
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): April 19, 2019 (April 16, 2019)

SEQUENTIAL BRANDS GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

001-37656
(Commission File Number)

47-4452789
(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))

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 1.01. Entry into a Material Definitive Agreement.

On April 16, 2019, Sequential Brands Group, Inc. (“Sequential”) entered into an equity purchase agreement (the “Purchase Agreement”) with Marquee Brands LLC (the “Buyer”), pursuant to which Sequential has agreed, among other things, to sell to the Buyer 100% of the issued and outstanding equity interests of Martha Stewart Living Omnimedia, Inc. (the “Company”), a Delaware corporation and a wholly-owned subsidiary of Sequential, for \$167,000,000 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 \$40,000,000 if certain performance targets are achieved during the three calendar years ending December 31, 2020, December 31, 2021 and December 31, 2022. 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. In connection with the transactions contemplated by the Purchase Agreement, the Company will undertake an internal reorganization to convert each of the Company and its wholly-owned subsidiaries to a limited partnership prior to the closing.

The consummation of the transactions contemplated by the Purchase Agreement is subject to customary conditions, including the expiration or termination of any applicable waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the absence of any government order or other legal restraint prohibiting the consummation of the transactions contemplated by the Purchase Agreement. In addition, the obligation of the Buyer to consummate the transactions contemplated by the Purchase Agreement is subject to the absence of any event, change, occurrence or effect having occurred from the date of the Purchase Agreement that has had a Material Adverse Effect (as defined in the Purchase Agreement).

The Purchase Agreement contains provisions giving each of Sequential and the Buyer rights to terminate the Purchase Agreement under specified circumstances, including if the closing has not occurred on or before December 31, 2019.

The Purchase Agreement includes customary representations, warranties and covenants of Sequential and the Buyer. The Purchase Agreement also contains indemnification provisions pursuant to which Sequential has agreed to indemnify the Buyer against certain losses, subject to the limitations set forth therein, including losses related to breaches of representations, warranties and covenants.

The foregoing description of the Purchase Agreement and the transactions contemplated thereby is qualified in its entirety by the full text of the Purchase Agreement, which will be filed as an exhibit to Sequential’s Quarterly Report on Form 10-Q for the second quarter of 2019.

The Purchase Agreement will be included to provide investors and security holders with information regarding its terms. It is not intended to provide any other factual information about Sequential, the Company or the Buyer or any of their respective businesses, subsidiaries or affiliates. The representations, warranties and covenants contained in the Purchase Agreement (a) were made by the parties thereto only for purposes of that agreement and as of specific dates; (b) were made solely for the benefit of the parties to the Purchase Agreement; (c) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the Purchase Agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (d) may have been made for the purposes of allocating contractual risk between the parties to the Purchase Agreement instead of establishing these matters as facts; and (e) may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of Sequential, the Company or the Buyer or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the Purchase Agreement may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Purchase Agreement, which subsequent information may or may not be fully reflected in Sequential’s public disclosures. The Purchase Agreement should not be read alone, but should instead be read in conjunction with the other information regarding Sequential that is or will be contained in, or incorporated by reference into, the Forms 10-K, Forms 10-Q and other documents that are filed with the Securities and Exchange Commission.

Item 2.06. Material Impairments.

In connection with the transactions described in Item 1.01, Sequential anticipates that it will record an impairment charge in the first quarter of 2019 due to the difference in the implied fair value as compared to the carrying values of the intangible assets included in the transaction. Sequential has not completed its analysis but currently estimates the impairment charge will be in the range of approximately \$150 million to \$170 million.

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers; Compensatory Arrangement of Certain Officers.

(e)

Discretionary Bonus to Ms. Murray

The Compensation Committee awarded an \$112,500 discretionary cash bonus payment to Ms. Murray in recognition of her contributions for the transaction described in Item 1.01 above. The bonus payment was paid to Ms. Murray in April 2019.

Item 7.01. Regulation FD Disclosure

On April 16, 2019, Sequential issued a press release announcing entry into the Purchase Agreement, 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

(d) Exhibits.

Exhibit Number	Description
----------------	-------------

99.1	Press Release dated April 16, 2019
----------------------	----------------------------------------------------

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: April 19, 2019

By: /s/ Peter Lops

Name: Peter Lops

Title: Chief Financial Officer

Sequential Brands Group Signs Definitive Agreement to Sell the Martha Stewart and Emeril Lagasse Brands

NEW YORK, April 16, 2019 (GLOBE NEWSWIRE) -- Sequential Brands Group, Inc. (Nasdaq:SQBG) ("Sequential" or the "Company"), announced today that it has signed a definitive agreement to sell the rights to the Martha Stewart and Emeril Lagasse brands and related intellectual property assets to Marquee Brands LLC for an estimated \$175 million with an earnout opportunity of up to an additional \$40 million.

“This transaction allows Sequential to make meaningful progress in de-levering our balance sheet, which is a top priority,” said Karen Murray, CEO of Sequential Brands Group. “This process was conducted after careful consideration by our Board of Directors and advisors. While we have made significant progress with the Martha Stewart and Emeril Lagasse brands, we determined the best direction for the Company going forward is to focus on our core active and fashion brands and drive even more profitable growth across our business. I have confidence that the Martha Stewart and Emeril Lagasse brands will continue to flourish under new ownership as they build on what we have accomplished to date. We thank Martha for her support of Sequential and this transaction.”

The Company plans to use a substantial portion of the proceeds from the transaction to pay down debt. Sequential Brands Group Chairman William Sweedler commented, “This transaction gives us financial and operating flexibility and streamlines our business around core brands with the highest margins and attractive growth prospects. I believe this new focus will generate greater shareholder value.”

The transaction is expected to close in the second quarter of 2019. After it closes, the Company will provide more details including an updated financial outlook for 2019. In conjunction with the transaction, the Company anticipates additional cost reductions including the sublease of its current corporate headquarters.

As part of the process, Tengram Capital Partners along with Barron International Group LLC served as advisors to the Company, and Gibson, Dunn & Crutcher LLP acted as its legal counsel. Houlihan Lokey provided a fairness opinion to Sequential's Board of Directors. Ms. Stewart was represented by Grubman Shire Meiselas & Sacks.

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) conditions to complete the transaction may not be satisfied and the transaction may not be consummated; and (xvi) 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.
