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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 June 30, 2019

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 001-37656

SEQUENTIAL BRANDS GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware	**47-4452789**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

601 West 26th Street, 9th Floor
New York, New York 10001
(Address of principal executive offices) (Zip Code)

(646) 564-2577
(Registrant's telephone number, including area code)

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 ☐ Accelerated filer ☒

Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

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

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

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

Title of each class:	Trading Symbol	Name of each exchange on which registered:
Common stock, par value $0.01 per share	SQBG	NASDAQ Capital Market

As of August 2, 2019, the registrant had 65,404,888 shares of common stock, par value $0.01 per share, outstanding.

SEQUENTIAL BRANDS GROUP, INC. AND SUBSIDIARIES

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Forward-Looking Statements

This quarterly report on Form 10-Q (this "Quarterly Report"), including the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We use words such as "future," "seek," "could," "can," "predict," "believe," "intend," "expect," "anticipate," "plan," "may," "will," "should," "estimate," "potential," "project" and similar expressions to identify forward-looking statements. Such statements include, among others, those concerning our expected financial performance and strategic and operational plans, as well as all assumptions, expectations, predictions, intentions or beliefs about future events. You are cautioned that any such forward-looking statements are not guarantees of future performance and that a number of risks and uncertainties could cause actual results to differ materially from those anticipated in the forward-looking statements. Such risks and uncertainties include, but are not limited to the following: (i) risks and uncertainties discussed in the reports that the Company has filed with the Securities and Exchange Commission (the "SEC"); (ii) general economic, market or business conditions; (iii) the Company's ability to identify suitable targets for acquisitions and to obtain financing for such acquisitions on commercially reasonable terms; (iv) the Company's ability to timely achieve the anticipated results of recent acquisitions and any potential future acquisitions; (v) the Company's ability to successfully integrate acquisitions into its ongoing business; (vi) the potential impact of the consummation of recent acquisitions or any potential future acquisitions on the Company's relationships, including with employees, licensees, customers and competitors; (vii) the Company's ability to achieve and/or manage growth and to meet target metrics associated with such growth; (viii) the Company's ability to successfully attract new brands and to identify suitable licensees for its existing and newly acquired brands; (ix) the Company's substantial level of indebtedness, including the possibility that such indebtedness and related restrictive covenants may adversely affect the Company's future cash flows, results of operations and financial condition and decrease its operating flexibility; (x) the Company's ability to achieve its guidance; (xi) continued market acceptance of the Company's brands; (xii) changes in the Company's competitive position or competitive actions by other companies; (xiii) licensees' ability to fulfill their financial obligations to the Company; (xiv) concentrations of the Company's licensing revenues with a limited number of licensees and retail partners; (xv) risks related to the effects of the Martha sale and (xvi) other circumstances beyond the Company's control.

Forward-looking statements speak only as of the date they are made and are based on current expectation and assumptions. You should not put undue reliance on any forward-looking statement. We are not under any obligation, and we expressly disclaim any obligation, to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to such or other forward-looking statements.

Where You Can Find Other Information

Our corporate website address is www.sequentialbrandsgroup.com. The information contained on our website is not part of this Quarterly Report. We file our annual, quarterly and current reports and other information with the SEC. These reports, and any amendments to these reports, are made available on our website and can be viewed and downloaded free of charge as soon as reasonably practicable after such reports are filed with or furnished to the SEC. The public may read and copy any materials filed with the SEC at the SEC's Public Reference Room located at 100 F Street, NE, Washington, D.C. 20549. The public may also obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an internet site that contains annual, quarterly and current reports, proxy and information statements and other information regarding issuers that file electronically with the SEC, which is available at www.sec.gov.

Unless otherwise noted, references in this Quarterly Report to the "Sequential Brands Group," "Company," "our Company," "we," "us," "our" or similar pronouns refer to Sequential Brands Group, Inc. and its subsidiaries. References to other companies may include their trademarks, which are the property of their respective owners.

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements
SEQUENTIAL BRANDS GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	June 30, 2019 (Unaudited)	December 31, 2018 (Note 2)
Assets		
Current Assets:		
Cash	$ 6,919	$ 14,106
Restricted cash	2,040	2,032
Accounts receivable, net	45,905	49,600
Prepaid expenses and other current assets	3,086	3,981
Current assets held for disposition from discontinued operations	10,219	23,845
Total current assets	68,169	93,564
Property and equipment, net	7,635	8,391
Intangible assets, net	633,937	634,827
Right-of-use assets - operating leases	48,862	-
Other assets	13,248	11,222
Long-term assets held for disposition from discontinued operations	-	330,664
Total assets	$ 771,851	$ 1,078,668
Liabilities and Equity		
Current Liabilities:		
Accounts payable and accrued expenses	$ 10,382	$ 11,600
Current portion of long-term debt	28,300	28,300
Current portion of deferred revenue	8,545	8,172
Current portion of lease liabilities - operating leases	2,883	-
Current liabilities held for disposition from discontinued operations	3,875	15,450
Total current liabilities	53,985	63,522
Long-term debt, net of current portion	417,582	582,487
Long-term deferred revenue, net of current portion	6,414	8,224
Deferred income taxes	22,772	32,064
Lease liabilities - operating leases	52,964	-
Other long-term liabilities	5,698	9,160
Long-term liabilities held for disposition from discontinued operations	-	38,567
Total liabilities	559,415	734,024
Commitments and Contingencies		
Equity:		
Preferred stock Series A, $0.01 par value; 10,000,000 shares authorized; none issued and outstanding at June 30, 2019 and December 31, 2018	-	-
Common stock, $0.01 par value; 150,000,000 shares authorized; 66,831,369 and 65,990,179 shares issued at June 30, 2019 and December 31, 2018, respectively, and 65,404,888 and 64,327,582 shares outstanding at June 30, 2019 and December 31, 2018, respectively	668	657
Additional paid-in capital	513,922	513,764
Accumulated other comprehensive loss	(4,718)	(1,554)
Accumulated deficit	(364,667)	(234,723)
Treasury stock, at cost; 1,426,481 and 1,662,597 shares at June 30, 2019 and December 31, 2018, respectively	(3,350)	(4,226)
Total Sequential Brands Group, Inc. and Subsidiaries stockholders' equity	141,855	273,918
Noncontrolling interests	70,581	70,726
Total equity	212,436	344,644
Total liabilities and equity	$ 771,851	$ 1,078,668

See Notes to Condensed Consolidated Financial Statements.

SEQUENTIAL BRANDS GROUP, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018 (Note 2)	2019	2018 (Note 2)
Net revenue	$ 26,415	$ 33,126	$ 51,939	$ 62,589
Operating expenses	13,907	13,428	29,453	26,719
Loss on sale of assets	-	1,975	-	7,117
Income from operations	12,508	17,723	22,486	28,753
Other expense (income)	829	31	427	(104)
Interest expense, net	13,893	13,950	27,746	27,747
(Loss) income from continuing operations before income taxes	(2,214)	3,742	(5,687)	1,110
(Benefit from) provision for income taxes	(379)	441	(620)	(544)
(Loss) income from continuing operations	(1,835)	3,301	(5,067)	1,654
Net income attributable to noncontrolling interests from continuing operations	(1,455)	(1,102)	(2,994)	(3,062)
(Loss) income from continuing operations attributable to Sequential Brands Group, Inc. and Subsidiaries	(3,290)	2,199	(8,061)	(1,408)
(Loss) income from discontinued operations, net of income taxes	(1,309)	1,388	(121,883)	2,731
Net (loss) income attributable to Sequential Brands Group, Inc. and Subsidiaries	$ (4,599)	$ 3,587	$ (129,944)	$ 1,323
(Loss) earnings per share - basic:				
Continuing operations	$ (0.05)	$ 0.03	$ (0.13)	$ (0.02)
Discontinued operations	$ (0.02)	$ 0.02	$ (1.89)	$ 0.04
(Loss) earnings per share - diluted:				
Continuing operations	$ (0.05)	$ 0.03	$ (0.13)	$ (0.02)
Discontinued operations	$ (0.02)	$ 0.02	$ (1.89)	$ 0.04
(Loss) earnings per share attributable to Sequential Brands Group, Inc. and Subsidiaries:				
Basic	$ (0.07)	$ 0.06	$ (2.02)	$ 0.02
Diluted	$ (0.07)	$ 0.06	$ (2.02)	$ 0.02
Weighted-average common shares outstanding:				
Basic	64,685,188	63,583,280	64,454,718	63,408,679
Diluted	64,685,188	64,029,972	64,454,718	64,329,308

See Notes to Condensed Consolidated Financial Statements.

SEQUENTIAL BRANDS GROUP, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands, except share data)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Treasury Stock		Total Sequential Brands Group, Inc. and Subsidiaries Stockholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Amount	Shares	Amount				Shares	Amount			
Balance at January 1, 2018	—	$ —	63,652,721	$ 635	$508,444	$ 80	$(225,369)	(424,994)	$(1,799)	$ 281,991	$ 71,547	$ 353,538
Cumulative effect of revenue recognition accounting change	—	—	—	—	—	—	1,130	—	—	1,130	355	1,485
Stock-based compensation	—	—	452,929	2	1,343	—	—	—	—	1,345	—	1,345
Shares issued under stock incentive plan	—	—	843,486	8	1,492	—	—	—	—	1,500	—	1,500
Unrealized gain on interest rate caps, net of tax	—	—	—	—	—	679	—	—	—	679	—	679
Repurchase of common stock	—	—	—	—	—	—	—	(986,858)	(1,919)	(1,919)	—	(1,919)
Noncontrolling interest distributions	—	—	—	—	—	—	—	—	—	—	(1,244)	(1,244)
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	1,960	1,960
Net loss attributable to common stockholders	—	—	—	—	—	—	(2,264)	—	—	(2,264)	—	(2,264)
Balance at March 31, 2018	—	$ —	64,949,136	$ 645	$511,279	$ 759	$(226,503)	(1,411,852)	$(3,718)	$ 282,462	$ 72,618	$ 355,080
Stock-based compensation	—	—	420,770	6	764	—	—	—	—	770	—	770
Unrealized loss on equity securities	—	—	—	—	—	(228)	—	—	—	(228)	—	(228)
Unrealized loss on interest rate caps, net of tax	—	—	—	—	—	(238)	—	—	—	(238)	—	(238)
Repurchase of common stock	—	—	—	—	—	—	—	(42,669)	(83)	(83)	—	(83)
Noncontrolling interest distributions	—	—	—	—	—	—	—	—	—	—	(2,943)	(2,943)
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	1,102	1,102
Net income attributable to common stockholders	—	—	—	—	—	—	3,587	—	—	3,587	—	3,587
Balance at June 30, 2018	—	$ —	65,369,906	$ 651	$512,043	$ 293	$(222,916)	(1,454,521)	$(3,801)	$ 286,270	$ 70,777	$ 357,047
Balance at January 1, 2019	—	$ —	65,990,179	$ 657	$513,764	$ (1,554)	$(234,723)	(1,662,597)	$(4,226)	$ 273,918	$ 70,726	$ 344,644
Stock-based compensation	—	—	457,734	5	721	—	—	—	—	726	—	726
Unrealized loss on interest rate swaps, net of tax	—	—	—	—	—	(1,480)	—	—	—	(1,480)	—	(1,480)
Repurchase of common stock	—	—	—	—	—	—	—	(134,839)	(170)	(170)	—	(170)
Noncontrolling interest distributions	—	—	—	—	—	—	—	—	—	—	(1,093)	(1,093)
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	1,539	1,539
Net loss attributable to common stockholders	—	—	—	—	—	—	(125,345)	—	—	(125,345)	—	(125,345)
Balance at March 31, 2019	—	$ —	66,447,913	$ 662	$514,485	$ (3,034)	$(360,068)	(1,797,436)	$(4,396)	$ 147,649	$ 71,172	$ 218,821
Stock-based compensation	—	—	383,456	6	561	—	—	—	—	567	—	567
Shares issued from treasury stock	—	—	—	—	(1,124)	—	—	464,576	1,124	—	—	—
Unrealized loss on interest rate swaps, net of tax	—	—	—	—	—	(1,684)	—	—	—	(1,684)	—	(1,684)
Repurchase of common stock	—	—	—	—	—	—	—	(93,621)	(78)	(78)	—	(78)
Noncontrolling interest distributions	—	—	—	—	—	—	—	—	—	—	(2,046)	(2,046)
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	1,455	1,455
Net loss attributable to common stockholders	—	—	—	—	—	—	(4,599)	—	—	(4,599)	—	(4,599)
Balance at June 30, 2019	—	$ —	66,831,369	$ 668	$513,922	$ (4,718)	$(364,667)	(1,426,481)	$(3,350)	$ 141,855	$ 70,581	$ 212,436

See Notes to Condensed Consolidated Financial Statements.

SEQUENTIAL BRANDS GROUP, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended June 30,	
	2019	**2018**
Cash flows from operating activities		(Note 2)
Net (loss) income from continuing operations	$ (5,067)	$ 1,654
(Loss) income from discontinued operations, net of tax	$ (121,883)	$ 2,731
Adjustments to reconcile net (loss) income from continuing operations to net cash (used in) provided by operating activities:		
Provision for bad debts	121	-
Depreciation and amortization	1,763	1,225
Stock-based compensation	1,293	3,615
Amortization of deferred financing costs	3,256	1,889
Gain on equity securities	329	-
Amortization of operating leases	3,096	-
Loss on sale of assets	-	7,117
Deferred income taxes	(9,292)	1,485
Changes in operating assets and liabilities:		
Accounts receivable	3,574	2,069
Prepaid expenses and other assets	(1,236)	(4,373)
Accounts payable and accrued expenses	(1,218)	(4,070)
Deferred revenue	(1,437)	(1,577)
Other liabilities	(2,961)	4,326
Cash (used in) provided by operating activities from continuing operations	(7,779)	13,360
Cash provided by operating activities from discontinued operations	6,955	3,364
Cash (used in) provided by operating activities	(824)	16,724
Cash flows from investing activities		
Investments in intangible assets, including registration and renewal costs	(70)	(119)
Purchases of property and equipment	(47)	(3,725)
Proceeds from sale of trademark	-	4,356
Proceeds from sale of discontinued operations	165,928	-
Cash provided by investing activities from continuing operations	165,811	512
Cash used in investing activities from discontinued operations	(44)	(34)
Cash provided by investing activities	165,767	478
Cash flows from financing activities		
Payment of long-term debt	(168,161)	(14,756)
Guaranteed payments in connection with acquisitions	-	(400)
Repurchases of common stock	(248)	(2,002)
Noncontrolling interest distributions	(3,139)	(4,187)
Cash used in financing activities from continuing operations	(171,548)	(21,345)
Cash used in financing activities from discontinued operations	(574)	(650)
Cash used in financing activities	(172,122)	(21,995)
Cash and restricted cash:		
Net decrease in cash and restricted cash	(7,179)	(4,793)
Balance — Beginning of period	16,138	20,433
Balance — End of period	$ 8,959	$ 15,640
Reconciliation to amounts on condensed consolidated balance sheets		
Cash	6,919	13,607
Restricted Cash	2,040	2,033
Total cash and restricted cash	$ 8,959	$ 15,640
Supplemental disclosures of cash flow information		
Cash paid for:		
Interest	$ 29,278	$ 29,566
Taxes	$ 38	$ -
Non-cash investing and financing activities		
Accrued purchases of property and equipment at period end	$ -	$ 303
Unrealized gain on equity securities during the year	$ -	$ 228
Unrealized gain on interest rate cap, net during the period	$ -	$ 441
Unrealized loss on interest rate swaps, net during the period	$ (3,164)	$ -

See Notes to Condensed Consolidated Financial Statements.

SEQUENTIAL BRANDS GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019
(UNAUDITED)

1. Organization and Nature of Operations

Overview

Sequential Brands Group, Inc. (the "Company") owns a portfolio of consumer brands in the fashion and active categories. The Company aims to maximize the strategic value of its brands by promoting, marketing and licensing its global brands through various distribution channels, including to retailers, wholesalers and distributors in the United States and in certain international territories. The Company's core strategy is to enhance and monetize the global reach of its existing brands, and to pursue additional strategic acquisitions to grow the scope of and diversify its portfolio of brands. The Company licenses brands to both wholesale and direct-to-retail licensees. In a wholesale license, a wholesale supplier is granted rights (typically on an exclusive basis) to a single or small group of related product categories for a particular brand for sale to multiple accounts within an approved channel of distribution and territory. In a direct-to-retail license, a single retailer is granted the right (typically on an exclusive basis) to sell branded products in a broad range of product categories through its brick and mortar stores and e-commerce sites. As of June 30, 2019, the Company had approximately one-hundred licensees, with wholesale licensees comprising a significant majority.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and pursuant to the instructions to Form 10-Q and Rule 10-01 of Regulation S-X of the United States Securities and Exchange Commission (the "SEC"). Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all of the information and footnotes necessary for a comprehensive presentation of financial position, results of operations or cash flows. It is the Company's opinion, however, that the accompanying unaudited condensed consolidated financial statements include all adjustments, which are of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC on March 14, 2019, which contains the audited consolidated financial statements and notes thereto, together with Management's Discussion and Analysis of Financial Condition and Results of Operations, for the years ended December 31, 2018, 2017 and 2016. The financial information as of December 31, 2018 is derived from the audited consolidated financial statements presented in the Company's Annual Report on Form 10-K for the year ended December 31, 2018. The interim results for the six months ended June 30, 2019 are not necessarily indicative of the results to be expected for the year ending December 31, 2019 or for any future interim periods.

Reclassification of Prior Periods

On June 10, 2019, the Company completed the sale of Martha Stewart Living Omnimedia, Inc. ("MSLO"), a Delaware corporation and a wholly-owned subsidiary of the Company, for $166 million in cash consideration, plus additional amounts in respect of pre-closing accounts receivable that are received after the closing, subject to certain adjustments, pursuant to an equity purchase agreement (the "Purchase Agreement") with Marquee Brands LLC (the "Buyer") entered into on April 16, 2019. In addition, the Purchase Agreement provides for an earnout of up to $40,000,000 if certain performance targets are achieved during the three calendar years ending December 31, 2020, December 31, 2021

SEQUENTIAL BRANDS GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
JUNE 30, 2019
(UNAUDITED)

and December 31, 2022. MSLO and its subsidiaries were engaged in the business of promoting, marketing and licensing the *Martha Stewart* and the *Emeril Lagasse* brands through various distribution channels.

Due to the sale of MSLO during the second quarter of 2019 (see Note 3), in accordance with ASC 205 – Discontinued Operations, we have classified the results of MSLO as discontinued operations in our unaudited condensed consolidated statements of operations and cash flows for all periods presented. Additionally, the related assets and liabilities directly associated with MSLO are classified as held for disposition from discontinued operations in our condensed consolidated balance sheets for all periods presented. All amounts included in the notes to the condensed consolidated financial statements relate to continuing operations unless otherwise noted.

Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with GAAP requires management to 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 unaudited condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the unaudited condensed consolidated financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from estimates.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606, "Revenue from Contracts with Customers" ("ASC 606"), which became effective for the Company as of January 1, 2018. ASC 606 requires a five-step approach to determine the appropriate method of revenue recognition for each contractual arrangement:

Step 1: Identify the Contract(s) with a Customer
Step 2: Identify the Performance Obligation(s) in the Contract
Step 3: Determine the Transaction Price
Step 4: Allocate the Transaction Price to the Performance Obligation(s) in the Contract
Step 5: Recognize Revenue when (or as) the Entity Satisfies a Performance Obligation

The Company has entered into various license agreements for its owned trademarks. Under ASC 606, the Company's agreements are generally considered symbolic licenses, which contain the characteristics of a right-to-access license since the customer is simultaneously receiving the intellectual property ("IP") and benefiting from it throughout the license period. The Company assesses each license agreement at inception and determines the performance obligation(s) and appropriate revenue recognition method. As part of this process, the Company applies judgments based on historical trends when estimating future revenues and the period over which to recognize revenue.

SEQUENTIAL BRANDS GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
JUNE 30, 2019
(UNAUDITED)

The Company generally recognizes revenue for license agreements under the following methods:

1. *Licenses with guaranteed minimum royalties ("GMRs")*: Generally, guaranteed minimum royalty payments (fixed revenue) comprising the transaction price are recognized on a straight-line basis over the term of the contract, as defined in each license agreement.
2. *Licenses with both GMRs (fixed revenue) and earned royalties (variable revenue)*: Earned royalties in excess of fixed revenue are only recognized when the Company is reasonably certain that the guaranteed minimum payments for the period, as defined in each license agreement, will be exceeded. Additionally, the Company has categorized certain contracts as variable when there is a history and future expectation of exceeding GMRs. The Company recognizes income for these contracts during the period corresponding to the licensee's sales.
3. *Licenses that are sales-based only or earned royalties*: Earned royalties (variable revenue) are recognized as income during the period corresponding to the licensee's sales.

Payments received as consideration for the grant of a license or advanced royalty payments are recorded as deferred revenue at the time payment is received and recognized into revenue under the methods described above.

Contract assets represent unbilled receivables and are presented within accounts receivable, net on the condensed consolidated balance sheets. Contract liabilities represent unearned revenues and are presented within the current portion of deferred revenue on the condensed consolidated balance sheets.

The Company disaggregates its revenue from continuing operations into two categories: licensing agreements and other, which is comprised of revenue from sources such as sales commissions and vendor placement commissions.

Commission revenues and vendor placement commission revenues are recorded in the period the commission is earned.

The Company entered into a transaction with a media company for which it receives advertising credits as part of the consideration exchanged. These transactions are recorded at the estimated fair value of the advertising credits received, as their fair value is deemed more readily determinable than the fair value of the trademark licensing right provided by the Company, in accordance with ASC 845, *Nonmonetary Transactions*. The fair value of the advertising credits are recorded in discontinued operations on the unaudited condensed consolidated statement of operations.

Restricted Cash

Restricted cash consists of cash deposited with a financial institution required as collateral for the Company's cash-collateralized letter of credit facilities.

Accounts Receivable

Accounts receivable are recorded net of allowances for doubtful accounts, based on the Company's ongoing discussions with its licensees and other customers and its evaluation of their creditworthiness, payment history and account aging. Accounts receivable balances deemed to be uncollectible are written off after all means of collection have been exhausted and the potential for recovery is considered remote. The allowance for doubtful accounts was $1.9 million and $1.8 million as of June 30, 2019 and December 31, 2018, respectively.

In June 2019, the Company completed the sale of MSLO. As a result, accounts receivable, net decreased $16.6 million which was recorded within current assets classified as held for disposition from discontinued operations as of December 31, 2018. The Company's accounts receivable, net amounted to $45.9 million and $49.6 million as of

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June 30, 2019 and December 31, 2018, respectively. Two licensees accounted for approximately 47% (27% and 20%) of the Company's total consolidated accounts receivable balance as of June 30, 2019 and two licensees accounted for approximately 41% (25%, and 16%) of the Company's total consolidated accounts receivable balance as of December 31, 2018. The Company does not believe the accounts receivable balance from these licensees represents a significant collection risk based on past collection experience.

Investments

The Company accounts for equity securities under ASC 321, *Investments – Equity Securities* ("ASC 321"). Such securities are reported at fair value in the condensed consolidated balance sheets and, at the time of purchase, are reported in the condensed consolidated statements of cash flows as an investing activity. Gains and losses on equity securities are recognized through continuing operations. The Company recognized a gain on its equity securities of less than $0.1 million and $0.3 million recorded in other income from continuing operations on the condensed consolidated statements of operations for the three and six months ended June 30, 2019, respectively. No gain or loss was recorded in other income for the three and six months ended June 30, 2018.

Equity Method Investment

For investments in entities over which the Company exercises significant influence but which do not meet the requirements for consolidation, the Company uses the equity method of accounting. On July 1, 2016, the Company acquired a 49.9% noncontrolling interest in Gaiam Pty. Ltd. in connection with its acquisition of Gaiam Brand Holdco, LLC, which is included in other assets in the condensed consolidated balance sheets. The Company's share of earnings from its equity method investee, which was not material for the three and six months ended June 30, 2019 and 2018, is included in other income from continuing operations in the unaudited condensed consolidated statements of operations.

The Company evaluates its equity method investment for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investment may not be recoverable. The difference between the carrying value of the equity method investment and its estimated fair value is recognized as an impairment charge when the loss in value is deemed other-than-temporary.

Intangible Assets

On an annual basis (October 1st) and as needed, the Company tests indefinite lived trademarks for impairment through the use of discounted cash flow models. Assumptions used in our discounted cash flow models include: (i) discount rates; (ii) projected average revenue growth rates; and (iii) projected long-term growth rates. Our estimates also factor in economic conditions and expectations of management, which may change in the future based on period-specific facts and circumstances. Other intangibles with determinable lives, including certain trademarks, customer agreements and patents, are evaluated for the possibility of impairment when certain indicators are present, and are otherwise amortized on a straight-line basis over the estimated useful lives of the assets (currently ranging from 2 to 15 years).

In June 2019, the Company completed the sale of MSLO. As a result, indefinite-lived intangible assets decreased by $330.1 million which was recorded within assets classified as held for disposition from discontinued operations as of December 31, 2018. During the first quarter of 2019, the Company recorded non-cash impairment charges of $161.2 million for indefinite-lived intangible assets related to the *Martha Stewart* and *Emeril Lagasse* trademarks. The impairments arose as a result of the sale process for the *Martha Stewart* and *Emeril Lagasse* brands (as discussed in Note 3) due to the difference in the fair value as indicated by the sales price as compared to the carrying values of the intangible assets included in the transaction. The sale of the *Martha Stewart* and *Emeril Lagasse* brands was approved by the Board of Directors on April 15, 2019, to allow the Company to achieve one of its top priorities in significantly reducing its debt. Going forward the Company's strategy is to focus on higher margin brands that are well suited for growing health,

wellness and beauty categories. These charges are included in discontinued operations in the unaudited condensed consolidated statements of operations. See Note 3 and Note 7.

Treasury Stock

Treasury stock is recorded at cost as a reduction of equity in the condensed consolidated balance sheets.

Stock-Based Compensation

Compensation cost for restricted stock is measured using the quoted market price of the Company's common stock at the date the common stock is granted. For restricted stock and restricted stock units, for which restrictions lapse with the passage of time ("time-based restricted stock"), compensation cost is recognized on a straight-line basis over the period between the issue date and the date that restrictions lapse. Time-based restricted stock is included in total shares of common stock outstanding upon the lapse of applicable restrictions. For restricted stock, for which restrictions are based on performance measures ("performance stock units" or "PSUs"), restrictions lapse when those performance measures have been deemed achieved. Compensation cost for PSUs is recognized on a straight-line basis during the period from the date on which the likelihood of the PSUs being earned is deemed probable and (x) the end of the fiscal year during which such PSUs are expected to vest or (y) the date on which awards of such PSUs may be approved by the compensation committee of the Company's board of directors (the "Compensation Committee") on a discretionary basis, as applicable. PSUs are included in total shares of common stock outstanding upon the lapse of applicable restrictions. PSUs are included in total diluted shares of common stock outstanding when the performance measures have been deemed achieved but the PSUs have not yet been issued.

Fair value for stock options and warrants is calculated using the Black-Scholes valuation model and is expensed on a straight-line basis over the requisite service period of the grant. Compensation cost is reduced for forfeitures as they occur in accordance with ASU 2016-09 *Simplifying the Accounting for Share-Based Payments* ("ASU 2016-09").

The Company adopted ASU No. 2018-07 *Improvements to Nonemployee Share-Based Payment Accounting* ("ASU 2018-07") as of January 1, 2019 on a modified retrospective basis. In accordance with ASU 2018-07, the Company recognizes compensation cost for grants to non-employees on a straight-line basis over the period of the grant. Prior periods have not been restated and were accounted for under the previous method where at each reporting period prior to the lapse of restrictions on warrants, time-based restricted stock and PSUs granted to non-employees, the Company remeasured the aggregate compensation cost of such grants using the Company's fair value at the end of such reporting period and revised the straight-line recognition of compensation cost in line with such remeasured amount.

Leases

The Company has operating leases for certain properties for its offices and showrooms and for copiers. The Company adopted ASU No. 2016-02 *Leases* ("ASU 2016-02" or "ASC 842") as of January 1, 2019 using the modified retrospective method as of the period of adoption. The Company elected the package of practical expedients upon transition where the Company did not reassess the lease classification and initial direct costs for leases that existed prior to adoption. Additionally, the Company did not reassess contracts entered into prior to adoption to determine whether the arrangement was or contained a lease. In accordance with ASU 2016-02, for leases over twelve months the Company records a right-of-use asset and a lease liability representing the present value of future lease payments. Rent expense is recognized on a straight-line basis over the term of the lease. See Note 6 for further information.

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Income Taxes

Current income taxes are based on the respective periods' taxable income for federal, foreign and state income tax reporting purposes. Deferred tax liabilities and assets are determined based on the difference between the financial statement and income tax bases of assets and liabilities, using statutory tax rates in effect for the year in which the differences are expected to reverse. In accordance with ASU No. 2015-17 *Balance Sheet Classification of Deferred Taxes*, all deferred income taxes are reported and classified as non-current. A valuation allowance is required if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company applies the Financial Accounting Standards Board ("FASB") guidance on accounting for uncertainty in income taxes. The guidance clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with other authoritative GAAP and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance also addresses derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. During the the six months ended June 30, 2019 and year ended December 31, 2018, the Company did not have any reserves or interest and penalties to record through current income tax expense in accordance with ASC 740, *Income Taxes* ("ASC 740"). Interest and penalties related to uncertain tax positions, if any, are recorded in income tax expense. Tax years that remain open for assessment for federal and state tax purposes include the years ended December 31, 2015 through December 31, 2018.

Earnings Per Share

Basic earnings (loss) per share ("EPS") from continuing and discontinued operations is computed by dividing net income (loss) from continuing and discontinued operations attributable to Sequential Brands Group, Inc. and Subsidiaries by the weighted-average number of common shares outstanding during the reporting period, excluding the effects of any potentially dilutive securities. Diluted EPS gives effect to all potentially dilutive common shares outstanding during the reporting period, including stock options, PSUs and warrants, using the treasury stock method, and convertible debt, using the if-converted method. Diluted EPS excludes all potentially dilutive shares of common stock if their effect is anti-dilutive. Basic weighted-average common shares outstanding is equivalent to diluted weighted-average common shares outstanding for the quarter and six months ended June 30, 2019.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Basic weighted-average common shares outstanding	64,685,188	63,583,280	64,454,718	63,408,679
Performance based restricted stock	—	12,138	—	40,094
Unvested restricted stock	—	434,554	—	880,535
Diluted weighted-average common shares outstanding	64,685,188	64,029,972	64,454,718	64,329,308

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The computation of diluted EPS for the three and six months ended June 30, 2019 and 2018 would exclude the following potentially dilutive securities because their inclusion would be anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Warrants	—	332,000	—	332,000
Unvested restricted stock	531,305	840,066	712,427	357,501
Stock options	—	58,500	—	58,500
Total	531,305	1,230,566	712,427	748,001

Concentration of Credit Risk

Financial instruments which potentially expose the Company to credit risk consist primarily of cash, restricted cash and accounts receivable. Cash is held to meet working capital needs and future acquisitions. Restricted cash is pledged as collateral for a comparable amount of irrevocable standby letters of credit for certain of the Company's leased properties. Substantially all of the Company's cash and restricted cash are deposited with high quality financial institutions. At times, however, such cash and restricted cash may be in deposit accounts that exceed the Federal Deposit Insurance Corporation insurance limit. The Company has not experienced any losses in such accounts as of June 30, 2019.

Concentration of credit risk with respect to accounts receivable is minimal due to the collection history. The Company performs periodic credit evaluations of its customers' financial condition. The allowance for doubtful accounts is based upon the expected collectability of all accounts receivable.

Customer Concentrations

The Company recorded net revenues from continuing operations of $26.4 million and $33.1 million during the three months ended June 30, 2019 and 2018, respectively. During the three months ended June 30, 2019, three licensees represented at least 10% of net revenue from continuing operations, accounting for 23%, 17% and 15% of the Company's net revenue from continuing operations. During the three months ended June 30, 2018, two licensees represented at least 10% of net revenue from continuing operations, accounting for 18% and 12% of the Company's net revenue from continuing operations.

The Company recorded net revenues from continuing operations of $51.9 million and $62.6 million during the six months ended June 30, 2019 and 2018, respectively. During the six months ended June 30, 2019, three licensees represented at least 10% of net revenue from continuing operations, accounting for 20%, 16% and 14% of the Company's net revenue from continuing operations. During the six months ended June 30, 2018, two licensees represented at least 10% of net revenue from continuing operations, accounting for 16% and 13% of the Company's net revenue from continuing operations.

Loss Contingencies

The Company recognizes contingent losses that are both probable and estimable. In this context, probable means circumstances under which events are likely to occur. The Company records legal costs pertaining to contingencies as incurred.

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Noncontrolling Interest

Noncontrolling interest recorded for the three and six months ended June 30, 2019 in continuing operations represents income allocations to Elan Polo International, Inc., a member of DVS Footwear International, LLC and With You, Inc., a member of With You LLC (the partnership between the Company and Jessica Simpson).

Discontinued Operations

The Company accounted for the sale of MSLO in accordance with ASC 360, Accounting for Impairment or Disposal of Long-Lived Assets ("ASC 360") and Accounting Standard Update No. 2014-08, "Reporting of Discontinued Operations and Disclosures of Disposals of Components of an Entity" ("ASU 2014-08"). The Company followed the held-for-sale criteria as defined in ASC 360. ASC 360 requires that a component of an entity that has been disposed of or is classified as held for sale and has operations and cash flows that can be clearly distinguished from the rest of the entity be reported as assets held for sale and discontinued operations. In the period a component of an entity has been disposed of or classified as held for sale, the results of operations for the periods presented are reclassified into separate line items in the statements of operations. Assets and liabilities are also reclassified into separate line items on the related balance sheets for the periods presented. The statements of cash flows for the periods presented are also reclassified to reflect the results of discontinued operations as separate line items. ASU 2014-08 requires that only a disposal of a component of an entity, or a group of components of an entity, that represents a strategic shift that has, or will have, a major effect on the reporting entity's operations and financial results be reported in the financial statements as discontinued operations. ASU 2014-08 also provides guidance on the financial statement presentations and disclosures of discontinued operations.

Reportable Segment

An operating segment, in part, is a component of an enterprise whose operating results are regularly reviewed by the chief operating decision maker (the "CODM") to make decisions about resources to be allocated to the segment and assess its performance. Operating segments may be aggregated only to a limited extent. The Company's CODM, the Chief Executive Officer, reviews financial information presented on a consolidated basis, accompanied by disaggregated information about revenues for purposes of making operating decisions and assessing financial performance. Accordingly, the Company has determined that it has a single operating and reportable segment. In addition, the Company has no foreign offices or any assets in foreign locations. The majority of the Company's operations consist of a single revenue stream, which is the licensing of its trademark portfolio, with additional revenues derived from television, book, and certain commissions.

New Accounting Pronouncements

ASU No. 2018-18, "Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606"

In November 2018, the FASB issued ASU No. 2018-18 "*Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606*" ("ASU 2018-18"). ASU 2018-18 amends ASC 808, *Collaborative Arrangements ("*ASC 808") and ASC 606, *Revenue from Contracts with Customers* ("ASC 606") to clarify that certain transactions between participants in a collaborative arrangement should be accounted for under ASC 606 when the counterparty is a customer.

ASU 2018-18 is effective for annual and interim periods beginning after December 15, 2019, and early adoption is permitted. The Company does not expect the adoption of ASU 2018-18 to have a material impact on the Company's consolidated financial statements.

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ASU No. 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement"

In August 2018, the FASB issued ASU No. 2018-13 "*Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*" ("ASU 2018-13"). ASU 2018-13 eliminates, amends, and adds certain disclosure requirements for fair value measurements.

ASU 2018-13 is effective for annual and interim periods beginning after December 15, 2019, and early adoption is permitted for the entire standard or for the provisions that eliminate or amend disclosure requirements. The Company does not expect the adoption of ASU 2018-13 to have a material impact on the Company's condensed consolidated financial statements.

3. Discontinued Operations

On June 10, 2019, the Company completed the sale of MSLO, a Delaware corporation and a wholly-owned subsidiary of the Company, for $166 million in cash consideration, plus additional amounts in respect of pre-closing accounts receivable that are received after the closing, subject to certain adjustments, pursuant to the Purchase Agreement with the Buyer entered into on April 16, 2019. In addition, the Purchase Agreement provides for an earnout of up to $40,000,000 if certain performance targets are achieved during the three calendar years ending December 31, 2020, December 31, 2021 and December 31, 2022. MSLO and its subsidiaries were engaged in the business of promoting, marketing and licensing the *Martha Stewart* and the *Emeril Lagasse* brands through various distribution channels. The Company recorded a pre-tax loss of $2.0 million on the sale of MSLO during the three months ended June 30, 2019 which is recorded in discontinued operations in the unaudited condensed consolidated statements of operations.

During the first quarter of 2019, the Company recorded non-cash impairment charges of $161.2 million for indefinite-lived intangible assets related to the *Martha Stewart* and *Emeril Lagasse* trademarks. The impairments arose during the sale process for the *Martha Stewart* and *Emeril Lagasse* brands due to the difference in the fair value as indicated by the sales price as compared to the carrying values of the intangible assets included in the transaction. The sale of the *Martha Stewart* and *Emeril Lagasse* brands was approved by the Board of Directors on April 15, 2019, to allow the Company to achieve one of its top priorities in significantly reducing its debt. Going forward the Company's strategy is to focus on higher margin brands that are well suited for growing health, wellness and beauty categories. These charges are included in discontinued operations in the unaudited condensed consolidated statements of operations. The Company recorded a net loss from discontinued operations of $1.3 million and $121.9 million for the three and six months ended June 30, 2019.

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The financial results of MSLO through June 30, 2019 are presented as (loss) income from discontinued operations, net of taxes in the unaudited condensed consolidated statements of operations. The following table presents the discontinued operations unaudited condensed consolidated statements of operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net revenue	$ 7,383	$ 9,081	$ 18,771	$ 17,722
Operating expenses	9,164	5,021	16,389	9,779
Impairment charges	-	-	161,224	-
Loss on sale of MSLO	2,008	-	2,008	-
(Loss) income from operations	(3,789)	4,060	(160,850)	7,943
Other expense	-	-	100	-
Interest expense	1,769	1,697	3,570	3,293
(Loss) income from discontinued operations before income taxes	(5,558)	2,363	(164,520)	4,650
(Benefit from) provision for income taxes	(4,249)	975	(42,637)	1,919
Net (loss) income from discontinued operations	$ (1,309)	$ 1,388	$ (121,883)	$ 2,731

The Company used cash proceeds from the MSLO sale to make mandatory prepayments of $109.6 million on the Revolving Credit Facility and voluntary prepayments of $44.4 million on its Tranche A-1 Term Loans (see Note 8). In accordance with ASC 205-20-45-6, *Presentation of Financial Statements – Discontinued Operations*, the Company has allocated interest expense of $1.8 million and $1.7 million for the three months ended June 30, 2019 and 2018, respectively, related to the portion of debt that was required to be paid as part of the transaction and accretion on MS Legacy (as defined in Note 4) and guaranteed payments. The Company allocated interest expense of $3.6 million and $3.3 million for the six months ended June 30, 2019 and 2018, respectively, related to the portion of debt that was required to be paid as part of the transaction and accretion on MS Legacy and guaranteed payments.

During the three and six months ended June 30, 2019, the Company recorded $5.6 million and $5.9 million, respectively, in transaction costs directly related to the sale of MSLO which are recorded in discontinued operations in the unaudited condensed consolidated statements of operations.

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The following table presents the assets and liabilities classified as held for sale from discontinued operations as of June 30, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
	(Unaudited)	
Carrying amount of assets included as part of discontinued operations:		
Current Assets:		
Accounts receivable, net	$ -	$ 16,602
Prepaid expenses and other current assets	10,219	7,243
Total current assets classified as held for disposition from discontinued operations	10,219	23,845
Property and equipment, net	-	580
Intangible assets, net	-	330,084
Total assets classified as held for disposition from discontinued operations	$ 10,219	$ 354,509
Carrying amount of liabilities included as part of discontinued operations:		
Current Liabilities:		
Accounts payable and accrued expenses	$ 3,875	$ 11,927
Current portion of deferred revenue	-	3,523
Total current liabilities classified as held for disposition from discontinued operations	3,875	15,450
Deferred income taxes	-	34,938
Other long-term liabilities	-	3,629
Total liabilities classified as held for disposition from discontinued operations	$ 3,875	$ 54,017

The prepaid expenses and other current assets at June 30, 2019 consists of a $10.2 million receivable due to the Company from the Buyer in accordance with the terms of the Purchase Agreement.

The following table presents the cash flow from discontinued operations for the six months ended June 30, 2019 and 2018:

	Six Months Ended June 30,	
	2019	2018
	(in thousands)	
Net cash provided by discontinued operating activities	$ 6,955	$ 3,364
Net cash used in discontinued investing activities	$ (44)	$ (34)
Net cash used in discontinued financing activities	$ (574)	$ (650)

4. Fair Value Measurement of Financial Instruments

ASC 820-10, *Fair Value Measurements and Disclosures* ("ASC 820-10"), defines fair value, establishes a framework for measuring fair value in GAAP and provides for expanded disclosure about fair value measurements. ASC 820-10 applies to all other accounting pronouncements that require or permit fair value measurements.

The Company determines or calculates the fair value of financial instruments using quoted market prices in active markets when such information is available or using appropriate present value or other valuation techniques, such as discounted cash flow analyses, incorporating available market discount rate information for similar types of instruments while estimating for non-performance and liquidity risk. These techniques are significantly affected by the assumptions used, including the discount rate, credit spreads and estimates of future cash flows.

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Assets and liabilities typically recorded at fair value on a non-recurring basis to which ASC 820-10 applies include:

- non-financial assets and liabilities initially measured at fair value in an acquisition or business combination, and
- long-lived assets measured at fair value due to an impairment assessment under ASC 360-10-15, *Impairment or Disposal of Long-Lived Assets*.

This topic defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a three-level hierarchy, which encourages an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820-10 requires that assets and liabilities recorded at fair value be classified and disclosed in one of the following three categories:

- Level 1 - inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.
- Level 2 - inputs utilize other-than-quoted prices that are observable, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3 - inputs are unobservable and are typically based on the Company's own assumptions, including situations where there is little, if any, market activity. Both observable and unobservable inputs may be used to determine the fair value of positions that are classified within the Level 3 classification.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the Company classifies such financial assets or liabilities based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

In June 2019, the Company completed the sale of MSLO. As a result, indefinite-lived intangible assets decreased by $330.1 million which was recorded within assets classified as held for disposition from discontinued operations as of December 31, 2018. During the first quarter of 2019, the Company had recorded non-cash impairment charges of $161.2 million for these indefinite-lived intangible assets related to the *Martha Stewart* and *Emeril Lagasse* trademarks. The impairments arose during the sale process for the *Martha Stewart* and *Emeril Lagasse* brands (as discussed in Notes 3 and 7) due to the difference in the fair value as indicated by the sales price as compared to the carrying values of the intangible assets included in the transaction. The sale of the *Martha Stewart* and *Emeril Lagasse* brands was approved by the Board of Directors during the second quarter of 2019, to allow the Company to achieve one of its top priorities in significantly reducing its debt. Going forward the Company's strategy is to focus on higher margin brands that are well suited for growing health, wellness and beauty categories.

As of June 30, 2019 and December 31, 2018, there were no assets or liabilities that are required to be measured at fair value on a recurring basis, except for interest rate swaps and equity securities. The following table sets forth the

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carrying value and the fair value of the Company's financial assets and liabilities required to be disclosed at June 30, 2019 and December 31, 2018:

		Carrying Value		Fair Value	
Financial Instrument	**Level**	**6/30/2019**	**12/31/2018**	**6/30/2019**	**12/31/2018**
			(in thousands)		
Equity securities	1	$ 956	$ 627	$ 956	$ 627
Interest rate swaps - liability	2	$ 7,043	$ 2,019	$ 7,043	$ 2,019
Term loans	2	$ 461,331	$ 519,850	$ 458,206	$ 515,742
Revolving loan	2	$ 5,358	$ 115,000	$ 5,353	$ 114,827

The carrying amounts of the Company's cash, restricted cash, accounts receivable and accounts payable approximate fair value due to their short-term maturities.

In December 2018, the Company entered into interest rate swap agreements related to its term loans (the "2018 Swap Agreements") with certain financial institutions. The Company recorded its interest rates swaps in accounts payable and accrued expenses and other long-term liabilities on the condensed consolidated balance sheets at fair value using Level 2 inputs. The 2018 Swap Agreements have a $300 million notional value and $150 million matures on December 31, 2021 and $150 million matures on January 4, 2022.

The Company's risk management objective and strategy with respect to the 2018 Swap Agreements is to reduce its exposure to variability in cash flows on a portion of the Company's floating-rate debt. The 2018 Swap Agreements protect the Company from increases in changes in its cash flows attributable to changes in a contractually specified interest rate on an amount of borrowing equal to the then outstanding swap notional. The Company periodically assesses the effectiveness of the hedges (both prospective and retrospective) by performing a single regression analysis that was prepared at the inception of the hedging relationship. To the extent a hedging relationship is highly effective, the gain or loss on the swap will be recorded in accumulated other comprehensive loss and reclassified into interest expense in the same period during which the hedged transactions affect earnings.

During the quarter ended June 30, 2019, the Company determined that a portion of one of the hedges was no longer effective due to the repayment of certain debt with the proceeds from the sale of MSLO (see Note 8). As a result, in accordance with ASC 815-30-40-6A, the Company de-designated it as a cash flow hedge and reclassified a loss of $0.4 million from other comprehensive loss to other expense in the unaudited condensed consolidated statement of operations. Changes in the fair value of the de-designated interest rate swap after the de-designation date will be recognized through continuing operations. The Company recorded a loss of $0.5 million in other expense from continuing operations in the unaudited condensed consolidated statements of operations for the three and six months ended June 30, 2019.

The components of the 2018 Swap Agreements as of June 30, 2019 are as follows:

	Notional Value	**Derivative Asset**	**Derivative Liability**
		(in thousands)	
LIBOR based loans	$ 300,000	$ —	$ 7,043

For purposes of this fair value disclosure, the Company based its fair value estimate for the Term Loans and Revolving Loan (each, as defined in Note 8 – both under and prior to the amendment) on its internal valuation whereby the Company applied the discounted cash flow method to its expected cash flow payments due under the loan agreements based on interest rates as of June 30, 2019 and December 31, 2018 for debt with similar risk characteristics and maturities.

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In June 2019, the Company completed the sale of MSLO. As a result, Legacy Payments (as defined below) decreased by $2.6 million which was recorded in long-term liabilities held for disposition from discontinued operations as of December 31, 2018 as we are no longer party to the obligation. In connection with the previous acquisition of MSLO, beginning with calendar years commencing on or after January 1, 2026, the Company would have paid Ms. Stewart three and one-half percent (3.5%) of Gross Licensing Revenues (as defined in Ms. Stewart's employment agreement) for each such calendar year for the remainder of Ms. Stewart's life (with a minimum of five (5) years of payments, to be made to Ms. Stewart's estate if Ms. Stewart died before December 31, 2030) (the "Legacy Payments"). The Company recorded less than $0.1 million and $0.1 million of accretion during the three months ended June 30, 2019 and 2018, respectively, related to the Legacy Payments which is recorded in discontinued operations in the unaudited condensed consolidated statements of operations. The Company recorded $0.1 million of accretion during each of the six months ended June 30, 2019 and 2018 related to the Legacy Payments which is recorded in discontinued operations in the unaudited condensed consolidated statements of operations.

5. Revenues

The Company has entered into various license agreements that provide revenues in exchange for use of the Company's IP. Licensing agreements are the Company's primary source of revenue. The Company also derives revenue from other sources such as editorial content for books, television sponsorships, commissions and vendor placement commissions.

Disaggregated Revenue

The following table presents revenue from continuing operations disaggregated by source:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(in thousands)			
Licensing agreements	$ 26,407	$ 29,503	$ 51,775	$ 58,577
Other	8	3,623	164	4,012
Total	$ 26,415	$ 33,126	$ 51,939	$ 62,589

Contract Balances

Contract assets represent unbilled receivables and are presented within accounts receivable, net on the condensed consolidated balance sheets. Contract liabilities represent unearned revenues and are presented within the current portion of deferred revenue on the condensed consolidated balance sheets.

The below table summarizes the Company's contract assets and contract liabilities:

	June 30, 2019	December 31, 2018
	(in thousands)	
Contract assets	$ 2,306	$ 2,484
Contract liabilities	3,844	4,923

In June 2019, the Company completed the sale of MSLO, as a result contract assets and liabilities decreased $0.7 million and $0.1 million, respectively, and are recorded in current assets and liabilities held for disposition from discontinued operations as of December 31, 2018.

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Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. The Company has reviewed its various revenue streams for its existing contracts under the five-step approach. The Company has entered into various license agreements that provide revenues based on guaranteed minimum royalty payments with additional royalty revenues based on a percentage of defined sales. Guaranteed minimum royalty payments (fixed revenue) are recognized on a straight-line basis over the term of the contract, as defined in each license agreement. Earned royalties and earned royalties in excess of the fixed revenue (variable revenue) are recognized as income during the period corresponding to the licensee's sales. Earned royalties in excess of fixed revenue are only recognized when the Company is reasonably certain that the guaranteed minimums payments for the period, as defined in each license agreement, will be exceeded.

Licensing for trademarks is the Company's largest revenue source. Under ASC 606, the Company's agreements are generally considered symbolic licenses which contain the characteristics of a right-to-access license since the customer is simultaneously receiving the IP and benefiting from it throughout the license period. As such, the Company primarily records revenue from licenses on a straight-line basis over the license period as the performance obligation is satisfied over time. The Company applies its judgment based on historical trends when estimating future revenues and the period over which to recognize revenue when evaluating its licensing contracts.

Deferred revenue will be recognized as the Company fulfills its performance obligations over periods of approximately one to five years.

The below table summarizes amounts related to future performance obligations from continuing operations under fixed contractual arrangements as of June 30, 2019 and the periods in which they are expected to be earned and recognized as revenue:

	2019	2020	2021	2022	2023	Thereafter
Future Performance Obligations	$ 42,097	$ 37,870	$ 23,158	$ 2,818	$ 2,006	$ 244

The Company does not disclose the amount attributable to unsatisfied or partially satisfied performance obligations for variable revenue contracts in accordance with the optional exemption allowed for under ASC 606. The Company has categorized certain contracts as variable when there is a history and future expectation of exceeding guaranteed minimum royalties.

6. Leases

The Company has operating leases for certain properties for its offices and showrooms and for copiers. The Company adopted ASU 2016-02 as of January 1, 2019 using the modified retrospective method as of the period of adoption. The Company elected the package of practical expedients upon transition where the Company did not reassess the lease classification and initial direct costs for leases that existed prior to adoption. Additionally, the Company did not reassess contracts entered into prior to adoption to determine whether the arrangement was or contained a lease. At January 1, 2019, the Company did not have any leases that had not yet commenced. The Company also elected the practical expedient to not recognize right-of-use assets or lease liabilities for leases with a term of twelve months or less.

The Company determines if an arrangement contains a lease and the lease term at contract inception based on the terms of each arrangement. The Company's operating leases contain options to extend and early termination options. The Company will evaluate the terms on a lease-by-lease basis and include options to extend or early termination options when it is reasonably certain that the Company will exercise the option. For arrangements that are identified as leases and are

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over twelve months the Company records a right-of-use ("ROU") asset and a lease liability representing the present value of future lease payments. Under ASC 842, the present value of future lease payments must be discounted by using the interest rate implicit in the lease, or if not readily determinable, its incremental borrowing rate. The Company used an average cost of debt of 6.76% as the discount rate for the leases as it is representative of the interest rate that would be charged to borrow an amount equal to the lease payments on a fully collateralized basis.

The operating lease assets and liabilities recorded on the balance sheet as of June 30, 2019 are summarized as follows:

	Classification on Balance Sheet	June 30, 2019
Assets		(in thousands)
Non-current	Right-of-use assets - operating leases	$ 48,862
Liabilities		
Current	Current portion of lease liabilities - operating leases	$ 2,883
Non-current	Lease liabilities - operating leases	52,964
Total operating lease liabilities		$ 55,847
Weighted average remaining lease term (in years)		13.9

Rent expense is recognized on a straight-line basis over the term of the lease. Rent expense for operating leases was $1.5 million for each of the three months ended June 30, 2019 and 2018. Rent expense for operating leases was $3.1 million and $3.0 million for the six months ended June 30, 2019 and 2018, respectively. Sublease income was $0.2 million and $0.1 million for the three months ended June 30, 2019 and 2018, respectively. Sublease income was $0.4 million for each of the six months ended June 30, 2019 and 2018. All of the aforementioned amounts are included in continuing operations.

As of June 30, 2019, the maturities of the Company's lease liabilities were as follows (in thousands):

	Operating Leases
2019 (remaining six months)	$ 3,254
2020	6,537
2021	6,247
2022	6,262
2023	6,277
Thereafter	58,320
Total minimum lease payments	86,897
Less: imputed interest	31,050
Lease liabilities	$ 55,847

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7. Intangible Assets

Intangible assets are summarized as follows:

June 30, 2019	Useful Lives (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
			(in thousands)	
Finite-lived intangible assets:				
Trademarks	5 - 15	$ 12,468	$ (3,600)	$ 8,868
Customer agreements	4	2,200	(2,191)	9
Patents	10	361	(325)	36
		$ 15,029	$ (6,116)	8,913
Indefinite-lived intangible assets:				
Trademarks				625,024
Intangible assets, net				$ 633,937

December 31, 2018	Useful Lives (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
			(in thousands)	
Finite-lived intangible assets:				
Trademarks	5 - 15	$ 12,438	$ (2,689)	$ 9,749
Customer agreements	4	2,200	(2,147)	53
Patents	10	361	(321)	40
		$ 14,999	$ (5,157)	9,842
Indefinite-lived intangible assets:				
Trademarks				624,985
Intangible assets, net				$ 634,827

Estimated future annual amortization expense for intangible assets in service as of June 30, 2019 is summarized as follows:

Years Ended June 30,	(in thousands)
Remainder of 2019	$ 924
2020	1,836
2021	1,833
2022	1,811
2023	1,385
Thereafter	1,124
	$ 8,913

Amortization expense from continuing operations was approximately $0.5 million and $0.2 million for the three months ended June 30, 2019 and 2018, respectively. Amortization expense from continuing operations was approximately $1.0 million and $0.4 million for the six months ended June 30, 2019 and 2018, respectively.

Finite-lived intangible assets represent trademarks, customer agreements and patents related to the Company's brands. Finite-lived intangible assets are amortized on a straight-line basis over the estimated useful lives of the assets.

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The carrying value of finite-lived intangible assets and other long-lived assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Indefinite-lived intangible assets are not amortized, but instead are subject to impairment evaluation. As of June 30, 2019, the trademarks of *Jessica Simpson, Avia, AND1, Joe's, GAIAM, Caribbean Joe,* and *Ellen Tracy* have been determined to have indefinite useful lives, and accordingly, consistent with ASC Topic 350, no amortization has been recorded in the Company's unaudited condensed consolidated statements of operations. Instead, each of these intangible assets are tested for impairment annually and as needed on an individual basis as separate single units of accounting, with any related impairment charge recorded to the statement of operations at the time of determining such impairment. The annual evaluation of the Company's indefinite-lived trademarks is performed as of October 1, the beginning of the Company's fourth fiscal quarter.

In June 2019, the Company completed the sale of MSLO. As a result, indefinite-lived intangible assets decreased by $330.1 million which was recorded within assets classified as held for disposition from discontinued operations as of December 31, 2018. During the first quarter of 2019, the Company recorded non-cash impairment charges of $161.2 million for indefinite-lived intangible assets related to the *Martha Stewart* and *Emeril Lagasse* trademarks reflected in discontinued operations on the unaudited condensed consolidated statements of operations. The impairments arose during the sale process for the *Martha Stewart* and *Emeril Lagasse* brands (as discussed in Note 3) due to the difference in the fair value as indicated by the sales price as compared to the carrying values of the intangible assets included in the transaction. The sale of the *Martha Stewart* and *Emeril Lagasse* brands was approved by the Board of Directors during the second quarter of 2019, to allow the Company to achieve one of its top priorities in significantly reducing its debt. Going forward the Company's strategy is to focus on higher margin brands that are well suited for growing health, wellness and beauty categories.

During the three months ended June 30, 2018, the Company sold both the *Revo* and *FUL* trademarks. During the three and six months ended June 30, 2018, the Company incurred a loss on the sale of the assets of $2.0 million and $7.1 million, respectively.

8. Long-Term Debt

The components of long-term debt are as follows:

	June 30, 2019	December 31, 2018
	(in thousands)	
Secured Term Loans	$ 461,331	$ 519,850
Revolving Credit Facility	5,358	115,000
Unamortized deferred financing costs	(20,807)	(24,063)
Total long-term debt, net of unamortized deferred financing costs	445,882	610,787
Less: current portion of long-term debt	28,300	28,300
Long-term debt	$ 417,582	$ 582,487

August 2018 Debt Facilities

In June 2019, the Company completed the sale of MSLO. The Company used cash proceeds from the MSLO sale to make mandatory prepayments of $109.6 million of the Revolving Credit Facility and voluntary prepayments of $44.4 million on its Tranche A-1 Term Loans. The Company expensed $0.6 million of deferred financing costs, included in interest expense in the unaudited condensed consolidated statements of operations as a result of the partial paydown on the Tranche A-1 Term Loan.

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On August 7, 2018 (the "Closing Date"), the Company and certain of its subsidiaries amended its (i) Third Amended and Restated First Lien Credit Agreement (the "New Amended BoA Credit Agreement") with Bank of America, N.A., as administrative agent and collateral agent and the lenders party thereto (the "BoA Facility Loan Parties") and (ii) the Third Amended and Restated Credit Agreement (the "New Amended FS/KKR Credit Agreement") with Wilmington Trust, National Association, as administrative agent and collateral agent (the "FS/KKR Agent") and the lenders party thereto (the "FS/KKR Facility Loan Parties"). The Company used a portion of the proceeds of the $335.0 million loans made to the Company under the New Amended BoA Credit Agreement to prepay loans under the Amended FS/KKR Credit Agreement.

The New Amended BoA Credit Agreement provides for several five-year senior secured credit facilities, consisting of (i) Tranche A Term Loans in an aggregate principal amount of $150.0 million (the "Amended Tranche A Loans"), (ii) Tranche A-1 Term Loans in an aggregate principal amount of $70.0 million (the "Amended Tranche A-1 Loans" and, together with the Tranche A Loans, the "Amended BoA Term Loans") and (iii) revolving credit commitments in the aggregate principal amount of $130.0 million (the "Amended Revolving Credit Commitments" and, the loans under the Revolving Credit Commitments, the "Amended Revolving Loans"). On the Closing Date, the total amount outstanding under the New Amended BoA Credit Agreement was $335.0 million, including (i) $150.0 million of Amended Tranche A Loans, (ii) $70.0 million of Amended Tranche A-1 Loans and (iii) $115.0 million of Amended Revolving Loans.

The loans under the New Amended BoA Credit Agreement bear interest, at the Company's option, at a rate equal to (i) with respect to the Amended Revolving Loans and the Amended Tranche A Loans (a) the LIBOR rate plus 3.50% per annum or (b) the base rate plus 2.50% per annum and (ii) with respect to the Amended Tranche A-1 Loans (a) the LIBOR rate plus 7.00% per annum or (b) the base rate plus 6.00% per annum. The loans under the New Amended BoA Credit Agreement provide for interest rate reductions if certain leverage ratios are achieved, with minimum interest rates equal to (i) with respect to the Amended Revolving Loans and the Amended Tranche A Loans (a) the LIBOR rate plus 3.00% per annum or (b) the base rate plus 2.00% per annum and (ii) with respect to the Amended Tranche A-1 Loans (a) the LIBOR rate plus 6.00% per annum or (b) the base rate plus 5.00% per annum. The undrawn portions of the Revolving Credit Commitments are subject to a commitment fee of 0.375% per annum. As of June 30, 2019, we had $5.0 million available under the current revolving credit facility (the "Revolving Credit Facility").

The Company may make voluntary prepayments of the loans outstanding under the New Amended BoA Credit Agreement, subject to the payment of customary "breakage" costs with respect to LIBOR-based borrowings and, in certain cases, to the prepayment premium set forth in the New Amended BoA Credit Agreement. Additionally, the Company is mandated to make prepayments (without payment of a premium or penalty) under the New Amended BoA Credit Agreement amounting to: (i) the loans outstanding under the New Amended BoA Credit Agreement plus, (a) where intellectual property is disposed, 50.0% of the disposed intellectual property's orderly liquidation value, and (b) where any other assets constituting collateral are disposed or upon the receipt of certain insurance proceeds, 100% of the net proceeds thereof, subject to certain reinvestment rights; and (ii) the Amended Tranche A-1 Loans to the extent that the outstanding principal amount thereof exceeds 15.0% of the orderly liquidation value of the registered trademarks owned by the BoA Facility Loan Parties. The Amended BoA Term Loans will continue to amortize in quarterly installments of $5.0 million.

The New Amended BoA Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants applicable to the BoA Facility Loan Parties and their subsidiaries. Moreover, the New Amended BoA Credit Agreement contains financial covenants that require the BoA Facility Loan Parties and their subsidiaries to (i) maintain a positive net income, (ii) satisfy a maximum loan to value ratio initially set at 50.0% (applicable to the Amended Revolving Loans and Amended Tranche A Loans) decreasing over the term of the New Amended BoA Credit Agreement until reaching a final maximum loan to value ratio of 42.5% and (iii) satisfy a maximum consolidated first lien leverage ratio, initially set at 3.875:1:00, decreasing over the term of the New Amended BoA Credit Agreement until reaching a final maximum ratio of 2.875:1.00 for the fiscal quarter ending September 30, 2022 and thereafter.

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The New Amended BoA Credit Agreement contains certain customary events of default, including a change of control. If an event of default occurs and is not cured within any applicable grace period or not waived, the Bank of America Agent, at the request of the lenders under the New Amended BoA Credit Agreement, must take various actions, including, without limitation, the acceleration of all amounts due under the New Amended BoA Credit Agreement.

The Company may request an increase in (i) the Revolving Credit Facility and Tranche A Loans as would not cause the consolidated first lien leverage ratio, determined on a pro forma basis after giving effect to any such increase, to exceed 2.80:1.00 and (ii) the Tranche A-1 Loans, as would not cause the consolidated first lien leverage ratio, determined on a pro forma basis after giving effect to any such increase, to exceed (a) with respect to any increase, the proceeds of which will be used solely to finance an acquisition, 3.00:1.00 and (b) with respect to any other increase, 2.90:1.00, subject to the satisfaction of certain conditions in the New Amended BoA Credit Agreement. At June 30, 2019, the Company is in compliance with the covenants included in the New Amended BoA Credit Agreement.

The New Amended FS/KKR Credit Agreement provides for a five and a half-year $314.0 million senior secured term loan facility. The Company may request one or more additional term loan facilities or the increase of term loan commitments under the New Amended FS/KKR Credit Agreement as would not have caused the consolidated total leverage ratio, determined on a pro forma basis after giving effect to any such addition and increase, to exceed 6.00:1.00, subject to the satisfaction of certain conditions in the New Amended FS/KKR Credit Agreement.

The loans under the New Amended FS/KKR Credit Agreement bear interest, at the Company's option, at a rate equal to either (i) the LIBOR rate plus 8.75% per annum or (ii) the base rate plus 7.75% per annum.

The Company may make voluntary prepayments of the loans outstanding under the New Amended FS/KKR Credit Agreement, subject to the payment of customary "breakage" costs with respect to LIBOR-based borrowings and, in certain cases, to the prepayment premium set forth in the New Amended FS/KKR Credit Agreement. The Company is mandated to make prepayments (without payment of a premium or penalty) of loans outstanding under the New Amended FS/KKR Credit Agreement amounting to: (i) where intellectual property was disposed, 50.0% of the disposed intellectual property's orderly liquidation value, (ii) where any other asset constituting collateral is disposed or upon the receipt of certain insurance proceeds, 100% of the net proceeds thereof, subject to certain reinvestment rights, and (iii) any consolidated excess cash flow, in an amount equal to (a) in the event the consolidated total leverage ratio was at least 4.00:1.00, 75% thereof, (b) in the event the consolidated total leverage ratio was less than 4.00:1.00 but at least 3.00:1.00, 50% thereof and (c) in the event the consolidated total leverage ratio was less than 3.00:1.00, 0% thereof. The loans under the New Amended FS/KKR Credit Agreement will continue to amortize in quarterly installments of approximately $2.1 million.

The New Amended FS/KKR Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants applicable to the FS/KKR Facility Loan Parties and their subsidiaries. Moreover, the New Amended FS/KKR Credit Agreement contains financial covenants that require the FS/KKR Facility Loan Parties and their subsidiaries to satisfy (i) a maximum consolidated total leverage ratio, initially set at 7.25:1.00, decreasing over the term of the New Amended FS/KKR Credit Agreement until reaching a final maximum ratio of 6.25:1.00 for the fiscal quarter ending September 30, 2022 and thereafter and (ii) a maximum consolidated first lien leverage ratio, initially set at 3.875:1.00, decreasing over the term of the New Amended FS/KKR Credit Agreement until reaching a final maximum ratio of 2.875:1.00 for the fiscal quarter ending September 30, 2022 and thereafter. At June 30, 2019, the Company is in compliance with the covenants included in the New Amended FS/KKR Credit Agreement.

The New Amended FS/KKR Credit Agreement contains certain customary events of default, including a change of control. If an event of default occurs and is not cured within any applicable grace period or is not waived, the FS/KKR Agent, at the request of the lenders under the New Amended FS/KKR Credit Agreement, is required to take various actions, including, without limitation, the acceleration of amounts due thereunder.

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The Company may request one or more additional term loan facilities or the increase of term loan commitments under the New Amended FS/KKR Credit Agreement as would not have caused the consolidated total leverage ratio, determined on a pro forma basis after giving effect to any such addition and increase, to exceed 6.00:1.00, subject to the satisfaction of certain conditions in the New Amended FS/KKR Credit Agreement.

Interest Rate Swaps

On December 10, 2018, the Company entered into interest rate swap agreements related to its term loans (the "2018 Swap Agreements") with certain financial institutions. The Company recorded its interest rate swaps in accrued expense and other long-term liabilities on the condensed consolidated balance sheets at fair value using Level 2 inputs. The 2018 Swap Agreements have a $300 million notional value, and $150 million matures on December 31, 2021 and $150 million matures on January 4, 2022.

The Company's risk management objective and strategy with respect to the 2018 Swap Agreements is to reduce its exposure to variability in cash flows on a portion of the Company's floating-rate debt. The 2018 Swap Agreements protect the Company from changes in its cash flows attributable to changes in a contractually specified interest rate on an amount of borrowing equal to the then outstanding swap notional. The Company periodically assesses the effectiveness of the hedges (both prospective and retrospective) by performing a single regression analysis that was prepared at the inception of the hedging relationship. To the extent a hedging relationship is highly effective, the gain or loss on the swap will be recorded in accumulated other comprehensive loss and reclassified into interest expense in the same period during which the hedged transactions affect earnings.

During the quarter ended June 30, 2019, the Company determined that a portion of one of the hedges was no longer effective due to the repayment of certain debt with the proceeds from the sale of MSLO. As a result, in accordance with ASC 815-30-40-6A, the Company de-designated it as a cash flow hedge and reclassified a loss of $0.4 million from other comprehensive loss to other expense in the unaudited condensed consolidated statements of operations. Changes in the fair value of the de-designated interest rate swap after the de-designation date will be recognized through continuing operations. The Company recorded a loss of $0.5 million in other expense from continuing operations in the unaudited condensed consolidated statements of operations for the three and six months ended June 30, 2019.

9. Commitments and Contingencies

General Legal Matters

From time to time, the Company is involved in legal matters arising in the ordinary course of business. While the Company believes that such matters are currently not material, there can be no assurance that matters arising in the ordinary course of business for which the Company is, or could be, involved in litigation, will not have a material adverse effect on its business, financial condition or results of operations. Contingent liabilities arising from potential litigation are assessed by management based on the individual analysis of these proceedings and on the opinion of the Company's lawyers and legal consultants.

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10. Stock-based Compensation

Stock Options

The following table summarizes the Company's stock option activity for the six months ended June 30, 2019:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
		(in thousands, except share and per share data)		
Outstanding - January 1, 2019	49,501	$ 10.22	2.3	$ —
Granted	—	—		
Exercised	—	—		
Forfeited or canceled	(10,000)	(13.68)		
Outstanding at June 30, 2019	39,501	$ 9.34	2.2	$ —
Exercisable - June 30, 2019	39,501	$ 9.34	2.2	$ —

There was no compensation expense related to stock options for the three and six months ended June 30, 2019 and 2018. At June 30, 2019, there is no unrecognized compensation expense related to stock options and no unvested stock options.

Warrants

The following table summarizes the Company's outstanding warrants for the six months ended June 30, 2019:

	Number of Warrants	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
		(in thousands, except share and per share data)		
Outstanding - January 1, 2019	200,000	$ 13.32	6.4	$ —
Granted	—	—		
Exercised	—	—		
Forfeited or canceled	—	—		
Outstanding at June 30, 2019	200,000	$ 13.32	5.9	$ —
Exercisable - June 30, 2019	200,000	$ 13.32	5.9	$ —

There was no compensation expense related to warrants for the three and six months ended June 30, 2019 and 2018. At June 30, 2019, there is no unrecognized compensation expense related to warrants and no unvested warrants.

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Restricted Stock

A summary of the time-based restricted stock activity for the six months ended June 30, 2019 is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Life (in Years)
Unvested - January 1, 2019	292,989	$ 3.72	0.9
Granted	464,576	0.86	
Vested	(235,296)	(1.70)	
Unvested - June 30, 2019	522,269	$ 2.09	1.0

During the three and six months ended June 30, 2019, the Company granted 464,576 shares of time-based restricted stock to members of the Company's board of directors. These shares had a grant date fair value of $0.4 million and vest over a period of one year. The Company recorded less than $0.1 million during each of the three and six months ended June 30, 2019 as compensation expense from continuing operations pertaining to these grants.

During the three and six months ended June 30, 2018, the Company granted 235,296 shares of time-based restricted stock to members of the Company's board of directors. These shares had a grant date fair value of $0.4 million and vest over a period of one year. The Company recorded less than $0.1 million and $0.1 million during the three and six months ended June 30, 2019 as compensation expense from continuing operations pertaining to these grants. The Company recorded $0.1 million during each of the three and six months ended June 30, 2018 as compensation expense from continuing operations pertaining to these grants.

Total compensation expense from continuing operations related to time-based restricted stock grants for each of the three months ended June 30, 2019 and 2018 was $0.1 million. Total compensation expense from continuing operations related to time-based restricted stock grants for each of the six months ended June 30, 2019 and 2018 was $0.2 million and $0.3 million, respectively. Total unrecognized compensation expense from continuing operations related to time-based restricted stock grants at June 30, 2019 amounted to $0.4 million and is expected to be recognized over a weighted-average period of 1.0 year.

Restricted Stock Units

A summary of the time-based restricted stock units activity for the six months ended June 30, 2019 is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Life (in Years)
Unvested - January 1, 2019	1,615,953	$ 2.24	2.2
Granted	—	—	
Vested	(551,519)	(2.86)	
Forfeited or canceled	(40,000)	(1.76)	
Unvested - June 30, 2019	1,024,434	$ 1.92	1.9

The Company did not grant time-based restricted stock units during the three and six months ended June 30, 2019.

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During the six months ended June 30, 2018, the Company granted 1,310,257 time-based restricted stock units to certain employees and consultants for future services. These shares of time-based restricted stock units had a grant date fair value of $2.3 million and vest immediately to over a period of five years. The Company recorded $0.1 million and $0.3 million during the three months ended June 30, 2019 and 2018, respectively, as compensation expense from continuing operations pertaining to these grants. The Company recorded $0.2 million and $0.6 million during the six months ended June 30, 2019 and 2018, respectively, as compensation expense from continuing operations pertaining to these grants.

During the six months ended June 30, 2018, the Company issued 843,486 time-based restricted stock units to an employee for a 2017 performance-based bonus pursuant to their employment agreement. The bonus was paid in restricted stock in the first quarter of 2018, based on the average closing stock price for the 30 days preceding March 1, 2018. Compensation expense was fully recognized in 2017 related to this grant.

Total compensation expense from continuing operations related to time-based restricted stock unit grants for the three months ended June 30, 2019 and 2018 was $0.5 million and $0.6 million, respectively. Total compensation expense from continuing operations related to time-based restricted stock unit grants for the six months ended June 30, 2019 and 2018 was $0.8 million and $1.0 million, respectively. Total unrecognized compensation expense from continuing operations related to time-based restricted stock unit grants at June 30, 2019 amounted to $0.9 million and is expected to be recognized over a weighted-average period of 1.9 years.

Performance Stock Units

A summary of the PSUs activity for the six months ended June 30, 2019 is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Life (in Years)
Unvested - January 1, 2019	2,219,818	$ 4.47	0.8
Granted	—	—	
Vested	(289,671)	(4.68)	
Forfeited or canceled	(350,913)	(6.29)	
Unvested - June 30, 2019	1,579,234	$ 4.03	0.8

On March 27, 2019, the Compensation Committee voted to approve, on a discretionary basis, vesting of 231,396 PSUs to employees and consultants previously granted during the years ended December 31, 2016, 2017 and 2018 subject to achievement of certain of the Company's performance metrics within each fiscal year. The fair value and expense recorded for such PSUs was based on the closing price of the Company's common stock on the date the modification of the performance metric was communicated to employees and consultants. Total compensation expense related to these PSUs of $0.2 million was recorded as operating expenses from continuing operations in the unaudited condensed consolidated statements of operations for the six months ended June 30, 2019.

During the six months ended June 30, 2018, the Company granted 200,000 PSUs to an employee upon their commencement of employment with the Company. These PSUs had a grant date fair value of $0.5 million, vest over a period of two years and require achievement of certain of the Company's performance metrics within each fiscal year for such PSUs to be earned. The Company did not record any compensation expense during the three and six months ended June 30, 2019 and 2018 as the likelihood of these PSUs being earned was not considered probable.

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During the six months ended June 30, 2018, the Company granted 250,000 PSUs to a consultant pursuant to their endorsement agreement. The PSUs had a grant date fair value of $0.5 million, vest over a period of five years and require achievement of certain sales targets within each fiscal year for such PSUs to be earned. The Company did not record any compensation expense during the three and six months ended June 30, 2019 as the likelihood of these PSUs being earned was not considered probable.

On February 20, 2018, the Compensation Committee voted to approve, on a discretionary basis, vesting of 208,883 PSUs to employees and consultants previously granted during the years ended December 31, 2016 and 2017 subject to achievement of certain of the Company's performance metrics within each fiscal year. The fair value and expense recorded for such PSUs was based on the closing price of the Company's common stock on the date the modification of the performance metric was communicated to employees and consultants. Total compensation expense from continuing operations related to these PSUs of $0.5 million was recorded as operating expenses from continuing operations in the unaudited condensed consolidated statements of operations for the six months ended June 30, 2018.

No compensation expense was recorded for the three months ended June 30, 2019 due to the achievement of performance metrics not being deemed probable. Total compensation expense from continuing operations related to the PSUs for the three months ended June 30, 2018 was $0.1 million. Total compensation expense from continuing operations related to the PSUs for the six months ended June 30, 2019 and 2018 was $0.2 million and $0.6 million, respectively.

11. Related Party Transactions

Consulting Services Agreement with Tengram Capital Partners, L.P. (f/k/a Tengram Capital Management L.P.)

Pursuant to an agreement with Tengram Capital Partners, L.P., formerly known as Tengram Capital Management, L.P. ("TCP"), an affiliate of Tengram Capital Partners Gen2 Fund, L.P., which is one of the Company's largest stockholders, the Company has engaged TCP, effective as of January 1, 2013, to provide services to the Company pertaining to (i) mergers and acquisitions, (ii) debt and equity financing and (iii) such other related areas as the Company may reasonably request from time to time (the "TCP Agreement"). The TCP Agreement remains in effect for a period continuing through the earlier of five years or the date on which TCP and its affiliates cease to own in excess of 5% of the outstanding shares of common stock in the Company. On August 15, 2014, the Company consummated transactions pursuant to an agreement and plan of merger, dated as of June 24, 2014 (the "Galaxy Merger Agreement") with SBG Universe Brands LLC, a Delaware limited liability company and the Company's direct wholly-owned subsidiary ("LLC Sub"), Universe Galaxy Merger Sub, Inc., a Delaware corporation and direct wholly-owned subsidiary of LLC Sub, Galaxy Brand Holdings, Inc. and Carlyle Galaxy Holdings, L.P. (such transactions, collectively, the "Galaxy Acquisition"). In connection with the Galaxy Merger Agreement, the Company and TCP entered into an amendment to the TCP Agreement (the "Amended TCP Agreement"), pursuant to which, among other things, TCP is entitled to receive annual fees of $0.9 million beginning with fiscal 2014.

The Company paid TCP $0.2 million for services under the Amended TCP Agreement during the six months ended June 30, 2019. The Company paid TCP $0.5 million for services under the Amended TCP Agreement during the six months ended June 30, 2018. At June 30, 2019 and December 31, 2018, there were $0.2 million due to TCP for services. The Company paid $1.8 million in transaction fees to TCP related to the sale of MSLO during the six months ended June 30, 2019.

Additionally, in July 2013, the Company entered into a consulting arrangement with an employee of TCP (the "TCP Employee"), pursuant to which the TCP Employee provides legal and other consulting services at the request of the Company from time to time. The TCP Employee was also issued 125,000 shares of restricted stock, vesting over a four-year period and 180,000 PSUs, vesting over three years in increments of 20% for 2014, 20% for 2015 and 60% for 2016.

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In 2016, the TCP employee was granted 200,000 PSUs, vesting over three years in increments of 33.3% for 2017, 33.3% for 2018 and 33.4% for 2019. In 2018, the TCP employee was granted 150,000 shares of time-based restricted stock units, vesting over a three year period and 300,000 shares of time-based restricted stock units, vesting over a three year period with 25% vesting immediately. The Company paid the TCP Employee $0.1 million for services under the consulting arrangement during each of the three-month periods ended June 30, 2019 and 2018. The Company paid the TCP Employee $0.2 million for services under the consulting arrangement during each of the six-month periods ended June 30, 2019 and 2018. These amounts are included in operating expenses from continuing operations in the Company's unaudited condensed consolidated financial statements. At June 30, 2019 and December 31, 2018, less than $0.1 million was due to the TCP Employee.

Transactions with Tommie Copper, Inc.

The Company entered into an agreement with Tommie Copper, Inc. ("TCI"), an affiliate of TCP, under which the Company received a fee for facilitating certain distribution arrangements. The Company recorded $3.1 million of revenue from continuing operations for the three and six months ended June 30, 2018. At June 30, 2019 and December 31, 2018, the Company had a current receivable of $1.4 million and $1.1 million, respectively, from TCI in accounts receivable and a long-term receivable of $1.4 million and $1.9 million, respectively, from TCI in other assets in the unaudited condensed consolidated balance sheets.

Transactions with E.S. Originals, Inc.

A division president of the Company maintains a passive ownership interest in one of the Company's licensees, E.S. Originals, Inc. ("ESO"). The Company receives royalties from ESO under license agreements for certain of the Company's brands in the footwear category. The Company recorded $1.2 million and $1.6 million of revenue from continuing operations for the three months ended June 30, 2019 and 2018, respectively, for royalties, commission, and advertising revenue earned from ESO license agreements. The Company recorded $2.5 million and $3.5 million of revenue from continuing operations for the six months ended June 30, 2019 and 2018, respectively, for royalties, commission, and advertising revenue earned from ESO license agreements. At June 30, 2019 and December 31, 2018, the Company had $4.9 million and $6.2 million, respectively, as accounts receivable and $1.5 million and $1.9 million, respectively, as a long term receivable in other assets from ESO in the unaudited condensed consolidated balance sheets.

In addition, the Company entered into a license-back agreement with ESO under which the Company reacquired the rights to certain international territories in order to re-license these rights to an unrelated party. The Company recorded less than $0.1 million in license-back expense from continuing operations for each of the three months ended June 30, 2019 and 2018. The Company recorded $0.1 million in license-back expense from continuing operations for each of the six months ended June 30, 2019 and 2018.

Transactions with Centric Brands Inc. (f/k/a Differential Brands Group, Inc.)

During the fourth quarter of 2018, Centric Brands, Inc. ("Centric"), an affiliate of TCP, acquired a significant portion of Global Brands Group Holding Limited's ("GBG") North American licensing business. The Company recorded approximately $1.5 million and $3.2 million for royalty revenue earned from the Centric license agreement for the three and six months ended June 30, 2019. At June 30, 2019, no amounts were due from Centric. At December 31, 2018, the Company had $0.8 million recorded as accounts receivable from Centric in the unaudited condensed consolidated balance sheets, respectively. At June 30, 2019, the Company had accrued $0.5 million payable as accounts payable and accrued expenses to Centric in the unaudited condensed consolidated balance sheet.

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Acquisition of FUL

On November 17, 2014, the Company made a strategic investment in FUL IP. FUL IP is a collaborative investment between the Company and JALP. FUL IP was formed for the purpose of licensing the *FUL* trademark to third parties in connection with the manufacturing, distribution, marketing and sale of *FUL* branded bags, backpacks, duffels, luggage and apparel accessories. JALP contributed the *FUL* trademark with a fair value of $8.9 million. In exchange for a 50.5% economic interest in FUL IP, the Company paid JALP $4.5 million. JALP's minority member interest in FUL IP has been reflected as noncontrolling interest on the Company's condensed consolidated balance sheets. One of the Company's directors, Mr. Al Gossett, has a partial ownership interest in JALP. The Company sold the *FUL* trademark and incurred a loss on the sale of the trademark of $2.0 million during the year ended December 31, 2018. No noncontrolling interest was recorded during the three and six months ended June 30, 2019. There was $0.7 million of noncontrolling interest loss recorded during the three and six months ended June 30, 2018 in continuing operations.

IP License Agreement and Intangible Asset Agreement

In June 2019, the Company completed the sale of MSLO. As a result, accounts payable and accrued expenses decreased by $2.8 million and other long-term liabilities decreased by $1.1 million which was recorded within assets classified as held for disposition from discontinued operations as of December 31, 2018.

In connection with the transactions contemplated by the previous acquisition of MSLO (the "Mergers"), MSLO entered into an Amended and Restated Asset License Agreement ("Intangible Asset Agreement") and Amended and Restated Intellectual Property License and Preservation Agreement ("IP License Agreement" and, together with the Intangible Asset Agreement, the "IP Agreements") pursuant to which Ms. Martha Stewart licensed certain intellectual property to MSLO. The IP Agreements granted the Company the right to use of certain properties owned by Ms. Stewart.

The Intangible Asset Agreement had an initial term commencing at December 4, 2015 and ending on December 31, 2020, provided that the term will automatically be renewed for five additional calendar years ending December 31, 2025 (subject to earlier termination as provided in Ms. Stewart's employment agreement) if either the aggregate gross licensing revenues (as defined in Ms. Stewart's employment agreement) for calendar years 2018 through 2020 exceed $195 million or the gross licensing revenues for calendar year 2020 equal or exceed $65 million. During the term of the Intangible Asset Agreement with the Company, Lifestyle Research Center LLC will be entitled to receive a guaranteed annual payment of $1.7 million, which amounts are being paid in connection with the Mergers regardless of Ms. Stewart's continued employment with the Company plus reimbursable expenses. The Company has paid Lifestyle Research Center LLC $0.3 million and $0.2 million in connection with other related services during the three months ended June 30, 2019 and 2018, respectively, which is recorded in discontinued operations on the unaudited condensed consolidated statement of operations. The Company has paid Lifestyle Research Center LLC $0.8 million and $0.3 million in connection with other related services during the six months ended June 30, 2019 and 2018, respectively, which is recorded in discontinued operations on the unaudited condensed consolidated statement of operations.

During the term of the IP License Agreement with the Company, Ms. Stewart was entitled to receive a guaranteed annual payment of $1.3 million, which amounts were being paid in connection with the Mergers regardless of Ms. Stewart's continued employment with the Company. During each of the three months ended June 30, 2019 and 2018 the Company made payments of $0.2 million and $0.3 million to Ms. Stewart in connection with the terms of the IP License Agreement. The IP License Agreement with the Company ended as of June 10, 2019.

During the three months ended June 30, 2019 and 2018, the Company expensed non-cash interest of less than $0.1 million and $0.1 million related to the accretion of the present value of these guaranteed contractual payments, which is recorded in discontinued operation on the unaudited condensed consolidated statements of operations. During the six months ended June 30, 2019 and 2018, the Company expensed non-cash interest of $0.1 million and $0.2 million,

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respectively, related to the accretion of the present value of these guaranteed contractual payments, which is recorded in discontinued operations on the unaudited condensed consolidated statements of operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This "Management's Discussion and Analysis of Financial Condition and Results of Operations", or MD&A, should be read in conjunction with our accompanying unaudited condensed consolidated financial statements and related notes and with the MD&A in our Annual Report on Form 10-K for the year ended December 31, 2018. The various sections of this MD&A contain a number of forward-looking statements that involve a number of risks and uncertainties. See the cautionary statement regarding forward-looking statements on page 3 of this Quarterly Report for a description of important factors that could cause actual results to differ from expected results.

Licensing and Brand Management Business

We own a portfolio of consumer brands in the active and fashion categories, including *Jessica Simpson*, *AND1*, *Avia*, *Joe's* and *GAIAM*. We aim to maximize the value of our brands by promoting, marketing and licensing the brands through various distribution channels, including to retailers, wholesalers and distributors in the United States and in certain international territories. Our core strategy is to enhance and monetize the global reach of our existing brands, and to pursue additional strategic acquisitions to grow the scope of and diversify our portfolio of brands.

We aim to acquire well-known consumer brands with high potential for growth and strong brand awareness. We additionally seek to diversify our portfolio by evaluating the strength of targeted brands and the expected viability and sustainability of future royalty streams. Upon the acquisition of a brand, we partner with leading wholesalers and retailers to drive incremental value and maximize brand equity. We focus on certain key initiatives in our licensing and brand management business. These initiatives include:

- *Maximizing the value of our existing brands* by creating efficiencies, adding additional product categories, expanding distribution and retail presence and optimizing sales through innovative marketing that increases consumer brand awareness and loyalty;
- *Expanding through e-commerce channels;*
- *Developing international expansion* through additional licenses, partnerships and other arrangements with leading retailers and wholesalers outside the United States; and
- *Acquiring consumer brands (or the rights to such brands)* with high consumer awareness, broad appeal and applicability to a wide range of product categories.

Our business is designed to maximize the value of our brands through license agreements with partners that are responsible for manufacturing and distributing our licensed products. Our brands are licensed for a broad range of product categories, including apparel, footwear and fashion accessories. We seek to select licensees who have demonstrated the ability to produce and sell quality products in their respective licensed categories and have the capability to meet or exceed the minimum sales thresholds and guaranteed minimum royalty payments that we generally require.

We license our brands to both wholesale and direct-to-retail licensees. In a wholesale license, a wholesale supplier is granted rights (typically on an exclusive basis) to a single or small group of related product categories for a particular brand for sale to multiple accounts within an approved channel of distribution and territory. In a direct-to-retail license, a single retailer is granted the right (typically on an exclusive basis) to sell branded products in a broad range of product categories through its brick and mortar stores and e-commerce sites. As of June 30, 2019, we had approximately one-hundred licensees, with wholesale licensees comprising a significant majority.

Our license agreements typically require a licensee to pay us royalties based upon net sales and, in most cases, contain guaranteed minimum royalties. Our license agreements often require licensees to support the brands by either paying or spending contractually guaranteed minimum amounts for the marketing and advertising of the respective licensed brands. As of June 30, 2019, we had contractual rights to receive an aggregate of $237.9 million in minimum royalty and marketing and advertising revenue from our licensees through the balance of the current terms of such licenses, excluding any renewal option periods.

Fiscal Year

Our fiscal year ends on December 31. Each quarter of each fiscal year ends on March 31, June 30, September 30 and December 31.

Critical Accounting Policies and Estimates

The preparation of our unaudited condensed consolidated financial statements in conformity with GAAP requires management to exercise its judgment. We exercise considerable judgment with respect to establishing sound accounting policies and in making estimates and assumptions that affect the reported amounts of our assets and liabilities, our recognition of revenues and expenses, and our disclosure of commitments and contingencies at the date of the financial statements. On an on-going basis, we evaluate our estimates and judgments. We base our estimates and judgments on a variety of factors, including our historical experience, knowledge of our business and industry and current and expected economic conditions, that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We periodically re-evaluate our estimates and assumptions with respect to these judgments and modify our approach when circumstances indicate that modifications are necessary. While we believe that the factors we evaluate provide us with a meaningful basis for establishing and applying sound accounting policies, we cannot guarantee that the results will always be accurate. Since the determination of these estimates requires the exercise of judgment, actual results could differ from such estimates.

Due to the sale of MSLO during the second quarter of 2019 (see Note 3 in the Form 10-Q), we have classified the results of MSLO as discontinued operations in our unaudited condensed consolidated statement of operations for all periods presented. The related assets and liabilities directly associated with MSLO are classified as held for disposition from discontinued operations in our condensed consolidated balance sheets for all periods presented.

In June 2019, the Company completed the sale of MSLO. As a result, indefinite-lived intangible assets decreased by $330.1 million which was recorded within assets classified as held for disposition from discontinued operations as of December 31, 2018. During the first quarter of 2019, the Company recorded non-cash impairment charges of $161.2 million for indefinite-lived intangible assets related to the *Martha Stewart* and *Emeril Lagasse* trademarks. The impairments arose during the sale process for the *Martha Stewart* and *Emeril Lagasse* brands due to the difference in the fair value as indicated by the sales price as compared to the carrying values of the intangible assets included in the transaction. The sale of the *Martha Stewart* and *Emeril Lagasse* brands was approved by the Board of Directors on April 15, 2019, to allow the Company to achieve one of its top priorities in significantly reducing its debt. Going forward the Company's strategy is to focus on higher margin brands that are well suited for growing health, wellness and beauty categories. These charges are included in the loss from discontinued operations in the unaudited condensed consolidated statements of operations. See Note 3, Note 4 and Note 7 for further information.

Please refer to our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on March 14, 2019, for a discussion of our critical accounting policies. During the six months ended June 30, 2019, there were no material changes to these policies, except for the adoption of ASC 842, *Leases* and the sale of MSLO resulting in discontinued operations reporting. See Note 2 and Note 6 in this Form 10-Q for further information on our adoption of ASC 842. See Note 2 and Note 3 in this Form 10-Q for further information on discontinued operations.

Results of Operations

All amounts discussed herein relate to continuing operations unless otherwise noted.

Comparison of the Three Months Ended June 30, 2019 to the Three Months Ended June 30, 2018

The following table sets forth, for the periods indicated, results of operations information from our unaudited condensed consolidated financial statements:

	Three Months Ended June 30,		Better/(Worse)
	2019	2018	(Dollars)
	(in thousands, except percentages)		
Net revenue	$ 26,415	$ 33,126	$ (6,711)
Operating expenses	13,907	13,428	(479)
Loss on sale of asset	-	1,975	1,975
Income from continuing operations	12,508	17,723	(5,215)
Other expense	829	31	(798)
Interest expense, net	13,893	13,950	57
(Loss) income from continuing operations before income taxes	(2,214)	3,742	(5,956)
(Benefit from) provision for income taxes	(379)	441	(820)
(Loss) income from continuing operations	(1,835)	3,301	(5,136)
Net income attributable to noncontrolling interests from continuing operations	(1,455)	(1,102)	(353)
(Loss) income from continuing operations attributable to Sequential Brands Group, Inc. and Subsidiaries	(3,290)	2,199	(5,489)
(Loss) income from discontinued operations, net of income taxes	(1,309)	1,388	(2,697)
Net (loss) income attributable to Sequential Brands Group, Inc. and Subsidiaries	$ (4,599)	$ 3,587	$ (8,186)

Net revenue. Net revenue decreased for the three months ended June 30, 2019 compared to the three months ended June 30, 2018. The period-over-period changes in net revenue were primarily driven by decreases in revenue for *Gaiam and Jessica Simpson*, the absence of *FUL* and *Revo* revenue due to the sale of the trademarks in 2018 and the absence of revenue earned during the second quarter of 2018 for facilitating certain distribution arrangements.

Operating expenses. Operating expenses increased $0.5 million for the three months ended June 30, 2019 to $13.9 million compared to $13.4 million for the three months ended June 30, 2018. This increase was primarily driven by increased legal costs of $0.4 million.

Loss on sale of asset. During the three months ended June 30, 2018, we recorded a loss on sale of asset of $2.0 million related to the sale of the *FUL* trademark on May 30, 2018.

Other expense. The increase of $0.8 million in other expense is driven by the loss on our interest rate swaps.

Interest expense, net. Interest expense during the three months ended June 30, 2019 includes interest incurred under our loan agreements of $12.2 million, non-cash interest related to the amortization of deferred financing costs of $1.3 million and the expensing of $0.6 million of deferred financing costs as a result of the partial paydown of the Tranche A-1 Term Loan offset by non-cash interest income of $0.2 million related to the accretion of the present value of certain other payment arrangements. Interest expense during the three months ended June 30, 2018 includes interest incurred

under our loan agreements of $13.0 million, non-cash interest related to the amortization of deferred financing costs of $0.9 million.

Income taxes. The benefit from income taxes in continuing operations for the three months ended June 30, 2019 differs from the statutory rate primarily for state, local and foreign jurisdiction taxes offset by benefits from taxes attributable to noncontrolling interest and further decreased by a provision, discrete to the second quarter, related to vested restricted stock and cancelled stock options. The provision for income taxes for the three months ended June 30, 2018 differs from the statutory rate primarily for state, local and foreign jurisdiction taxes offset by benefits from taxes attributable to noncontrolling interest and further decreased by a provision, discrete to the first quarter, related to vested restricted stock and cancelled stock options.

Noncontrolling interests. Noncontrolling interests for the three months ended June 30, 2019 represents net income allocations of $1.3 million to With You, Inc., a member of With You LLC (the partnership between us and Jessica Simpson) and $0.2 million to Elan Polo International, Inc., a member of DVS LLC. Noncontrolling interests for the three months ended June 30, 2018 represents net income allocations of $1.7 million to With You, Inc., a member of With You LLC, $0.2 million to Elan Polo International, Inc., a member of DVS LLC, and net loss allocation of $0.7 million to JALP.

Discontinued Operations. The Company completed the sale of MSLO during the three months ended June 30, 2019. As a result, we have classified the results of MSLO as discontinued operations in our unaudited condensed consolidated statement of operations for all periods presented. The related assets and liabilities directly associated with MSLO are classified as held for disposition from discontinued operations in our condensed consolidated balance sheets for all periods presented. See Note 3 in this Form 10-Q for further discussion.

Comparison of the Six Months Ended June 30, 2019 to the Six Months Ended June 30, 2018

	Six Months Ended June 30,		Better/(Worse)
	2019	2018	(Dollars)
	(in thousands, except percentages)		
Net revenue	$ 51,939	$ 62,589	$ (10,650)
Operating expenses	29,453	26,719	(2,734)
Loss on sale of assets	-	7,117	7,117
Income from continuing operations	22,486	28,753	(6,267)
Other expense (income)	427	(104)	(531)
Interest expense, net	27,746	27,747	1
(Loss) income from continuing operations before income taxes	(5,687)	1,110	(6,797)
Benefit from income taxes	(620)	(544)	(76)
(Loss) income from continuing operations	(5,067)	1,654	(6,721)
Net income attributable to noncontrolling interests from continuing operations	(2,994)	(3,062)	68
Loss from continuing operations attributable to Sequential Brands Group, Inc. and Subsidiaries	(8,061)	(1,408)	(6,653)
(Loss) income from discontinued operations, net of income taxes	(121,883)	2,731	(124,614)
Net (loss) income attributable to Sequential Brands Group, Inc. and Subsidiaries	$ (129,944)	$ 1,323	$ (131,267)

Net revenue. The decrease in net revenue for the six months ended June 30, 2019 as compared to the six months ended June 30, 2018 is primarily attributable to decreases in the *Gaiam, Jessica Simpson* and *Ellen Tracy* brands and the absence of revenue earned during the second quarter of 2018 for facilitating certain distribution arrangements.

Operating expenses. Operating expenses increased $2.7 million for the six months ended June 30, 2019 to $29.5 million compared to $26.7 million for the six months ended June 30, 2018. This increase was primarily driven by increased advertising costs of $0.9 million, legal costs of $0.7 million, consulting fees of $0.2 million and compensation costs of $0.9 million.

Other expense (income). Other expense during the six months ended June 30, 2019 consists of the loss on our interest rate swaps offset by the gain on our equity securities. Other (income) during the six months ended June 30, 2018 consists of immaterial items.

Interest expense, net. Interest expense remained relatively flat compared to the prior year period. Interest expense, net during the six months ended June 30, 2019 includes interest incurred under our loan agreements of $24.9 million, non-cash interest related to the amortization of deferred financing costs of $2.6 million and the expensing of $0.6 million of deferred financing costs as a result of the partial paydown of the Tranche A-1 Term Loan offset by non-cash interest income of $0.4 million related to the accretion of the present value of certain other payment arrangements. Interest expense, net during the six months ended June 30, 2018 includes interest incurred under our loan agreements of $25.8 million and non-cash interest related to the amortization of deferred financing costs of $1.9 million.

Income taxes. The benefit from income taxes in continuing operations for the six months ended June 30, 2019 differs from the statutory rate primarily for state, local and foreign jurisdiction taxes offset by benefits from taxes attributable to noncontrolling interest and further decreased by a provision, discrete to the second quarter, related to vested restricted stock and cancelled stock options. The benefit from income taxes for the six months ended June 30, 2018 differs from the statutory rate primarily for state, local and foreign jurisdiction taxes offset by benefits from taxes attributable to noncontrolling interest and further decreased by a provision, discrete to the first quarter, related to vested restricted stock and cancelled stock options.

Noncontrolling interest. Noncontrolling interest for the six months ended June 30, 2019 represents net income allocations of $2.7 million to With You, Inc., a member of With You LLC (the partnership between us and Jessica Simpson) and $0.3 million to Elan Polo International, Inc., a member of DVS LLC. Noncontrolling interest for the six months ended June 30, 2018 represents net income allocations of $3.5 million to With You, Inc., a member of With You LLC (the partnership between us and Jessica Simpson), $0.3 million to Elan Polo International, Inc., a member of DVS LLC, and net loss allocation of $0.7 million to JALP.

Discontinued Operations. The Company completed the sale of MSLO during the six months ended June 30, 2019. As a result, we have classified the results of MSLO as discontinued operations in our unaudited condensed consolidated statement of operations for all periods presented. The related assets and liabilities directly associated with MSLO are classified as held for disposition from discontinued operations in our condensed consolidated balance sheets for all periods presented. See Note 3 in this Form 10-Q for further discussion.

Liquidity and Capital Resources

Refer to Note 8 to our condensed consolidated financial statements for a discussion of our borrowings under the Third Amended and Restated First Lien Credit Agreement with Bank of America, N.A., as administrative agent and collateral agent and the lenders party thereto and the Third Amended and Restated Credit Agreement with Wilmington Trust, National Association, as administrative agent and collateral agent and the lenders party thereto.

As of June 30, 2019, we had cash on hand, including restricted cash, of $9.0 million and a net working capital balance (defined below) of $8.7 million. Additionally, we had outstanding debt obligations under our loan agreements of $466.7 million, which is presented net of $20.9 million of deferred financing fees in the condensed consolidated balance sheets. As of December 31, 2018, we had cash on hand, including restricted cash, of $16.1 million and a net working capital balance (defined below) of $19.6 million. Additionally, we had outstanding debt obligations under our loan agreements of $634.9 million, which is presented net of $24.1 million of deferred financing fees in the condensed consolidated balance sheets. Net working capital is defined as current assets minus current liabilities, excluding restricted cash and discontinued operations. Overall, we do not expect any negative effects to our funding sources that would have a material effect on our liquidity. As of June 30, 2019, we had $5.0 million available under the current revolving credit facility (the "Revolving Credit Facility"). See Note 8 to our condensed consolidated financial statements for a description of certain financing transactions consummated by us. There are no material capital expenditure commitments as of June 30, 2019.

We believe cash on hand and cash from operations will be sufficient to meet our capital requirements for the twelve months following the filing of this report. We intend to continue financing future brand acquisitions through a combination of cash from operations, bank financing and the issuance of additional equity or debt securities. The extent of our future capital requirements will depend on many factors, including our results of operations and growth through the acquisition of additional brands, and we cannot be certain that we will be able to obtain additional financing in sufficient amounts or on acceptable terms in the near future, if at all.

Cash Flows from Continuing Operations

Cash flows from continuing operations from operating, financing and investing activities for the six months ended June 30, 2019 and 2018 are summarized in the following table:

	Six Months Ended June 30,	
	2019	2018
	(in thousands)	
Operating activities	$ (7,779)	$ 13,360
Investing activities	165,811	512
Financing activities	(171,548)	(21,345)
Net decrease in cash and restricted cash	$ (13,516)	$ (7,473)

Operating Activities

Net cash provided by operating activities from continuing operations decreased $21.1 million to net cash used in operating activities of $7.8 million for the six months ended June 30, 2019 as compared to $13.3 million for the six months ended June 30, 2018. The $21.1 million decrease period-over-period was primarily attributable to an increase in net loss of $6.7 million, decreases in other liabilities of $7.2 million and non-cash expenses of $14.7 million offset by increases in accounts receivable of $1.5 million, prepaid expenses and other assets of $3.1 million, accounts payable and accrued expenses of $2.9 million.

Investing Activities

Net cash provided by investing activities from continuing operations increased $165.3 million to $165.8 million for the six months ended months ended June 30, 2019 compared to $0.5 million for the six months ended June 30, 2018. This change is driven primarily by the cash proceeds from the sale of MSLO of $165.9 million.

Financing Activities

Net cash used in financing activities from continuing operations for the six months ended June 30, 2019 increased $150.2 million to $171.5 million as compared to $21.3 million for the six months ended June 30, 2018. During the six months ended June 30, 2019, we made principal payments of $14.2 million under our loan agreements in accordance with contractual terms as well as repaid $154 million of principal in connection with the sale of MSLO and made $3.1 million of distributions to certain noncontrolling interest partners. During the six months ended June 30, 2018, we made principal payments of $14.8 million under our loan agreements in accordance with contractual terms and $4.2 million of distributions to certain noncontrolling interest partners. During the six months ended June 30, 2019, we repurchased common stock from employees for tax withholding purposes related to the vesting of restricted stock of $0.2 million as compared to $2.0 million during the six months ended June 30, 2018.

Debt

As of June 30, 2019, we were party to the First Amendment to the Third Amended and Restated First Lien Credit Agreement with Bank of America, N.A. as administrative and collateral agent (the "New Amended BoA Credit Agreement") and the First Amendment to the Third Amended and Restated Credit Agreement with Wilmington Trust, National Association as administrative agent and collateral agent (the "New Amended FS/KKR Credit Agreement"), referred to as our loan agreements. Refer to Note 8 to our condensed consolidated financial statements for a discussion of

our borrowings and the terms of these debt facilities. As of June 30, 2019 and December 31, 2018, our long-term debt, including current portion, was $466.7 million and $634.9 million, respectively, which is presented net of $20.9 million and $24.1 million of deferred financing fees, respectively, in the condensed consolidated balance sheets. As of June 30, 2019, we had $5.0 million available under the current revolving credit facility. As of December 31, 2018, we had no availability under the current revolving credit facility. We may request an increase in (i) the Revolving Credit Facility and Tranche A Loans as would not cause the consolidated first lien leverage ratio, determined on a pro forma basis after giving effect to any such increase, to exceed 2.80:1.00 and (ii) the Tranche A-1 Loans, as would not cause the consolidated first lien leverage ratio, determined on a pro forma basis after giving effect to any such increase, to exceed (a) with respect to any increase, the proceeds of which will be used solely to finance an acquisition, 3.00:1.00 and (b) with respect to any other increase, 2.90:1.00, subject to the satisfaction of certain conditions in the New Amended BoA Credit Agreement. We may request one or more additional term loan facilities or the increase of term loan commitments under the New Amended FS/KKR Credit Agreement as would not cause the consolidated total leverage ratio, determined on a pro forma basis after giving effect to any such addition and increase, to exceed 6.00:1.00, subject to the satisfaction of certain conditions in the New Amended FS/KKR Credit Agreement. We made $14.2 million of principal repayments under our loan agreements during the six months ended June 30, 2019.

Off-Balance Sheet Arrangements

As of June 30, 2019 and December 31, 2018, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As a result, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We limit exposure to foreign currency fluctuations by requiring payment under the majority of our licenses to be denominated in U.S. dollars. One of our license agreements is denominated in Canadian dollars. If there were an adverse change in the exchange rate from Canadian to U.S. dollars of 10%, the expected effect on net income would be immaterial.

Our earnings may also be affected by changes in LIBOR interest rates as a result of our loan agreements. As further discussed in Notes 4 and 8 to our accompanying unaudited condensed consolidated financial statements, we have entered into interest rate swaps to mitigate the effects of a change in LIBOR interest rates. An increase in LIBOR interest rates of one percent affecting the loan agreements would not have had a material effect on our results of operations during the three and six months ended June 30, 2019 and 2018.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, 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 June 30, 2019, the end of the period covered by this report. Based on, and as of the date of such evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of June 30, 2019 such that the information required to be disclosed in our reports filed or submitted to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting during the quarter ended June 30, 2019 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

Other Matters

From time to time, we are involved in legal matters arising in the ordinary course of business. We record a liability for litigation when we believe that it is probable that a loss has been incurred and the amount can be reasonably estimated. If we determine that a loss is reasonably possible and the loss or range of loss can be estimated, we disclose the possible loss. Significant judgment is required to determine both likelihood of there being and the estimated amount of a loss related to such matters.

With respect to our outstanding legal matters, based on our current knowledge, we believe that the amount or range of reasonably possible loss will not, either individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations. However, the outcome of such legal matters is inherently unpredictable and subject to significant uncertainties. Further, regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors

Cautionary Statements and Risk Factors

This Quarterly Report contains forward-looking statements, which are subject to a variety of risks and uncertainties. Our actual results could differ materially from those anticipated in those forward-looking statements as a result of various factors, including those set forth in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on March 14, 2019. There have been no material changes to such risk factors during the six months ended June 30, 2019 except those noted below:

Because the bid price of our ordinary shares is below the minimum requirement for the Nasdaq Capital Market, we cannot assure you that our common stock will continue to trade on that market or another national securities exchange.

On June 5, 2019, we received a notice from Nasdaq Stock Market ("Nasdaq") stating that, for the prior 30 consecutive trading days, the closing bid price for our common stock was below the minimum of $1.00 per share required for continued listing on the exchange. The notification letter stated that we would be afforded 180 calendar days, or until December 2, 2019, to regain compliance with the minimum bid price requirement. In order to regain compliance with the listing standards, the closing bid price for our common stock must be at least $1.00 for 10 consecutive trading days. If we are unable to regain compliance by December 2, 2019, Nasdaq will notify us that the common stock will be subject to suspension and delisting procedures. The Company intends to actively monitor the bid price of its common stock, but we cannot assure you that we will be able to regain compliance. If we are unable to do so and our common stock is no longer listed on Nasdaq or another national securities exchange, the liquidity and market price of our common stock may be adversely affected.

Changes in the U.S. trade environment, including the imposition of import tariffs, could adversely affect the amount or timing of our revenues, results of operations or cash flows.

The U.S. government has recently proposed new or higher tariffs on specified imported products, and certain governments have responded by proposing new or higher tariffs on specified products imported from the United States. These tariffs, which do not apply directly to our branding business, may materially and adversely affect our licensees by imposing tariffs on goods they import. The imposition of tariffs may negatively affect key licensees or the suppliers, manufacturers and customers of goods produced under our trademarks. For example, tariffs may increase our licensees' costs to produce goods and decrease their sales and gross margins and demand for their products. Such outcomes could adversely affect the amount or timing of our revenues, results of operations or cash flows, and continuing uncertainty about changes in the U.S. trade environment could cause our licensees to experience sales volatility, price fluctuations or supply shortages or advances or delays in the manufacture and sale of products produced under our trademarks.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There have been no unregistered sales of equity securities during the three months ended June 30, 2019.

During the three months ended June 30, 2019, we repurchased 93,621 shares of our common stock from employees for tax withholding purposes related to the vesting of restricted stock. We do not currently have in place a repurchase program with respect to our common stock.

Period	(a) Total Number of Shares (or Units) Purchased (1)	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
April 1 - 30	35,531	$ 1.08	N/A	N/A
May 1 - 31	11,413	$ 0.93	N/A	N/A
June 1 - 30	46,677	$ 0.61	N/A	N/A
Total	93,621		—	—

(1) During the second quarter of 2019, 93,621 shares were purchased from employees for tax withholding purposes related to the vesting of restricted stock. All shares were purchased other than through a repurchase plan or program.

Item 6. Exhibits

The following exhibits are filed as part of this report:

Exhibit Number	Exhibit Title
10.1*	Equity Purchase Agreement by and between Sequential Brands Group, Inc. as the Seller, and Marquee Brands LLC, as the Buyer dated as of April 16, 2019.
31.1*	Certification of Principal Executive Officer pursuant to Securities Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Securities Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

*Filed herewith.

**Furnished herewith.

SIGNATURES

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.

SEQUENTIAL BRANDS GROUP, INC.

Date: August 9, 2019

/s/ Peter Lops
By: Peter Lops
Title: Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 10.1

EXECUTION VERSION

EQUITY PURCHASE AGREEMENT

by and between

SEQUENTIAL BRANDS GROUP, INC.,
as the Seller,

and

MARQUEE BRANDS LLC,

as the Buyer

Dated as of April 16, 2019

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EQUITY PURCHASE AGREEMENT

EQUITY PURCHASE AGREEMENT, dated as of April 16, 2019 (this "Agreement"), by and between Sequential Brands Group, Inc., a Delaware corporation (the "Seller"), and Marquee Brands LLC, a Delaware limited liability company (the "Buyer").

RECITALS

WHEREAS, as of the date hereof, the Seller owns directly 100% of the issued and outstanding equity interests (the "Shares") of the Company;

WHEREAS, the Company and its Subsidiaries are engaged in the business of promoting, marketing and licensing the *Martha Stewart* brand and the *Emeril Lagasse* brand through various distribution channels, including to retailers, wholesalers and distributors in the United States and in certain international territories, as well as the personality rights of Martha Stewart and Emeril Lagasse, respectively, together with all related content, archives and publishing businesses (the "Business");

WHEREAS, prior to the Closing Date, the Seller shall (a) form a Delaware corporation, which shall be a wholly-owned subsidiary of the Seller ("Holdco"), (b) form a Delaware limited liability company (the "GP Holdco"), which shall be a wholly-owned subsidiary of Holdco, and (c) contribute the Shares (the "Contribution") to Holdco;

WHEREAS, following the Contribution and prior to the Closing Date, the Company shall (a) convert into a Delaware limited partnership (the "Conversion" and, together with the Contribution, the "Reorganization") and (b) cause each of the Subsidiaries of the Company set forth on Exhibit A to convert into a Delaware limited partnership (the "Subsidiary Conversions");

WHEREAS, contemporaneously with the Conversion and the Subsidiary Conversions, GP Holdco shall be issued 100% of the issued and outstanding general partnership interests of the Company and each Subsidiary of the Company;

WHEREAS, following the Conversion, (a) Holdco shall directly own 100% of the issued and outstanding membership interests of GP Holdco (the "Membership Interests") and 100% of the issued and outstanding limited partnership interests of the Company (collectively, the "Company LP Interests" and, together with the Membership Interests, the "Interests"), (b) GP Holdco shall directly own 100% of the issued and outstanding general partnership interests of each of the Company (the "Company GP Interests") and each Subsidiary of the Company (collectively, the "Subsidiary GP Interests" and, together with the Company GP Interests, the "GP Interests"), and (c) the Company shall directly own 100% of the issued and outstanding limited partnership interests of each of the Subsidiaries of the Company;

WHEREAS, prior to or concurrently with the execution and delivery of this Agreement and as a condition and inducement to the Buyer's willingness to enter into this Agreement, the Company delivered duly executed copies of the Signing Deliverables, each of which is in full force and effect as of the date hereof; and

WHEREAS, the Seller and Holdco desire Holdco to directly sell the Interests to the Buyer, and the Buyer wishes to purchase the Interests from Holdco, on the terms and subject to the conditions set forth herein.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, the receipt and sufficiency of which are hereby acknowledged and agreed, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Certain Defined Terms. For purposes of this Agreement:

"Act" means the Delaware Revised Uniform Limited Partnership Act.

"Action" means any action, cause of action, dispute, controversy, claim, demand, complaint, suit, litigation, appeal, arbitration, mediation, hearing, inquiry, audit, notice of violation, citation, summons, subpoena, proceeding or investigation of any nature, whether civil, criminal, administrative, regulatory or otherwise and whether at Law or in equity, commenced, brought, conducted or heard by or before any Governmental Authority.

"Affiliate" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person.

"Aggregate Deferred Revenue" means the aggregate amount of all Deferred Revenue.

"Aggregate Proceeds" means, in connection with an Acceleration Event, the aggregate gross proceeds received by the Buyer and its Affiliates in connection with such Acceleration Event, including any proceeds payable to the Buyer or its Affiliates, the amount of any indebtedness or transaction expenses paid or assumed by the acquirer, the value of any securities retained or rolled over by the Buyer or its Affiliates (based on the implied enterprise value in the transaction) and any special dividends or distributions made in connection with an Acceleration Event; provided, that for the avoidance of doubt, in connection with an Acceleration Event contemplated by Section 2.7(e)(ii)(y), "Aggregate Proceeds" shall refer to the portion of such aggregate gross proceeds that is attributable to that portion of the Business engaged in promoting, marketing and licensing the *Martha Stewart* brand, as determined by the Independent Accountant (or such other third party accounting firm that is reasonably acceptable to the Buyer and the Seller) engaged and paid for by the Buyer.

"Ancillary Agreements" means: (a) each of the Signing Deliverables; and (b) each of the other agreements, instruments, certificates and documents expressly required to be delivered pursuant to Section 1.1(b).

"Antitrust Laws" means the Sherman Act, as amended, the Clayton Act, as amended, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder (the "HSR Act"), the Federal Trade Commission Act, as amended, all applicable foreign antitrust Laws and all other applicable Laws issued by a Governmental Authority that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition.

"Applicable Accounting Principles" means GAAP applied on a basis consistent with the preparation of the audited consolidated financial statements set forth after Part IV, Item 15 of the Annual Report on Form 10-K of the Seller filed with the United States Securities and Exchange Commission on March 14, 2019.

"Bank Products" means any services of facilities provided to the Company or any of its Subsidiaries on account of: (a) Swap Contracts, (b) purchase cards; (c) leasing, (d) factoring, (e) supply chain finance services (including, without limitation, trade payable services and supplier accounts receivable purchases), and (f) any other "Bank Product" under and as defined in the Credit Agreements, as applicable, but excluding Cash Management Services, in each case, to the extent solely related to the Business.

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in The City of New York.

"Buyer Fundamental Representations" means the representations and warranties of the Buyer contained in Section 4.1 (Organization), Section 4.2 (Authority), Section 4.3(a)(i) (No Conflicts) and Section 4.6 (Brokers).

"Buyer Indemnified Parties" means the Buyer and its Affiliates, each of their respective officers, directors, employees, agents and representatives and each of the heirs, executors, successors and assigns of any of the foregoing.

"Cash" means the cash, cash equivalents and marketable securities of the Company and its Subsidiaries as of 12:01 a.m. Eastern time on the Closing Date, including all outstanding security, customer or other deposits (but without taking into account any outstanding checks issued by the Company or any of its Subsidiaries), excluding Restricted Cash.

"Cash Management Services" means any cash management services provided to the Company or any of its Subsidiaries with respect to (a) automated clearinghouse transfer transactions, (b) controlled disbursement services, treasury depository, overdraft, and electronic funds transfer services, (c) credit card processing services, (d) credit or debit cards and (e) any other "Cash Management Services" under and as defined in the Credit Agreements, as applicable, in each case, to the extent solely related to the Business.

"Certificates of Conversion" means the certificate of conversion prepared to effectuate the Conversion, together with the Subsidiary Certificates of Conversion.

"Change of Control Payments" means the aggregate amount payable (including "success fees" or bonuses, severance payments and any amounts payable to offset any excise Taxes

imposed under Section 4999 of the Code and any related income Taxes) by the Company or any of its Subsidiaries to any director, officer, employee or other service provider directly as a result of the transactions contemplated by this Agreement (including without limitation Taxes due or payable as a result of the transactions contemplated by this Agreement, whether or not arising prior to, at or after the Closing, but excluding any arrangements entered into by or at the direction of the Buyer following the Closing or any payments triggered by any action of Buyer following the Closing), in each case (a) inclusive of the employer portion of any related employment, payroll, unemployment, withholding or similar Taxes, and (b) solely to the extent the Buyer, the Company or any of its Subsidiaries would be liable for such amounts following the Closing.

"Credit Agreements" means, collectively: (a) that certain Third Amended and Restated First Lien Credit Agreement, dated as of July 1, 2016, by and among Bank of America, N.A., in its capacities as administrative agent and collateral agent, the "Lenders" (as defined therein), the Seller and the guarantors party thereto; and (b) that certain Third Amended and Restated First Lien Credit Agreement, dated as of July 1, 2016, by and among Wilmington Trust, National Association, in its capacities as administrative agent and collateral agent, the "Lenders" (as defined therein), the Seller and the guarantors party thereto, in each case, as amended, supplemented or otherwise modified from time to time.

"Claims Period" means the period during which a claim for indemnification may be asserted hereunder by an Indemnified Party.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"Company" means until the consummation of the Conversion, Martha Stewart Living Omnimedia, Inc., and after the consummation of the Conversion, the "Company" shall mean the Delaware limited partnership into which Martha Stewart Living Omnimedia, Inc. is converted.

"Contract" means any legally binding contract, agreement, subcontract, license, sublicense, lease, sublease, sales order, purchase order, indenture, mortgage, note, bond, letter of credit, warrant, instrument, obligation, commitment, arrangement or understanding (including all amendments, supplements and modifications thereto), whether written or oral and whether express or implied.

"control," including the terms "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, as general partner or managing member, by contract or otherwise.

"Copyrights" means copyrights and works of authorship, including without limitation, those for website content, software and computer algorithms, and registrations and applications therefor.

"Deferred Revenue" means, with respect to any Pre-Closing Payment, the portion of such Pre-Closing Payment that relates to the period on or after the Closing Date. The amount of any Deferred Revenue shall be, with respect to any Pre-Closing Payment, equal to the product of (i) the total amount of such Pre-Closing Payment, multiplied by (ii) the quotient of (A) the

number of calendar days on or after the Closing Date that are covered by such Pre-Closing Payment, divided by (B) the total number of calendar days, whether before, on or after the Closing Date, that are covered by such Pre-Closing Payment. Solely as an illustrative example, if the Company has received a Pre-Closing Payment of $1,000 and such Pre-Closing Payment relates to calendar year 2019, the amount of Deferred Revenue with respect to such Pre-Closing Payment (using April 15, 2019 as the "Closing Date" solely for purposes of this illustrative example) would be $715.07.

"DGCL" means the Delaware General Corporation Law.

"Disability" shall mean, with respect to any Person, that such Person, because of accident, disability or physical or mental illness, is incapable of substantially performing his or her duties to the Company and its Subsidiaries; provided, that, for the avoidance of doubt, a Person shall be deemed to have a Disability if such Person is or would reasonably be expected to be incapable of performing his or her duties to the Company and its Subsidiaries for (x) a continuous period of ninety (90) days or (y) periods amounting in the aggregate to 180 or more days within any one year.

"Earn-Out Acceleration Amount" means an amount equal to the difference of (a) Aggregate Proceeds minus (b) $334,000,000; provided, that in no event shall the Earn-Out Acceleration Amount be an amount greater than the difference of (i) the Earn-Out Payment Cap minus (ii) the aggregate amount of all Earn-Out Payments made prior to the time of the consummation of an Acceleration Event.

"Earn-Out Payment Cap" means an amount equal to $40,000,000.

"Emeril Lagasse Consulting Agreement" means that certain Business Product Support and Promotion Agreement, dated as of November 14, 2018, by and between Emeril's Homebase, LLC and We Love Food, LLC, on the one hand, and the Company, on the other hand.

"Emeril Lagasse Material Adverse Effect" has the meaning set forth on Schedule 1.1.

"Encumbrance" means any charge, claim, mortgage, lien, easement, option, pledge, security interest, hypothecation, right of way, encroachment, servitude, title retention Contract, ownership interest of another Person, right of first refusal, license, covenant, encumbrance or other restriction or limitation of any kind (other than those created under applicable securities Laws), including restrictions on transferability, use or voting and security interests issued against any Intellectual Property.

"Enterprise Valuation" means $167,000,000, or, in the event of an Emeril Termination Election, $157,000,000.

"ERISA Affiliate" means each Person, trade or business (whether or not incorporated) that together with the Seller is treated as or deemed a "single employer" pursuant to Sections 414(b), (c), (m) or (o) of the Code or Section 4001(b) of ERISA.

"Estimated Purchase Price" means: (i) Enterprise Valuation plus (ii) Estimated Cash (which amount shall not exceed $500,000), minus (iii) Estimated Indebtedness, minus (iv) Estimated Transaction Expenses, minus (v) Estimated Aggregate Deferred Revenue, plus (vi) Estimated Prepaid Expenses.

"Final Invoice" means, with respect to each Transaction Expenses Payee, an invoice setting forth (a) the aggregate outstanding amount to be paid to such Transaction Expenses Payee as of the Closing Date and (b) written wire instructions pursuant to which such aggregate amount is to be paid.

"GAAP" means United States generally accepted accounting principles as in effect on the date hereof.

"Governmental Authority" means any United States or non-United States, national, federal, state or local governmental, regulatory or administrative authority, agency or commission or any judicial or arbitral body.

"Indemnified Party" means a Buyer Indemnified Party or a Seller Indemnified Party, as the case may be.

"Indebtedness" means, as at a specified date, without duplication, the principal amount, plus any related accrued and unpaid interest, fees and prepayment premiums or penalties, of (i) all liabilities created, issued or incurred for borrowed money of the Company or any of its Subsidiaries, including for the avoidance of doubt, the current portion thereof, (ii) all obligations of the Company or any of its Subsidiaries to pay the deferred purchase price or acquisition price of property or services, or similar payment, to the extent constituting a liability, including any "earnout" or similar payments or any non-compete payments, (iii) indebtedness of the Company or any of its Subsidiaries evidenced by any note, bond, debenture or other debt security (including a purchase money obligation); (iv) the then-drawn stated amount of and, without duplication, all reimbursement obligations of the Company or any of its Subsidiaries under letters of credit, bankers' acceptance, note purchase facility, or similar instruments issued or accepted by banks and other financial institutions; (v) all accumulated and unpaid dividends or distributions of the Company or any of its Subsidiaries, whether or not declared; (vi) all deferred compensation obligations that are not Change of Control Payments, including but not limited to (A) any underfunded pension or post-retirement liabilities, and (B) all payment obligations under any retiree medical or deferred or contingent compensation plans or arrangements; (vii) the principal amount of all liabilities under or in respect of leases required to be capitalized under GAAP; (viii) all liabilities of the Company or any of its Subsidiaries due as of such specified date under any Swap Contracts, hedging agreements or similar agreements; (ix) all liabilities in respect of any off-balance sheet transactions; (x) any intercompany obligations between or among the Company and any of its Affiliates; (xi) all liabilities of the Company or any of its Subsidiaries with respect to any past or pending legal settlements to the extent unpaid as of the Closing Date; and (xii) all obligations of another Person of the types listed in clauses (i) through (xi) above, payment of which is guaranteed by, or secured by Encumbrances on the property of (with respect to liens, to the extent of the value of property pledged pursuant to such Encumbrances if less than the amount of such obligations), the Company or any of its Subsidiaries. "Indebtedness" includes any and all accrued interest, success fees, prepayment premiums, make-whole premiums or penalties, and fees

or expenses; provided, that notwithstanding the foregoing, "Indebtedness" does not include the portion of any obligation of the type listed in clauses (i) through (xii) above to the extent included in the calculation of the Transaction Expenses.

"Intellectual Property" means all intellectual property rights arising under the Laws of the United States or any other jurisdiction throughout the world, whether registered or unregistered, with respect to the following: (i) Marks; (ii) Patents; (iii) Copyrights; (iv) domain names, websites, URLs and web pages, and all content and data thereon or relating thereto, whether or not copyrights; (v) social media platforms, sites and pages, and all content and data thereon or relating thereto, whether or not copyrights; (vi) computer programs, operating systems, applications, firmware and other code, including all source code, object code, application programming interfaces, data files, databases, protocols, specifications, and other documentation thereof; (vii) rights of publicity; (viii) trade secrets, know-how, inventions (whether or not patentable), discoveries, improvements, methods, processes, technical data, specifications, research and development information, technology, data bases, data compilations and collections, tooling; (ix) all registrations, applications, renewals, extensions, recordings, common-law and statutory rights relating to any of the foregoing; and (x) other proprietary or confidential information, including customer lists, processes and techniques, in each case that derives economic value from not being generally known to other Persons who can obtain economic value from its disclosure.

"IRS" means the Internal Revenue Service of the United States.

"Knowledge of the Seller" means the actual knowledge of the Persons listed in Section 1.1(a) of the Disclosure Schedules, and the knowledge that any such Person would have had if such Person had made due inquiry in the Business with respect to the matters at hand, as of the date of this Agreement (or, with respect to a certificate delivered pursuant to this Agreement, as of the date of delivery of such certificate).

"Law" means any statute, law, ordinance, regulation, rule, code, injunction, judgment, decree or order of any Governmental Authority.

"Leased Real Property" means the real property leased, subleased or licensed by the Company or any of its Subsidiaries or used by the Business, together with all buildings and other structures, facilities or improvements currently or as of the Closing Date located thereon and all easements, licenses, rights and appurtenances relating to the foregoing.

"Look-Back Date" means December 4, 2015.

"Marks" means any registered or unregistered trade names, trademarks, logos, service marks, brands, certification marks, trade dress, and similar rights and other source indicators; applications to register any of the foregoing, and the goodwill connected with the use of, and symbolized by, any of the foregoing.

"Martha Stewart Employment Agreement" means that certain Employment Agreement between the Seller and Martha Stewart, dated as of June 22, 2015.

"Martha Stewart Employment Agreement Assignment" means that certain Assignment and Assumption Agreement, dated as of April 16, 2019, by and among the Seller, the Buyer, Martha Stewart and MS Real Estate Management Company.

"Material Adverse Effect" means any event, change, state of facts, occurrence, development or effect that would or would reasonably be expected to, individually or in the aggregate, (i) prevent, materially delay or materially impede the performance by the Seller of its obligations under this Agreement or the consummation of the transactions contemplated hereby; or (ii) have a material adverse effect on the business, financial condition, assets, liabilities or results of operations of the Company and its Subsidiaries, taken as a whole, other than any event, change, state of facts, occurrence, development or effect arising out of or resulting from (A) general changes or developments in any of the industries in which the Business operates, (B) changes in global, national or regional political conditions (including any outbreak or escalation of hostilities or any acts of war or terrorism) or in general economic, business, regulatory, political or market conditions or in national or global financial markets, (C) natural disasters or calamities, (D) changes in any applicable Law or GAAP, or principles or interpretations thereof, (E) the mere failure by the Business to meet its internal or published projections, budgets, plans or forecasts of its revenues, earnings or other financial performance or results of operations (it being agreed that the facts or circumstances giving rise to such failure that are not otherwise excluded from the definition of Material Adverse Effect may be taken into account in determining whether a Material Adverse Effect has occurred), (F) the announcement of this Agreement and the transactions contemplated hereby, (G) any action taken by the Seller or the Company, or which the Seller causes to be taken by the Company or any of its Subsidiaries, in each case that is expressly required by this Agreement or the Ancillary Agreements, or (H) any actions taken (or omitted to be taken) at the request, or with the consent, of the Buyer; provided, however, that any effects resulting from the matters referred to in clauses (A) through (E) shall be excluded from the definition of "Material Adverse Effect" only to the extent that such matters occur after the date hereof and only to the extent that such matters do not disproportionately impact the Business or the Company or any of its Subsidiaries as compared to other companies operating in the same industry.

"Order" means any order, writ, judgment, injunction, decree, stipulation, determination or award, whether preliminary or final, entered by or with any Governmental Authority.

"Patents" means patents and patent applications and rights in respect of utility models or industrial designs filed in or with any Governmental Authority.

"Payoff Letter" means, with respect to any Debt Payee, a payoff letter in form and substance satisfactory to the Buyer in the Buyer's reasonable discretion (a) stating the amount (including any outstanding interest thereunder and any prepayment penalties, fees, make-whole or similar amounts related to such payment) necessary to satisfy and terminate in full as of the Closing the Closing Indebtedness with respect to such Debt Payee, (b) authorizing the Buyer to file all UCC termination statements and other releases necessary to evidence such satisfaction and termination of the Closing Indebtedness and to enable the release of any Encumbrances relating thereto upon payment of such Closing Indebtedness and (c) releasing the GP Holdco, the Company and each of its Subsidiaries as a party to, and from all obligations under, the Credit Agreements and all documents, agreements, filings and instruments contemplated thereby.

"Permitted Encumbrance" means (i) statutory liens for current Taxes not yet due or delinquent (or which may be paid without interest or penalties) or the validity or amount of which is being contested in good faith by appropriate proceedings and for which reserves have been made in the Financial Statements in accordance with GAAP, (ii) mechanics', carriers', workers', repairers' and other similar liens arising or incurred in the ordinary course of business relating to obligations as to which there is no default on the part of the Business, or the validity or amount of which is being contested in good faith by appropriate proceedings and for which reserves have been made in the Financial Statements in accordance with GAAP, or pledges, deposits or other liens securing the performance of bids, trade Contracts, leases or statutory obligations (including workers' compensation, unemployment insurance or other social security legislation), (iii) zoning, entitlement, conservation restriction and other land use and environmental regulations promulgated by Governmental Authorities, (iv) liens granted to any lender at the Closing in connection with any financing by the Buyer of the transactions contemplated hereby or otherwise created by the Buyer or its Affiliates, (v) any right, interest, lien, title or other Encumbrance of a lessor or sublessor under any lease or other similar agreement or in the property being leased, (vi) all other Encumbrances that do not materially interfere with the use or value of the applicable asset, and (vii) all Encumbrances listed on Section 1.1(b) of the Disclosure Schedules.

"Person" means an individual, corporation, partnership, limited liability company, limited liability partnership, syndicate, person, trust, association, organization or other entity, including any Governmental Authority, and including any successor or predecessor, by merger or otherwise, of any of the foregoing.

"Personnel Event" has the meaning set forth in Schedule 1.1.

"Pre-Closing Tax Period" means any taxable period ending on or before the Closing Date.

"Pre-Closing Payment" means any royalty revenue payment or payments made prior to the Closing Date to the Company or any of its Affiliates to the extent relating to the Business that relates, in whole or in part, to any period on or after the Closing Date.

"Prepaid Expenses" means any amounts that were prepaid prior to the Closing Date to the extent related to expenses of the Business on or following the Closing Date or which would otherwise have been incurred on or after the Closing Date. An illustrative calculation of Prepaid Expenses is provided in Section 2.5 of the Disclosure Schedules.

"Purchase Price" means the Estimated Purchase Price, as finally adjusted pursuant to Section 2.6, plus any amounts paid pursuant to Section 2.8 and the Earn-Out Payments, if any.

"Related Person" means (a) Martha Stewart, (b) Emeril Lagasse, (c) any Affiliate, director or officer of the Seller, the Company or any of their respective Affiliates or (d) any record owner of greater than five percent (5%) of any class of securities of the Seller or any controlling or controlled Affiliate of such record holder.

"Representatives" means, with respect to any Person, the officers, directors, principals, employees, agents, auditors, advisors, bankers and other representatives of such Person.

"Restricted Cash" means cash deposits, cash in reserve or escrow accounts, custodial cash and cash subject to a lockbox, dominion, control or similar agreements.

"Return" means any return, declaration, report, statement, information statement, estimate, claim for refund or other document filed or required to be filed with a Governmental Authority with respect to Taxes, including any related or supporting information, schedule or attachment thereto, and including any amendment thereof.

"Seller Bonus Responsibility Amount" means an amount equal to the product of (a) the total amount of bonuses paid to Affected Employees by the Buyer or the Company or any of its Subsidiaries with respect to the year ended December 31, 2019 that is paid by April 15, 2020, multiplied by (b) the quotient of (i) the number of calendar days on or before the Closing Date in the year ended December 31, 2019, divided by (ii) 365 (such quotient, the "Pre-Closing Period Fraction"); provided, that in no event shall the Seller Bonus Responsibility Amount with respect to any Affected Employee exceed an amount equal to the product of (1) seventy five percent (75%) of the target bonus amount for the year ended December 31, 2018 for such Affected Employee (in his, her or their capacity as an employee of the Seller or one of its Subsidiaries) who receive a bonus from the Buyer, the Company or any of its Subsidiaries with respect to the year ended December 31, 2019 multiplied by (2) the Pre-Closing Period Fraction.

"Seller Fundamental Representations" means the representations and warranties of the Seller contained in Section 3.1 (Organization), Section 3.2 (Authority), Section 3.3(a)(i) (No Conflict), Section 3.4 (Interests), Section 3.5 (Capitalization), Section 3.6 (Equity Interests) and Section 3.20 (Brokers).

"Seller Indemnified Parties" means the Seller and its Affiliates, each of their respective officers, directors, employees, agents and representatives and each of the heirs, executors, successors and assigns of any of the foregoing.

"Seller Severance Responsibility Amount" means an amount equal to the product of (a) the total amount of severance paid to Affected Employees (other than the employees set forth on Section 1.1(c) of the Disclosure Schedules) by the Buyer, the Company or any or its Subsidiaries in connection with the termination of any Affected Employee from the period following the Closing until December 31, 2019 (the "Buyer Severance Payment"), multiplied by (b) the quotient of (i) the amount of severance to which such Affected Employees would have been entitled under the Seller's or any of its Subsidiaries' severance policies if their employment would have been terminated as of the Closing Date divided by (ii) the Buyer Severance Payment; provided that Buyer has obtained a release of claims in favor of Seller and its Affiliates in connection with any such termination of employment.

"Signing Deliverables" means the agreements, instruments, certificates and documents set forth on Exhibit B.

"Straddle Period" means a taxable period that includes, but does not end on, the Closing Date.

"Studio Subsidization Fee" has the meaning set forth on Schedule O to that certain Amended and Restated Magazine, Content Creation and Licensing Agreement, dated as of

December 21, 2015, as amended by the First Amendment, dated as of May 31, 2016, Second Amendment, dated as of July 1, 2016, Third Amendment, dated as of December 18, 2017 and Fourth Amendment, dated as of February 1, 2019, thereto.

"Subsidiary" means, with respect to any Person, any other Person of which more than 50% of the outstanding voting securities or other voting equity interests are owned, directly or indirectly, by such first Person as of the applicable measurement time.

"Subsidiary Certificates of Conversion" means the certificates of conversion prepared to effectuate the Subsidiary Conversions.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement, in each case, to the extent solely related to the Business.

"Taxes" means any and all federal, state, local, foreign and other income, gross receipts, corporate, capital, net worth, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, social security (or similar, including FICA), employer health, employment, unemployment, disability, estimated, excise, abandoned or unclaimed property, escheat, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, capital stock, value added, customs, duties, alternative or add-on minimum taxes, or other taxes of any kind, or other Governmental Authority charges, fees, levies, or other like assessments of the same or similar nature, together with any interest, additions or penalties with respect thereto, whether disputed or not, and including any obligation to pay Taxes of others, whether as a transferee, successor, by Contract or otherwise.

"Transaction Expenses" means, to the extent not paid prior to the Closing Date, the aggregate amount of: (i) any and all fees and expenses, incurred by or on behalf of, or to be paid directly by, the Company or any of its Subsidiaries in connection with the negotiation, preparation or execution of this Agreement or the Ancillary Agreements or the performance or consummation of the transactions contemplated hereby or thereby, including (A) all fees and expenses of counsel, advisors, consultants, investment bankers, accountants, auditors and any other experts in connection with the transactions contemplated hereby and (B) all brokers', finders' or similar fees in connection with the transactions contemplated hereby; and (ii) Change of Control Payments, in

each case solely to the extent the Buyer, the Company or any of its Subsidiaries would be liable for such amounts following the Closing. For the avoidance of doubt, Transaction Expenses shall not include any expenses incurred in connection with the formation of GP Holdco and the related expenses of converting to limited partnerships (other than legal fees, which shall constitute Transaction Expenses, and Taxes), which expenses shall be borne solely by the Buyer.

"WARN Act" means the federal Worker Adjustment and Retraining Notification Act of 1988, and substantially similar state and local laws (including the New York State Worker Adjustment and Retraining Notification Act of 2009) requiring notice of certain plant closings or mass layoffs that result in employment losses.

Section 1.2 Table of Definitions. The following terms have the meanings set forth in the Sections referenced below:

Definition	Location
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Acquisition Engagement	9.19(a)
Acquisition Proposal	5.3(c)
Actual Cash Royalty Revenue	2.7(a)(v)
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Affected Employees	5.11(a)
Agreement	Preamble
Alternative Recovery	8.5(b)
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Business	Recitals
Business Registered IP	3.15(a)
Buyer	Preamble
Buyer Basket	8.5(a)(ii)
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Closing Aggregate Deferred Revenue	2.6(a)
Closing Cash	2.6(a)

Closing Date	2.4(a)
Closing Indebtedness	2.6(a)
Closing Prepaid Expenses	2.6(a)
Closing Transaction Expenses	2.6(a)
Company GP Interests	Recitals
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Contribution	Recitals
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Earn-Out Payments	2.7(b)(i)
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Final Closing Statement	2.6(a)
Final True-Up Amount	2.8(c)
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Gibson Dunn	9.19(a)
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GP Interests	Recitals
Holdco	Recitals
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Indemnifying Party	8.3(a)
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Initial Post-Period 3 True-Up Payment	2.7(d)
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Master Agreement	1.1
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Net Adjustment Amount	2.6(f)(i)
Notice of Disagreement	2.6(b)
Permits	3.9(b)
Post-Period 3 Actual Cash Royalty Revenue	2.7(d)
Post-Period 3 Actual Cash Royalty Revenue Calculation	2.7(d)
Pre-Closing Period Fraction	1.1
Preliminary Closing Statement	2.5
Proprietary Information	5.7(b)
Received Payments	2.7(a)(v)
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Reverse IT Transition	5.23
Second Post-Period 3 True-Up Payment	2.7(d)
Seller	Preamble
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Seller Losses	8.2
Seller Receivables	2.8(a)
Seller Retained Employees	5.11(b)
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Subsidiary Conversions	Recitals
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Termination Date	7.1(c)
Transaction Expense Payee	2.3(c)
Transferred Systems	5.23

ARTICLE II
PURCHASE AND SALE

Section 2.1 Pre-Closing Reorganization.

(a) No later than one Business Day prior to the Conversion and the Subsidiary Conversions, the Seller shall make the Contribution. Upon the terms and subject to the conditions set forth in this Agreement and in accordance with the DGCL and the Act, following the Contribution and at least one Business Day prior to the Closing Date, the Seller and Holdco shall effect the Conversion and the Subsidiary Conversions by filing the Certificates of Conversion with the Secretary of State of Delaware in accordance with this Agreement and the Act. Each of the Contribution, the Conversion and the Subsidiary Conversions shall be effected pursuant to documentation reasonably satisfactory to both the Buyer and the Seller.

(b) The Company, as a limited partnership following the Conversion, shall be considered for all purposes hereunder the same entity that it was prior to the Conversion, but taking into account any changes in its tax classification or tax treatment provided under applicable tax Law. For the avoidance of doubt, following the Conversion, the newly-formed limited partnership formed by the Conversion shall be a successor in interest to Martha Stewart Living Omnimedia, Inc.

(c) Each Subsidiary of the Company set forth on Exhibit A, as a limited partnership following the applicable Subsidiary Conversion, shall be considered for all purposes hereunder the same entity that it was prior to the applicable Subsidiary Conversion, but taking into account any changes in its tax classification or tax treatment provided under applicable tax Law.

Section 2.2 Purchase and Sale of the Interests. Upon the terms and subject to the conditions of this Agreement, at the Closing, the Seller shall cause Holdco to, and Holdco shall, sell, assign, transfer, convey and deliver the Interests to the Buyer, and the Buyer shall purchase the Interests from Holdco, in consideration for the Purchase Price.

Section 2.3 Payment of Purchase Price. In full consideration for the sale, assignment, transfer, conveyance and delivery of the Interests to the Buyer, at the Closing, the Buyer shall:

(a) pay an amount equal to the Estimated Purchase Price by wire transfer of immediately available funds in dollars to the account designated in writing by the Seller at least two Business Days prior to the Closing Date;

(b) repay, or cause to be repaid, on behalf of the Seller or the Company and its Subsidiaries, as applicable, the amounts payable to each counterparty or holder of Indebtedness identified on Section 2.3(b) of the Disclosure Schedules (each, a "Debt Payee") in order to fully discharge and terminate all applicable obligations and liabilities of the Company and any of its Subsidiaries related thereto; and

(c) pay, or cause to be paid, on behalf of the Seller or the Company and its Subsidiaries, as applicable, and to the extent unpaid as of immediately prior to the Closing, an

amount equal to the Estimated Transaction Expenses, to each Person who is owed a portion thereof identified on Section 2.3(c) of the Disclosure Schedules (each, a "Transaction Expense Payee").

Section 2.4 Closing.

(a) The sale and purchase of the Interests, shall take place at a closing (the "Closing") to be held at the offices of Gibson, Dunn & Crutcher LLP, 200 Park Avenue, New York, New York, at 10:00 a.m., local time, on the second Business Day following the satisfaction or, to the extent permitted by applicable Law, waiver of all conditions to the obligations of the parties set forth in Article VI (other than such conditions as may, by their nature, only be satisfied at the Closing or on the Closing Date), or at such other place, time and/or date as the Seller and the Buyer may mutually agree in writing. The day on which the Closing takes place is referred to as the "Closing Date."

(b) At the Closing, the Seller shall deliver to the Buyer each of the following documents and instruments:

(i) written resignations in customary form effective as of the Closing from each officer and director of the GP Holdco, the Company and each of its Subsidiaries resigning from his or her position as a director or officer;

(ii) (A) a duly executed Payoff Letter from each Debt Payee, along with wire transfer instructions and (B) Final Invoices from each Transaction Expenses Payee, along with wire transfer instructions;

(iii) a certificate of good standing (or applicable equivalent) from the Secretary of State (or other applicable Governmental Authority) of the GP Holdco's and the Company's jurisdiction of organization dated no more than two days before the Closing Date and certifying as to the good standing of the GP Holdco or the Company, as the case may be, in such jurisdiction;

(iv) an affidavit duly executed by Holdco under penalty of perjury and dated as of the Closing Date certifying that Holdco is not a "foreign person" within the meaning of Section 1445 of the Code, substantially in the form of the applicable sample certificate set forth in U.S. Treasury Regulations Section 1.1445-2(b)(2)(iv);

(v) a certificate dated as of the Closing Date and executed by an authorized officer of the Seller, certifying that the board of directors of the Seller has authorized the execution and delivery of this Agreement and the consummation of the transactions contemplated hereunder; and

(vi) evidence of the assignment of Lincoln Financial Key Man Policy Number T40047601 to the Company effective as of the Closing.

Section 2.5 Closing Estimates. No later than five (5) Business Days prior to the anticipated Closing Date, the Seller shall prepare, or cause to be prepared, and deliver to the Buyer a written statement (the "Preliminary Closing Statement") including and setting forth (i) a good-faith estimate of (A) Indebtedness ("Estimated Indebtedness"), (B) Cash ("Estimated Cash"), (C)

unpaid Transaction Expenses ("Estimated Transaction Expenses"), (D) Aggregate Deferred Revenue ("Estimated Aggregate Deferred Revenue") and (E) any Prepaid Expenses (such payments, "Estimated Prepaid Expenses") (with each of Estimated Indebtedness, Estimated Cash, Estimated Aggregate Deferred Revenue and Estimated Prepaid Expenses determined as of 12:01 a.m. Eastern time on the Closing Date and, except for Estimated Transaction Expenses, without giving effect to the transactions contemplated herein) and (ii) on the basis of the foregoing, a calculation of the Estimated Purchase Price. The Estimated Indebtedness, Estimated Cash, Estimated Transaction Expenses, Estimated Aggregate Deferred Revenue and Estimated Prepaid Expenses shall be calculated in accordance with the Applicable Accounting Principles.

Section 2.6 Purchase Price Adjustments.

(a) Within 105 days after the Closing Date, the Buyer shall prepare, or cause to be prepared, and deliver to the Seller a written statement (the "Final Closing Statement") that shall include and set forth a calculation in reasonable detail of the actual (A) Indebtedness ("Closing Indebtedness"), (B) Cash ("Closing Cash"), (C) Transaction Expenses ("Closing Transaction Expenses"), (D) Aggregate Deferred Revenue ("Closing Aggregate Deferred Revenue") and (E) any Prepaid Expenses (such payments, "Closing Prepaid Expenses") (with each of Closing Indebtedness, Closing Cash, Closing Aggregate Deferred Revenue and Closing Prepaid Expenses determined as of 12:01 a.m. Eastern time on the Closing Date and, except for Closing Transaction Expenses, without giving effect to the transactions contemplated herein). The Final Closing Statement (i) shall be prepared on a basis consistent with the Applicable Accounting Principles and (ii) shall be based exclusively on the facts and circumstances as they exist prior to the Closing and shall exclude the effects of any event, act, change in circumstances or similar development arising or occurring on (except with respect to Transaction Expenses) or after the Closing Date. To the extent any actions following the Closing with respect to the accounting books and records of the Company on which the Final Closing Statement and the foregoing calculations are to be based are not consistent with the Applicable Accounting Principles, such changes shall not be taken into account in preparing the Final Closing Statement or calculating amounts reflected thereon.

(b) The Final Closing Statement shall become final and binding on the 45th day following delivery thereof, unless prior to the end of such period, the Seller delivers to the Buyer written notice of its disagreement (a "Notice of Disagreement") specifying the nature and amount of any dispute as to the Closing Indebtedness, Closing Cash, Closing Transaction Expenses, Closing Aggregate Deferred Revenue and/or Closing Prepaid Expenses, as set forth in the Final Closing Statement. The Seller shall be deemed to have agreed with all items and amounts of Closing Indebtedness, Closing Cash, Closing Transaction Expenses, Closing Aggregate Deferred Revenue and/or Closing Prepaid Expenses not specifically referenced in the Notice of Disagreement, and such items and amounts shall not be subject to review in accordance with Section 1.1(c).

(c) During the thirty (30) day period following delivery of a Notice of Disagreement by the Seller to the Buyer, the parties in good faith shall seek to resolve in writing any differences that they may have with respect to the calculation of the Closing Indebtedness, Closing Cash, Closing Transaction Expenses, Closing Aggregate Deferred Revenue and/or Closing Prepaid Expenses as specified therein. Any disputed items resolved in writing between

the Buyer and the Seller within such 30-day period shall be final and binding with respect to such items, and if the Seller and the Buyer agree in writing on the resolution of each disputed item specified by the Seller in the Notice of Disagreement and the amount of the Closing Indebtedness, Closing Cash, Closing Transaction Expenses, Closing Aggregate Deferred Revenue and Closing Prepaid Expenses, the amounts so determined shall be final and binding on the parties for purposes of this Section 2.6. If the Buyer and the Seller have not resolved all such differences by the end of such 30-day period, the Buyer and the Seller shall submit, in writing, to PricewaterhouseCoopers LLP or, if such firm is unable or unwilling to act, such other independent public accounting firm as shall be agreed in writing by the Seller and the Buyer (the "Independent Accounting Firm"), their briefs detailing their views as to the correct nature and amount of each item remaining in dispute and the amounts of the Closing Indebtedness, Closing Cash, Closing Transaction Expenses, Closing Aggregate Deferred Revenue and/or Closing Prepaid Expenses, and the Independent Accounting Firm shall make a written determination as to each such disputed item and the amount of the Closing Indebtedness, Closing Cash, Closing Transaction Expenses, Closing Aggregate Deferred Revenue and/or Closing Prepaid Expenses. The Buyer and the Seller shall use their commercially reasonable efforts to cause the Independent Accounting Firm to render a written decision resolving the matters submitted to it within thirty (30) days following the submission thereof. The Independent Accounting Firm shall consider only those items and amounts in the Buyer's and the Seller's respective calculations of the Closing Indebtedness, Closing Cash, Closing Transaction Expenses, Closing Aggregate Deferred Revenue and/or Closing Prepaid Expenses that are identified as being items and amounts to which the Buyer and the Seller have been unable to agree. The scope of the disputes to be resolved by the Independent Accounting Firm shall be limited to correcting mathematical errors and determining whether the items and amounts in dispute were determined in accordance with the Applicable Accounting Principles and the Independent Accounting Firm is not to make any other determination, including any determination as to whether any estimates on the Preliminary Closing Statement are correct, adequate or sufficient. In resolving any disputed item, the Independent Accounting Firm may not assign a value to any item greater than the greatest value for such item claimed by either party or less than the smallest value for such item claimed by either party. The Independent Accounting Firm's determination of the Closing Indebtedness, Closing Cash, Closing Transaction Expenses, Closing Aggregate Deferred Revenue and Closing Prepaid Expenses shall be based solely on written materials submitted by the Buyer and the Seller (i.e., not on independent review). The determination of the Independent Accounting Firm shall be conclusive and binding upon the parties hereto and shall not be subject to appeal or further review, absent manifest error.

(d) The fees and expenses of the Independent Accounting Firm shall be borne by the Seller and the Buyer in inverse proportion as they may prevail on the matters resolved by the Independent Accounting Firm. The fees and disbursements of the Representatives of each party incurred in connection with the preparation or review of the Final Closing Statement and preparation or review of any Notice of Disagreement, as applicable, shall be borne by such party.

(e) Upon reasonable notice, the Buyer shall cause the Company and its Subsidiaries to afford the Seller and its Representatives reasonable access, during normal business hours and upon reasonable prior notice, to the properties, books and records of the Business and to any other information reasonably requested for purposes of preparing and reviewing the calculations contemplated by this Section 2.6; provided, however, that any such access or furnishing of information shall be conducted at the Seller's expense, during normal business hours,

under the supervision of the Buyer's personnel and in such a manner as not unreasonably to interfere with the normal operations of the Business. Notwithstanding anything to the contrary in this Agreement, none of the Buyer, the Company or any of its Subsidiaries shall be required to disclose any information to the Seller or its Representatives if (i) such disclosure would jeopardize any attorney-client or other legal privilege, (ii) such disclosure would contravene any applicable Laws or (iii) such information is pertinent to any litigation in which the Buyer or any of its Affiliates, on the one hand, and the Seller or any of its Affiliates, on the other hand, are adverse parties; provided, however, that, in each case, the Buyer, the Company or any of its Subsidiaries, as the case may be, uses commercially reasonable efforts to minimize the effects of such restriction or to provide a reasonable alternative to such access. The Buyer shall authorize its accountants to disclose work papers generated by its accountants in connection with preparing and reviewing the calculations specified in this Section 2.6; provided, that such accountants shall not be obligated to make any work papers available except in accordance with such accountants' disclosure procedures and then only after the non-client party has signed an agreement relating to access to such work papers in form and substance acceptable to such accountants.

(f) The Purchase Price shall be adjusted, upwards or downwards, as follows:

(i) For the purposes of this Agreement, the "Net Adjustment Amount" means an amount, which may be positive or negative, equal to (A) Estimated Indebtedness minus Closing Indebtedness as finally determined pursuant to this Section 2.6, plus (B) Closing Cash as finally determined pursuant to this Section 2.6 minus Estimated Cash, plus (C) Estimated Transaction Expenses minus Closing Transaction Expenses as finally determined pursuant to this Section 2.6, plus (D) Estimated Aggregate Deferred Revenue minus Closing Aggregate Deferred Revenue as finally determined pursuant to this Section 2.6 plus (E) Closing Prepaid Expenses as finally determined pursuant to this Section 2.6 minus Estimated Prepaid Expenses;

(ii) If the Net Adjustment Amount is positive, the Purchase Price shall be adjusted upwards in an amount equal to the Net Adjustment Amount, and the Buyer shall pay the Net Adjustment Amount to the Seller; and

(iii) If the Net Adjustment Amount is negative (in which case the "Net Adjustment Amount" for purposes of this clause (iii) shall be deemed to be equal to the absolute value of such amount), the Purchase Price shall be adjusted downwards in an amount equal to the Net Adjustment Amount, and the Seller shall pay the Net Adjustment Amount to the Buyer.

(g) Payments in respect of Section 1.1(f) shall be made within three (3) Business Days of final determination of the Net Adjustment Amount pursuant to the provisions of this Section 2.6 by wire transfer of immediately available funds to such account as may be designated in writing by the party entitled to such payment at least two Business Days prior to such payment date.

(h) For the avoidance of doubt, this Section 2.6 is not intended to be used to permit the introduction of different judgments, accounting methodologies (including with respect to accruals and reserves), policies, principals, practices, procedures or classifications for purposes of calculating amounts referred to in this Section 2.6, or to adjust for any inconsistencies between the Applicable Accounting Principles, on the one hand, and GAAP, on the other.

Section 2.7 Earn-Out.

(a) The following terms shall have the following meanings as used in this Section 2.7:

(i) "Calculation Period" means each of Calculation Period 1, Calculation Period 2 and Calculation Period 3, as applicable.

(ii) "Calculation Period 1" means the period beginning on January 1, 2020 and ending on December 31, 2020.

(iii) "Calculation Period 2" means the period beginning on January 1, 2021 and ending on December 31, 2021.

(iv) "Calculation Period 3" means the period beginning on January 1, 2022 and ending on December 31, 2022.

(v) "Actual Cash Royalty Revenue" means cash actually received by the Company or any of its Subsidiaries from licensees, customers or other counterparties of the Company or any of its Subsidiaries with respect to royalties or other payments relating to the portion of the Business engaged in promoting, marketing and licensing the *Martha Stewart* brand that relate to any specified period (including any Calculation Period) (such royalties or other payments, "Received Payments"); provided, that:

(A) for purposes of calculating Actual Cash Royalty Revenue with respect to any one-time Received Payments (i.e., with respect to advances, one-time "key" money or otherwise) in excess of $1,500,000 under product and merchandising license agreements, the amount thereof shall be amortized over a three (3) year period and only the amortized portion of such amount relating to a Calculation Period will be included in the calculation of Actual Cash Royalty Revenue for such Calculation Period (and any such amounts equal to or less than $1,500,000 shall not be amortized and shall be included in the calculation of Actual Cash Royalty Revenue as otherwise provided herein); and

(B) for purposes of calculating Actual Cash Royalty Revenue with respect to any one-time Received Payment in excess of $750,000 pursuant to media or other agreements, (x) if such payment is paid over multiple periods (including Calculation Periods) it shall be treated as any other Actual Cash Royalty Payment relating to such period (including any applicable Calculation Period) and (y) if such payment is paid in one Calculation Period, it shall be amortized over a five (5) year period and only the amortized portion of such amount relating to a Calculation Period will be included in the calculation of Actual Cash Royalty Revenue for such Calculation Period (and any such amounts equal to or less than $750,000 shall not be amortized and shall be included in the calculation of Actual Cash Royalty Revenue as otherwise provided herein).

In the event any amount is due from licensees of the Company or any of its Subsidiaries with respect to royalties that relate to multiple Calculation Periods (or one or more periods that are not Calculation Periods), the amount of Actual Cash Royalty Revenue deemed to relate to a given Calculation Period shall be a pro-rated portion of such amount based on the number of days in

such Calculation Period as compared to the total number of days to which such royalty payment relates. Received Payments with respect to any agreement containing payment terms calling for all payments under such agreement to be made in a single Calculation Period shall be deemed "one-time" Received Payments under this Section 2.7. If any Received Payment relates to an agreement containing a talent fee, revenue share or other built-in payment to an entity other than the Buyer or the Company or any of its Subsidiaries, the amount of such Received Payment shall be calculated net of any such fee, revenue share or other built-in payment for the purposes of calculating Actual Cash Royalty Revenue (provided such amounts shall not include ordinary course advertising expenses or other amounts that may be paid to third parties retained by the Buyer, the Company or its Subsidiaries in respect of production costs, branding or other services).

(b) Earn-Out Payments.

(i) For each of Calculation Period 1, Calculation Period 2 and Calculation Period 3, regardless of the Actual Cash Royalty Revenue in any other specified period, the Seller will be entitled to receive a payment (each an "Earn-Out Payment" and collectively, the "Earn-Out Payments") in an amount equal to (A) the amount by which the Actual Cash Royalty Revenue with respect to such Calculation Period exceeds $39,000,000, if any, multiplied by (B) five (5), which amount shall be paid by the Buyer by wire transfer of immediately available funds to the Seller within thirty (30) days following the final determination of the Actual Cash Royalty Revenue in such applicable Calculation Period; provided, that, for purposes of calculating any Earn-Out Payment for Calculation Period 2 or Calculation Period 3, the amount of the Actual Cash Royalty Revenue with respect to such Calculation Period shall be deemed to include any portion of the Actual Cash Royalty Revenue with respect to the Calculation Period immediately preceding such Calculation Period that (x) was not included in the calculation of the Actual Cash Royalty Revenue with respect to such immediately preceding Calculation Period and (y) was actually received by the Company or any of its Subsidiaries during Calculation Period 2 or Calculation Period 3 (as applicable). For the avoidance of doubt, the Seller will not be entitled to receive an Earn-Out Payment in the event that the Actual Cash Royalty Revenue for the applicable Calculation Period does not exceed $39,000,000.

(ii) Notwithstanding anything to the contrary herein, the maximum aggregate amount payable by the Buyer to the Seller under this Section 2.7 shall be the Earn-Out Payment Cap.

(c) Review and Dispute Procedures.

(i) On or before February 15 of the year following the applicable Calculation Period, the Buyer shall submit to the Seller in writing the proposed calculation of the Actual Cash Royalty Revenue for such Calculation Period (the "Actual Cash Royalty Revenue Calculation"), together with supporting documentation reasonably necessary for the Seller review of such proposed Actual Cash Royalty Revenue Calculation.

(ii) The Seller shall have thirty (30) days following delivery by the Buyer of the proposed Actual Cash Royalty Revenue Calculation during which to notify the Buyer of any dispute of such proposed Actual Cash Royalty Revenue Calculation, which notice shall set forth in reasonable detail the basis for such dispute. If the Seller does not notify the Buyer of any

dispute within such thirty (30) day period, the Actual Cash Royalty Revenue Calculation provided by the Buyer pursuant to Section 2.7(c)(i) above shall be deemed to be final and binding on the Buyer and the Seller. If the Seller does notify the Buyer of any dispute within such thirty (30) day period, the Buyer and the Seller shall cooperate in good faith to resolve such dispute as promptly as practicable, and upon such resolution, Actual Cash Royalty Revenue shall be determined in accordance with the mutual written agreement of the Buyer and the Seller. If the Buyer and the Seller are unable to resolve any dispute regarding such Actual Cash Royalty Revenue Calculation within fifteen (15) days (or such longer period as the Buyer and the Seller shall mutually agree in writing) of notice of a dispute, the dispute shall be resolved by the Independent Accounting Firm. Such resolution shall be final and binding on the Buyer and the Seller. The Independent Accounting Firm shall use commercially reasonable efforts to complete its work within thirty (30) days of its engagement. The fees, costs and expenses of the Independent Accounting Firm (A) shall be borne by the Buyer in the proportion that the aggregate dollar amount of all such disputed items so submitted that are unsuccessfully disputed by the Buyer (as finally determined by the Independent Accounting Firm) bears to the aggregate dollar amount of such items so submitted and (B) shall be borne by the Seller in the proportion that the aggregate dollar amount of such disputed items so submitted that are successfully disputed by the Buyer (as finally determined by the Independent Accounting Firm) bears to the aggregate dollar amount of all such items so submitted. Within ten (10) Business Days after the final determination of Actual Cash Royalty Revenue for a given Calculation Period pursuant to this Section 2.7(c)(ii), the Buyer shall pay to the Seller, by wire transfer or delivery of immediately available funds, the amount of the Earn-Out Payment (if any) based on Actual Cash Royalty Revenue as so finally determined. Any Earn-Out Payment earned by and payable to the Seller under this Section 2.7 may be paid by the Company on behalf of the Buyer. Upon any such payment to the Seller the Buyer shall be fully released and discharged of any obligation with respect to the payment of such Earn-Out Payment.

(d) Calculation Period 3 True-Up. On or before each of July 31, 2023 and February 15, 2024, the Buyer shall submit to the Seller in writing a proposed calculation (the "Post-Period 3 Actual Cash Royalty Revenue Calculation") of the amount, if any, of Actual Cash Royalty Revenue with respect to Calculation Period 3 that (i) was not included in the final determination pursuant to Section 2.7(c) of the Actual Cash Royalty Revenue for Calculation Period 3 and (ii) was actually received by the Company or any of its Subsidiaries after December 31, 2022 in the case of the Initial Post-Period 3 True-Up Payment and after July 31, 2023 in the case of the Second Post-Period 3 True-Up Payment, together with supporting documentation reasonably necessary for the Seller's review of such proposed Post-Period 3 Actual Cash Royalty Revenue Calculation (such amount, the "Post-Period 3 Actual Cash Royalty Revenue"). The Post-Period 3 Actual Cash Royalty Revenue Calculation delivered by the Buyer pursuant to this Section 2.7(d) shall be subject to the review and dispute procedures set forth in Section 2.7(c)(ii) (other than the last two sentences thereof), which procedures shall apply thereto *mutatis mutandis*. Within ten (10) Business Days after the final determination of the Post-Period 3 Actual Cash Royalty Revenue, the Buyer shall pay to the Seller, by wire transfer of immediately available funds, an amount equal to (x) the amount of the Earn-Out Payment (if any) that would have been payable with respect to Calculation Period 3 had the Post-Period 3 Actual Cash Royalty Revenue as so finally determined been included in the calculation of Actual Cash Royalty Revenue with respect to Calculation Period 3 pursuant to Section 2.7(b)(i), minus (y) the Earn-Out Payment (plus, in the case of the Second Post-Period 3 True-Up Payment, any Initial Post-Period 3 True-Up Payment), if any, previously paid to the Seller with respect to Calculation Period 3. For the avoidance of

doubt, any payment pursuant to this Section 2.7(d) shall be deemed to constitute an Earn-Out Payment for purposes of this Agreement and may be paid by the Company on behalf of the Buyer. For purposes of this Section 2.7(d), any payment made pursuant to this Section 2.7(d) in respect of the Post-Period 3 Actual Cash Royalty Revenue Calculation delivered on or before July 31, 2023 shall be referred to herein as the "Initial Post-Period 3 True-Up Payment" and any payment made pursuant to this Section 2.7(d) in respect of the Post-Period 3 Actual Cash Royalty Revenue Calculation delivered after July 31, 2023 but on or before February 15, 2024 shall be referred to herein as the "Second Post-Period 3 True-Up Payment".

(e) Operating and Accounting Procedures of the Company.

(i) Nothing contained in this Agreement shall be construed to restrict in any way the Buyer and its Affiliates from operating the Company or any of its Subsidiaries in the manner which the Buyer's management and board of managers reasonably deems most beneficial for the Buyer and the Buyer's equity holders, subject to the implied covenant of good faith and fair dealing; provided, that (x) in no event shall the Buyer take any action with the intent or purpose of avoiding the obligation to make any Earn-Out Payment, (y) the Buyer shall cause the Company and its Subsidiaries, as applicable, to maintain books and records during the Calculation Periods that are adequate in all material respects to permit the calculation and independent verification of the Actual Cash Royalty Revenue for each Calculation Period on a standalone basis, and (z) the Buyer shall cause the Company and its Subsidiaries to, subject to applicable Law and Contract, use commercially reasonable efforts to collect any Actual Cash Royalty Revenue hereunder to substantially the same extent as the Buyer would in the ordinary course of its business if the Earn-Out Payment were not payable, and shall not, except to the extent in the ordinary course of business consistent with past practices, offset any Actual Cash Royalty Revenue against amounts owed by the Buyer, the Company or any of their respective Subsidiaries or Affiliates or offer discounts that have the effect of reducing Actual Cash Royalty Revenue (provided, that, for the avoidance of doubt, this clause (z) shall not be deemed to require that the Buyer, the Company or any of its Subsidiaries commence, defend or participate in litigation to collect any Actual Cash Royalty Revenue).

(ii) At any time prior to the end of Calculation Period 3, in the event that (A) there is any (x) divestiture, dissolution or spin-off of a business that comprises all or substantially all of the assets of the portion of the Business engaged in promoting, marketing and licensing the *Martha Stewart* brand (taken as a whole), or (y) transaction or series of related transactions which result in a Person and its Affiliates (other than the Buyer or any of its Affiliates) holding, directly or indirectly, more than fifty percent (50%) of the outstanding equity voting securities of the Company or any of its Affiliates that succeed to that portion of the Business engaged in promoting, marketing and licensing the *Martha Stewart* brand (any such divestiture, dissolution, spin-off, transaction or series of related transactions described in the foregoing clauses (x) and (y), an "Acceleration Event"), and (B) the Aggregate Proceeds equals or exceeds the sum of $334,000,000, then the Buyer shall pay to the Seller, by wire transfer of immediately available funds to an account designated in writing by the Seller, an amount equal to the Earn-Out Acceleration Amount; provided, that upon any such payment to the Seller the Buyer shall be fully released and discharged of any obligation with respect to any Earn-Out Payment, including without limitation the payment in connection with the consummation of an Acceleration Event contemplated by this Section 2.7(e)(ii); provided, further, that, in connection with the

consummation of any Acceleration Event in respect of which the Earn-Out Acceleration Amount is not paid pursuant to this Section 2.7(e)(ii), the Buyer shall cause the applicable acquirer or its Affiliates to assume in writing the obligations of the Buyer set forth in this Section 2.7.

(iii) All matters related to the calculation of Actual Cash Royalty Revenue shall be calculated in accordance with the definition set forth in Section 2.7(a)(v).

Section 2.8 Seller Receivables Reconciliation and Final True-Up.

(a) On July 31, 2019, the Buyer shall pay or cause to be paid to the Seller any royalty revenue payment or other payments made to the Company or any of its Subsidiaries with respect to the Business to the extent such amounts relate to any period prior to the Closing Date (including made with respect to any accounts receivable of the Business outstanding as of the Closing Date) (such payments, "Seller Receivables"), an illustrative schedule of which is provided in Section 2.8(a) of the Disclosure Schedules, and are received during the period beginning on the Closing Date and ending on June 30, 2019 and shall, concurrently with such payment, deliver to the Seller a statement setting forth a calculation of such payment in such reasonable detail to identify the royalty revenue accounts with respect to which such payments relate.

(b) On March 31, 2020, the Buyer shall pay or cause to be paid to the Seller any Seller Receivables received during the period beginning on July 1, 2019 and ending on March 15, 2020 and shall, concurrently with such payment, deliver to the Seller a statement setting forth a calculation of such payment in such reasonable detail to identify the royalty revenue accounts with respect to which such payment relates.

(c) On or before the 15th day after the Final True-Up Date, the Buyer shall pay or cause to be paid to the Seller an amount equal to (i) the amount of any Seller Receivables received during the period beginning on March 16, 2020 and ending on the date that is 12 months after the Closing Date (the "Final True-Up Date"), minus (ii) the Seller Severance Responsibility Amount, minus (iii) the Seller Bonus Responsibility Amount (such difference, the "Final True-Up Amount") (provided, that if the Final True-Up Amount is a negative number, the Seller shall pay or cause to be paid to the Buyer an amount equal to the absolute value of the Final True-Up Amount), and shall, concurrently with such payment (or with a demand for the Seller to make such payment to the Buyer if Buyer is so entitled pursuant to the foregoing proviso), deliver to the Seller a statement setting forth a calculation of the Final True-Up Amount in such reasonable detail to identify the royalty revenue accounts, severance payments and bonus payments with respect to which such Final True-Up Amount payment relates.

(d) In the event of a dispute with respect to any of the payments contemplated by this Section 2.8, the Buyer and the Seller shall submit, in writing, to the Independent Accounting Firm, their briefs detailing their views as to the correct nature and amount of each item in dispute, and the Independent Accounting Firm shall make a written determination as to each such disputed item. The Buyer and the Seller shall use their commercially reasonable efforts to cause the Independent Accounting Firm to render a written decision resolving the matters submitted to it within thirty (30) days following the submission thereof. The Independent Accounting Firm shall consider only those items and amounts in the Buyer's and the Seller's respective briefs that are identified as being items and amounts to which the Buyer and the Seller have been unable to agree.

The scope of the disputes to be resolved by the Independent Accounting Firm shall be limited to correcting mathematical errors and determining whether the items and amounts in dispute were determined in accordance with the Applicable Accounting Principles and the Independent Accounting Firm is not to make any other determination. In resolving any disputed item, the Independent Accounting Firm may not assign a value to any item greater than the greatest value for such item claimed by either party or less than the smallest value for such item claimed by either party. The Independent Accounting Firm's determination of each item in dispute shall be based solely on written materials submitted by the Buyer and the Seller (*i.e.*, not on independent review). The determination of the Independent Accounting Firm shall be conclusive and binding upon the parties hereto and shall not be subject to appeal or further review, absent manifest error.

Section 2.9 Tax Treatment; Allocation of Purchase Price.

(a) The Buyer, the Seller and Holdco, hereto acknowledge and agree that, for federal income tax purposes, the purchase of the Interests shall be treated as a purchase by the Buyer of all the assets of the Company (including all the assets of the Company's Subsidiaries), subject to the liabilities of the Company and its Subsidiaries, from Holdco, for cash, in a fully taxable transaction.

(b) No later than 120 days after the Closing Date, the Buyer shall deliver to the Seller a proposed allocation of the Purchase Price and the liabilities of the Company treated as assumed by the Buyer for U.S. federal income tax purposes, among the assets of the Company in a manner consistent with Section 1060 of the Code and the regulations promulgated thereunder, and the principles set forth on Section 2.9(b) of the Disclosure Schedules, which shall be subject to the reasonable approval of the Seller, not to be unreasonably withheld, conditioned or delayed. If the Seller has approved or not objected to the proposed allocation within fifteen (15) days after the delivery of the proposed allocation to the Seller, the proposed allocation shall become final and binding on the parties. If within such fifteen (15) day period, the Seller provides to the Buyer a notice of objection to the proposed allocation, the parties shall negotiate in good faith to resolve such dispute. If the parties are unable to resolve such dispute within thirty (30) days after the Seller's delivery of a notice of objection to the Buyer, each of the Buyer and the Seller shall be entitled to adopt its own position regarding the allocation.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE SELLER

Except as set forth in the Disclosure Schedules attached hereto (collectively, the "Disclosure Schedules"), the Seller hereby represents and warrants to the Buyer as follows (provided, that unless otherwise expressly provided for in any such representation or warranty, (x) each of the representations and warranties of the Seller set forth herein shall be deemed to be made as if the Reorganization has been consummated as of the date such representations and warranties are made hereunder and (y) for the avoidance of doubt, (1) the representations and warranties herein relate solely to the Company, each of its Subsidiaries and the Business and (2) in the event of an Emeril Termination Election, the representations and warranties herein relate solely to the Company, each of its Subsidiaries being acquired after taking into account the amendments hereto contemplated by Section 5.18, and that portion of the Business engaged in promoting, marketing and licensing the *Martha Stewart* brand):

Section 3.1 Organization.

(a) The Seller is a corporation duly organized, validly existing and in good standing under the Laws of Delaware and has all necessary corporate power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted.

(b) As of the Closing, Holdco will be a corporation duly organized, validly existing and in good standing under the Laws of Delaware and will have all necessary corporate power and authority to own, lease and operate its properties and to carry on its business as it will then be conducting. Holdco will be a holding company formed for the purpose of consummating the Reorganization and will have no operations, assets or liabilities other than its ownership of the Interests. Holdco will have no employees.

(c) As of the Closing, GP Holdco will be a limited liability company duly organized, validly existing and in good standing under the Laws of Delaware and will have all necessary limited liability company power and authority to own, lease and operate its properties and to carry on its business as it will then be conducting. GP Holdco will be a holding company formed for the purpose of consummating the Reorganization and will have no operations, assets or liabilities other than its ownership of the GP Interests. GP Holdco will have no employees.

(d) Each of the Company and its Subsidiaries is (a) duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization, and has all necessary power and authority to own, lease and operate its properties and to carry on the Business as it is now being conducted and (b) duly qualified to do business, and is in good standing, in each jurisdiction set forth on Section 3.1(d) of the Disclosure Schedules, which jurisdictions are the only jurisdictions where the character of the properties owned, leased or operated by it or the nature of the Business makes such qualification necessary (except for any failures to be so qualified or in such good standing as would not, individually or in the aggregate, reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole).

(e) True and complete copies of the certificate of incorporation of the Company, as amended through, and as in effect as of, the date of this Agreement and the bylaws, as in effect as of, the date of this Agreement and the certificate of incorporation and bylaws (or comparable organizational documents of each of its Subsidiaries, in each case as amended to the date of this Agreement) have previously been made available to the Buyer.

Section 3.2 Authority.

(a) The board of directors of the Seller has approved this Agreement and the Seller's entry into this Agreement in accordance with the Seller's certificate of incorporation, bylaws, other corporate governing documents and applicable Law. Each of the Seller, the Company and its Subsidiaries has the corporate or other equivalent power and authority to execute and deliver this Agreement and each of the Signing Deliverables and Ancillary Agreements to which it is or will be a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by the Seller of this Agreement and the execution, delivery and performance by each of the Seller, the Company and its Subsidiaries of each of the Signing Deliverables and Ancillary

Agreements to which it is or will be a party and the consummation by such Person of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate or other equivalent action. This Agreement has been duly executed and delivered by the Seller, and each of the Signing Deliverables to which the Seller, the Company or any of its Subsidiaries are a party have been, and upon their execution each of the Ancillary Agreements to which the Seller, the Company or any of its Subsidiaries will be a party will have been, duly executed and delivered by such Person, and, assuming due execution and delivery by each of the other parties hereto and thereto, this Agreement constitutes the legal, valid and binding obligations of the Seller and each of the Signing Deliverables to which the Seller, the Company or any of its Subsidiaries is a party constitute, and upon their execution each of the Ancillary Agreements to which the Seller, the Company or any of its Subsidiaries will be a party will constitute, the legal, valid and binding obligations of such Person, in each case enforceable against such Person in accordance with their respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at law).

(b) The transactions contemplated by this Agreement and the Ancillary Agreements do not constitute a sale of all or substantially all of the assets of the Seller under applicable Law and there is no required approval of the stockholders of the Seller with respect to such transactions.

Section 3.3 No Conflict; Required Filings and Consents.

(a) Except as set forth in Section 3.3(a) of the Disclosure Schedules, the execution, delivery and performance of this Agreement by the Seller and each of the Signing Deliverables and Ancillary Agreements by the Seller, the Company or any of its Subsidiaries (as the case may be), and the consummation of the transactions contemplated hereby and thereby, do not and will not (i) conflict with or violate the certificate of formation, operating agreement or equivalent organizational documents of the Seller, the Company or any of its Subsidiaries; (ii) conflict with or violate any Law applicable to the Seller, the Company, any of its Subsidiaries, the Business or by which any property or asset of the Seller, the Company or any of its Subsidiaries is bound or affected; (iii) conflict with, result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would become a default) under, or cause the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which the Seller, the Company, any of its Subsidiaries or the Business is entitled under, or require any consent of or notice to any Person pursuant to, any material loan or credit agreement, note, mortgage, indenture, lease or other material Contract to which the Seller, the Company, any of its Subsidiaries or the Business is a party or otherwise bound; or (iv) result in the creation or imposition of any Encumbrance (other than Permitted Encumbrances) on any asset of the Seller, the Company, any of its Subsidiaries or the Business, except, in the case of (iii), for any such conflicts, violations, breaches, defaults or other occurrences that would not, individually or in the aggregate, reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, or prevent or materially delay the consummation of the transactions contemplated by this Agreement.

(b) Neither the Seller, the Company nor any of its Subsidiaries is required to file, seek or obtain any notice, authorization, approval, order, permit or consent of or with any Governmental Authority in connection with the execution, delivery and performance of this Agreement and each of the Signing Deliverables and Ancillary Agreements or the consummation of the transactions contemplated hereby or thereby, except (i) for any filings required to be made under the HSR Act, (ii) for such filings as may be required by any applicable federal or state securities or "blue sky" Laws, or (iii) where failure to obtain such consent, approval, authorization or action, or to make such filing or notification, would not, individually or in the aggregate, reasonably be expected to be material to the Business.

Section 3.4 Interests. As of the date hereof, the Seller is the record and beneficial owner of the Shares, free and clear of any Encumbrances (other than those under generally applicable securities Laws). As of the Closing, Holdco shall be the record and beneficial owner of the Interests and GP Holdco shall be the record and beneficial owner of the Company GP Interests, in each case free and clear of any Encumbrances (other than those under generally applicable securities Laws). Holdco shall have the right, authority and power to sell, assign and transfer the Interests to the Buyer. Upon the Buyer's payment of the Estimated Purchase Price, the Buyer shall acquire good and valid title to the Interests, free and clear of any Encumbrances, other than Encumbrances under generally applicable securities Laws and as created by the Buyer. No shares of capital stock or other equity or ownership interests of the Company or any of the Subsidiaries of the Company are subject to or have been issued in violation of any rights, agreements, arrangements or commitments under any provision of applicable Law, the certificate of incorporation or bylaws or equivalent organizational documents of the Company or any of the Subsidiaries of the Company or any Contract to which the Company or any of the Subsidiaries of the Company is a party or by which the Company or any of the Subsidiaries of the Company is bound. As of the date of this Agreement, there are no declared or accrued but unpaid dividends with respect to the Shares and as of the Closing there shall be no declared or accrued but unpaid dividends with respect to the Interests.

Section 3.5 Capitalization. Section 3.5 of the Disclosure Schedules sets forth a true and complete list of all issued and outstanding equity interests in the Company. All of the Company's issued and outstanding equity interests are validly issued, fully paid and nonassessable. As of the date hereof, the Shares constitute all of the issued and outstanding equity interests of the Company. As of the Closing, the Company LP Interests and the Company GP Interests will constitute all of the issued and outstanding equity interests of the Company. There are no outstanding obligations, options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any kind relating to the interests of the Company or obligating the Company to issue or sell any interest in the Company. There are no outstanding contractual obligations of the Company to repurchase, redeem or otherwise acquire any interest in the Company or to provide funds to, or make any investment in, any other Person. There are no agreements or understandings in effect with respect to the voting or transfer of any interests of the Company.

Section 3.6 Equity Interests. Section 3.6 of the Disclosure Schedules sets forth a true and complete list of each Subsidiary of the Company, including its jurisdiction of organization and authorized and outstanding equity securities. All of the issued and outstanding shares of capital stock or other equity ownership interests of each Subsidiary of the Company are owned by the Company (or, with respect to the Subsidiary GP Interests as of the Closing, GP Holdco) free and

clear of any Encumbrances (other than those under generally applicable securities Laws), and free of any restriction on the right to vote, sell or otherwise dispose of such capital stock or other equity ownership interest (other than restrictions under generally applicable securities Laws), and all of such shares or equity ownership interests are duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights. Except for the capital stock or other ownership interests of the Subsidiaries of the Company owned by the Company or as set forth on Section 3.6 of the Disclosure Schedules, neither the Company nor any of its Subsidiaries directly or indirectly owns any equity, partnership, membership or similar interest in, or any interest convertible into, exercisable for the purchase of or exchangeable for any such equity, partnership, membership or similar interest in, any Person. There are no outstanding contractual obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any interest in any Person or to provide funds to, or make any investment in, any other Person. There are no agreements or understandings in effect with respect to the voting or transfer of any interests of or any of the Company's Subsidiaries.

Section 3.7 Financial Statements; No Undisclosed Liabilities.

(a) Section 3.7(a) of the Disclosure Schedules sets forth true and complete copies of the unaudited consolidated income statement of the Company for the fiscal years ended December 31, 2018 and December 31, 2017 used in connection with preparing the corresponding audited financial statements of the Seller (collectively, the "Financial Statements").

(b) The Financial Statements (including the notes thereto): (i) are consistent with, and were prepared from, the books and records of the Company and its Subsidiaries; (ii) fairly present in all material respects the results of operations of the Company and its Subsidiaries as of the dates and for the periods indicated therein; and (iii) were prepared in accordance with GAAP, consistently applied, except as set forth on Section 3.7(b) of the Disclosure Schedules.

(c) The Seller has established and maintains and, since the Look-Back Date, has maintained in all material respects, disclosure controls sufficient to reasonably ensure that material information relating to the Company, its Subsidiaries and the Business (including any deficiencies or weaknesses in the design or operation of the Company's or any of its Subsidiaries' internal controls and any fraud that involves management or other employees or agents of the Business) is made known to the Company's management by others within the Business and disclosed to the Company's board of directors.

(d) Set forth on Section 3.7(d) of the Disclosure Schedules is an aging of accounts receivable of the Business as of February 28, 2019. All of the accounts receivable of the Business arose in the ordinary course of business and are carried on the accounting records of the Company and its Subsidiaries at values determined in accordance with GAAP, consistently applied. To the Knowledge of the Seller, there is no Encumbrance on any such accounts receivable, and no request or agreement for deduction or discount has been made with respect to any such accounts receivable. None of the accounts receivable of the Business have been assigned or pledged to any other Person, and no further goods are required to be provided and no further services are required to be rendered in order to complete the sales and fully render the services so as to entitle the Company or its Subsidiary, as applicable, to collect the accounts receivable in full.

(e) There is no liability of the Company or any of its Subsidiaries of a type required to be reflected or reserved for on a consolidated balance sheet of the Company or in the notes thereto prepared in accordance with GAAP, except for (i) liabilities reflected or reserved for in the Financial Statements as of and for the twelve (12) month period ended December 31, 2018, (ii) liabilities that have arisen since January 31, 2019 in the ordinary course of the operation of the Business, (iii) liabilities arising out of or in connection with this Agreement, the Ancillary Agreements and the transactions contemplated hereby and thereby, or (iv) liabilities that would not be or would not reasonably be expected to be, individually or in the aggregate, material to the Company and its Subsidiaries, taken as a whole.

Section 3.8 Absence of Certain Changes or Events. Except as set forth in Section 3.8 of the Disclosure Schedules, from February 28, 2019 through the date of this Agreement, (a) the Business has been conducted, in all material respects, in the ordinary course of business consistent with past practice, (b) no physical damage, physical destruction or physical loss in an amount exceeding $100,000 in the aggregate (whether or not covered by insurance) has affected the Company or any of its Subsidiaries, any properties or assets of the Company or any of its Subsidiaries or the Business, (c) none of the Company, any of its Subsidiaries or any of their respective Affiliates has taken, or caused or permitted to be taken, or agreed or committed to take, any action that, were it taken between the date of this Agreement and the Closing Date, would constitute a breach of any subsection of Section 5.2; and (d) there has been no Material Adverse Effect or Emeril Lagasse Material Adverse Effect.

Section 3.9 Compliance with Law; Permits.

(a) Each of the Company, its Subsidiaries and the Business is and, since the Look-Back Date has been, in compliance in all material respects with all Laws applicable to it. None of the Company nor any of its Subsidiaries nor to the Knowledge of the Seller, any other Person, has received any notice or other communication since the Look-Back Date regarding any actual, alleged or potential failure of the Company or any of its Subsidiaries (or the Business or any assets or properties of Company or any of its Subsidiaries) to comply with any applicable Law.

(b) Section 3.9(b) of the Disclosure Schedules sets forth a true, complete and accurate list of all permits, licenses, franchises, approvals, certificates, consents, waivers, concessions, exemptions, orders, registrations and other authorizations of any Governmental Authority that are material to the Company, any of its Subsidiaries, any assets or properties of the Company or any of its Subsidiaries, or the Business and held by the Company or any of its Subsidiaries as of the date of this Agreement (the "Permits"). The Permits constitute all material permits, licenses, franchises, approvals, certificates, consents, waivers, concessions, exemptions, orders, registrations and other authorizations of any Governmental Authority required for the operation of the Business as currently conducted and for the use of the assets and properties of the Company and any of its Subsidiaries as currently used. Seller has made available to the Buyer a true, complete and accurate copy of all such Permits. All such Permits are, and immediately following the Closing will be, valid and in full force and effect on terms identical in all material respects to those under which, immediately before the Closing (and as of the date of this Agreement), the Company or any of its Subsidiaries holds such Permits, in each case without breaching the terms thereof or resulting in the forfeiture or impairment of any rights thereunder and, except as set forth on Section 3.9(b) of the Disclosure Schedules, without the consent or act

of, or the making of any filing with, any other Person. The Company and its Subsidiaries comply, and since the Look-Back Date have at all times complied, in all material respects with the terms of the Permits listed on Section 3.9(b) of the Disclosure Schedules. Neither the Company nor any of its Subsidiaries nor, to the Knowledge of the Seller, any other Person, has received any written or, to the Knowledge of the Seller, oral notice or other communication since the Look-Back Date regarding any actual or possible material failure to comply with any such Permit or any actual or possible revocation, withdrawal, suspension, cancellation, termination or material modification of any such Permit.

(c) No representation or warranty is made under this Section 3.9 with respect to Employee Plans, Taxes or environmental matters, which are covered exclusively by Section 3.11, Section 3.17 (and Section 3.11), and Section 3.18, respectively.

Section 3.10 Litigation. Except as set forth in Section 3.10 of the Disclosure Schedules, since the Look-Back Date, there has not been, and as of the date hereof there is not currently, pending, or, to the Knowledge of the Seller, threatened, any Action by or against or relating to the Company, any of its Subsidiaries, any assets or properties of the Company or any of its Subsidiaries, or the Business that would, or would reasonably be expected to, (a) result in any liability of the Company, any of its Subsidiaries or the Business, individually or in the aggregate, in excess of $100,000 or (b) that would affect the legality, validity or enforceability of this Agreement, any Signing Deliverable or any Ancillary Agreement or the consummation of the transactions contemplated hereby or thereby. There are no material outstanding Orders and no unsatisfied judgments, penalties or awards against or affecting the Company, any of its Subsidiaries, any asset or property of the Company or any of its Subsidiaries, or the Business. Since the Look-Back Date, the Company has complied in all material respects with each Order to which Company, any of its Subsidiaries, the Business, or any assets or properties owned or used by Company or any of its Subsidiaries, have been subject. Neither the Company nor any of its Subsidiaries nor, to the Knowledge of the Seller, any other Person has received any written or, to the Knowledge of the Seller, oral notice or other communication since the Look-Back Date regarding: (i) any Order against or affecting the Company, any of its Subsidiaries, any asset or property of the Company or any of its Subsidiaries, or the Business; or (ii) any actual, alleged or potential failure to comply with any Order to which the Company, any of its Subsidiaries, the Business, or any assets or properties owned or used by the Company or any of its Subsidiaries, have at any time been subject.

Section 3.11 Employee Benefit Plans.

(a) Section 3.11(a) of the Disclosure Schedules sets forth (i) a list of all material U.S. employee benefit plans (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) and all material bonus, option, equity purchase, restricted equity, incentive, deferred compensation, retiree medical or life insurance, supplemental retirement, severance or other benefit plans, programs or arrangements, that are maintained, contributed to or sponsored by the Seller or the Company or any of its Subsidiaries for the benefit of any current or former employee of the Business or of the Company or any of its Subsidiaries and (ii) a list of all material employment, termination, severance or other Contracts, agreements or arrangements, pursuant to which the Company, any of its Subsidiaries or the Business currently has any obligation in excess of $100,000 with respect to any current or former employee of the

Business or of the Company or any of its Subsidiaries (collectively, the "Employee Plans"). The Seller has made available to the Buyer a true and complete copy of each Employee Plan and all current summary plan descriptions, as applicable, and the most recent determination or opinion letter from the IRS with respect to any Employee Plan.

(b) Each Employee Plan has been maintained in all material respects in accordance with its terms and the requirements of ERISA and the Code. Each of the Seller, the Company and each of its Subsidiaries have performed all material obligations required to be performed by it under any Employee Plan and is not in any material respect in default under or in violation of any Employee Plan. No Action (other than claims for benefits in the ordinary course) is pending or, to the Knowledge of the Seller, threatened with respect to any Employee Plan by any current or former employee, officer or director of the Business or of the Company or any of its Subsidiaries.

(c) Each Employee Plan that is intended to be qualified under Section 401(a) of the Code has received a determination or opinion letter from the IRS that it is so qualified and each related trust that is intended to be exempt from federal income taxation under Section 501(a) of the Code has received a determination or opinion letter from the IRS that it is so exempt and, to the Knowledge of the Seller, no fact or event has occurred since the date of such letter or letters from the IRS that would reasonably be expected adversely to affect the qualified status of any such Employee Plan or the exempt status of any such trust.

(d) Except as set forth in Section 3.11(d) of the Disclosure Schedules, neither the Company nor any of its ERISA Affiliates has any direct or contingent liability with respect to any "employee pension benefit plan" (as defined in Section 3(2) of ERISA) that is subject to Title IV of ERISA or Section 412 or 430 of the Code.

(e) Neither the Seller nor the Company nor any of its Subsidiaries is a party to any contract, agreement or arrangement that could result, separately or in the aggregate, in the payment, acceleration or enhancement of any benefit to a current or former employee of the Business or of the Company or any of its Subsidiaries as a result of the transactions contemplated by this Agreement, including, without limitation, the payment of any "excess parachute payments" within the meaning of Section 280G of the Code.

(f) Each Employee Plan available to employees of the Business or of the Company or any of its Subsidiaries residing outside of the United States (i) that is required to be registered has been so registered, (ii) has been maintained in good standing with applicable regulatory authorities and (iii) has been maintained in all material respects in accordance with its terms.

(g) Section 3.11(g) of the Disclosure Schedules sets forth true and complete copies of (i) the Martha Stewart Employment Agreement, and (ii) the Emeril Lagasse Consulting Agreement. Each of the Martha Stewart Employment Agreement and the Emeril Lagasse Consulting Agreement is in full force and effect and, except as set forth in the Signing Deliverables, has not been amended, restated or otherwise modified. Neither the Company nor, to the Knowledge of the Seller, any other party to the Martha Stewart Employment Agreement or the Emeril Lagasse Consulting Agreement is in material breach thereof or default thereunder.

(h) The representations and warranties contained in this Section 3.11 are the only representations and warranties being made with respect to Employee Plans, ERISA and employee benefits matters.

Section 3.12 Labor and Employment Matters.

(a) Neither the Company nor any of its Subsidiaries is a party to any labor or collective bargaining Contract that pertains to employees of the Business. To the Knowledge of the Seller, (a) there are, and in the past two years there have been, no organizing activities or collective bargaining arrangements that would affect the Business pending or under discussion with any labor organization or group of employees of the Business and (b) there are, and in the past two years there have been, no material lockouts, strikes, slowdowns or work stoppages pending or threatened by or with respect to any employees of the Company or any of its Subsidiaries.

(b) The Seller, the Company and each of their respective Subsidiaries are, and, since the Look-Back Date have been, in compliance in all material respects with all applicable Laws respecting labor, employment, fair employment practices, terms and conditions of employment, classification of employees, workers' compensation, occupational safety and health, immigration, affirmative action, employee and data privacy, and wages and hours, in each case in respect of current and former employees of the Business or of the Company or any of its Subsidiaries. There is no pending or, to the Knowledge of the Seller, threatened, charge, complaint, arbitration, audit or investigation involving any current of former employee of the Business or of the Company or any of its Subsidiaries that involves labor or employment relations or practices that could reasonably be expected to result, individually or in the aggregate, in any material liability to the Company or any of its Subsidiaries. No officer or other key employee of the Business or of the Company or any of its Subsidiaries has provided a written notice of his or her intention to terminate employment with any of the Business, the Seller or any of its Subsidiaries.

(c) Neither the Seller nor any of its Subsidiaries has taken any action that could constitute a "mass layoff", "mass termination" or "plant closing" within the meaning of the WARN Act, any action that would reasonably be expected to cause the Buyer to incur any material liability or obligation following the Closing under the WARN Act, or otherwise trigger notice requirements, liabilities or obligations under any plant closing notice, redundancy or collective dismissal Law.

(d) Section 3.12(d)(1) of the Disclosure Schedules sets forth a true, complete and accurate list of all Affected Employees as of the date of this Agreement, specifying, to the Knowledge of the Seller, with respect to each such Affected Employee, such Affected Employee's (i) name, (ii) date of hire, (iii) job title, (iv) hourly rate of compensation or base salary (as applicable), (v) actual incentive compensation (commission and bonus, as applicable) with respect to 2018, (vi) target incentive compensation (commission and bonus, as applicable) with respect to 2019, (vii) any other compensation or allowance to which such Affected Employee is entitled or receives in the ordinary course of business, if any, (viii) any change of control, retention, severance or similar payments to which such Affected Employee will be entitled as a result of the transactions contemplated by this Agreement, (ix) annual vacation entitlement, (x) amount of accrued but

unused vacation, (xi) exempt or nonexempt status under applicable Law and (xii) hours of work per week (for non-exempt and part-time employees). Except as set forth on Section 3.12(d)(2) of the Disclosure Schedules, all Affected Employees are "at will employees".

Section 3.13 Insurance. Section 3.13 of the Disclosure Schedules sets forth a true and complete list of all material insurance policies in force that insure the Business and are maintained by the Company or any of its Subsidiaries (the "Insurance Policies"). The Seller has provided the Buyer with a true and complete copy of each of the Insurance Policies. All premiums due and payable under the Insurance Policies have been timely paid, and the Seller, the Company and their respective Subsidiaries are otherwise in compliance in all material respects with the terms of the Insurance Policies. There is no material claim pending under any Insurance Policy as to which coverage has been questioned, denied or disputed in writing by the underwriters of such Insurance Policy. All the Insurance Policies remain in full force and effect, and, to the Knowledge of the Seller, there is no threatened termination of, or material premium increase with respect to, any of the Insurance Policies.

Section 3.14 Real Property.

(a) Neither the Seller nor any of its Affiliates (including the Company and its Subsidiaries) own any real property used or held for use exclusively in relation to the Business.

(b) Section 3.14(b) of the Disclosure Schedules lists the street address of each parcel of Leased Real Property that is used by the Company, any of its Subsidiaries or the Business, together with a true and complete description of each lease, sublease or license and all amendments, extensions, renewals, guarantees, modifications, supplements or other agreements with respect to the Leased Real Property (the "Leases"). The Seller has made available to the Buyer a true, correct and complete copy of all of the Leases. The Company and its Subsidiaries have valid leasehold interests in all Leased Real Property pursuant to the Leases, free and clear of all Encumbrances, other than Permitted Encumbrances. All Leases in respect of the Leased Real Property are in full force and effect, neither the Seller nor any of its Subsidiaries has received any written or, to the Knowledge of the Seller, oral notice of a breach or default thereunder, and to the Knowledge of the Seller, no event has occurred that, with notice or lapse of time or both, would constitute a breach or default thereunder.

(c) Section 3.14(c) of the Disclosure Schedules lists those parcels of Leased Real Property at which employees and/or other resources of both the Business and the Seller (or an Affiliate of the Seller other than the Company or any of its Subsidiaries) are co-located.

Section 3.15 Intellectual Property.

(a) Section 3.15(a) of the Disclosure Schedules sets forth an accurate and complete list of all registered Marks, Copyrights and Patents; all applications for registration of Marks, Copyrights and Patents; all material domain names and material social media accounts; and all material proprietary software owned by the Company or any of its Subsidiaries or used or held for use in the Business as of the date hereof (collectively, the "Business Registered IP").

(b) Except as set forth in Section 3.15(b) of the Disclosure Schedules, no Business Registered IP is involved in any interference, reissue, reexamination, opposition or

cancellation proceeding or Action, and has not been involved in any of the foregoing since the Look-Back Date, and, to the Knowledge of the Seller, no such proceeding has been threatened. Except as set forth in Section 3.15(b) of the Disclosure Schedules, there are no Actions pending or, to the Knowledge of the Seller, threatened challenging the Company's or any of its Subsidiaries' inventorship, ownership, or right to use Intellectual Property or asserting that any of the Company's or any of its Subsidiaries' Intellectual Property is invalid or unenforceable.

(c) The Business Registered IP has been properly maintained and all applicable filing, examination, issuance, post registration and maintenance fees, annuities and the like associated with or required with respect to any of the Business Registered IP have been paid.

(d) The Company or one of its Subsidiaries exclusively owns or has a valid and enforceable right to access and use, free and clear of all Encumbrances (except the Permitted Encumbrances), all right, title and interest in and to all material Intellectual Property necessary to the operation of the Business.

(e) Except as set forth in Section 3.15(e) of the Disclosure Schedules, the Business Registered IP is valid, subsisting, in full force and effect and, to the Knowledge of the Seller, enforceable.

(f) All tangible materials embodying Intellectual Property that are necessary to the conduct of the Business as currently conducted are owned by the Company or one of its Subsidiaries, or the Company and its Subsidiaries have a valid license or other right to use and access such materials in the Business.

(g) Except as set forth in Section 3.15(g) of the Disclosure Schedules, none of the products or services distributed, sold or offered by the Company, any of its Subsidiaries or the Business, nor any technology or materials used in connection therewith infringes upon, misappropriates or otherwise violates any Intellectual Property of any third party, and neither the Seller nor the Company nor any of their respective Subsidiaries has, since the Look-Back Date, received any written, or, to the Knowledge of the Seller, oral notice asserting that any such infringement, misappropriation or violation has occurred or otherwise challenging the Company's or any of its Subsidiaries' inventorship, ownership or right to use Intellectual Property. To the Knowledge of the Seller, no third party is misappropriating, infringing or otherwise violating any Intellectual Property owned by the Company or any of its Subsidiaries or used in the Business and has not done so since the Look-Back Date.

(h) Except as would not reasonably be expected to be material, (i) the Company and its Subsidiaries: (A) have taken reasonable steps in accordance with standard industry practices to protect their rights in the Business Registered IP; and (B) have maintained the confidentiality, secrecy and value of all confidential information and trade secrets used in the operation of the Business, and (ii) to the Knowledge of the Seller, no unauthorized disclosure of such confidential information or trade secrets has occurred.

(i) The Company or one of its Subsidiaries has the exclusive right to sell, license or otherwise transfer the Business Registered IP. All assignments and other instruments necessary to establish, record and perfect the Company's and its Subsidiaries' ownership interest

in the Business Registered IP have been validly executed and filed with the applicable Governmental Authority.

(j) The Company, each of its Subsidiaries and the Business are in compliance in all material respects with all applicable Laws, including the General Data Protection Regulations, contracts, and terms of use and privacy policies governing the collection, processing, storage, use, transmission, disclosure, securing and destruction of data ("Data Handling"). The Company, each of its Subsidiaries and the Business have policies and procedures governing sensitive data and Data Handling that comply in all material respects with all applicable Laws and contracts of the Company, its Subsidiaries and the Business and no sensitive data handled by the Company, any of its Subsidiaries or the Business has been inappropriately accessed, acquired or compromised in any material respect.

(k) The Company, each of its Subsidiaries and the Business have materially complied with all applicable terms of use, terms of services, and other contracts and associated policies and guidelines concerning the use of any social media platforms, site or services in the conduct of the Business and there are no pending or, to the Knowledge of the Seller, threatened legal actions or claims concerning any of the Company's, any of its Subsidiaries' or the Business's social media platforms.

(l) To the Knowledge of the Seller, promptly following the Closing, the Business Registered IP will be owned or available for use by the Company and its Subsidiaries on the same terms as were owned or available for use immediately prior to the Closing.

Section 3.16 Sufficiency of Assets; Tangible Assets.

(a) Except as set forth in Section 3.16(a) of the Disclosure Schedules, the assets of the Company and its Subsidiaries comprise the assets required to operate the Business in all material respects as currently conducted.

(b) Section 3.16(b) of the Disclosure Schedules sets forth a true, correct and complete list of certain equipment (including certain cameras, lighting and other photography, videography and production equipment), kitchen appliances (including any refrigerators, freezers, ovens and stoves), kitchenware, dishware, silverware, furniture, computers, servers, printers, media and multimedia archives (including any archived videos, books, magazines and similar media and multimedia), prototypes, templates, samples and other material tangible personal property owned by the Company or one of its Subsidiaries or used or held for use in the Business as of the date of this Agreement. The Company or one of its Subsidiaries has good, valid and exclusive title to all such tangible personal property and all assets reflected on the Financial Statements as of and for the twelve (12) month period ended December 31, 2018 or acquired after the date thereof, in each case free and clear of all Encumbrances (other than Permitted Encumbrances). All tangible personal property used or held for use by the Company or any of its Subsidiaries is in all material respects in good operating condition and repair, ordinary wear and tear excepted.

Section 3.17 Taxes.

(a) All material Returns required to have been filed by or with respect to the Company and any of its Subsidiaries (and all material income Returns required to have been filed by the Seller for each taxable period during which the Company or any of its Subsidiaries was a member of the Seller's affiliated group) have been timely filed (taking into account any extension of time to file). All such Returns are true, correct and complete in all material respects. All material Taxes due and owing (whether or not shown to be payable on such Returns) have been timely paid in full.

(b) All material Taxes which were required to be withheld and remitted by or with respect to, the Company or any of its Subsidiaries under applicable Law in connection with any amounts paid or owing to any employee, independent contractor, creditor, shareholder, member or other Person have been duly withheld and timely remitted to the proper Governmental Authority and all reporting and recordkeeping requirements relating to the Taxes described in this Section 3.17(b) have been complied with in all material respects.

(c) Except as set forth on Section 3.17(c) of the Disclosure Schedules, none of the Company or any of its Subsidiaries is currently the beneficiary of any extension of time within which to file any Return.

(d) There are no Tax liens on the assets or equity interests of the Company or any of its Subsidiaries (other than for Taxes not yet due and payable).

(e) (i) No federal, state, local or foreign audits, examinations, investigations or other administrative proceedings or court proceedings are presently pending with regard to any Return of the Company or any of its Subsidiaries, and no written notice of any such audit or examination has been received and (ii) no material audit adjustments have been proposed by any taxing authority for the Company or any of its Subsidiaries.

(f) There are no outstanding requests, agreements, consents or waivers to extend the statutory period of limitations applicable to the assessment of any Taxes or deficiencies against the Company or any of its Subsidiaries.

(g) No written claim has been made by a Governmental Authority in a jurisdiction where a Return has not been filed with respect to the Company or any of its Subsidiaries that a Tax is due in that jurisdiction.

(h) Except as set forth on Section 3.17(h) of the Disclosure Schedules, none of the Company or any of its Subsidiaries is a party to any agreement relating to the sharing, allocation or indemnification of Taxes, or any similar agreement, Contract or arrangement (other than agreements or arrangements entered into in the ordinary course of business the primary purpose of which is not related to Tax), or has any material liability for Taxes of any Person (other than any member of the group the common parent of which is the Seller) under Treasury Regulation Section 1.1502-6 or any similar provision of state, local or non-U.S. Law, or as a transferee or successor, or otherwise.

(i) None of the Buyer, the Company or any of its Subsidiaries will be required to include any material item of income in, or exclude any material item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any installment sale or open transaction consummated prior to Closing, Contract entered into on or prior to the Closing Date (other than any Contract entered into in the ordinary course of business the principal purpose of which is unrelated to Taxes), prepaid amount received, or method of accounting or Tax election changed or revoked, on or prior to the Closing.

(j) Except as set forth on Section 3.17(j) of the Disclosure Schedules, none of the Company or any of its Subsidiaries own shares of any "controlled foreign corporation" (as defined in Section 957 of the Code) or shares of any "passive foreign investment company" (as defined in Section 1297 of the Code), or has a permanent establishment or otherwise has an office or fixed place of business in a country other than the country in which it is organized.

(k) From the Conversion and thereafter, the Company and any of its Subsidiaries converted to limited partnerships in connection with the Conversion will at all times have been treated as "disregarded entities" for U.S. federal income tax purposes.

(l) The representations and warranties contained in Section 3.11 and this Section 3.17 are the only representations and warranties being made with respect to Taxes.

Section 3.18 Environmental Matters.

(a) Except as set forth in Section 3.18(a) of the Disclosure Schedules and except as would not, individually or in the aggregate, reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, (i) the Business is in compliance with all applicable Environmental Laws and has obtained and is in compliance with all Environmental Permits, and (ii) there are no outstanding written claims alleging violation of or liability pursuant to any Environmental Law pending or threatened against the Business.

(b) There is no pending or, to the Knowledge of the Seller, threatened investigation by any Governmental Authority, nor any pending or, to the Knowledge of the Seller, threatened Action with respect to the Business under any Environmental Laws.

(c) The representations and warranties contained in this Section 3.18 are the only representations and warranties being made with respect to compliance with or liability under Environmental Laws or with respect to any environmental, health or safety matter, including natural resources, related to the Company, any of its Subsidiaries and the Business.

(d) For purposes of this Agreement:

(i) "Environmental Laws" means any Laws of any Governmental Authority in effect as of the date hereof relating to protection of the environment; and

(ii) "Environmental Permits" means all Permits under any Environmental Law.

Section 3.19 Material Contracts; Licensees.

(a) Section 3.19(a) of the Disclosure Schedules contains a list, as of the date hereof, of the following Contracts and agreements to which the Company, any of its Subsidiaries or the Business are party or otherwise bound (such Contracts, the "Material Contracts"):

(i) all Contracts or agreements, including joint venture, partnership or similar agreements or arrangements, that (A) provide for the anticipated receipt by the Company and its Subsidiaries or the Business of more than $150,000 in the aggregate, based on contractual guaranteed minimums or based on actual payments received year-to-date, or (B) provide for payment by the Company and its Subsidiaries or the Business of more than $100,000 in the aggregate, in each case, in the year ended December 31, 2019;

(ii) all Contracts and agreements (other than intercompany agreements to be terminated at or prior to the Closing) relating to Indebtedness, imposing an Encumbrance (other than Permitted Encumbrances) on any of the assets of the Company, any of its Subsidiaries or the Business, or, to the extent solely related to the Business, in respect of Bank Products and Cash Management Services;

(iii) all Contracts and agreements that limit the ability of the Company, any of its Subsidiaries or the Business to compete in any line of business or with any Person or in any geographic area or during any period of time or that grant the other party or any third Person "most favored nation" status;

(iv) all Contracts and agreements containing any requirements, output, minimum purchase volume or material "take-or-pay" provision;

(v) all Contracts and agreements under which the Company, any of its Subsidiaries or the Business grants any exclusive rights (including exclusive licenses to Intellectual Property), rights of refusal or rights of first negotiation with respect to any material assets of the Business to any Person;

(vi) all Contracts or agreements governing the settlement of any material administrative or judicial proceedings since the Look-Back Date which contain material ongoing obligations of the Company or any of its Subsidiaries;

(vii) all Contracts or agreements providing for a license by or to the Company, any of its Subsidiaries or the Business of Intellectual Property containing any guaranteed minimum royalty payable to the Company, any of its Subsidiaries or the Business in excess of $150,000 in the year ended December 31, 2019;

(viii) all Contracts and agreements with any Related Person;

(ix) all shareholder agreements, joint venture agreements, partnership agreements, registration rights agreements, voting agreements and other Contracts and agreements relating to the acquisition or ownership of equity interests in any Person;

(x) all Contracts and agreements that (A) provide for the creation or development by the Company, any of its Subsidiaries or the Business for any other Person, or for the Company, any of its Subsidiaries or the Business by any other Person, of any material

Intellectual Property (including any joint development) or (B) provide for the assignment or other transfer to the Company, any of its Subsidiaries or the Business from any other Person, or by the Company, any of its Subsidiaries or the Business to any other Person, of any ownership interest in any material Intellectual Property;

(xi) all Contracts and agreements pursuant to which the Company, any of its Subsidiaries or the Business have acquired a business or entity, or substantially all of the assets of a business or entity, whether by way of merger, consolidation, purchase of stock, purchase of assets or otherwise for which material obligations remain;

(xii) all Contracts and agreements that contain an earn-out or similar contingent payment or obligation;

(xiii) all employment, collective bargaining, consulting, deferred compensation, independent contractor, non-competition Contract or other agreement with any current officer, director or employee of the Company, any of its Subsidiaries or the Business providing for annual compensation in excess of $100,000 or one-time or contingent compensation in excess of $200,000;

(xiv) all Contracts and agreements providing for severance, retention, change in control or similar payments for which the Buyer, the Company or any of its Subsidiaries would be liable following the Closing;

(xv) all broker, distributor, sales promotion, market research, marketing, advertising and public relations Contracts and agreements that provide for annual payment by the Company and its Subsidiaries or the Business of more than $200,000 in the aggregate; and

(xvi) all Contracts and agreements used in the conduct of the Business, on the one hand, and any other business of the Seller or any of its Subsidiaries (other than the Company or any of its Subsidiaries), on the other hand, that provide for annual payment of more than $300,000 in the aggregate.

(b) Section 3.19(b)(1) of the Disclosure Schedules sets forth the fifteen (15) largest licensees of the Business (by royalties or revenues paid) for the twelve (12) month period ending December 31, 2018 (the Contracts relating to such licensees, the "Licensee Contracts"), including media partners that pay royalties to the Company, any of its Subsidiaries or the Business. All of the Licensee Contracts are listed on Section 3.19(b)(2) of the Disclosure Schedules. To the Knowledge of the Seller, the relationships of the Business with such licensees are good commercial working relationships and no such licensee has canceled or otherwise terminated its relationship with the Business nor indicated any intention to do so.

(c) Except as would not, individually or in the aggregate, reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, each Material Contract and Licensee Contract is valid and binding on the Seller, the Company or the Company's Subsidiary party thereto, as the case may be, and, to the Knowledge of the Seller, the counterparties thereto, and is in full force and effect. Neither the Seller, the Company nor any of its Subsidiaries is in breach of, or default under, any Material Contract or Licensee Contract to which it is a party, nor, to the Knowledge of the Seller, is any other party to any Material Contract or Licensee

Contract in breach of or default thereunder, and, to the Knowledge of the Seller, no event has occurred that, with the lapse of time, giving of notice or both, would constitute such a breach or default or give any third party the right to claim any material rebate, chargeback, refund, credit or penalty under any Material Contract or Licensee Contract, accelerate the maturity or performance of any right or obligation under any Material Contract or Licensee Contract, or cancel, terminate, or modify in any material respect any Material Contract or Licensee Contract, in each case, except for such breaches, defaults or events that would not, individually or in the aggregate, reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole. No party to any Material Contract or Licensee Contract has exercised any termination rights with respect thereto, and no party has given written or, to the Knowledge of the Seller, oral notice of any dispute with respect to any Material Contract or Licensee Contract. The Seller has delivered to the Buyer true, correct and complete copies of all of the Material Contracts and Licensee Contract, together with all material amendments, modifications and supplements thereto.

Section 3.20 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement, the Signing Deliverables and the Ancillary Agreements based upon arrangements made by or on behalf of the Seller, the Company or any of their respective Subsidiaries.

Section 3.21 Certain Payments. Neither the Company nor any of its Subsidiaries nor the Business (nor, to the Knowledge of the Seller, any of the respective directors, executives, Representatives, agents or employees of the Seller, the Company or any of their respective Subsidiaries acting on behalf of the Business, the Company or any of its Subsidiaries) (a) has used or is using any corporate funds for any illegal contributions, gifts, entertainment or other unlawful expenses relating to political activity, (b) has used or is using any corporate funds for any direct or indirect unlawful payments to any foreign or domestic governmental officials or employees or any employees of a foreign or domestic government-owned entity, (c) has violated or is violating any provision of the Foreign Corrupt Practices Act of 1977 or any other anticorruption Law applicable to the Business, (d) has made, offered, authorized or promised any payment, rebate, payoff, influence payment, contribution, gift, bribe, rebate, kickback, or any other thing of value to any government official or employee, political party or official, or candidate, regardless of form, to obtain favorable treatment in obtaining or retaining business or to pay for favorable treatment already secured, (e) has established or maintained, or is maintaining, any fund of corporate monies or other properties for the purpose of supplying funds for any of the purposes described in the foregoing clause (d), or (f) has made any bribe, unlawful rebate, payoff, influence payment, kickback or other similar payment of any nature.

Section 3.22 Bank Accounts; Powers of Attorney. As of the Closing, neither the Company nor any of its Subsidiaries will have any bank accounts in any jurisdiction or, except as may be related to the prosecution or enforcement rights of the Company or any of its Subsidiaries with respect to any Business Registered IP, have granted powers of attorney in connection with the Business that remain in effect.

Section 3.23 Related Party Transactions. No Related Person (a) has any interest in any material asset used or held for use in the Business; (b) is indebted to the Company or any of its Subsidiaries; (c) is party to, or has any financial interest in, any Contract, transaction or business

dealing involving the Company, any of its Subsidiaries or the Business; (d) to the Knowledge of the Seller, is competing, or has at any time competed, with the Company, any of its Subsidiaries or the Business; or (e) has, or has had, any claim or right against the Company, any of its Subsidiaries or the Business (other than rights under the Employee Plans or rights to receive compensation for services performed as an employee of the Business).

Section 3.24 The Seller's Reliance. Except for the express representations and warranties made by the Buyer in Article IV, any Signing Deliverable or any Ancillary Agreement, the Seller acknowledges that neither the Buyer nor any other Person on behalf of the Buyer makes any other express or implied representation or warranty, and the Seller has not relied and is not relying on any other statement, representation or warranty, oral or written, express or implied, made by the Buyer or any of its Affiliates or Representatives.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF BUYER

The Buyer hereby represents and warrants to the Seller as follows:

Section 4.1 Organization. The Buyer is a Delaware limited liability company duly organized, validly existing and in good standing under the Laws of Delaware and has all necessary limited liability company power and authority to own, lease and operate its properties and to carry on its as it is now being conducted.

Section 4.2 Authority. The Buyer has the limited liability company power and authority to execute and deliver this Agreement and each of the Signing Deliverables and Ancillary Agreements to which it is or will be a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by the Buyer of this Agreement and each of the Signing Deliverables and Ancillary Agreements to which it is or will be a party and the consummation by the Buyer of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary limited liability company action. This Agreement and each of the Signing Deliverables to which the Buyer is a party have been, and upon their execution each of the Ancillary Agreements to which the Buyer will be a party will have been, duly executed and delivered by the Buyer and, assuming due execution and delivery by each of the other parties hereto and thereto, this Agreement and each of the Signing Deliverables to which the Buyer is a party constitute, and upon their execution each of the Ancillary Agreements to which the Buyer will be a party will constitute, the legal, valid and binding obligations of the Buyer, enforceable against the Buyer in accordance with their respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at Law).

Section 4.3 No Conflict; Required Filings and Consents.

(a) The execution, delivery and performance by the Buyer of this Agreement and each of the Signing Deliverables and Ancillary Agreements to which the Buyer is or will be a party, and the consummation of the transactions contemplated hereby and thereby, do not and will

not, (i) conflict with or violate the certificate of formation or limited liability company agreement of the Buyer, (ii) conflict with or violate any Law applicable to the Buyer or by which any property or asset of the Buyer is bound or affected, or (iii) conflict with, result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would become a default) under, or require any consent of or notice to any Person pursuant to, any Contract to which the Buyer is a party, except, in each case, for any such conflicts, violations, breaches, defaults or other occurrences that would not, individually or in the aggregate, reasonably be expected to materially impair the ability of the Buyer to consummate, or prevent or materially delay, any of the transactions contemplated by this Agreement or the Ancillary Agreements.

(b) The Buyer is not required to file, seek or obtain any notice, authorization, approval, order, permit or consent of or with any Governmental Authority in connection with the execution, delivery and performance of this Agreement and each of the Signing Deliverables and Ancillary Agreements or the consummation of the transactions contemplated hereby or thereby, except (i) for any filings required to be made under the HSR Act or (ii) for such filings as may be required by any applicable federal or state securities or "blue sky" Laws.

Section 4.4 Financing. As of the date hereof the Buyer has, and at the Closing the Buyer will have, sufficient funds to permit the Buyer to consummate the Closing, and, as and when due, the Buyer will have sufficient funds to permit the Buyer to pay all related fees, expenses and Earn-Out Payments, if any. Notwithstanding anything to the contrary contained herein, the Buyer acknowledges and agrees that its obligations to consummate the transactions contemplated hereby are not contingent upon its ability to obtain any third-party financing.

Section 4.5 Solvency. Assuming (a) the representations and warranties set forth in Article III are true and correct in all material respects, and (b) the satisfaction of the conditions contained in Section 6.1 and Section 6.3, immediately after giving effect to the transactions contemplated by this Agreement (including the purchase of the Interests, the refinancing of any Indebtedness contemplated to be repaid or refinanced by the Buyer, and the payment of all related fees and expenses), the Company will be Solvent. "Solvent" means that, as of any date of determination: (x) the amount of the "fair saleable value" of the assets of the Company and its Subsidiaries, taken as a whole, exceeds, as of such date, the sum of all "debts" of the Company and its Subsidiaries, taken as a whole, as such quoted terms are generally understood in accordance with applicable federal Law governing the insolvency of debtors; (y) the Company will not have, as of such date, an unreasonably small amount of capital for the operation of the Business; and (z) the Business will be able to pay its debts as they mature.

Section 4.6 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement and the Ancillary Agreements based upon arrangements made by or on behalf of the Buyer.

Section 4.7 Investment Intent. The Buyer is acquiring the Interests for its own account for investment purposes only and not with a view to any public distribution thereof or with any intention of selling, distributing or otherwise disposing of the Interests in a manner that would violate the registration requirements of the Securities Act. The Buyer agrees that the Interests may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without

registration under the Securities Act and any applicable state securities Laws, except pursuant to an exemption from such registration under the Securities Act and such Laws. The Buyer is able to bear the economic risk of holding the Interests for an indefinite period (including total loss of its investment), and has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risk of its investment.

Section 4.8 The Buyer's Investigation and Reliance. The Buyer is a sophisticated purchaser and has made its own independent investigation, review and analysis regarding the Company, its Subsidiaries and the Business and the transactions contemplated by this Agreement and the Ancillary Agreements, which investigation, review and analysis were conducted by the Buyer together with expert advisors, including legal counsel, that it has engaged for such purpose. The Buyer and its Representatives have been provided with full and complete access to the Representatives, properties, offices, plants and other facilities, books and records of the Business and other information that they have requested in connection with their investigation of the Business and the transactions contemplated hereby. Neither the Seller nor any of its Affiliates or Representatives has made any representation or warranty, express or implied, as to the accuracy or completeness of any information concerning the Business contained herein or made available in connection with the Buyer's investigation of the Business, except as expressly set forth in this Agreement (as qualified by the Disclosure Schedules) or any Ancillary Agreement, and except with respect to any of the aforesaid express representations and warranties, the Seller and its Affiliates and Representatives expressly disclaim any and all liability that may be based on such information or errors therein or omissions therefrom. The Buyer has not relied and is not relying on any statement, representation or warranty, oral or written, express or implied, made by the Seller or any of its Affiliates or Representatives, except as expressly set forth in this Agreement (as qualified by the Disclosure Schedules) or any Ancillary Agreement. None of the Seller, its Affiliates or Representatives is making, directly or indirectly, any representation or warranty with respect to any estimates, projections or forecasts involving the Company, its Subsidiaries or the Business. The Buyer acknowledges that, should the Closing occur, the Buyer shall acquire the Company and its Subsidiaries on an "as is" and "where is" basis, except as otherwise expressly set forth in Article III, the Disclosure Schedules, any Signing Deliverable or any Ancillary Agreement. Except for the representations and warranties contained in Article III, the Disclosure Schedules, any Signing Deliverable or any Ancillary Agreement, the Buyer acknowledges that neither the Seller nor any other Person on behalf of the Seller makes any other express or implied representation or warranty with respect to the Business or with respect to any other information provided to the Buyer.

ARTICLE V
COVENANTS

Section 5.1 Subsidiary Conversions. No later than one (1) Business Day prior to the Closing Date, upon the terms and subject to the conditions set forth in this Agreement and in accordance with the applicable state corporate Law governing the Subsidiaries of the Company set forth on Exhibit A and the Act, the Seller, Holdco and GP Holdco shall effect the Subsidiary Conversions by filing the Subsidiary Certificates of Conversion with the Secretary of State of Delaware in accordance with this Agreement and the Act.

Section 5.2 Conduct of Business Prior to the Closing. Except as otherwise contemplated by this Agreement (including in connection with the Reorganization), the Ancillary Agreements or as set forth in Section 5.2 of the Disclosure Schedules, between the date of this Agreement and the Closing Date, unless the Buyer shall otherwise provide its prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed), (a) the Business shall be conducted only in the ordinary course of business consistent with past practice in all material respects, (b) the Seller shall use its reasonable best efforts to maintain and preserve intact its business organization, advantageous business relationships and retain the services of its officers and key employees and (c) neither the Seller nor the Buyer shall take any action that would prohibit or materially impair or delay the ability of either the Seller or the Buyer to obtain any necessary approvals of any regulatory agency or other Governmental Authority required for the transactions contemplated hereby or to consummate the transactions contemplated hereby. Except as otherwise contemplated by this Agreement (including in connection with the Reorganization), the Ancillary Agreements or as set forth in Section 5.2 of the Disclosure Schedules, between the date of this Agreement and the Closing Date, without the prior written consent of the Buyer (which consent shall not be unreasonably withheld, conditioned or delayed), the Seller shall not, to the extent related primarily to the Business, and shall not permit the Company or any of its Subsidiaries to:

(a) amend the certificate of incorporation or bylaws or equivalent organizational documents of the Company or any of its Subsidiaries (whether by merger, consolidation or otherwise);

(b) (i) split, combine or reclassify any equity interests, or propose to split, combine or reclassify, any equity interests, or issue or authorize or propose the issuance or authorization of any other securities in respect of, or in lieu of or in substitution for, any equity interests of its share capital, (ii) declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of any equity interests, except dividends paid by a direct or indirect wholly owned Subsidiary of the Company to the Company or to any of the Company's other direct or indirect wholly owned Subsidiaries or (iii) redeem, repurchase or otherwise acquire or offer to redeem, repurchase, or otherwise acquire any equity interests of the Company (or any of its Subsidiaries) or any securities convertible into or exercisable for any equity interests of the Company (or any of its Subsidiaries), other than repurchases, redemptions or acquisitions by the Company or any wholly owned Subsidiary of the Company of equity interests or such other securities, as the case may be, of any other wholly owned Subsidiary of the Company;

(c) (i) issue, deliver, pledge or sell, or authorize the issuance, delivery or sale of, any shares of equity interests or equity equivalents of the Company or any of its Subsidiaries, or any options, warrants, convertible securities or other rights of any kind to acquire any such shares, equity interests or equity equivalents or (ii) amend any term of any shares of equity interests or equity equivalents (in each case, whether by merger, consolidation or otherwise) in any fashion that may have a materially adverse impact on the Buyer;

(d) acquire, directly or indirectly, (i) any corporation, partnership, limited liability company, other business organization or division thereof or (ii) any assets that are material, individually or in the aggregate, to the Business, taken as a whole;

(e) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring or recapitalization of the Company or any of its Subsidiaries;

(f) (i) create, incur, assume, suffer to exist or otherwise be liable with respect to any indebtedness for borrowed money or issue any debt securities (other than borrowings in the ordinary course under existing credit facilities in respect of which the Buyer, the Company and each of its Subsidiaries will have no liability following the Closing) or, except to the extent in the ordinary course of business consistent with past practice, create, incur, assume, suffer to exist or otherwise be liable with respect to any other Indebtedness, (ii) forgive any indebtedness of any other Person other than in the ordinary course of business consistent with past practice, or waive any claims or rights of substantial value, or (iii) impose or suffer to be imposed any Encumbrance (other than Permitted Encumbrances) on any equity interests, assets or properties of the Company or any of its Subsidiaries;

(g) authorize, or make any commitment with respect to, any single capital expenditure that is in excess of $100,000 or capital expenditures that are, in the aggregate, in excess of $1,000,000 that will bind the Company or any of its Subsidiaries;

(h) enter into, amend, renegotiate or modify in any material respect or terminate (excluding terminations upon expiration of the term thereof in accordance with their terms) any Material Contract or Licensee Contract, or waive, release or assign any material rights, claims or benefits of the Company or any of its Subsidiaries under any Material Contract or Licensee Contract, or enter into any Contract which if entered into prior to the date hereof would be a Material Contract or Licensee Contract or which grants any third party the right to receive payments with respect to any Intellectual Property exclusively used or held for use by the Business, including any royalty payments or similar payments;

(i) except to the extent required by applicable law (including Section 409A of the Code) or any arrangement in effect as of the date hereof, (i) grant or increase any severance or termination pay to (or amend any existing severance pay or termination agreement) or, other than in the ordinary course of business with employees with base compensation of less than $100,000 per year, enter into any employment, deferred compensation or other similar agreement (or amend any such existing agreement) with respect to any employee, officer or director, (ii) increase benefits payable under any existing severance or termination pay policies, (iii) increase the compensation or benefits of any senior officer of the Business other than ordinary course changes to generally applicable benefit plans; (iv) establish, amend or adopt any collective bargaining, compensation or benefit plan, including any pension, retirement, profit-sharing, bonus, stock option, restricted stock or other employee benefit or welfare benefit plan (other than any such adoption or amendment that does not materially increase the cost to the Business of maintaining the applicable compensation or benefit plan) with or for the benefit of its employees; (v) accelerate the vesting of, or the lapsing of restrictions with respect to, any stock options or other stock-based compensation; or (vi) hire or fire any senior officer of the Business;

(j) make any change in any method of accounting or accounting practice or policy applicable to the Business, except as required by applicable Law or GAAP (which requirements shall include those principles relating to the preparation of the Financial Statement);

(k) except in the ordinary course of business consistent with past practice, (i) accelerate the collection of any accounts receivable in advance of their regular due dates or the dates when the same would have been collected, or (ii) delay the payment of any accounts payable (including commissions payable pursuant to the consulting agreements set forth on Section 5.19(a) of the Disclosure Schedules) beyond their regular due dates or the dates when the same would have been paid;

(l) settle, or offer or propose to settle, any material litigation, investigation, arbitration, proceeding or other claim involving or against the Company or any of its Subsidiaries;

(m) (i) make or change any material Tax election, (ii) change any annual tax accounting period, (iii) adopt or change any elective method of tax accounting, (iv) materially amend any Tax Returns, (v) enter into any material closing agreement, (vi) settle any material Tax claim, audit or assessment or (vii) surrender any right to claim a material Tax refund, offset or other reduction in Tax liability;

(n) sell, lease, sublease, exchange or otherwise transfer, or create or incur any Encumbrance, other than a Permitted Encumbrance, on, any of the Company's or any of its Subsidiaries' assets, securities, properties, interests or businesses, or grant any option with respect to any of the foregoing;

(o) make any loans, advances or capital contributions to, or investments in, any other Person, or loans, advances or capital contributions to, or investments in, wholly owned Subsidiaries of the Company;

(p) agree to amend, modify or terminate any Signing Deliverable, or waive, release or assign any right, claim or benefit of the Seller, the Company or any of their Affiliates under any Signing Deliverable (it being understood and agreed that any breach of this Section 5.2(p) shall be deemed to give rise to the failure of the condition set forth in Section 6.3(b)); or

(q) agree, resolve or commit to do any of the foregoing.

Section 5.3 No Solicitation; Exclusivity.

(a) From and after the date of this Agreement and continuing until the Closing or, if earlier, the valid termination of this Agreement in accordance with Article VII, the Seller shall not, and shall not permit or authorize any of its Subsidiaries or any Representative of the Seller or any of its Subsidiaries, directly or indirectly, to (i) solicit, initiate, endorse, knowingly encourage or knowingly facilitate any inquiry, proposal or offer with respect to, or the making or completion of, any Acquisition Proposal, or any inquiry, proposal or offer that is reasonably likely to lead to any Acquisition Proposal, (ii) enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any Person any information or data with respect to, or otherwise cooperate in any way with, any Acquisition Proposal or (iii) resolve, agree or propose to do any of the foregoing. As of the date of this Agreement, the Seller shall, and shall cause each of its Subsidiaries and the Representatives of the Seller and each of its Subsidiaries to, (A) immediately cease and cause to be terminated all existing discussions and negotiations with any Person conducted theretofore with respect to any Acquisition Proposal or potential Acquisition

Proposal and (B) request the prompt return or destruction of all confidential information previously furnished with respect to any Acquisition Proposal or potential Acquisition Proposal.

(b) Following the date of this Agreement, the Seller promptly (and in any event within 24 hours of receipt) shall advise the Buyer, orally or in writing, in the event the Seller or any of its Subsidiaries or Representatives receives (i) any indication by any Person that it is considering making an Acquisition Proposal (including any request by any Person to waive any standstill or similar provision applicable to such Person), (ii) any inquiry or request for information, discussion or negotiation that is reasonably likely to lead to or that contemplates an Acquisition Proposal, or (iii) any proposal or offer that is or is reasonably likely to lead to an Acquisition Proposal, in each case together with a description of the material terms and conditions of and facts surrounding any such indication, inquiry, request, proposal or offer, the identity of the Person making any such indication, inquiry, request, proposal or offer, and a copy of any written proposal, offer or draft agreement provided by such Person; provided, that the Seller's obligations in Section 5.3(a) shall not be diminished or otherwise affected by the receipt of any indication, inquiry, request, proposal or offer contemplated in clauses (i), (ii), or (iii) hereof and/or the Seller's providing the Buyer with notice thereof.

(c) For purposes of this Agreement, "Acquisition Proposal" means any proposal or offer with respect to any direct or indirect acquisition or purchase, in one transaction or a series of transactions, and whether through any merger, reorganization, consolidation, tender offer, self-tender, exchange offer, stock acquisition, asset acquisition, binding share exchange, business combination, recapitalization, liquidation, dissolution, joint venture or otherwise, of (i) assets or businesses of the Company and its Subsidiaries that generate 20% or more of the net revenues or net income or that represent 20% or more of the total assets (based on fair market value) of the Company and its Subsidiaries, taken as a whole, immediately prior to such transaction, or (ii) 20% or more of the combined voting power of the outstanding Company equity interests, including any tender offer or exchange offer that if consummated would result in any Person beneficially owning 20% or more of the combined voting power of the outstanding Company equity interests, other than the transactions contemplated by this Agreement.

Section 5.4 Covenants Regarding Information.

(a) From the date hereof until the Closing Date, upon reasonable notice, the Seller shall cause the GP Holdco, the Company and its Subsidiaries to, afford the Buyer and its Representatives reasonable access to the properties, offices, plants and other facilities, books and records of the Business, and furnish the Buyer with such financial, operating and other data and information as the Buyer may reasonably request; provided, however, that any such access or furnishing of information shall be conducted at the Buyer's expense, during normal business hours, under the supervision of the Seller's personnel and in such a manner as not unreasonably to interfere with the normal operations of the Business. Notwithstanding anything to the contrary in this Agreement, none of the Seller, the GP Holdco, the Company or any of its Subsidiaries shall be required to disclose any information to the Buyer or its Representatives if (i) such disclosure would jeopardize any attorney-client or other legal privilege, (ii) such disclosure would contravene any applicable Laws, (iii) such information is pertinent to any litigation in which the Seller or any of its Affiliates, on the one hand, and the Buyer or any of its Affiliates, on the other hand, are adverse parties, (iv) such information relates to any consolidated, combined or unitary Return filed

by the Seller, the Company or any of their Affiliates or any of their respective predecessor entities; provided, however, that, in each case, the Seller, the GP Holdco, the Company or any of its Subsidiaries, as the case may be, uses commercially reasonable efforts to minimize the effects of such restriction or to provide a reasonable alternative to such access.

(b) In order to facilitate the resolution of any claims made against or incurred by the Seller (as such claims relate to the Business), for a period of seven years after the Closing, the Buyer shall (i) retain the books and records relating to the Business relating to periods prior to the Closing and (ii) afford the Representatives of the Seller reasonable access (including the right to make, at the Seller's expense, photocopies), during normal business hours, to such books and records; provided, however, that the Buyer shall notify the Seller in writing at least 30 days in advance of destroying any such books and records prior to the seventh anniversary of the Closing Date in order to provide the Seller the opportunity to copy such books and records in accordance with this Section 5.4(b).

(c) In order to facilitate the resolution of any claims made against or incurred by the Buyer, the Company or any of its Subsidiaries, for a period of seven (7) years after the Closing, the Seller shall (i) retain the books and records relating to the Business relating to periods prior to the Closing that shall not otherwise have been delivered to the Buyer and (ii) upon reasonable notice, afford the Representatives of the Buyer reasonable access (including the right to make, at the Buyer's expense, photocopies), during normal business hours, to such books and records; provided, however, that the Seller shall notify the Buyer in writing at least thirty (30) days in advance of destroying any such books and records prior to the seventh anniversary of the Closing Date in order to provide the Buyer the opportunity to copy such books and records in accordance with this Section 5.4(c).

Section 5.5 Notification of Certain Matters.

(a) Between the date of this Agreement and the Closing, each party hereto shall promptly notify the other party in writing of any: (a) breach of any covenant or obligation of such party under this Agreement; (b) fact, circumstance, condition, event, change, development or nonoccurrence of any event that (i) has caused or is reasonably likely to cause any representation or warranty of the notifying party contained herein to become misleading, inaccurate or false in any material respect or that would have caused or constituted a breach if such fact, circumstance, condition, event, change or development had occurred, arisen or existed on or before the date of this Agreement, or (ii) is reasonably likely to make the timely satisfaction of any Closing condition set forth in Article VI impossible or unlikely; (c) Action threatened, commenced or asserted that seeks to enjoin, restrain, make illegal or otherwise prohibit the consummation of the transactions contemplated by this Agreement; (d) material default under any Material Contract or Licensee Contract or event which, with notice or lapse of time or both, would become such a default on or before the Closing Date; and (e) fact, circumstance, condition, event, change or development that constitutes, or could reasonably be expected to constitute, a Material Adverse Effect.

(b) Without limiting the generality of the foregoing clause (a), the Seller shall have the right to supplement or update the Disclosure Schedules prior to the Closing in the event that the Seller discovers any fact, circumstance, condition, event, change, development or nonoccurrence of any event that first occurred after the date of this Agreement and that, had it

arisen at or prior to the date of this Agreement, would have been required to be set forth on or described in the Disclosure Schedules pursuant to any representation or warranty set forth in Article III (any such supplement or update, a "Supplement"); provided, that, subject to Section 8.5(a)(ii), no Supplement shall be deemed to cure any breach, inaccuracy or default under any representation, warranty, covenant or agreement set forth in this Agreement, including, for the avoidance of doubt, for purposes of determining whether the conditions to the Closing set forth in Article VI have been satisfied or determining the availability of any right or remedy pursuant to Article VIII.

Section 5.6 Intercompany Arrangements; Misdirected Mail and Payments.

(a) Except as set forth in Section 5.6(a) of the Disclosure Schedules and except for this Agreement and the Ancillary Agreements, all intercompany and intracompany accounts, indebtedness, transactions or Contracts between the Company and its respective Subsidiaries, on the one hand, and the Seller and its Affiliates (other than the Company and its respective Subsidiaries), on the other hand, shall be canceled, settled, offset, capitalized or otherwise eliminated prior to the determination of Indebtedness for purposes of calculating the Purchase Price, without any consideration or further liability to any party and without the need for any further documentation, prior to the Closing.

(b) In the event that the Seller or any of its Affiliates receives any mail, communications or payments on behalf of the Business, the Company or any of its Subsidiaries after the Closing, such mail, communications or payments shall be the property of, and shall be forwarded and remitted to, the Buyer or its designee as promptly as practicable, but no later than thirty (30) days, after receipt thereof (or, if later, after notice or determination of receipt of any such improper mail, communication or payment). In the event that any of the Company, its Subsidiaries or their respective Affiliates receives any mail, communications or payments on behalf of any business of the Seller or any of its Affiliates (other than the Business, the Company or any of its Subsidiaries) after the Closing, such mail, communications or payments shall be the property of, and shall be forwarded and remitted to, the Seller as promptly as practicable, but no later than thirty (30) days, after receipt thereof (or, if later, after notice or determination of receipt of any such improper mail, communication or payment).

Section 5.7 Confidentiality.

(a) Each of the parties shall hold, and shall cause its Representatives to hold, in confidence all documents and information furnished to it by or on behalf of the other party in connection with the transactions contemplated by this Agreement or by the Ancillary Agreements pursuant to the terms of the Confidentiality and Nondisclosure Agreement dated January 25, 2018, between the Buyer and the Seller (the "Confidentiality Agreement"), which shall continue in full force and effect; provided, however, that the confidentiality obligations of the Buyer with respect to Confidential Information (as defined in the Confidentiality Agreement) under the Confidentiality Agreement and the obligations of the parties under this Section 5.7(a) shall terminate as of the Closing Date, but only in respect of that portion of the Confidential Information to the extent relating to the Business, the Company or any of its Subsidiaries. If for any reason this Agreement is terminated prior to the Closing Date, the Confidentiality Agreement shall nonetheless continue in full force and effect in accordance with its terms.

(b) For a period of five years following the Closing Date, the Seller shall not, and shall cause its Affiliates and Representatives not to, use for its or their own benefit or divulge or convey to any third party any Proprietary Information; provided, however, that the Seller or its Affiliates may furnish such portion (and only such portion) of the Proprietary Information as the Seller or such Affiliate reasonably determines it is obligated to disclose if: (i) it receives a request to disclose all or any part of the Proprietary Information under the terms of an order or demand issued by a Governmental Authority or it is otherwise required in connection with determining the Tax liability of Seller or its Affiliates; (ii) to the extent not inconsistent with such request, it notifies the Buyer of the existence, terms and circumstances surrounding such request; (iii) it exercises its commercially reasonable efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to the disclosed Proprietary Information; and (iv) disclosure of such Proprietary Information is required to prevent the Seller or such Affiliate from being held in contempt or becoming subject to any other penalty under applicable Law. For purposes of this Section 5.7(b), "Proprietary Information" shall mean all information and materials concerning the Company, any of its Subsidiaries or the Business not generally known to the public, including trade secrets and other confidential and proprietary information.

Section 5.8 Consents and Filings.

(a) Each of the parties shall use reasonable best efforts to take, or cause to be taken, all appropriate action to do, or cause to be done, all things necessary, proper or advisable under applicable Law or otherwise to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements as promptly as practicable, including to (i) prepare and file all forms, registrations and notices required to be filed to consummate the transactions contemplated by this Agreement and the Ancillary Agreements, (ii) use commercially reasonable efforts to obtain the third-party consents, authorizations, ratifications, waivers or other approvals listed on Section 5.8(a) of the Disclosure Schedules (provided that the Seller and its Affiliates shall not be required to pay any consent or other fees in order to obtain any such consents), (iii) obtain from Governmental Authorities and other Persons all consents, approvals, authorizations, qualifications and orders as are necessary for the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements and (iv) promptly (and, with respect to the HSR Act, in no event later than 10 Business Days after the date hereof) make all necessary filings, and thereafter make any other required submissions, with respect to this Agreement required under any applicable Antitrust Laws; provided that no party shall be required to pay (and the Company and any of its Subsidiaries shall not pay or agree to pay without the prior written consent of the Buyer, which consent shall not be unreasonably withheld, conditioned or delayed) any fee, penalty or other consideration to any third party for any consent or approval required for the consummation of the transactions contemplated by this Agreement under any Contract. The Buyer shall pay seventy-five percent (75%), and the Seller shall pay twenty-five percent (25%) of all filing fees and other charges for the filing under any applicable Antitrust Law by the parties hereto. The Buyer, the Seller and any of its Subsidiaries shall not take any action after the date hereof that would reasonably be expected to materially delay the obtaining of, or result in not obtaining, any permission, approval or consent required to be obtained prior to the Closing.

(b) Without limiting the generality of the parties' undertakings pursuant to Section 5.8(a), each of the parties agrees to use commercially reasonable efforts to avoid or

promptly eliminate impediments under any Antitrust Law that may be asserted by any Governmental Authority or any other party so as to enable the parties hereto to expeditiously close the transactions contemplated by this Agreement and the Ancillary Agreements no later than the Termination Date. Notwithstanding anything to the contrary set forth herein, nothing in this Section 5.8 shall be deemed to require any of the parties or their respective Affiliates or Representatives to commence, defend or participate in any litigation or similar proceeding, divest or dispose of any of its assets, properties or businesses (or any of the assets, properties or businesses to be acquired hereunder), or waive or surrender any material right or otherwise suffer any material detriment.

(c) Each of the parties shall promptly notify the other party of any communication it or any of its Affiliates receives from any Governmental Authority relating to the matters that are the subject of this Agreement and permit the other party to review in advance any proposed communication by such party to any Governmental Authority and allow reasonable time for comment on such communication to the extent practicable. No party to this Agreement shall agree to participate in any meeting with any Governmental Authority in respect of any filings, investigation or other inquiry unless it gives notice of such meeting to the other party in advance. Subject to the Confidentiality Agreement, the parties will coordinate and cooperate with each other in exchanging such information and providing such assistance as the other party may reasonably request in connection with the foregoing. Subject to the Confidentiality Agreement, the parties will provide each other with copies of all correspondence, filings or communications between them or any of their Representatives, on the one hand, and any Governmental Authority or members of its staff, on the other hand, with respect to this Agreement and the transactions contemplated hereby; provided that such materials may be redacted to comply with contractual obligations or as necessary to address reasonable attorney-client or other privilege, work product protection or confidentiality concerns, to the extent that such concerns are not adequately addressed by a common interest privilege or doctrine. In connection with the foregoing, any party or its Affiliates may, as they or it deem(s) advisable and necessary, reasonably designate any competitively sensitive material provided to the other parties under this Section 5.8(c) as "outside counsel only." Such materials and the information contained therein will be given only to the outside legal counsel of the recipient and will not be disclosed by such outside counsel to the counter party hereto or its Affiliates or Representatives, unless express written permission is obtained in advance from the disclosing party.

(d) Certain consents and waivers with respect to the transactions contemplated by this Agreement may be required from parties to Contracts to which the Seller, the Company or any of the Company's Subsidiaries is a party that have not been and may not be obtained. The Seller shall not have any liability to the Buyer arising out of or relating to the failure to obtain any consents or waivers that may be required in connection with the transactions contemplated by this Agreement or because of the termination of any Contract as a result thereof, and no such failure or termination shall result in the failure of any condition set forth in Article VI; provided, that such consents or waivers are listed on Section 3.3(a) of the Disclosure Schedules to the extent required by the terms of Section 3.3.

Section 5.9 Public Announcements. On and after the date hereof and through the Closing Date, the Seller and the Buyer shall consult with each other before issuing, and provide each other the opportunity to review and comment upon, any press release or other public statement

with respect to this Agreement or the Ancillary Agreements or the transactions contemplated thereby, and shall not issue any such press release or make any such public statement prior to obtaining the other party's prior written approval, which approval shall not be unreasonably withheld, except that no such approval shall be necessary to the extent disclosure may be required by applicable Law or any listing requirement or agreement of any party hereto.

Section 5.10 Use of Names and Marks. Except as otherwise expressly provided herein and in the Ancillary Agreements, the Seller is not conveying ownership rights or granting the Buyer, any Affiliate of the Buyer or the Company or any of its Subsidiaries a right or license to use any of the Marks of the Seller or any Affiliate of the Seller and, after the Closing, the Buyer shall not permit the Company or any Affiliate of the Company to use in any manner the names or Marks of the Seller or any Affiliate of the Seller or any word that is confusingly similar in sound or appearance to such names or Marks. Notwithstanding the foregoing, the Seller hereby consents to the use of the name "Sequential" or any trade name, trademark, service mark, logo or domain name incorporating the name "Sequential" by the Company and its Subsidiaries in connection with copies of the Business's existing marketing and promotional materials, letterhead and business cards; provided, that the Company and its Subsidiaries shall only use such materials during the first ninety (90) days following the Closing. As promptly as practicable, and in any event no later than ninety (90) days after the Closing, the Buyer shall take all necessary corporate action to cause the corporate names of the Company and its applicable Subsidiaries to be changed to a name that does not include the word "Sequential" or any word or element confusingly similar thereto. Notwithstanding the foregoing, the Buyer, the Company and its Subsidiaries shall be entitled to identify Seller by name in legal and financial documents and public communications to the extent necessary to identify the transaction herein or the relationship of the parties so long as such use is in compliance with the Confidentiality Agreement and other provisions of this Agreement. In the event the Buyer or any Affiliate of the Buyer violates any of its obligations under this Section 5.10, the Seller may proceed against it in law or in equity for such damages or other relief as a court may deem appropriate. The Buyer acknowledges that a violation of this Section 5.10 may cause the Seller and its Affiliates irreparable harm, which may not be adequately compensated for by money damages. The Buyer therefore agrees that in the event of any actual or threatened violation of this Section 5.10, the Seller shall be entitled, in addition to other remedies that it may have, and after giving the Buyer ten (10) days' notice and an opportunity to cure, to a temporary restraining order and to preliminary and final injunctive relief against the Buyer or such Affiliate of the Buyer to prevent any violations of this Section 5.10.

Section 5.11 Employee Matters.

(a) The Buyer shall provide, or cause to be provided, to each employee listed on Section 5.11 of the Disclosure Schedules (collectively the "Affected Employees"): (i) offers of "at-will" employment, (ii) base salaries no less than those in effect for such Affected Employee immediately prior to the Closing and (iii) bonus opportunities and employee benefits that are substantially comparable in the aggregate to those provided by the Buyer to its similarly-situated employees that are working in a capacity similar to the Affected Employees.

(b) Effective as of the Closing, (i) the Company and its Subsidiaries shall withdraw from and cease to be a participating employer under the Employee Plans, (ii) the Affected Employees and their eligible dependents shall cease participation in the Employee Plans,

and (iii) the Seller shall cause the Affected Employees to be fully vested in their "Employer Contribution Accounts" and frozen "Matching Contribution Accounts" under the Sequential Licensing, Inc. 401(k) Plan. Except as specifically provided otherwise herein, the Seller hereby retains all liabilities with respect to the Employee Plans and all assets thereof. Further, the Seller shall be solely responsible for all employment-related liabilities (including liability for compensation and benefits earned) in respect of (x) employees who do not become employees of the Buyer, the Company or any of its Subsidiaries ("Seller Retained Employees"), and (y) Affected Employees to the extent that such liabilities arise before the date such Affected Employees become employees of the Buyer, the Company or any of its Subsidiaries, including all liabilities and obligations arising out of or in connection with any claims relating to (A) labor relations or discriminatory, harassing or illegal employment practices of the Seller or any of its Subsidiaries, (B) compensation, expense reimbursement, Employee Plans, unemployment compensation, workers' compensation, vacation, paid time off, sick leave, severance pay, change-in-control payments, retention or transaction bonuses, and all other compensation and benefits earned or claims for benefits arising before the date such Affected Employees become employees of the Buyer, the Company or any of its Subsidiaries, and (C) the Seller's and its Subsidiaries (other than the Company and its Subsidiaries) obligations under the WARN Act.

(c) The Buyer shall honor all unused vacation, holiday and choice-time sickness days accrued by an Affected Employee under the plans, policies and practices of the Seller or its Affiliates as of the Closing Date, which (as of the date of this Agreement) are set forth on Section 3.12(d)(1) of the Disclosure Schedules. In the event of any change in the welfare benefits provided to any Affected Employee under any plan, the Buyer shall, or shall cause the Company and its Subsidiaries to, use commercially reasonable efforts to waive all limitations as to preexisting conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to the Affected Employees and their respective covered dependents under such plan (except to the extent that such conditions, exclusions or waiting periods would apply under the then-existing plans in which such Affected Employees were participating immediately prior to the Closing). The Buyer shall provide each Affected Employee with credit for all service with the Seller and its Affiliates, or any former entity for which the Seller and its Affiliates have previously credited each Affected Employee, under the severance policies of the Buyer in which such Affected Employee is eligible to participate, except to the extent that it would result in a duplication of benefits with respect to the same period of service. With respect to the year ended December 31, 2019, the Seller shall use commercially reasonable efforts to cause each group health plan covering Affected Employees to provide each such Affected Employee and his or her covered dependents with credit for copayments, deductibles and other out-of-pocket amounts paid by such Persons under the corresponding Employee Plan in the plan year in which the Closing occurs.

(d) The Seller shall bear any and all obligations and liability that arise under the WARN Act resulting from any employment losses of Seller Retained Employees. The Buyer shall bear any and all liability under the WARN Act to the extent resulting from any employment losses that are incurred at or following the Closing with respect to any Affected Employee that becomes an employee of the Buyer, the Company or any of its Subsidiaries.

(e) Nothing in this Section 5.11 or elsewhere in this Agreement shall create any third-party beneficiary rights or shall otherwise confer upon any employee or other service provider to the Seller or the Buyer or any of their Subsidiaries, or any person representing the

interest of such employees, or any spouse, dependent or beneficiary of any such employee, nor shall anything herein constitute the establishment, adoption, modification, amendment or termination of any Employee Plan or any other employee benefit plan, program, policy, arrangement or agreement.

Section 5.12 Tax Matters.

(a) The Buyer and the Seller shall share equally and each be responsible for the timely payment of, and to such extent shall indemnify and hold harmless the other against, all sales, use, value added, transfer, stamp, registration, documentary, excise, real property transfer, mortgage, recordation or similar Taxes (including all interest and penalties and additions imposed with respect to such amounts) incurred as a result of the transactions contemplated by this Agreement (other than the Reorganization and Subsidiary Conversions, for which Seller shall be solely responsible for any Taxes). The Seller and the Buyer shall cooperate in timely filing all necessary Returns and other documentation required with respect to all such Taxes, if any, and if required by applicable Law, Buyer shall join in the execution of any such Returns and other documentation.

(b) Following the Closing, the Seller and the Buyer shall reasonably cooperate, and shall cause their respective Affiliates, officers, employees, agents, auditors and Representatives to reasonably cooperate, in preparing and filing all Returns with respect to the Company and its Subsidiaries, including maintaining and making available to each other all records necessary in connection with Taxes.

(c) The Buyer shall not make any Tax election under Section 338(g) of the Code (or any comparable applicable provision of state, local, or non-U.S. Tax law) with respect to the stock or other ownership interest of any Subsidiary of the Company that is classified as a corporation under the Code (or any comparable applicable provision of state, local, or non-U.S. Tax law).

(d) The Seller shall prepare or cause to be prepared, and file or cause to be filed, all Returns with respect to the Company and its Subsidiaries for any Pre-Closing Tax Period required to be filed on or after the Closing Date (and shall be entitled to conduct all communications and any resulting negotiations with any Tax authority with respect to such Returns), shall include the income of the Company and its Subsidiaries and the Business (including any deferred items triggered into income by Treasury Regulations Section 1.1502-13 and any excess loss account taken into income under Treasury Regulation Section 1.1502-19) on Seller's consolidated federal income Tax Returns and any applicable state income Tax Returns for all periods through the Closing Date, and shall pay or cause to be paid all Taxes due with respect to such Returns except for any Taxes reflected on the Final Closing Statement.

(e) For any Straddle Period, the Buyer shall timely prepare or cause to be prepared, and file or cause to be filed, all Returns required to be filed by or with respect to the Company and its Subsidiaries and shall pay or cause to be paid all Taxes due with respect to such Returns; provided, that the Seller shall reimburse the Buyer for the amount of any such Taxes that are attributable to the portion of the Straddle Period ending on the Closing Date (determined in accordance with Section 5.12(f)) except for any such Taxes reflected on the Final Closing

Statement not later than five (5) Business Days after the Buyer delivers notice to the Seller that such Taxes are due and payable. The Buyer shall permit the Seller to review and comment on each such Return described in the preceding sentence prior to the filing thereof.

(f) If the Company or any of its Subsidiaries is required to file a Return for a Straddle Period, the parties hereto agree to use the following conventions for determining the amount of Taxes for such Straddle Period that are attributable to the portion of the Straddle Period ending on the Closing Date: (i) in the case of property Taxes and other similar Taxes imposed on a periodic basis, the amount attributable to the portion of the Straddle Period ending on the Closing Date shall be determined by multiplying the Taxes for the entire Straddle Period by a fraction, the numerator of which is the number of calendar days in the portion of the period ending on the Closing Date and the denominator of which is the number of calendar days in the entire Straddle Period; and (ii) in the case of all other Taxes (including employment Taxes, and sales and use Taxes) the amount attributable to the portion of the Straddle Period ending on the Closing Date shall be determined as if the Company filed a separate Return with respect to such Taxes for the portion of the Straddle Period ending on the Closing Date using a "closing of the books methodology."

Section 5.13 Release of Guarantees. The parties hereto agree to cooperate and use their reasonable best efforts to obtain the release of the Seller or its Affiliates that are a party to or otherwise have liability with respect to any guarantees, performance bonds, bid bonds and other similar agreements set forth in Section 5.13 of the Disclosure Schedules (the "Seller Guarantees") on or prior to the Closing Date, in each case solely to the extent related to the Business. In the event any of the Seller Guarantees are not released prior to or at the Closing, the Buyer will indemnify and hold the Seller and its Affiliates that are a party to or otherwise have liability with respect to each such Seller Guarantee harmless for any and all payments required to be made under, and the costs and expenses incurred in connection with, such Seller Guarantee by the Seller or its Affiliates that are a party to or otherwise have liability with respect to such Seller Guarantee until such Seller Guarantee is released, including to the extent such payments, costs or expenses arise out of the Buyer's conduct of the Business following the Closing and the facts or circumstances giving rise thereto do not give rise to any indemnification obligation of the Seller hereunder.

Section 5.14 Seller's Insurance. Except as set forth in Section 5.14 of the Disclosure Schedules, from and after the Closing Date, the Company and its Subsidiaries shall cease to be insured by the Seller's or any of its Affiliates' insurance policies or by any of their self-insurance programs. For the avoidance of doubt, the Seller shall retain all rights to control its insurance policies and self-insurance programs, including the right to exhaust, settle, release, commute, buy back or otherwise resolve disputes under any of its insurance policies and self-insurance programs and the Seller shall retain any premiums or other retentions paid by the Seller, the Company or any of its Affiliates prior to the Closing Date in respect of any insurance coverage (provided that after the Closing, none of the Buyer, the Company or any of its Subsidiaries shall be required to return to Seller any premiums or refunds thereof that constituted Prepaid Expenses or any retentions related to insurance policies held by the Company or any of its Subsidiaries); provided, that this Section 5.14 shall in no event be deemed to limit, impede or otherwise restrict any right to control the defense, compromise or settlement of any audit, investigation, action or proceeding to the extent available to the Buyer, the Company or any of their respective Affiliates pursuant to Section 8.3 or otherwise.

Section 5.15 Further Assurances; Wrong Pockets.

(a) The Seller shall, and shall cause its Affiliates to, execute and deliver such further instruments of conveyance and transfer and take such additional action as the Buyer may reasonably request to effect, consummate, confirm or evidence the sale and transfer to the Buyer of the Interests and the Business. The Buyer shall, and shall cause its Affiliates to, execute and deliver such further instruments of assumption and take such additional action as the Seller may reasonably request to effect, consummate, confirm or evidence the transactions contemplated hereby.

(b) Without limiting the generality of the foregoing, if at any time following the Closing it becomes apparent that any asset (including any Contract) that should have been transferred to the Buyer, either directly or indirectly (through the acquisition of the Interests) pursuant to this Agreement was not so transferred, or any asset (including any Contract) unrelated to the Business or primarily related to the business of the Seller and its Affiliates (other than the Company and its Subsidiaries) was inadvertently transferred to the Buyer or the Company or any of its Subsidiaries (it being understood that any asset listed on the Disclosure Schedules that is expressly contemplated to be transferred or be owned by the Company or any of its Subsidiaries shall not be deemed to be inadvertently transferred to the Buyer), the Seller shall, and shall cause its applicable Affiliates to, or the Buyer shall, and shall cause its Subsidiaries to, as applicable, in each case as promptly as practicable: (i) transfer all rights, title and interest in such asset to the Buyer, the Company, their respective Subsidiaries or as the Buyer may direct, or to the Seller or as the Seller may direct, as applicable, in each case for no additional consideration; and (ii) hold its right, title and interest in and to such asset in trust for the applicable transferee until such time as such transfer is completed.

Section 5.16 Release. In consideration for the agreement and covenants of the Buyer set forth in this Agreement, the Seller and each of its Affiliates hereby knowingly, voluntarily and unconditionally releases and forever discharges and covenants not to sue the Buyer, the Company or any of its Subsidiaries, or their respective predecessors, successors, parents, Subsidiaries or Affiliates, or any of their respective current and former officers, directors, employees, agents or representatives for or with respect to, any and all claims, causes of action, demands, suits, debts, obligations, liabilities, damages, losses, costs, and expenses (including attorneys' fees) of every kind or nature whatsoever, known or unknown, actual or potential, suspected or unsuspected, fixed or contingent, that the releasing party has or may have, now or in the future, arising out of, relating to, or resulting from any act of commission or omission, errors, negligence, strict liability, breach of contract, tort, violations of Law, matter or cause whatsoever from the beginning of time to the Closing Date; provided, however, that such release shall not cover: (a) any claims against the Buyer or any of its Affiliates (other than the Company or any of its Subsidiaries) unrelated in any way to the Company or any of its Subsidiaries or (b) any claims arising under this Agreement or any Ancillary Agreement.

Section 5.17 Restrictive Covenants. For a period of three (3) years following the Closing Date, the Seller shall not, and shall cause its Affiliates not to, directly or indirectly:

(a) (i) solicit or encourage any Person who has been a distributor, vendor, supplier, independent contractor, licensor or other material business relation of the Company or

any of its Subsidiaries at any time within the twelve (12) month period immediately preceding the Closing Date to terminate or diminish its, his or her relationship with the Business, the Buyer or any of its Affiliates; provided that entering into any agreement with any of the Persons described in this Section 5.17(a)(i) in the ordinary course of the Seller's business shall not, solely by reason thereof, constitute a violation of this Section 5.17(a)(i), or (ii) hire or engage, or solicit for hiring or engagement, any Person who was an employee of the Company or any of its Subsidiaries at any time within the six (6) month period immediately preceding the Closing Date, or seek to persuade any such Person to discontinue employment with the Business, the Buyer or any of its Affiliates; provided that a general solicitation by the Seller or any of its Affiliates by blanket mailing or published advertisement that is not directed at any of the Persons described in this Section 5.17(a)(ii) shall not, solely by reason thereof, constitute a violation of this Section 5.17(a); or

(b) except in order to comply with applicable Law or to enforce (or defend) any rights (or pursue any remedies) hereunder, make any disparaging or false statement about the Business, the Company or any of its Subsidiaries, the Buyer or any of their respective Affiliates or Representatives (including with respect to the products, services, equipment, Intellectual Property owned by the Business, vendors, policies, practices, operations, employees or directors of any such Person).

(c) The Seller agrees that its agreement to the covenants contained in this Section 5.17 is a material condition of the Buyer's willingness to enter into and consummate the transactions contemplated by this Agreement, and that such covenants are necessary to protect the goodwill, confidential information, trade secrets and other legitimate interests of the Business. In the event that any provision of this Section 5.17 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law. The Seller acknowledges and agrees that the Buyer would be irreparably harmed by any breach or threatened breach of this Section 5.17 and that there would be no adequate remedy at law or in damages to compensate such party for any such breach or threatened breach. The Seller therefore agrees that, in addition to any other remedies available to it, the Buyer shall be entitled to preliminary and permanent injunctive relief in the event of any breach or threatened breach by the Seller or any of its Affiliates of this Section 5.17, without the need to post a bond or any undertaking or to prove actual damages.

Section 5.18 Emeril Termination Election. In the event of an Emeril Lagasse Material Adverse Effect, the Buyer shall have the right, within five (5) Business Days thereof, to elect not to acquire that portion of the Business engaged in promoting, marketing and licensing the *Emeril Lagasse* brand (the "Emeril Termination Election"). In the event that the Buyer validly makes an Emeril Termination Election pursuant to this Section 5.18, this Agreement shall be amended and the parties shall take such actions as to provide that (a) the Enterprise Valuation shall be reduced as provided in the definition thereof, (b) all references in this Agreement to the "Business" shall refer only to that portion of the Business engaged in promoting, marketing and licensing the *Martha Stewart* brand, and (c) the Seller shall undertake such reorganization steps as may be necessary to transfer the assets and liabilities to the extent related to the *Emeril Lagasse* brand and not used or held for use in the Business relating to the *Martha Stewart* brand out of the Company and its Subsidiaries.

Section 5.19 Consulting Agreements.

(a) The Buyer shall assume and pay, or cause the Company and its Subsidiaries to assume and pay, any commissions owed by the Business pursuant to the consulting agreements set forth on Section 5.19(a) of the Disclosure Schedules to the extent such commissions are owed following the Closing by the Company or any of its Affiliates (other than commissions related to Seller Receivables) for services performed at or prior to the Closing for licensee accounts set forth on Section 5.19(a) of the Disclosure Schedules, which payments shall be made in accordance with the terms of such agreements.

(b) At or prior to the Closing, the Seller shall use commercially reasonable efforts to terminate the consulting agreements set forth on Section 5.19(b) of the Disclosure Schedules, with no further liability or obligation of the Company or any of its Subsidiaries thereunder other than any commissions assumed by the Buyer, the Company and its Subsidiaries pursuant to Section 5.19(a).

(c) At or prior to the Closing, the Seller shall use commercially reasonable efforts to assign the consulting agreements set forth on Section 5.19(c) of the Disclosure Schedules to the Company (the "Assigned Consulting Agreements"). In the event any Assigned Consulting Agreement is not assigned to the Company prior to the Closing, the Seller and the Buyer shall thereafter cooperate in a mutually agreeable arrangement to provide the Company (or one or more of its Affiliates) with the benefits of such Assigned Consulting Agreements until the Assigned Consulting Agreement is assigned to the Company.

Section 5.20 Pre-Closing Accounts Payable. Following the Closing, the Seller shall pay, or cause to be paid, for the Buyer's, the Company's or any of the Company's Subsidiaries' respective account, when due, but following 30 days of receipt from the Buyer of notice and reasonable evidence thereof, any accounts payable of the Company or any of its Subsidiaries relating to the period prior to the Closing Date that were not paid on or prior to the Closing.

Section 5.21 Meredith Sublease. Following the Closing, the Buyer shall pay, or cause the Company to pay, to the Seller any Studio Subsidization Fee (net of any fees, expenses or Taxes incurred in connection therewith) received from Meredith Corporation in connection with its use of the Company's photography studio located at 601 West 26th Street, 9th Floor, New York, New York 10001. Payments in respect of this Section 5.21 shall be made within five (5) Business Days of receipt of such payment or payments by wire transfer of immediately available funds to the Seller.

Section 5.22 Social Media Accounts. Prior to the Closing, the Seller shall use commercially reasonable efforts to deliver a schedule of the user names of, and passwords for, the social media accounts owned by the Company or any of its Subsidiaries or used or held for use in the Business that, in each case, are controlled by the Seller or any of its Affiliates.

Section 5.23 Information Technology Transition. In order to facilitate (a) the orderly transition of certain information technology systems and hardware (the "Transferred Systems") to the Buyer (the "IT Transition") and (b) the orderly transition of Seller's or the Company's and its Subsidiaries', as applicable, business activities and data from the Transferred Systems to other

information technology systems and hardware of the Seller (the "Reverse IT Transition"), the parties hereto will cooperate and work together in good faith between the date of this Agreement and the Closing Date to agree on a plan to accomplish the IT Transition and the Reverse IT Transition. The parties hereto acknowledge and agree that the Reverse IT Transition will not be completed until December 31, 2019 or thereafter, and the parties hereto further agree that, until such time as the Reverse IT Transition is complete, the Seller will retain control over the Transferred Systems, including control of all related access and use rights; provided, that the Seller shall provide the Buyer with reasonable access to the Transferred Systems until the end of the IT Transition or the Reverse IT Transition, whichever is later; provided, further, that the Seller shall indemnify and hold the Buyer harmless from any and all claims and Losses arising out of the breach of the security of the Transferred Systems occurring during the transition period.

ARTICLE VI
CONDITIONS TO CLOSING

Section 6.1 General Conditions. The respective obligations of the Buyer and the Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions, any of which may, to the extent permitted by applicable Law, be waived in writing by any party in its sole discretion (provided, that such waiver shall only be effective as to the obligations of such party):

(a) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law or Order (whether temporary, preliminary or permanent) that is then in effect and that enjoins, restrains, makes illegal or otherwise prohibits the consummation of the transactions contemplated by this Agreement.

(b) (i) Any waiting period (and any extension thereof) under the HSR Act applicable to the transactions contemplated by this Agreement shall have expired or shall have been terminated and (ii) all applicable consents and approvals of the Governmental Authorities set forth in Section 6.1(b) of the Disclosure Schedules shall have been obtained.

(c) The Reorganization and Subsidiary Conversions shall have been completed.

Section 6.2 Conditions to Obligations of the Seller. The obligations of the Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions, any of which may be waived in writing by the Seller in its sole discretion:

(a) (i) The Buyer Fundamental Representations shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date, or in the case of Buyer Fundamental Representations that are made as of a specified date, such Buyer Fundamental Representations shall be true and correct in all respects as of such specified date and (ii) the other representations and warranties of the Buyer set forth in this Agreement shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date, or in the case of such representations and warranties that are made as of a specified date, such representations and warranties shall be true and correct in all respects as of such specified date, except, in the case of this clause (ii), where the failure to be so true and correct would not and would not reasonably be

expected to, individually or in the aggregate, prevent, materially delay or materially impede the performance by the Buyer of its obligations under this Agreement or the consummation of the transactions contemplated hereby (for purposes of this Section 6.2(a)(ii), such representations and warranties shall be read without reference to materiality, Material Adverse Effect or similar monetary and non-monetary qualifications).

(b) The Buyer shall have performed in all material respects all obligations and agreements and complied with all covenants and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing.

(c) The Seller shall have received from the Buyer a certificate to the effect set forth in Section 6.2(a) and Section 6.2(b), signed by a duly authorized officer thereof.

(d) The Seller shall have received each of the Ancillary Agreements required to be delivered by the Buyer.

Section 6.3 Conditions to Obligations of the Buyer. The obligations of the Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions, any of which may be waived in writing by the Buyer in its sole discretion:

(a) (i) The Seller Fundamental Representations shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date, or in the case of Seller Fundamental Representations that are made as of a specified date, such Seller Fundamental Representations shall be true and correct in all respects as of such specified date, (ii) the representations and warranties of the Seller set forth in Section 3.15(a), Section 3.15(d) and Section 3.15(e) shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date, or in the case of such representations and warranties that are made as of a specified date, such representations and warranties shall be true and correct in all material respects as of such specified date, and (iii) the other representations and warranties of the Seller set forth in this Agreement shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date, or in the case of such representations and warranties that are made as of a specified date, such representations and warranties shall be true and correct in all respects as of such specified date, except, in the case of this clause (iii), where the failure to be so true and correct would not have a Material Adverse Effect (provided, that, for purposes of this Section 6.3(a)(iii), such representations and warranties shall be read without reference to materiality, Material Adverse Effect or similar monetary and non-monetary qualifications).

(b) The Seller shall have performed in all material respects all obligations and agreements and complied with all covenants and conditions required by this Agreement to be performed or complied with by the Seller prior to or at the Closing.

(c) Since the date of this Agreement, there shall not have occurred a Material Adverse Effect.

(d) The Buyer shall have received from the Seller a certificate to the effect set forth in Section 6.3(a), Section 6.3(b) and Section 6.3(c), signed by a duly authorized officer thereof.

(e) The Buyer shall have received each of the Ancillary Agreements required to be delivered by the Seller.

ARTICLE VII
TERMINATION

Section 7.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written consent of the Buyer and the Seller;

(b) (i) by the Seller, if the Seller is not in material breach of its obligations under this Agreement and the Buyer breaches or fails to perform in any respect any of its representations, warranties or covenants contained in this Agreement and such breach or failure to perform (A) would give rise to the failure of a condition set forth in Section 6.2, and (1) cannot be cured by the Buyer before the Termination Date or (2) if capable of being cured, has not been cured by the earlier of (x) 20 days following receipt of written notice from the Buyer of such breach or (y) the Termination Date and (B) has not been waived in writing by the Seller; or (ii) by the Buyer, if the Buyer is not in material breach of its obligations under this Agreement and the Seller breaches or fails to perform in any respect any of its representations, warranties or covenants contained in this Agreement and such breach or failure to perform (A) would give rise to the failure of a condition set forth in Section 6.3, and (1) cannot be cured by the Seller before the Termination Date or (2) if capable of being cured, has not been cured by the earlier of (x) 20 days following receipt of written notice from the Seller of such breach or (y) the Termination Date and (B) has not been waived in writing by the Buyer;

(c) by either the Seller or the Buyer if the Closing shall not have occurred by December 31, 2019 (the "Termination Date"); provided, that the right to terminate this Agreement under this Section 7.1(c) shall not be available if the failure of the party so requesting termination to fulfill any obligation under this Agreement shall have been the cause of the failure of the Closing to occur on or prior to such date;

(d) by either the Seller or the Buyer in the event that any Governmental Authority of competent jurisdiction shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement; provided, that no party may terminate this Agreement pursuant to this Section 7.1(d) if such party's breach of its obligations under this Agreement caused the occurrence of such order, decree, ruling or other action; or

(e) by either the Seller or the Buyer, within ten (10) Business Days following the occurrence of a Personnel Event.

The party seeking to terminate this Agreement pursuant to this Section 7.1 (other than Section 7.1(a)) shall give written notice of such termination to the other party.

Section 7.2 Effect of Termination. In the event of termination of this Agreement as provided in Section 7.1, this Agreement shall forthwith become void and there shall be no liability on the part of any party except (i) for the provisions of Section 3.20 and Section 4.6 relating to

broker's fees and finder's fees, Section 5.7 relating to confidentiality, Section 5.9 relating to public announcements, Article IX relating to general provisions and this Section 7.2 and (ii) that nothing in this Section 7.2 shall relieve any party from liability for any intentional breach of this Agreement prior to such termination or for any actual fraud in this Agreement, and in each case the aggrieved party will be entitled to all rights and remedies available at law or in equity. For purposes of this Agreement, "intentional breach" means a material breach of this Agreement that is a consequence of an act (or failure to act) undertaken by the breaching party with the knowledge (actual or constructive) that the taking of (or the failure to take) such act would, or would reasonably be expected to, cause a breach of this Agreement; provided, that it is understood and agreed that any breach of Section 5.3(a) shall constitute an intentional breach. No termination of this Agreement shall affect the obligations of the parties contained in the Confidentiality Agreement, all of which obligations shall survive termination of this Agreement in accordance with their terms.

ARTICLE VIII
INDEMNIFICATION

Section 8.1 Indemnification Obligations of the Seller. The Seller shall indemnify, defend and hold harmless the Buyer Indemnified Parties from, against, and in respect of, any and all claims, liabilities, obligations, damages, losses, costs, expenses, penalties, fines and judgments (at equity or at law, including statutory and common) (including amounts paid in settlement and reasonable attorneys' fees and expenses) arising out of or relating to:

(a) any breach of any representation or warranty made by the Seller in this Agreement as of the date hereof or as of the Closing as if made on and as of the Closing (except if such representations and warranties are made as of an earlier date, in which case, as of such earlier date) (for purposes of determining a breach or inaccuracy and/or the amount of Buyer Losses resulting from such breach pursuant to this Section 8.1(a), such representations and warranties shall be read without reference to materiality, Material Adverse Effect or similar monetary and non-monetary qualifications);

(b) any breach of any covenant, agreement or undertaking made by the Seller in this Agreement;

(c) (i) claims made in or losses resulting from pending or future suits, actions, investigations or other legal, governmental or administrative proceedings (including, for the avoidance of doubt, claims arising out of or relating to data security or privacy breaches, GDPR violations or violations of similar U.S. or state Laws), or (ii) claims or losses based on violations of Law as in effect on or prior to the Closing, breach of contract, employment practices, health and safety matters or the operation of the Business, in each case solely to the extent arising out of or relating to the operations of the Company, any of its Subsidiaries or the Business prior to the Closing;

(d) (i) any Taxes of or imposed on the Company, any of its Subsidiaries or otherwise with respect to the Business or the assets of the Company or any of its Subsidiaries with respect to any taxable period (or portion thereof) ending on or before the Closing Date, except to the extent such Taxes were reflected on the Final Closing Statement, (ii) any and all Taxes of the Seller, Holdco or any Affiliates of the Seller for any taxable period, (iii) any Taxes of any Person

(other than the Company or any of its Subsidiaries) for any taxable period imposed on the Company or any of its Subsidiaries under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign Law) or as a transferee or successor, by Contract, or otherwise, except to the extent such Taxes were reflected on the Final Closing Statement; and (iv) any Taxes for which Seller is responsible pursuant to Section 5.12(a), Section 5.12(d) or Section 5.12(e);

(e) any actual fraud committed by the Seller in this Agreement;

(f) the Indebtedness or Transaction Expenses to the extent not paid on or prior to the Closing Date or reflected as a current liability on the Final Closing Statement; or

(g) the matter set forth on Schedule 8.1(g).

The claims, liabilities, obligations, losses, damages, costs, expenses, penalties, fines and judgments of the Buyer Indemnified Parties described in this Section 8.1 as to which the Buyer Indemnified Parties are entitled to indemnification are collectively referred to as "Buyer Losses."

Section 8.2 Indemnification Obligations of the Buyer. The Buyer shall indemnify and hold harmless the Seller Indemnified Parties from, against and in respect of any and all claims, liabilities, obligations, losses, damages, costs, expenses, penalties, fines and judgments (at equity or at law, including statutory and common) (including amounts paid in settlement and reasonable attorneys' fees and expenses) arising out of or relating to:

(a) any breach of any representation or warranty made by the Buyer in this Agreement as of the date hereof or as of the Closing as if made on and as of the Closing (except if such representations and warranties are made as of an earlier date, in which case, as of such earlier date) (for purposes of determining a breach or inaccuracy and/or the amount of Seller Losses resulting from such breach pursuant to this Section 8.2Section 8.1(a), such representations and warranties shall be read without reference to materiality, Material Adverse Effect or similar monetary and non-monetary qualifications);

(b) any breach of any covenant, agreement or undertaking made by the Buyer in this Agreement;

(c) any claim or losses arising out of the Buyer's conduct of the Business following the Closing, except to the extent indemnified or otherwise borne by the Seller hereunder; and

(d) any Taxes for which the Buyer is responsible pursuant to Section 5.12(a) and Section 5.12(e).

The claims, liabilities, obligations, losses, damages, costs, expenses, penalties, fines and judgments of the Seller Indemnified Parties described in this Section 8.2 as to which the Seller Indemnified Parties are entitled to indemnification are collectively referred to as "Seller Losses" and, together with the Buyer Losses, "Losses".

Section 8.3 Indemnification Procedure.

(a) Promptly following receipt by an Indemnified Party of notice by a third party (including any Governmental Authority) of any complaint or the commencement of any audit, investigation, action or proceeding with respect to which such Indemnified Party may be entitled to receive payment from the other party hereto for any Buyer Loss or any Seller Loss (as the case may be), such Indemnified Party shall notify the Buyer or the Seller, as the case may be (the "Indemnifying Party"), promptly following the Indemnified Party's receipt of such complaint or notice of the commencement of such audit, investigation, action or proceeding; provided, however, that the failure to so notify the Indemnifying Party shall relieve the Indemnifying Party from liability hereunder with respect to such claim only if, and only to the extent that, the Indemnifying Party is prejudiced by such failure. The Indemnifying Party shall have the right, upon written notice delivered to the Indemnified Party within thirty (30) days of receipt of notice from the Indemnified Party of the commencement of such audit, investigation, action or proceeding, to assume, at its sole cost and expense, the defense of such audit, investigation, action or proceeding to the extent such audit, investigation, action or proceeding involves solely monetary damages, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel; provided, however, that an Indemnifying Party will not be entitled to assume the defense of any audit, investigation, action or proceeding if (i) such claim could result in criminal liability of, or equitable remedies against, the Indemnified Party, (ii) based on the written advice of counsel for the Indemnified Party, the interests of the Indemnifying Party and the Indemnified Party with respect to such claim are in conflict with one another, and as a result, the Indemnifying Party could not adequately represent the interests of the Indemnified Party in such claim, or (iii) such claim would be reasonably likely to be detrimental to or injure the Indemnified Party's customer, licensing or vendor relations in existence at the time of such claim in any material respect. In the event, however, that the Indemnifying Party declines or fails to assume, or is not permitted to assume, the defense of the audit, investigation, action or proceeding on the terms provided above or to employ counsel reasonably satisfactory to the Indemnified Party, in either case within such thirty (30) day period, or if the Indemnifying Party is not entitled to assume the defense of the audit, investigation, action or proceeding in accordance with the preceding sentence, then such Indemnified Party may employ counsel to represent or defend it in any such audit, investigation, action or proceeding and the Indemnifying Party shall pay the reasonable fees and disbursements of such counsel for the Indemnified Party to the extent indemnifiable hereunder; provided, however, that the Indemnifying Party shall not be required to pay the fees and disbursements of more than one counsel for all Indemnified Parties in any jurisdiction in any single audit, investigation, action or proceeding. In any audit, investigation, action or proceeding for which indemnification is being sought hereunder the Indemnified Party or the Indemnifying Party, whichever is not assuming the defense of such action, shall have the right to participate in such matter and to retain its own counsel at such party's own expense. The Indemnifying Party or the Indemnified Party (as the case may be) shall at all times use reasonable efforts to keep the Indemnifying Party or the Indemnified Party (as the case may be) reasonably apprised of the status of the defense of any matter the defense of which it is maintaining and to cooperate in good faith with each other with respect to the defense of any such matter.

(b) Whether or not the Indemnifying Party assumes defense of an audit, investigation, action or proceeding, neither the Indemnifying Party nor the Indemnified Party may settle, compromise or discharge, or offer to settle, compromise or discharge, any audit, investigation, action or proceeding or consent to the entry of any judgment with respect to which

indemnification is being sought hereunder without the prior written consent of the other (not to be unreasonably withheld, conditioned or delayed), unless (i) such settlement, compromise or consent includes an unconditional release of the other party and its officers, directors, managers, employees and Affiliates from all liability arising out of such claim and no amounts are payable by the other party with respect thereto; and (ii) the party entering into such settlement, compromise or consent waives any right to indemnity from the other party in connection with such claim hereunder.

(c) In the event an Indemnified Party claims a right to payment pursuant to this Article VIII, such Indemnified Party shall promptly send written notice of such claim to the appropriate Indemnifying Party. Such notice shall specify the basis for such claim and the amount sought (if then known). The failure by any Indemnified Party to so notify the Indemnifying Party shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party with respect to any claim made pursuant to this Section 8.3(c) except to the extent that the Indemnifying Party is prejudiced by such failure. In the event the Indemnified Party delivers written notice of a claim (and receives written confirmation of receipt thereof), the Indemnifying Party shall respond to such notice within sixty (60) days following receipt of such notice, provided, that, any failure by any Indemnifying Party to so respond shall not result in any liability to the Indemnifying Party except to the extent that the Indemnified Party is prejudiced by such failure. The Indemnified Party and Indemnifying Party shall reasonably cooperate and assist each other in determining the validity of any claim for indemnity and in otherwise resolving such matters.

(d) Subject to Section 8.5, any indemnification obligation of the Seller pursuant to this Article VIII shall be (i) first, satisfied by offsetting all or any portion of any amounts owing from the Seller against any earned but unpaid portion of the Earn-Out Payments and (ii) second, if the amount that can be offset against the earned but unpaid portion of the Earn-Out Payments is insufficient, by the Seller directly by wire transfer of immediately available funds.

Section 8.4 Claims Period. The Claims Period hereunder shall begin on the date hereof and terminate as follows:

(a) (i) with respect to Buyer Losses arising under Section 8.1(a), (A) with respect to any breach of any Seller Fundamental Representations, the Claims Period shall continue until the fifth anniversary of the Closing Date, (B) with respect to any breach of the representations and warranties made in Section 3.15(a), Section 3.15(d) and Section 3.15(e), the Claims Period shall terminate on the date that is thirty-six months (36) months following the Closing Date, (C) with respect to any breach of the representations and warranties made in Section 3.17, the Claims Period shall terminate on the date that is thirty (30) days following the expiration of the applicable statutory period of limitation for assessment of Taxes, and (D) with respect to any other Buyer Losses arising under Section 8.1(a), the Claims Period shall terminate on the date that is twelve (12) months following the Closing Date, and (ii) with respect to Buyer Losses arising under (A) Section 8.1(d), the Claims Period shall terminate on the date that is thirty (30) days following the expiration of the applicable statutory period of limitation for assessment of Taxes, and (B) Section 8.1(b), Section 8.1(c), Section 8.1(e), Section 8.1(f) and Section 8.1(g), the Claims Period shall terminate on the date that is thirty (30) days following the expiration of the applicable statutory period of limitation; and

(b) (i) with respect to Seller Losses arising under Section 8.2(a), (A) with respect to any breach or inaccuracy of any Buyer Fundamental Representations, the Claims Period shall continue until the fifth anniversary of the Closing Date, and (B) with respect to any breach or inaccuracy of any representations and warranties that are not Buyer Fundamental Representations, the Claims Period shall terminate on the date that is twelve (12) months following the Closing Date; and (ii) with respect to all other Seller Losses arising under Section 8.2, the Claims Period shall terminate on the date that is thirty (30) days following the expiration of the applicable statutory period of limitation.

Notwithstanding the foregoing, if, prior to the close of business on the last day of the applicable Claims Period, an Indemnifying Party shall have been properly notified of a claim for indemnity hereunder and such claim shall not have been finally resolved or disposed of at such date, such claim shall continue to survive and shall remain a basis for indemnity hereunder until such claim is finally resolved or disposed of in accordance with the terms hereof.

Section 8.5 Liability Limits.

(a) Notwithstanding anything to the contrary set forth herein:

(i) the Seller shall have no liability pursuant to Section 8.1(a) for any individual claim (or group of related claims arising out of the same series of facts, conditions or events) unless the Buyer Losses in respect of such claim or group of related claims exceeds $37,500 (such amount, the "Buyer Mini-Basket") (after which, subject to the terms, conditions and limitations otherwise set forth in this Article VIII, the Seller shall be liable for the full amount of such Buyer Losses);

(ii) the Buyer Indemnified Parties shall not make a claim against the Seller for indemnification under Section 8.1(a) for Buyer Losses unless and until the aggregate amount of such Buyer Losses exceeds $1,670,000 (the "Buyer Basket"), in which case the Seller shall be liable only for such Buyer Losses in excess of $835,000 (the "Buyer Basket Tipping Point"); provided, that solely with respect to any such claim for a breach of any representation or warranty for which the Seller delivers a Supplement pursuant to Section 5.5(b), the Buyer Basket shall be deemed to equal $4,125,000 and the Buyer Basket Tipping Point shall be deemed to equal $2,062,500; and

(iii) the total aggregate amount of the liability of the Seller for Buyer Losses pursuant to Section 8.1(a) shall be limited to $16,700,000 (the "Buyer Cap").

Notwithstanding anything to the contrary set forth herein, the Seller Fundamental Representations and the representations and warranties set forth in Section 3.15(d), Section 3.15(e), and Section 3.17 shall not be subject to the Buyer Mini-Basket, the Buyer Basket or the Buyer Cap; provided, that the total aggregate amount of the liability of the Seller for Buyer Losses arising under Section 3.15(d), Section 3.15(e), and Section 3.17 shall be limited to $167,000,000; provided, further, that in no event shall the Seller be responsible for any liability under this Agreement in an amount in excess of the proceeds received by it hereunder.

(b) The amount of any and all Losses under this Article VIII shall be determined net of any amounts actually recovered pursuant to any insurance, indemnity, reimbursement

arrangement, or similar contract or other recovery available to the Indemnified Party or its Affiliates in connection with the facts giving rise to the right of indemnification (in each case, net of any fees, expenses or Taxes incurred in connection therewith, including increased premiums) (each, an "Alternative Recovery"). The Indemnified Party will, subject applicable Law and Contract, use commercially reasonable efforts to seek recovery under all such Alternative Recoveries with respect to any Loss to substantially the same extent as such Indemnified Party would if such Loss were not subject to indemnification hereunder; provided, that the foregoing clause shall not be deemed to require that any Indemnified Party commence, defend or participate in litigation. In the event that the Indemnified Party receives recovery of any amount pursuant to an Alternative Recovery for which it has already been indemnified by the Indemnifying Party hereunder, the Indemnified Party will promptly refund an equal amount to the Indemnifying Party.

(c) All Losses shall be determined without duplication of recovery by reason of the state of facts giving rise to such Loss constituting a breach of more than one representation, warranty, covenant or agreement. No Losses may be recovered under this Article VIII to the extent such Losses were taken into account as Closing Indebtedness, Closing Transaction Expenses or Closing Aggregate Deferred Revenue in the adjustment of the Purchase Price pursuant to Section 2.6. No Indemnified Party will have any right to make a claim for any Loss under this Article VIII except to the extent such Indemnified Party believes in good faith that it is reasonably likely to, in fact, incur such Loss, and in no event can any Indemnified Party recover under this Article VIII unless and until a Loss is actually incurred.

(d) In no event shall any party hereto have any liability under any provision of this Agreement or any Ancillary Agreement for any (i) punitive or exemplary damages, (ii) unforeseeable consequential or unforeseeable special damages or (iii) any damages based on a multiple of earnings, in each case except to the extent paid or required to be paid by an Indemnified Party to a third party.

Section 8.6 Exclusive Remedy. The parties hereto agree that, excluding (a) any claim for injunctive or other equitable relief pursuant to the terms and conditions hereof (including based on a breach of Section 5.17) or (b) any claim related to actual fraud by the Seller or the Buyer in this Agreement, the indemnification provisions of this Article VIII are intended to provide the sole and exclusive remedy as to all claims either the Seller, on the one hand, or the Buyer, on the other hand, may incur arising from or relating to this Agreement or the transactions contemplated hereby (other than the Ancillary Agreements).

Section 8.7 Adjustment to Purchase Price. Any indemnification payment made pursuant to this Article VIII shall be treated as an adjustment to the Purchase Price for Tax purposes to the extent permitted by applicable Law.

ARTICLE IX
GENERAL PROVISIONS

Section 9.1 Fees and Expenses. Except as otherwise provided herein, all fees and expenses incurred in connection with or related to this Agreement and the Ancillary Agreements and the transactions contemplated hereby and thereby shall be paid by the party incurring such fees or expenses.

Section 9.2 Amendment and Modification. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each party.

Section 9.3 Waiver; Extension. At any time prior to the Closing, the Seller, on the one hand, and the Buyer, on the other hand, may (a) extend the time for performance of any of the obligations or other acts of the other party contained herein, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document, certificate or writing delivered by such party pursuant hereto, or (c) waive compliance by the other party with any of the agreements or conditions contained herein. Any agreement on the part of any party to any such extension or waiver shall be valid only if set forth in a written agreement signed on behalf of such party. No failure or delay of any party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Any agreement on the part of any party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such party.

Section 9.4 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or if by e-mail, upon written confirmation of receipt by e-mail or otherwise, (b) on the first Business Day following the date of dispatch if delivered utilizing a next-day service by a recognized next-day courier or (c) on the earlier of confirmed receipt or the fifth Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered to the addresses set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

(i) if to the Seller, to:

Sequential Brands Group, Inc.
601 West 26th Street, 9th Floor
New York, New York 10001
Attention: General Counsel
E-mail: Eric Gul

with a copy (which shall not constitute notice) to:

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166-0193
Attention: Barbara Becker
Saee Muzumdar
E-mail: bbecker@gibsondunn.com
smuzumdar@gibsondunn.com

(ii) if to the Buyer, to:

Marquee Brands LLC
50 West 57th Street
New York, NY 10019
Attention: Michael Neuman
Email: mneuman@marqueebrands.com

with a copy (which shall not constitute notice) to:

Moore & Van Allen PLLC
100 North Tryon Street, Suite 4700
Charlotte, NC 28202
Attention: Michael R. Miller
James R. Langdon
Email: mikemiller@mvalaw.com
jimlangdon@mvalaw.com

Section 9.5 Interpretation. When a reference is made in this Agreement to a Section, Article, Exhibit or Schedule such reference shall be to a Section, Article, Exhibit or Schedule of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement or in any Exhibit or Schedule are for convenience of reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein shall have the meaning as defined in this Agreement. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth herein. The word "including" and words of similar import when used in this Agreement will mean "including, without limitation," unless otherwise specified. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to the Agreement as a whole and not to any particular provision in this Agreement. The term "or" is not exclusive. The word "will" shall be construed to have the same meaning and effect as the word "shall." Reference to any legislation or Law or to any provision thereof shall include references to any such legislation or Law as it may, after the date of this Agreement, from time to time, be amended, supplemented or re-enacted, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision. Time is of the essence in the performance of the parties' respective obligations under this Agreement; and if any time period specified herein is extended, such extended time shall also be of the essence. References to days mean calendar days unless otherwise specified.

Section 9.6 Entire Agreement. This Agreement (including the Exhibits and Schedules hereto), the Ancillary Agreements and the Confidentiality Agreement constitute the entire agreement, and supersede all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings between the parties to this Agreement with respect to the subject matter hereof and thereof.

Section 9.7 Third-Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is

intended to or shall confer upon any Person other than the parties and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 9.8 Governing Law. This Agreement and all disputes or controversies arising out of or relating to this Agreement or the transactions contemplated hereby shall be governed by, and construed in accordance with, the internal Laws of the State of Delaware, without regard to the Laws of any other jurisdiction that might be applied because of the conflicts of Laws principles of the State of Delaware.

Section 9.9 Submission to Jurisdiction. Each of the parties irrevocably agrees that any legal action or proceeding arising out of or relating to this Agreement brought by any party or its successors or assigns against the other party shall be brought and determined in the Court of Chancery of the State of Delaware, provided, that if jurisdiction is not then available in the Court of Chancery of the State of Delaware, then any such legal action or proceeding may be brought in any federal court located in the State of Delaware or any other Delaware state court, and each of the parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such action or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby. Each of the parties agrees not to commence any action, suit or proceeding relating thereto except in the courts described above in Delaware, other than actions in any court of competent jurisdiction to enforce any judgment, decree or award rendered by any such court in Delaware as described herein. Each of the parties further agrees that notice as provided herein shall constitute sufficient service of process and the parties further waive any argument that such service is insufficient. Each of the parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim or otherwise, in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, (a) any claim that it is not personally subject to the jurisdiction of the courts in Delaware as described herein for any reason, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

Section 9.10 Disclosure Generally. Notwithstanding anything to the contrary contained in the Disclosure Schedules or in this Agreement, the information and disclosures contained in any Disclosure Schedule shall be deemed to be disclosed and incorporated by reference in any other Disclosure Schedule as though fully set forth in such Disclosure Schedule for which applicability of such information and disclosure is reasonably apparent on its face. Such information and the

dollar thresholds set forth herein shall not be used as a basis for interpreting the terms "material" or "Material Adverse Effect" or other similar terms in this Agreement.

Section 9.11 Personal Liability. This Agreement shall not create or be deemed to create or permit any personal liability or obligation on the part of any direct or indirect equityholder of the Seller or the Buyer or any officer, director, employee, Representative or investor of any party.

Section 9.12 Assignment; Successors. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by any party without the prior written consent of the other party, and any such assignment without such prior written consent shall be null and void. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 9.13 Enforcement. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each of the parties shall be entitled to specific performance of the terms hereof, including an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in the Court of Chancery of the State of Delaware, provided, that if jurisdiction is not then available in the Court of Chancery of the State of Delaware, then in any state or federal court located in the State of Delaware, this being in addition to any other remedy to which such party is entitled at law or in equity. Each of the parties hereby further waives (a) any defense in any action for specific performance that a remedy at law would be adequate and (b) any requirement under any Law to post security as a prerequisite to obtaining equitable relief.

Section 9.14 Currency. All references to "dollars" or "$" or "US$" in this Agreement or any Ancillary Agreement refer to United States dollars, which is the currency used for all purposes in this Agreement and any Ancillary Agreement.

Section 9.15 Severability. Whenever possible, each provision or portion of any provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or portion of any provision in such jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

Section 9.16 Waiver of Jury Trial. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 9.17 Counterparts. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become

effective when one or more counterparts have been signed by each of the parties and delivered to the other party.

Section 9.18 Facsimile or .pdf Signature. This Agreement may be executed by facsimile or .pdf signature and a facsimile or .pdf signature shall constitute an original for all purposes.

Section 9.19 Legal Representation.

(a) The Buyer, on behalf of itself and its Affiliates (including, after the Closing, the Company) acknowledges and agrees that Gibson, Dunn & Crutcher LLP ("Gibson Dunn") has acted as counsel for the Seller in connection with this Agreement and the transactions contemplated hereby (the "Acquisition Engagement"), and in connection with this Agreement and the transactions contemplated hereby, Gibson Dunn has not acted as counsel for any other Person, including the Buyer.

(b) Only the Seller, the Company and their respective Affiliates shall be considered clients of Gibson Dunn in the Acquisition Engagement. The Buyer, on behalf of itself and its Affiliates (including, after the Closing, the Company) acknowledges and agrees that all confidential communications between the Seller, the Company and their respective Affiliates, on the one hand, and Gibson Dunn, on the other hand, in the course of the Acquisition Engagement, and any attendant attorney-client privilege, attorney work product protection, and expectation of client confidentiality applicable thereto, shall be deemed to belong solely to the Seller and its Affiliates (other than the Company), and not the Company, and shall not pass to or be claimed, held, or used by the Buyer or the Company upon or after the Closing. Accordingly, the Buyer shall not have access to any such communications, or to the files of Gibson Dunn relating to the Acquisition Engagement, whether or not the Closing occurs. Without limiting the generality of the foregoing, upon and after the Closing, (i) to the extent that files of Gibson Dunn in respect of the Acquisition Engagement constitute property of the client, only the Seller and its Affiliates shall hold such property rights and (ii) Gibson Dunn shall have no duty whatsoever to reveal or disclose any such attorney-client communications or files to the Company or the Buyer by reason of any attorney-client relationship between Gibson Dunn and the Company or otherwise; provided, however, that notwithstanding the foregoing, Gibson Dunn shall not disclose any such attorney-client communications or files to any third parties (other than Representatives, accountants and advisors of the Seller and its Affiliates; provided, that such Representatives, accountants and advisors are instructed to maintain the confidence of such attorney-client communications). The Buyer, on behalf of itself and its Affiliates (including, after the Closing, the Company) irrevocably waives any right it may have to discover or obtain information or documentation relating to the Acquisition Engagement, to the extent that such information or documentation was subject to an attorney-client privilege, work product protection or other expectation of confidentiality owed to the Seller and/or its Affiliates. If and to the extent that, at any time subsequent to Closing, the Buyer or any of its Affiliates (including, after the Closing, the Company) shall have the right to assert or waive any attorney-client privilege with respect to any communication between the Company or its Affiliates and any Person representing them that occurred at any time prior to the Closing, the Buyer, on behalf of itself and its Affiliates (including, after the Closing, the Company) shall be entitled to waive such privilege only with the prior written consent of the Seller.

(c) The Buyer, on behalf of itself and its Affiliates (including after the Closing, the Company) acknowledges and agrees that Gibson Dunn has acted as counsel for the Seller and its Affiliates for several years and that the Seller reasonably anticipates that Gibson Dunn will continue to represent it and/or its Affiliates in future matters. Accordingly, the Buyer, on behalf of itself and its Affiliates (including, after the Closing, the Company) expressly (i) consents to Gibson Dunn's representation of the Seller and/or its Affiliates and/or any of their respective agents (if any of the foregoing Persons so desire) in any matter, including, without limitation, any post-Closing matter in which the interests of the Buyer and the Company, on the one hand, and the Seller or any of its Affiliates, on the other hand, are adverse, including any matter relating to the transactions contemplated by this Agreement or the Ancillary Agreements, and whether or not such matter is one in which Gibson Dunn may have previously advised the Seller, the Company or their respective Affiliates and (ii) consents to the disclosure by Gibson Dunn to the Seller or its Affiliates of any information learned by Gibson Dunn in the course of its representation of the Seller, the Company or their respective Affiliates, whether or not such information is subject to attorney-client privilege, attorney work product protection, or Gibson Dunn's duty of confidentiality.

(d) From and after the Closing, the Company shall cease to have any attorney-client relationship with Gibson Dunn, unless and to the extent Gibson Dunn is expressly engaged in writing by the Company to represent the Company after the Closing and either (i) such engagement involves no conflict of interest with respect to the Seller and/or any of its Affiliates or (ii) the Seller and/or any such Affiliate, as applicable, consent in writing to such engagement. Any such representation of the Company by Gibson Dunn after the Closing shall not affect the foregoing provisions hereof. Furthermore, Gibson Dunn, in its sole discretion, shall be permitted to withdraw from representing the Company in order to represent or continue so representing the Seller.

(e) The Seller and the Buyer consent to the arrangements in this Section 9.19 and waive any actual or potential conflict of interest that may be involved in connection with any representation by Gibson Dunn permitted hereunder.

Section 9.20 No Presumption Against Drafting Party. Each of the Buyer and the Seller acknowledges that each party to this Agreement has been represented by legal counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the drafting party has no application and is expressly waived.

[The remainder of this page is intentionally left blank.]

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

SEQUENTIAL BRANDS GROUP, INC.

By: /s/ Karen Murray
Name: Karen Murray
Title: Chief Executive Officer

MARQUEE BRANDS LLC

By: /s/ Zachary P. Sigel
Name: Zachary P. Sigel
Title: Managing Director

[Signature Page to Equity Purchase Agreement]

Schedule 1.1

Ancillary Definitions

"Emeril Lagasse Material Adverse Effect" means (a) the death or Disability of Emeril Lagasse, (b) the indictment or charging of Emeril Lagasse with any felony or other crime involving moral turpitude, dishonesty or fraud, or (c) the termination of the Emeril Lagasse Consulting Agreement; provided, that the termination of the Emeril Lagasse Consulting Agreement shall not constitute an Emeril Lagasse Material Adverse Effect pursuant to the foregoing clause (c) if such termination results from (x) any amendment to the Emeril Lagasse Consulting Agreement sought by the Buyer from Emeril Lagasse, or (y) any other action by the Buyer following the date of the Agreement that, at the time of such action, could reasonably be expected to result in the termination of the Emeril Lagasse Consulting Agreement (excluding, for the avoidance of doubt, a termination by Emeril Lagasse primarily in response to a refusal by the Buyer to agree, in response to a request by Emeril Lagasse or an entity controlled by him, to amend or otherwise modify the terms and conditions of a written Contract between such entity and the Company or any of its Subsidiaries).

"Personnel Event" means any of (i) the death or Disability of Martha Stewart, (ii) the indictment or charging of Martha Stewart with any felony or other crime involving moral turpitude, dishonesty or fraud, or (iii) the termination of the Martha Stewart Employment Agreement or the Martha Stewart Employment Agreement Assignment; provided, that the termination of the Martha Stewart Employment Agreement or the Martha Stewart Employment Agreement Assignment shall not constitute a basis for termination of this Agreement by the Buyer pursuant to the foregoing clause (iii) if such termination results from (x) any amendment to the Martha Stewart Employment Agreement or the Martha Stewart Employment Agreement Assignment sought by the Buyer from Martha Stewart (excluding, for the avoidance of doubt, any amendment expressly set forth in any Signing Deliverable), or (y) any other action by the Buyer following the date of the Agreement that, at the time of such action, could reasonably be expected to result in the termination of the Martha Stewart Employment Agreement (excluding, for the avoidance of doubt, a termination by Martha Stewart primarily in response to a refusal by the Buyer to agree, in response to a request by Martha Stewart or an entity controlled by her, to amend or otherwise modify the terms and conditions of a written Contract between such entity and the Company or any of its Subsidiaries).

EXHIBIT A

SUBSIDIARIES

1. Martha Stewart, Inc.
2. Body & Soul Omnimedia, Inc.
3. MSO IP Holdings, Inc.
4. MSLO Productions, Inc.
5. MSLO Productions – Home, Inc.
6. MSLO Productions – EDF, Inc.
7. Flour Productions, Inc.
8. MSLO Shared IP Sub, LLC
9. MSLO Emeril Acquisition Sub, LLC
10. Emeril Primetime Music, Inc.
11. Emeril Primetime Productions, Inc.
12. Good Thing Productions, Inc.

EXHIBIT B

SIGNING DELIVERABLES

1. Sublease Agreement, dated as of April 12, 2019, by and between the Seller and the Company for 601 West 26th Street, 9th Floor, New York, NY 10001 ("Sublease Agreement").

2. Consent to Sublease Agreement, dated as of April 12, 2019, by and among RXR SL Owner LLC, the Seller and the Company.

3. Assignment and Assumption Agreement, dated as of April 16, 2019, by and among the Seller, the Buyer, Martha Stewart and MS Real Estate Management Company.

4. Assignment, Assumption and Amendment Agreement, dated as of April 15, 2019, by and among the Seller, the Buyer and Carolyn D'Angelo.

5. Assignment Agreement, dated as of April 12, 2019, by and among the Seller, Sequential Licensing, Inc. and the Company.

6. Consent to the transactions contemplated by the Agreement, dated as of April 1, 2019, from MSC Cruises (USA), Inc.

7. Assignment and Assumption Agreement, dated as of April 11, 2019, by and among the Seller, Meredith Corporation, and the Company.

EXHIBIT 31.1

Certification of Principal Executive Officer Pursuant to
Securities Exchange Act Rules 13a-14 and 15d-14
as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Karen Murray, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sequential Brands Group, Inc.;

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.

Date: August 9, 2019

/s/ Karen Murray
Karen Murray
Chief Executive Officer

EXHIBIT 31.2

Certification of Principal Financial Officer Pursuant to
Securities Exchange Act Rules 13a-14 and 15d-14
as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Peter Lops, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sequential Brands Group, Inc.;

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.

Date: August 9, 2019

/s/ Peter Lops
Peter Lops
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 (the "Report") by Sequential Brands Group, Inc. ("Registrant"), the undersigned hereby certifies that, to the best of their knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) 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 results of operations of Registrant.

Date: August 9, 2019

/s/ Karen Murray
Karen Murray
Chief Executive Officer (Principal Executive Officer)

Date: August 9, 2019

/s/ Peter Lops
Peter Lops
Chief Financial Officer (Principal Financial and Accounting Officer)