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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): June 13, 2019 (June 10, 2019)

SEQUENTIAL BRANDS GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**001-37656**	**47-4452789**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

601 West 26th Street, 9th Floor, New York, NY 10001
(Address of Principal Executive Offices/Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	SQBG	Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

Item 2.01. Completion of Acquisition or Disposition of Assets.

On June 10, 2019, Sequential Brands Group, Inc. ("Sequential" or the "Company") completed its previously announced sale of 100% of the issued and outstanding equity interests of Martha Stewart Living Omnimedia, Inc. ("MSLO"), a Delaware corporation and a wholly-owned subsidiary of Sequential, for approximately $166 million in cash consideration at closing, plus additional amounts in respect of pre-closing accounts receivable that are received after the closing, subject to certain adjustments, to Marquee Brands LLC (the "Buyer"). The sale was made pursuant to the equity purchase agreement ("Purchase Agreement") entered into on April 16, 2019. In addition, the Purchase Agreement provides for an earnout of up to $40 million if certain performance targets are achieved during each of the three calendar years ending December 31, 2020, December 31, 2021 and December 31, 2022.

Item 2.04. Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement

As a result of the transaction described in Item 2.01 above, Sequential made principal prepayments of $109.6 million on its Revolving Credit Facility and $44.4 million on its Tranche A-1 Term Loans in accordance with the terms under the Third Amended and Restated Credit Agreement, amended as of August 7, 2018, with Bank of America, N. A., as administrative and collateral agent and the lenders party thereto.

Item 7.01. Regulation FD Disclosure

On June 11, 2019, Sequential issued a press release announcing the sale of MSLO and principal repayment on a portion of its Revolving Credit Facility described in Items 2.01 and 2.04, a copy of which is attached to this Current Report on Form 8-K as Exhibit 99.1 and is incorporated herein by reference.

The information in this Item 7.01, including Exhibit 99.1, is furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liabilities under that section, and shall not be deemed to be incorporated by reference into the filings of Sequential under the Securities Act of 1933, as amended, regardless of any general incorporation language in those filings.

Item 9.01. Financial Statements and Exhibits

(b) Pro Forma Financial Information.

The pro forma financial information required under this Item 9.01(b) is attached to this Current Report on Form 8-K as Exhibit 99.2 and is incorporated herein by reference.

(d) Exhibits.

Exhibit Number	Description
99.1	Press Release dated June 11, 2019
99.2	Unaudited Pro Forma Condensed Consolidated Financial Information

SIGNATURE

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

Sequential Brands Group, Inc.

Date: June 13, 2019

By: /s/ Peter Lops
Name: Peter Lops
Title: Chief Financial Officer

Exhibit 99.1

Sequential Brands Group Announces Closing of Divestiture of Martha Stewart and Emeril Lagasse Brands

NEW YORK, June 11, 2019 (GLOBE NEWSWIRE) -- Sequential Brands Group, Inc. (NASDAQ: SQBG) (“Sequential” or the “Company”) today announced it has closed on the previously announced sale of the Martha Stewart and Emeril Lagasse brands for approximately $175 million with an earnout opportunity of up to an additional $40 million.

“We are pleased to close on the sale of the Martha Stewart and Emeril Lagasse brands,” said Karen Murray, CEO of Sequential Brands Group. “The proceeds from this transaction allow us to pay down debt and provide us with the flexibility we need to execute on our growth strategy, which includes building out our active and fashion brands and executing on the many untapped opportunities for our brands in the health, wellness and beauty space.”

After the close of the sale, the Company expects additional cost savings, including potential plans to eliminate its current corporate headquarters or other reductions. The full impact of any such reductions would be expected starting in 2020.

Upon today’s closing, Sequential has paid down approximately $155 million in debt. The Company expects to file an 8-K with its pro-forma financial statements later this week.

About Sequential Brands Group, Inc.
Sequential Brands Group, Inc. (NASDAQ: SQBG) owns, promotes, markets, and licenses a portfolio of consumer brands in the active and fashion categories. Sequential seeks to ensure that its brands continue to thrive and grow by employing strong brand management, design and marketing teams. Sequential has licensed and intends to license its brands in a variety of consumer categories to retailers, wholesalers and distributors in the United States and around the world. For more information, please visit Sequential’s website at: www.sequentialbrandsgroup.com. To inquire about licensing opportunities, please email: newbusiness@sbg-ny.com.

Forward-Looking Statements
Certain statements in this press release and oral statements made from time to time by representatives of the Company are forward-looking statements ("forward-looking statements") within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are made as of the date hereof and are based on current expectations, estimates, forecasts and projections as well as the beliefs and assumptions of management. The Company's actual results could differ materially from those stated or implied in forward-looking statements. Forward-looking statements include statements concerning estimates of GAAP net income, non-GAAP net income, Adjusted EBITDA, revenue (including guaranteed minimum royalties), and margins, guidance, plans, objectives, goals, strategies, expectations, intentions, projections, developments, future events, performance or products, underlying assumptions and other statements that are not historical in nature, including those that include the words "subject to," "believes," "anticipates," "plans," "expects," "intends," "estimates," "forecasts," "projects," "aims," "targets," "may," "will," "should," "can," "future," "seek," "could," "predict," the negatives thereof, variations thereon and similar expressions. Such forward-looking statements reflect the Company's current views with respect to future events, based on what the Company believes are reasonable assumptions. Whether actual results will conform to expectations and predictions is subject to known and unknown risks and uncertainties, including: (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 prior 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 prior 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 and uncertainties related to the effects of the transaction and use of proceeds; (xvi) risk and uncertainties related to plans for cost reductions; and (xvii) other circumstances beyond the Company's control. Refer to the section entitled "Risk Factors" set forth in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q for a discussion of important risks, uncertainties and other factors that may affect the Company's business, results of operations and financial condition. The Company's stockholders are urged to consider such risks, uncertainties and factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. Forward-looking statements are not, and should not be relied upon as, a guarantee of future performance or results, nor will they necessarily prove to be accurate indications of the times at or by which any such performance or results will be achieved. As a result, actual outcomes and results may differ materially from those expressed in forward-looking statements. The Company is not under any obligation to, and expressly disclaims any such obligation to, update or alter its forward-looking statements, whether as a result of new information, future events or otherwise. Readers should understand that it is not possible to predict or identify all risks and uncertainties to which the Company may be subject. Consequently, readers should not consider such disclosures to be a complete discussion of all potential risks or uncertainties.

For Media and Investor Relations inquiries, contact:

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Katherine Nash
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Exhibit 99.2

Unaudited Pro Forma Condensed Consolidated Financial Statements

On April 16, 2019, Sequential Brands Group, Inc. ("Sequential or the Company") entered into an equity purchase agreement (the "Purchase Agreement") with Marquee Brands LLC (the "Buyer"), pursuant to which Sequential agreed, among other things, to sell to the Buyer 100% of the issued and outstanding equity interests of Martha Stewart Living Omnimedia, Inc. ("MSLO"), a Delaware corporation and a wholly-owned subsidiary of Sequential, for approximately $166 million in cash consideration at closing, plus additional amounts in respect of pre-closing accounts receivable that are received after the closing, subject to certain adjustments. In addition, the Purchase Agreement provides for an earnout of up to $40 million if certain performance targets are achieved during each of the three calendar years ending December 31, 2020, December 31, 2021 and December 31, 2022.

On June 10, 2019, Sequential completed the sale of MSLO to the Buyer. MSLO's historical results will be reported as discontinued operations in Sequential's consolidated financial statements.

The following unaudited pro forma condensed consolidated financial statements present Sequential's historical condensed consolidated balance sheet as of March 31, 2019 and the historical unaudited condensed consolidated statement of operations for Sequential for the three months ended March 31, 2019 as well as for the years ended December 31, 2018, 2017 and 2016. The unaudited pro forma condensed consolidated balance sheet has been prepared to reflect the sale as if the sale had occurred as of March 31, 2019. The unaudited condensed consolidated statements of operations have been prepared to reflect the sale as if the sale had occurred on January 1, 2018. The pro forma information has been presented for information purposes only and is not necessarily indicative of what Sequential's financial position or results of operations actually would have been had the sale taken place as of the dates indicated.

The unaudited pro forma condensed consolidated financial information is derived from and should be read in conjunction with historical consolidated financial statements and related notes of the Company, which are included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2018, and its Quarterly Report on Form 10-Q for the fiscal period ended March 31, 2019, as previously filed with the Securities and Exchange Commission ("SEC"). The unaudited pro forma condensed consolidated balance sheet as of March 31, 2019, the unaudited pro forma condensed consolidated statements of operations for the years ended December 31, 2018, 2017 and 2016, and the three months ended March 31, 2019, are presented herein.

The pro forma adjustments are preliminary and have been made solely for the purpose of providing pro forma financial statements prepared in accordance with the rules and regulations of the SEC. Differences between these preliminary estimates and the final accounting may occur and these differences could have a material impact on the accompanying pro forma condensed consolidated financial information.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
March 31, 2019
(in thousands)

	Sequential Brands Group, Inc. March 31, 2019 Historical	Proforma Adjustments: Disposition of MSLO	Proforma Adjustments: Use of Proceeds from Sale of MSLO	Pro Forma March 31, 2019
Assets				
Current Assets:				
Cash	$ 14,925	$ 160,101 **A**	$ (155,067)**C, L**	$ 19,959
Restricted cash	2,036	-	-	2,036
Accounts receivable, net	56,465	(10,679)**B**	-	45,786
Prepaid expenses and other current assets	9,290	3,040 **A, B**	-	12,330
Total current assets	82,716	152,462	(155,067)	80,111
Property and equipment, net	8,528	(527)**B**	-	8,001
Intangible assets, net	803,194	(168,836)**B**	-	634,358
Right-of-use assets - operating leases	49,317	-	-	49,317
Other assets	12,953	-	-	12,953
Total assets	$ 956,708	$ (16,902)	$ (155,067)	$ 784,740
Liabilities and Equity				
Current Liabilities:				
Accounts payable and accrued expenses	$ 21,844	$ (1,802)**B, C**	$ (1,056)**C**	$ 18,986
Current portion of long-term debt	28,300	-	-	28,300
Current portion of deferred revenue	12,013	(3,223)**B**	-	8,790
Current portion of lease liabilities - operating leases	2,761	-	-	2,761
Total current liabilities	64,918	(5,025)	(1,056)	58,837
Long-term debt, net of current portion	576,737	-	(154,011)**L**	422,726
Long-term deferred revenue, net of current portion	7,319	-	-	7,319
Deferred income taxes	27,914	(4,015)**D**	-	23,899
Lease liabilities - operating leases	53,623	-	-	53,623
Other long-term liabilities	7,376	(3,421)**B**	-	3,955
Total liabilities	737,887	(12,461)	(155,067)	570,359
Commitments and Contingencies				
Equity:				
Preferred stock	-	-	-	-
Common stock	662	-	-	662
Additional paid-in capital	514,485	-	-	514,485
Accumulated other comprehensive loss	(3,034)	-	-	(3,034)
Accumulated deficit	(360,068)	(4,441)**E**	-	(364,509)
Treasury stock	(4,396)	-	-	(4,396)
Total Sequential Brands Group, Inc. and Subsidiaries stockholders' equity	147,649	(4,441)	-	143,209
Noncontrolling interests	71,172	-	-	71,172
Total equity	218,821	(4,441)	-	214,381
Total liabilities and equity	$ 956,708	$ (16,902)	$ (155,067)	$ 784,740

See Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the Three Months Ended March 31, 2019
(in thousands, except share and per share data)

	Sequential Brands Group, Inc.	Pro Forma Adjustments	
	Period Ended March 31, 2019 Historical	MSLO Adjustments (Discontinued Operations)	Pro Forma Period Ended March 31, 2019
Net Revenue	$36,913	$(11,388)**F**	$25,525
Operating expenses	22,770	(6,933)**G**	15,837
Impairment charges	161,224	(161,224)**H**	-
(Loss) income from continuing operations	(147,081)	156,769	9,688
Other income	(300)	(100)**G**	(400)
Interest expense, net	15,654	(2,860)**I, J**	12,794
Loss before income taxes	(162,435)	159,729	(2,706)
Benefit from income taxes	(38,629)	38,091 **K**	(538)
Net loss from continuing operations	(123,806)	121,638	(2,168)
Net income from continuing operations attributable to noncontrolling interest	(1,539)	-	(1,539)
Net loss from continuing operations attributable to Sequential Brands Group, Inc. and Subsidiaries	$(125,345)	$121,638	$(3,707)
Loss per share attributable to Sequential Brands Group, Inc. and Subsidiaries:			
Basic and diluted	$ (1.95)		$ (0.06)
Weighted-average common shares outstanding:			
Basic and diluted	64,221,687		64,221,687

See Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2018
(in thousands, except share and per share data)

	Sequential Brands Group, Inc.	Pro Forma Adjustments	
	Year Ended December 31, 2018 Historical	MSLO Adjustments (Discontinued Operations)	Pro Forma Year Ended December 31, 2018
Net Revenue	$169,956	$(42,666)**F**	$127,290
Operating expenses	87,767	(27,565)**G**	60,202
Impairment charges	17,899	-	17,899
Loss on sale of assets	7,117	-	7,117
Income from continuing operations	57,173	(15,101)	42,072
Other expense	693	-	693
Interest expense, net	62,152	(9,911)**I, J**	52,241
Loss before income taxes	(5,672)	(5,190)	(10,862)
Benefit from income taxes	(694)	(610)**K**	(1,304)
Net loss from continuing operations	(4,978)	(4,580)	(9,558)
Net income from continuing operations attributable to noncontrolling interest	(5,506)	-	(5,506)
Net loss from continuing operations attributable to Sequential Brands Group, Inc. and Subsidiaries	$(10,484)	$(4,580)	$(15,064)
Loss per share attributable to Sequential Brands Group, Inc. and Subsidiaries:			
Basic and diluted	$ (0.16)		$ (0.24)
Weighted-average common shares outstanding:			
Basic and diluted	63,700,081		63,700,081

See Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2017
(in thousands, except share and per share data)

	Sequential Brands Group, Inc.	Pro Forma Adjustments	
	Year Ended December 31, 2017 Historical	MSLO Adjustments (Discontinued Operations)	Pro Forma Year Ended December 31, 2017
Net Revenue	$167,464	$(42,684)**F**	$124,780
Operating expenses	79,443	(25,691)**G**	53,752
Impairment charges	340,628	-	340,628
Loss from continuing operations	(252,607)	(16,993)	(269,600)
Other expense	1,583	401 **G**	1,984
Interest expense, net	59,891	(891)**I, J**	59,000
Loss before income taxes	(314,081)	(16,503)	(330,584)
Benefit from income taxes	(132,535)	88,112 **K**	(44,423)
Net loss from continuing operations	(181,546)	(104,615)	(286,161)
Net income from continuing operations attributable to noncontrolling interest	(4,172)	-	(4,172)
Net loss from continuing operations attributable to Sequential Brands Group, Inc. and Subsidiaries	$(185,718)	$(104,615)	$(290,333)
Loss per share attributable to Sequential Brands Group, Inc. and Subsidiaries:			
Basic and diluted	$ (2.95)		$ (4.62)
Weighted-average common shares outstanding:			
Basic and diluted	62,861,743		62,861,743

See Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2016
(in thousands, except share and per share data)

	Sequential Brands Group, Inc.	Pro Forma Adjustments	
	Year Ended December 31, 2016 Historical	MSLO Adjustments (Discontinued Operations)	Pro Forma Year Ended December 31, 2016
Net Revenue	$155,528	$(49,762)**F**	$105,766
Operating expenses	85,392	(27,639)**G**	57,753
Income from continuing operations	70,136	(22,123)	48,013
Other expense	3,810	263 **G**	4,073
Interest expense, net	50,538	(1,062)**I, J**	49,476
Income (loss) before income taxes	15,788	(21,324)	(5,536)
Provision for income taxes	9,157	(592)**K**	8,565
Net income (loss) from continuing operations	6,631	(20,732)	(14,101)
Net income from continuing operations attributable to noncontrolling interest	(7,452)	-	(7,452)
Net loss from continuing operations attributable to Sequential Brands Group, Inc. and Subsidiaries	$(821)	$(20,732)	$(21,553)
Loss per share attributable to Sequential Brands Group, Inc. and Subsidiaries:			
Basic and diluted	$ (0.01)		$ (0.35)
Weighted-average common shares outstanding:			
Basic and diluted	61,912,410		61,912,410

See Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

NOTE 1 – BASIS OF PRO FORMA PRESENTATION

The unaudited pro forma condensed consolidated financial statements are based on Sequential Brand Group, Inc.'s (the "Company's") historical condensed consolidated financial statements as adjusted to give effect to the sale of Martha Stewart Living Omnimedia, Inc. ("MSLO"). The disposition of MSLO is accounted for in accordance with ASC 205-20, *Presentation of Financial Statements, Discontinued Operations* ("ASC 205"). The unaudited pro forma condensed consolidated statements of operations for the three months ended March 31, 2019 and the year ended December 31, 2018 give effect to the sale as if it had occurred on January 1, 2018. The unaudited pro forma condensed consolidated balance sheet as of March 31, 2019 give effect to the sale as if it had occurred as of March 31, 2019.

The unaudited pro forma condensed consolidated financial statements do not reflect anticipated savings due to costs that may be reduced or eliminated.

NOTE 2 – PRO FORMA ADJUSTMENTS

The following pro forma adjustments have been reflected in the unaudited condensed consolidated financial statements. The unaudited pro forma condensed consolidated balance sheet has been prepared to reflect the sale as if the sale had occurred as of March 31, 2019. Therefore, the historical unaudited pro forma condensed consolidated balance sheet prepared does not reflect changes to assets and liabilities of MSLO sold subsequent to those dates.

A. Net proceeds received less estimated transaction costs:

	Pro Forma Adjustment (in thousands)	
Cash proceeds of the sale	$	165,928
Less: Estimated transaction costs		5,828
Net cash proceeds less estimated transaction costs		160,101
Add: Pre-closing accounts receivable		9,071
Total net proceeds less estimated transaction costs	$	169,172

Net cash proceeds less estimated transaction costs of $160.1 million have been included as an adjustments to cash on the unaudited pro forma condensed consolidated balance sheet as of March 31, 2019.

The pre-closing accounts receivable balance represents the accounts receivable balance of MSLO as of March 31, 2019. The pre-closing accounts receivable balance payable to the Company of $9.1 million has been included as an adjustment to prepaid expense and other current assets on the unaudited pro forma condensed consolidated balance sheet as of March 31, 2019.

B. Represents the assets and liabilities of MSLO which are subject to sale under the Purchase Agreement as of the respective balance sheet date.

C. Represents $1.1 million of estimated current state tax expense payable due to the tax gain on the sale of MSLO. The adjustment to accrue for the estimated current state tax expanse payable and the subsequent payment has been included as an adjustment to accounts payable and accrued expenses on the unaudited pro forma condensed consolidated balance sheet as of March 31, 2019.

D. Represents the changes in deferred income taxes due to the sale of MSLO:

	Pro Forma Adjustment March 31, 2019 (in thousands)	
Benefit of MSLO sale	$	(31,949)
Net operating loss utilization		27,934
Total change in deferred income tax payable	$	(4,015)

E. Represents the loss on sale of MSLO if we had completed the sale as of March 31, 2019. The estimated loss has not been reflected in the unaudited pro forma condensed consolidated statement of operations as it is considered to be nonrecurring in nature. No adjustment has been made to the sale proceeds to give effect to any post-closing adjustments.

		Proforma Adjustment March 31, 2019 (in thousands)
Net proceeds	$	169,172
Net assets sold		(176,571)
Pre-tax loss on sale		(7,400)
Tax benefit		(2,959)
After-tax loss on sale	$	(4,441)

F. Represents the elimination of MSLO revenue.

G. Represents the elimination of operating expenses and other (income) expense. Not included in the pro forma results are anticipated savings due to costs that may be reduced or eliminated.

H. Represents the elimination of impairment charges incurred related to MSLO's intangible assets. The impairments arose as a result of 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.

I. Represents the allocation of interest expense to MSLO for the three months ended March 31, 2019 and the year ended December 31, 2018 in accordance with ASC 205-20-45-6 based on debt repayment of $154 million on the Company's Revolving Credit Facility and Tranche A-1 Term Loans.

J. Represents the elimination of non-cash interest expense accretion for MSLO Legacy Payments and Guaranteed Payments.

K. Deferred tax provision attributable to MSLO.

NOTE 3 – USE OF PROCEEDS

The Company used cash proceeds from the MSLO sale to repay $109.6 million of the Revolving Credit Facility and $44.4 million on its Tranche A-1 Term Loans. The pro forma adjustment assumes that the debt was repaid as of March 31, 2019.

L. Represents the debt repayments against the Revolving Term Loan and Tranche A-1 Term Loans as if the transaction had occurred as of March 31, 2019.

Additionally, the Company expects to pay $1.1 million of estimated current state tax expense related to the tax gain on the sale of MSLO. See pro forma adjustment C included in Note 2 of these note to the unaudited pro forma condensed consolidated financial statements.