the execution and management of our retail store growth plans; the expected effects of the acquisition of the Acquired Businesses on the Company; our ability to successfully manage the transition of the new Chief Executive Officer; our ability to expand our product offerings into new product categories, including the ability to find suitable licensing partners; our ability to remediate the identified material weakness in our internal control over financial reporting; our ability to optimize our systems, processes and functions; our ability to mitigate system security risk issues, such as cyber or malware attacks, as well as other major system failures; our ability to comply with privacy-related obligations; our ability to comply with domestic and international laws, regulations and orders; our ability to anticipate and/or react to changes in customer demand and attract new customers, including in connection with making inventory commitments; our ability to remain competitive in the areas of merchandise quality, price, breadth of selection and customer service; our ability to keep a strong brand image; our ability to attract and retain key personnel; our ability to protect our trademarks in the U.S. and internationally; the execution and management of our international expansion, including our ability to promote our brand and merchandise outside the U.S. and find suitable partners in certain geographies; our current and future licensing arrangements; seasonal and quarterly variations in our revenue and income; our ability to ensure the proper operation of the distribution facilities by third-party logistics providers; the extent of our foreign sourcing; fluctuations in the price, availability and quality of raw materials; commodity, raw material and other cost increases; our reliance on independent manufacturers; 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 30, 2021 (the “2020 Annual Report on Form 10-K”) under the heading “Item 1A—Risk Factors.” We intend these forward-looking statements to speak only as of the date of this 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)

	May 1, 2021	January 30, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 1,370	$ 3,777
Trade receivables, net	26,825	31,878
Inventories, net	71,745	68,226
Prepaid expenses and other current assets	5,918	6,703
Total current assets	105,858	110,584
Property and equipment, net	16,785	17,741
Operating lease right-of-use assets, net	90,915	91,982
Intangible assets, net	76,327	76,491
Goodwill	31,973	31,973
Other assets	3,957	4,173
Total assets	$ 325,815	$ 332,944
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 42,340	$ 40,216
Accrued salaries and employee benefits	4,199	4,231
Other accrued expenses	15,303	15,688
Short-term lease liabilities	23,297	22,085
Current portion of long-term debt	687	—
Total current liabilities	85,826	82,220
Long-term debt	85,286	84,485
Long-term lease liabilities	94,242	97,144
Deferred income tax liability	4,297	1,688
Other liabilities	1,200	1,200
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Common stock at $0.01 par value (100,000,000 shares authorized, 11,815,252 and 11,809,023 shares issued and outstanding at May 1, 2021 and January 30, 2021, respectively)	118	118
Additional paid-in capital	1,138,619	1,138,247
Accumulated deficit	(1,083,652)	(1,072,030)
Accumulated other comprehensive loss	(121)	(128)
Total stockholders' equity	54,964	66,207
Total liabilities and stockholders' equity	$ 325,815	$ 332,944

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	
	May 1, 2021	May 2, 2020
Net sales	$ 57,533	$ 39,018
Cost of products sold	32,050	23,018
Gross profit	25,483	16,000
Impairment of goodwill and intangible assets	—	13,848
Impairment of long-lived assets	—	13,026
Selling, general and administrative expenses	32,584	38,544
Loss from operations	(7,101)	(49,418)
Interest expense, net	1,878	1,025
Other income, net	—	(2,307)
Loss before income taxes	(8,979)	(48,136)
Provision for income taxes	2,643	42
Net loss	$ (11,622)	$ (48,178)
Other comprehensive income (loss):		
Foreign currency translation adjustments	7	(41)
Comprehensive loss	$ (11,615)	$ (48,219)
Loss per share:		
Basic loss per share	$ (0.98)	$ (4.12)
Diluted loss per share	$ (0.98)	$ (4.12)
Weighted average shares outstanding:		
Basic	11,812,710	11,693,959
Diluted	11,812,710	11,693,959

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					
	Number of Shares Outstanding	Par Value	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance as of January 30, 2021	11,809,023	$ 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 Employee Stock Purchase Plan ("ESPP")	4,832	—	49	—	—	49
Balance as of May 1, 2021	11,815,252	$ 118	$ 1,138,619	$ (1,083,652)	$ (121)	$ 54,964

	Common Stock					
	Number of Shares Outstanding	Par Value	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance as of February 1, 2020	11,680,593	$ 117	$ 1,137,147	$ (1,006,381)	$ (103)	$ 130,780
Comprehensive loss:						
Net loss	—	—	—	(48,178)	—	(48,178)
Foreign currency translation adjustment	—	—	—	—	(41)	(41)
Share-based compensation expense	—	—	541	—	—	541
Restricted stock unit vestings	127,613	1	—	—	—	1
Tax withholdings related to restricted stock vesting	(38,524)	—	(205)	—	—	(205)
Balance as of May 2, 2020	11,769,682	$ 118	$ 1,137,483	$ (1,054,559)	$ (144)	$ 82,898

See notes to unaudited condensed consolidated financial statements.

VINCE HOLDING CORP. AND SUBSIDIARIES

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

	Three Months Ended	
	May 1, 2021	May 2, 2020
Operating activities		
Net loss	$ (11,622)	$ (48,178)
Add (deduct) items not affecting operating cash flows:		
Adjustment to Tax Receivable Agreement Liability	—	(2,320)
Impairment of goodwill and intangible assets	—	13,848
Impairment of long-lived assets	—	13,026
Depreciation and amortization	1,638	1,998
Provision for bad debt	(19)	1,585
Amortization of deferred financing costs	170	133
Deferred income taxes	2,609	102
Share-based compensation expense	331	541
Capitalized PIK Interest	636	—
Changes in assets and liabilities:		
Receivables, net	5,075	22,553
Inventories	(3,509)	(959)
Prepaid expenses and other current assets	748	2,657
Accounts payable and accrued expenses	1,684	(13,136)
Other assets and liabilities	(535)	(630)
Net cash used in operating activities	(2,794)	(8,780)
Investing activities		
Payments for capital expenditures	(476)	(695)
Net cash used in investing activities	(476)	(695)
Financing activities		
Proceeds from borrowings under the Revolving Credit Facilities	63,236	81,878
Repayment of borrowings under the Revolving Credit Facilities	(62,462)	(46,001)
Tax withholdings related to restricted stock vesting	(8)	(205)
Proceeds from stock option exercises, restricted stock vesting, and issuance of common stock under employee stock purchase plan	49	1
Net cash provided by financing activities	815	35,673
(Decrease) increase in cash, cash equivalents, and restricted cash	(2,455)	26,198
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	9	(12)
Cash, cash equivalents, and restricted cash, beginning of period	3,858	646
Cash and cash equivalents, and restricted cash, end of period	1,412	26,832
Less: restricted cash at end of period	42	178
Cash and cash equivalents per balance sheet at end of period	$ 1,370	$ 26,654
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	$ 1,078	$ 951
Cash payments for income taxes, net of refunds	8	(10)
Supplemental Disclosures of Non-Cash Investing and Financing Activities		
Capital expenditures in accounts payable and accrued liabilities	80	765
Deferred financing fees in accrued liabilities	30	—

See notes to unaudited condensed consolidated financial statements.

Note 1. Description of Business and Basis of Presentation

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

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

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

On November 3, 2019, Vince, LLC, an indirectly wholly owned subsidiary of VHC, completed its acquisition (the "Acquisition") of 100% of the equity interests of Rebecca Taylor, Inc. and Parker Holding, LLC (collectively, the "Acquired Businesses") from Contemporary Lifestyle Group, LLC ("CLG"). The Acquired Businesses represented all of the operations of CLG.

(A) Description of Business: The Company is a global contemporary group, consisting of three brands: Vince, Rebecca Taylor, and Parker. Vince, established in 2002, is a leading global luxury apparel and accessories brand best known for creating elevated yet understated pieces for every day effortless style. Rebecca Taylor, founded in 1996 in New York City, is a 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. While we continue to believe that the Parker brand complements our portfolio, 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 and to preserve liquidity.

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 GAAP and the rules and regulations of the U.S. Securities and Exchange Commission ("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 30, 2021, as set forth in the 2020 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 May 1, 2021. All intercompany accounts and transactions have been eliminated. 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.

The Company considered the novel coronavirus ("COVID-19") related impacts to its estimates including the impairment of property and equipment and operating lease right-of-use ("ROU") assets, the impairment of goodwill and intangible assets, accounts receivable and inventory valuation, the liability associated with our tax receivable agreement, and the assessment of our liquidity. These estimates may change as the current situation evolves or new events occur.

(D) COVID-19: The spread of COVID-19, which was declared a pandemic by the World Health Organization in March 2020, caused state and municipal public officials to mandate jurisdiction-wide curfews, including "shelter-in-place" and closures of most non-essential businesses as well as other measures to mitigate the spread of the virus.

In light of the COVID-19 pandemic, we have taken various measures to improve our liquidity as described below. Based on these measures and our current expectations, we believe that our sources of liquidity will generate sufficient cash flows to meet our obligations during the next twelve months from the date these financial statements are issued.

The following summarizes the various measures we have implemented to effectively manage the business as well as the impacts from the COVID-19 pandemic during fiscal 2020.

- While we continued to serve our customers through our online e-commerce websites during the periods in which we were forced to shut down all of our domestic and international retail locations alongside other retailers, including our wholesale partners, the store closures resulted in a sharp decline in our revenue and ability to generate cash flows from operations. We began reopening stores during May 2020 and nearly all of the Company's stores have since reopened in a limited capacity in accordance with state and local regulations related to the COVID-19 pandemic. Other than Hawaii and the UK which re-closed for a short period and subsequently re-opened based on the local stay-at-home order, we have not been impacted by any re-closure orders or regulations.

  As a result of store closures and the decline in projected cash flows, the Company recognized a non-cash impairment charge related to property and equipment and operating lease right-of-use ("ROU") assets to adjust the carrying amounts of certain store locations to their estimated fair value. During fiscal 2020, the Company recorded an impairment of property and equipment and operating lease ROU assets of $4,470 and $8,556, respectively. The impairment charges are recorded within impairment of long-lived assets on the Consolidated Statements of Operations and Comprehensive Income (Loss). See "Note 1 – Description of Business and Summary of Significant Accounting Policies – (K) Impairment of Long-lived Assets" in the 2020 Annual Report on Form 10-K for additional information.

  The Company incurred a non-cash impairment charge of $13,848 on goodwill and intangible assets during fiscal 2020 as a result of the decline in long-term projections due to COVID-19. See Note 3 "Goodwill and Intangible Assets" in the 2020 Annual Report on Form 10-K for additional information;

- We entered into a loan agreement with Sun Capital Partners, Inc. ("Sun Capital"), who own approximately 72% of the outstanding shares of the Company's common stock (see Note 14 "Related Party Transactions" in the 2020 Annual Report on Form 10-K for further discussion regarding our relationship with Sun Capital), as well as amendments to our 2018 Term Loan Facility and our 2018 Revolving Credit Facility to provide additional liquidity and amend certain financial covenants to allow increased operational flexibility. See Note 5 "Long-Term Debt and Financing Arrangements," in the 2020 Annual Report on Form 10-K for additional information;

- Furloughed all of our retail store associates as well as a significant portion of our corporate associates during the period of store closures and reinstated a limited number of associates commensurate to the store re-openings as well as other business needs;

- Temporarily reduced retained employee salaries and suspended board retainer fees;

- Engaged in active discussions with landlords to address the current operating environment, including amending existing lease terms. See Note 12 "Leases" in the 2020 Annual Report on Form 10-K for additional information;

- Executed other operational initiatives to carefully manage our investments across all key areas, including aligning inventory levels with anticipated demand and reevaluating non-critical capital build-out and other investments and activities; and

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

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

(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 defined below) and the Company's ability to access capital markets. The Company's primary cash needs are funding working capital requirements, meeting debt service requirements, and capital expenditures for new stores and related leasehold improvements.

(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 11 "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 May 1, 2021 and January 30, 2021, the contract liability was $1,526 and $1,618, respectively. For the three months ended May 1, 2021, the Company recognized $88 of revenue that was previously included in the contract liability as of January 30, 2021.

(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 Adopted Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12: "*Income Taxes* (ASC 740): *Simplifying the Accounting for Income Taxes*." The guidance simplifies the approach for intraperiod tax allocations, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. The guidance also clarifies and simplifies other areas of ASC 740. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Early adoption is permitted. The Company adopted the guidance on January 31, 2021, the first day of fiscal 2021, which did not have a material effect on the Company's condensed consolidated financial statements.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13: "*Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*". The ASU requires an impairment model (known as the current expected credit loss ("CECL") model) that is based on expected losses rather than incurred losses. Under the new guidance, each reporting entity should estimate an allowance for expected credit losses, which is intended to result in more timely recognition of losses. The new standard applies to trade receivables arising from revenue transactions. Under ASC 606, revenue is recognized when, among other criteria, it is probable that an entity will collect the consideration it is entitled to when goods or services are transferred to a customer. When trade receivables are recorded, they become subject to the CECL model and estimates of expected credit losses on trade receivables over their contractual life will be required to be recorded at inception based on historical information, current conditions, and reasonable and supportable forecasts. This guidance is effective for smaller reporting companies for annual periods beginning after December 15, 2022, including the interim periods in the year. Early adoption is permitted. Management is currently evaluating the impact of this ASU on the consolidated financial statements.

Note 2. 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 30, 2021	$ 31,973	$ —	$ —	$ 31,973
Balance as of May 1, 2021	$ 31,973	$ —	$ —	$ 31,973

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

During the first quarter of fiscal 2020, the Company determined that a triggering event had occurred as a result of changes to the Company's long-term projections driven by the impacts of COVID-19. The Company performed an interim quantitative impairment assessment of goodwill and intangible assets.

The Company determined the fair value of the Vince wholesale reportable segment using a combination of discounted cash flows and market comparisons. "Step one" of the assessment determined that the fair value was below the carrying amount by $9,462, and as a result the Company recorded a goodwill impairment charge of $9,462 within Impairment of goodwill and intangible assets on the condensed consolidated statements of operations and comprehensive income (loss) for the three months ended May 2, 2020. There were no impairment charges for the three months ended May 1, 2021.

The following tables present a summary of identifiable intangible assets:

(in thousands)	Gross Amount	Accumulated Amortization	Accumulated Impairments	Net Book Value
Balance as of May 1, 2021				
Amortizable intangible assets:				
Customer relationships	$ 31,355	$ (21,186)	$ (6,115)	$ 4,054
Tradenames	13,100	(100)	(12,527)	473
Indefinite-lived intangible assets:				
Tradenames	110,986	—	(39,186)	71,800
Total intangible assets	$ 155,441	$ (21,286)	$ (57,828)	$ 76,327

(in thousands)	Gross Amount	Accumulated Amortization	Accumulated Impairments	Net Book Value
Balance as of January 30, 2021				
Amortizable intangible assets:				
Customer relationships	$ 31,355	$ (21,036)	$ (6,115)	$ 4,204
Tradenames	13,100	(86)	(12,527)	487
Indefinite-lived intangible assets:				
Tradenames	110,986	—	(39,186)	71,800
Total intangible assets	$ 155,441	$ (21,122)	$ (57,828)	$ 76,491

During the first quarter of fiscal 2020, the Company estimated the fair value of the Vince and Rebecca Taylor tradename indefinite-lived intangible assets using a discounted cash flow valuation analysis, which is based on the relief from royalty method and determined that the fair value of the Vince and Rebecca Taylor tradenames were below their carrying amounts. Accordingly, the Company recorded an impairment charge for the Vince and Rebecca Taylor tradename indefinite-lived intangible assets of $4,386, which was recorded within Impairment of goodwill and intangible assets on the condensed consolidated statements of operations and comprehensive income (loss) for the three months ended May 2, 2020. There were no such impairment charges for the three months ended May 1, 2021.

Amortization of identifiable intangible assets was $164 and $165 for the three months ended May 1, 2021 and May 2, 2020, respectively. The estimated amortization expense for identifiable intangible assets is $655 for each fiscal year for the next five fiscal years.

Note 3. 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 May 1, 2021 or January 30, 2021. At May 1, 2021 and January 30, 2021, 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 $87,307 as of May 1, 2021 are at variable interest rates. Borrowings under the Company's 2018 Revolving Credit Facility (as defined below) are recorded at carrying value, which approximates fair value due to the frequency nature of such borrowings and repayments. The Company considers this as a Level 2 input. The fair value of the Company's 2018 Term Loan Facility (as defined below) and the Third Lien Credit Facility (as defined below) was approximately $25,000 and $21,000, respectively, as of May 1, 2021 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 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 lease assets were the current comparable market rents for similar properties and a store discount rate. The fair value of the property and equipment was 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 three months ended May 2, 2020, based on such fair value hierarchy:

	Net Carrying Value as of	Fair Value Measured and Recorded at Reporting Date Using:			Total Losses - Three Months Ended	
(in thousands)	May 2, 2020	Level 1	Level 2	Level 3	May 2, 2020	
Property and equipment	$ 8,434	$ —	$ —	$ 8,434	$ 4,470	(1)
Goodwill	31,973	—	—	31,973	9,462	(2)
Tradenames - Indefinite-lived	71,800	—	—	71,800	4,386	(2)
ROU Assets	65,443	—	—	65,443	8,556	(1)

(1) Recorded within Impairment of long-lived assets on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). See Note 1 "Description of Business and Summary of Significant Accounting Policies – (D) COVID-19" for additional information.

(2) Recorded within Impairment of goodwill and intangible assets on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). See Note 2 "Goodwill and Intangible Assets" for additional information.

Note 4. Long-Term Debt and Financing Arrangements

Long-term debt consisted of the following:

(in thousands)	May 1, 2021	January 30, 2021
Long-term debt:		
Term Loan Facilities	$ 24,750	$ 24,750
Revolving Credit Facilities	41,173	40,399
Third Lien Credit Facility	21,384	20,748
Total debt principal	87,307	85,897
Less: current portion of long-term debt	687	—
Less: deferred financing costs	1,334	1,412
Total long-term debt	$ 85,286	$ 84,485

2018 Term Loan Facility

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

The 2018 Term Loan Facility contains a requirement that Vince, LLC maintain a Consolidated Fixed Charge Coverage Ratio (as defined in the credit agreement for the 2018 Term Loan Facility) as of the last day of any period of four fiscal quarters not to exceed 0.85:1.00 for the fiscal quarter ended November 3, 2018, 1.00:1.00 for the fiscal quarter ended February 2, 2019, 1.20:1.00 for the fiscal quarter ended May 4, 2019, 1.35:1.00 for the fiscal quarter ending August 3, 2019, 1.50:1.00 for the fiscal quarters ending November 2, 2019 and February 1, 2020 and 1.75:1.00 for the fiscal quarter ending May 2, 2020 and each fiscal quarter thereafter. In addition, the 2018 Term Loan Facility contains customary representations and warranties, other covenants, and events of default, including but not limited to, covenants with respect to limitations on the incurrence of additional indebtedness, liens, burdensome agreements, guarantees, investments, loans, asset sales, mergers, acquisitions, prepayment of other debt, the repurchase of capital stock, transactions with affiliates, and the ability to change the nature of the Company's business or its fiscal year, and distributions and dividends. The 2018 Term Loan Facility generally permits dividends to the extent that no default or event of default is continuing or would result from a contemplated dividend, so long as (i) after giving pro forma effect to the contemplated dividend and for the following six months Excess Availability will be at least the greater of 20.0% of the Loan Cap (as defined in the credit agreement for the 2018 Term Loan Facility) and $10,000, (ii) after giving pro forma effect to the contemplated dividend, the Consolidated Fixed Charge Coverage Ratio for the 12 months preceding such dividend will be greater than or equal to 1.0 to 1.0 (provided that the Consolidated Fixed Charge Coverage Ratio may be less than 1.0 to 1.0 if, after giving pro forma effect to the contemplated dividend, Excess Availability for the six fiscal months following the dividend is at least the greater of 25.0% of the Loan Cap and $12,500), and (iii) the pro forma Fixed Charge Coverage Ratio after giving effect to such contemplated dividend is no less than the minimum Consolidated Fixed Charge Coverage Ratio for such quarter. In addition, the 2018 Term Loan Facility is subject to a Borrowing Base (as defined in the credit agreement of the 2018 Term Loan Facility) which can, under certain conditions, result in the imposition of a reserve under the 2018 Revolving Credit Facility.

The 2018 Term Loan Facility also contains an Excess Cash Flow (as defined in the credit agreement for the 2018 Term Loan Facility) sweep requirement in which Vince, LLC remits 50% of Excess Cash Flow reduced on a dollar-for-dollar basis by any voluntary prepayments of the 2018 Term Loan Facility or the 2018 Revolving Credit Facility (to the extent accompanied by a permanent reduction in commitments) during such fiscal year or after the fiscal year but prior to the date of the excess cash flow payment, to be applied to the outstanding principal balance commencing 10 business days after the filing of the Company's Annual Report on Form 10-K starting from fiscal year ending February 1, 2020. There was no such payment due for the fiscal years ended January 30, 2021 and February 1, 2020.

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

On June 8, 2020, Vince, LLC entered into the Third Amendment (the "Third Term Loan Amendment") to the 2018 Term Loan Facility. The Third Term Loan Amendment, among others, (i) temporarily suspends the Consolidated Fixed Charge Coverage Ratio covenant through the delivery of a compliance certificate relating to the fiscal quarter ended July 31, 2021 (such period, the "Third Amendment Extended Accommodation Period"); (ii) requires Vince, LLC to maintain Fixed Charge Coverage Ratio of 1.0 to 1.0 in the event the excess availability under the 2018 Revolving Credit Facility is less than (x) $10,000 between September 6, 2020 and January 9, 2021 and (y) $12,500 between January 10, 2021 and January 31, 2021 and (z) $15,000 during all other times during the Third Amendment Extended Accommodation Period; (iii) revises the Fixed Charge Coverage Ratio required to be maintained following the Third Amendment Extended Accommodation Period (commencing with the fiscal month ending July 31, 2021) to be 1.50 to 1.0 for the fiscal quarter ending July 31, 2021 and 1.75 to 1.0 for each fiscal quarter thereafter; (iv) waives the amortization payments due on July 1, 2020 and October 1, 2020 (including the amortization payment due on April 1, 2020 that was previously deferred under the Second Term Loan Amendment); (v) for any fiscal four quarter period ending prior to or on October 30, 2020, increasing the cap on certain items eligible to be added back to Consolidated EBITDA to 27.5% from 22.5%; and (vi) during the Third Amendment Extended Accommodation Period, allows Vince, LLC to cure any default under the applicable Fixed Charge Coverage Ratio covenant by including any amount provided by equity or subordinated debt (which amount shall be at least $1,000) in the calculation of excess availability under the 2018 Revolving Credit Facility so that the excess availability is above the applicable threshold described above.

The Third Term Loan Amendment also (a) waives certain events of default; (b) temporarily revises the applicable margin to be 9.0% for one year after the Third Term Loan Amendment effective date (2.0% of which is to be accrued but not payable in cash until the first anniversary of the Third Term Loan Amendment effective date) and after such time and through the Third Amendment Extended Accommodation Period, 9.0% or 7.0% depending on the amount of Consolidated EBITDA; (c) increases the LIBOR floor from 0% to 1.0%; (d) eliminates the Borrower's and any loan party's ability to designate subsidiaries as unrestricted and to make certain payments, restricted payments and investments during the Third Amendment Extended Accommodation Period; (e) resets the prepayment premium to 3.0% of the prepaid amount if prepaid prior to the first anniversary of the Third Term Loan Amendment Effective Date, 1.5% of the prepaid amount if prepaid prior to the second anniversary of the Third Term Loan Amendment Effective

Date and 0% thereafter; (f) imposes a requirement to pay down the 2018 Revolving Credit Facility to the extent cash on hand exceeds $5,000 on the last day of each week; (g) permits Vince, LLC to incur up to $8,000 of additional secured debt (in addition to any interest accrued or paid in kind), to the extent subordinated to the 2018 Term Loan Facility on terms reasonably acceptable to Crystal; (h) extends the delivery periods for (x) annual financial statements for the fiscal year ended February 1, 2020 to June 15, 2020 and (y) quarterly financial statements for the fiscal quarters ended May 2, 2020 and ending August 1, 2020 to July 31, 2020 and October 29, 2020, respectively, and (i) grants ongoing relief through September 30, 2020 with respect to certain covenants regarding the payment of lease obligations.

As a result of the Third Term Loan Amendment, the Company incurred $383 of additional financing costs. In accordance with ASC Topic 470, *"Debt"*, the Company accounted for this amendment as a debt modification and recorded $233 of the financing costs paid to third parties within selling, general and administrative expenses on the condensed consolidated statement of operations and comprehensive income (loss) in fiscal 2020. The remaining $150 of financing costs were recorded as deferred debt issuance costs which will be amortized over the remaining term of the 2018 Term Loan.

On December 11, 2020, Vince, LLC entered into the Fifth Amendment (the "Fifth Term Loan Amendment") to the 2018 Term Loan Facility. The Fifth Term Loan Amendment, among other things, (i) extends the suspension of the FCCR covenant through the Extended Accommodation Period; (ii) extends the period through which the applicable margin is increased to 9.0% or 7.0%, subject to a pricing grid based on Consolidated EBITDA through the Extended Accommodation Period; (iii) extends 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 Term Loan Facility) is increased to 27.5% from 22.5%; (iv) requires Vince, LLC to maintain an FCCR of 1.0 to 1.0 in the event the excess availability under the 2018 Revolving Credit Facility is 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; (v) revises the FCCR required to be maintained commencing with the fiscal quarter ending January 29, 2022 and for each fiscal quarter thereafter to be 1.25 to 1.0; (vi) waives the amortization payments due on January 1, 2021, April 1, 2021, July 1, 2021, October 1, 2021 and January 1, 2022; (vii) permits Vince, LLC to incur the debt under the Third Lien Credit Facility (as described below); (viii) resets the prepayment premium to 3.0% of the prepaid amount if prepaid prior to the first anniversary of the Fifth Term Loan Amendment effective date, 1.5% of the prepaid amount if prepaid prior to the second anniversary of the Fifth Term Loan Amendment effective date and 0% thereafter; (ix) requires an engagement by the Company of a financial advisor from February 1, 2021 until March 31, 2021 (or until the excess availability is 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; and (x) revises the advance rate on the intellectual property to 60% of its appraised value. As of April 2021, the requirement to engage a financial advisor has been satisfied.

As a result of the Fifth Term Loan Amendment, the Company incurred $150 of additional financing costs. In accordance with ASC Topic 470, *"Debt"*, the Company accounted for this amendment as a debt modification and recorded the additional deferred financing costs as deferred debt issuance costs which will be amortized over the remaining term of the 2018 Term Loan Facility and are included in accrued liabilities on the condensed consolidated balance sheet as of May 1, 2021.

On April 26, 2021, Vince, LLC, entered into the Sixth Amendment (the "Sixth Term Loan Amendment") to the 2018 Term Loan Facility, dated August 21, 2018, by and among Vince, as the borrower, the guarantors named therein, Crystal Financial LLC, as administrative agent and collateral agent, and the other lenders from time to time party thereto.

The Sixth Term Loan Amendment, among other things, (i) extends the period during which the FCCR covenant is temporarily suspended, resuming for the fiscal quarter ending January 28, 2023 (previously, through January 29, 2022) (such period, until the delivery of the compliance certificate with respect to the fiscal quarter ending January 28, 2023, the "Sixth Amendment Extended Accommodation Period"); (ii) extends the period through which the applicable margin is increased to 9.0% or 7.0%, subject to a pricing grid based on Consolidated EBITDA through the Sixth Amendment Extended Accommodation Period, and the period for which 2% of interest is deferred through the first anniversary of the Sixth Term Loan Amendment; (iii) requires Vince to maintain an FCCR of 1.0 to 1.0 in the event the excess availability under the 2018 Revolving Credit Facility is less than $7,500 until July 31, 2021 and $10,000 after August 1, 2021 through the end of the Sixth Amendment Extended Accommodation Period; (iv) resets the prepayment premium to 3.0% of the prepaid amount if prepaid prior to the first anniversary of the Sixth Term Loan Amendment effective date, 1.5% of the prepaid amount if prepaid prior to the second anniversary of the Sixth Term Loan Amendment and none thereafter; and (v) decreases the advance rate on the eligible intellectual property to 55% from 60% as of August 1, 2021.

As of May 1, 2021, the Company was in compliance with applicable covenants. Through May 1, 2021, on an inception to date basis, the Company had made repayments totaling $2,750 in the aggregate on the 2018 Term Loan Facility. As of May 1, 2021, the Company had $24,750 of debt outstanding under the 2018 Term Loan 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. The 2018 Revolving Credit Facility matures on the earlier of August 21, 2023 and the maturity date of the 2018 Term Loan Facility. On August 21, 2018, Vince, LLC incurred $39,555 of borrowings, prior to which $66,271 was available, given the Loan Cap as of such date.

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

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

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

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

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

On June 8, 2020, Vince, LLC entered into the Third Amendment (the “Third Revolver Amendment”) to the 2018 Revolving Credit Facility. The Third Revolver Amendment, among others, increases availability under the facility’s borrowing base by (i) temporarily increasing the aggregate commitments under the 2018 Revolving Credit Facility to $110,000 through November 30, 2020 (such period, the “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) waives events of default; (b) temporarily increases the applicable margin on all borrowings of revolving loans by 0.75% per annum during the Third Amendment Accommodation Period and increases the LIBOR floor from 0% to 1.0%; (c) eliminates Vince LLC’s and any loan party’s ability to designate subsidiaries as unrestricted and to make certain payments, restricted payments and investments during the Third Amendment Extended Accommodation Period; (d) temporarily suspends the Fixed Charge Coverage Ratio covenant through the Third Amendment Extended Accommodation Period; (e) requires Vince, LLC to maintain a Fixed Charge Coverage Ratio of 1.0 to 1.0 in the event the excess availability under the 2018 Revolving Credit Facility is less than (x) $10,000 between September 6, 2020 and January 9, 2021, (y) $12,500 between January 10, 2021 and January 31, 2021 and (z) $15,000 at all other times during the Third Amendment Extended Accommodation Period; (f) imposes a requirement (y) to pay down the 2018 Revolving Credit Facility to the extent cash on hand exceeds $5,000 on the last day of each week and (z) that, after giving effect to any borrowing thereunder, Vince, LLC may have no more than $5,000 of cash on hand; (g) permits Vince, LLC to incur up to $8,000 of additional secured debt (in addition to any interest accrued or paid in kind), to the extent subordinated to the 2018 Revolving Credit Facility on terms reasonably acceptable to Citizens; (h) establishes a method for imposing a successor reference rate if LIBOR should become unavailable, (i) extends the delivery periods for (x) annual financial statements for the fiscal year ended February 1, 2020 to June 15, 2020 and (y) quarterly financial statements for the fiscal quarters ended May 2, 2020 and ending August 1, 2020 to July 31, 2020 and October 29, 2020, respectively, and (j) grants ongoing relief through September 30, 2020 with respect to certain covenants regarding the payment of lease obligations.

As a result of the Third Revolver Amendment, the Company incurred $376 of additional deferred financing costs. In accordance with ASC Topic 470, *"Debt"*, the Company accounted for this amendment as a debt modification and recorded the additional deferred financing costs as deferred debt issuance costs which will be amortized over the remaining term of the 2018 Revolving Credit Facility.

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) extends the period from November 30, 2020 to July 31, 2021 (such period, "Accommodation Period"), during which the eligibility of certain account debtors is 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) extends the period through which the applicable margin on all borrowings of revolving loans by 0.75% per annum during such Accommodation Period; (iii) extends 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) is increased to 27.5% from 22.5%; (iv) extends 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) requires Vince, LLC to maintain an FCCR of 1.0 to 1.0 in the event the excess availability under the 2018 Revolving Credit Facility is 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) permits Vince, LLC to incur the debt under the Third Lien Credit Facility (as described below); (vii) revises 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) deems the Cash Dominion Event (as defined in the 2018 Revolving Credit Facility) as triggered during the Accommodation Period; and (ix) requires an engagement by the Company of a financial advisor from February 1, 2021 until March 31, 2021 (or until the excess availability is 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 has been satisfied.

As a result of the Fifth Revolver Amendment, the Company incurred $204 of additional deferred financing costs. In accordance with ASC Topic 470, *"Debt"*, the Company accounted for this amendment as a debt modification and recorded the additional deferred financing costs as deferred debt issuance costs which will be amortized over the remaining term of the 2018 Revolving Credit Facility. $100 of financing costs are included in accrued liabilities on the condensed consolidated balance sheet as of May 1, 2021.

On April 26, 2021, concurrently with the Sixth Term Loan Amendment, the Company entered into the Sixth Amendment (the "Sixth Revolver Amendment") to the 2018 Revolving Credit Facility. The Sixth Revolver Amendment, among other things, consents to the Sixth Term Loan Amendment and amends certain definitions to reflect the Sixth Term Loan Amendment.

As of May 1, 2021, the Company was in compliance with applicable covenants. As of May 1, 2021, $27,356 was available under the 2018 Revolving Credit Facility, net of the loan cap, and there were $41,173 of borrowings outstanding and $5,253 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 May 1, 2021 was 3.8%.

Third Lien Credit Agreement

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, SK Financial Services, LLC ("SK Financial"), as agent, and other lenders from time to time party thereto. The Third Lien Credit Facility matures on the earlier of (a) February 21, 2024, (b) the date that is 360 days after the "Maturity Date" under the 2018 Revolving Credit Facility so long as the loans under the 2018 Term Loan Facility remain outstanding and (c) 180 days after the "Maturity Date" under the 2018 Term Loan Facility and the 2018 Revolving Credit Facility.

SK Financial is an affiliate of Sun Capital, whose affiliates own approximately 72% 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 are substantially similar to those under the 2018 Term Loan Facility, except the Third Lien Credit Facility does not contain any financial covenant.

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 Holding, LLC 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 Holding, LLC, 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.

Note 5. Inventory

Inventories consisted of finished goods. As of May 1, 2021 and January 30, 2021, finished goods, net of reserves were $71,745 and $68,226, respectively.

Note 6. 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 May 1, 2021, there were 1,405,011 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 expense for the difference between the fair market value and the discounted purchase price of the Company's Stock. During the three months ended May 1, 2021, 4,832 shares of common stock were issued under the ESPP. During the three months ended May 2, 2020, no shares of common stock were issued under the ESPP. As of May 1, 2021, there were 77,279 shares available for future issuance under the ESPP.

Stock Options

A summary of stock option activity for both employees and non-employees for the three months ended May 1, 2021 is as follows:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 30, 2021	58	$ 38.77	4.7	$ —
Granted	—	$ —		
Exercised	—	$ —		
Forfeited or expired	—	$ —		
Outstanding at May 1, 2021	58	$ 38.77	4.4	$ —
Vested and exercisable at May 1, 2021	58	$ 38.77	4.4	$ —

Restricted Stock Units

A summary of restricted stock unit activity for the three months ended May 1, 2021 is as follows:

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Non-vested restricted stock units at January 30, 2021	369,621	$ 9.59
Granted	50,750	$ 11.30
Vested	(90,193)	$ 9.81
Forfeited	(10,438)	$ 9.63
Non-vested restricted stock units at May 1, 2021	319,740	$ 9.79

Share-Based Compensation Expense

The Company recognized share-based compensation expense of $331 and $541, including expense of $63 and $51, respectively, related to non-employees, during the three months ended May 1, 2021 and May 2, 2020, respectively.

Note 7. Earnings Per Share

Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Except when the effect would be anti-dilutive, diluted earnings (loss) per share is calculated based on the weighted average number of shares of common stock outstanding plus the dilutive effect of share-based awards calculated under the treasury stock method. In periods when we have a net loss, share-based awards are excluded from our 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	
	May 1, 2021	May 2, 2020
Weighted-average shares—basic	11,812,710	11,693,959
Effect of dilutive equity securities	—	—
Weighted-average shares—diluted	11,812,710	11,693,959

Because the Company incurred a net loss for the three months ended May 1, 2021 and May 2, 2020, weighted-average basic shares and weighted-average diluted shares outstanding are equal for the periods.

Note 8. Commitments and Contingencies

Litigation

On September 7, 2018, a complaint was filed in the United States District Court for the Eastern District of New York by certain stockholders (collectively, the "Plaintiff"), naming the Company as well as David Stefko, the Company's Chief Financial Officer, one of the Company's directors, certain of the Company's former officers and directors, and Sun Capital and certain of its affiliates, as defendants. The complaint generally alleges that the Company and the named parties made false and/or misleading statements and/or failed to disclose matters relating to the transition of the Company's ERP systems from Kellwood. The complaint brings causes of action for violations of Section 10(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rule 10b-5 promulgated under the Exchange Act against the Company and the named parties and for violations of Section 20(a) of the Exchange Act against the individual parties, Sun Capital and its affiliates. The complaint sought unspecified monetary damages and unspecified costs and fees. On January 28, 2019, in response to our motion to dismiss the original complaint, the Plaintiff filed an amended complaint, naming the same defendants as parties and asserting the same causes of action as those stated in the original complaint. On October 4, 2019, an individual stockholder filed a complaint marked as a related suit to the amended complaint, containing substantially identical allegations and claims against the same defendant parties. On September 9, 2020, the two complaints were dismissed in their entirety and the Plaintiff's request for leave to replead was denied. On October 6, 2020, the Plaintiff filed notices of appeal. The appeals are pending.

Additionally, the Company is a party to other 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 9. 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 which are recorded in the period that they occur. The estimated annual effective tax rate was (29.4)% as of the first quarter of fiscal 2021, as compared to (0.1)% for the same period in fiscal 2020. In first quarter of fiscal 2021, the Company's effective tax rate 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 below, as well as state and foreign taxes partially offset by the impact of valuation allowance established against additional deferred tax assets. In first quarter of fiscal 2020, the Company's effective tax rate differs from the U.S. statutory rate primarily due to the impact of the valuation allowance established against additional deferred tax assets partly offset by state and foreign taxes.

The provision for income taxes of $2,643 for the three months ended May 1, 2021 primarily represents 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. Additionally, the provision for income taxes for the three months ended May 1, 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.

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 other deferred tax assets will be realized.

Note 10. Leases

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

Operating lease 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.

As a result of COVID-19, the Company did not initially make certain rent payments in fiscal 2020. The Company has recognized any rent payments not made within accounts payable in the accompanying condensed consolidated balance sheet and has continued to recognize rent expense in the condensed consolidated statements of operations and comprehensive income (loss). As a result of discussions with landlords and amendments to existing lease terms, the Company has since made rent payments for the majority of its leases. The Company considered the FASB's recent guidance regarding lease modifications as a result of the effects of COVID-19 and elected to apply the temporary practical expedient to account for lease changes as variable rent unless an amendment results in a substantial change in the Company's lease obligations, which in those circumstances the Company accounted for such lease change as a lease modification.

Total lease cost is included in cost of sales and SG&A 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 three months ended May 1, 2021 and May 2, 2020. The Company's lease cost is comprised of the following:

	Three Months Ended	
(in thousands)	May 1, 2021	May 2, 2020
Operating lease cost	$ 6,274	$ 6,488
Variable operating lease cost	142	33
Total lease cost	$ 6,416	$ 6,521

During the three months ended May 2, 2020, the Company recorded right-of-use assets impairment of approximately $8,556. There was no such impairment for the three months ended May 1, 2021.

As of May 1, 2021, the future maturity of lease liabilities are as follows:

(in thousands)	May 1, 2021
Fiscal 2021	$ 22,343
Fiscal 2022	28,484
Fiscal 2023	26,268
Fiscal 2024	24,186
Fiscal 2025	14,863
Thereafter	22,658
Total lease payments	138,802
Less: Imputed interest	(21,263)
Total operating lease liabilities	$ 117,539

The operating lease payments do not include any renewal options as such leases are not reasonably certain of being renewed as of May 1, 2021 and does not include $4,665 of legally binding minimum lease payments of leases signed but not yet commenced.

Note 11. 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 business 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 business Rebecca Taylor RNTD.

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 30, 2021 included in the 2020 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.

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
Three Months Ended May 1, 2021					
Net Sales (1)	$ 26,799	$ 23,932	$ 6,802	$ —	$ 57,533
Income (loss) before income taxes	7,497	(327)	(3,263)	(12,886)	(8,979)
Three Months Ended May 2, 2020					
Net Sales (2)	$ 10,693	$ 18,085	$ 10,240	$ —	$ 39,018
Income (loss) before income taxes (3) (4) (5)	(591)	(16,859)	(6,152)	(24,534)	(48,136)

(in thousands)	Vince Wholesale	Vince Direct-to-consumer	Rebecca Taylor and Parker	Unallocated Corporate	Total
May 1, 2021					
Total Assets	$ 63,302	$ 103,555	$ 39,042	$ 119,916	$ 325,815
January 30, 2021					
Total Assets	$ 66,816	$ 104,784	$ 39,514	$ 121,830	$ 332,944

(1) Net sales for the Rebecca Taylor and Parker reportable segment for the three months ended May 1, 2021 consisted of $4,535 through wholesale distribution channels and $2,267 through direct-to-consumer distribution channels, respectively.

(2) Net sales for the Rebecca Taylor and Parker reportable segment for the three months ended May 2, 2020 consisted of $7,158 through wholesale distribution channels and $3,082 through direct-to-consumer distribution channels, respectively.

(3) Vince Direct-to-consumer reportable segment includes a non-cash impairment charge of $11,725 related to property and equipment and ROU assets for the three months ended May 2, 2020.

(4) Rebecca Taylor and Parker reportable segment includes non-cash impairment charges of $1,687, of which $386 is related to the Rebecca Taylor tradename and $1,301 is related to property and equipment and ROU assets for the three months ended May 2, 2020.

(5) Unallocated Corporate includes a benefit from the re-measurement of the liability related to the Tax Receivable Agreement of $2,320 and non-cash impairment charges of $13,462, of which $9,462 is related to goodwill and $4,000 is related to the Vince tradename for the three months ended May 2, 2020.

Note 12. 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 approximately 72% 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 4 "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 NOLs and tax credits) prior to the Restructuring Transactions consummated in connection with the Company's IPO and will generate certain section 197 intangible deductions (the "Pre-IPO Tax Benefits"), which would reduce the actual liability for taxes that the Company might otherwise be required to pay. The Tax Receivable Agreement provides for payments to the Pre-IPO Stockholders in an amount equal to 85% of the aggregate reduction in taxes payable realized by the Company and its subsidiaries from the utilization of the Pre-IPO Tax Benefits (the "Net Tax Benefit").

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

During the first quarter of fiscal 2020, the obligation under the Tax Receivable Agreement was adjusted as a result of changes in the levels of projected pre-tax income, primarily as a result of COVID-19. The adjustment resulted in a net decrease of $2,320 to the liability under the Tax Receivable Agreement with the corresponding adjustment accounted for within Other (income) expense, net on the consolidated statements of operations and comprehensive income (loss). As of May 1, 2021, 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 May 1, 2021 and May 2, 2020, the Company incurred expenses of $2 and $0, 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.

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

On November 3, 2019, Vince, LLC, an indirectly wholly owned subsidiary of VHC, completed its acquisition (the "Acquisition") of 100% of the equity interests of Rebecca Taylor, Inc. and Parker Holding, LLC (collectively, the "Acquired Businesses") from Contemporary Lifestyle Group, LLC ("CLG").

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 2020 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, caused state and municipal public officials to mandate jurisdiction-wide curfews, including "shelter-in-place" and closures of most non-essential businesses as well as other measures to mitigate the spread of the virus.

The following summarizes the various measures we have implemented to effectively manage the business as well as the impacts from the COVID-19 pandemic during fiscal 2020.

- While we continued to serve our customers through our online e-commerce websites during the periods in which we were forced to shut down all of our domestic and international retail locations alongside other retailers, including our wholesale partners, the store closures resulted in a sharp decline in our revenue and ability to generate cash flows from operations. We began reopening stores during May 2020 and nearly all of the Company's stores have since reopened in a limited capacity in accordance with state and local regulations related to the COVID-19 pandemic. Other than Hawaii and the UK which re-closed for a short period and subsequently re-opened based on the local stay-at-home order, we have not been impacted by any re-closure orders or regulations.

  As a result of store closures and the decline in projected cash flows, the Company recognized a non-cash impairment charge related to property and equipment and operating lease right-of-use ("ROU") assets to adjust the carrying amounts of certain store locations to their estimated fair value. During the year ended January 30, 2021, the Company recorded an impairment of property and equipment and operating lease ROU assets of $4,470 and $8,556, respectively. The impairment charges are recorded within Impairment of long-lived assets on the Consolidated Statements of Operations and Comprehensive Income (Loss) in this Annual Report. See Note 1 "Description of Business and Summary of Significant Accounting Policies – (K) Impairment of Long-lived Assets" to the Consolidated Financial Statements in the 2020 Annual Report on Form 10-K for additional information.

  The Company incurred a non-cash impairment charge of $13,848 on goodwill and intangible assets during fiscal 2020 as a result of the decline in long-term projections due to COVID-19. See Note 3 "Goodwill and Intangible Assets" to the Consolidated Financial Statements in the 2020 Annual Report on Form 10-K for additional information;

- We entered into a loan agreement with Sun Capital Partners, Inc. who own approximately 72% of the outstanding shares of the Company's common stock (see Note 14 "Related Party Transactions" to the Consolidated Financial Statements in the 2020 Annual Report on Form 10-K for further discussion regarding our relationship with Sun Capital), as well as amendments to our 2018 Term Loan Facility and our 2018 Revolving Credit Facility to provide additional liquidity and amend certain financial covenants to allow increased operational flexibility. See Note 5 "Long-Term Debt and Financing Arrangements" to the Consolidated Financial Statements in the 2020 Annual Report on Form 10-K for additional information;

- Furloughed all of our retail store associates as well as a significant portion of our corporate associates during the period of store closures and reinstated a limited number of associates commensurate to the store re-openings as well as other business needs;

- Temporarily reduced retained employee salaries and suspended board retainer fees;
- Engaged in active discussions with landlords to address the current operating environment, including amending existing lease terms. See Note 12 "Leases" to the Consolidated Financial Statements in the 2020 Annual Report on Form 10-K for additional information;
- Executed other operational initiatives to carefully manage our investments across all key areas, including aligning inventory levels with anticipated demand and reevaluating non-critical capital build-out and other investments and activities; and
- Streamlined our expense structure in all areas such as marketing, distribution, and product development to align with the business environment and sales opportunities.

The COVID-19 pandemic remains highly volatile and continues to evolve on a daily basis. See Item 1A. Risk Factors in the 2020 Annual Report on Form 10-K — "*Risks Related to Our Business and Industry — The COVID-19 pandemic has adversely affected, and is expected to continue to adversely affect, our business, financial condition, cash flow, liquidity and results of operations*" for additional discussion regarding risks to our business associated with the COVID-19 pandemic.

Executive Overview

We are a global contemporary group, consisting of three brands: Vince, Rebecca Taylor and Parker.

Vince, established in 2002, is a leading global luxury apparel and accessories brand best known for creating elevated yet understated pieces for every day effortless style. Known for its range of luxury products, Vince offers women's and men's ready-to-wear, footwear and accessories through 48 full-price retail stores, 15 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 six full-price retail stores, three 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.

Parker, founded in 2008 in New York City, is a contemporary women's fashion brand that is trend focused. While we continue to believe that the Parker brand complements our portfolio, 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 and to preserve liquidity. 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.

As a result of the extensive temporary store closures due to the COVID-19 pandemic, comparable sales are not a meaningful metric for the three months ended May 1, 2021 and May 2, 2020 and we have not included a discussion within our Results of Operations.

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					
	May 1, 2021			May 2, 2020		
		Amount	% of Net Sales		Amount	% of Net Sales
(in thousands, except per share data and percentages)						
Statements of Operations:						
Net sales	$	57,533	100.0%	$	39,018	100.0%
Cost of products sold		32,050	55.7%		23,018	59.0%
Gross profit		25,483	44.3%		16,000	41.0%
Impairment of goodwill and intangible assets		—	0.0%		13,848	35.5%
Impairment of long-lived assets		—	0.0%		13,026	33.4%
Selling, general and administrative expenses		32,584	56.6%		38,544	98.8%
Loss from operations		(7,101)	(12.3)%		(49,418)	(126.7)%
Interest expense, net		1,878	3.3%		1,025	2.6%
Other income, net		—	0.0%		(2,307)	(5.9)%
Loss before income taxes		(8,979)	(15.6)%		(48,136)	(123.4)%
Provision for income taxes		2,643	4.6%		42	0.1%
Net loss	$	(11,622)	(20.2)%	$	(48,178)	(123.5)%
Loss per share:						
Basic loss per share	$	(0.98)		$	(4.12)	
Diluted loss per share	$	(0.98)		$	(4.12)	

Three Months Ended May 1, 2021 Compared to Three Months Ended May 2, 2020

Net sales for the three months ended May 1, 2021 were $57,533, increasing $18,515, or 47.5%, versus $39,018 for the three months ended May 2, 2020.

Gross profit increased 59.3% to $25,483 for the three months ended May 1, 2021 from $16,000 in the prior year first quarter. As a percentage of sales, gross margin was 44.3%, compared with 41.0% in the prior year first quarter. The total gross margin rate increase was primarily driven by the following factors:

- The favorable impact of year-over-year adjustments to inventory reserves contributed positively by approximately 500 basis points as the prior year reflected higher inventory reserves related to the risk associated with the impact of COVID-19; which was partly offset by
- The unfavorable impact in channel mix which contributed negatively by approximately 200 basis points.

Impairment of goodwill and intangible assets for the three months ended May 2, 2020 was $13,848 which includes impairment of $9,462 related to goodwill and $4,386 related to indefinite-lived tradenames.

Impairment of long-lived assets for the three months ended May 2, 2020 was $13,026 which includes impairment of $4,470 related to property and equipment and $8,556 related to operating lease ROU assets.

Selling, general and administrative ("SG&A") expenses for the three months ended May 1, 2021 were $32,584, decreasing $5,960, or 15.5%, versus $38,544 for the three months ended May 2, 2020. SG&A expenses as a percentage of sales were 56.6% and 98.8% for the three months ended May 1, 2021 and May 2, 2020, respectively. The change in SG&A expenses compared to the prior fiscal year period was primarily due to:

- $2,249 of decreased consulting and other third-party costs primarily due to a reduction in strategic consulting costs;
- $1,511 of decreased bad debt expense as higher expense in the prior year was related to the risk associated with our ability to collect outstanding receivables from our customers as a result of COVID-19;
- $967 of decreased compensation and benefits, primarily due to reduced headcount and reduced share-based compensation expense; and
- $678 of decreased marketing and advertising costs.

Interest expense, net increased $853, or 83.2%, to $1,878 in the three months ended May 1, 2021 from $1,025 in the three months ended May 2, 2020 due to higher interest rates and composition of debt.

Other income, net in the three months ended May 2, 2020 was primarily attributable to a $2,320 benefit recorded in the prior year from re-measurement of the liability related to the Tax Receivable Agreement. See Note 12 "Related Party Transactions" to the condensed consolidated financial statements in this Quarterly Report for further information.

Provision for income taxes for the three months ended May 1, 2021 was $2,643 as compared to $42 for the three months ended May 2, 2020. Our effective tax rate for the three months ended May 1, 2021 and May 2, 2020 was (29.4)% and (0.1)%, respectively. The effective tax rate for the three months ended May 1, 2021 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 as well as state and foreign taxes partially offset by the impact of the valuation allowance established against additional deferred tax assets. See Note 9 "Income Taxes" to the condensed consolidated financial statements in this Quarterly Report for further information. The effective tax rate for the three months ended May 2, 2020 differed from the U.S. statutory rate of 21% primarily due to the impact of the valuation allowance established against our deferred tax assets partly offset by state and foreign taxes.

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 business 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 business Rebecca Taylor RNTD.

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.

	Three Months Ended	
(in thousands)	**May 1, 2021**	**May 2, 2020**
Net Sales:		
Vince Wholesale	$ 26,799	$ 10,693
Vince Direct-to-consumer	23,932	18,085
Rebecca Taylor and Parker	6,802	10,240
Total net sales	$ 57,533	$ 39,018
Income (loss) from operations:		
Vince Wholesale	$ 7,497	$ (591)
Vince Direct-to-consumer	(327)	(16,859)
Rebecca Taylor and Parker	(3,263)	(6,139)
Subtotal	3,907	(23,589)
Unallocated corporate	(11,008)	(25,829)
Total loss from operations	$ (7,101)	$ (49,418)

Vince Wholesale

	Three Months Ended		
(in thousands)	**May 1, 2021**	**May 2, 2020**	**$ Change**
Net sales	$ 26,799	$ 10,693	$ 16,106
Income (loss) from operations	7,497	(591)	8,088

Net sales from our Vince Wholesale segment increased $16,106, or 150.6%, to $26,799 in the three months ended May 1, 2021 from $10,693 in the three months ended May 2, 2020, primarily due to higher shipments as the prior year reflected the delay and cancellation of order receipts as a result of the temporary closure of our wholesale partner's doors due to COVID-19.

Income from operations from our Vince Wholesale segment increased $8,088, or over 100%, to $7,497 in the three months ended May 1, 2021 from a loss of $591 in the three months ended May 2, 2020 primarily due to higher net sales as noted above and lower adjustments to inventory and accounts receivable reserves.

Vince Direct-to-consumer

	Three Months Ended		
(in thousands)	**May 1, 2021**	**May 2, 2020**	**$ Change**
Net sales	$ 23,932	$ 18,085	$ 5,847
Loss from operations	(327)	(16,859)	16,532

Net sales from our Vince Direct-to-consumer segment increased $5,847, or 32.3%, to $23,932 in the three months ended May 1, 2021 from $18,085 in the three months ended May 2, 2020. The increase in sales was primarily due to increased traffic as the prior year reflected the temporary store closures of our domestic and international retail locations due to COVID-19. Since May 2, 2020, our total retail store count remains unchanged at 63 (consisting of 48 full price stores and 15 outlet stores) as of May 1, 2021, compared to 63 (consisting of 49 full price stores and 14 outlet stores) as of May 2, 2020.

Our Vince Direct-to-consumer segment had a loss from operations of $327 in the three months ended May 1, 2021 compared to $16,859 in the three months ended May 2, 2020. The loss from operations in the prior year included a non-cash impairment charge of $11,725 related to property and equipment and operating lease ROU assets. The remaining decrease in loss from operations was primarily driven by higher net sales as noted above.

Rebecca Taylor and Parker

	Three Months Ended		
(in thousands)	**May 1, 2021**	**May 2, 2020**	**$ Change**
Net sales	$ 6,802	$ 10,240	$ (3,438)
Loss from operations	(3,263)	(6,139)	2,876

Net sales from our Rebecca Taylor and Parker segment decreased $3,438, or 33.6%, to $6,802 in the three months ended May 1, 2021 from $10,240 in the three months ended May 2, 2020 primarily due to a $2,623 decrease in wholesale sales, primarily due to our pause in the development of new product for the Parker brand, and a $815 decrease in the direct-to-consumer channels primarily due to reduced e-commerce traffic resulting from our strategic decisions to refresh the Rebecca Taylor brand.

Loss from operations from our Rebecca Taylor and Parker segment decreased $2,876, or 46.8%, to $3,263 in the three months ended May 1, 2021 from $6,139 in the three months ended May 2, 2020. The decrease was primarily driven by reduced SG&A expenses, partly offset by the decrease in sales, as noted above. Additionally, the loss from operations in the prior year included a non-cash impairment charge of $1,687 related to indefinite lived intangible assets, property and equipment and operating lease ROU assets.

Liquidity and Capital Resources

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

Operating Activities

(in thousands)	Three Months Ended May 1, 2021	Three Months Ended May 2, 2020
Operating activities		
Net loss	$ (11,622)	$ (48,178)
Add (deduct) items not affecting operating cash flows:		
Adjustment to Tax Receivable Agreement Liability	—	(2,320)
Impairment of goodwill and intangible assets	—	13,848
Impairment of long-lived assets	—	13,026
Depreciation and amortization	1,638	1,998
Provision for bad debt	(19)	1,585
Amortization of deferred financing costs	170	133
Deferred income taxes	2,609	102
Share-based compensation expense	331	541
Capitalized PIK Interest	636	—
Changes in assets and liabilities:		
Receivables, net	5,075	22,553
Inventories	(3,509)	(959)
Prepaid expenses and other current assets	748	2,657
Accounts payable and accrued expenses	1,684	(13,136)
Other assets and liabilities	(535)	(630)
Net cash used in operating activities	$ (2,794)	$ (8,780)

Net cash used in operating activities during the three months ended May 1, 2021 was $2,794, which consisted of a net loss of $11,622, impacted by non-cash items of $5,365 and cash provided by working capital of $3,463. Net cash provided by working capital primarily resulted from a cash inflow of $5,075 in receivables, net primarily driven by the timing of collections, a cash inflow in accounts payable and accrued expenses of $1,684 primarily due to the timing of payments to vendors, partly offset by a cash outflow in inventory of $3,509 primarily due to the timing of receipts.

Net cash used in operating activities during the three months ended May 2, 2020 was $8,780, which consisted of a net loss of $48,178, impacted by non-cash items of $28,913 and cash provided by working capital of $10,485. Net cash provided by working capital primarily resulted from a cash inflow of $22,553 in receivables, net primarily driven by the timing of collections, offset by a cash outflow in accounts payable and accrued expenses of $13,136 primarily due to the timing of payments to vendors.

Investing Activities

(in thousands)	Three Months Ended May 1, 2021	Three Months Ended May 2, 2020
Investing activities		
Payments for capital expenditures	$ (476)	$ (695)
Net cash used in investing activities	$ (476)	$ (695)

Net cash used in investing activities of $476 during the three months ended May 1, 2021 represents capital expenditures primarily related to the investment in our information technology systems and retail store buildouts, including leasehold improvements and store fixtures.

Net cash used in investing activities of $695 during the three months ended May 2, 2020 represents capital expenditures primarily related to the investment in our retail store buildouts, including leasehold improvements and store fixtures.

Financing Activities

	Three Months Ended	
(in thousands)	**May 1, 2021**	**May 2, 2020**
Financing activities		
Proceeds from borrowings under the Revolving Credit Facilities	$ 63,236	$ 81,878
Repayment of borrowings under the Revolving Credit Facilities	(62,462)	(46,001)
Tax withholdings related to restricted stock vesting	(8)	(205)
Proceeds from stock option exercises, restricted stock vesting, and issuance of common stock under employee stock purchase plan	49	1
Net cash provided by financing activities	$ 815	$ 35,673

Net cash provided by financing activities was $815 during the three months ended May 1, 2021, primarily consisting of $774 of net proceeds from borrowings under the 2018 Revolving Credit Facility.

Net cash provided by financing activities was $35,673 during the three months ended May 2, 2020, primarily consisting of $35,877 of net proceeds from borrowings under our 2018 Revolving Credit Facility.

2018 Term Loan Facility

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

The 2018 Term Loan Facility contains a requirement that Vince, LLC maintain a Consolidated Fixed Charge Coverage Ratio (as defined in the credit agreement for the 2018 Term Loan Facility) as of the last day of any period of four fiscal quarters not to exceed 0.85:1.00 for the fiscal quarter ended November 3, 2018, 1.00:1.00 for the fiscal quarter ended February 2, 2019, 1.20:1.00 for the fiscal quarter ended May 4, 2019, 1.35:1.00 for the fiscal quarter ending August 3, 2019, 1.50:1.00 for the fiscal quarters ending November 2, 2019 and February 1, 2020 and 1.75:1.00 for the fiscal quarter ending May 2, 2020 and each fiscal quarter thereafter. In addition, the 2018 Term Loan Facility contains customary representations and warranties, other covenants, and events of default, including but not limited to, covenants with respect to limitations on the incurrence of additional indebtedness, liens, burdensome agreements, guarantees, investments, loans, asset sales, mergers, acquisitions, prepayment of other debt, the repurchase of capital stock, transactions with affiliates, and the ability to change the nature of the Company’s business or its fiscal year, and distributions and dividends. The 2018 Term Loan Facility generally permits dividends to the extent that no default or event of default is continuing or would result from a contemplated dividend, so long as (i) after giving pro forma effect to the contemplated dividend and for the following six months Excess Availability will be at least the greater of 20.0% of the Loan Cap (as defined in the credit agreement for the 2018 Term Loan Facility) and $10,000, (ii) after giving pro forma effect to the contemplated dividend, the Consolidated Fixed Charge Coverage Ratio for the 12 months preceding such dividend will be greater than or equal to 1.0 to 1.0 (provided that the Consolidated Fixed Charge Coverage Ratio may be less than 1.0 to 1.0 if, after giving pro forma effect to the contemplated dividend, Excess Availability for the six fiscal months following the dividend is at least the greater of 25.0% of the Loan Cap and $12,500), and (iii) the pro forma Fixed Charge Coverage Ratio after giving effect to such contemplated dividend is no less than the minimum Consolidated Fixed Charge Coverage Ratio for such quarter. In addition, the 2018 Term Loan Facility is subject to a Borrowing Base (as defined in the credit agreement of the 2018 Term Loan Facility) which can, under certain conditions, result in the imposition of a reserve under the 2018 Revolving Credit Facility.

The 2018 Term Loan Facility also contains an Excess Cash Flow (as defined in the credit agreement for the 2018 Term Loan Facility) sweep requirement in which Vince, LLC remits 50% of Excess Cash Flow reduced on a dollar-for-dollar basis by any voluntary prepayments of the 2018 Term Loan Facility or the 2018 Revolving Credit Facility (to the extent accompanied by a permanent reduction in commitments) during such fiscal year or after the fiscal year but prior to the date of the excess cash flow payment, to be applied to the outstanding principal balance commencing 10 business days after the filing of the Company’s Annual Report on Form 10-K starting from fiscal year ending February 1, 2020. There was no such payment due for the fiscal years ended January 30, 2021 and February 1, 2020.

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

On June 8, 2020, Vince, LLC entered into the Third Amendment (the "Third Term Loan Amendment") to the 2018 Term Loan Facility. The Third Term Loan Amendment, among others, (i) temporarily suspends the Consolidated Fixed Charge Coverage Ratio covenant through the delivery of a compliance certificate relating to the fiscal quarter ended July 31, 2021 (such period, the "Third Amendment Extended Accommodation Period"); (ii) requires Vince, LLC to maintain Fixed Charge Coverage Ratio of 1.0 to 1.0 in the event the excess availability under the 2018 Revolving Credit Facility is less than (x) $10,000 between September 6, 2020 and January 9, 2021 and (y) $12,500 between January 10, 2021 and January 31, 2021 and (z) $15,000 during all other times during the Third Amendment Extended Accommodation Period; (iii) revises the Fixed Charge Coverage Ratio required to be maintained following the Third Amendment Extended Accommodation Period (commencing with the fiscal month ending July 31, 2021) to be 1.50 to 1.0 for the fiscal quarter ending July 31, 2021 and 1.75 to 1.0 for each fiscal quarter thereafter; (iv) waives the amortization payments due on July 1, 2020 and October 1, 2020 (including the amortization payment due on April 1, 2020 that was previously deferred under the Second Term Loan Amendment); (v) for any fiscal four quarter period ending prior to or on October 30, 2020, increasing the cap on certain items eligible to be added back to Consolidated EBITDA to 27.5% from 22.5%; and (vi) during the Third Amendment Extended Accommodation Period, allows Vince, LLC to cure any default under the applicable Fixed Charge Coverage Ratio covenant by including any amount provided by equity or subordinated debt (which amount shall be at least $1,000) in the calculation of excess availability under the 2018 Revolving Credit Facility so that the excess availability is above the applicable threshold described above.

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

As a result of the Third Term Loan Amendment, the Company incurred $383 of additional financing costs. In accordance with ASC Topic 470, *"Debt"*, the Company accounted for this amendment as a debt modification and recorded $233 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) in fiscal 2020. The remaining $150 of financing costs are recorded as deferred debt issuance costs which will be amortized over the remaining term of the 2018 Term Loan Facility.

On December 11, 2020, Vince, LLC entered into the Fifth Amendment (the "Fifth Term Loan Amendment") to the 2018 Term Loan Facility. The Fifth Term Loan Amendment, among other things, (i) extends the suspension of the FCCR covenant through the Extended Accommodation Period; (ii) extends the period through which the applicable margin is increased to 9.0% or 7.0%, subject to a pricing grid based on Consolidated EBITDA through the Extended Accommodation Period; (iii) extends 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 Term Loan Facility) is increased to 27.5% from 22.5%; (iv) requires Vince, LLC to maintain an FCCR of 1.0 to 1.0 in the event the excess availability under the 2018 Revolving Credit Facility is 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; (v) revises the FCCR required to be maintained commencing with the fiscal quarter ending January 29, 2022 and for each fiscal quarter thereafter to be 1.25 to 1.0; (vi) waives the amortization payments due on January 1, 2021, April 1, 2021, July 1, 2021, October 1, 2021 and January 1, 2022; (vii) permits Vince, LLC to incur the debt under the Third Lien Credit Facility (as described below); (viii) resets the prepayment premium to 3.0% of the prepaid amount if prepaid prior to the first anniversary of the Fifth Term Loan Amendment effective date, 1.5% of the prepaid amount if prepaid prior to the second anniversary of the Fifth Term Loan Amendment effective date and 0% thereafter; (ix) requires an engagement by the Company of a financial advisor from February 1, 2021 until March 31, 2021 (or until the excess availability is 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; and (x) revises the advance rate on the intellectual property to 60% of its appraised value. As of April 2021, the requirement to engage a financial advisor has been satisfied.

As a result of the Fifth Term Loan Amendment, the Company incurred $150 of additional financing costs. In accordance with ASC Topic 470, *"Debt"*, the Company accounted for this amendment as a debt modification and recorded the additional deferred financing costs as deferred debt issuance costs which will be amortized over the remaining term of the 2018 Term Loan Facility and are included in accrued liabilities on the condensed consolidated balance sheet as of May 1, 2021.

On April 26, 2021, Vince, LLC, entered into the Sixth Amendment (the "Sixth Term Loan Amendment") to the 2018 Term Loan Facility, dated August 21, 2018, by and among Vince, as the borrower, the guarantors named therein, Crystal Financial LLC, as administrative agent and collateral agent, and the other lenders from time to time party thereto.

The Sixth Term Loan Amendment, among other things, (i) extends the period during which the FCCR covenant is temporarily suspended, resuming for the fiscal quarter ending January 28, 2023 (previously, through January 29, 2022) (such period, until the delivery of the compliance certificate with respect to the fiscal quarter ending January 28, 2023, the "Sixth Amendment Extended Accommodation Period"); (ii) extends the period through which the applicable margin is increased to 9.0% or 7.0%, subject to a pricing grid based on Consolidated EBITDA through the Sixth Amendment Extended Accommodation Period, and the period for which 2% of interest is deferred through the first anniversary of the Sixth Term Loan Amendment; (iii) requires Vince to maintain an FCCR of 1.0 to 1.0 in the event the excess availability under the 2018 Revolving Credit Facility is less than $7,500 until July 31, 2021 and $10,000 after August 1, 2021 through the end of the Sixth Amendment Extended Accommodation Period; (iv) resets the prepayment premium to 3.0% of the prepaid amount if prepaid prior to the first anniversary of the Sixth Term Loan Amendment effective date, 1.5% of the prepaid amount if prepaid prior to the second anniversary of the Sixth Term Loan Amendment and none thereafter; and (v) decreases the advance rate on the eligible intellectual property to 55% from 60% as of August 1, 2021.

As of May 1, 2021, the Company was in compliance with applicable covenants. Through May 1, 2021, on an inception to date basis, the Company had made repayments totaling $2,750 in the aggregate on the 2018 Term Loan Facility. As of May 1, 2021, the Company had $24,750 of debt outstanding under the 2018 Term Loan 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. The 2018 Revolving Credit Facility matures on the earlier of August 21, 2023 and the maturity date of the 2018 Term Loan Facility. On August 21, 2018, Vince, LLC incurred $39,555 of borrowings, prior to which $66,271 was available, given the Loan Cap as of such date.

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

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

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

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

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

On June 8, 2020, Vince, LLC entered into the Third Amendment (the "Third Revolver Amendment") to the 2018 Revolving Credit Facility. The Third Revolver Amendment, among others, increases availability under the facility's borrowing base by (i) temporarily increasing the aggregate commitments under the 2018 Revolving Credit Facility to $110,000 through November 30, 2020 (such period, the "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) waives events of default; (b) temporarily increases the applicable margin on all borrowings of revolving loans by 0.75% per annum during the Third Amendment Accommodation Period and increases the LIBOR floor from 0% to 1.0%; (c) eliminates Vince LLC's and any loan party's ability to designate subsidiaries as unrestricted and to make certain payments, restricted payments and investments during the Third Amendment Extended Accommodation Period; (d) temporarily suspends the Fixed Charge Coverage Ratio covenant through the Third Amendment Extended Accommodation Period; (e) requires Vince, LLC to maintain a Fixed Charge Coverage Ratio of 1.0 to 1.0 in the event the excess availability under the 2018 Revolving Credit Facility is less than (x) $10,000 between September 6, 2020 and January 9, 2021, (y) $12,500 between January 10, 2021 and January 31, 2021 and (z) $15,000 at all other times during the Third Amendment Extended Accommodation Period; (f) imposes a requirement (y) to pay down the 2018 Revolving Credit Facility to the extent cash on hand exceeds $5,000 on the last day of each week and (z) that, after giving effect to any borrowing thereunder, Vince, LLC may have no more than $5,000 of cash on hand; (g) permits Vince, LLC to incur up to $8,000 of additional secured debt (in addition to any interest accrued or paid in kind), to the extent subordinated to the 2018 Revolving Credit Facility on terms reasonably acceptable to Citizens; (h) establishes a method for imposing a successor reference rate if LIBOR should become unavailable, (i) extends the delivery periods for (x) annual financial statements for the fiscal year ended February 1, 2020 to June 15, 2020 and (y) quarterly financial statements for the fiscal quarters ended May 2, 2020 and ending August 1, 2020 to July 31, 2020 and October 29, 2020, respectively, and (j) grants ongoing relief through September 30, 2020 with respect to certain covenants regarding the payment of lease obligations.

As a result of the Third Revolver Amendment, the Company incurred $376 of additional deferred financing costs. In accordance with ASC Topic 470, "*Debt*", the Company accounted for this amendment as a debt modification and recorded the additional deferred financing costs as deferred debt issuance costs which will be amortized over the remaining term of the 2018 Revolving Credit Facility.

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) extends the period from November 30, 2020 to July 31, 2021 (such period, "Accommodation Period"), during which the eligibility of certain account debtors is 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) extends the period through which the applicable margin on all borrowings of revolving loans by 0.75% per annum during such Accommodation Period; (iii) extends 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) is increased to 27.5% from 22.5%; (iv) extends 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) requires Vince, LLC to maintain an FCCR of 1.0 to 1.0 in the event the excess availability under the 2018 Revolving Credit Facility is 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) permits Vince, LLC to incur the debt under the Third Lien Credit Facility (as described below); (vii) revises 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) deems the Cash Dominion Event (as defined in the 2018 Revolving Credit Facility) as triggered during the Accommodation Period; and (ix) requires an engagement by the Company of a financial advisor from February 1, 2021 until March 31, 2021 (or until the excess availability is 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 has been satisfied.

As a result of the Fifth Revolver Amendment, the Company incurred $204 of additional deferred financing costs. In accordance with ASC Topic 470, *"Debt"*, the Company accounted for this amendment as a debt modification and recorded the additional deferred financing costs as deferred debt issuance costs which will be amortized over the remaining term of the 2018 Revolving Credit Facility. $100 of financing costs are included in accrued liabilities on the condensed consolidated balance sheet as of May 1, 2021.

On April 26, 2021, concurrently with the Sixth Term Loan Amendment, the Company entered into the Sixth Amendment (the "Sixth Revolver Amendment") to the 2018 Revolving Credit Facility. The Sixth Revolver Amendment, among other things, consents to the Sixth Term Loan Amendment and amends certain definitions to reflect the Sixth Term Loan Amendment.

As of May 1, 2021, the Company was in compliance with applicable covenants. As of May 1, 2021, $27,356 was available under the 2018 Revolving Credit Facility, net of the loan cap, and there were $41,173 of borrowings outstanding and $5,253 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 May 1, 2021 was 3.8%.

Third Lien Credit Agreement

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, SK Financial Services, LLC ("SK Financial"), as agent, and other lenders from time to time party thereto. The Third Lien Credit Facility matures on the earlier of (a) February 21, 2024, (b) the date that is 360 days after the "Maturity Date" under the 2018 Revolving Credit Facility so long as the loans under the 2018 Term Loan Facility remain outstanding and (c) 180 days after the "Maturity Date" under the 2018 Term Loan Facility and the 2018 Revolving Credit Facility.

SK Financial is an affiliate of Sun Capital, whose affiliates own approximately 72% 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 are substantially similar to those under the 2018 Term Loan Facility, except the Third Lien Credit Facility does not contain any financial covenant.

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 Holding, LLC 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 Holding, LLC, 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.

Off-Balance Sheet Arrangements

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

Seasonality

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

Inflation

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

Critical Accounting Policies and Estimates

Our discussion of financial condition and results of operations relies on our condensed consolidated financial statements, as set forth in 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 2020 Annual Report on Form 10-K. As of May 1, 2021, there have been no material changes to the critical accounting policies contained therein.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE 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) or 15d-15(e) of the Exchange Act) as of May 1, 2021.

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 present, 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 30, 2021, 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 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 discussed below.

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

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

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

Although we have experienced varying degrees of business disruptions related to the COVID-19 pandemic, 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 May 1, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. As the COVID-19 pandemic evolves, we will continue to monitor and assess any potential impacts COVID-19 may have on the design and operating effectiveness of our internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On September 7, 2018, a complaint was filed in the United States District Court for the Eastern District of New York by certain stockholders (collectively, the "Plaintiff"), naming us as well as David Stefko, our Chief Financial Officer, one of our directors, certain of our former officers and directors, and Sun Capital and certain of its affiliates, as defendants. The complaint generally alleges that we and the named parties made false and/or misleading statements and/or failed to disclose matters relating to the transition of our ERP systems from Kellwood. The complaint brings causes of action for violations of Section 10(b) of the Exchange Act, as amended and Rule 10b-5 promulgated under the Exchange Act against us and the named parties and for violations of Section 20(a) of the Exchange Act against the individual parties, Sun Capital Partners, Inc. and its affiliates. The complaint sought unspecified monetary damages and unspecified costs and fees. On January 28, 2019, in response to our motion to dismiss the original complaint, the Plaintiff filed an amended complaint, naming the same defendants as parties and asserting the same causes of action as those stated in the original complaint. On October 4, 2019, an individual stockholder filed a complaint marked as a related suit to the amended complaint, containing substantially identical allegations and claims against the same defendant parties. On September 9, 2020, the two complaints were dismissed in their entirety and the Plaintiff's request for leave to replead was denied. On October 6, 2020, the Plaintiff filed notices of appeal. The appeals are pending.

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

ITEM 1A. RISK FACTORS

The risk factors disclosed in the Company's 2020 Annual Report on Form 10-K, in addition to the other information set forth in this 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 2020 Annual Report on Form 10-K.

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

31.1	CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	CEO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	CFO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.1	Financial Statements in XBRL Format

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		Vince Holding Corp.
June 10, 2021	By:	/s/ David Stefko
		David Stefko Executive Vice President, Chief Financial Officer (as duly authorized officer, principal executive officer and principal financial officer)

Exhibit 31.1

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.

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)
June 10, 2021

Exhibit 31.2

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;

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

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

June 10, 2021

Exhibit 32.1

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 May 1, 2021 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)
June 10, 2021

Exhibit 32.2

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 May 1, 2021 as filed with the Securities and Exchange Commission (the “Report”), David Stefko, Chief Financial Officer of the Company, does hereby certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company at the dates and for the periods indicated in the Report.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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

/s/ David Stefko

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

June 10, 2021