

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **October 28, 2023**

Or

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

For the transition period from to

Commission File Number: **001-36212**

VINCE HOLDING CORP.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

75-3264870

(I.R.S. Employer
Identification No.)

500 5th Avenue—20th Floor

New York, New York 10110

(Address of principal executive offices) (Zip code)

(212) 944-2600

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	VNCE	New York Stock Exchange

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

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

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

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

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

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

As of November 30, 2023, the registrant had 12,502,747 shares of common stock, \$0.01 par value per share, outstanding.

VINCE HOLDING CORP. AND SUBSIDIARIES

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INTRODUCTORY NOTE

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

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

On April 21, 2023, Vince, LLC, the Company's wholly owned indirect subsidiary, entered into an Intellectual Property Asset Purchase Agreement (the "Asset Purchase Agreement"), by and among Vince, LLC, ABG-Vince, LLC (f/k/a ABG-Viking, LLC) ("ABG Vince"), a newly formed indirect subsidiary of Authentic Brands Group, LLC, the Company and ABG Intermediate Holdings 2 LLC, whereby Vince, LLC sold its intellectual property assets related to the business operated under the VINCE brand to ABG Vince at closing (the "Asset Sale"). The Company closed the Asset Sale on May 25, 2023.

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

DISCLOSURES REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, and any statements incorporated by reference herein, contain forward-looking statements under the Private Securities Litigation Reform Act of 1995. Forward-looking statements are indicated by words or phrases such as "may," "will," "should," "believe," "expect," "seek," "anticipate," "intend," "estimate," "plan," "target," "project," "forecast," "envision" and other similar phrases. Although we believe the assumptions and expectations reflected in these forward-looking statements are reasonable, these assumptions and expectations may not prove to be correct and we may not achieve the results or benefits anticipated. These forward-looking statements are not guarantees of actual results, and our actual results may differ materially from those suggested in the forward-looking statements. These forward-looking statements involve a number of risks and uncertainties, some of which are beyond our control, including, without limitation: our ability to maintain the license agreement with ABG Vince; ABG Vince's expansion of the Vince brand into other categories and territories; ABG Vince's approval rights and other actions; our ability to maintain adequate cash flow from operations or availability under our revolving credit facility to meet our liquidity needs; our ability to realize the benefits of our strategic initiatives; our ability to execute and realize the enhanced profitability expectations of our transformation program; our ability to improve our profitability; the execution and management of our direct-to-consumer business growth plans; our ability to make lease payments when due; our ability to maintain our larger wholesale partners; our ability to remediate the identified material weakness in our internal control over financial reporting; our ability to comply with domestic and international laws, regulations and orders; our ability to anticipate and/or react to changes in customer demand and attract new customers, including in connection with making inventory commitments; our ability to remain competitive in the areas of merchandise quality, price, breadth of selection and customer service; our ability to attract and retain key personnel; seasonal and quarterly variations in our revenue and income; general economic conditions; further impairment of our goodwill; our ability to mitigate system security risk issues, such as cyber or malware attacks, as well as other major system failures; our ability to optimize our systems, processes and functions; our ability to comply with privacy-related obligations; our ability to ensure the proper operation of the distribution facilities by third-party logistics providers; fluctuations in the price, availability and quality of raw materials; commodity, raw material and other cost increases; the extent of our foreign sourcing; our reliance on independent manufacturers; other tax matters; and other factors as set forth from time to time in our Securities and Exchange Commission filings, including those described in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 28, 2023 (the "2022 Annual Report on Form 10-K") under the heading "Part I, Item 1A—Risk Factors." and our subsequently filed Quarterly Reports on Form 10-Q. We intend these forward-looking statements to speak only as of the date of this Quarterly Report on Form 10-Q and do not undertake to update or revise them as more information becomes available, except as required by law.

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

VINCE HOLDING CORP. AND SUBSIDIARIES

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

	October 28, 2023	January 28, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,217	\$ 1,079
Trade receivables, net of allowance for doubtful accounts of \$247 and \$759 at October 28, 2023 and January 28, 2023, respectively	28,334	20,733
Inventories, net	69,560	90,008
Prepaid expenses and other current assets	5,082	3,515
Total current assets	104,193	115,335
Property and equipment, net	7,651	10,479
Operating lease right-of-use assets, net	72,591	72,616
Intangible assets, net	—	70,106
Goodwill	31,973	31,973
Assets held for sale	—	260
Equity method investment	26,500	—
Other assets	2,384	2,576
Total assets	<u>\$ 245,292</u>	<u>\$ 303,345</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 30,451	\$ 49,396
Accrued salaries and employee benefits	3,726	4,301
Other accrued expenses	10,824	15,020
Short-term lease liabilities	18,477	20,892
Current portion of long-term debt	—	3,500
Total current liabilities	63,478	93,109
Long-term debt	57,926	108,078
Long-term lease liabilities	69,447	72,098
Deferred income tax liability	3,029	8,934
Other liabilities	—	869
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common stock at \$0.01 par value (100,000,000 shares authorized, 12,502,343 and 12,335,405 shares issued and outstanding at October 28, 2023 and January 28, 2023, respectively)	125	123
Additional paid-in capital	1,144,345	1,143,295
Accumulated deficit	(1,092,966)	(1,123,080)
Accumulated other comprehensive loss	(92)	(81)
Total stockholders' equity	51,412	20,257
Total liabilities and stockholders' equity	<u>\$ 245,292</u>	<u>\$ 303,345</u>

See notes to unaudited condensed consolidated financial statements.

VINCE HOLDING CORP. AND SUBSIDIARIES

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

	Three Months Ended		Nine Months Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Net sales	\$ 84,076	\$ 98,564	\$ 217,579	\$ 266,134
Cost of products sold	46,891	68,761	118,454	164,324
Gross profit	37,185	29,803	99,125	101,810
Impairment of intangible assets	—	—	—	1,700
Impairment of long-lived assets	—	—	—	866
Gain on sale of intangible assets	—	—	(32,808)	—
Selling, general and administrative expenses	34,356	39,198	98,630	119,128
Income (loss) from operations	2,829	(9,395)	33,303	(19,884)
Interest expense, net	1,993	2,456	9,420	6,222
Income (loss) before income taxes and equity in net income of equity method investment	836	(11,851)	23,883	(26,106)
Provision (benefit) for income taxes	509	(6,615)	(5,368)	1,288
Income (loss) before equity in net income of equity method investment	327	(5,236)	29,251	(27,394)
Equity in net income of equity method investment	656	—	863	—
Net income (loss)	\$ 983	\$ (5,236)	\$ 30,114	\$ (27,394)
Other comprehensive income (loss):				
Foreign currency translation adjustments	(16)	24	(11)	20
Comprehensive income (loss)	\$ 967	\$ (5,212)	\$ 30,103	\$ (27,374)
Earnings (loss) per share:				
Basic earnings (loss) per share	\$ 0.08	\$ (0.43)	\$ 2.42	\$ (2.25)
Diluted earnings (loss) per share	\$ 0.08	\$ (0.43)	\$ 2.41	\$ (2.25)
Weighted average shares outstanding:				
Basic	12,492,278	12,307,952	12,420,991	12,186,490
Diluted	12,497,328	12,307,952	12,472,878	12,186,490

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			Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Number of Shares Outstanding	Par Value	Additional Paid-In Capital			
Balance as of January 28, 2023	12,335,405	\$ 123	\$ 1,143,295	\$ (1,123,080)	\$ (81)	\$ 20,257
Comprehensive loss:						
Net loss	—	—	—	(381)	—	(381)
Foreign currency translation adjustment	—	—	—	—	(2)	(2)
Share-based compensation expense	—	—	420	—	—	420
Restricted stock unit vestings	34,983	1	—	—	—	1
Tax withholdings related to restricted stock vesting	(1,148)	—	(8)	—	—	(8)
Issuance of common stock related to Employee Stock Purchase Plan ("ESPP")	1,885	—	14	—	—	14
Balance as of April 29, 2023	<u>12,371,125</u>	<u>\$ 124</u>	<u>\$ 1,143,721</u>	<u>\$ (1,123,461)</u>	<u>\$ (83)</u>	<u>\$ 20,301</u>
Comprehensive income:						
Net income	—	—	—	29,512	—	29,512
Foreign currency translation adjustment	—	—	—	—	7	7
Share-based compensation expense	—	—	393	—	—	393
Restricted stock unit vestings	134,995	1	(1)	—	—	—
Tax withholdings related to restricted stock vesting	(23,695)	—	(126)	—	—	(126)
Issuance of common stock related to ESPP	4,239	—	12	—	—	12
Balance as of July 29, 2023	<u>12,486,664</u>	<u>\$ 125</u>	<u>\$ 1,143,999</u>	<u>\$ (1,093,949)</u>	<u>\$ (76)</u>	<u>\$ 50,099</u>
Comprehensive income:						
Net income	—	—	—	983	—	983
Foreign currency translation adjustment	—	—	—	—	(16)	(16)
Share-based compensation expense	—	—	342	—	—	342
Restricted stock unit vestings	11,146	—	—	—	—	—
Tax withholdings related to restricted stock vesting	(3,245)	—	(7)	—	—	(7)
Issuance of common stock related to ESPP	7,778	—	11	—	—	11
Balance as of October 28, 2023	<u>12,502,343</u>	<u>\$ 125</u>	<u>\$ 1,144,345</u>	<u>\$ (1,092,966)</u>	<u>\$ (92)</u>	<u>\$ 51,412</u>

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

See notes to unaudited condensed consolidated financial statements.

VINCE HOLDING CORP. AND SUBSIDIARIES

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

	Nine Months Ended	
	October 28, 2023	October 29, 2022
Operating activities		
Net income (loss)	\$ 30,114	\$ (27,394)
Add (deduct) items not affecting operating cash flows:		
Impairment of intangible assets	—	1,700
Impairment of long-lived assets	—	866
Depreciation and amortization	3,703	5,828
Provision for bad debt	(17)	149
Gain on sale of intangible assets	(32,808)	—
Loss on disposal of property and equipment	230	72
Amortization of deferred financing costs	673	734
Deferred income taxes	(5,905)	1,039
Share-based compensation expense	1,155	1,637
Capitalized PIK Interest	2,875	1,917
Loss on debt extinguishment	3,136	—
Equity in net income of equity method investment, net of distributions	(475)	—
Changes in assets and liabilities:		
Receivables, net	(7,584)	(301)
Inventories	20,441	(37,913)
Prepaid expenses and other current assets	(366)	718
Accounts payable and accrued expenses	(23,921)	20,954
Other assets and liabilities	(4,372)	1,108
Net cash used in operating activities	(13,121)	(28,886)
Investing activities		
Payments for capital expenditures	(920)	(2,100)
Transaction costs related to equity method investment	(525)	—
Proceeds from sale of intangible assets	77,525	—
Net cash provided by (used in) investing activities	76,080	(2,100)
Financing activities		
Proceeds from borrowings under the Revolving Credit Facilities	219,266	304,952
Repayment of borrowings under the Revolving Credit Facilities	(248,387)	(272,375)
Repayment of borrowings under the Term Loan Facilities	(29,378)	(1,750)
Proceeds from common stock issuance, net of certain fees	—	825
Tax withholdings related to restricted stock vesting	(141)	(210)
Proceeds from stock option exercises, restricted stock vesting, and issuance of common stock under employee stock purchase plan	38	58
Financing fees	(3,012)	(406)
Net cash (used in) provided by financing activities	(61,614)	31,094
Increase in cash, cash equivalents, and restricted cash	1,345	108
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(7)	(12)
Cash, cash equivalents, and restricted cash, beginning of period	1,116	1,096
Cash, cash equivalents, and restricted cash, end of period	2,454	1,192
Less: restricted cash at end of period	1,237	35
Cash and cash equivalents per balance sheet at end of period	\$ 1,217	\$ 1,157
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	\$ 5,807	\$ 2,479
Cash payments for income taxes, net of refunds	437	68
Supplemental Disclosures of Non-Cash Investing and Financing Activities		
Non-cash equity method investment	25,500	—
Capital expenditures in accounts payable and accrued liabilities	102	76
Deferred financing fees in accrued liabilities	323	1,675

See notes to unaudited condensed consolidated financial statements.

VINCE HOLDING CORP. AND SUBSIDIARIES

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

Note 1. Description of Business and Basis of Presentation

(A) Description of Business: The Company is a global retail company that operates the Vince brand women's and men's ready to wear business. 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. Previously, the Company also owned and operated the Rebecca Taylor and Parker brands until the sale of the respective intellectual property was completed, as discussed below.

On April 21, 2023 the Company entered into a strategic partnership ("Authentic Transaction") with Authentic Brands Group, LLC ("Authentic"), a global brand development, marketing and entertainment platform, whereby the Company contributed its intellectual property to a newly formed Authentic subsidiary ("ABG Vince") for cash consideration and a membership interest in ABG Vince. The Company closed the Asset Sale (as defined below) on May 25, 2023. On May 25, 2023, in connection with the Authentic Transaction, Vince, LLC entered into a License Agreement (the "License Agreement") with ABG-Vince LLC, which provides Vince, LLC with an exclusive, long-term license to use the Licensed Property in the Territory to the Approved Accounts (each as defined in the License Agreement). See "(F) Recent Transactions" below for additional information.

Rebecca Taylor, founded in 1996 in New York City, was a contemporary womenswear line lauded for its signature prints, romantic detailing and vintage inspired aesthetic, reimagined for a modern era. On September 12, 2022, the Company announced its decision to wind down the Rebecca Taylor business. On December 22, 2022, the Company's indirectly wholly owned subsidiary, Rebecca Taylor, Inc., completed the sale of its intellectual property and certain related ancillary assets to RT IPCO, LLC, an affiliate of Ramani Group. See Note 2 "Wind Down of Rebecca Taylor Business" for further information.

Parker, founded in 2008 in New York City, was a contemporary women's fashion brand that was trend focused. During the first half of fiscal 2020 the Company decided to pause the creation of new products for the Parker brand to focus resources on the operations of the Vince and Rebecca Taylor brands. On February 17, 2023, the Company's indirectly wholly owned subsidiary, Parker Lifestyle, LLC, completed the sale of its intellectual property and certain related ancillary assets to Parker IP Co. LLC, an affiliate of BCI Brands. See "(F) Recent Transactions" below for additional information.

The Company reaches its customers through a variety of channels, specifically through major wholesale department stores and specialty stores in the United States ("U.S.") and select international markets, as well as through the Company's branded retail locations and the Company's websites. The Company designs products in the U.S. and sources the vast majority of products from contract manufacturers outside the U.S., primarily in Asia. Products are manufactured to meet the Company's product specifications and labor standards.

(B) Basis of Presentation: The accompanying condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted. Therefore, these financial statements should be read in conjunction with VHC's audited financial statements for the fiscal year ended January 28, 2023, as set forth in the 2022 Annual Report on Form 10-K.

The condensed consolidated financial statements include the Company's accounts and the accounts of the Company's wholly-owned subsidiaries as of October 28, 2023. All intercompany accounts and transactions have been eliminated in consolidation. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting solely of normal recurring adjustments) and disclosures necessary for a fair statement. The results of operations for these periods are not necessarily comparable to, or indicative of, results of any other interim period or the fiscal year as a whole.

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

(D) 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 2023 Revolving Credit Facility (as defined in Note 5 "Long-Term Debt and Financing Arrangements") and the Company's ability to access the capital markets, including the Sales Agreement entered into with Virtu Americas LLC in June 2023 (see Note 8 "Stockholders' Equity" for further information). The Company's primary cash needs are funding working capital requirements, including royalty payments under the License Agreement, meeting debt service requirements

and capital expenditures for new stores and related leasehold improvements. The most significant components of the Company's working capital are cash and cash equivalents, accounts receivable, inventories, accounts payable and other current liabilities. Based on 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.

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

Revenue associated with gift cards is recognized upon redemption and unredeemed balances are considered a contract liability and recorded within other accrued expenses, which are subject to escheatment within the jurisdictions in which the Company operates. As of October 28, 2023 and January 28, 2023, the contract liability was \$1,506 and \$1,617, respectively. For the three and nine months ended October 28, 2023, the Company recognized \$59 and \$234, respectively, of revenue that was previously included in the contract liability as of January 28, 2023.

(F) Recent Transactions: The following transactions have occurred during fiscal 2023. In addition, see Note 2 "Wind Down of Rebecca Taylor Business" for further information.

Sale of Parker Intellectual Property

On February 17, 2023, the Company's indirectly wholly owned subsidiary, Parker Lifestyle, LLC, completed the sale of its intellectual property and certain related ancillary assets to Parker IP Co. LLC, an affiliate of BCI Brands, for \$1,025. The Company recognized a gain of \$765 on the sale, which was recorded within Gain on sale of intangible assets in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) during the nine months ended October 28, 2023. Net cash proceeds from the sale were used to repay \$838 of borrowings under the Term Loan Credit Facility (as defined in Note 5 "Long-Term Debt and Financing Arrangements").

Sale of Vince Intellectual Property

On April 21, 2023 the Company entered into the Asset Purchase Agreement (defined below), pursuant to which Vince, LLC agreed to sell and transfer to ABG-Vince LLC (f/k/a ABG-Viking, LLC) ("ABG Vince"), an indirect subsidiary of Authentic, all intellectual property assets related to the business operated under the VINCE brand in exchange for total consideration of \$76,500 in cash and a 25% membership interest in ABG Vince (the "Asset Sale"). The Asset Sale was consummated in accordance with the terms of the Asset Purchase Agreement on May 25, 2023 (the "Closing Date"). Through the agreement, Authentic will own the majority stake of 75% membership interest in ABG Vince.

Upon the closing of the Asset Sale, the Company derecognized the intellectual property assets at their carrying amount of \$69,957. In exchange for the Company's sale of its intellectual property assets, which included the Vince tradename and Vince customer relationships, to ABG Vince, Authentic paid \$76,500 in cash and a 25% interest in ABG Vince valued at \$25,500. As a result, the Company recognized a gain of \$32,043, which was recorded within Gain on sale of intangible assets in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) during the nine months ended October 28, 2023. Additionally, during the three and nine months ended October 28, 2023, the Company incurred total transaction related costs of approximately \$248 and \$5,555, respectively. Of these transaction costs, approximately \$525 was incurred to acquire the investment in ABG Vince. As such, these costs were included in the initial measurement of the investment and recorded as part of the equity method investment on the Condensed Consolidated Balance Sheets. The remaining transaction related costs are included in selling, general and administrative ("SG&A") expense in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The Company utilized the net proceeds received to prepay in full the Term Loan Credit Facility and to repay a portion of the outstanding borrowings under the 2018 Revolving Credit Facility (as defined in Note 5 "Long-Term Debt and Financing Arrangements"). See Note 5 "Long-Term Debt and Financing Arrangements" for further information.

Operating Agreement

On May 25, 2023, in connection with the closing (the "Closing") of the Asset Sale pursuant to the Intellectual Property Asset Purchase Agreement (the "Asset Purchase Agreement"), dated as of April 21, 2023, by and among Vince, LLC, ABG Vince, the Company and ABG Intermediate Holdings 2 LLC, Vince, LLC and ABG Vince entered into an Amended and Restated Limited Liability Company Agreement of ABG-Vince, LLC (the "Operating Agreement"), which, among other things, provides for the management of the business and the affairs of ABG Vince, the allocation of profits and losses, the distribution of cash of ABG Vince among its members and the rights, obligations and interests of the members to each other and to Vince, LLC.

The Company accounts for its 25% interest in ABG Vince under the equity method. In applying the equity method, the Company recorded the initial investment at cost and subsequently increases or decreases the carrying amount of the investment by the Company's proportionate share of net income or loss. Distributions received from ABG Vince are recognized as a reduction of the carrying amount of the investment. The Company's proportionate share of ABG Vince's net income or loss is recorded within Equity in net income of equity method investment on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The carrying value for the Company's investment in ABG Vince is recorded within Equity method investment on the Condensed Consolidated Balance Sheets. The Company records its share of net income or loss using a one-month lag. This convention does not materially impact the Company's results.

The Company reviews its investment in ABG Vince for impairment when events or changes in circumstances indicate that an other-than-temporary decline in value may have occurred. If the carrying value of the investment exceeds its fair value and the loss in value is other than temporary, the investment is considered impaired and reduced to fair value, and the impairment is recognized in the period identified. Factors providing evidence of such a loss include changes in ABG Vince's operations or financial condition, significant continuing losses, and significant negative economic conditions, among others.

License Agreement

On May 25, 2023, in connection with the Closing, Vince, LLC and ABG Vince entered into a License Agreement (the "License Agreement"), which provides Vince, LLC with a license to use the Licensed Property in the Territory, which is defined as the United States, Canada, Andorra, Austria, Germany, Switzerland, Belgium, Netherlands, Luxembourg, France, Monaco, Liechtenstein, Italy, San Marino, Vatican City, Iceland, Norway, Denmark, Sweden, Finland, Spain, Portugal, Greece, Republic of Cyprus (excluding Northern Cyprus), United Kingdom, Ireland, Australia, New Zealand, Mainland China, Hong Kong, Macau, Taiwan, Singapore, Japan and Korea (the "Core Territory"), together with all other territories (the "Option Territory"), to the Approved Accounts (each as defined in the License Agreement). Vince, LLC is required to operate and maintain a minimum of 45 Retail Stores and Shop-in-Shops in the Territory. The Option Territory may be changed unilaterally by ABG Vince at any time after the effective date of the License Agreement.

Additionally, the License Agreement provides Vince, LLC with a license to use the Licensed Property to design, manufacture, promote, market, distribute, and sell ready-to-wear Sportswear Products and Outerwear Products (the "Core Products") and Home Décor and Baby Layettes (the "Option Products," together with the Core Products, the "Licensed Products"), which Option Products may be changed unilaterally by ABG Vince at any time after the effective date of the License Agreement.

The initial term of the License Agreement began on May 25, 2023, the date on which the Closing actually occurred, and ends at the end of the Company's 2032 fiscal year, unless sooner terminated pursuant to the terms of the License Agreement. Vince, LLC has the option to renew the License Agreement on the terms set forth in the License Agreement for eight consecutive periods of ten years each, unless the License Agreement is sooner terminated pursuant to its terms or Vince, LLC is in material breach of the License Agreement and such breach has not been cured within the specified cure period. Vince, LLC may elect not to renew the term for a renewal term.

Vince, LLC is required to pay ABG Vince a royalty on net sales of Licensed Products and committed to an annual guaranteed minimum royalty of \$11,000 and annual minimum net sales as specified in the License Agreement, in each case, during the initial term of the License Agreement, except that the guaranteed minimum royalty and minimum net sales for the first contract year during the initial term will be prorated to the period beginning on the Closing Date and ending at the end of the Company's 2023 fiscal year. The annual guaranteed minimum royalty and annual minimum net sales for each subsequent renewal term will be the greater of (i) a percentage as set forth in the License Agreement of the guaranteed minimum net royalty or the minimum net sales (as applicable) of the immediately preceding contract year, and (ii) the average of actual Royalties (as defined in the License Agreement, with respect to the guaranteed minimum royalty) or actual Net Sales (as defined in the License Agreement, with respect to the annual minimum net sales) during certain years as set forth in the License Agreement of the preceding initial term or renewal term (as applicable). Vince, LLC is required to pay royalties comprised of a low single digit percentage of net sales arising from retail and e-commerce sales of Licensed Products and a mid single digit percentage of net sales arising from wholesale sales of such Licensed Products.

In the event that the annual guaranteed minimum royalty paid to ABG Vince in any given contract year is greater than the actual royalties earned by ABG Vince in the same contract year, the difference between the royalty actually earned and the annual guaranteed minimum royalty paid is credited for the next two contract years against any amount of royalty earned by ABG Vince in excess of the annual guaranteed minimum royalty paid during each such contract year, if any.

Royalty expense is included within Cost of product sold on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

(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 June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13: "*Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*". The ASU requires an impairment model (known as the current expected credit loss ("CECL") model) that is based on expected losses rather than incurred losses. Under the new guidance, each reporting entity should estimate an allowance for expected credit losses, which is intended to result in more timely recognition of losses. The new standard applies to trade receivables arising from revenue transactions. Under Accounting Standards Codification 606, revenue is recognized when, among other criteria, it is probable that an entity will collect the consideration it is entitled to when goods or services are transferred to a customer. When trade receivables are recorded, they become subject to the CECL model and estimates of expected credit losses on trade receivables over their contractual life will be required to be recorded at inception based on historical information, current conditions, and reasonable and supportable forecasts. The Company adopted the guidance on January 29, 2023, the first day of fiscal 2023, which did not have a material effect on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07: *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which updates reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. All disclosure requirements under ASU 2023-07 are also required for public entities with a single reportable segment. The amendments are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and disclosures.

Note 2. Wind Down of Rebecca Taylor Business

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

On December 22, 2022, the Company's indirectly wholly owned subsidiary, Rebecca Taylor, Inc., completed the sale of its intellectual property and certain related ancillary assets to RT IPCO, LLC, an affiliate of Ramani Group for \$4,250. The Company recognized a gain of \$1,620 on the sale, which was recorded within Gain on sale of intangible assets in the Consolidated Statements of Operations and Comprehensive Income (Loss) during fiscal 2022. Net cash proceeds from the sale were used to repay \$2,997 of borrowings under the Term Loan Credit Facility and \$427 of borrowings under the 2018 Revolving Credit Facility during fiscal 2022.

On July 7, 2023, Rebecca Taylor, Inc. and Rebecca Taylor Retail Stores, LLC, each as an assignor, made a General Assignment for the Benefit of the Creditors (the "Assignment") to a respective assignee, an unaffiliated California limited liability company, pursuant to California state law. The Assignment resulted in the residual rights and assets of each of Rebecca Taylor, Inc. and Rebecca Taylor Retail Stores, LLC being assigned and transferred to such assignees. As a result, Rebecca Taylor, Inc. and Rebecca Taylor Retail Stores, LLC no longer hold any assets.

The following table presents a summary of Rebecca Taylor wind down related charges (benefits), reported within the Rebecca Taylor and Parker segment, incurred for fiscal 2023. There were no wind down related charges (benefits) for the three months ended October 28, 2023.

	<u>Nine Months Ended</u>	
	<u>October 28,</u>	
(in thousands)	<u>2023</u>	
Selling, general and administrative expenses:		
Benefit from release of operating lease liabilities	\$	(2,025)
Other advisory and liquidation costs		275
Total selling, general and administrative expenses		(1,750)
Total wind-down (benefits) charges, net	\$	(1,750)

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

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

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

Note 3. Goodwill and Intangible Assets

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

(in thousands)	Vince Wholesale	Vince Direct-to- consumer	Rebecca Taylor and Parker	Total Net Goodwill
Balance as of January 28, 2023	\$ 31,973	\$ —	\$ —	\$ 31,973
Balance as of October 28, 2023	\$ 31,973	\$ —	\$ —	\$ 31,973

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

On April 21, 2023, the Company entered into the Authentic Transaction with Authentic and as a result, the Vince tradename and Vince customer relationships were classified as held for sale and amortization of the Vince customer relationships ceased. The Company closed the Asset Sale on May 25, 2023. See Note 1 "Description of Business and Basis of Presentation - (F) Recent Transactions" for further information.

On February 17, 2023, the Company's indirectly wholly owned subsidiary, Parker Lifestyle, LLC, completed the sale of its intellectual property and certain related ancillary assets to Parker IP Co. LLC, an affiliate of BCI Brands. See Note 1 "Description of Business and Basis of Presentation - (F) Recent Transactions" for further information.

The following table presents a summary of identifiable intangible assets as of January 28, 2023:

(in thousands)	Gross Amount	Accumulated Amortization	Accumulated Impairments	Reclassification to Assets Held for Sale	Net Book Value
Balance as of January 28, 2023					
Amortizable intangible assets:					
Customer relationships	\$ 31,355	\$ (22,234)	\$ (6,115)	\$ —	\$ 3,006
Tradenames ⁽¹⁾	13,100	(313)	(12,527)	(260)	—
Indefinite-lived intangible assets:					
Tradenames	101,850	—	(34,750)	—	67,100
Total intangible assets	\$ 146,305	\$ (22,547)	\$ (53,392)	\$ (260)	\$ 70,106

(1) During the third quarter of fiscal 2022, the Parker tradename was classified as held for sale and amortization ceased.

During the second quarter of fiscal 2022, the Company determined that a triggering event had occurred in the Rebecca Taylor and Parker segment as a result of changes to the Company's long-term projections. The Company performed an interim quantitative impairment assessment of the Rebecca Taylor tradename utilizing the relief from royalty valuation approach. The relief from royalty valuation approach is dependent on a number of factors, including estimates of projected revenues, royalty rates in the category of intellectual property, discount rates and other variables. The Company estimated the fair value of the Rebecca Taylor tradename

indefinite-lived intangible asset and determined that the fair value of the Rebecca Taylor tradename was below its carrying amount. Accordingly, the Company recorded an impairment charge for the Rebecca Taylor tradename indefinite-lived intangible asset of \$1,700, which was recorded within Impairment of intangible assets on the condensed consolidated statement of operations and comprehensive income (loss) for the nine months ended October 29, 2022. There was no such impairment charge for the three and nine months ended October 28, 2023.

On December 22, 2022, the Company completed the sale of the Rebecca Taylor tradename and certain related ancillary assets to RT IPCO, LLC, an affiliate of Ramani Group. See Note 2 "Wind Down of Rebecca Taylor Business" for further information.

Amortization of identifiable intangible assets was \$0 and \$149 for the three and nine months ended October 28, 2023, respectively, and \$661 and \$989 for the three and nine months ended October 29, 2022, respectively.

Note 4. Fair Value Measurements

We define the fair value of a financial instrument as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We are responsible for the determination of the value of the investments carried at fair value and the supporting methodologies and assumptions. The Company's financial assets and liabilities are to be measured using inputs from three levels of the fair value hierarchy as follows:

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

The Company did not have any non-financial assets or non-financial liabilities recognized at fair value on a recurring basis at October 28, 2023 or January 28, 2023. At October 28, 2023 and January 28, 2023, 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 \$58,208 and \$113,832 as of October 28, 2023 and January 28, 2023, respectively, are at variable interest rates. Borrowings under the Company's 2023 Revolving Credit Facility are recorded at carrying value, which approximates fair value due to the frequent nature of such borrowings and repayments. The Company considers this as a Level 2 input. The fair value of the Company's Third Lien Credit Facility was approximately \$29,000 as of October 28, 2023 and \$27,000 as of January 28, 2023, based upon an estimated market value calculation that factors 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, the previous intangible assets, operating lease right-of-use ("ROU") assets, and property and equipment, are not required to be measured at fair value on a recurring basis and are reported at their carrying values. However, on a periodic basis whenever events or changes in circumstances indicate that their carrying value may not be fully recoverable (and at least annually for goodwill and indefinite-lived intangible assets), non-financial assets are assessed for impairment and, if applicable, written down to (and recorded at) fair value.

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

The following table presents the non-financial assets the Company measured at fair value on a non-recurring basis for the nine months ended October 29, 2022, based on such fair value hierarchy. There were no losses on these non-financial assets taken in the nine months ended October 28, 2023.

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

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

(2) Recorded within Impairment of intangible assets on the Condensed Consolidated Statements of Operations and Comprehensive Loss. On December 22, 2022, the Company's indirectly wholly owned subsidiary, Rebecca Taylor, Inc., completed the sale of its intellectual property and certain related ancillary assets to RT IPCO, LLC, an affiliate of Ramani Group. See Note 2 "Wind Down of Rebecca Taylor Business" and Note 3 "Goodwill and Intangible Assets" for additional information.

Note 5. Long-Term Debt and Financing Arrangements

Debt obligations consisted of the following:

(in thousands)	October 28, 2023	January 28, 2023
Long-term debt:		
Term Loan Facilities	\$ —	\$ 29,378
Revolving Credit Facilities	29,377	58,498
Third Lien Credit Facility	28,831	25,956
Total debt principal	58,208	113,832
Less: current portion of long-term debt	—	3,500
Less: deferred financing costs	282	2,254
Total long-term debt	\$ 57,926	\$ 108,078

Term Loan Credit Facility

On September 7, 2021, Vince, LLC entered into a \$35,000 senior secured term loan credit facility (the "Term Loan Credit Facility") pursuant to a Credit Agreement (the "Term Loan Credit Agreement"), as amended from time to time, by and among Vince, LLC, as the borrower, the guarantors named therein, PLC Agent, LLC, as administrative agent and collateral agent, and the other lenders from time to time party thereto. Vince Holding Corp. and Vince Intermediate Holding, LLC ("Vince Intermediate") were guarantors under the Term Loan Credit Facility. The Term Loan Credit Facility would have matured on the earlier of September 7, 2026, and 91 days after the maturity date of the 2018 Revolving Credit Facility.

On May 25, 2023, utilizing proceeds from the Asset Sale, the Company repaid all outstanding amounts of \$28,724, which included accrued interest and a prepayment penalty of \$553 (which is included within financing fees on the Condensed Consolidated Statements of Cash Flows), under the Term Loan Credit Facility. The Term Loan Credit Facility was terminated. The Company also repaid \$850 of fees due in accordance with an amendment entered into on September 30, 2022. Additionally, the Company recorded expenses of \$0 and \$1,755 during the three and nine months ended October 28, 2023, respectively, related to the write-off of the remaining deferred financing costs. Prior to May 25, 2023, on an inception to date basis, the Company had made repayments of \$7,335 on the Term Loan Credit Facility.

2023 Revolving Credit Facility

On June 23, 2023, Vince, LLC, entered into a new \$85,000 senior secured revolving credit facility (the "2023 Revolving Credit Facility") pursuant to a Credit Agreement (the "2023 Revolving Credit Agreement") by and among Vince, LLC, the guarantors named therein, Bank of America, N.A. ("BoFA"), as Agent, the other lenders from time to time party thereto, and BofA Securities, Inc., as sole lead arranger and sole bookrunner.

All outstanding amounts under the 2018 Revolving Credit Facility (as defined below) were repaid in full and such facility was terminated pursuant to the terms thereof as a result of all parties completing their obligations under such facility.

The 2023 Revolving Credit Facility provides for a revolving line of credit of up to the lesser of (i) the Borrowing Base (as defined in the 2023 Revolving Credit Agreement) and (ii) \$85,000, as well as a letter of credit sublimit of \$10,000. The 2023 Revolving Credit Agreement also permits Vince, LLC to request an increase in aggregate commitments under the 2023 Revolving

Credit Facility of up to \$15,000, subject to customary terms and conditions. The 2023 Revolving Credit Facility matures on the earlier of June 23, 2028, and 91 days prior to the earliest maturity date of any Material Indebtedness (as defined in the 2023 Revolving Credit Agreement), including the subordinated indebtedness pursuant to the Third Lien Credit Agreement.

Interest is payable on the loans under the 2023 Revolving Credit Facility, at Vince LLC's request, either at Term SOFR, the Base Rate, or SOFR Daily Floating 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 Federal Funds Rate for such day, plus 0.5%; (ii) the rate of interest in effect for such day as publicly announced from time to time by BofA as its prime rate; (iii) the SOFR Daily Floating Rate on such day, plus 1.0%; and (iv) 1.0%. During the continuance of certain specified events of default, at the election of BofA in its capacity as Agent, interest will accrue at a rate of 2.0% in excess of the applicable non-default rate.

The applicable margins for SOFR Term and SOFR Daily Floating Rate Loans are: (i) 2.0% when the average daily Excess Availability (as defined in the 2023 Revolving Credit Agreement) is greater than 66.7% of the Loan Cap (as defined in the 2023 Revolving Credit Agreement); (ii) 2.25% when the average daily Excess Availability is greater than or equal to 33.3% but less than or equal to 66.7% of the Loan Cap; and (iii) 2.5% when the average daily Excess Availability is less than 33.3% of the Loan Cap. The applicable margins for Base Rate Loans are: (a) 1.0% when the average daily Excess Availability is greater than 66.7% of the Loan Cap; (b) 1.25% when the average daily Excess Availability is greater than or equal to 33.3% but less than or equal to 66.7% of the Loan Cap; and (c) 1.5% when the average daily Excess Availability is less than 33.3% of the Loan Cap.

The 2023 Revolving Credit Facility contains a financial covenant requiring Excess Availability at all times to be no less than the greater of (i) 10.0% of the Loan Cap in effect at such time and (ii) \$7,500.

The 2023 Revolving Credit Facility contains representations and warranties, covenants and events of default that are customary for this type of financing, including limitations on the incurrence of additional indebtedness, liens, burdensome agreements, investments, loans, asset sales, mergers, acquisitions, prepayment of certain other debt, the repurchase of capital stock, transactions with affiliates, and the ability to change the nature of its business or its fiscal year. The 2023 Revolving Credit Facility generally permits dividends in the absence of any default or 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 on a pro forma basis for the 30-day period immediately preceding such dividend, Excess Availability will be at least the greater of 20.0% of the Loan Cap and \$15,000 and (ii) after giving pro forma effect to the contemplated dividend, the Consolidated Fixed Charge Coverage Ratio (as defined in the 2023 Revolving Credit Agreement) for the 12 months preceding such dividend will be greater than or equal to 1.0 to 1.0.

All obligations under the 2023 Revolving Credit Facility are guaranteed by the Company and Vince Intermediate and any future subsidiaries of the Company (other than Excluded Subsidiaries as defined in the 2023 Revolving Credit Agreement) and secured by a lien on substantially all of the assets of the Company, Vince, LLC and Vince Intermediate and any future subsidiary guarantors, other than among others, equity interests in ABG Vince, as well as the rights of Vince, LLC under the License Agreement.

The Company incurred a total of \$1,147 of financing costs. In accordance with ASC Topic 470, "Debt", these financing costs were recorded as deferred debt issuance costs (which is presented within Other assets on the Condensed Consolidated Balance Sheets) and are amortized over the term of the 2023 Revolving Credit Facility.

As of October 28, 2023, the Company was in compliance with applicable covenants. As of October 28, 2023, \$38,976 was available under the 2023 Revolving Credit Facility, net of the Loan Cap, and there were \$29,377 of borrowings outstanding and \$4,694 of letters of credit outstanding under the 2023 Revolving Credit Facility. The weighted average interest rate for borrowings outstanding under the 2023 Revolving Credit Facility as of October 28, 2023 was 8.2%.

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, as amended and restated from time to time, 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. On January 31, 2023, the Company repaid \$125 of fees due in accordance with an amendment entered into on September 30, 2022. Upon the contemporaneous consummation of the Asset Sale, the lenders' commitments to extend credit was reduced to \$70,000. The 2018 Revolving Credit Facility would have matured on June 30, 2024.

On June 23, 2023, all outstanding amounts under the 2018 Revolving Credit Facility were repaid in full and the 2018 Revolving Credit Facility was terminated pursuant to the terms thereof as a result of all parties completing their obligations under the 2018 Revolving Credit Facility. The Company recorded expense of \$828 during the nine months ended October 28, 2023, related to the write-off of the remaining deferred financing costs. Certain letters of credit remain in place with Citizens which were secured with restricted cash, totaling \$1,060 as of October 28, 2023. Restricted cash is included in Prepaid Expenses and other current assets in the Condensed Consolidated Balance Sheets.

Third Lien Credit Facility

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

SK Financial is an affiliate of Sun Capital Partners, Inc. ("Sun Capital"), whose affiliates own, as of October 28, 2023, approximately 68% 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 revised in connection with the Third Lien Third Amendment (as defined and discussed below) to be equal to the Daily Simple SOFR, subject to a credit spread adjustment of 0.10% per annum, plus 9.0%. 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 Company incurred \$485 in deferred financing costs associated with the Third Lien Credit Facility of which a \$400 closing fee is payable in kind and was added to the principal balance. These deferred financing costs are recorded as deferred debt issuance costs which will be amortized over the remaining term of the Third Lien Credit Facility.

All obligations under the Third Lien Credit Facility are guaranteed by the Company, Vince Intermediate and the Company's existing material domestic restricted subsidiaries as well as any future material domestic restricted subsidiaries and are secured on a junior basis relative to the 2023 Revolving Credit Facility by a lien on substantially all of the assets of the Company, Vince Intermediate, Vince, LLC and the Company's existing material domestic restricted subsidiaries as well as any future material domestic restricted subsidiaries.

On April 21, 2023, Vince, LLC entered into that certain Consent and Third Amendment to Credit Agreement (the "Third Lien Third Amendment"), which, among other things, (a) permitted the sale of the intellectual property of the Vince Business contemplated in the Asset Sale, (b) replaced LIBOR as an interest rate benchmark in favor of Daily Simple SOFR, subject to a credit spread adjustment of 0.10% per annum, (c) amended the Third Lien Credit Agreement's maturity date to the earlier of (i) March 30, 2025 and (ii) 180 days after the maturity date under the ABL Credit Agreement, (d) reduced the capacity to incur indebtedness and liens, make investments, restricted payments and dispositions and repay certain indebtedness and (e) modified certain representations and warranties, covenants and events of default in respect of documentation related to the Asset Sale. The Third Lien Third Amendment became effective upon the consummation of the Asset Sale, the prepayment of the Term Loan Credit Facility in full and other transactions contemplated by the Asset Purchase Agreement.

On June 23, 2023, Vince, LLC entered into the Fourth Amendment (the "Third Lien Fourth Amendment") to the Third Lien Credit Agreement which, among other things, (a) extended the Third Lien Credit Agreement's maturity date to the earlier of (i) September 30, 2028 and (ii) 91 days prior to the earliest maturity date of any Material Indebtedness (as defined therein) other than the 2023 Revolving Credit Facility and (b) modified certain representations and warranties, covenants and events of default in respect of documentation conforming to the terms of the 2023 Revolving Credit Facility.

Note 6. Inventory

Inventories consisted of finished goods. As of October 28, 2023 and January 28, 2023, finished goods, net of reserves were \$69,560 and \$90,008, respectively.

Note 7. Share-Based Compensation

Employee Stock Plans

Vince 2013 Incentive Plan

In connection with the IPO, the Company adopted the Vince Holding Corp. Amended and Restated 2013 Omnibus Incentive Plan (as amended, 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 2,000,000 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 canceled for any reason, or expire or terminate unexercised, the shares

covered by such award may again be available for the grant of awards under the Vince 2013 Incentive Plan. As of October 28, 2023, there were 906,502 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. In November 2023, the Vince 2013 Incentive Plan was amended to, among others, extend the plan expiration date to November 2033.

Employee Stock Purchase Plan

The Company maintains an employee stock purchase plan ("ESPP") for its employees. Under the ESPP, all eligible employees may contribute up to 10% of their base compensation, up to a maximum contribution of \$10 per year. The purchase price of the stock is 90% of the fair market value, with purchases executed on a quarterly basis. The plan is defined as compensatory, and accordingly, a charge for compensation expense is recorded to SG&A expense for the difference between the fair market value and the discounted purchase price of the Company's common stock. During the nine months ended October 28, 2023, 13,902 shares of common stock were issued under the ESPP. During the nine months ended October 29, 2022, 7,266 shares of common stock were issued under the ESPP. As of October 28, 2023, there were 46,673 shares available for future issuance under the ESPP.

Stock Options

A summary of stock option activity for the nine months ended October 28, 2023 is as follows:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 28, 2023	58	\$ 38.77	2.7	\$ —
Granted	—	\$ —		
Exercised	—	\$ —		
Forfeited or expired	(58)	\$ 38.77		
Outstanding at October 28, 2023	—	\$ —	—	\$ —
Vested and exercisable at October 28, 2023	—	\$ —	—	\$ —

Restricted Stock Units

A summary of restricted stock unit activity for the nine months ended October 28, 2023 is as follows:

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Non-vested restricted stock units at January 28, 2023	550,293	\$ 9.44
Granted	73,433	\$ 5.45
Vested	(181,124)	\$ 9.85
Forfeited	(68,161)	\$ 9.22
Non-vested restricted stock units at October 28, 2023	374,441	\$ 8.50

Share-Based Compensation Expense

The Company recognized share-based compensation expense of \$342 and \$477, including expense of \$75 and \$59 related to non-employees, during the three months ended October 28, 2023 and October 29, 2022, respectively. The Company recognized share-based compensation expense of \$1,155 and \$1,637, including expense of \$196 and \$248 related to non-employees, during the nine months ended October 28, 2023 and October 29, 2022, respectively.

Note 8. Stockholders' Equity

At-the-Market Offering

On September 9, 2021, the Company filed a shelf registration statement on Form S-3, which was declared effective on September 21, 2021 (the "Registration Statement"). Under the Registration Statement, the Company may offer and sell up to 3,000,000 shares of common stock from time to time in one or more offerings at prices and terms to be determined at the time of the sale.

On June 30, 2023, the Company entered into a Sales Agreement with Virtu Americas LLC ("Virtu"), as sales agent and/or principal (the "Virtu At-the-Market Offering") under which, the Company may sell from time to time through Virtu shares of the Company's common stock, par value \$0.01 per share, having an offering price of up to \$7,825. Any shares will be issued pursuant to the Company's Registration Statement. During the three months ended October 28, 2023, the Company did not make any offerings or sales of shares of common stock under the Virtu At-the-Market Offering. At October 28, 2023, \$7,825 was available under the Virtu At-the-Market Offering.

The Company previously entered into an Open Market Sale AgreementSM with Jefferies LLC ("Jefferies At-the-Market Offering"), under which the Company was able to offer and sell, from time to time, up to 1,000,000 shares of common stock, par value \$0.01 per share, which shares were included in the securities registered pursuant to the Registration Statement. Effective June 29, 2023, the Company terminated the Jefferies At-the-Market Offering. During the three and nine months ended October 28, 2023, the Company did not make any offerings or sales of shares of common stock under the Jefferies At-the-Market Offering. During the nine months ended October 29, 2022, the Company issued and sold 104,980 shares of common stock under the Jefferies At-the-Market Offering for aggregate net proceeds of \$825, at an average price of \$7.86 per share.

Note 9. Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Except when the effect would be anti-dilutive, diluted earnings (loss) per share is calculated based on the weighted average number of shares of common stock outstanding plus the dilutive effect of share-based awards calculated under the treasury stock method. In periods when the Company incurs a net loss, share-based awards are excluded from the calculation of earnings per share as their inclusion would have an anti-dilutive effect.

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

	Three Months Ended		Nine Months Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Weighted-average shares—basic	12,492,278	12,307,952	12,420,991	12,186,490
Effect of dilutive equity securities	5,050	—	51,887	—
Weighted-average shares—diluted	12,497,328	12,307,952	12,472,878	12,186,490

For the three and nine months ended October 28, 2023, 390,086 and 380,487, respectively, weighted average shares of share-based compensation were excluded from the computation of weighted average shares for diluted earnings per share, as their effect would have been anti-dilutive.

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

Note 10. Commitments and Contingencies

Contractual Cash Obligations

On May 25, 2023, in connection with the Closing, Vince, LLC and ABG Vince entered into the License Agreement. The initial term of the License Agreement began on May 25, 2023, the date on which the Closing actually occurred, and ends at the end of the Company's 2032 fiscal year, unless sooner terminated pursuant to the terms of the License Agreement. Vince, LLC is required to pay ABG Vince a royalty on net sales of Licensed Products and committed to an annual guaranteed minimum royalty of \$11,000 during the initial term of the License Agreement, except that the guaranteed minimum royalty for the first contract year during the initial term will be prorated to the period beginning on the Closing Date and ending at the end of the Company's 2023 fiscal year. See Note 1 "Description of Business and Basis of Presentation - (F) Recent Transactions" for further information.

Litigation

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

Note 11. Income Taxes

The Company provides for income taxes at the end of each interim period based on the estimated effective tax rate for the full fiscal year. In interim periods where the entity is experiencing losses, an entity must make assumptions concerning its future taxable

income and determine whether the realization of future tax benefits is more likely than not. The provision for income taxes of \$509 for the three months ended October 28, 2023 resulted primarily from discrete tax expense associated with the Authentic Transaction. The provision for income taxes for the three months ended October 28, 2023 includes a correction of an error of \$499 related to discrete state tax expense associated with the Authentic Transaction that should have been recorded during the second quarter of fiscal 2023.

The benefit for income taxes of \$5,368 for the nine months ended October 28, 2023 was due to a \$6,022 discrete tax benefit resulting from the change in classification of the Company's Vince tradename indefinite-lived intangibles to Assets Held for Sale during the first quarter of fiscal 2023, offset by \$499 of discrete state tax expense associated with the Authentic Transaction and tax expense from applying the Company's estimated effective tax rate for the fiscal year to the nine-month income (loss) before income taxes and equity in net income of equity method investment, excluding discrete items. The change in classification of the Company's Vince tradename indefinite-lived intangibles resulted in a reversal of the non-cash deferred tax liability previously created by the amortization of indefinite-lived tradename intangible asset recognized for tax, but not for book purposes, as this non-cash deferred tax liability can now be used as a source to support the realization of certain deferred tax assets related to the Company's net operating losses.

The Company's estimated effective tax rate for the fiscal year is primarily driven by the non-cash deferred tax expense created by the current period amortization of indefinite-lived goodwill 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 additional tax expense for the amortization difference for goodwill.

The benefit for income taxes was \$6,615 for the three months ended October 29, 2022, and primarily reflected the impact of a decrease in the Company's estimated effective tax rate for the full fiscal year. The provision for income taxes of \$1,288 for the nine months ended October 29, 2022 reflected the impact of applying the Company's estimated effective tax rate for the fiscal year to the nine-month income (loss) before income taxes and equity in net income of equity method investment. The Company's estimated effective tax rate for the fiscal year was driven by the non-cash deferred tax expense created by the current period amortization of indefinite-lived goodwill and intangible assets for tax but not for book purposes. A portion of these deferred tax liabilities cannot be used as a source to support the realization of certain deferred tax assets related to the Company's net operating losses which results in tax expense to record these deferred tax liabilities.

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

Note 12. Leases

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

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

Total lease cost is included in SG&A expense in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) and is recorded net of immaterial sublease income. Some leases have a non-cancelable lease term of less than one year and therefore, the Company has elected to exclude these short-term leases from its ROU asset and lease liabilities.

Short term lease costs were immaterial for the nine months ended October 28, 2023 and October 29, 2022. The Company's lease cost is comprised of the following:

(in thousands)	Three Months Ended		Nine Months Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Operating lease cost	\$ 5,675	\$ 6,446	\$ 13,779	\$ 18,859
Variable operating lease cost	180	45	265	503
Total lease cost	<u>\$ 5,855</u>	<u>\$ 6,491</u>	<u>\$ 14,044</u>	<u>\$ 19,362</u>

The operating lease cost for the nine months ended October 28, 2023, included a benefit of \$779 for the correction of an error recorded within SG&A expenses related to a lease modification that occurred during fiscal 2022 for a Vince retail store, leading to an overstatement of the ROU assets and an overstatement of the lease obligations in fiscal 2022.

As of October 28, 2023, the future maturities of lease liabilities were as follows:

(in thousands)	October 28, 2023
Fiscal 2023	\$ 6,087
Fiscal 2024	23,127
Fiscal 2025	17,533
Fiscal 2026	13,906
Fiscal 2027	10,825
Thereafter	38,349
Total lease payments	<u>109,827</u>
Less: Imputed interest	(21,903)
Total operating lease liabilities	<u>\$ 87,924</u>

The operating lease payments do not include any renewal options as such leases are not reasonably certain of being renewed as of October 28, 2023, and do not include \$664 of legally binding minimum lease payments for leases signed but not yet commenced.

Note 13. Segment Financial Information

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

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

On September 12, 2022, the Company announced its decision to wind down the Rebecca Taylor business. On December 22, 2022, the Company's indirectly wholly owned subsidiary, Rebecca Taylor, Inc., completed the sale of its intellectual property and certain related ancillary assets to RT IPCO, LLC, an affiliate of Ramani Group. Substantially all Rebecca Taylor inventory was liquidated as of January 28, 2023. Additionally, all Rebecca Taylor retail and outlet stores operated by the Company were closed as of January 28, 2023 and the e-commerce site operated by the Company ceased in December 2022.

On February 17, 2023, the Company's indirectly wholly owned subsidiary, Parker Lifestyle, LLC, completed the sale of its intellectual property and certain related ancillary assets to Parker IP Co. LLC, an affiliate of BCI Brands.

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 28, 2023 included in the 2022 Annual Report on Form

10-K. Unallocated corporate expenses are related to the Vince brand and are comprised of SG&A expenses attributable to corporate and administrative activities (such as marketing, design, finance, information technology, legal and human resource departments), and other charges that are not directly attributable to the Company's Vince Wholesale and Vince Direct-to-consumer reportable segments. Unallocated corporate assets are related to the Vince brand and are comprised of the carrying values of the Company's goodwill, equity method investment 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
<u>Three Months Ended October 28, 2023</u>					
Net Sales ⁽¹⁾	\$ 49,840	\$ 34,236	\$ —	\$ —	\$ 84,076
Income (loss) before income taxes and equity in net income of equity method investment ⁽³⁾	15,167	(48)	(6)	(14,277)	836
<u>Three Months Ended October 29, 2022</u>					
Net Sales ⁽⁴⁾	\$ 55,023	\$ 34,651	\$ 8,890	\$ —	\$ 98,564
Income (loss) before income taxes and equity in net income of equity method investment ⁽⁵⁾	14,352	696	(13,155)	(13,744)	(11,851)
<u>Nine Months Ended October 28, 2023</u>					
Net Sales ⁽¹⁾	\$ 118,714	\$ 98,674	\$ 191	\$ —	\$ 217,579
Income (loss) before income taxes and equity in net income of equity method investment ^{(2) (3)}	35,098	2,151	2,443	(15,809)	23,883
<u>Nine Months Ended October 29, 2022</u>					
Net Sales ⁽⁴⁾	\$ 135,179	\$ 103,633	\$ 27,322	\$ —	\$ 266,134
Income (loss) before income taxes and equity in net income of equity method investment	37,312	(723)	(20,124)	(42,571)	(26,106)
(in thousands)	Vince Wholesale	Vince Direct-to-consumer	Rebecca Taylor and Parker	Unallocated Corporate	Total
<u>October 28, 2023</u>					
Total Assets	\$ 97,062	\$ 91,892	\$ —	\$ 56,338	\$ 245,292
<u>January 28, 2023</u>					
Total Assets	\$ 83,134	\$ 95,499	\$ 981	\$ 123,731	\$ 303,345

(1) Net sales for the Rebecca Taylor and Parker reportable segment for the three and nine months ended October 28, 2023 consisted of \$0 and \$191, respectively, through wholesale distribution channels of residual revenue contracted prior to the sale of the Rebecca Taylor tradename.

(2) The Rebecca Taylor and Parker reportable segment for the nine months ended October 28, 2023 includes a \$765 gain associated with the sale of the Parker tradename, a net benefit of \$1,750 from the wind down of the Rebecca Taylor business, and \$150 of transaction related expenses associated with the sale of the Parker tradename. See Note 1 "Description of Business and Basis of Presentation - (F) Recent Transactions" and Note 2 "Wind Down of Rebecca Taylor Business" for further information.

(3) Unallocated Corporate for the three months ended October 28, 2023 includes \$248 of transaction expenses associated with the Asset Sale. For the nine months ended October 28, 2023, Unallocated Corporate includes the \$32,043 gain associated with the Asset Sale and \$5,030 of transaction

related expenses associated with the Asset Sale. See Note 1 "Description of Business and Basis of Presentation - (F) Recent Transactions" for further information.

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

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

Note 14. Related Party Transactions

Operating Agreement

On May 25, 2023, Vince, LLC and ABG Vince entered into the Operating Agreement, which, among other things, provides for the management of the business and the affairs of ABG Vince, the allocation of profits and losses, the distribution of cash of ABG Vince among its members and the rights, obligations and interests of the members to each other and to Vince, LLC. See Note 1 "Description of Business and Basis of Presentation - (F) Recent Transactions" for further information.

During the three and nine months ended October 28, 2023, the Company received \$389 of cash distributions under the Operating Agreement.

License Agreement

On May 25, 2023, Vince, LLC and ABG Vince entered into the License Agreement, whereby Vince, LLC is required to pay ABG Vince a royalty on net sales of Licensed Products and committed to an annual guaranteed minimum royalty of \$11,000. See Note 1 "Description of Business and Basis of Presentation - (F) Recent Transactions" for further information.

During the three and nine months ended October 28, 2023, the Company paid \$2,200 and \$6,395, respectively, under the License Agreement. At October 28, 2023, \$142 was included within Prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets.

Third Lien Credit Agreement

On December 11, 2020, Vince, LLC entered into the \$20,000 Third Lien Credit Facility pursuant to the Third Lien Credit Agreement, by and among Vince, LLC, as the borrower, SK Financial, as agent and lender, and other lenders from time-to-time party thereto. SK Financial is an affiliate of Sun Capital, whose affiliates own, as of October 28, 2023, approximately 68% of the Company's common stock. The Third Lien Credit Facility was reviewed and approved by the Special Committee of the Company's Board of Directors, consisting solely of directors not affiliated with Sun Capital, which committee was represented by independent legal advisors.

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

Tax Receivable Agreement

VHC entered into a Tax Receivable Agreement with the Pre-IPO Stockholders on November 27, 2013, which expired in November of 2023 with no outstanding obligations due from the Company. The Company and its former subsidiaries generated certain tax benefits (including net operating losses and tax credits) prior to the Restructuring Transactions consummated in connection with the Company's IPO and will generate certain section 197 intangible deductions (the "Pre-IPO Tax Benefits"), which would reduce the actual liability for taxes that the Company might otherwise be required to pay. The Tax Receivable Agreement provided 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").

As of October 28, 2023, the Company's total obligation under the Tax Receivable Agreement was estimated to be \$0 based on the projected usage of the Pre IPO Tax Benefits.

Sun Capital Consulting Agreement

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

During the three months ended October 28, 2023 and October 29, 2022, the Company incurred expenses of \$1 and \$1, respectively, under the Sun Capital Consulting Agreement. During the nine months ended October 28, 2023 and October 29, 2022, the Company incurred expenses of \$4 and \$11, respectively, under the Sun Capital Consulting Agreement.

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

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

This discussion contains forward-looking statements involving risks, uncertainties and assumptions that could cause our results to differ materially from expectations. For a discussion of the risks facing our business see "Item 1A—Risk Factors" of this Quarterly Report as well as in our 2022 Annual Report on Form 10-K.

Executive Overview

We are a global retail company that operates the Vince brand women's and men's ready to wear business. We serve our customers through a variety of channels that reinforces our brand image. Previously, we also owned and operated the Rebecca Taylor and Parker brands until the sale of the respective intellectual property was completed, as discussed below.

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. Vince operates 49 full-price retail stores, 17 outlet stores, its e-commerce site, *vince.com* and through its subscription service Vince Unfold, *vinceunfold.com*, as well as through premium wholesale channels globally.

On April 21, 2023 the Company entered into a strategic partnership ("Authentic Transaction") with Authentic Brands Group, LLC ("Authentic"), a global brand development, marketing and entertainment platform, whereby the Company will contribute its intellectual property to a newly formed Authentic subsidiary ("ABG Vince") for cash consideration and a membership interest in ABG Vince. The Company closed the Asset Sale on May 25, 2023. On May 25, 2023, in connection with the Authentic Transaction, Vince, LLC, entered into a License Agreement (the "License Agreement") with ABG Vince, which provides Vince, LLC with an exclusive, long-term license to use the Licensed Property in the Territory to the Approved Accounts (each as defined in the License Agreement). See Note 1 "Description of Business and Basis of Presentation - (F) Recent Transactions" to the Condensed Consolidated Financial Statements in this Quarterly Report for additional information.

Rebecca Taylor, founded in 1996 in New York City, was a contemporary womenswear line lauded for its signature prints, romantic detailing and vintage inspired aesthetic, reimagined for a modern era. On September 12, 2022, the Company announced its decision to wind down the Rebecca Taylor business. On December 22, 2022, the Company's indirectly wholly owned subsidiary, Rebecca Taylor, Inc., completed the sale of its intellectual property and certain related ancillary assets to RT IPCO, LLC, an affiliate of Ramani Group. See Note 2 "Wind Down of Rebecca Taylor Business" to the Condensed Consolidated Financial Statements in this Quarterly Report for additional information. The Rebecca Taylor collection was previously available through retail stores and outlet stores, through its branded e-commerce site and through its subscription service Rebecca Taylor RNTD, as well as through major department and specialty stores in the U.S. and in select international markets. All Rebecca Taylor retail and outlet stores operated by the Company were closed as of January 28, 2023 and the e-commerce site operated by the Company ceased in December 2022.

Parker, founded in 2008 in New York City, was a contemporary women's fashion brand that was trend focused. During the first half of fiscal 2020 the Company decided to pause the creation of new products to focus resources on the operations of the Vince and Rebecca Taylor brands. On February 17, 2023, the Company's indirectly wholly owned subsidiary, Parker Lifestyle, LLC, completed the sale of its intellectual property and certain related ancillary assets to Parker IP Co. LLC, an affiliate of BCI Brands. See Note 1 "Description of Business and Basis of Presentation - (F) Recent Transactions" to the Condensed Consolidated Financial Statements in this Quarterly Report for further information. The Parker collection was previously available through major department stores and specialty stores worldwide as well as through its e-commerce website.

The Company has identified three reportable segments: Vince Wholesale, Vince Direct-to-consumer and Rebecca Taylor and Parker.

Transformation Program

The Company will be implementing a transformation program focused on driving enhanced profitability through an improved gross margin profile and optimized expense structure. The transformation program is focused on improving the Company's gross margin profile and driving cost efficiencies. The Company expects to achieve these goals primarily through streamlining manufacturing and production operations, reducing promotional activity and optimizing the breadth and depth of markdowns, and enhancing efficiencies within store operations, corporate overhead and third-party spend.

Results of Operations

Comparable Sales

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

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

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

	Three Months Ended				Nine Months Ended			
	October 28, 2023		October 29, 2022		October 28, 2023		October 29, 2022	
	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales
<i>(in thousands, except per share data and percentages)</i>								
Statements of Operations:								
Net sales	\$ 84,076	100.0 %	\$ 98,564	100.0 %	\$ 217,579	100.0 %	\$ 266,134	100.0 %
Cost of products sold	46,891	55.8 %	68,761	69.8 %	118,454	54.4 %	164,324	61.7 %
Gross profit	37,185	44.2 %	29,803	30.2 %	99,125	45.6 %	101,810	38.3 %
Impairment of intangible assets	—	0.0 %	—	0.0 %	—	0.0 %	1,700	0.6 %
Impairment of long-lived assets	—	0.0 %	—	0.0 %	—	0.0 %	866	0.3 %
Gain on sale of intangible assets	—	0.0 %	—	0.0 %	(32,808)	(15.1)%	—	0.0 %
Selling, general and administrative expenses	34,356	40.9 %	39,198	39.8 %	98,630	45.3 %	119,128	44.8 %
Income (loss) from operations	2,829	3.4 %	(9,395)	(9.5)%	33,303	15.3 %	(19,884)	(7.5)%
Interest expense, net	1,993	2.4 %	2,456	2.5 %	9,420	4.3 %	6,222	2.3 %
Income (loss) before income taxes and equity in net income of equity method investment	836	1.0 %	(11,851)	(12.0)%	23,883	11.0 %	(26,106)	(9.8)%
Provision (benefit) for income taxes	509	0.6 %	(6,615)	(6.7)%	(5,368)	(2.4)%	1,288	0.5 %
Income (loss) before equity in net income of equity method investment	327	0.4 %	(5,236)	(5.3)%	29,251	13.4 %	(27,394)	(10.3)%
Equity in net income of equity method investment	656	0.8 %	—	0.0 %	863	0.4 %	—	0.0 %
Net income (loss)	\$ 983	1.2 %	\$ (5,236)	(5.3)%	\$ 30,114	13.8 %	\$ (27,394)	(10.3)%
Earnings (loss) per share:								
Basic earnings (loss) per share	\$ 0.08		\$ (0.43)		\$ 2.42		\$ (2.25)	
Diluted earnings (loss) per share	\$ 0.08		\$ (0.43)		\$ 2.41		\$ (2.25)	

Three Months Ended October 28, 2023 Compared to Three Months Ended October 29, 2022

Net sales for the three months ended October 28, 2023 were \$84,076, decreasing \$14,488, or 14.7%, versus \$98,564 for the three months ended October 29, 2022.

Gross profit increased 24.8% to \$37,185 for the three months ended October 28, 2023 from \$29,803 in the prior year third quarter. As a percentage of sales, gross margin was 44.2%, compared with 30.2% in the prior year third quarter. The total gross margin rate increase was primarily driven by the following factors:

- The favorable impact from the wind down of the Rebecca Taylor business, which historically operated at a lower overall gross margin, contributed positively by approximately 790 basis points;
- The favorable impact of year-over-year adjustments to inventory reserves contributed positively by approximately 530 basis points; and
- The favorable impact from lower freight costs which contributed positively by approximately 470 basis points; partly offset by
- The unfavorable impact from royalty expense associated with the License Agreement with ABG Vince contributed negatively by approximately 480 basis points.

Selling, general and administrative ("SG&A") expenses for the three months ended October 28, 2023 were \$34,356, decreasing \$4,842, or 12.4%, versus \$39,198 for the three months ended October 29, 2022. SG&A expenses as a percentage of sales were 40.9% and 39.8% for the three months ended October 28, 2023 and October 29, 2022, respectively. The change in SG&A expenses compared to the prior fiscal year period was primarily due to:

- \$8,729 net decrease in total SG&A expenses resulting from the wind down of the Rebecca Taylor brand;
- \$334 of decreased product developments costs; partly offset by
- \$2,334 increase in rent and occupancy primarily due to lease modifications effective in the third quarter of fiscal 2022;
- \$1,436 of increased compensation and benefits, due to lower bonus compensation in the third quarter of fiscal 2022; and
- \$623 of increased consulting and other third-party costs.

Interest expense, net decreased \$463, or 18.9%, to \$1,993 in the three months ended October 28, 2023 from \$2,456 in the three months ended October 29, 2022, due to an overall reduction of debt primarily through the termination of the term loan credit facility in the second quarter of fiscal 2023.

Provision (benefit) for income taxes for the three months ended October 28, 2023 was an expense of \$509, which resulted primarily from discrete tax expense associated with the Authentic Transaction.

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

Equity in net income of equity method investment for the three months ended October 28, 2023 was \$656 related to the Company's 25% membership interest in ABG Vince.

Performance by Segment

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

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

On September 12, 2022, the Company announced its decision to wind down the Rebecca Taylor business. On December 22, 2022, the Company's indirectly wholly owned subsidiary, Rebecca Taylor, Inc., completed the sale of its intellectual property and certain related ancillary assets to RT IPCO, LLC, an affiliate of Ramani Group. Substantially all Rebecca Taylor inventory was liquidated as of January 28, 2023. Additionally, all Rebecca Taylor retail and outlet stores operated by the Company were closed as of January 28, 2023 and the e-commerce site operated by the Company ceased in December 2022.

On February 17, 2023, the Company's indirectly wholly owned subsidiary, Parker Lifestyle, LLC, completed the sale of its intellectual property and certain related ancillary assets to Parker IP Co. LLC, an affiliate of BCI Brands. See Note 1 "Description of Business and Basis of Presentation - (F) Recent Transactions" to the Condensed Consolidated Financial Statements in this Quarterly Report for additional information.

Unallocated corporate expenses are related to the Vince brand and are comprised of SG&A expenses attributable to corporate and administrative activities (such as marketing, design, finance, information technology, legal and human resource departments), and other charges that are not directly attributable to the Company's Vince Wholesale and Vince Direct-to-consumer reportable segments. In addition, unallocated corporate includes the transaction related expenses associated with the Asset Sale.

(in thousands)	Three Months Ended	
	October 28, 2023	October 29, 2022
Net Sales:		
Vince Wholesale	\$ 49,840	\$ 55,023
Vince Direct-to-consumer	34,236	34,651
Rebecca Taylor and Parker	—	8,890
Total net sales	<u>\$ 84,076</u>	<u>\$ 98,564</u>
Income (loss) from operations:		
Vince Wholesale	\$ 15,167	\$ 14,352
Vince Direct-to-consumer	(48)	696
Rebecca Taylor and Parker	(6)	(13,155)
Subtotal	15,113	1,893
Unallocated corporate	(12,284)	(11,288)
Total income (loss) from operations	<u>\$ 2,829</u>	<u>\$ (9,395)</u>

Vince Wholesale

(in thousands)	Three Months Ended		
	October 28, 2023	October 29, 2022	\$ Change
Net sales	\$ 49,840	\$ 55,023	\$ (5,183)
Income from operations	15,167	14,352	815

Net sales from our Vince Wholesale segment decreased \$5,183, or 9.4%, to \$49,840 in the three months ended October 28, 2023 from \$55,023 in the three months ended October 29, 2022, primarily due to lower full-price and off-price shipments.

Income from operations from our Vince Wholesale segment increased \$815, or 5.7%, to \$15,167 in the three months ended October 28, 2023 from \$14,352 in the three months ended October 29, 2022, primarily due to improved gross margin which was unfavorably impacted by royalty expenses associated with the License Agreement with ABG Vince, partially offsetting lower net sales.

Vince Direct-to-consumer

(in thousands)	Three Months Ended		
	October 28, 2023	October 29, 2022	\$ Change
Net sales	\$ 34,236	\$ 34,651	\$ (415)
(Loss) income from operations	(48)	696	(744)

Net sales from our Vince Direct-to-consumer segment decreased \$415, or 1.2%, to \$34,236 in the three months ended October 28, 2023 from \$34,651 in the three months ended October 29, 2022. Comparable sales increased \$84, or 0.2%, including e-commerce, primarily due to an increase in e-commerce traffic. Non-comparable sales declined \$499, which includes new stores which have not completed 13 full fiscal months of operations and Vince Unfold. Since October 29, 2022, one net store has closed bringing our total retail store count to 66 (consisting of 49 full price stores and 17 outlet stores) as of October 28, 2023, compared to 67 (consisting of 50 full price stores and 17 outlet stores) as of October 29, 2022.

Our Vince Direct-to-consumer segment had a loss from operations of \$48 in the three months ended October 28, 2023 compared to income from operations of \$696 in the three months ended October 29, 2022. The change was primarily driven by an increase in SG&A expenses, due to lower rent expense in fiscal 2022 related to lease modifications, which offset an improved gross margin that was unfavorably impacted by royalty expenses associated with the License Agreement with ABG Vince.

(in thousands)	Three Months Ended		
	October 28, 2023	October 29, 2022	\$ Change
Net sales	\$ —	\$ 8,890	\$ (8,890)
Loss from operations	(6)	(13,155)	13,149

Net sales from our Rebecca Taylor and Parker segment decreased \$8,890, or 100.0%, to \$- in the three months ended October 28, 2023 from \$8,890 in the three months ended October 29, 2022, as a result of the wind down of the Rebecca Taylor and Parker businesses.

Our Rebecca Taylor and Parker segment had a loss from operations of \$6 in the three months ended October 28, 2023 compared to a loss from operations of \$13,155 in the three months ended October 29, 2022. The change was primarily driven by the wind down of the Rebecca Taylor business.

Nine Months Ended October 28, 2023 Compared to Nine Months Ended October 29, 2022

Net sales for the nine months ended October 28, 2023 were \$217,579, decreasing \$48,555, or 18.2%, versus \$266,134 for the nine months ended October 29, 2022.

Gross profit decreased 2.6% to \$99,125 for the nine months ended October 28, 2023 from \$101,810 in the nine months ended October 29, 2022. As a percentage of sales, gross margin was 45.6%, compared with 38.3% in the nine months ended October 29, 2022. The total gross margin rate increase was primarily driven by the following factors:

- The favorable impact from the wind down of the Rebecca Taylor business, which historically operated at a lower overall gross margin, contributed positively by approximately 350 basis points;
- The favorable impact from lower promotional activity in the Direct-to-consumer segment which contributed approximately 290 basis points;
- The favorable impact of year-over-year adjustments to inventory reserves contributed positively by approximately 270 basis points; and
- The favorable impact from lower freight costs which contributed positively by approximately 210 basis points; partly offset by
- The unfavorable impact from royalty expense associated with the License Agreement with ABG Vince contributed negatively by approximately 280 basis points.

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

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

Gain on sale of intangible assets for the nine months ended October 28, 2023 was \$32,808, of which \$32,043 is related to the sale of the Vince intellectual property and certain related ancillary assets and \$765 is related to the sale of the Parker intellectual property and certain ancillary assets. See Note 1 "Description of Business and Basis of Presentation - (F) Recent Transactions" to the Condensed Consolidated Financial Statements in this Quarterly Report for further information.

SG&A expenses for the nine months ended October 28, 2023 were \$98,630, decreasing \$20,498, or 17.2%, versus \$119,128 for the nine months ended October 29, 2022. SG&A expenses as a percentage of sales were 45.3% and 44.8% for the nine months ended October 28, 2023 and October 29, 2022, respectively. The change in SG&A expenses compared to the prior fiscal year period was primarily due to:

- \$21,227 net decrease in total SG&A expenses resulting from the wind down of the Rebecca Taylor brand;
- \$1,224 of decreased product development costs;
- \$1,072 of decreased consulting and other third-party costs primarily due to investments in the prior year related to our customer facing technologies to further expand our omni-channel capabilities and our e-commerce platforms;
- \$725 of decreased marketing and advertising costs; and
- \$446 of decreased compensation and benefits, partly due to lower incentive-based compensation; partly offset by

- \$5,030 of transaction related expenses associated with the Asset Sale; and
- \$723 of increased rent expense primarily due to lease modifications effective in the third quarter of fiscal 2022.

Interest expense, net increased \$3,198, or 51.4%, to \$9,420 in the nine months ended October 28, 2023 from \$6,222 in the nine months ended October 29, 2022 primarily due to a \$1,755 write-off of deferred financing costs and a \$553 prepayment penalty both associated with the termination of the Term Loan Credit Facility, as well as an \$828 write-off of deferred financing costs associated with the termination of the 2018 Revolving Credit Facility.

Provision (benefit) for income taxes for the nine months ended October 28, 2023 was a benefit of \$5,368. This benefit was due to a \$6,022 discrete tax benefit resulting from the change in classification of the Company's Vince tradename indefinite-lived intangibles to Assets Held for Sale during the first quarter of fiscal 2023, offset by \$499 of discrete state tax expense associated with the Authentic Transaction and tax expense from applying the Company's estimated effective tax rate for the fiscal year to the nine-month income (loss) before income taxes and equity in net income of equity method investment, excluding discrete items.

The change in classification of the Company's Vince tradename indefinite-lived intangibles resulted in a reversal of the non-cash deferred tax liability previously created by the amortization of indefinite-lived tradename intangible asset recognized for tax, but not for book purposes, as this non-cash deferred tax liability can now be used as a source to support the realization of certain deferred tax assets related to the Company's net operating losses.

The Company's estimated effective tax rate for the fiscal year is primarily driven by the non-cash deferred tax expense created by the current period amortization of indefinite-lived goodwill 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 additional tax expense for the amortization difference for goodwill.

The provision for income taxes was \$1,288 for the nine months ended October 29, 2022, which reflected the impact of applying the Company's estimated effective tax rate for the fiscal year to the nine month income (loss) before income taxes and equity in net income of equity method investment. The Company's estimated effective tax rate for the fiscal year was driven by the non-cash deferred tax expense created by the current period amortization of indefinite-lived goodwill and intangible assets for tax but not for book purposes. See Note 11 "Income Taxes" to the Condensed Consolidated Financial Statements in this Quarterly Report for further information.

Equity in net income of equity method investment for the nine months ended October 28, 2023 was \$863 related to the Company's 25% membership interest in ABG Vince.

Performance by Segment

(in thousands)	Nine Months Ended	
	October 28, 2023	October 29, 2022
Net Sales:		
Vince Wholesale	\$ 118,714	\$ 135,179
Vince Direct-to-consumer	98,674	103,633
Rebecca Taylor and Parker	191	27,322
Total net sales	<u>\$ 217,579</u>	<u>\$ 266,134</u>
Income (loss) from operations:		
Vince Wholesale	\$ 35,098	\$ 37,312
Vince Direct-to-consumer	2,151	(723)
Rebecca Taylor and Parker	2,443	(20,124)
Subtotal	39,692	16,465
Unallocated corporate ⁽¹⁾	(6,389)	(36,349)
Total income (loss) from operations	<u>\$ 33,303</u>	<u>\$ (19,884)</u>

(1) Unallocated corporate for the nine months ended October 28, 2023 includes the \$32,043 gain related to the sale of the Vince intellectual property and certain related ancillary assets.

Vince Wholesale

(in thousands)	Nine Months Ended		
	October 28, 2023	October 29, 2022	\$ Change
Net sales	\$ 118,714	\$ 135,179	\$ (16,465)
Income from operations	35,098	37,312	(2,214)

Net sales from our Vince Wholesale segment decreased \$16,465, or 12.2%, to \$118,714 in the nine months ended October 28, 2023 from \$135,179 in the nine months ended October 29, 2022, primarily due to lower full-price shipments, partly due to a shift in timing.

Income from operations from our Vince Wholesale segment decreased \$2,214, or 5.9%, to \$35,098 in the nine months ended October 28, 2023 from \$37,312 in the nine months ended October 29, 2022, primarily due to lower net sales that were partially offset by an improved gross margin, which was unfavorably impacted by royalty expenses associated with the License Agreement with ABG Vince.

Vince Direct-to-consumer

(in thousands)	Nine Months Ended		
	October 28, 2023	October 29, 2022	\$ Change
Net sales	\$ 98,674	\$ 103,633	\$ (4,959)
Income (loss) from operations	2,151	(723)	2,874

Net sales from our Vince Direct-to-consumer segment decreased \$4,959, or 4.8%, to \$98,674 in the nine months ended October 28, 2023 from \$103,633 in the nine months ended October 29, 2022. Comparable sales decreased \$3,386, or 3.4%, including e-commerce, primarily due to a decrease in e-commerce traffic. Non-comparable sales declined \$1,573 which includes new stores which have not completed 13 full fiscal months of operations and Vince Unfold. Since October 29, 2022, one net store has closed bringing our total retail store count to 66 (consisting of 49 full price stores and 17 outlet stores) as of October 28, 2023, compared to 67 (consisting of 50 full price stores and 17 outlet stores) as of October 29, 2022.

Our Vince Direct-to-consumer segment had income from operations of \$2,151 in the nine months ended October 28, 2023 compared to a loss from operations of \$723 in the nine months ended October 29, 2022. The change was primarily driven by an improved gross margin, which was unfavorably impacted by royalty expenses associated with the License Agreement with ABG Vince, partially offset by lower net sales and increased SG&A expenses attributable to compensation and benefits.

Rebecca Taylor and Parker

(in thousands)	Nine Months Ended		
	October 28, 2023	October 29, 2022	\$ Change
Net sales	\$ 191	\$ 27,322	\$ (27,131)
Income (loss) from operations	2,443	(20,124)	22,567

Net sales from our Rebecca Taylor and Parker segment decreased \$27,131, or 99.3%, to \$191 in the nine months ended October 28, 2023 from \$27,322 in the nine months ended October 29, 2022 primarily due to the wind down of the Rebecca Taylor and Parker businesses.

Our Rebecca Taylor and Parker segment had income from operations of \$2,443 in the nine months ended October 28, 2023 compared to a loss from operations of \$20,124 in the nine months ended October 29, 2022. The change was primarily driven by the wind down of the Rebecca Taylor business. In addition, income from operations for the nine months ended October 28, 2023 includes a net benefit of \$1,750 from the wind down of the Rebecca Taylor business, primarily related to the release of operating lease liabilities as a result of lease terminations, a \$765 gain associated with the sale of the Parker tradename and \$150 of transaction related expenses associated with the sale of the Parker tradename. Loss from operations for the nine months ended October 29, 2022 included \$2,566 of impairment charges related to the impairment of the Rebecca Taylor tradename and property and equipment.

Liquidity and Capital Resources

Our sources of liquidity are cash and cash equivalents, cash flows from operations, if any, borrowings available under the 2023 Revolving Credit Facility and our ability to access the capital markets, including our Sales Agreement entered into with Virtu Americas LLC in June 2023 (see Note 8 "Stockholders' Equity" to the Condensed Consolidated Financial Statements in this Quarterly Report for further information). Our primary cash needs are funding working capital requirements, including royalty payments under the License Agreement, 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. Based on 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)	Nine Months Ended	
	October 28, 2023	October 29, 2022
Operating activities		
Net income (loss)	\$ 30,114	\$ (27,394)
Add (deduct) items not affecting operating cash flows:		
Impairment of intangible assets	—	1,700
Impairment of long-lived assets	—	866
Depreciation and amortization	3,703	5,828
Provision for bad debt	(17)	149
Gain on sale of intangible assets	(32,808)	—
Loss on disposal of property and equipment	230	72
Amortization of deferred financing costs	673	734
Deferred income taxes	(5,905)	1,039
Share-based compensation expense	1,155	1,637
Capitalized PIK Interest	2,875	1,917
Loss on debt extinguishment	3,136	—
Equity in net income of equity method investment, net of distributions	(475)	—
Changes in assets and liabilities:		
Receivables, net	(7,584)	(301)
Inventories	20,441	(37,913)
Prepaid expenses and other current assets	(366)	718
Accounts payable and accrued expenses	(23,921)	20,954
Other assets and liabilities	(4,372)	1,108
Net cash used in operating activities	<u>\$ (13,121)</u>	<u>\$ (28,886)</u>

Net cash used in operating activities during the nine months ended October 28, 2023 was \$13,121, which consisted of net income of \$30,114, impacted by non-cash items of \$(27,433) and cash used in working capital of \$15,802. Net cash used in working capital primarily resulted from cash outflows in accounts payable and accrued expenses of \$23,921, primarily due to the timing of payments to vendors, and an increase in receivables driven by the timing of sales, offset by a reduction in inventory levels related to more efficient inventory management.

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

Investing Activities

(in thousands)	Nine Months Ended	
	October 28, 2023	October 29, 2022
Investing activities		
Payments for capital expenditures	\$ (920)	\$ (2,100)
Transaction costs related to equity method investment	(525)	—
Proceeds from sale of intangible assets	77,525	—
Net cash provided by (used in) investing activities	<u>\$ 76,080</u>	<u>\$ (2,100)</u>

Net cash provided by investing activities of \$76,080 during the nine months ended October 28, 2023 primarily represents \$76,500 of proceeds received from the sale of the Vince intangible assets and \$1,025 of proceeds received from the sale of the Parker intangible assets (see Note 1 "Description of Business and Basis of Presentation - (F) Recent Transactions" to the Condensed Consolidated Financial Statements in this Quarterly Report for additional information).

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

Financing Activities

(in thousands)	Nine Months Ended	
	October 28, 2023	October 29, 2022
Financing activities		
Proceeds from borrowings under the Revolving Credit Facilities	\$ 219,266	\$ 304,952
Repayment of borrowings under the Revolving Credit Facilities	(248,387)	(272,375)
Repayment of borrowings under the Term Loan Facilities	(29,378)	(1,750)
Proceeds from common stock issuance, net of certain fees	—	825
Tax withholdings related to restricted stock vesting	(141)	(210)
Proceeds from stock option exercises, restricted stock vesting, and issuance of common stock under employee stock purchase plan	38	58
Financing fees	(3,012)	(406)
Net cash (used in) provided by financing activities	\$ (61,614)	\$ 31,094

Net cash used in financing activities was \$61,614 during the nine months ended October 28, 2023, primarily consisting of \$29,121 of net repayments of borrowings under the Company's revolving credit facilities, the repayment of \$29,378 of borrowings under the Term Loan Credit Facility, and financing fees of \$3,012 (which includes a \$553 prepayment penalty associated with the termination of the Term Loan Credit Facility during the nine months ended October 28, 2023).

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

Term Loan Credit Facility

On September 7, 2021, Vince, LLC entered into a \$35,000 senior secured term loan credit facility (the "Term Loan Credit Facility") pursuant to a Credit Agreement (the "Term Loan Credit Agreement"), as amended from time to time, by and among Vince, LLC, as the borrower, the guarantors named therein, PLC Agent, LLC, as administrative agent and collateral agent, and the other lenders from time to time party thereto. Vince Holding Corp. and Vince Intermediate Holding, LLC ("Vince Intermediate") were guarantors under the Term Loan Credit Facility. The Term Loan Credit Facility would have matured on the earlier of September 7, 2026, and 91 days after the maturity date of the 2018 Revolving Credit Facility.

On May 25, 2023, utilizing proceeds from the Asset Sale, the Company repaid all outstanding amounts of \$28,724, which included accrued interest and a prepayment penalty of \$553 (which is included within financing fees on the Condensed Consolidated Statements of Cash Flows), under the Term Loan Credit Facility. The Term Loan Credit Facility was terminated. The Company also repaid \$850 of fees due in accordance with an amendment entered into on September 30, 2022. Additionally, the Company recorded expense of \$1,755 during the nine months ended October 28, 2023, related to the write-off of the remaining deferred financing costs. Prior to May 25, 2023, on an inception to date basis, the Company had made repayments of \$7,335 on the Term Loan Credit Facility.

2023 Revolving Credit Facility

On June 23, 2023, Vince, LLC, entered into a new \$85,000 senior secured revolving credit facility (the "2023 Revolving Credit Facility") pursuant to a Credit Agreement (the "2023 Revolving Credit Agreement") by and among Vince, LLC, the guarantors named therein, Bank of America, N.A. ("BoFA"), as Agent, the other lenders from time to time party thereto, and BoFA Securities, Inc., as sole lead arranger and sole bookrunner.

All outstanding amounts under the 2018 Revolving Credit Facility (as defined below) were repaid in full and such facility was terminated pursuant to the terms thereof as a result of all parties completing their obligations under such facility.

The 2023 Revolving Credit Facility provides for a revolving line of credit of up to the lesser of (i) the Borrowing Base (as defined in the 2023 Revolving Credit Agreement) and (ii) \$85,000, as well as a letter of credit sublimit of \$10,000. The 2023 Revolving Credit Agreement also permits Vince, LLC to request an increase in aggregate commitments under the 2023 Revolving Credit Facility of up to \$15,000, subject to customary terms and conditions. The 2023 Revolving Credit Facility matures on the earlier of June 23, 2028, and 91 days prior to the earliest maturity date of any Material Indebtedness (as defined in the 2023 Revolving Credit Agreement), including the subordinated indebtedness pursuant to the Third Lien Credit Agreement.

Interest is payable on the loans under the 2023 Revolving Credit Facility, at Vince LLC's request, either at Term SOFR, the Base Rate, or SOFR Daily Floating 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 Federal Funds Rate for such day, plus 0.5%; (ii) the rate of interest in effect for such day as publicly announced from time to time by BoFA as its prime rate; (iii) the SOFR Daily Floating Rate on such day, plus 1.0%; and (iv) 1.0%. During the continuance of certain specified events of default, at the election of BoFA in its capacity as Agent, interest will accrue at a rate of 2.0% in excess of the applicable non-default rate.

The applicable margins for SOFR Term and SOFR Daily Floating Rate Loans are: (i) 2.0% when the average daily Excess Availability (as defined in the 2023 Revolving Credit Agreement) is greater than 66.7% of the Loan Cap (as defined in the 2023 Revolving Credit Agreement); (ii) 2.25% when the average daily Excess Availability is greater than or equal to 33.3% but less than or equal to 66.7% of the Loan Cap; and (iii) 2.5% when the average daily Excess Availability is less than 33.3% of the Loan Cap. The applicable margins for Base Rate Loans are: (a) 1.0% when the average daily Excess Availability is greater than 66.7% of the Loan Cap; (b) 1.25% when the average daily Excess Availability is greater than or equal to 33.3% but less than or equal to 66.7% of the Loan Cap; and (c) 1.5% when the average daily Excess Availability is less than 33.3% of the Loan Cap.

The 2023 Revolving Credit Facility contains a financial covenant requiring Excess Availability at all times to be no less than the greater of (i) 10.0% of the Loan Cap in effect at such time and (ii) \$7,500.

The 2023 Revolving Credit Facility contains representations and warranties, covenants and events of default that are customary for this type of financing, including limitations on the incurrence of additional indebtedness, liens, burdensome agreements, investments, loans, asset sales, mergers, acquisitions, prepayment of certain other debt, the repurchase of capital stock, transactions with affiliates, and the ability to change the nature of its business or its fiscal year. The 2023 Revolving Credit Facility generally permits dividends in the absence of any default or 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 on a pro forma basis for the 30-day period immediately preceding such dividend, Excess Availability will be at least the greater of 20.0% of the Loan Cap and \$15,000 and (ii) after giving pro forma effect to the contemplated dividend, the Consolidated Fixed Charge Coverage Ratio (as defined in the 2023 Revolving Credit Agreement) for the 12 months preceding such dividend will be greater than or equal to 1.0 to 1.0.

All obligations under the 2023 Revolving Credit Facility are guaranteed by the Company and Vince Intermediate and any future subsidiaries of the Company (other than Excluded Subsidiaries as defined in the 2023 Revolving Credit Agreement) and secured by a lien on substantially all of the assets of the Company, Vince, LLC and Vince Intermediate and any future subsidiary guarantors, other than among others, equity interests in ABG Vince, as well as the rights of Vince, LLC under the License Agreement.

The Company incurred a total of \$1,124 of financing costs. In accordance with ASC Topic 470, "Debt", these financing costs were recorded as deferred debt issuance costs (which is presented within Other assets on the Condensed Consolidated Balance Sheets) and will be amortized over the term of the 2023 Revolving Credit Facility.

As of October 28, 2023, the Company was in compliance with applicable covenants. As of October 28, 2023, \$38,976 was available under the 2023 Revolving Credit Facility, net of the Loan Cap, and there were \$29,377 of borrowings outstanding and \$4,694 of letters of credit outstanding under the 2023 Revolving Credit Facility. The weighted average interest rate for borrowings outstanding under the 2023 Revolving Credit Facility as of October 28, 2023 was 8.2%.

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, as amended and restated from time to time, 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. On January 31, 2023, the Company repaid \$125 of fees due in accordance with an amendment entered into on September 30, 2022. Upon the contemporaneous consummation of the Asset Sale, the lenders' commitments to extend credit was reduced to \$70,000. The 2018 Revolving Credit Facility would have matured on June 30, 2024.

On June 23, 2023, all outstanding amounts under the 2018 Revolving Credit Facility were repaid in full and the 2018 Revolving Credit Facility was terminated pursuant to the terms thereof as a result of all parties completing their obligations under the 2018 Revolving Credit Facility. The Company recorded expense of \$828 during the nine months ended October 28, 2023, related to the write-off of the remaining deferred financing costs. Certain letters of credit remain in place with Citizens which were secured with restricted cash, totaling \$1,060 as of October 28, 2023. Restricted cash is included in Prepaid Expenses and other current assets in the Condensed Consolidated Balance Sheets.

Third Lien Credit Facility

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

SK Financial is an affiliate of Sun Capital Partners, Inc. ("Sun Capital"), whose affiliates own, as of October 28, 2023, approximately 68% 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 revised in connection with the Third Lien Third Amendment (as defined and discussed below) to be equal to the Daily Simple SOFR, subject to a credit spread adjustment of 0.10% per annum, plus 9.0%. 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 Company incurred \$485 in deferred financing costs associated with the Third Lien Credit Facility of which a \$400 closing fee is payable in kind and was added to the principal balance. These deferred financing costs are recorded as deferred debt issuance costs which will be amortized over the remaining term of the Third Lien Credit Facility.

All obligations under the Third Lien Credit Facility are guaranteed by the Company, Vince Intermediate and the Company's existing material domestic restricted subsidiaries as well as any future material domestic restricted subsidiaries and are secured on a junior basis relative to the 2023 Revolving Credit Facility by a lien on substantially all of the assets of the Company, Vince Intermediate, Vince, LLC and the Company's existing material domestic restricted subsidiaries as well as any future material domestic restricted subsidiaries.

On April 21, 2023, Vince, LLC entered into that certain Consent and Third Amendment to Credit Agreement (the "Third Lien Third Amendment"), which, among other things, (a) permitted the sale of the intellectual property of the Vince Business contemplated in the Asset Sale, (b) replaced LIBOR as an interest rate benchmark in favor of Daily Simple SOFR, subject to a credit spread adjustment of 0.10% per annum, (c) amended the Third Lien Credit Agreement's maturity date to the earlier of (i) March 30, 2025 and (ii) 180 days after the maturity date under the ABL Credit Agreement, (d) reduced the capacity to incur indebtedness and liens, make investments, restricted payments and dispositions and repay certain indebtedness and (e) modified certain representations and warranties, covenants and events of default in respect of documentation related to the Asset Sale. The Third Lien Third Amendment became effective upon the consummation of the Asset Sale, the prepayment of the Term Loan Credit Facility in full and other transactions contemplated by the Asset Purchase Agreement.

On June 23, 2023, Vince, LLC entered into the Fourth Amendment (the "Third Lien Fourth Amendment") to the Third Lien Credit Agreement which, among other things, (a) extended the Third Lien Credit Agreement's maturity date to the earlier of (i) September 30, 2028 and (ii) 91 days prior to the earliest maturity date of any Material Indebtedness (as defined therein) other than the 2023 Revolving Credit Facility and (b) modified certain representations and warranties, covenants and events of default in respect of documentation conforming to the terms of the 2023 Revolving Credit Facility.

Contractual Obligations

On May 25, 2023, in connection with the Closing, Vince, LLC and ABG Vince entered into the License Agreement. The initial term of the License Agreement begins on May 25, 2023, the date on which the Closing actually occurred, and ends at the end of the Company's 2032 fiscal year, unless sooner terminated pursuant to the terms of the License Agreement. Vince, LLC is required to pay ABG Vince a royalty on net sales of Licensed Products and committed to an annual guaranteed minimum royalty of \$11,000 during the initial term of the License Agreement, except that the guaranteed minimum royalty for the first contract year during the initial term will be prorated to the period beginning on the Closing Date and ending at the end of the Company's 2023 fiscal year. See Note 1 "Description of Business and Basis of Presentation - (F) Recent Transactions" to the Condensed Consolidated Financial Statements in this Quarterly Report for further information.

Seasonality

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

Critical Accounting Estimates

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

A summary of our critical accounting estimates is included in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our 2022 Annual Report on Form 10-K. As of October 28, 2023, there have been no material changes to the critical accounting estimates contained therein.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Attached as exhibits to this Quarterly Report on Form 10-Q are certifications of our Chief Executive Officer and Chief Financial Officer. Rule 13a-14 of the Exchange Act requires that we include these certifications with this report. This Controls and Procedures section includes information concerning the disclosure controls and procedures referred to in the certifications. You should read this section in conjunction with the certifications.

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, management has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of October 28, 2023.

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

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

Material Weakness in Internal Control over Financial Reporting

As described in Management's Annual Report On Internal Control Over Financial Reporting in Part II, Item 9A of our Annual Report on Form 10-K for the year ended January 28, 2023, we did not maintain adequate user access controls to ensure appropriate segregation of duties and to adequately restrict access to financial applications and data.

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

Remediation Efforts to Address the Material Weakness

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

- The Company modified its system access rights to limit the use of generic IDs, particularly in instances where those ID's possessed privileged access rights; and
- The Company effectively designed and implemented a full recertification of AX user access rights.

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

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

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

Limitations on the Effectiveness of Disclosure Controls and Procedures

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure system are met. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended October 28, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

The risk factors disclosed in the Company's 2022 Annual Report on Form 10-K, in addition to the other information set forth in this Quarterly Report on Form 10-Q, could materially affect the Company's business, financial condition or results.

The section in the Company's 2022 Annual Report on Form 10-K titled "Risks Related to our Business and Industry" is replaced in its entirety by the following:

Risks Related to Our Business and Industry

The failure to maintain our license agreement relating to the Vince brand would cause us to lose all our revenues.

On May 25, 2023, Vince, LLC, the Company's wholly owned indirect subsidiary, sold all its intellectual property assets related to the business operated under the VINCE brand to ABG Vince, an indirect subsidiary of Authentic Brands Group, LLC ("Authentic"), pursuant to the Asset Purchase Agreement, entered into by and among Vince, LLC, ABG Vince, the Company and ABG Intermediate Holdings 2 LLC. Simultaneously with the Asset Sale, Vince, LLC entered into a license agreement (the "License Agreement") with ABG Vince which provides us with a license to use the Licensed Property (as defined in the License Agreement) in the Territory, which is defined as the United States, Canada, Andorra, Austria, Germany, Switzerland, Belgium, Netherlands, Luxembourg, France, Monaco, Liechtenstein, Italy, San Marino, Vatican City, Iceland, Norway, Denmark, Sweden, Finland, Spain, Portugal, Greece, Republic of Cyprus (excluding Northern Cyprus), United Kingdom, Ireland, Australia, New Zealand, Mainland China, Hong Kong, Macau, Taiwan, Singapore, Japan and Korea (the "Core Territory"), together with all other territories (the "Option Territory"), which Option Territory may be changed unilaterally by ABG Vince at any time after the effective date of the License Agreement. Additionally, we may use the Licensed Property to design, manufacture, promote, market, distribute, and sell ready-to-wear sportswear products and outerwear products (the "Core Products") and home décor and baby layettes (the "Option Products," together with the Core Products, the "Licensed Products"), which Option Products may be changed unilaterally by ABG Vince at any time after the effective date of the License Agreement. The License Agreement has an initial term of ten years with eight options to renew for a ten-year period each.

Our revenues are generated solely from sales of products pursuant to the license granted under the License Agreement. We are required under the License Agreement, among other things, to achieve specified minimum net sales, make specified royalty payments, spend specified advertising and promotion expenditures, and maintain a minimum number of retail stores. If we do not satisfy any of the material requirements of the License Agreement, ABG Vince has the right to terminate the license or not renew the License Agreement. The failure to maintain or renew the License Agreement will cause us to lose all our revenues and have a material adverse effect on our results of operations.

Our business is impacted by ABG Vince's expansion of the Vince brand into other categories and territories.

Under the License Agreement, ABG Vince may produce and sell Vince products other than the Licensed Products and operate the Vince brand in Option Territories into which it may decide to enter in the future. ABG Vince may do so by granting additional licenses to other third parties. We are unable to control the business strategies of ABG Vince relating to the expansion of the Vince brand outside of the license granted to us under the License Agreement, including how those strategies impact our own business strategies, the quality of products produced by other Vince brand licensees as well as how the overall Vince brand image may evolve. If there is a change in the parameters of the Vince brand's design, pricing, distribution, target market or competitive set as a result of the brand's expansion into other categories and territories, we may be unable to maintain our historical product design and marketing direction or appeal to the brand's customer base as originally intended and our results of operations could be materially and adversely affected.

Our business is subject to ABG Vince's approval rights and other actions.

Under the License Agreement, ABG Vince has broad approval rights at its sole good faith discretion, including over, among other things, design direction of Licensed Products and marketing strategies, as well as any addition of new customer accounts and new retail locations. In addition, ABG Vince may remove any customer account that was pre-approved at the time of the closing of the Asset Sale if using its good faith, commercially reasonable judgment, it believes that such account is no longer consistent with the brand positioning for the Licensed Property. If ABG Vince chooses to exercise any of these approval rights, we may be unable to operate our business as intended. Furthermore, as part of the Asset Sale, our license agreements, including our e-commerce website domain name license, were sold to ABG Vince. ABG Vince will be required to maintain such license agreements going forward, and its failure to do so could materially and adversely affect our business and operations. Lastly, Vince, LLC's governance rights as a minority equity holder of ABG Vince are limited and therefore, ABG Vince could choose to take corporate actions that would materially and negatively impact the results of operations of ABG Vince, which could in turn adversely affect the amount of cash available for distribution to Vince, LLC.

Our ability to continue to have the liquidity necessary to service our debt, meet contractual payment obligations, including royalty payments under the License Agreement, and fund our operations depends on many factors, including our ability to generate sufficient cash flow from operations, maintain adequate availability under our 2023 Revolving Credit Facility or obtain other financing.

Our ability to timely service our indebtedness, meet contractual payment obligations, including royalty payments under the License Agreement, and to fund our operations will depend on our ability to generate sufficient cash, either through cash flows from operations, borrowing availability under the 2023 Revolving Credit Facility or other financing. While we expect to meet our monthly Excess Availability (as defined in the 2023 Revolving Credit Facility Agreement) covenant and believe that our other sources of liquidity will generate sufficient cash flows to meet our obligations for the next twelve months, the foregoing expectation is dependent on a number of factors, including, among others, our ability to generate sufficient cash flow from operations, our ongoing ability to manage our operating obligations, the results of any future inventory valuations and the potential borrowing restrictions imposed by our lenders based on their credit judgment, which could materially and negatively impact our borrowing capacity, the wind down of the Rebecca Taylor business, as well as macroeconomic factors. In the event that we are unable to timely service our debt, meet other contractual payment obligations or fund our other liquidity needs, we may need to refinance all or a portion of our indebtedness before maturity, seek waivers of or amendments to our contractual obligations for payment, reduce or delay scheduled expansions and capital expenditures, liquidate inventory through additional discounting, sell material assets or operations or seek other financing opportunities. There can be no assurance that these options would be readily available to us and our inability to address our liquidity needs could materially and adversely affect our operations and jeopardize our business, financial condition and results of operations, including a default under the 2023 Revolving Credit Facility which could result in all amounts outstanding under such facility becoming immediately due and payable.

Our operations are restricted by our credit facilities.

Our credit facility contains significant restrictive covenants. The 2023 Revolving Credit Facility includes covenants that may impair our financing and operational flexibility and make it difficult for us to react to market conditions and satisfy our ongoing capital needs and unanticipated cash requirements. Specifically, such covenants significantly restrict our ability and, if applicable, the ability of our subsidiaries to, among other things: incur additional debt; make certain investments and acquisitions; enter into certain types of transactions with affiliates; use assets as security in other transactions; pay dividends; sell certain assets or merge with or into other companies; guarantee the debt of others; enter into new lines of businesses; make capital expenditures; prepay, redeem, or exchange our debt; and form any joint ventures or subsidiary investments.

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

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

Our business growth depends on the successful execution of our strategic initiatives for our brand. The success of our strategic initiatives depends on a number of factors, including our ability to execute and realize the enhanced profitability expectations of our planned transformation program, position our retail and e-commerce businesses for further strategic growth, particularly through enhancement of our customer data platform to drive greater loyalty and conversion and capture broader customer base, expand our presence internationally including in Asia and Europe, grow men's business, our ability to properly identify appropriate future growth opportunities, and other macroeconomic impacts on our business. There can be no assurance that the strategic initiatives would produce intended positive results, particularly as we adapt to the new operational landscape as a result of the Asset Sale and the entry into the License Agreement. If we are unable to realize the benefits of the strategic initiatives, our financial conditions, results of operations and cash flows could be materially and adversely affected.

We may be unable to improve our profitability.

We expect a negative impact on our operating and net income resulting from the royalty payments under the License Agreement as well as the loss of our footwear and soft accessories licenses as a result of the Asset Sale. We plan to offset such negative impact by driving margin expansion through disciplined cost management and reduced promotional activity. There is no assurance that we will be successful in implementing this strategy as such success depends on a number of factors, such as our ability to properly identify and execute cost management initiatives and macroeconomic factors that could impact our promotional cadence. If we are unable to implement the strategy to drive margin expansion, we may not be able to offset the negative impact on our financial results and our profitability may not improve as intended.

We may be unable to effectively execute our customer strategy.

One of our strategic priorities is to utilize a customer data platform and marketing strategy from which we will be able to drive customer initiatives underpinned by data and technology, creating improved segmentation and personalization for an enhanced customer experience both domestically and internationally. This will require significant investment in technology and infrastructure, as well as an increased reliance on leveraging micro and macro influencer networks to increase brand awareness and loyalty through social media and the digital dissemination of advertising campaigns. We must keep up to date with other competitive technology trends, including the use of innovative technology, creative and attractive user interfaces, and other e-commerce marketing tools such as paid search and mobile applications, among others, which may increase our costs as well as our exposure to legal and reputational liability for online content, but may not succeed in increasing sales or attracting new customers. Any failure on our part to effectively execute on our strategy to enhance our customers' experience and realize the expected return on our investment in these initiatives could negatively affect sales as well as the reputation of our brands, which could adversely impact our growth and profitability.

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

We face risks with respect to our strategy to expand internationally, including our efforts to further expand our business in Canada, select European countries, Asia, including China, and the Middle East through company-operated locations, wholesale arrangements as well as with international partners. Our current operations are based largely in the U.S., with international wholesale sales representing approximately 8% of net sales for fiscal 2022. Therefore, we have a limited number of customers and experience in operating outside of the U.S. We also do not have extensive experience with regulatory environments and market practices outside of the U.S. and cannot guarantee that we will be able to penetrate or successfully operate in any market outside of the U.S. Many of these markets also have different operational characteristics, including employment and labor regulations, transportation, logistics, real estate (including lease terms) and local reporting or legal requirements, and the impact on the international markets remains unclear. In addition, pursuant to the License Agreement, our exclusive license to operate the Vince brand may be limited by the terms of the License Agreement. Some of the regions in which we currently operate are designated as Option Territories, including the Middle East and Latin America. If Authentic chooses to operate in these Option Territories, we become unable to directly operate in those areas.

In fiscal 2021, we commenced a strategy to expand our international retail and e-commerce presence in China and a select list of neighboring countries in Asia via a joint venture arrangement. We are in the initial stages of establishing this relationship and there can be no guarantee that it will materialize. Further, we may face counterparty and/or operational risks as this joint venture arrangement makes us susceptible to the actions of our third-party partner. Our joint venture partner may have views that differ or conflict with ours, such as the timing of new store openings and the pricing of our products, or our partner may become bankrupt, which may as a practical matter subject us to our partner's liabilities in connection with the joint venture. Although we have sought and generally will seek to maintain sufficient control of any investment to permit our objectives to be achieved, we might not be able to take certain actions without the approval of our partners. Reliance on joint venture relationships and our partners exposes us to increased risk that our joint ventures will not be successful and will result in competitive harm to our brand image that could cause our expansion efforts, profitability and results of operations to suffer.

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

As part of our strategy to increase focus on our direct-to-consumer business, we continue to seek retail opportunities in targeted streets or malls with desirable size and adjacencies, typically near luxury retailers that we believe are consistent with our key customers' demographics and shopping preferences, and seek to negotiate more favorable leases including shorter terms. The success of this strategy depends on a number of factors, including the identification of suitable markets and sites, negotiation of acceptable lease terms while securing those favorable locations, including desired term, rent and tenant improvement allowances, and if entering a new market, the timely achievement of brand awareness and proper evaluation of the market particularly for locations with shorter term, affinity and purchase intent in that market, as well as our business condition in funding the opening and operations of stores. In addition, under the License Agreement, we are required to obtain prior approval from ABG Vince with respect to new retail locations which may be provided at its sole good faith discretion. We may be unable to execute this strategy as intended if ABG Vince chooses to withhold such approval. Furthermore, we may not be able to maintain the successful operation of our retail stores if the areas around our existing retail locations undergo changes that result in reductions in customer foot traffic or otherwise render the locations unsuitable, such as economic downturns in the area, changes in demographics and customer preferences, and the closing or decline in popularity of adjacent stores.

As of January 28, 2023, we operated 67 stores, including 49 company-operated Vince full-price stores and 17 company-operated Vince outlet stores throughout the United States and one company-operated Vince full price store in the United Kingdom.

During fiscal 2022 and 2020, we recorded non-cash asset impairment charges of \$1,880 and \$13,026, respectively, within Impairment of long-lived assets on the Consolidated Statements of Operations and Comprehensive Income (Loss) related to the impairment of property and equipment and operating lease right-of-use assets of certain retail stores with carrying values that were determined not to be recoverable and exceeded their fair value. We may in the future record further impairments of these assets.

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

We do not own any of our stores or our offices, including our New York, Los Angeles or Paris offices and showroom spaces, but instead lease all of such space under operating leases. Although a majority of our leases are subject to shorter terms as a result of the implementation of our strategy to pursue shorter lease terms, we still have some leases with initial terms of 10 years, and generally can be extended only for one additional 5-year term. Substantially all of our leases require a fixed annual rent, and most require the payment of additional rent if store sales exceed a negotiated amount. Most of our leases are "net" leases, which require us to pay the cost of insurance, taxes, maintenance, and utilities, and we generally cannot cancel these leases solely at our option. Additionally, certain of our leases allow the lessor to terminate the lease if we do not achieve a specified gross sales threshold. We cannot assure you that we will be able to achieve these required thresholds and in the event we are not able to do so, we may be forced to find an alternative store location and may not be successful in doing so. Any loss of our store locations due to underperformance may harm our results of operations, stock price and reputation.

Payments under these leases account for a significant portion of our selling, general and administrative expenses. For example, as of January 28, 2023, we were a party to 77 operating leases associated with our retail stores and our office and showroom spaces requiring future minimum lease payments of \$26,072 in the aggregate through fiscal 2023 and \$86,851 thereafter. Any new retail stores leased by us under operating leases will further increase our operating lease expenses, and some of those stores may require significant capital expenditures. We depend on cash flows from operations to pay our lease expenses and to fulfill our other cash needs. If our business does not generate sufficient cash flow from operating activities, and sufficient funds are not otherwise available to us from borrowings under our credit facilities or from other sources, we may not be able to service our operating lease expenses, grow our business, respond to competitive challenges or fund our other liquidity and capital needs, which would harm our business. In addition, we may remain obligated under the applicable lease for, among other things, payment of the base rent for the remaining lease term, even after the space is exited or otherwise closed (such as our temporary store closures resulting from the COVID-19 pandemic). Such costs and obligations related to the early or temporary closure of our stores or termination of our leases could have a material adverse effect on our business, results of operations, and financial condition.

If an existing or future store is not profitable, and we decide to close it, we may nonetheless be committed to perform our obligations under the applicable lease including, among others, paying the base rent for the balance of the lease term if we cannot negotiate a mutually acceptable termination payment. In addition, as our leases expire, we may fail to negotiate renewals, either on commercially acceptable terms or at all, or to find a suitable alternative location, which could cause us to close stores in desirable locations or in the case of office leases, incur costs in relocating our office space. In fiscal 2023, sixteen (16) of our existing store leases will expire.

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

We historically had and continue to have a small number of wholesale partners who account for a significant portion of our net sales. Our consolidated net sales to the full-price, off-price and e-commerce operations of our largest wholesale partner comprised 16% of our total revenue for fiscal 2022. We do not have formal written agreements with any of our wholesale partners and purchases generally occur on an order-by-order basis. A decision by any of our major wholesale partners, whether motivated by marketing strategy, competitive conditions, financial difficulties or otherwise, to significantly decrease the amount of merchandise purchased from us or our licensing partners, or to change their manner of doing business with us or our licensing partners, could substantially reduce our revenue and have a material adverse effect on our profitability. In addition, due to the concentration of and/or ownership changes in our wholesale partner base, our results of operations could be adversely affected if any of these wholesale partners fails to satisfy its payment obligations to us when due or no longer takes part in the distribution arrangements. These changes could also decrease our opportunities in the market and decrease our negotiating strength with our wholesale partners. Furthermore, under the License Agreement, ABG Vince may remove any customer account that was pre-approved at the time of the closing of the Asset Sale if it believes using its good faith, commercially reasonable judgment, that such account is no longer consistent with the brand positioning for the Licensed Property or reject at its sole good faith discretion any new customer account we submit for its approval. If we lose any of our existing wholesale partners as a result of ABG Vince's decision to remove them, or if we are unable to expand our wholesale partnership or any addition of new wholesale partners is rejected by ABG Vince, our results of operations could be significantly and negatively impacted. These factors could have a material adverse effect on our business, financial condition, and operating results.

If we are unable to accurately forecast customer demand for our products, our results of operations could be materially impacted.

We stock our stores, and provide inventory to our wholesale partners, based on our or their estimates of future demand for particular products. Our inventory management and planning team determines the number of pieces of each product that we will order from our manufacturers based upon past sales of similar products, sales trend information and anticipated demand at our suggested retail prices. Our ability to accurately forecast demand for our products could be affected by many factors, including an increase or decrease in demand for our products or for products of our competitors, product introductions by competitors, unanticipated changes in general market conditions, and weakening of economic conditions or consumer confidence in future economic conditions. We cannot guarantee that we will be able to match supply with demand in all cases in the future, to produce sufficient levels of desirable product or to forecast demand accurately. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products. Inventory levels in excess of customer demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would negatively impact our gross margin, as was the case in fiscal 2022. Conversely, if we underestimate customer demand for our products, our manufacturers may not be able to deliver products to meet our requirements, and this could harm our business. There can be no assurance that we will be able to successfully manage our inventory at a level appropriate for future customer demand.

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

The success of our operations depends on consumer spending. Consumer spending is impacted by a number of factors, including actual and perceived economic conditions affecting disposable consumer income, customer traffic within shopping and selling environments, business conditions, interest rates and availability of credit and tax rates in the general economy and in the international, regional and local markets in which our products are sold, including those resulting from inflation and other macroeconomic pressures in the United States and the global economy (including rising interest rates, fears of recession and continued market volatility and instability in the banking sector), health epidemics or pandemics (including the COVID-19 pandemic), and catastrophic events, such as war (including the armed conflict between Ukraine and Russia and the related governmental and non-governmental global responses to such conflict), terrorist attacks, civil unrest, and other acts of violence. A worsening of the economy may negatively affect consumer and wholesale purchases of our products and could have a material adverse effect on our business, results of operations and financial conditions.

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

A material weakness continued to exist relating to our internal control over financial reporting which was previously identified in fiscal 2016. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of an entity's financial statements will not be prevented or detected on a timely basis. The material weakness will not be remediated until all necessary internal controls have been implemented, tested and determined to be operating effectively. In addition, we may need to take additional measures to address such material weakness or modify the planned remediation steps, and we cannot be certain that the measures we have taken, and expect to take, to improve our internal controls will be sufficient to address the issues identified, to ensure that our internal controls are effective or to ensure that the

identified material weakness will not result in a material misstatement of our consolidated financial statements. Moreover, other material weaknesses or deficiencies may develop or be identified in the future. If we are unable to correct material weaknesses or deficiencies in internal controls in a timely manner, our ability to record, process, summarize and report financial information accurately and within the time periods specified in the rules and forms of the SEC, will be adversely affected. This failure could negatively affect the market price and trading liquidity of our common stock, cause investors to lose confidence in our reported financial information, subject us to civil and criminal investigations and penalties, and otherwise materially and adversely impact our business and financial condition.

For so long as we remain a "non-accelerated filer" under the rules of the Securities and Exchange Commission, our independent registered public accounting firm is not required to deliver an annual attestation report on the effectiveness of our internal control over financial reporting. We will cease to be a non-accelerated filer if either (i) the aggregate market value of our outstanding common stock held by non-affiliates as of the last business day of our most recently completed second fiscal quarter (our "public float") is \$75,000 or more and our annual revenues for the most recently completed fiscal year are \$100,000 or more or (ii) our public float is \$700,000 or more, in which case we would become subject to the requirement for an annual attestation report by our independent registered public accounting firm on the effectiveness of our internal control over financial reporting.

Failure to comply with laws and regulations could adversely impact our business.

We are subject to numerous domestic and international laws, regulations and advisories, including labor and employment, wage and hour, customs, truth-in-advertising, consumer protection, data and privacy protection, and zoning and occupancy laws and ordinances that regulate retailers generally or govern the importation, promotion and sale of merchandise and the operation of stores and warehouse facilities. If these regulations were violated by our management, employees, vendors, independent manufacturers or partners, the costs of certain goods could increase, or we could experience delays in shipments of our products, be subject to fines or penalties, or suffer reputational harm, which could reduce demand for our merchandise and hurt our business and results of operations. Moreover, changes in product safety or other consumer protection laws could lead to increased costs to us for certain merchandise, or additional labor costs associated with readying merchandise for sale. It is often difficult for us to plan and prepare for potential changes to applicable laws and future actions or payments related to such changes could be material to us.

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

As a fashion company, we face intense competition from other domestic and foreign apparel, footwear and accessories manufacturers and retailers. Competition has and may continue to result in pricing pressures, reduced profit margins, lost market share or failure to grow our market share, any of which could substantially harm our business and results of operations. Some of our competitors have more established relationships with a broader set of suppliers, greater brand recognition and greater financial, research and development, marketing, distribution and other resources than we do. These capabilities of our competitors may allow one or more of them to better withstand downturns in the economy or apparel and fashion industry. Any increased competition, or our failure to adequately address any of these competitive factors which we have seen from time to time, could result in reduced sales, which could adversely affect our business, financial condition, and operating results.

Competition, along with such other factors as consolidation within the retail industry and changes in consumer spending patterns, could also result in significant pricing pressure and cause the sales environment to be more promotional, as it has been in recent years, impacting our financial results. For instance, we operated through a highly promotional sales environment during fiscal 2022 which had a negative impact on our operating results. If promotional pressure remains intense, either through actions of our competitors or through customer expectations, this may cause a further reduction in our sales and gross margins and could have a material adverse effect on our business, financial condition and operating results.

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

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

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

The apparel and fashion industry in which we operate is cyclical and, consequently, our revenues are affected by general economic conditions and the seasonal trends characteristic to the apparel and fashion industry. Purchases of apparel are sensitive to a number of factors that influence the level of consumer spending, including economic conditions and the level of disposable consumer income, consumer debt, interest rates, consumer confidence as well as the impact from adverse weather conditions. In addition, fluctuations in the amount of sales in any fiscal quarter are affected by the timing of seasonal wholesale shipments and other events affecting direct-to-consumer sales; as such, the financial results for any particular quarter may not be indicative of results for the fiscal year. Any future seasonal or quarterly fluctuations in our results of operations may not match the expectations of market analysts and investors to assess the longer-term profitability and strength of our business at any particular point, which could lead to increased volatility in our stock price.

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

In accordance with Financial Accounting Standards Board ASC Topic 350 Intangibles-Goodwill and Other ("ASC 350"), goodwill is tested for impairment at least annually and in an interim period if a triggering event occurs. Determining the fair value of goodwill is judgmental in nature and requires the use of significant estimates and assumptions, including estimates of projected revenues, EBITDA margins, long-term growth rates, working capital and discount rates, among others. We base our estimates on assumptions we believe to be reasonable, but which are unpredictable and inherently uncertain. Actual future results may differ from those estimates. It is possible that our current estimates of future operating results could change adversely and impact the evaluation of the recoverability of the remaining carrying value of goodwill, the impact of which could be material. There can be no assurances that we will not be required to record further charges in our financial statements, which would negatively impact our results of operations during the period in which any impairment of our goodwill is determined.

Our competitive position could suffer if the intellectual property rights relating to the Vince brand are not protected.

As a result of the Asset Sale, the intellectual property rights relating to the Vince brand will be protected and enforced by Authentic and we have no control over their actions to do so. If Authentic does not protect the intellectual property rights of the Vince brand, we may become unable to operate our business as intended, which could harm our business and cause our results of operations, liquidity, and financial condition to suffer.

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

On September 12, 2022, the Company announced its decision to wind down the Rebecca Taylor business. The execution of the wind down is subject to various remaining risks and uncertainties surrounding the actions of customers, vendors and other counterparties, including legal risks associated with the wind down. As a result, we may not be able to successfully complete the wind down of the Rebecca Taylor business or the overall cost of the wind down may exceed our expectations. Furthermore, if we are unable to successfully complete the wind down of the Rebecca Taylor business or the cost exceeds our expectations, the Vince business may be adversely impacted.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

<u>Exhibit Number</u>	<u>Exhibit Description</u>
10.1	Vince Holding Corp. 2013 Amended and Restated Omnibus Incentive Plan
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.INS	Inline XBRL Instance - <i>the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.</i>
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation
101.PRE	Inline XBRL Taxonomy Extension Presentation
101.LAB	Inline XBRL Taxonomy Extension Labels
101.DEF	Inline XBRL Taxonomy Extension Definition
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURE

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

Date

December 7, 2023

Vince Holding Corp.

By:

/s/ Michael Hand

Michael Hand

Interim Chief Financial Officer

(as duly authorized officer, and principal financial officer)

VINCE HOLDING CORP.
AMENDED AND RESTATED 2013 OMNIBUS INCENTIVE PLAN

ARTICLE I
PURPOSE

The Company previously adopted the Vince Holding Corp. 2013 Omnibus Incentive Plan, and subsequently amended and restated the Plan effective April 13, 2018. The Company hereby again amends and restates the Plan, subject to approval of the Company's stockholders, effective on the Restatement Effective Date. The terms of this Amended and Restated 2013 Omnibus Incentive Plan shall apply to Awards granted on and after the Restatement Effective Date.

The purpose of the Plan is to enhance the profitability and value of the Company for the benefit of its stockholders by enabling the Company to offer Eligible Individuals cash and stock-based incentives in order to attract, retain and reward such individuals and strengthen the mutuality of interests between such individuals and the Company's stockholders.

ARTICLE II
DEFINITIONS

For purposes of the Plan, the following terms shall have the following meanings:

2.1 "**Affiliate**" means each of the following: (a) any Subsidiary; (b) any Parent; (c) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which is directly or indirectly controlled 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) by the Company or one of its Affiliates; (d) any trade or business (including, without limitation, a partnership or limited liability company) which directly or indirectly controls 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) of the Company; and (e) any other entity in which the Company or any of its Affiliates has a material equity interest and which is designated as an "Affiliate" by resolution of the Committee; provided that, unless otherwise determined by the Committee, the Common Stock subject to any Award constitutes "service recipient stock" for purposes of Section 409A of the Code or otherwise does not subject the Award to Section 409A of the Code.

2.2 "**Award**" means any award under the Plan of any Stock Option, Stock Appreciation Right, Restricted Stock, Performance Award, or Other Stock-Based Award. All Awards shall be granted by, confirmed by, and subject to the terms of, a written agreement executed by the Company and the Participant.

2.3 "**Award Agreement**" means the written or electronic agreement setting forth the terms and conditions applicable to an Award.

2.4 "**Board**" means the Board of Directors of the Company.

2.5 "**Cause**" means, unless otherwise determined by the Committee in the applicable Award Agreement, with respect to a Participant's Termination of Employment or Termination of Consultancy, the following: (a) in the case where there is no employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Award (or where there is such an agreement but it does not define "cause" (or words of like import)), termination due to a Participant's, dishonesty, fraud, moral turpitude, willful misconduct, refusal to perform the Participant's duties or responsibilities for any reason other than illness or incapacity or materially unsatisfactory performance of the Participant's duties for the Company or an Affiliate, as determined by the Committee in its good faith discretion; or (b) in the case where there is an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Award that defines "cause" (or words of like import), "cause" as defined under such agreement; provided, however, that with regard to any agreement under which the definition of "cause" only applies on occurrence of a change in control, such definition of "cause" shall not apply until a change in control actually takes place and then only with regard to a termination thereafter.

With respect to a Participant's Termination of Directorship, "cause" means an act or failure to act that constitutes cause for removal of a director under applicable Delaware law.

2.6 "**Change in Control**" has the meaning set forth in Section 12.2.

2.7 "**Code**" means the Internal Revenue Code of 1986, as amended. Any reference to any section of the Code shall also be a reference to any successor provision and any treasury regulation promulgated thereunder.

2.8 "**Committee**" means two or more Non-Employee Directors designated by the Board to administer the Plan under Section 3, each member of which shall be (i) an independent director within the meaning of applicable stock exchange rules and regulations and (ii) a non-employee director within the meaning of Exchange Act Rule 16b-3. The Committee shall be the Compensation Committee of the Board unless otherwise specified by the Board.

2.9 "**Common Stock**" means the common stock, \$0.01 par value per share, of the Company.

2.10 "**Company**" means Vince Holding Corp., a Delaware corporation, and its successors by operation of law.

2.11 "**Consultant**" means any natural person or entity who is an advisor or consultant to the Company or its Affiliates.

2.12 "**Disability**" means, unless otherwise determined by the Committee in the applicable Award Agreement, with respect to a Participant's Termination, a permanent and total disability as defined in Section 22(e)(3) of the Code. A Disability shall only be deemed to occur at the time of the determination by the Committee of the Disability. Notwithstanding the foregoing, for Awards that are subject to Section 409A of the Code and payable upon a disability, Disability shall mean that a Participant is disabled under Section 409A(a)(2)(C)(i) or (ii) of the Code.

2.13 "**Eligible Employees**" means each employee of the Company or an Affiliate.

2.14 "**Eligible Individual**" means an Eligible Employee, Non-Employee Director or Consultant who is designated by the Committee in its discretion as eligible to receive Awards subject to the conditions set forth herein.

2.15 "**Exchange Act**" means the Securities Exchange Act of 1934, as amended. Reference to a specific section of the Exchange Act or regulation thereunder shall include such section or regulation, any valid regulation or interpretation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

2.16 "**Fair Market Value**" means, for purposes of the Plan, unless otherwise required by any applicable provision of the Code or any regulations issued thereunder, as of any date and except as provided below, the last sales price reported for the Common Stock on the applicable date: (a) as reported on the principal national securities exchange in the United States on which it is then traded or (b) if the Common Stock is not traded, listed or otherwise reported or quoted, the Committee shall determine in good faith the Fair Market Value in whatever manner it considers appropriate taking into account the requirements of Section 409A of the Code. For purposes of the exercise of any Award, the applicable date shall be the date a notice of exercise is received by the Committee or, if not a day on which the applicable market is open, the next day that it is open.

2.17 "**Family Member**" means "family member" as defined in Section A.1.(a)(5) of the general instructions of Form S-8.

2.18 "**Incentive Stock Option**" means any Stock Option awarded to an Eligible Employee of the Company, its Subsidiaries and its Parents (if any) under the Plan intended to be and designated as an "Incentive Stock Option" within the meaning of Section 422 of the Code.

2.19 "**Non-Employee Director**" means a director or a member of the Board or the board of directors of any Affiliate who is not an active employee of the Company or any Affiliate.

- 2.20“**Non-Qualified Stock Option**” means any Stock Option awarded under the Plan that is not an Incentive Stock Option.
- 2.21“**Non-Tandem Stock Appreciation Right**” shall mean the right to receive an amount in cash and/or stock equal to the difference between (x) the Fair Market Value of a share of Common Stock on the date such right is exercised, and (y) the aggregate exercise price of such right, otherwise than on surrender of a Stock Option.
- 2.22“**Other Stock-Based Award**” means an Award under Article X of the Plan that is valued in whole or in part by reference to, or is payable in or otherwise based on, Common Stock, including, without limitation, an Award valued by reference to an Affiliate.
- 2.23“**Parent**” means any parent corporation of the Company within the meaning of Section 424(e) of the Code.
- 2.24“**Participant**” means an Eligible Individual to whom an Award has been granted pursuant to the Plan.
- 2.25“**Performance Award**” means an Award granted to a Participant pursuant to Article IX hereof contingent upon achieving certain Performance Goals.
- 2.26“**Performance Goals**” means goals established by the Committee as contingencies for Awards to vest and/or become exercisable or distributable.
- 2.27“**Performance Period**” means the designated period during which the Performance Goals must be satisfied with respect to the Award to which the Performance Goals relate.
- 2.28“**Plan**” means this Amended and Restated Vince Holding Corp. 2013 Omnibus Incentive Plan, as amended from time to time.
- 2.29“**Proceeding**” has the meaning set forth in Section 14.9.
- 2.30“**Reference Stock Option**” has the meaning set forth in Section 7.1.
- 2.31“**Restatement Effective Date**” means November 27, 2023.
- 2.32“**Restricted Stock**” means an Award of shares of Common Stock under the Plan that is subject to restrictions under Article VIII.
- 2.33“**Restriction Period**” has the meaning set forth in Section 8.3(a) with respect to Restricted Stock.
- 2.34“**Rule 16b-3**” means Rule 16b-3 under Section 16(b) of the Exchange Act as then in effect or any successor provision.
- 2.35“**Section 409A of the Code**” means Section 409A of the Code and the regulations and guidance promulgated thereunder.
- 2.36“**Securities Act**” means the Securities Act of 1933, as amended and all rules and regulations promulgated thereunder. Reference to a specific section of the Securities Act or regulation thereunder shall include such section or regulation, any valid regulation or interpretation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.
- 2.37“**Separation from Service**” means a “separation from service” as such term is defined for purposes of Code Section 409A.
- 2.38“**Stock Appreciation Right**” shall mean the right pursuant to an Award granted under Article VII.

2.39“**Stock Option**” or “**Option**” means any option to purchase shares of Common Stock granted to Eligible Individuals pursuant to Article VI.

2.40“**Subsidiary**.” means any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

2.41“**Tandem Stock Appreciation Right**” shall mean the right to surrender to the Company all (or a portion) of a Stock Option in exchange for an amount in cash and/or stock equal to the difference between (i) the Fair Market Value on the date such Stock Option (or such portion thereof) is surrendered, of the Common Stock covered by such Stock Option (or such portion thereof), and (ii) the aggregate exercise price of such Stock Option (or such portion thereof).

2.42“**Ten Percent Stockholder**” means a person owning stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company, its Subsidiaries or its Parent.

2.43“**Termination**” means a Termination of Consultancy, Termination of Directorship or Termination of Employment, as applicable.

2.44“**Termination of Consultancy**” means: (a) that the Consultant is no longer acting as a consultant to the Company or an Affiliate; or (b) when an entity which is retaining a Participant as a Consultant ceases to be an Affiliate unless the Participant otherwise is, or thereupon becomes, a Consultant to the Company or another Affiliate at the time the entity ceases to be an Affiliate. In the event that a Consultant becomes an Eligible Employee or a Non-Employee Director upon the termination of such Consultant’s consultancy, unless otherwise determined by the Committee, in its sole discretion, no Termination of Consultancy shall be deemed to occur until such time as such Consultant is no longer a Consultant, an Eligible Employee or a Non-Employee Director. Notwithstanding the foregoing, the Committee may otherwise define Termination of Consultancy in the Award Agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Consultancy thereafter, provided that any such change to the definition of the term “Termination of Consultancy” does not subject the applicable Award to Section 409A of the Code.

2.45“**Termination of Directorship**” means that the Non-Employee Director has ceased to be a director of the Company; except that if a Non-Employee Director becomes an Eligible Employee or a Consultant upon the termination of such Non-Employee Director’s directorship, such Non-Employee Director’s ceasing to be a director of the Company shall not be treated as a Termination of Directorship unless and until the Participant has a Termination of Employment or Termination of Consultancy, as the case may be.

2.46“**Termination of Employment**” means: (a) a termination of employment (for reasons other than a military or personal leave of absence granted by the Company) of a Participant from the Company and its Affiliates; or (b) when an entity which is employing a Participant ceases to be an Affiliate, unless the Participant otherwise is, or thereupon becomes, employed by the Company or another Affiliate at the time the entity ceases to be an Affiliate. In the event that an Eligible Employee becomes a Consultant or a Non-Employee Director upon the termination of such Eligible Employee’s employment, unless otherwise determined by the Committee, in its sole discretion, no Termination of Employment shall be deemed to occur until such time as such Eligible Employee is no longer an Eligible Employee, a Consultant or a Non-Employee Director. Notwithstanding the foregoing, the Committee may otherwise define Termination of Employment in the Award Agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Employment thereafter, provided that any such change to the definition of the term “Termination of Employment” does not subject the applicable Award to Section 409A of the Code.

2.47“**Transfer**” means: (a) when used as a noun, any direct or indirect transfer, sale, assignment, pledge, hypothecation, encumbrance or other disposition (including the issuance of equity in any entity), whether for value or no value and whether voluntary or involuntary (including by operation of law), and (b) when used as a verb, to directly or indirectly transfer, sell, assign, pledge, encumber, charge, hypothecate or otherwise dispose of (including the issuance of equity in any entity) whether for value or for no value and whether voluntarily or involuntarily (including by operation of law). “Transferred” and “Transferable” shall have a correlative meaning.

**ARTICLE III
ADMINISTRATION**

3.1 **The Committee.** The Plan shall be administered and interpreted by the Committee. To the extent required by applicable law, rule or regulation, it is intended that each member of the Committee shall qualify as (a) a “non-employee director” under Rule 16b-3 and (b) an “independent director” under the rules of any national securities exchange or national securities association, as applicable. If it is later determined that one or more members of the Committee do not so qualify, actions taken by the Committee prior to such determination shall be valid despite such failure to qualify.

3.2 **Grants of Awards.** The Committee shall have full authority to grant, pursuant to the terms of the Plan, to Eligible Individuals: (i) Stock Options, (ii) Stock Appreciation Rights, (iii) Restricted Stock, (iv) Performance Awards; and (v) Other Stock-Based Awards. In particular, the Committee shall have the authority:

- (a) to select the Eligible Individuals to whom Awards may from time to time be granted hereunder;
- (b) to determine whether and to what extent Awards, or any combination thereof, are to be granted hereunder to one or more Eligible Individuals;
- (c) to determine the number of shares of Common Stock to be covered by each Award granted hereunder;
- (d) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder (including, but not limited to, the exercise or purchase price (if any), any restriction or limitation, any vesting schedule or acceleration thereof, or any forfeiture restrictions or waiver thereof, regarding any Award and the shares of Common Stock relating thereto, based on such factors, if any, as the Committee shall determine, in its sole discretion);
- (e) to determine the amount of cash to be covered by each Award granted hereunder;
- (f) to determine whether, to what extent and under what circumstances grants of Options and other Awards under the Plan are to operate on a tandem basis and/or in conjunction with or apart from other awards made by the Company outside of the Plan;
- (g) to determine whether and under what circumstances a Stock Option may be settled in cash, Common Stock and/or Restricted Stock under Section 6.4(d);
- (h) to determine whether a Stock Option is an Incentive Stock Option or Non-Qualified Stock Option;
- (i) to determine whether to require a Participant, as a condition of the granting of any Award, to not sell or otherwise dispose of shares acquired pursuant to the exercise of, or otherwise subject to, an Award for a period of time as determined by the Committee, in its sole discretion, following the date of the acquisition of such shares; and
- (j) to modify, extend or renew an Award, subject to Article XII and Section 6.4(l), provided, however, that such action does not subject the Award to Section 409A of the Code without the consent of the Participant.

3.3 **Guidelines.** Subject to Article XII hereof, the Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan and perform all acts, including the delegation of its responsibilities (to the extent permitted by applicable law and applicable stock exchange rules), as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreements relating thereto); and to otherwise supervise the administration of the Plan.

The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of the Plan. The Committee may adopt special guidelines and provisions for persons who are residing in or employed in, or subject to, the taxes of, any domestic or foreign jurisdictions to comply with applicable tax and securities laws of such domestic or foreign jurisdictions. Notwithstanding the foregoing, no action of the Committee under this Section 3.3 shall impair the rights of any Participant without the Participant's consent. To the extent applicable, the Plan is intended to comply with the requirements of Rule 16b-3, and the Plan shall be limited, construed and interpreted in a manner so as to comply therewith.

3.4 Decisions Final. Any decision, interpretation or other action made or taken in good faith by or at the direction of the Company, the Board or the Committee (or any of its members) arising out of or in connection with the Plan shall be within the absolute discretion of all and each of them, as the case may be, and shall be final, binding and conclusive on the Company and all employees and Participants and their respective heirs, executors, administrators, successors and assigns.

3.5 Procedures. If the Committee is appointed, the Board shall designate one of the members of the Committee as chairman and the Committee shall hold meetings, subject to the By-Laws of the Company, at such times and places as it shall deem advisable, including, without limitation, by telephone conference or by written consent to the extent permitted by applicable law. A majority of the Committee members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members. Any decision or determination reduced to writing and signed by all of the Committee members in accordance with the By-Laws of the Company, shall be fully effective as if it had been made by a vote at a meeting duly called and held. The Committee shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

3.6 Designation of Consultants/Liability. The Committee may designate employees of the Company and professional advisors to assist the Committee in the administration of the Plan and (to the extent permitted by applicable law and applicable exchange rules) may grant authority to officers to grant Awards and/or execute agreements or other documents on behalf of the Committee. The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent. Expenses incurred by the Committee or the Board in the engagement of any such counsel, consultant or agent shall be paid by the Company. The Committee, its members and any person designated pursuant to sub-section (a) above shall not be liable for any action or determination made in good faith with respect to the Plan. To the maximum extent permitted by applicable law, no officer of the Company or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Award granted under it.

3.7 Indemnification. To the maximum extent permitted by applicable law and the Certificate of Incorporation and By-Laws of the Company and to the extent not covered by insurance directly insuring such person, each officer or employee of the Company or any Affiliate and member or former member of the Committee or the Board shall be indemnified and held harmless by the Company against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Committee) or liability (including any sum paid in settlement of a claim with the approval of the Committee), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the administration of the Plan, except to the extent arising out of such officer's, employee's, member's or former member's own fraud or bad faith. Such indemnification shall be in addition to any right of indemnification the employees, officers, directors or members or former officers, directors or members may have under applicable law or under the Certificate of Incorporation or By-Laws of the Company or any Affiliate. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by an individual with regard to Awards granted to such individual under the Plan.

**ARTICLE IV
SHARE LIMITATION**

4.1 **Shares.** The aggregate number of shares of Common Stock that may be issued or used for reference purposes or with respect to which Awards may be granted under the Plan shall not exceed 2,000,000 shares (subject to any increase or decrease pursuant to Section 4.2), which may be either authorized and unissued Common Stock or Common Stock held in or acquired for the treasury of the Company or both. The maximum number of shares of Common Stock with respect to which Incentive Stock Options may be granted under the Plan shall be the same number of shares. With respect to Stock Appreciation Rights settled in Common Stock, upon settlement, only the number of shares of Common Stock delivered to a Participant (based on the difference between the Fair Market Value of the shares of Common Stock subject to such Stock Appreciation Right on the date such Stock Appreciation Right is exercised and the exercise price of each Stock Appreciation Right on the date such Stock Appreciation Right was awarded) shall count against the aggregate share limitation set forth under this Section 4.1. If any Option, Stock Appreciation Right or Other Stock-Based Awards granted under the Plan expires, terminates or is canceled for any reason without having been exercised in full, the number of shares of Common Stock underlying any unexercised Award shall again be available for the purpose of Awards under the Plan. If any shares of Restricted Stock, Performance Awards or Other Stock-Based Awards denominated in shares of Common Stock awarded under the Plan to a Participant are forfeited for any reason, the number of forfeited shares of Restricted Stock, Performance Awards or Other Stock-Based Awards denominated in shares of Common Stock shall again be available for purposes of Awards under the Plan. If a Tandem Stock Appreciation Right or a Limited Stock Appreciation Right is granted in tandem with an Option, such grant shall only apply once against the maximum number of shares of Common Stock which may be issued under the Plan. Any Award under the Plan settled in cash shall not be counted against the foregoing maximum share limitations.

4.2 **Limits on Awards to Non-Employee Directors.** The aggregate grant date fair value (as determined in accordance with generally accepted accounting principles applicable in the United States) of all Awards granted during any calendar year to any Non-Employee Director, together with the amount of any cash fees or retainers paid to such Non-Employee Director during such calendar year with respect to such individual's Service as a Non-Employee Director shall not exceed \$500,000.

4.3 **Changes.**

(a) The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger or consolidation of the Company or any Affiliate, (iii) any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock, (iv) the dissolution or liquidation of the Company or any Affiliate, (v) any sale or transfer of all or part of the assets or business of the Company or any Affiliate or (vi) any other corporate act or proceeding.

(b) Subject to the provisions of Section 11.1:

(i) If the Company at any time subdivides (by any split, recapitalization or otherwise) the outstanding Common Stock into a greater number of shares of Common Stock, or combines (by reverse split, combination or otherwise) its outstanding Common Stock into a lesser number of shares of Common Stock, then the respective exercise prices for outstanding Awards that provide for a Participant-elected exercise and the number of shares of Common Stock covered by outstanding Awards shall be appropriately adjusted by the Committee to prevent dilution or enlargement of the rights granted to, or available for, Participants under the Plan.

(ii) Excepting transactions covered by Section 4.2(b)(i), if the Company effects any merger, consolidation, statutory exchange, spin-off, reorganization, sale or transfer of all or substantially all the Company's assets or business, or other corporate transaction or event in such a manner that the Company's outstanding shares of Common Stock are converted into the right to receive (or the holders of Common Stock are entitled to receive in exchange therefor), either immediately or upon liquidation of the Company, securities or other property of the Company or other entity, then, subject to the provisions of Section 11.1, (A) the aggregate number or kind of securities that thereafter may be issued under the Plan, (B) the number or kind of securities or other property (including cash) to be issued pursuant to Awards granted under the Plan (including as a result of the assumption of the Plan and the obligations hereunder by a successor entity, as applicable), or (C) the purchase price thereof, shall be appropriately adjusted by the Committee to prevent dilution or enlargement of the rights granted to, or available for, Participants under the Plan.

(iii) If there shall occur any change in the capital structure of the Company other than those covered by Section 4.2(b)(i) or 4.2(b)(ii), including by reason of any extraordinary dividend (whether cash or equity), any conversion, any adjustment, or any issuance of any class of securities convertible or exercisable into, or exercisable for, any class of equity securities of the Company, then the Committee may adjust any Award and make such other adjustments to the Plan to prevent dilution or enlargement of the rights granted to, or available for, Participants under the Plan. For the avoidance of doubt, in the case of any "equity restructuring" (within the meaning of the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards Codification Topic 718, Stock Compensation), the Committee shall make an equitable or proportionate adjustment to outstanding Awards to reflect such equity restructuring.

(iv) Any such adjustment determined by the Committee pursuant to this Section 4.2(b) shall be final, binding and conclusive on the Company and all Participants and their respective heirs, executors, administrators, successors and permitted assigns. Any adjustment to, or assumption or substitution of, an Award under this Section 4.2(b) shall be intended to comply with the requirements of Section 409A of the Code and Treasury Regulation §1.424-1 (and any amendments thereto), to the extent applicable. Except as expressly provided in this Section 4.2 or in the applicable Award Agreement, a Participant shall have no additional rights under the Plan by reason of any transaction or event described in this Section 4.2.

(v) Fractional shares of Common Stock resulting from any adjustment in Awards pursuant to Section 4.2(a) or this Section 4.2(b) shall be aggregated until, and eliminated at, the time of exercise or payment by rounding-down. No cash settlements shall be required with respect to fractional shares eliminated by rounding. Notice of any adjustment shall be given by the Committee to each Participant whose Award has been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of the Plan.

4.4 **Minimum Purchase Price.** Notwithstanding any provision of the Plan to the contrary, if authorized but previously unissued shares of Common Stock are issued under the Plan, such shares shall not be issued for a consideration that is less than as permitted under applicable law.

ARTICLE V ELIGIBILITY

5.1 **General Eligibility.** All current and prospective Eligible Individuals are eligible to be granted Awards. Eligibility for the grant of Awards and actual participation in the Plan shall be determined by the Committee in its sole discretion.

5.2 **Incentive Stock Options.** Notwithstanding the foregoing, only Eligible Employees of the Company, its Subsidiaries and its Parent (if any) are eligible to be granted Incentive Stock Options under the Plan. Eligibility for the grant of an Incentive Stock Option and actual participation in the Plan shall be determined by the Committee in its sole discretion.

5.3 **General Requirement.** The vesting and exercise of Awards granted to a prospective Eligible Individual are conditioned upon such individual actually becoming an Eligible Employee, Consultant or Non-Employee Director, respectively.

ARTICLE VI STOCK OPTIONS

6.1 **Options.** Stock Options may be granted alone or in addition to other Awards granted under the Plan. Each Stock Option granted under the Plan shall be of one of two types: (a) an Incentive Stock Option or (b) a Non-Qualified Stock Option.

6.2 **Grants.** The Committee shall have the authority to grant to any Eligible Employee one or more Incentive Stock Options, Non-Qualified Stock Options, or both types of Stock Options. The Committee shall have the authority to grant any Consultant or Non-Employee Director one or more Non-Qualified Stock Options. To the extent that any Stock Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Stock Option or the portion thereof which does not so qualify shall constitute a separate Non-Qualified Stock Option.

6.3 **Incentive Stock Options.** Notwithstanding anything in the Plan to the contrary, no term of the Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so exercised, so as to disqualify the Plan under Section 422 of the Code, or, without the consent of the Participants affected, to disqualify any Incentive Stock Option under such Section 422.

6.4 **Terms of Options.** Options granted under the Plan shall be subject to the following terms and conditions and shall be in such form and contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) **Exercise Price.** The exercise price per share of Common Stock subject to a Stock Option shall be determined by the Committee at the time of grant, provided that the per share exercise price of a Stock Option shall not be less than 100% (or, in the case of an Incentive Stock Option granted to a Ten Percent Stockholder, 110%) of the Fair Market Value of the Common Stock at the time of grant.

(b) **Stock Option Term.** The term of each Stock Option shall be fixed by the Committee, provided that no Stock Option shall be exercisable more than 10 years after the date the Option is granted; and provided further that the term of an Incentive Stock Option granted to a Ten Percent Stockholder shall not exceed five years.

(c) **Exercisability.** Unless otherwise provided by the Committee in accordance with the provisions of this Section 6.4, Stock Options granted under the Plan shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at the time of grant. If the Committee provides, in its discretion, that any Stock Option is exercisable subject to certain limitations (including, without limitation, that such Stock Option is exercisable only in installments or within certain time periods), the Committee may waive such limitations on the exercisability at any time at or after the time of grant in whole or in part (including, without limitation, waiver of the installment exercise provisions or acceleration of the time at which such Stock Option may be exercised), based on such factors, if any, as the Committee shall determine, in its sole discretion.

(d) Method of Exercise. Subject to whatever installment exercise and waiting period provisions apply under Section 6.4(c), to the extent vested, Stock Options may be exercised in whole or in part at any time during the Option term, by giving written notice of exercise to the Company specifying the number of shares of Common Stock to be purchased. Such notice shall be accompanied by payment in full of the purchase price as follows: (i) in cash or by check, bank draft or money order payable to the order of the Company; (ii) solely to the extent permitted by applicable law, if the Common Stock is traded on a national securities exchange, and the Committee authorizes, through a procedure whereby the Participant delivers irrevocable instructions to a broker reasonably acceptable to the Committee to deliver promptly to the Company an amount equal to the purchase price; or (iii) on such other terms and conditions as may be acceptable to the Committee (including, without limitation, having the Company withhold shares of Common Stock issuable upon exercise of the Stock Option, or by payment in full or in part in the form of Common Stock owned by the Participant, based on the Fair Market Value of the Common Stock on the payment date as determined by the Committee). No shares of Common Stock shall be issued until payment therefor, as provided herein, has been made or provided for.

(e) Non-Transferability of Options. No Stock Option shall be Transferable by the Participant other than by will or by the laws of descent and distribution, and all Stock Options shall be exercisable, during the Participant's lifetime, only by the Participant. Notwithstanding the foregoing, the Committee may determine, in its sole discretion, at the time of grant or thereafter that a Non-Qualified Stock Option that is otherwise not Transferable pursuant to this Section is Transferable to a Family Member in whole or in part and in such circumstances, and under such conditions, as specified by the Committee. A Non-Qualified Stock Option that is Transferred to a Family Member pursuant to the preceding sentence (i) may not be subsequently Transferred other than by will or by the laws of descent and distribution and (ii) remains subject to the terms of the Plan and the applicable Award Agreement. Any shares of Common Stock acquired upon the exercise of a Non-Qualified Stock Option by a permissible transferee of a Non-Qualified Stock Option or a permissible transferee pursuant to a Transfer after the exercise of the Non-Qualified Stock Option shall be subject to the terms of the Plan and the applicable Award Agreement.

(f) Termination by Death or Disability. Unless otherwise determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, if a Participant's Termination is by reason of death or Disability, all Stock Options that are held by such Participant that are vested and exercisable at the time of the Participant's Termination may be exercised by the Participant (or in the case of the Participant's death, by the legal representative of the Participant's estate) at any time within a period of one (1) year from the date of such Termination, but in no event beyond the expiration of the stated term of such Stock Options; provided, however, that, in the event of a Participant's Termination by reason of Disability, if the Participant dies within such exercise period, all unexercised Stock Options held by such Participant shall thereafter be exercisable, to the extent to which they were exercisable at the time of death, for a period of one (1) year from the date of such death, but in no event beyond the expiration of the stated term of such Stock Options.

(g) Involuntary Termination Without Cause. Unless otherwise determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, if a Participant's Termination is by involuntary termination by the Company without Cause, all Stock Options that are held by such Participant that are vested and exercisable at the time of the Participant's Termination may be exercised by the Participant at any time within a period of ninety (90) days from the date of such Termination, but in no event beyond the expiration of the stated term of such Stock Options.

(h) Voluntary Resignation. Unless otherwise determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, if a Participant's Termination is voluntary (other than a voluntary termination described in Section 6.4(i)(y) hereof), all Stock Options that are held by such Participant that are vested and exercisable at the time of the Participant's Termination may be exercised by the Participant at any time within a period of thirty (30) days from the date of such Termination, but in no event beyond the expiration of the stated term of such Stock Options.

(i) Termination for Cause. Unless otherwise determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, if a Participant's Termination (x) is for Cause or (y) is a voluntary Termination (as provided in Section 6.4(h)) after the occurrence of an event that would be grounds for a Termination for Cause, all Stock Options, whether vested or not vested, that are held by such Participant shall thereupon terminate and expire as of the date of such Termination.

(j) Unvested Stock Options. Unless otherwise determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, Stock Options that are not vested as of the date of a Participant's Termination for any reason shall terminate and expire as of the date of such Termination.

(k) Incentive Stock Option Limitations. To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an Eligible Employee during any calendar year under the Plan and/or any other stock option plan of the Company, any Subsidiary or any Parent exceeds \$100,000, such Options shall be treated as Non-Qualified Stock Options. In addition, if an Eligible Employee does not remain employed by the Company, any Subsidiary or any Parent at all times from the time an Incentive Stock Option is granted until three months prior to the date of exercise thereof (or such other period as required by applicable law), such Stock Option shall be treated as a Non-Qualified Stock Option. Should any provision of the Plan not be necessary in order for the Stock Options to qualify as Incentive Stock Options, or should any additional provisions be required, the Committee may amend the Plan accordingly, without the necessity of obtaining the approval of the stockholders of the Company.

(l) Form, Modification, Extension and Renewal of Stock Options. Subject to the terms and conditions and within the limitations of the Plan, Stock Options shall be evidenced by such form of agreement or grant as is approved by the Committee, and the Committee may (i) modify, extend or renew outstanding Stock Options granted under the Plan (provided that the rights of a Participant are not reduced without such Participant's consent and provided further that such action does not subject the Stock Options to Section 409A of the Code without the consent of the Participant), and (ii) accept the surrender of outstanding Stock Options (to the extent not theretofore exercised) and authorize the granting of new Stock Options in substitution therefor (to the extent not theretofore exercised). Notwithstanding the foregoing, an outstanding Option may not be modified to reduce the exercise price thereof nor may a new Option at a lower price be substituted for a surrendered Option (other than adjustments or substitutions in accordance with Section 4.2), unless such action is approved by the stockholders of the Company.

(m) Deferred Delivery of Common Stock. The Committee may in its discretion permit Participants to defer delivery of Common Stock acquired pursuant to a Participant's exercise of an Option in accordance with the terms and conditions established by the Committee in the applicable Award Agreement, which shall be intended to comply with the requirements of Section 409A of the Code.

(n) Early Exercise. The Committee may provide that a Stock Option include a provision whereby the Participant may elect at any time before the Participant's Termination to exercise the Stock Option as to any part or all of the shares of Common Stock subject to the Stock Option prior to the full vesting of the Stock Option and such shares shall be subject to the provisions of Article VIII and be treated as Restricted Stock. Unvested shares of Common Stock so purchased may be subject to a repurchase option in favor of the Company or to any other restriction the Committee determines to be appropriate.

(o) Other Terms and Conditions. The Committee may include a provision in an Award Agreement providing for the automatic exercise of a Non-Qualified Stock Option on a cashless basis on the last day of the term of such Option if the Participant has failed to exercise the Non-Qualified Stock Option as of such date, with respect to which the Fair Market Value of the shares of Common Stock underlying the Non-Qualified Stock Option exceeds the exercise price of such Non-Qualified Stock Option on the date of expiration of such Option, subject to Section 14.4. Stock Options may contain such other provisions, which shall not be inconsistent with any of the terms of the Plan, as the Committee shall deem appropriate.

ARTICLE VII STOCK APPRECIATION RIGHTS

7.1 Tandem Stock Appreciation Rights. Stock Appreciation Rights may be granted in conjunction with all or part of any Stock Option (a "Reference Stock Option") granted under the Plan ("Tandem Stock Appreciation Rights"). In the case of a Non-Qualified Stock Option, such rights may be granted either at or after the time of the grant of such Reference Stock Option. In the case of an Incentive Stock Option, such rights may be granted only at the time of the grant of such Reference Stock Option.

7.2 Terms and Conditions of Tandem Stock Appreciation Rights. Tandem Stock Appreciation Rights granted hereunder shall be subject to such terms and conditions, not inconsistent with the provisions of the Plan, as shall be determined from time to time by the Committee, and the following:

(a) **Exercise Price.** The exercise price per share of Common Stock subject to a Tandem Stock Appreciation Right shall be determined by the Committee at the time of grant, provided that the per share exercise price of a Tandem Stock Appreciation Right shall not be less than 100% of the Fair Market Value of the Common Stock at the time of grant.

(b) **Term.** A Tandem Stock Appreciation Right or applicable portion thereof granted with respect to a Reference Stock Option shall terminate and no longer be exercisable upon the termination or exercise of the Reference Stock Option, except that, unless otherwise determined by the Committee, in its sole discretion, at the time of grant, a Tandem Stock Appreciation Right granted with respect to less than the full number of shares covered by the Reference Stock Option shall not be reduced until, and then only to the extent that the exercise or termination of the Reference Stock Option causes, the number of shares covered by the Tandem Stock Appreciation Right to exceed the number of shares remaining available and unexercised under the Reference Stock Option.

(c) **Exercisability.** Tandem Stock Appreciation Rights shall be exercisable only at such time or times and to the extent that the Reference Stock Options to which they relate shall be exercisable in accordance with the provisions of Article VI, and shall be subject to the provisions of Section 6.4(c).

(d) **Method of Exercise.** A Tandem Stock Appreciation Right may be exercised by the Participant by surrendering the applicable portion of the Reference Stock Option. Upon such exercise and surrender, the Participant shall be entitled to receive an amount determined in the manner prescribed in this Section 7.2. Stock Options which have been so surrendered, in whole or in part, shall no longer be exercisable to the extent that the related Tandem Stock Appreciation Rights have been exercised.

(e) **Payment.** Upon the exercise of a Tandem Stock Appreciation Right, a Participant shall be entitled to receive up to, but no more than, an amount in cash and/or Common Stock (as chosen by the Committee in its sole discretion) equal in value to the excess of the Fair Market Value of one share of Common Stock over the Option exercise price per share specified in the Reference Stock Option agreement multiplied by the number of shares of Common Stock in respect of which the Tandem Stock Appreciation Right shall have been exercised, with the Committee having the right to determine the form of payment.

(f) **Deemed Exercise of Reference Stock Option.** Upon the exercise of a Tandem Stock Appreciation Right, the Reference Stock Option or part thereof to which such Stock Appreciation Right is related shall be deemed to have been exercised for the purpose of the limitation set forth in Article IV of the Plan on the number of shares of Common Stock to be issued under the Plan.

(g) **Non-Transferability.** Tandem Stock Appreciation Rights shall be Transferable only when and to the extent that the underlying Stock Option would be Transferable under Section 6.4(e) of the Plan.

7.3 Non-Tandem Stock Appreciation Rights. Non-Tandem Stock Appreciation Rights may also be granted without reference to any Stock Options granted under the Plan.

7.4 Terms and Conditions of Non-Tandem Stock Appreciation Rights. Non-Tandem Stock Appreciation Rights granted hereunder shall be subject to such terms and conditions, not inconsistent with the provisions of the Plan, as shall be determined from time to time by the Committee, and the following:

(a) **Exercise Price.** The exercise price per share of Common Stock subject to a Non-Tandem Stock Appreciation Right shall be determined by the Committee at the time of grant, provided that the per share exercise price of a Non-Tandem Stock Appreciation Right shall not be less than 100% of the Fair Market Value of the Common Stock at the time of grant.

(b) Term. The term of each Non-Tandem Stock Appreciation Right shall be fixed by the Committee, but shall not be greater than 10 years after the date the right is granted.

(c) Exercisability. Unless otherwise provided by the Committee in accordance with the provisions of this Section 7.4, Non-Tandem Stock Appreciation Rights granted under the Plan shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at the time of grant. If the Committee provides, in its discretion, that any such right is exercisable subject to certain limitations (including, without limitation, that it is exercisable only in installments or within certain time periods), the Committee may waive such limitations on the exercisability at any time at or after grant in whole or in part (including, without limitation, waiver of the installment exercise provisions or acceleration of the time at which such right may be exercised), based on such factors, if any, as the Committee shall determine, in its sole discretion.

(d) Method of Exercise. Subject to whatever installment exercise and waiting period provisions apply under Section 7.4(c), Non-Tandem Stock Appreciation Rights may be exercised in whole or in part at any time in accordance with the applicable Award Agreement, by giving written notice of exercise to the Company specifying the number of Non-Tandem Stock Appreciation Rights to be exercised.

(e) Payment. Upon the exercise of a Non-Tandem Stock Appreciation Right a Participant shall be entitled to receive, for each right exercised, up to, but no more than, an amount in cash and/or Common Stock (as chosen by the Committee in its sole discretion) equal in value to the excess of the Fair Market Value of one share of Common Stock on the date that the right is exercised over the Fair Market Value of one share of Common Stock on the date that the right was awarded to the Participant.

(f) Termination. Unless otherwise determined by the Committee at grant or, if no rights of the Participant are reduced, thereafter, subject to the provisions of the applicable Award Agreement and the Plan, upon a Participant's Termination for any reason, Non-Tandem Stock Appreciation Rights will remain exercisable following a Participant's Termination on the same basis as Stock Options would be exercisable following a Participant's Termination in accordance with the provisions of Sections 6.4(f) through 6.4(j).

(g) Non-Transferability. No Non-Tandem Stock Appreciation Rights shall be Transferable by the Participant other than by will or by the laws of descent and distribution, and all such rights shall be exercisable, during the Participant's lifetime, only by the Participant.

7.5 Limited Stock Appreciation Rights. The Committee may, in its sole discretion, grant Tandem and Non-Tandem Stock Appreciation Rights either as a general Stock Appreciation Right or as a "Limited Stock Appreciation Right." Limited Stock Appreciation Rights may be exercised only upon the occurrence of a Change in Control or such other event as the Committee may, in its sole discretion, designate at the time of grant or thereafter. Upon the exercise of Limited Stock Appreciation Rights, except as otherwise provided in an Award Agreement, the Participant shall receive in cash and/or Common Stock, as determined by the Committee, an amount equal to the amount (i) set forth in Section 7.2(e) with respect to Tandem Stock Appreciation Rights, or (ii) set forth in Section 7.4(e) with respect to Non-Tandem Stock Appreciation Rights.

7.6 Other Terms and Conditions. The Committee may include a provision in an Award Agreement providing for the automatic exercise of a Stock Appreciation Right on a cashless basis on the last day of the term of such Stock Appreciation Right if the Participant has failed to exercise the Stock Appreciation Right as of such date, with respect to which the Fair Market Value of the shares of Common Stock underlying the Stock Appreciation Right exceeds the exercise price of such Stock Appreciation Right on the date of expiration of such Stock Appreciation Right, subject to Section 14.4. Stock Appreciation Rights may contain such other provisions, which shall not be inconsistent with any of the terms of the Plan, as the Committee shall deem appropriate. Notwithstanding the foregoing, an outstanding Stock Appreciation Right may not be modified to reduce the exercise price thereof nor may a new Stock Appreciation Right at a lower price be substituted for a surrendered Stock Appreciation Right (other than adjustments or substitutions in accordance with Section 4.2), unless such action is approved by the stockholders of the Company.

**ARTICLE VIII
RESTRICTED STOCK**

8.1 **Awards of Restricted Stock.** Shares of Restricted Stock may be issued either alone or in addition to other Awards granted under the Plan. The Committee shall determine the Eligible Individuals, to whom, and the time or times at which, grants of Restricted Stock shall be made, the number of shares to be awarded, the price (if any) to be paid by the Participant (subject to Section 8.2), the time or times within which such Awards may be subject to forfeiture, the vesting schedule and rights to acceleration thereof, and all other terms and conditions of the Awards.

8.2 **Awards and Certificates.** Eligible Individuals selected to receive Restricted Stock shall not have any right with respect to such Award, unless and until such Participant has delivered a fully executed copy of the agreement evidencing the Award to the Company, to the extent required by the Committee, and has otherwise complied with the applicable terms and conditions of such Award. Further, such Award shall be subject to the following conditions:

(a) **Purchase Price.** The purchase price of Restricted Stock shall be fixed by the Committee. Subject to Section 4.3, the purchase price for shares of Restricted Stock may be zero to the extent permitted by applicable law, and, to the extent not so permitted, such purchase price may not be less than par value.

(b) **Acceptance.** Awards of Restricted Stock must be accepted within a period of 60 days (or such shorter period as the Committee may specify at grant) after the grant date, by executing a Restricted Stock agreement and by paying whatever price (if any) the Committee has designated thereunder.

(c) **Legend.** Each Participant receiving Restricted Stock shall be issued a stock certificate in respect of such shares of Restricted Stock, unless the Committee elects to use another system, such as book entries by the transfer agent, as evidencing ownership of shares of Restricted Stock. Such certificate shall be registered in the name of such Participant, and shall, in addition to such legends required by applicable securities laws, bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award, substantially in the following form:

“The anticipation, alienation, attachment, sale, transfer, assignment, pledge, encumbrance or charge of the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Vince Holding Corp. (the “Company”) Amended and Restated 2013 Omnibus Incentive Plan (the “Plan”) and an Agreement entered into between the registered owner and the Company dated _____. Copies of such Plan and Agreement are on file at the principal office of the Company.”

(d) **Custody.** If stock certificates are issued in respect of shares of Restricted Stock, the Committee may require that any stock certificates evidencing such shares be held in custody by the Company until the restrictions thereon shall have lapsed, and that, as a condition of any grant of Restricted Stock, the Participant shall have delivered a duly signed stock power or other instruments of assignment (including a power of attorney), each endorsed in blank with a guarantee of signature if deemed necessary or appropriate by the Company, which would permit transfer to the Company of all or a portion of the shares subject to the Restricted Stock Award in the event that such Award is forfeited in whole or part.

8.3 **Restrictions and Conditions.** The shares of Restricted Stock awarded pursuant to the Plan shall be subject to the following restrictions and conditions:

(a) **Restriction Period.** The Participant shall not be permitted to Transfer shares of Restricted Stock awarded under the Plan during the period or periods set by the Committee (the “**Restriction Period**”) commencing on the date of such Award, as set forth in the Restricted Stock Award Agreement and such agreement shall set forth a vesting schedule and any event that would accelerate vesting of the shares of Restricted Stock. Within these limits, based on such factors or criteria as the Committee may determine in its sole discretion, the Committee may condition the grant or provide for the lapse of such restrictions in installments in whole or in part, or may accelerate the vesting of all or any part of any Restricted Stock and/or waive the deferral limitations for all or any part of any Restricted Stock.

(b) Rights as a Stockholder. Except as provided in Section 8.3(a) and this Section 8.3(b) or as otherwise determined by the Committee in an Award Agreement, the Participant shall have, with respect to the shares of Restricted Stock, all of the rights of a holder of shares of Common Stock of the Company, including, without limitation, the right to receive dividends, the right to vote such shares and, subject to and conditioned upon the full vesting of shares of Restricted Stock, the right to tender such shares. The Committee may, in its sole discretion, determine at the time of grant that the payment of dividends shall be deferred until, and conditioned upon, the expiration of the applicable Restriction Period.

(c) Termination. Unless otherwise determined by the Committee at grant or, if no rights of the Participant are reduced, thereafter, subject to the applicable provisions of the Award Agreement and the Plan, upon a Participant's Termination for any reason during the relevant Restriction Period, all Restricted Stock still subject to restriction will be forfeited in accordance with the terms and conditions established by the Committee at grant or thereafter.

(d) Lapse of Restrictions. If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock, the certificates, if any, for such shares shall be delivered to the Participant. All legends shall be removed from said certificates at the time of delivery to the Participant, except as otherwise required by applicable law or other limitations imposed by the Committee.

ARTICLE IX PERFORMANCE AWARDS

9.1 **Performance Awards**. Any Award may be granted as a Performance Award if the Committee establishes one or more Performance Goals, which may include measures of corporate, business unit or individual performance which must be attained, and the Performance Period over which the specified performance is to be attained, as a condition to the grant, vesting, exercisability, lapse of restrictions and/or settlement in cash or Shares of such Award. In connection with any such Performance Award, the Committee shall determine the extent to which performance measures have been attained and other applicable terms and conditions have been satisfied, and the degree to which the grant, vesting, exercisability, lapse of restrictions and/or settlement of such Award has been earned. Each Performance Award shall be evidenced by an Award Agreement in such form that the Committee may from time to time approve. The Committee shall also have the authority to provide, in an Agreement or otherwise, for the modification of a performance period and/or adjustments to or waivers of the achievement of performance goals. In addition, the Committee may, in its sole discretion, award an amount greater or less than the earned Performance Awards and/or subject the payment of all or part of any Performance Award to additional vesting, forfeiture and deferral conditions as it deems appropriate.

9.2 **Dividends**. Unless otherwise determined by the Committee at the time of grant, amounts equal to dividends declared during the Performance Period with respect to the number of shares of Common Stock covered by a Performance Award will not be paid to the Participant.

ARTICLE X OTHER STOCK-BASED AWARDS

10.1 **Other Stock-Based Awards**. The Committee is authorized to grant to Eligible Individuals Other Stock-Based Awards that are payable in, valued in whole or in part by reference to, or otherwise based on or related to shares of Common Stock, including but not limited to, shares of Common Stock awarded purely as a bonus and not subject to restrictions or conditions, shares of Common Stock in payment of the amounts due under an incentive or performance plan sponsored or maintained by the Company or an Affiliate, stock equivalent units, restricted stock units, and Awards valued by reference to book value of shares of Common Stock. Other Stock-Based Awards may be granted either alone or in addition to or in tandem with other Awards granted under the Plan.

10.2 Terms and Conditions. Subject to the provisions of the Plan, the Committee shall have authority to determine the Eligible Individuals, to whom, and the time or times at which, such Awards shall be made, the number of shares of Common Stock to be awarded pursuant to such Awards, and all other conditions of the Awards. The Committee may also provide for the grant of Common Stock under such Awards upon the completion of a specified Performance Period. Other Stock-Based Awards made pursuant to this Article X shall be subject to the following terms and conditions:

(a) **Non-Transferability.** Subject to the applicable provisions of the Award Agreement and the Plan, shares of Common Stock subject to Awards made under this Article X may not be Transferred prior to the date on which the shares are issued, or, if later, the date on which any applicable restriction, performance or deferral period lapses.

(b) **Dividends.** Unless otherwise determined by the Committee at the time of Award, subject to the provisions of the Award Agreement and the Plan, the recipient of an Award under this Article X shall not be entitled to receive, currently or on a deferred basis, dividends or dividend equivalents in respect of the number of shares of Common Stock covered by the Award.

(c) **Vesting.** Any Award under this Article X and any Common Stock covered by any such Award shall vest or be forfeited to the extent so provided in the Award Agreement, as determined by the Committee, in its sole discretion.

(d) **Price.** Common Stock issued on a bonus basis under this Article X may be issued for no cash consideration. Common Stock purchased pursuant to a purchase right awarded under this Article X shall be priced, as determined by the Committee in its sole discretion.

ARTICLE XI CHANGE IN CONTROL PROVISIONS

11.1 Benefits. In the event of a Change in Control of the Company (as defined below), and except as otherwise provided by the Committee in an Award Agreement, a Participant's unvested Awards shall not vest automatically and a Participant's Awards shall be treated in accordance with one or more of the following methods as determined by the Committee:

(a) Awards, whether or not then vested, shall be continued, assumed, or have new rights substituted therefor, as determined by the Committee in a manner consistent with the requirements of Section 409A of the Code, and restrictions to which shares of Restricted Stock or any other Award granted prior to the Change in Control are subject shall not lapse upon a Change in Control and the Restricted Stock or other Award shall, where appropriate in the sole discretion of the Committee, receive the same distribution as other Common Stock on such terms as determined by the Committee; provided that the Committee may decide to award additional Restricted Stock or other Awards in lieu of any cash distribution. Notwithstanding anything to the contrary herein, for purposes of Incentive Stock Options, any assumed or substituted Stock Option shall comply with the requirements of Treasury Regulation Section 1.424-1 (and any amendment thereto).

(b) The Committee, in its sole discretion, may provide for the purchase of any Awards by the Company or an Affiliate for an amount of cash equal to the excess (if any) of the Fair Market Value of the shares of Common Stock covered by such Awards over the aggregate exercise price of such Awards.

(c) The Committee may, in its sole discretion, terminate all outstanding and unexercised Stock Options, Stock Appreciation Rights, or any Other Stock-Based Award that provides for a Participant elected exercise, effective as of the date of the Change in Control, by delivering notice of termination to each Participant at least ten (10) days prior to the date of consummation of the Change in Control, in which case during the period from the date on which such notice of termination is delivered to the consummation of the Change in Control, each such Participant shall have the right to exercise in full all of such Participant's Awards that are then outstanding (without regard to any limitations on exercisability otherwise contained in the Award Agreements), but any such exercise shall be contingent on the occurrence of the Change in Control, and, provided that, if the Change in Control does not take place within a specified period after giving such notice for any reason whatsoever, the notice and exercise pursuant thereto shall be null and void.

(d) Notwithstanding any other provision herein to the contrary, the Committee may, in its sole discretion, provide for accelerated vesting or lapse of restrictions, of an Award at any time.

11.2 **Change in Control**. Unless otherwise determined by the Committee in the at the time of grant, a "**Change in Control**" shall be deemed to occur if:

(a) any "person," as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, Sun Capital Partners, Inc. or its affiliates, or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Common Stock of the Company), becoming the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities;

(b) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraph (a), (c), or (d) of this Section 11.2 or a director whose initial assumption of office occurs as a result of either an actual or threatened election contest or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board;

(c) a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; provided, however, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person (other than those covered by the exceptions in Section 11.2(a)) acquires more than 50% of the combined voting power of the Company's then outstanding securities shall not constitute a Change in Control of the Company; or

(d) a complete liquidation or dissolution of the Company or the consummation of a sale or disposition by the Company of all or substantially all of the Company's assets other than the sale or disposition of all or substantially all of the assets of the Company to a person or persons who beneficially own, directly or indirectly, 50% or more of the combined voting power of the outstanding voting securities of the Company at the time of the sale.

Notwithstanding the foregoing, with respect to any Award that is characterized as "nonqualified deferred compensation" within the meaning of Section 409A of the Code, an event shall not be considered to be a Change in Control under the Plan for purposes of payment of such Award unless such event is also a "change in ownership," a "change in effective control" or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A of the Code.

**ARTICLE XII
TERMINATION OR AMENDMENT OF PLAN**

Notwithstanding any other provision of the Plan, the Board may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of the Plan (including any amendment deemed necessary to ensure that the Company may comply with any regulatory requirement referred to in Article XIV or Section 409A of the Code), or suspend or terminate it entirely, retroactively or otherwise; provided, however, that, unless otherwise required by law or specifically provided herein, the rights of a Participant with respect to Awards granted prior to such amendment, suspension or termination, may not be impaired without the consent of such Participant and, provided further, that without the approval of the holders of the Company's Common Stock entitled to vote in accordance with applicable law, no amendment may be made that would (i) increase the aggregate number of shares of Common Stock that may be issued under the Plan (except by operation of Section 4.2); (ii) change the classification of individuals eligible to receive Awards under the Plan; (iii) decrease the minimum option price of any Stock Option or Stock Appreciation Right; (iv) extend the maximum option period under Section 6.4(b); (v) award any Stock Option or Stock Appreciation Right in replacement of a canceled Stock Option or Stock Appreciation Right with a higher exercise price than the replacement award; or (vi) require stockholder approval in order for the Plan to continue to comply with Section 422 of the Code. In no event may the Plan be amended without the approval of the stockholders of the Company in accordance with the applicable laws of the State of Delaware to increase the aggregate number of shares of Common Stock that may be issued under the Plan, decrease the minimum exercise price of any Award, or to make any other amendment that would require stockholder approval under the rules of any exchange or system on which the Company's securities are listed or traded or as required by any other regulation or regulatory body. Notwithstanding anything herein to the contrary, the Board may amend the Plan or any Award Agreement at any time without a Participant's consent to comply with applicable law including Section 409A of the Code. The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, but, subject to Article IV or as otherwise specifically provided herein, no such amendment or other action by the Committee shall impair the rights of any holder without the holder's consent.

**ARTICLE XIII
UNFUNDED STATUS OF PLAN**

The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payment as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any right that is greater than those of a general unsecured creditor of the Company.

**ARTICLE XIV
GENERAL PROVISIONS**

14.1 **Legend.** The Committee may require each person receiving shares of Common Stock pursuant to a Stock Option or other Award under the Plan to represent to and agree with the Company in writing that the Participant is acquiring the shares without a view to distribution thereof. In addition to any legend required by the Plan, the certificates for such shares may include any legend that the Committee deems appropriate to reflect any restrictions on Transfer. All certificates for shares of Common Stock delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed or any national securities exchange system upon whose system the Common Stock is then quoted, any applicable federal or state securities law, and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

14.2 **Other Plans.** Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required, and such arrangements may be either generally applicable or applicable only in specific cases.

14.3No Right to Employment/Directorship/Consultancy. Neither the Plan nor the grant of any Option or other Award hereunder shall give any Participant or other employee, Consultant or Non-Employee Director any right with respect to continuance of employment, consultancy or directorship by the Company or any Affiliate, nor shall there be a limitation in any way on the right of the Company or any Affiliate by which an employee is employed or a Consultant or Non-Employee Director is retained to terminate such employment, consultancy or directorship at any time.

14.4Withholding of Taxes. The Company shall have the right to deduct from any payment to be made pursuant to the Plan, or to otherwise require, prior to the issuance or delivery of shares of Common Stock or the payment of any cash hereunder, payment by the Participant of, any federal, state or local taxes required by law to be withheld. Upon the vesting of Restricted Stock (or other Award that is taxable upon vesting), or upon making an election under Section 83(b) of the Code, a Participant shall pay all required withholding to the Company. Any minimum statutorily required withholding obligation with regard to any Participant may be satisfied, subject to the consent of the Committee, by reducing the number of shares of Common Stock otherwise deliverable or by delivering shares of Common Stock already owned. Any fraction of a share of Common Stock required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.

14.5No Assignment of Benefits. No Award or other benefit payable under the Plan shall, except as otherwise specifically provided by law or permitted by the Committee, be Transferable in any manner, and any attempt to Transfer any such benefit shall be void, and any such benefit shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such benefit, nor shall it be subject to attachment or legal process for or against such person.

14.6Listing and Other Conditions.

(a) If at any time counsel to the Company shall be of the opinion that any sale or delivery of shares of Common Stock pursuant to an Award is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Company under the statutes, rules or regulations of any applicable jurisdiction, the Company shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the Securities Act or otherwise, with respect to shares of Common Stock or Awards, and the right to exercise any Option or other Award shall be suspended until, in the opinion of said counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Company.

(b) Upon termination of any period of suspension under this Section 14.6, any Award affected by such suspension which shall not then have expired or terminated shall be reinstated as to all shares available before such suspension and as to shares which would otherwise have become available during the period of such suspension, but no such suspension shall extend the term of any Award.

(c) A Participant shall be required to supply the Company with certificates, representations and information that the Company requests and otherwise cooperate with the Company in obtaining any listing, registration, qualification, exemption, consent or approval the Company deems necessary or appropriate.

14.7Governing Law. The Plan and actions taken in connection herewith shall be governed and construed in accordance with the laws of the State of Delaware (regardless of the law that might otherwise govern under applicable Delaware principles of conflict of laws).

14.8Jurisdiction; Waiver of Jury Trial. Any suit, action or proceeding with respect to the Plan or any Award Agreement, or any judgment entered by any court of competent jurisdiction in respect of any thereof, shall be resolved only in the courts of the State of Delaware or the United States District Court for the District of Delaware and the appellate courts having jurisdiction of appeals in such courts. In that context, and without limiting the generality of the foregoing, the Company and each Participant shall irrevocably and unconditionally (a) submit in any proceeding relating to the Plan or any Award Agreement, or for the recognition and enforcement of any judgment in respect thereof (a “Proceeding”), to the exclusive jurisdiction of the courts of the State of Delaware, the court of the United States of America for the District of Delaware, and appellate courts having jurisdiction of appeals from any of the foregoing, and agree that all claims in respect of any such Proceeding shall be heard and determined in such Delaware State court or, to the extent permitted by law, in such federal court, (b) consent that any such Proceeding may and shall be brought in such courts and waives any objection that the Company and each Participant may now or thereafter have to the venue or jurisdiction of any such Proceeding in any such court or that such Proceeding was brought in an inconvenient court and agree not to plead or claim the same, (c) waive all right to trial by jury in any Proceeding (whether based on contract, tort or otherwise) arising out of or relating to the Plan or any Award Agreement, (d) agree that service of process in any such Proceeding may be effected by mailing a copy of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party, in the case of a Participant, at the Participant’s address shown in the books and records of the Company or, in the case of the Company, at the Company’s principal offices, attention: General Counsel, and (e) agree that nothing in the Plan shall affect the right to effect service of process in any other manner permitted by the laws of the State of Delaware.

14.9Construction. Wherever any words are used in the Plan in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and wherever words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply.

14.10Other Benefits. No Award granted or paid out under the Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or its Affiliates nor affect any benefit under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation.

14.11Costs. The Company shall bear all expenses associated with administering the Plan, including expenses of issuing Common Stock pursuant to Awards hereunder.

14.12No Right to Same Benefits. The provisions of Awards need not be the same with respect to each Participant, and such Awards to individual Participants need not be the same in subsequent years.

14.13Death/Disability. The Committee may in its discretion require the transferee of a Participant to supply it with written notice of the Participant’s death or Disability and to supply it with a copy of the will (in the case of the Participant’s death) or such other evidence as the Committee deems necessary to establish the validity of the transfer of an Award. The Committee may also require that the agreement of the transferee to be bound by all of the terms and conditions of the Plan.

14.14Section 16(b) of the Exchange Act. All elections and transactions under the Plan by persons subject to Section 16 of the Exchange Act involving shares of Common Stock are intended to comply with any applicable exemptive condition under Rule 16b-3. The Committee may establish and adopt written administrative guidelines, designed to facilitate compliance with Section 16(b) of the Exchange Act, as it may deem necessary or proper for the administration and operation of the Plan and the transaction of business thereunder.

14.15Section 409A of the Code. The Plan and Awards granted thereunder are intended to be exempt from, or comply with, the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent. To the extent that any Award is subject to Section 409A of the Code, it shall be paid in a manner that will comply with Section 409A of the Code, including proposed, temporary or final regulations or any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto. Notwithstanding anything herein to the contrary, any provision in the Plan that is inconsistent with Section 409A of the Code shall be deemed to be amended to comply with Section 409A of the Code and to the extent such provision cannot be amended to comply therewith, such provision shall be null and void. The Company shall have no liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant with, Section 409A of the Code is not so exempt or compliant or for any action taken by the Committee or the Company and, in the event that any amount or benefit under the Plan becomes subject to penalties under Section 409A of the Code, responsibility for payment of such penalties shall rest solely with the affected Participants and not with the Company. Notwithstanding any contrary provision in the Plan or Award Agreement, any payment(s) of “nonqualified deferred compensation” (within the meaning of Section 409A of the Code):

- (a) that are otherwise required to be made under the Plan to a “specified employee” (as defined under Section 409A of the Code) as a result of such employee’s Separation from Service (other than a payment that is not subject to Section 409A of the Code) shall be delayed for the first six (6) months following such Separation from Service (or, if earlier, the date of death of the specified employee) and shall instead be paid (in a manner set forth in the Award Agreement) upon expiration of such delay period;
- (b) that are payable under such Award upon a Termination of Consultancy, Termination of Directorship or a Termination of Employment, such termination will be deemed to have occurred only at such time as the Participant has also experienced a Separation from Service;
- (c) Each amount to be paid or benefit to be provided under an Award shall be construed as a separate and distinct payment for purposes of Section 409A of the Code;
- (d) If payment under an Award is to be made within a designated period which does not begin and end within one calendar year, the Participant does not have a right to designate the taxable year of the payment.

14.16Successor and Assigns. The Plan shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate.

14.17Severability of Provisions. If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included.

14.18Payments to Minors, Etc. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipt thereof shall be deemed paid when paid to such person’s guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Committee, the Board, the Company, its Affiliates and their employees, agents and representatives with respect thereto.

14.19Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

14.20Company Recoupment of Awards. Awards and any compensation associated therewith are subject to forfeiture, recovery by the Company or other action pursuant to any compensation recovery policy adopted by the Board or the Committee at any time, as amended from time to time, which includes but is not limited to any compensation recovery policy adopted by the Board or the Committee including in response to the requirements of Section 10D of the Exchange Act, the SEC’s final rules thereunder, and any applicable listing rules or other rules and regulations implementing the foregoing or as otherwise required by law. Any Agreement will be unilaterally amended to comply with any such compensation recovery policy.

**ARTICLE XV
EFFECTIVE DATE OF PLAN**

The Plan was originally effective on November 27, 2013. This amendment and restatement was approved by the Board by written consent on November 6, 2023 and, subject to the approval of the stockholders, shall become effective on the Restatement Effective Date.

**ARTICLE XVI
TERM OF PLAN**

No Award shall be granted pursuant to the Plan on or after the tenth anniversary of the Restatement Effective Date, but Awards granted prior to such tenth anniversary may extend beyond that date.

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

I, Jonathan Schwefel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vince Holding Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jonathan Schwefel

Jonathan Schwefel
Chief Executive Officer
(principal executive officer)
December 7, 2023

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

I, Michael Hand, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vince Holding Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Michael Hand

Michael Hand
Interim Chief Financial Officer
(principal financial and accounting officer)

December 7, 2023



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

In connection with the Quarterly Report of Vince Holding Corp. (the “Company”), on Form 10-Q for the quarter ended October 28, 2023 as filed with the Securities and Exchange Commission (the “Report”), Jonathan Schwefel, Chief Executive Officer of the Company, does hereby certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that:

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

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

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

/s/ Jonathan Schwefel

Jonathan Schwefel
Chief Executive Officer
(principal executive officer)

December 7, 2023

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

In connection with the Quarterly Report of Vince Holding Corp. (the "Company"), on Form 10-Q for the quarter ended October 28, 2023 as filed with the Securities and Exchange Commission (the "Report"), Michael Hand, Interim 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/ Michael Hand

Michael Hand

Interim Chief Financial Officer
(principal financial and accounting officer)

December 7, 2023
