

ICONIX BRAND GROUP, INC.
Form 10-K
March 28, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

OR

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

001-10593

(Commission File Number)

ICONIX BRAND GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware 11-2481903
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)

1450 Broadway, New York, New York 10018

(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: (212) 730-0030

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

Title of each class	Name of each exchange on which registered
Common Stock, \$.001 Par Value	The NASDAQ Stock Market LLC (NASDAQ Global Market)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 Act). Yes No

The aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant as of the close of business on June 30, 2018 was approximately \$39.7 million. As of March 22, 2019, 8,837,659 shares of the registrant's

Common Stock, par value \$.001 per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive Proxy Statement relating to the registrant's 2019 Annual Meeting of Stockholders, to be filed with the U.S. Securities and Exchange Commission within 120 days following the end of the registrant's fiscal year, are incorporated by reference in Part III of this annual report on Form 10-K as indicated herein.

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Unless the context requires otherwise, references in this Form 10-K to the “Company,” “Iconix,” “we,” “us,” “our,” or similar pronouns refer to Iconix Brand Group, Inc. and its consolidated subsidiaries.

PART I

Item 1. Business

General

Iconix Brand Group is a brand management company and owner of a diversified portfolio of approximately 30 global consumer brands across the women's, men's, home and international segments. The Company's business strategy is to maximize the value of its brands primarily through strategic licenses and joint venture partnerships around the world, as well as to grow the portfolio of brands through strategic acquisitions.

As of December 31, 2018, the Company's brand portfolio includes Candie's[®], Bongo[®], Joe Boxer[®], Rampage[®], Mudd[®], London Fog[®], Mossimo[®], Ocean Pacific/OP[®], Danskin/Danskin Now[®], Rocawear[®] /Roc Nation[®], Cannon[®], Royal Velvet[®], Fieldcrest[®], Charisma[®], Starter[®], Waverly[®], Ecko Unltd[®] /Mark Ecko Cut & Sew[®], Zoo York[®], Umbro[®], Lee Cooper[®], and Artful Dodger[®]; and interests in Material Girl[®], Ed Hardy[®], Truth or Dare[®], Modern Amusement[®], Buffalo[®], Hydraulic[®], and PONY[®].

The Company seeks to monetize the Intellectual Property (herein referred to as "IP") related to its brands throughout the world and in all relevant categories primarily by licensing directly with leading retailers (herein referred to as "direct to retail" or "DTR"), through consortia of wholesale licensees, through joint ventures in specific territories and via other activity such as corporate sponsorships and content as well as the sale of IP for specific categories or territories. Products bearing the Company's brands are sold across a variety of distribution channels. The licensees are generally responsible for designing, manufacturing and distributing the licensed products. The Company supports its brands with marketing, advertising and promotional campaigns designed to increase brand awareness. Additionally, the Company provides its licensees with coordinated trend direction to enhance product appeal and help build and maintain brand integrity.

Globally, the Company has over 50 direct-to-retail licenses and more than 375 total licenses. Licensees are selected based upon the Company's belief that such licensees will be able to produce and sell quality products in the categories and distribution channels of their specific expertise and that they are capable of exceeding minimum sales targets and royalties that the Company generally requires for each brand. This licensing strategy is designed to permit the Company to operate its licensing business, leverage its core competencies of marketing and brand management with minimal working capital. The vast majority of the Company's licensing agreements include minimum guaranteed royalty revenue which provides the Company with greater visibility into future cash flows. As of January 1, 2019, the Company had over \$405 million of aggregate guaranteed royalty revenue over the terms of its existing contracts excluding renewals.

A key initiative in the Company's global brand expansion plans has been the formation of international joint ventures. The strategy in forming international joint ventures is to partner with best-in-class, local partners to bring the Company's brands to market more quickly and efficiently, generating greater short- and long-term value from its IP, than the Company believes is possible if it were to build-out wholly-owned operations ourselves across a multitude of regional or local offices. Since September 2008, the Company has established the following international joint ventures: Iconix China, Iconix Latin America, Iconix Europe, Iconix India, Iconix Canada, Iconix Australia, Iconix Southeast Asia, Iconix Israel, Iconix Middle East, Umbro China, Danskin China, Starter China, and Lee Cooper China. Note that the Company now maintains a 100% ownership interest in Iconix China, Iconix Latin America and Iconix Canada. Refer to Note 5 in Notes to Consolidated Financial Statements for further detail.

The Company's primary goal of maximizing the value of its IP also includes, in certain instances, the sale to third parties of a brand's trademark in specific territories or categories. As such, the Company evaluates potential offers to

acquire some or all of a brand's IP by comparing whether the offer is more valuable than the Company's estimate of the current and potential revenue streams to be earned via the Company's traditional licensing model. Further, as part of the Company's evaluation process it also considers whether or not the buyer's future development of the brand may help to expand the brand's overall recognition and global revenue potential.

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The Company has acquired the following brands on the dates indicated:

Date acquired	Brand
October 2004	Badgley Mischka ⁽¹⁾
July 2005	Joe Boxer
September 2005	Rampage
April 2006	Mudd
August 2006	London Fog
October 2006	Mossimo
November 2006	Ocean Pacific/ OP
March 2007	Danskin/ Danskin Now
March 2007	Rocawear/ Roc Nation
October 2007	Official-Pillowtex brands (Cannon, Royal Velvet, Fieldcrest and Charisma)
December 2007	Starter
October 2008	Waverly
October 2009, July 2011	Zoo York ⁽²⁾
October 2011	Sharper Image ⁽³⁾
November 2012	Umbro
February 2013	Lee Cooper ⁽⁴⁾
October 2009, May 2013	Ecko Unltd/ Marc Ecko Cut & Sew ⁽⁵⁾
March 2015	Strawberry Shortcake ⁽⁶⁾

¹In February 2016, the Company sold the rights to the Badgley Mischka intellectual property to Titan Industries, Inc. Refer to Note 5 in Notes to Consolidated Financial Statements for further details.

²In July 2011, the Company, through its wholly-owned subsidiary ZY Holdings, purchased the Zoo York brand and related assets from its IPH Unltd joint venture, increasing the Company's effective ownership in the Zoo York brand from 51% to 100%.

³The Company sold its rights to the Sharper Image intellectual property and related assets in December 2016. Refer to Note 5 in Notes to the Consolidated Financial Statements for further details.

⁴In December 2016, the Company repurchased the remaining 50% ownership interest in the joint venture that held domestic assets relating to the Lee Cooper brand, LC Partners US, LLC, from its joint venture partner, increasing the Company's ownership interest in LC Partners US to 100%. Refer to Note 5 in Notes to Consolidated Financial Statements for further details.

⁵In May 2013, the Company purchased the remaining 49% of the equity interest in IPH Unltd from its minority partner, increasing the Company's effective ownership of the Ecko portfolio of brands from 51% to 100%.

⁶In June 2017, the Company sold the businesses underlying the Entertainment segment, which included the Strawberry Shortcake brand. Refer to Note 2 in Notes to Consolidated Financial Statements for further details

In addition to the acquisitions above, the Company has acquired ownership interests in the following brands through its investments in joint ventures as of December 31, 2018:

Date Acquired/Invested	Brand	Investment / Joint Venture	Iconix's Interest
November 2007	Artful Dodger	Scion ⁽¹⁾	100 %
May 2009, April 2011	Ed Hardy	Hardy Way ⁽²⁾	85 %

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March 2010	Material Girl and Truth or Dare	MG Icon	50	%
June 2010	Peanuts	Peanuts Holdings ⁽³⁾	0	%
December 2012	Modern Amusement	Icon Modern Amusement	51	%
February 2013	Buffalo	Alberta ULC	51	%
October 2014	Nick Graham	NGX ⁽⁴⁾	0	%
December 2014	Hydraulic	Hydraulic IP Holdings ⁽⁵⁾	100	%
February 2015	PONY	US Pony Holdings	75	%

⁽¹⁾In July 2015, the Company acquired the remaining 50% interest in Scion, increasing its effective ownership of the Artful Dodger brand from 50% to 100%. Refer to Note 5 in Notes to Consolidated Financial Statements for further details.

⁽²⁾In April 2011, the Company acquired an additional interest in Hardy Way LLC, increasing its effective ownership of the brand from 50% to 85%. Refer to Note 5 in Notes to Consolidated Financial Statements for further details.

⁽³⁾In June 2017, the Company sold the businesses underlying the Entertainment segment, which included the Peanuts brand. Refer to Note 2 in Notes to Consolidated Financial Statements for further details.

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(4) In July 2017, the Company sold its 51% ownership interest in NGX, LLC. Refer to Note 5 in Notes to Consolidated Financial Statements for further details.

(5) In April 2018, pursuant to a letter agreement entered into simultaneously with the Company's acquisition of a 51% equity interest in Hydraulic, the Company acquired the remaining 49% ownership interest from its joint venture partner for no cash consideration as a result of an affiliate of the joint venture partner not making its minimum guaranteed royalty payment obligations to the Company in accordance with the respective license agreement. This transaction resulted in the Company effectively increasing its ownership interest in Hydraulic to 100%. The Company will retain 100% ownership interest in Hydraulic unless the affiliate of such joint venture partner satisfies its outstanding payment obligations by making all payments of the minimum guaranteed royalties to the Company under the terminated license agreement.

As of December 31, 2018, the Company was party to the following joint ventures to develop and market its brands in specific international markets, herein collectively referred to as the Company's "International Joint Ventures":

Date Created	Investment /Joint Venture	Iconix's Interest	
December 2009	Iconix Europe	51	%
May 2012	Iconix India	50	%
March 2013	Diamond Icon	51	%
September 2013	Iconix Australia ⁽¹⁾	55	%
October 2013	Iconix Southeast Asia ⁽²⁾	50	%
December 2013	Iconix Israel	50	%
December 2014	Iconix Middle East ⁽³⁾	55	%
July 2016	Umbro China Limited ⁽⁴⁾	95	%
October 2016	Danskin China Limited ⁽⁵⁾	100	%
March 2018	Starter China Limited ⁽⁶⁾	100	%
June 2018	Lee Cooper China Limited ⁽⁷⁾	100	%

(1) In July 2018, the Company purchased an additional 5% interest in Iconix Australia, LLC ("Iconix Australia"), increasing the Company's ownership of Iconix Australia from 50% to 55%. Refer to Note 5 in Notes to Consolidated Financial Statements for further details.

(2) In June 2017, the Company deconsolidated Iconix SE Asia, Ltd. Refer to Note 5 in Notes to Consolidated Financial Statements for further details.

(3) In December 2016, the Company irrevocably exercised its call option to acquire an additional 5% of the equity interests in Iconix Middle East from its partner, in order to increase the Company's ownership from 50% to 55%. Such acquisition closed in February 2017. Refer to Note 5 in Notes to Consolidated Financial Statements for further details.

(4) In July 2016, the Company sold a 5% interest in a newly formed entity, Umbro China Limited, to MH Umbro International Co. Limited. Refer to Note 5 in Notes to Consolidated Financial Statements for further details.

(5) In October 2016, the Company entered into an agreement with Li-Ning (China) Sports Goods Co., Ltd. ("LiNing") to sell up to a 50% interest (and no less than 30% interest) in its wholly-owned indirect subsidiary, Danskin China Limited ("Danskin China"), a new Hong Kong registered company which holds the intellectual property and related assets in respect of the Danskin brand in mainland China and Macau. Refer to Note 5 in Notes to Consolidated Financial Statements for further details.

(6) In March 2018, the Company entered into an agreement with Photosynthesis Holdings, Co. Ltd. ("PHL") to sell up to no less than a 50% interest and up to a total of 60% interest in its wholly-owned indirect subsidiary, Starter China Limited, a newly registered Hong Kong subsidiary of Iconix China ("Starter China"), and which will hold the Starter

trademarks and related assets in respect of the Greater China territory. PHL's purchase of the initial 50% equity interest in Starter China is expected to occur over a three-year period commencing on January 15, 2020 for cash consideration of \$20.0 million. The additional 10% equity interest (for a total equity interest of 60% interest) purchase right of PHL is expected to occur over a three-year period commencing January 16, 2022 for cash consideration equal to the greater of \$2.7 million or 2.5 times the royalty received under the respective license agreement in the previous twelve months based on other terms and conditions specified in the share purchase agreement.

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⁽⁷⁾ In June 2018, the Company entered into an agreement with POS Lee Cooper HK Co. Ltd. (“PLC”) to sell up to no less than a 50% interest and up to a total of 60% interest in its wholly-owned indirect subsidiary, Lee Cooper China Limited, a newly registered Hong Kong subsidiary of Iconix China (“Lee Cooper China”), and which will hold the Lee Cooper trademarks and related assets in respect of the Greater China territory. PLC’s purchase of the initial 50% equity interest in Lee Cooper China is expected to occur over a four-year period commencing on October 15, 2020 for cash consideration of approximately \$8.2 million. The additional 10% equity interest (for a total equity interest of 60% interest) purchase right of PLC is expected to occur over a two-year period commencing January 15, 2024 for cash consideration equal to the greater of \$2.5 million or 2.5 times the royalty received under the respective license agreement in the previous twelve months based on other terms and conditions specified in the share purchase agreement.

Corporate Information

The Company was incorporated under the laws of the state of Delaware in 1978. Its principal executive offices are located at 1450 Broadway, New York, New York 10018, and its telephone number is (212) 730-0030. The Company’s website address is www.iconixbrand.com. The information on the Company’s website does not constitute part of this Form 10-K. The Company has included its website address in this document as an inactive textual reference only.

The Company’s brands

The Company owns a diversified portfolio of approximately 30 iconic brands across the Company’s four operating segments: women’s, men’s, home, and international (see Note 18 in Notes to Consolidated Financial Statements). Additionally, the Company previously owned and operated an Entertainment segment which is included in the Company’s consolidated statement of operations as a discontinued operation for the year ended December 31, 2017 (“FY 2017”). The sale of the businesses underlying the Entertainment segment was completed on June 30, 2017 (see Note 2 of Notes to Consolidated Financial Statements). The Company’s objective is to grow its existing portfolio organically, both domestically and internationally, and acquire new brands, both of which leverage its brand management expertise, platform and infrastructure, and where third parties offer similar leverage of their relationships and infrastructures, enter into joint ventures or other partnerships. To achieve this objective, the Company intends to:

- extend its existing brands by adding additional product categories, expanding the brands’ distribution and retail presence and optimizing its licensees’ sales through marketing that increases consumer awareness and loyalty;
- continue its international expansion through additional licenses, partnerships, joint ventures and other arrangements with leading retailers and wholesalers worldwide;
- continue acquiring consumer brands or the rights to such brands with high consumer awareness, broad appeal, applicability to a range of product categories and an ability to diversify the Company’s portfolio; and
- use advertising and marketing to keep brands relevant and create long term value.

In managing its brands, the Company seeks to capitalize on its heritage and authenticity, while simultaneously working to keep its brands relevant to today’s consumer.

Women’s

Brands Wholly-Owned by Iconix:

Candie’s. Candie’s is known as a “fun & flirty” young contemporary lifestyle brand, featuring products in apparel, accessories and footwear categories. As Iconix’s longest held trademark, Candie’s brand was established in 1977 which started with a high-heeled wooden-sole slide shoe that allowed women to put a punctuation mark on their look. Since then, the Candie’s brand has popped with cultural connection reflecting the attitude and aspiration of the times. In July 2005, Kohl’s Department Stores, Inc., became the primary direct-to-retail licensee and launched an all-store roll out of

the brand in the United States with a multi-category line of Candie's products, including sportswear, denim, footwear, handbags and intimate apparel. Additionally, the brand has signed wholesale license agreements with channels outside of Kohl's within optical, home, and girl's underwear and sleepwear categories of business. Candie's award-winning advertising is known for its flirty but playful concepts. Over the years the brand has created omni-channel marketing campaigns leveraging its talent of "It" girls including Britney Spears, Fergie, Destiny's Child, Lea Michele, Vanessa Hudgens, Hilary Duff, Bella Thorne, Kelly Clarkson & Jenny McCarthy.

Mudd. Mudd is a highly recognizable junior lifestyle brand representing a generation of independent girls who stand up, stand out, and make their dreams a reality. It was established in 1995 and acquired by Iconix in April 2006. Mudd has since become a junior's denim destination synonymous with feminine-yet-casual fashion and a free-spirited lifestyle. In November 2008, the Mudd brand entered into a multi-year, exclusive, direct-to-retail licensing agreement with Kohl's Department Stores, Inc., across the United States for apparel, footwear, fashion accessories and jewelry.

Danskin/Danskin Now. Danskin is a 135 year-old iconic brand of women's activewear, athleisure, legwear, dancewear, intimates, sleepwear, and fitness equipment, which the Company acquired in March 2007. Danskin has maintained a legacy of health, strength and female empowerment in its core values. The Danskin brand continues to be sold through better department, mid-tier, specialty and sporting goods stores, as well as through Danskin.com by wholesale licensees in the United States. In 2014, the brand re-launched its e-commerce site, blog, and expanded its social media efforts sustaining its heritage with dance. As previously disclosed, the Company was notified that Wal-mart will not renew the existing Danskin Now license agreement for the brand subsequent to its expiration in January 2019. The Danskin brand has 5 licensees including a new addition of Footwear for 2019. Even after the termination of the Wal-mart retail license agreement, we believe the brand has a solid distribution of retailers. These retailers include Amazon, Costco, Walmart.com as well as a strong presence within TJX corporation. The Danskin brand has recently secured collaborations such as Footlocker/6:02 with the Jenna Dewan Collection.

Mossimo. Mossimo is known as a contemporary, active and youthful lifestyle brand. The brand was established in 1986 and acquired by the Company in October 2006. Since 2000, Target Corporation, herein referred to as Target, had held the exclusive license in the United States, covering apparel products for men, women and children, including casual sportswear, denim, swimwear, bodywear, watches, handbags and other fashion accessories and had become one of the largest apparel brands in the United States. The license agreement with Target expired on October 31, 2018. We are in the process of developing a "go forward" strategy to position the brand in midrange retailers, off price retailers and on-line retailers in an effort to transfer the name of the brand developed over the years with the consumer. Our 2019 focus is to secure strong licensee partners to design, develop and distribute a variety of product categories to a wider base of retailers that we believe will generate revenue to the Company beginning in 2020.

Joe Boxer. Joe Boxer is a highly recognized lifestyle brand known for its irreverent and humorous image and provocative promotional events. Acquired by Iconix in July 2005, the brand was established in 1985 with the idea of taking basic clothing and re-imagining it to reflect humor, fashion and popular trends. Since August 2001, Kmart/Sears has held the exclusive license for the brand in the United States covering apparel, fashion accessories and home products for men, women, teens and children. Given the Kmart/Sears bankruptcy filing in October 2018, the Company is currently in the process of renegotiating the existing license agreement with Kmart/Sears on a non-exclusive basis.

London Fog. London Fog is a classic brand known worldwide for its outerwear, luggage and travel products, cold weather accessories, umbrellas and footwear. The brand was established over 80 years ago and was acquired by the Company in August 2006. The brand is sold in a variety of categories through wholesale licenses in the United States, primarily through the department store channel including Macy's and Nordstrom's Department Store. Further, the Company has a direct-to-retail license agreement for London Fog with Hudson's Bay Corporation in Canada.

Rampage. Rampage was established in 1982 and is known as a young contemporary fashion brand that empowers women to be their truest, boldest selves. Rampage was acquired by Iconix in September 2005 with products sold through better department stores such as Macy's and Belk Stores across categories of footwear, handbags, intimates, accessories and outerwear. Previous campaigns have featured Petra Nemcova, Gisele Bündchen, Bar Refaeli, Irina Shayk, and Olivia Culpo.

Ocean Pacific/OP. Ocean Pacific and OP are global action-sports lifestyle apparel brands which trace their heritage to Ocean Pacific's roots as a 1960's surfboard label. The Company acquired the Ocean Pacific/OP brands in November 2006 and in 2007, the OP business in the United States was converted to a direct-to-retail license with Wal-Mart Stores, Inc. (herein referred to as Wal-Mart). The OP DTR license agreement at Walmart was not renewed upon its expiration in June 2017. In 2017, Ocean Pacific was repositioned to re-connect with the brand heritage and its authentic core customer, the action-sports enthusiast, across the specialty channel. Plans for launching product with new licensees are in process for 2019. We are aggressively researching the best partners for this license in all

categories and genders including swim, apparel, accessories, home and beach related products. Distribution is currently focused on Walmart.com, mid-range department stores and off-price retailers.

Bongo. The Bongo brand is a California lifestyle brand established in 1982 and is best described as the everyday girl with a splash of cool. Recognized for its famous denim fit, Bongo also features a broad range of Junior's casual apparel and accessories, including sportswear, eyewear and footwear. As a result of the Kmart/Sears bankruptcy filing, the Company is currently in negotiations to potentially license the brand to new or existing licensees.

Badgley Mischka. The Badgley Mischka brand is known for luxury couture eveningwear. The brand was established in 1988 and was acquired by the Company in October 2004. The Company sold the Badgley Mischka brand in February 2016.

Brands Held by Iconix with Joint Venture Partners:

MG Icon—Material Girl. Material Girl is designed to fit into the “it” woman’s demanding, multi-dimensional world. Material Girl offers the millennial customer fast fashion at affordable prices and is the go-to for style setters. MG Icon, a joint venture in which

the Company has a 50% interest, was created by Iconix with Madonna and Guy Oseary in March 2010 to buy, create, develop and license the Material Girl brand across a spectrum of consumer product categories. Concurrent with the formation of this joint venture, MG Icon entered a direct-to-retail exclusive license with Macy's Retail Holdings, Inc. ("Macy's") covering a wide array of consumer categories across the Material Girl brand. As previously disclosed, the Company was notified that Macy's will not renew the existing license agreement for the brand subsequent to its expiration in January 2020. Currently, the brand has wholesale license agreements in hosiery and socks and will transition the apparel, intimates and sleepwear products to new partners. Celebrating its ninth year, the brand has had many notable faces for its campaigns, including Rita Ora, Zendaya, Kelly Osbourne, Sofia Richie, Taylor Momsen, Pia Mia, and Serayah.

Men's

Brands Wholly-Owned by Iconix:

Rocawear/Roc Nation. Rocawear is a youth culture brand, established by Shawn "Jay-Z" Carter and his partners in 1999. The Company acquired the Rocawear brand in March 2007. Rocawear is currently licensed in the United States in a variety of categories, including men's, women's and kids' apparel, outerwear, footwear, jewelry and handbags. Rocawear products are sold primarily through department stores nationwide. In July 2013, the Company acquired the global rights to the "Roc Nation" name, a higher-end halo brand of Rocawear, associated with the Roc Nation entertainment and talent agency.

Starter. Founded in 1971, Starter is one of the original brands in licensed team sports merchandise and is a highly-recognized brand of athletic apparel and footwear. The Company acquired Starter in December 2007. At the time of the acquisition, the brand was distributed in the United States primarily at Wal-Mart through a number of wholesale licensees. In July 2008, the brand was converted to a direct-to-retail license with Wal-Mart and is currently sold in all stores in the United States and Canada. The Starter brand has been worn by some of the greatest athletes in MLB, NBA, NFL and NHL and the 2015 ambassadors for the brand included Kevin Love and Eric Decker. Most recently, the Company has partnered with all the major professional sports leagues and over one hundred NCAA universities throughout the U.S. through a licensee to re-launch the iconic Starter satin jacket, sold through various specialty stores, sporting goods stores and online. In 2012, the Starter Black brand was launched. Starter Black is a premium lifestyle brand extension that focuses on a fashion-forward collection of logo branded apparel and accessories and has quickly become a staple among celebrities, athletes and influencers. The Starter Black brand is sold in high-end specialty and sporting goods stores (e.g. Fanatics, Barnes and Noble College Book Stores). In the Fall of 2017, the Starter brand was launched as an exclusive distribution with Amazon as their only national brand in their private brand division. Over 300 styles across men's, women's, and children's activewear and accessories launched on the site throughout 2018. Starting in 2019, Starter is the on-field provider for the Alliance of American Football league which gives a significant amount of national recognition of the brand.

Zoo York. Zoo York is an East Coast-based action lifestyle brand, named for the graffiti-art infused counterculture of 1970's New York City. Zoo York has licenses with wholesalers covering a variety of products, including men's, women's and kids' apparel, footwear, socks and accessories. The Manhattan-based brand proudly serves up a wide range of casual utilitarian looks for men and women that fuse authentic military-influenced overtones with iconic Zoo York City imagery. The Company acquired a 51% interest in the Zoo York brand as part of the Ecko Unltd. acquisition in 2009, and the Company increased its ownership to 100% in 2011. Zoo York is currently distributed in department stores including JCPenney and Stage Stores. Celebrity spokespeople for the brand include professional skateboarders Chaz Ortiz.

Ecko Unltd, Marc Ecko Cut & Sew. In October 2009, the Company, through a then newly formed joint venture company IPH Unltd, acquired a 51% controlling stake in the Ecko portfolio of brands. In May 2013, the Company

purchased the remaining 49% interest from its minority partner, increasing its ownership in IPH Unltd from 51% to 100%. Founded in 1993, Ecko and its various brands are marketed and sold to consumers in the youth culture lifestyle categories, including active-athletic, streetwear, collegiate/preppy and denim fashion for men, women and children. Ecko Unltd. products are sold primarily through department and specialty stores including Dillard's and JCPenney. Ecko Unltd. brand ambassadors include professional skateboarder Manny Santiago and professional boxer Danny Garcia. Marc Ecko Cut & Sew is a halo brand, licensed in men's apparel, outerwear, underwear, fragrance and accessories. It is distributed in boutiques, specialty stores and Dillard's Department Store.

Artful Dodger. In November 2007, Scion, through its wholly-owned subsidiary, Artful Holdings LLC, purchased the Artful Dodger brand, a high end urban apparel brand. In July 2015, the Company acquired the remaining 50% interest in the Scion joint venture which increased the Company's ownership interest in Scion, and as a result, Artful Dodger, to 100%.

Umbro. Founded in 1924, Umbro is a global football (soccer) brand. The brand combines British heritage with a modern football lifestyle to create iconic sports apparel and footwear with high global awareness and strong global distribution. The Company acquired the Umbro brand in November 2012. The Company and its licensees sponsor more than a hundred national and professional

teams worldwide. Umbro products are sold globally through a strong network of licensees and partners in the United States, Canada, Australia, Africa, Asia, Europe, the Middle East, India and Latin America.

Lee Cooper. Founded in 1908, Lee Cooper is an iconic British denim brand that has expanded into multiple lifestyle categories including men's, women's and kids' casual wear, footwear and accessories. The Company acquired the Lee Cooper brand in February 2013. Lee Cooper has global reach through more than 40 licensees with product sold in Africa, Asia, Europe, the Middle East, India and Latin America.

Hydraulic IP Holdings, LLC - Hydraulic. In December 2014, the Company formed a joint venture with Top On International Group Limited in which the Company effectively purchased a 51% interest in the Hydraulic trademarks and related assets. In April 2018, the Company acquired the remaining 49% ownership interest from its joint venture partner. This transaction resulted in the Company effectively increasing its ownership interest in Hydraulic to 100%. Hydraulic was founded in New York in 1998 and is known for setting the blue jean standard in the denim market for junior's, women's and plus sizes. Hydraulic differentiates itself from other denim brands by positioning itself with the theme that all denim was not created equally. Hydraulic is currently distributed in department stores and is licensed for women's apparel in the United States.

Brands Held by Iconix with Joint Venture Partners:

Hardy Way-Ed Hardy. In May 2009, the Company acquired a 50% interest in Hardy Way, the owner of the Ed Hardy brand and trademarks. In April 2011, the Company made an additional investment in Hardy Way which effectively increased its ownership interest to 85%. Don Ed Hardy and his artwork date back to 1967 when he transformed the tattoo business into an artistic medium. He began licensing his name and artwork for apparel in 2003 and today the Ed Hardy brand is recognized by its tattoo inspired lifestyle products. The brand is licensed to wholesalers in the United States for men's, women's, and kids' apparel, fragrance, footwear and accessories. Distribution in the United States includes a wide base of retail stores, from Target to Walgreens. Celebrities that have worn the brand include Shakira, Lil Wayne, Madonna, Dwight Howard, Jessica Alba and Eva Longoria.

Icon Modern Amusement—Modern Amusement. In December 2012, the Company entered into an agreement with Dirty Bird Productions, Inc., in which the Company purchased a 51% interest in the Modern Amusement trademarks and related assets. Modern Amusement is a premium, west coast-lifestyle brand with a focus on casual sportswear apparel and related accessories for young men and young women. Modern Amusement has a direct-to-retail license in the U.S. with PacSun which distributes men's apparel and footwear.

Buffalo Brand Joint Venture—Buffalo by David Bitton. In February 2013, the Company formed a joint venture with Buffalo International ULC in which the Company effectively purchased a 51% interest in the Buffalo trademarks and related assets. Founded in 1985, Buffalo is a lifestyle brand consisting of denim, sportswear, active wear, and accessories. Buffalo is sold primarily through better department stores including Macy's, Dillard's and Lord & Taylor.

NGX, LLC—Nick Graham. In October 2014, the Company formed a joint venture with NGO, LLC ("Nick Graham") in which the Company purchased a 51% interest in the Nick Graham trademarks and related assets. Founded in 2013, Nick Graham is a men's lifestyle brand. The Company sold its ownership interest in NGX, LLC in July 2017.

US Pony Holdings, LLC – Pony / Product of New York. In February 2015, the Company through its newly-formed subsidiary, US Pony Holdings, LLC, acquired the North American rights to the Pony / Product of New York brand. These rights include the rights in the United States obtained from Pony, Inc. and Pony International, LLC, and the rights in Mexico and Canada obtained from Super Jumbo Holdings Limited. US Pony Holdings, LLC is owned 75% by the Company and 25% by its partner, Anthony L&S Athletics, LLC. Since acquiring the brand, the Company has entered into footwear, apparel and hosiery licensing contracts. The brand is distributed in mid-tier department stores,

specialty stores and sporting goods stores.

Formed in 1972 in New York City, PONY became one of the top athletic footwear brands worldwide in the 1990's appearing on professional athletes in the NBA, NFL, MLB, Pro Soccer, Pro Tennis, and Pro Boxing. In Q4 2015, the Company launched its current multi-faceted marketing campaign highlighting the acronym for Pony, Product of New York. The digital and social media campaign aimed at millennials, paid homage to the brand's New York City roots.

Home

Brands Wholly-Owned by Iconix:

Cannon. Established in 1887, Cannon is a brand with a powerful heritage and products that are known for their high quality, easy care and appeal to a broad range of consumers. One of the most recognized home brands, Cannon delivers a consistent quality at an affordable price. It is known as the first textile brand to sew logos onto products. The Company acquired Cannon as part of the 2007 Pillowtex acquisition. At the time of the acquisition, the brand was distributed in various regional department stores. In

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February 2008, the Company signed its current direct-to-retail license with Kmart/Sears for Cannon to be sold exclusively in the United States in multiple categories including fashion bedding, sheets, towels and bath rugs, basic bedding and kitchen textiles. Given the Kmart/Sears bankruptcy filing in October 2018, the Company is currently in the process of renegotiating the existing license agreement with Kmart/Sears on a non-exclusive basis. In March 2019, the Company signed two new licensing agreements for Cannon with Pem America and Blue Ridge Home fashions in various product categories. The Pem America license agreement will cover the US, Canadian and Mexican markets and Blue Ridge Home Fashions will cover the US and Canadian markets.

Royal Velvet. For over 60 years, Royal Velvet has been celebrating home fashions, offering sophisticated designs that foster creativity and welcome customers home. Royal Velvet is a premium brand that provides a sophisticated aesthetic to homes and delivers exceptional quality that people know, trust and love. Royal Velvet is an authority on color, bringing rich, elevated choices in home textiles and décor. The Royal Velvet towel has been an industry standard since 1954. Royal Velvet products include towels, sheets, bath rugs, fashion bedding, basic bedding and window treatments. The Company acquired Royal Velvet as part of the 2007 Pillowtex acquisition. In April 2011, the Company entered into a direct-to-retail license with JC Penney Corporation, Inc., (owner of JC Penney stores), for the Royal Velvet brand to be sold exclusively in JC Penney Stores in the United States, which commenced in February 2012. As previously disclosed, the Company was notified that JC Penney will not renew the existing license agreement for the brand subsequent to its expiration in January 2019. In March 2019, the Company entered into a license agreement with Himatsingka America, a part of the Himatsingka Group for various product categories within the US, Canada and Mexico markets. The Company is also currently in negotiations for licensing of the brand to additional new or existing licensees.

Fieldcrest. Fieldcrest has been the choice for quality bedding and bath since the late 19th Century. A brand rich in heritage, Fieldcrest is foundational luxury for the modern guest. The Company acquired Fieldcrest as part of the 2007 Pillowtex acquisition. Since 2005, the Fieldcrest brand has been licensed exclusively to Target in the United States. Categories include fashion bedding, bath towels, rugs, basic bedding and sheets.

Charisma. Charisma home textiles were introduced in the 1970's and are synonymous with understated elegance. The Company acquired Charisma as part of the 2007 Pillowtex acquisition. In February 2009, the Company signed a direct-to-retail license with Costco Wholesale Corporation, (herein referred to as Costco), for certain Charisma products to be sold in Costco stores in the United States and other countries. The brand is also licensed in the United States and Canada for distribution through better department stores such as Bloomingdales, Bed Bath & Beyond, Nieman Marcus, Macy's, Horchow and QVC.

Waverly. Waverly is a home fashion and lifestyle brand that has been a leader in prints and patterns since its launch in 1923. It is one of the most recognized names in home décor and furnishings. Waverly's distinctive color palette and accessible home decor allows consumers to mix and match fabrics offering a custom-designed look at an affordable price. The Company acquired Waverly in October 2008. Waverly has two direct-to-retail agreements in the United States; with Wal-Mart for the Waverly Inspirations Collection covering fabrics and craft and the Waverly Home Collection at Christmas Tree Shops. Waverly also has wholesale licensees in the United States for products including fabric, window treatments, décor, and bedding that are sold through retailers such as Jo-Ann's, Lowe's and Belk and other specialty and off-price retailers.

Sharper Image. Founded in 1977, Sharper Image is a lifestyle brand with unique product assortments across a range of categories including consumer electronics, home goods, luggage, eclectic gifts and kitchen accessories. The Company acquired the Sharper Image brand in October 2011. The Company sold the Sharper Image brand and related assets in December 2016.

Entertainment

On May 9, 2017, the Company signed definitive agreements to sell its Entertainment segment. The sale was completed on June 30, 2017. Refer to Note 2 of Notes to Consolidated Financial Statements for further details.

Brand Wholly-Owned by Iconix:

Strawberry Shortcake. In March 2015, the Company completed its acquisition of the Strawberry Shortcake brand and related assets from American Greetings Corporation and its wholly-owned subsidiary, Those Characters From Cleveland, Inc. In June 2017, the Company sold the brand to DHX Media, Ltd. Refer to Note 2 of Notes to Consolidated Financial Statements for further details.

Brand Held by Iconix with Joint Venture Partners:

Peanuts Worldwide – Peanuts, Charlie Brown, Snoopy. In June 2010, the Company, through its wholly-owned subsidiary Icon Entertainment LLC, acquired an 80% controlling stake in Peanuts Holdings, which, through its wholly-owned subsidiary, Peanuts Worldwide, owned and managed the Peanuts brand and characters. The Company's 20% partner in Peanuts

Holdings was the family of Charles Schulz, the creator of the Peanuts brand and characters. In June 2017, the Company sold its 80% ownership interest in the brand to DHX Media, Ltd. Refer to Note 2 of Notes to Consolidated Financial Statements for further details.

International

Wholly-Owned Subsidiaries and Joint Ventures:

Within the international segment, the Company operates both wholly-owned subsidiaries and joint ventures in various territories. A variety of the Company's brands are present within these territories and generate license revenue and profitability.

Wholly-Owned Subsidiaries

Iconix China. In September 2008, the Company and Novel Fashions Holdings Limited, (referred to as Novel), formed a joint venture, Iconix China, to develop, exploit and market the Company's brands in the People's Republic of China, Hong Kong, Macau and Taiwan, (herein referred to as Greater China). In the initial phase of the joint venture, Iconix China sought to maximize brand monetization through investment, whereby Iconix China received a minority equity stake in local operating companies in exchange for the rights to one or more of the Company's brands in Greater China and brand management support. Pursuant to the terms of this transaction, the Company contributed to Iconix China substantially all rights to its brands in Greater China and contributed \$2.0 million, and Novel contributed \$17 million to Iconix China.

Iconix China successfully placed several brands into joint ventures including Candie's and Marc Ecko Cut & Sew with Shanghai La Chapelle Fashion Co. Ltd (HK 6116); London Fog with China Outfitters (HK1146); Material Girl with Ningbo Peacebird; Ed Hardy with Landmark International; and Ecko Unltd. with Xi Ha Clothing. These brands are collectively sold through more than 1,000 branded retail locations. In April 2016, the Company sold its interest in TangLi International, Ltd. (Ed Hardy China).

In March 2015, the Company purchased all equity interests in Iconix China owned by its partner, increasing the Company's ownership of Iconix China from 50% to 100%. Subsequently, the Company has secured traditional licensing agreements for many of its brands including Umbro, Joe Boxer, Rocawear, Rampage, Danskin and Starter.

Iconix Latin America. In December 2008, the Company formed a joint venture partnership, ("Iconix Latin America"), with New Brands, an affiliate of the Falic Group, to develop, exploit, market and license the Company's brands in the Latin American territory comprising of Mexico, Central America, South America and the Caribbean. In February 2014, the Company purchased from New Brands its 50% interest in Iconix Latin America for \$42.0 million, increasing the Company's ownership to 100%. Today, Iconix Latin America has over fifty licenses, including key direct-to-retail relationships with Falabella, Renner, Wal-Mart and Suburbia. Licensed brands in this territory include Candie's, Joe Boxer, London Fog, Mossimo, Ocean Pacific, Danskin/Danskin Now, Starter, Zoo York, Ecko Unltd., Ed Hardy, Cannon, and Fieldcrest, among others.

Iconix Canada. In June 2013, the Company contributed substantially all rights to its wholly-owned and controlled brands in Canada into two entities: Ico Brands L.P. ("Ico Brands") and Iconix Canada L.P. ("Ico Canada" and together with Ico Brands, collectively "Iconix Canada"). Shortly thereafter, through their acquisitions of limited partnership and general partnership interests, Buffalo International ULC and its affiliates purchased a 50% interest in Iconix Canada. In July 2017, the Company purchased from Buffalo its 50% interest in Iconix Canada for \$19.0 million plus 50% of the net asset value of Iconix Canada (estimated to be approximately \$2.0 million), increasing the Company's ownership to 100%. Iconix Canada has many direct-to-retail licenses including Danskin Now at Wal-Mart, and

London Fog at The Bay as well as a wide range of licenses for key brands such as Ecko Unltd., Danskin, Rampage, Zoo York, Umbro, Fieldcrest, Royal Velvet, and Waverly.

International Joint Ventures

The formation and administration of international joint ventures have been a central and ongoing component of our business since 2008. The Company established and maintains the following international joint ventures: Iconix Europe, Iconix India, Iconix Australia, Iconix Southeast Asia, Iconix Israel, Iconix Middle East, Umbro China and Danskin China. The Company's primary purpose in forming international joint ventures has been to bring its brands to market more quickly and efficiently, generating greater short- and long-term value from its IP. This approach enabled its brands to more rapidly increase licensing revenue, market share and profitability than what the Company believes it could have achieved on its own.

To get what we believe are best-in-class local partners to invest in and represent the Company's brands in their respective territories, the Company offers its partner the ability to buy equity interests in the IP. These equity interests provide the Company's partners with the necessary incentive to devote management time and resources to the brands. By leveraging the partners' local market expertise, retail relationships, wholesale networks, business contacts and staff, the Company has significantly grown licensing royalties in key global markets, and maintained stricter enforcement against counterfeit products. As these businesses in each territory reach sufficient scale to support the Company's full business structure of brand management, marketing, licensing, acquisitions and finance, the Company may consider acquiring control or full ownership of the joint ventures, where possible, as was the case in Latin America in 2014, in China in 2015 and Canada in 2017.

Iconix Europe. In December 2009, the Company contributed substantially all rights to its wholly-owned brands in all member states and candidate states of the European Union, and certain other European countries, to Iconix Europe, a then newly formed wholly-owned subsidiary of the Company. Shortly thereafter, an investment group led by Albion Equity Partners LLC, purchased a 50% interest in Iconix Europe for \$4 million through Brand Investments Vehicle Group 3 Limited ("BIV"). Also, as part of this transaction, Iconix Europe entered into a multi-year brand management and services agreement with The Licensing Company to assist in developing, exploiting, marketing and licensing the contributed brands in the European territory.

In January 2014, the Company consented to the purchase of BIV's 50% ownership interest in Iconix Europe by Global Brands Group Asia Limited, formerly known as LF Asia Limited ("GBG"), in exchange for \$1.5 million from GBG. In addition, the Company acquired an additional 1% equity interest in Iconix Europe from GBG thereby increasing the Company's ownership in Iconix Europe to a controlling 51% interest. GBG is also our joint venture partner in Iconix SE Asia.

Iconix Europe has multiple direct-to-retail partnerships including OP with Sports Direct, Danskin with Go Sport and Danskin, Starter, Joe Boxer, Zoo York and London Fog with S-Group/Prisma as well as a wide range of licenses in multiple territories for key brands such as Ocean Pacific, Ecko Unltd., Rocawear, Cannon, and Waverly.

Iconix India. In May 2012, the Company contributed substantially all rights to its wholly-owned and controlled brands in India to Imaginative Brand Developers Private Limited, now known as Iconix Lifestyle India Private Limited ("Iconix India"), a then newly formed subsidiary of the Company. Shortly thereafter, Reliance Brands Limited ("Reliance"), purchased a 50% interest in Iconix India for \$6.0 million. Reliance is an affiliate of Reliance Industries Limited, one of India's largest private sector enterprises.

Iconix India has signed many long-term licensing partnerships with some of the largest retailing groups in India including Future Group, and Arvind and Aditya Birla Nuvo and has licensed brands such as Ecko Unltd., London Fog, Umbro, Ed Hardy and Cannon.

Iconix Australia. In September 2013, the Company contributed substantially all rights to its wholly-owned and controlled brands in Australia and New Zealand (the "Australia Territory") to Iconix Australia through an exclusive, royalty-free perpetual master license agreement with Iconix Australia. Shortly thereafter, Pac Brands USA, Inc. ("Pac Brands USA") purchased a 50% interest in Iconix Australia for \$7.2 million from the Company to assist the Company in developing, exploiting, marketing and licensing the Company's brands in the Australia Territory. In July 2018, the Company purchased an additional 5% ownership interest in Iconix Australia, effectively increasing the Company's ownership interest in Iconix Australia to 55%.

Iconix Australia licenses many brands in the territory including Cannon, Ecko Unltd., Mossimo, Starter, Umbro, Zoo York, Fieldcrest, and Waverly.

Iconix Israel. In November 2013, the Company contributed substantially all rights to its wholly-owned and controlled brands in the State of Israel and the geographical regions of the West Bank and the Gaza Strip (together, the “Israel Territory”) to Iconix Israel LLC (“Iconix Israel”), a then newly formed subsidiary of the Company through an exclusive, royalty-free perpetual master license agreement with Iconix Israel. Shortly thereafter, M.G.S. Sports Trading Limited (“MGS”) purchased a 50% interest in Iconix Israel for approximately \$3.4 million to assist the Company in developing, exploiting, marketing and licensing the Company’s brands in the Israel Territory.

MGS and its affiliated companies, have licenses for Umbro, Joe Boxer, OP and Starter, which they distribute through their vast wholesale network and through its Mega Sport stores. Iconix Israel also includes a license with Brill Fashion for Lee Cooper.

Iconix Southeast Asia. In October 2013, the Company contributed substantially all rights to its wholly-owned and controlled brands in Indonesia, Thailand, Malaysia, Philippines, Singapore, Vietnam, Cambodia, Laos, Brunei, Myanmar and East Timor (together, the “Southeast Asia Territory”) to Lion Network Limited (“Iconix SE Asia”), a then newly formed subsidiary of the Company through an exclusive, royalty-free perpetual master license agreement with Iconix SE Asia. Shortly thereafter, GBG purchased a 50% interest in Iconix SE Asia for \$10 million to assist the Company in developing, exploiting, marketing and licensing the Company’s brands in the Southeast Asia Territory.

In June 2014, the Company amended Iconix SE Asia by contributing substantially all rights to its wholly-owned and controlled brands in the territory of South Korea, and the Company's Marc Ecko Cut & Sew, Ecko Unltd., Zoo York, Ed Hardy and Sharper Image brands in the European Union and Turkey, in each case, to Iconix SE Asia. In return, GBG agreed to pay the Company \$15.9 million.

During September 2014, the Iconix SE Asia territory was further amended to include China, Macau, Hong Kong and Taiwan for the Umbro and Lee Cooper marks. In respect of its 50% interest in the joint venture, GBG agreed to pay the Company \$21.5 million. In December 2015, the Company purchased GBG's effective 50% interest in the Umbro and Lee Cooper marks in Greater China for \$24.7 million. Iconix SE Asia has licensed many key brands in the Southeast Asia Territory including Joe Boxer, Rampage, London Fog, Cannon, Ecko Unltd., Ed Hardy, Lee Cooper, Mossimo, Rocawear, Starter, Zoo York, Umbro, Charisma and others.

Iconix Middle East and North Africa. In December 2014, the Company contributed substantially all rights to its wholly-owned and controlled brands in the United Arab Emirates, Qatar, Kuwait, Bahrain, Saudi Arabia, Oman, Jordan, Egypt, Pakistan, Uganda, Yemen, Iraq, Azerbaijan, Kyrgyzstan, Uzbekistan, Lebanon, Tunisia, Libya, Algeria, Morocco, Cameroon, Gabon, Mauritania, Ivory Coast, Nigeria and Senegal (the "MENA Territory") to Iconix MENA LTD ("Iconix MENA"), a then newly formed subsidiary of the Company through an exclusive, royalty-free perpetual master license agreement with Iconix MENA. Shortly thereafter, GBG, purchased a 50% interest in Iconix MENA for \$18.8 million to assist the Company in developing, exploiting, marketing and licensing the Company's brands in the MENA Territory. In December 2016, the Company irrevocably exercised its right to acquire an additional 5% equity interest in Iconix MENA and increase the Company's ownership interest to 55%. Such acquisition closed in February 2017.

Iconix Middle East has licensed many brands in the MENA Territory including Cannon, Ecko Unltd., Fieldcrest, Starter, Umbro, Zoo York, and Waverly and a substantial direct-to-retail license with Landmark Group for Lee Cooper.

Umbro China. In July 2016, the Company executed an agreement with MH Umbro International Co. Limited ("MHMC") to sell up to an aggregate 50% interest in a newly registered company in Hong Kong, which holds the Umbro intellectual property in respect of the Greater China territory, of which, at that time, the Company received \$2.5 million in cash from MHMC for a 5% interest in Umbro China.

Danskin China. In October 2016, the Company entered into an agreement with Li-Ning Company Limited to sell up to a 50% interest (and no less than a 30% interest) in Danskin China, which holds the Danskin trademarks and related assets in respect of mainland China and Macau. LiNing's purchase of the equity interest in Danskin China is expected to occur over a three-year period commencing on March 31, 2019.

Diamond Icon LLC. In March 2013, the Company, via Iconix Luxembourg Holdings SARL, entered into a joint venture agreement with Albion Agencies Ltd, an English limited company, in which the Company purchased a 51% interest in Diamond Icon Ltd, also an English limited company. Diamond Icon was established to design, develop and facilitate the supply of apparel, footwear and sports equipment for the Umbro brand; a service the wholesale licensees depend upon, which was previously provided by the former owner, Nike. The apparel, footwear and accessories developed by Diamond Icon for Umbro are distributed by wholesale licensees of the Umbro brand around the world.

Starter China. In March 2018, the Company entered into an agreement with Photosynthesis Holdings, Co. Ltd. to sell up to no less than a 50% interest and up to a total of 60% interest in Starter China, which holds the Starter trademarks and related assets in respect of the Greater China territory. PHL's purchase of the equity interest in Starter China is expected to occur over a three-year period commencing on January 15, 2020.

Lee Cooper China. In June 2018, the Company entered into an agreement with POS Lee Cooper HK Co. Ltd. To sell up to no less than a 50% interest and up to a total of 60% interest in Lee Cooper China, which holds the Lee Cooper trademarks and related assets in respect of the Greater China territory. PLC's purchase of the equity interest in Lee Cooper China is expected to occur over a two-year period commencing on January 15, 2024.

Investments:

Marcy Media Holdings, LLC

In July 2013, the Company purchased a minority interest in Marcy Media Holdings, LLC (“Marcy Media”), resulting in the Company’s indirect ownership of a 5% interest in Roc Nation, LLC. Founded in 2008, Roc Nation is a full-service entertainment company. Roc Nation Sports, a division of Roc Nation, launched in Spring 2013 and focuses on elevating premier professional athletes’ career on and off the field by executing marketing and endorsement deals, community outreach, charitable tie-ins, media relations and brand strategy. Roc Nation entertainment and talent agency represents Kevin Durant, Robinson Cano and many other influential athletes and artists. For additional information related to our investment in Marcy Media, see “Item 1A. Risk Factors – Risks Related to our Business” below and Note 5 in the Notes to Consolidated Financial Statements.

Complex Media Inc.

In September 2013, the Company purchased convertible preferred shares, representing on an as-converted basis as of December 31, 2014, an approximate 14.4% minority interest in Complex Media Inc. (“Complex Media”), a multi-media lifestyle company which, among other things, owns Complex magazine and its online counterpart, Complex.com. In July 2016, the Company received \$35.3 million in connection with the sale of its interest in Complex Media. Refer to Note 5 in the Notes to Consolidated Financial Statements for further details.

Galore Media Inc.

In April 2016, the Company entered into agreements with Galore Media, Inc. (“Galore”), a marketing company formed in the year ended December 31, 2015 (“FY 2015”) and still in a development stage. Under the agreements, the Company purchased 50,050 shares of Series A Preferred Stock of Galore for \$0.5 million and entered into arrangements pursuant to which the Company agreed to purchase up to an aggregate \$0.5 million of marketing services from Galore for the year ended December 31, 2016. In connection with the marketing services arrangement, the Company received warrants that, as the Company purchased specified levels of marketing services, became exercisable for additional shares of Galore’s Series A Preferred Stock at a nominal exercise price. Upon closing of the investment on April 21, 2016, the Company exercised the initial warrant which resulted in the Company receiving an additional 46,067 shares of Series A Preferred Stock of Galore. Given these arrangements, the Company had an investment of approximately 11% of the equity of Galore. In September 2017, the Company entered into a stock repurchase agreement with Galore to sell the Company’s outstanding shares of Series A Preferred Stock of Galore. Refer to Note 5 in Notes to Consolidated Financial Statements for further details.

Licensing Strategy

The Company’s principal business strategy is to maximize the value of its brands by entering into strategic license agreements with best-in-class licensees that are responsible for designing, manufacturing and distributing the licensed products. Through our licensing business model, we have substantially eliminated inventory risk and reduced the operating exposure associated with traditional fully vertically integrated businesses, thereby resulting in attractive cash flows and operating margins.

The Company has over 375 licenses and has benefited from the model’s scalability, which enables the Company to leverage its existing infrastructure to support new business and brands. A key objective of the Company is to capitalize on its brand management expertise and relationships to build and maintain a diversified portfolio of consumer brands that generate increasing revenues. Through our international partnerships, we have successfully built a vast network of licensees around the world that are growing our brands outside of the United States. The Company

is also committed to continuously reinvesting in its global platform in order to provide licensees with preeminent brand management knowledge and services to allow all partners to benefit from being a part of the Iconix network.

The Company licenses its brands across a broad range of product categories, including fashion apparel, footwear, accessories, sportswear, home furnishings and décor, and beauty and fragrance. The Company seeks licensees with the ability to produce and sell quality products in their licensed categories and to meet and exceed minimum sales and royalty payment thresholds.

The Company maintains direct-to-retail and traditional wholesale licenses. Typically, in a direct-to-retail license, the Company grants exclusive rights to one of its brands to a single national retailer for a broad range of product categories. For example, the Fieldcrest brand is primarily licensed exclusively to Target in the United States across a variety of product categories. Direct-to-retail licenses provide retailers with proprietary rights to national brands at favorable economics. In a traditional wholesale license, the Company grants the right to a specific brand to a single or small group of related product categories to a wholesale supplier, who is permitted to sell licensed products to multiple stores within an approved distribution channel. For example, the Company licenses the Umbro brand in the United States to numerous wholesale suppliers for products ranging from athletic wear to footwear to apparel, for sale and distribution primarily to department and specialty stores.

The Company's licenses typically require the licensee to pay the Company royalties based upon net sales with guaranteed minimum royalties in the event that net sales do not reach certain specified targets. The Company's licenses also typically require the licensees to pay to the Company certain minimum amounts for the advertising and marketing of the respective licensed brands. As of January 1, 2019, the Company and its joint ventures had a contractual right to receive over \$405 million of aggregate minimum licensing revenue through the balance of all of their current licenses, excluding any renewals.

The Company believes that coordination of brand presentation across product categories is critical to maintaining the strength and integrity of its brands. Accordingly, the Company typically maintains the right in its licenses to preview and approve all products, packaging and other presentations of the licensed mark. Moreover, in many of its licenses, prior to each season, representatives of the Company supply licensees with trend guidance as to the "look and feel" of the current trends for the season, including colors, fabrics, silhouettes and an overall style sensibility, and then work with licensees to coordinate the licensed products across the categories to maintain the cohesiveness of the brand's overall presentation in the market place. Thereafter, the Company obtains and approves (or objects and requires modification to) product and packaging provided by each licensee on an on-going basis. In addition, the Company communicates with its licensees throughout the year to obtain and review reporting of sales and calculation and payment of royalties.

Marketing

The Company believes marketing is a critical element in maximizing brand value to its consumers, licensees and to the Company. The Company's in-house marketing department conceives and produces omni-channel marketing initiatives for the Company's brands. These initiatives aim to increase brand awareness, positive perception and drive-engagement and conversion. The Company believes that its national campaigns result in increased sales and consumer recognition of its brands.

The Company has organized its marketing structure to allow for ongoing updates to its marketing campaigns based upon market trends. Marketing consists of four areas: Social and digital marketing, public relations, creative content generation and brand management. The Company uses its in-house talent to create compelling 360° marketing campaigns that include social/digital marketing, print, outdoor, celebrity, influencers, bloggers and other innovative strategies. It also will utilize outside agencies when needed to supplement. In addition to building omni-channel campaigns, the Company works with major retail partners to provide assets for online, digital/ social and in-store marketing.

The Company maintains separate websites for each of its brands, in addition to www.iconixbrand.com to further market the brands. In addition, the Company has established an intranet for approved vendors and service providers who can access additional materials and download them through a secure network.

Many of the Company's license agreements require the payment of an advertising royalty by the licensee, and in certain cases, the Company's licensees are required to supplement the marketing of the Company's brands by performing additional advertising through trade, cooperative or other sources.

Trend direction

The Company's in-house brand management supports the brands by providing licensees with unified trend direction, guidance and coordination of the brand image across all product categories. The fashion team is focused on identifying and interpreting the most current trends, both domestically and internationally, by helping forecast the future design and product demands of the respective brands' customers. Typically, the Company develops a trend guide, including color, print, pattern, fabrication and key silhouettes while being sensitive to the overall "DNA" of each

brand. In addition, the Home division generates original designs and patterns, which both the licensees and DTR partners utilize to allow each brand their own brand identity and individual lifestyle.

This is accomplished by delivering these guides each season. The fashion team also provides insight into new emerging categories and business shifts that affect the merchandising of the brand. Often times, these new ideas can be formulated and sold as capsule collections or sub-brands into current or new retailers, based on the guidance given by the fashion and brand management team. In addition, the Company has product approval rights in most licenses and further controls the look and mix of products its licensees produce through that process. In cases where we do not hold contractual approval rights, as is the case with many direct-to-retail licensees, the brand management and fashion teams still work closely with the designers and merchants of the particular retailer to give guidance and opinions on the product aesthetic.

The team often provides bought samples from comparison shopping that inspire key items within each collection. With respect to Alberta ULC (owner of the Buffalo brand), the Company has entered into arrangements with its partner to oversee and control the creative aspects of the brand, including design and brand marketing. With respect to our Umbro brand, we have created a design entity, Diamond Icon, that designs apparel and footwear products to service the needs of our global licensee network.

Key direct-to-retail licenses

For the year ended December 31, 2018, the Company's largest direct-to-retail licensees were with Wal-Mart for Danskin Now and Waverly Inspirations brands, Target for the Mossimo and Fieldcrest brands, Kohl's for the Candie's and Mudd brands and Kmart/Sears for the Joe Boxer, Bongo and Cannon brands. The relationships with these major retailers collectively represented approximately 26% of total revenue for the period.

Wal-Mart licenses

Revenue generated by the Company's four licenses with Wal-Mart accounted for, in the aggregate, 4% and 16% of the Company's revenue for the years ended December 31, 2018 ("FY 2018") and FY 2017, respectively. The following is a description of these licenses:

Danskin Now. In July 2008, the Company entered into a license agreement with Wal-Mart pursuant to which Wal-Mart was granted the exclusive right to use the Danskin Now trademark in the United States and Canada in connection with the design, manufacture, promotion and sale of women's and girl's soft lines, including active wear, dancewear, footwear, intimate apparel, apparel accessories and fitness equipment through Wal-Mart stores and Wal-Mart.com. The term of the license continues through January 31, 2019. Following the expiration of the license on January 31, 2019, while Danskin Now is no longer licensed directly to Wal-Mart, the Company has entered into license agreements with other licensees which will sell the product into Wal-Mart.

Ocean Pacific/OP. In August 2007, the Company entered into an exclusive direct-to-retail license agreement with Wal-Mart granting Wal-Mart the right to design, manufacture, sell and distribute through Wal-Mart stores and Wal-Mart.com a broad range of apparel and accessories under the Ocean Pacific/OP marks in the United States and Canada. The OP license expired on June 30, 2017.

Starter. In December 2007, the Company entered into a license agreement with Wal-Mart granting Wal-Mart the exclusive right to design, manufacture, sell and distribute a broad range of apparel and accessories under the Starter trademark in the United States and Canada. The Starter license expired December 31, 2017.

Waverly Inspirations. In July 2014, the Company entered into a license agreement with Wal-Mart granting Wal-Mart the exclusive right to design, manufacture, sell and distribute a broad range of fabrics and crafts under the Waverly Inspirations trademark in the United States. The current term of the license expires on January 31, 2020.

Target licenses

Revenue generated by the Company's licenses with Target accounted for, in the aggregate, 6% and 9% of the Company's revenue for FY 2018 and FY 2017, respectively. The following is a description of these licenses.

Mossimo. As part of the Company's acquisition of the Mossimo trademarks in October 2006, the Company acquired the license with Target, which was originally signed in 2000 and was subsequently amended and restated in March 2006. Pursuant to this license, as further amended, Target had the exclusive right to design, manufacture, and sell through Target stores and Target.com in the United States, its territories and possessions, a wide range of Mossimo-branded products, including men's, women's and kid's apparel, footwear and fashion accessories. The license expired on October 31, 2018.

Fieldcrest. As part of the Company's acquisition of Official-Pillowtex in October 2007, the Company acquired the license with Target for the Fieldcrest brand, which commenced in March 2004. Pursuant to this license, Target has the exclusive right to design, manufacture, and sell through Target stores and Target.com in the United States and Canada

a wide range of home products, including bedding, towels, rugs, furniture and dinnerware. The current term of the license continues through January 31, 2020. The license has been renewed two prior times. The license provides for guaranteed annual minimum royalties that Target is obligated to pay the Company for each contract year.

Umbro. In August 2017, the Company entered into a distribution agreement with Target granting Target the exclusive right to sell and distribute Umbro-branded apparel and soccer equipment in the United States. The current term of the agreement continues through January 31, 2022 and Target has the option to renew for up to 1 additional term of 3 years. The agreement provides for minimum sales requirement for each contract year.

Kohl's licenses

Revenue generated by the Company's two licenses with Kohl's accounted for, in the aggregate, 10% and 9% of the Company's revenue for FY 2018 and FY 2017, respectively. The following is a description of these licenses.

Candie's. In December 2004, the Company entered into a license agreement with Kohl's for an initial term of five years which continued through January 29, 2011. Pursuant to this license, Kohl's has the exclusive right to design, manufacture, sell and distribute a broad range of products under the Candie's trademark, including women's, and juniors' apparel, and accessories (except prescription eyewear). The license provides for guaranteed minimum royalties and advertising payments that Kohl's is obligated to pay the Company for each contract year. The current term of the license continues through January 31, 2021. The Company has been notified that it is unlikely that Kohl's will renew the license agreement subsequent to the current term.

Mudd. In November 2008, the Company entered into a license agreement with Kohl's granting Kohl's the exclusive right to design, manufacture, sell and distribute a broad range of Mudd-branded apparel and accessories in the United States and its territories. The current term of the license continues through December 31, 2020 and Kohl's has the option to renew for up to two additional consecutive terms of five years. The Company is currently in negotiations for renewal of the license agreement. The license provides for guaranteed minimum royalties and advertising payments that Kohl's is obligated to pay the Company for each contract year.

Kmart/Sears licenses

Revenue generated by the Company's three licenses with Kmart/Sears, accounted for, in the aggregate, 7% and 8% of the Company's revenue for FY 2018 and FY 2017, respectively. Kmart/Sears filed for Chapter 11 bankruptcy in October 2018 and subsequently rejected the existing license agreements for Joe Boxer, Cannon and Bongo. We are currently working with Kmart/Sears as to whether they will utilize these brands in future periods.

Competition

The Company's proprietary brands are all subject to extensive competition from various domestic and foreign brands. These competitors compete with the Company's licensees in terms of design, quality, price, product, advertising and service. We believe that our strong brand management platform and proven international partnerships as well as our experienced management team differentiate our Company from our competitors.

Each brand has many competitors specific to certain distribution channels that span a broad variety of product categories, including the fashion apparel, home furnishings and decor, sports and entertainment industries. For example, Candies' competes with respect to young women's and juniors fast-fashion in the United States at the mid-tier channel with national brands like Express and XOXO, Starter competes with brands like Russell Athletic and C9 in the athletic apparel category, and Avia and And1 competes in the footwear category at the mass-tier channel. Umbro competes with global brands like Nike and Adidas in active-wear and with global and local brands in technical soccer categories. Additionally, a significant portion of our brands also compete with big box retailers "private-label" and/or "exclusive" brands.

The Company also faces competition in securing retail and wholesale licenses. Companies owning established brands may decide to enter into licensing arrangements with retailers or wholesalers similar to the ones the Company currently has in place, therefore creating direct competition. Similarly, the retailers that currently license our brands may decide to develop their own private labels and/or purchase brands rather than enter into license agreements with the Company.

Lastly, in America, the Company competes for acquisitions with traditional apparel, consumer and entertainment brand companies, financial buyers and other brand management companies. Throughout the rest of the world, the Company also competes for the acquisition of global brands with strategic and financial buyers.

Intellectual Property

We believe that the Company's worldwide IP portfolio, which includes trademarks, service marks, copyrights and other proprietary information, is our most valuable asset. As of December 31, 2018, we owned nearly 6,300 trademark and service mark registrations and applications – over 400 of which are domestic and over 5,800 of which are foreign. Trademarks and associated marks are registered or pending registration with the U.S. Patent and Trademark Office and in other countries throughout the world in block letter and/or logo formats, as well as in combination with a variety of ancillary marks for use with respect to a variety of product categories, including footwear, apparel, fragrance, handbags, watches and various other goods and services, including in some cases, home accessories and electronics. In addition, the Company owns numerous copyrights in its iconic Waverly and Joe Boxer patterns and designs. The Company also owns over 1,500 domain names worldwide and registers key domain names containing its trademarks.

Employees

As of December 31, 2018, the Company had a total of 122 full-time employees. Our full-time employees consisted of our CEO, senior managers, middle management, marketing and administrative personnel. Of the Company's 122 full-time employees, 55

employees reside in the U.S., 61 reside in Europe, five in China, and one in the Middle East. None of the Company's employees are represented by a labor union. The Company considers its relationship with its employees to be satisfactory.

Available Information

The Company maintains a website at www.iconixbrand.com, which provides a wide variety of information on each of its brands. The Company also makes available free of charge on its website its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed with or furnished to the Securities and Exchange Commission, herein referred to as the SEC, under applicable law as soon as reasonably practicable after it files such material. The Company's website also contains information about its history, investor relations, governance and links to access copies of its publicly filed documents. Further, the Company has established an intranet with approved vendors and service providers who can access additional materials and download them through a secure network. In addition, there are websites for many of the Company's brands, operated by the Company or its licensees, for example, at www.candies.com, www.joeboxer.com and www.danskin.com. The information regarding the Company's website address and/or those sites established for its brands is provided for convenience, and the Company is not including the information contained on the Company's and brands' websites as part of, or incorporating it by reference into, this Annual Report on Form 10-K.

Item 1A. Risk Factors

We operate in a changing environment that involves numerous known and unknown risks and uncertainties that could impact our operations. The following highlights some of the factors that have affected, and in the future could affect, our operations:

RISKS RELATED TO OUR CAPITAL STRUCTURE AND DEBT

The Company may not generate sufficient cash in the next twelve months necessary to fund continued operations.

Our ability to make cash payments on and to refinance our indebtedness and to fund future operations will depend on our ability to generate significant operating cash flow in the future. This ability is, to a significant extent, subject to general economic, financial, competitive and other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations in amount sufficient to enable us to fund our liquidity needs, including fees payable in connection with waivers obtained from our creditors and lenders, costs related to the impairment analysis discussed below and costs related to ongoing litigation (see "Legal Proceedings" and the risk factor entitled "—We have been named in securities litigations, which could be expensive and could divert our management's attention. There may be additional class action and/or derivative claims"). As a result, we may need to refinance all or a portion of our indebtedness, on or before its maturity, obtain additional equity or debt financing, sell existing assets or enter into strategic alliances with other parties. We cannot assure you that we will be able to do so on commercially reasonable terms or at all, or on terms that would be advantageous to our stockholders. Any inability to generate sufficient cash flow, refinance our indebtedness or incur additional indebtedness on commercially reasonable terms could adversely affect our financial condition and could cause us to be unable to service our existing debt. If we are unable to obtain a waiver, we would be in default under our existing indebtedness, the holders of such indebtedness could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. Even if we are able to obtain such waivers, limited liquidity may cause us to delay or abandon some or all of our plans to invest in new brands and may have a material and adverse effect our ability to generate and/or increase revenue going forward or cause us to be unable to maintain existing licenses on favorable terms and conditions. Additionally, we have historically received cash payments of management fees and residual fees under the agreements governing our Senior Secured Notes (as defined below), however, there is no guarantee we will receive any or all of these amounts in future

years. Any decrease in cash received under these arrangements in future periods could adversely affect our liquidity.

Our existing and future debt obligations could impair our liquidity and financial condition, and in the event we are unable to meet our debt obligations we could lose title to certain trademarks.

As of December 31, 2018, the Company's consolidated balance sheet reflects debt of approximately \$675.2 million (which is net of \$4.7 million of debt issuance costs), including (i) securitization debt of \$460.8 million (net of original issue discount of \$4.7 million) under our Series 2012-1 4.229% Senior Secured Notes, Class A-2, Series 2013-1 4.352% Senior Secured Notes, Class A-2 (collectively, the "Senior Secured Notes"), and the Variable Funding Notes (as defined below), (ii) senior secured debt of \$171.1 million (net of original issue discount of \$18.3 million) under our Senior Secured Term Loan (as defined below), and (iii) subordinated secured debt of \$109.7 million (which is recorded in our consolidated balance sheet as of December 31, 2018 at a fair value of \$48.1 million) under our 5.75% convertible senior subordinated secured second lien notes due 2023 (the "5.75% Convertible Notes"). We may also assume or incur additional debt, including secured debt, in the future in connection with, or to fund, future acquisitions or refinance our existing debt obligations. Our outstanding debt obligations:

could impair our liquidity;

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- could make it more difficult for the Company to satisfy its other obligations;
- require us to dedicate a substantial portion of our cash flow to payments on our debt obligations, which reduces the availability of our cash flow to fund working capital, capital expenditures and other corporate requirements;
- could impede us from obtaining additional financing in the future for working capital, capital expenditures, acquisitions and general corporate purposes;
- impose restrictions on us with respect to the use of our available cash;
- make us more vulnerable in the event of a downturn in our business prospects and could limit our flexibility to plan for, or react to, changes in our licensing markets; and
- could place us at a competitive disadvantage when compared to our competitors who have less debt and/or less leverage.

In the event that we fail to make any required payment under any current or future agreements governing our indebtedness or fail to comply with the financial and operating covenants contained in those agreements, we would be in default regarding that indebtedness. A debt default could significantly diminish the market value and marketability of our common stock, result in the acceleration of the payment obligations under all or a portion of our consolidated indebtedness and impact the Company's ability to continue as a going concern.

The terms of our debt agreements have restrictive covenants and our failure to comply with any of these could put us in default, which would have an adverse effect on our business and prospects, and could cause us to lose title to our key IP assets.

Unless and until we repay all outstanding borrowings under our securitization debt, we will remain subject to the restrictive terms of these borrowings. The securitization debt, under which certain of our wholly-owned subsidiaries (as defined below, the "Co-Issuers") issued and guaranteed the Senior Secured Notes and a revolving financing facility consisting of variable funding notes, herein referred to as Variable Funding Notes, contain a number of covenants, with the most significant financial covenant being a debt service coverage calculation. These covenants limit the ability of certain of our subsidiaries to, among other things:

- sell assets;
- engage in mergers, acquisitions and other business combinations;
- declare or pay distributions on their equity interests;
- incur, assume or permit to exist additional indebtedness or guarantees; and
- incur liens.

These restrictions could reduce our liquidity and thereby affect our ability to pay dividends or repurchase shares of our common stock. The securitization debt requires us to maintain a specified financial ratio relating to available cash to service the borrowings at the end of each fiscal quarter. Our ability to meet this financial ratio can be affected by events beyond our control, and we may not satisfy such a test. A breach of this covenant could result in a rapid amortization event or default under the securitization debt.

In the event that a rapid amortization event occurs or continues under the indenture (including, without limitation, upon an event of default under the indenture or the failure to repay the securitization debt at the end of the five year interest-only period), the funds available to us would be or are reduced or eliminated, which would in turn reduce our ability to operate or grow our business.

Furthermore, a reserve account has been established for the benefit of the secured parties under the indenture for the purpose of trapping cash upon the occurrence of our failure to maintain a specified financial ratio at the end of each fiscal quarter. Once it commences, such cash trapping period would extend until the quarterly payment date on which that financial ratio becomes equal to or exceeds the minimum ratio. In the event that a cash trapping period commences, the funds available for the Co-Issuers to pay amounts to us will be reduced or eliminated, which would in turn reduce our ability to support our business and service repayment obligations under our other financing

arrangements (including under the Senior Secured Term Loan and 5.75% Convertible Notes).

In an event of default, all unpaid amounts under the Senior Secured Notes and Variable Funding Notes could become immediately due and payable at the direction or consent of holders of a majority of the outstanding Senior Secured Notes. Such acceleration of our debt could have a material adverse effect on our liquidity if we are unable to negotiate mutually acceptable terms with our lenders or if alternate funding is not available to us.

Furthermore, if amounts owed under the securitization debt were to become accelerated because of a failure to meet the specified financial ratio or to make required payments, the holders of our Senior Secured Notes would have the right to foreclose on

the Candie's, Bongo, Joe Boxer, Rampage, Mudd, London Fog, Mossimo, Ocean Pacific/OP, Danskin/Danskin Now, Rocawear, Cannon, Fieldcrest, Royal Velvet, Charisma, Starter and Waverly trademarks in the United States and Canada (with the exception of the London Fog brand for outerwear in the United States); on our joint venture interests in Hardy Way, MG Icon and ZY Holdings; on the equity interests in certain of our subsidiaries; and on other related assets securing the notes.

The Senior Secured Term Loan and the indenture in respect of our 5.75% Convertible Notes (the "5.75% Notes Indenture") also contain a number of covenants that restrict our ability and the ability of certain of our subsidiaries, their respective subsidiaries and certain joint ventures to, among other things:

- grant liens on certain assets;
- consummate specified types of acquisitions or acquisitions requiring cash consideration in excess of specified amounts;
- make fundamental changes (including mergers and consolidations);
- make restricted payments and investments; and
- incur or prepay certain indebtedness.

In addition, our wholly-owned subsidiary IBG Borrower LLC ("IBG Borrower"), as borrower under the Senior Secured Term Loan, must maintain a specified minimum asset coverage ratio and leverage ratio.

Upon the occurrence of an event of default under the Senior Secured Term Loan or a default under the 5.75% Notes Indenture, in addition to the interest rate increasing by an additional 3% per year under the Credit Agreement, all unpaid amounts under the Senior Secured Term Loan and the 5.75% Convertible Notes could become immediately due and payable. An acceleration of our debt could have a material adverse effect on our liquidity if we were to be unable to negotiate mutually acceptable terms with our lenders or holders of the 5.75% Convertible Notes or other debt obligations as they come due. In addition, a default under one debt instrument relating to our existing indebtedness could in turn permit lenders or holders under other debt instruments to declare borrowings outstanding under those instruments to be due and payable pursuant to cross-default and cross-acceleration clauses.

In the event of a default under our indebtedness under our Senior Secured Term Loan, which is not waived by our lenders thereunder, such lenders may be able to declare all of the indebtedness under such facilities, together with accrued interest, to be due and payable.

In the event of a default under our indebtedness under our Senior Secured Term Loan, which is not waived by our lenders thereunder, such lenders generally would be able to declare all of the indebtedness under such facilities, together with accrued interest, to be due and payable. In addition, borrowings under our Senior Secured Term Loan are secured by a first-priority lien on substantially all of the assets of the Guarantors defined therein. In the event of a default under that facility, such lenders generally would be entitled to seize the collateral, including assets which are necessary to operate our business.

Pursuant to the terms of the 5.75% Note Indenture, the 5.75% Convertible Notes are secured by a second-priority lien on all of the assets of the same Guarantors listed in the Senior Secured Term Loan. Subject to the terms of an Intercreditor Agreement governing the relationship between the lenders under the Senior Secured Term Loan and the holders of the 5.75% Convertible Notes, in the event of a default under our Senior Secured Term Loan, the lenders under the Senior Secured Term Loan generally would be entitled to seize the collateral, including assets which are necessary to operate our business. In addition, default under one debt instrument relating to our existing indebtedness could in turn permit lenders or holders under other debt instruments to declare borrowings outstanding under those instruments to be due and payable pursuant to cross-default and cross-acceleration clauses. Moreover, upon the occurrence of an event of default relating to our indebtedness, any commitments to extend further credit to us could be terminated.

Accordingly, the occurrence of a default under any debt instrument, unless cured or waived, may have a material adverse effect on our results of operations.

RISKS RELATED TO OUR COMMON STOCK

The market price of our common stock, which has significantly declined in the past year, has been, and may continue to be, volatile, which could reduce the market price of our common stock.

The market price of our common stock has significantly declined in the past year. Furthermore, the publicly traded shares of our common stock have experienced, and may continue to experience, significant price and volume fluctuations. This market volatility could further reduce the market price of our common stock, regardless of our operating performance. In addition, the trading price of

our common stock could change significantly over short periods of time in response to actual or anticipated variations in our quarterly operating results, announcements by us, our licensees or our respective competitors, factors affecting our licensees' markets generally and/or changes in national or regional economic conditions, making it more difficult for shares of our common stock to be sold at a favorable price or at all. The market price of our common stock could also be reduced by general market price declines or market volatility in the future or future declines or volatility in the prices of stocks for companies in the trademark licensing business or companies in the industries in which our licensees compete. In addition, any future conversions of the 5.75% Convertible Notes would dilute the holdings of our then existing stockholders, including any remaining holders of our 5.75% Convertible Notes that receive shares of our common stock upon conversion of their notes, and could reduce the market price of our common stock.

Future issuances of our common stock may cause the prevailing market price of our shares to decrease.

We have issued a substantial number of shares of common stock that are eligible for resale under Rule 144 of the Securities Act of 1933, as amended, or Securities Act, and that may become freely tradable. We may, in the future, issue additional shares of our common stock. Pursuant to the terms of our 5.75% Convertible Notes, we may elect to pay interest on such notes in shares of our common stock, rather than in cash. Upon conversion of our 5.75% Convertible Notes, we may elect to satisfy our conversion obligations solely in shares of our common stock, which would result in an increase in the outstanding number of shares of our common stock that, subject to certain limitations, would be freely tradable. We have also already issued a substantial number of restricted shares of common stock as inducement grants in connection with the Company's hiring of a new CEO in October 2018 and a new CFO in February 2019. If the holders of 5.75% Convertible Notes choose to exercise their conversion rights and sell the underlying shares of common stock in the public market, or if holders of currently restricted shares of our common stock choose to sell such shares in the public market under Rule 144 or otherwise, the prevailing market price for our common stock may decline. The sale of shares issued upon the exercise of our derivative securities or other issuances of our common stock could also further dilute the holdings of our then existing stockholders, including holders of convertible notes that receive shares of our common stock upon conversion of their notes. In addition, future issuances of shares of our common stock could impair our ability to raise capital by offering equity securities.

If our common stock is delisted from the Nasdaq Global Select Market it may limit our ability to raise additional funds, reduce trading liquidity in our common stock and otherwise create additional volatility and/or downward pressure on the price of our common stock.

As previously disclosed, on November 27, 2018, the Company received a written notice from Nasdaq that the Company's common stock would be delisted from the Nasdaq Global Select Market. In accordance with Nasdaq's procedures, the Company appealed the Nasdaq's determination by requesting a hearing (the "Hearing") before a Nasdaq Hearings Panel (the "Panel") to seek continued listing, which stayed the delisting of the Company's common stock. The Hearing occurred on January 10, 2019. On January 15, 2019, the Panel granted the Company's request for continued listing of the Company's common stock on The Nasdaq Global Select Market pursuant to an extension through May 27, 2019, subject to the condition that the Company regain compliance with its Nasdaq listing rules by such date and provide the Panel with certain interim progress reports. If the Company does not regain compliance with the Nasdaq listing rules by May 27, 2019 or, based on the Company's interim progress reports, the Panel reconsiders the extension before then, Nasdaq will delist the Company's common stock from the Nasdaq Global Select Market.

On March 14, 2019, the Company completed a reverse stock split at a ratio of one-for-ten of its outstanding common stock (the "Reverse Stock Split"). However, even after the completion of the Reverse Stock Split, there is no guarantee that the Company will regain compliance with the Nasdaq listing rules by May 27, 2019, or stay in compliance with such rules thereafter even if it does regain compliance as of such date. As a result, there is no guarantee that the Company's common stock will not be delisted on or after May 27, 2019. If the Company's common stock is delisted from the Nasdaq Global Select Market it may limit its ability to raise additional funds, reduce trading liquidity in the

Company's common stock and otherwise create additional volatility and/or downward pressure on the price of the Company's common stock.

Future issuances of equity or convertible notes to raise additional needed capital may result in significant dilution to our stockholders.

In order to raise additional needed capital, the Company may issue shares of its common stock or shares of preferred stock or debt convertible into shares of its common stock or preferred stock. There can be no assurance that such issuances will be at current market rates or on terms favorable to the Company and its existing stockholders. Any raising of capital involving the issuance of equity is expected to result in a significant dilution to existing stockholders. The terms of any debt securities issued could also impose significant restrictions on our operations. Broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance, and may adversely impact our ability to raise additional funds. Similarly, if our common stock is delisted from the NASDAQ Global Market, it may limit our ability to raise additional funds.

We have previously identified material weaknesses in our internal control over financial reporting, and during the course of preparing our financial statements for the year ended December 31, 2018, we identified a material weakness in our internal control over financial reporting. If our remediation of this material weakness is not effective, we may be unable to report our financial condition or results of operations accurately or on a timely basis and investors may lose confidence in the accuracy and completeness of our financial reports, and the market price of our common stock may be adversely affected.

As previously disclosed, we and our auditors have identified material weaknesses in our internal control over financial reporting for prior periods. Following the identification of the material weaknesses for prior periods, management implemented a remediation plan for such material weaknesses. Although such material weaknesses have been remediated (with the exception of the financial reporting for the modification of debt), there can be no assurance that the internal controls we implement will be effective or that in the future we will not suffer from additional ineffective disclosure controls and procedures or internal controls over financial reporting, which would further impair our ability to provide reliable and timely financial reports.

We are continuing to implement additional review procedures and adopt additional control procedures to remediate the material weakness related to the financial reporting for the modification of debt which was previously identified. Moreover, because of the inherent limitations of any control system, material misstatements due to error or fraud may not be prevented or detected on a timely basis, or at all. If we are unable to remediate effectively these material weaknesses, we may be unable to report our financial condition or financial results accurately or report them within the timeframes required by the SEC, and our business may be further harmed. Historical restated financial statements and failures in internal controls may also cause investors to lose confidence in our financial reporting process and the accuracy and completeness of our financial reports, which could have a negative effect on the price of our common stock, subject us to regulatory investigations and penalties, and adversely impact our business and financial condition.

We do not anticipate paying cash dividends on our common stock in the short term.

An investor should not rely on an investment in our common stock to provide dividend income in the short term, as we have not paid any cash dividends on our common stock and do not plan to pay any in the foreseeable future. Instead, we plan to retain any earnings to maintain and expand our existing licensing operations, further develop our trademarks and finance the acquisition of additional trademarks. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any return on their investment.

RISKS RELATING TO OUR BUSINESS

The failure of our licensees to adequately produce, market, import and sell products bearing our brand names in their license categories, continue their operations, renew their license agreements or pay their obligations under their license agreements could result in a decline in our results of operations.

Our revenue is almost entirely dependent on royalty payments made to us under our license agreements. Although the license agreements for our brands usually require the advance payment to us of a portion of the license fees and, in most cases, provide for guaranteed minimum royalty payments to us, the failure of our licensees to satisfy their obligations under these agreements, or their inability to operate successfully or at all, could result in their breach and/or the early termination of such agreements, their non-renewal of such agreements or our decision to amend such agreements to reduce the guaranteed minimums or sales royalties due thereunder, thereby eliminating some or all of that stream of revenue. There can be no assurances that we will not lose the licensees under our license agreements due to their failure to exercise the option to renew or extend the term of those agreements or the cessation of their

business operations (as a result of their financial difficulties or otherwise) without equivalent options for replacement. Any of such failures could reduce the anticipated revenue stream to be generated by the license agreements. In addition, the failure of our licensees to meet their production, manufacturing and distribution requirements, or to be able to continue to import goods (including, without limitation, as a result of changes to laws or trade regulations, trade embargoes, labor strikes or unrest, especially, for example, given the recent uncertainty around tariffs in respect of trade between the US and China), could cause a decline in their sales and potentially decrease the amount of royalty payments (over and above the guaranteed minimums) due to us. Further, the failure of our licensees and/or their third party manufacturers, which we do not control, to adhere to local laws, industry standards and practices generally accepted in the United States in areas of worker safety, worker rights of association, social compliance, and general health and welfare, could result in accidents and practices that cause disruptions or delays in production and/or substantial harm to the reputation of our brands, any of which could have a material adverse effect on our business, financial position, results of operations and cash flows. A weak economy or softness in certain sectors including apparel, consumer products, retail and entertainment could exacerbate this risk. This, in turn, could decrease our potential revenues and cash flows.

A substantial portion of our licensing revenue is concentrated with a limited number of licensees, such that the loss of any of such licensees or their renewal on terms less favorable than today, could slow our growth plans, decrease our revenue and impair our cash flows.

Our licenses with Walmart, Target, Kohls, Kmart/Sears and Global Brands Group represent, each in the aggregate, our five largest licensees during the twelve-month period ended December 31, 2018, representing approximately 4%, 6%, 10%, 7% and 10%, respectively, of our total revenue for such period.

Because we are dependent on these licensees for a significant portion of our licensing revenue, if any of them were to have financial difficulties affecting their ability to make payments, cease operations, or if any of these licensees decides not to renew or extend any existing agreement with us, or to significantly reduce its sales of licensed products under any of the agreement(s), our revenue and cash flows could be reduced substantially.

As previously disclosed, the Company was notified of the following non-renewals of license agreements: (i) the OP, Starter and Danskin Now DTR license agreements with Walmart, (ii) the Mossimo DTR license agreement with Target, (iii) the Royal Velvet license agreement with J.C. Penney's and (iv) the Material Girl DTR license agreement with Macy's. Also, Kmart/Sears filed for Chapter 11 bankruptcy in October 2018 and subsequently rejected the existing license agreements for Joe Boxer, Cannon and Bongo. While the Company is actively working to place these brands with other licensees, and is in negotiations with Kmart/Sears related to its existing license agreements, the failure to enter into replacement license agreements for these brands on economic terms similar to such DTR arrangements may adversely affect our future revenues and cash flows.

In addition, we may face increasing competition in the future for direct-to-retail licenses as other companies owning established brands may decide to enter into licensing arrangements with retailers similar to those we currently have in place. Furthermore, our current or potential direct-to-retail licensees may decide to more prominently promote and market competing brands, or develop or purchase other or establish their own brands, rather than continue their licensing arrangements with us. In addition, increased competition could result in lower sales of products offered by our direct-to-retail licensees under our brands. If our competition for retail licenses increases, it may take us longer to procure additional retail licenses.

We were engaged in a comment letter process with the SEC Staff and undertook an internal review of our financial statements, which resulted in our Board, Audit Committee and current management restating certain of our historical financials. In addition, we have received a formal order of investigation from both the SEC and the U.S. Department of Justice ("DOJ"). Restatements of financial statements and results of the SEC's or DOJ's investigation has had and could continue to have a negative effect on our business and stock price.

As previously disclosed, the Company received a formal order of investigation from the SEC staff in December 2015 and was contacted by the U.S. Attorney's office for the Southern District of New York (the "SDNY") in December 2018 regarding that matter. The Company continues to cooperate fully with the SEC and SDNY regarding this matter. However, there can be no guarantee as to the amount of internal and external resources we may need to devote to responding to any further requests we may receive from the SEC and/or SDNY. In this regard, the legal and accounting fees and expenses we may incur, or the timeline for resolution or the ultimate outcome of the investigation. In addition, if the SEC and/or SDNY were to charge the Company with violations, we could potentially be subject to fines, penalties or other adverse consequences, and our business and financial condition could be adversely impacted.

We are currently involved in litigation relating to our investment in Marcy Media which may result in a partial or total loss of our investment in Marcy Media.

As a result of our inability to obtain financial, tax or other business information from Marcy Media, or its controlling shareholders and affiliates, including Marcy Media, LLC, Roc Nation and Shawn Carter (aka Jay-Z), we are in the process of litigating to obtain access to such financial information and seeking alternatives to monetize this investment (including special financing to fund current and/or additional litigation relating to our investment in Marcy Media, the sale of the litigation claim to a third party or an outright sale of our investment in Marcy Media to a third party).

As of December 31, 2018, we evaluated the investment in Marcy Media for impairment and noted that there are no additional facts and circumstances to suggest that our investment is impaired. As a result of our inability to obtain any financial, tax or other business information relating to Marcy Media, however, in the future, we may be required to write down a portion of or all of these assets and such write-down could have an adverse impact on our results of operations in a future period.

We have a material amount of goodwill and other intangible assets, including our trademarks, recorded on our balance sheet. As a result of changes in market conditions and declines in the estimated fair value of these assets, we may, in the future, be required to

further write down a portion of this goodwill and other intangible assets and such write-down would, as applicable, either decrease our net income or increase our net loss.

As of December 31, 2018, goodwill represented approximately \$26.1 million, or approximately 4% of the Company's total consolidated assets, and trademarks and other intangible assets represented approximately \$337.7 million, or approximately 53% of our total consolidated assets. Under current U.S. GAAP accounting standards, goodwill and indefinite life intangible assets, including most of our trademarks, are no longer amortized, but instead are subject to impairment evaluation based on related estimated fair values, with such testing to be done at least annually.

In FY 2018, as a result of a decline in net sales as well as a decline in future guaranteed minimum royalties from license agreements for certain brands, the Company recorded a total non-cash asset impairment charge, related to the write-off of certain of our trademarks and goodwill, in the amount of approximately \$174.2 million.

As previously disclosed, in November 2017, as of a result of, among other things, the recent decisions by certain licensees not to renew existing Mossimo and Danskin Now license agreements and expected diminished revenues in FY 2018 across several of the Company's other brands, the Company accelerated the timing of its annual impairment testing of goodwill and intangible assets to be completed in connection with the preparation of its financial statements for the quarter ended September 30, 2017. As a result of such testing, the Company recorded a total non-cash asset impairment charge, related to the write-off of certain of our trademarks and goodwill, in the amount of approximately \$625.5 million. Additionally, in the fourth quarter of FY 2017, as a result of the recent notification of JC Penney not renewing the existing Royal Velvet license agreement, the Company recorded an additional non-cash asset impairment charge, related to the write-off of the Royal Velvet trademark, in the amount of approximately \$4.1 million. As a result, total trademark and goodwill impairment recorded for FY 2017 is in the amount of approximately \$629.6 million.

There can be no assurance that any future downturn in the business of any of the Company's segments, or a continued decrease in our market capitalization, will not result in a further write-down of goodwill or trademarks, which would either decrease the Company's net income or increase the Company's net loss, which may or may not have a material impact to the Company's consolidated statement of operations.

As a result of the intense competition within our licensees' markets and the strength of some of their competitors, we and our licensees may not be able to continue to compete successfully.

Many of our trademark licenses are for products in the apparel, fashion accessories, footwear, beauty and fragrance, home products and décor industries in which our licensees face intense competition, including from our other brands and licensees, as well as from third party brands and licensees. In general, competitive factors include quality, price, style, name recognition and service. In addition, various fads and the limited availability of shelf space could affect competition for our licensees' products. Many of our licensees' competitors have greater financial, importation, distribution, marketing and other resources than our licensees and have achieved significant name recognition for their brand names. Our licensees may be unable to compete successfully in the markets for their products, and we may not be able to continue to compete successfully with respect to our licensing arrangements.

Our business is dependent on continued market acceptance of our brands and the products of our licensees bearing these brands.

Although most of our licensees guarantee minimum net sales and minimum royalties to us, a failure of our brands or of products bearing our brands to achieve or maintain market acceptance could cause a reduction of our licensing revenue and could further cause existing licensees not to renew their agreements. Such failure could also cause the devaluation of our trademarks, which are our primary IP assets, making it more difficult for us to renew our current

licenses upon their expiration or enter into new or additional licenses for our trademarks. In addition, if such devaluation of our trademarks were to occur, a material impairment in the carrying value of one or more of our trademarks could also occur and be charged as an expense to our operating results.

The industries in which we compete, including the apparel industry, are subject to rapidly evolving trends and competition. In addition, consumer tastes change rapidly. The licensees under our licensing agreements may not be able to anticipate, gauge or respond to such changes in a timely manner. Failure of our licensees to anticipate, identify and capitalize on evolving trends could result in declining sales of our brands and devaluation of our trademarks. Continued and substantial marketing efforts, which may, from time to time, also include our expenditure of significant additional funds to keep pace with changing consumer demands, are required to maintain market acceptance of the licensees' products and to create market acceptance of new products and categories of products bearing our trademarks; however, these expenditures may not result in either increased market acceptance of, or licenses for, our trademarks or increased market acceptance, or sales, of our licensees' products. Furthermore, while we believe that we currently maintain sufficient control over the products our licensees' produce under our brand names through the provision of trend direction and our right to preview and approve a majority of such products, including their presentation and packaging, we do not actually

design or manufacture products bearing our marks, and therefore, have more limited control over such products' quality and design than a traditional product manufacturer might have.

Our success is largely dependent on the continued service of our key personnel.

As previously disclosed, we have experienced significant turnover in our senior management team. While we are not aware of any further pending changes in key management positions, we cannot provide assurance that we will effectively manage our current management transition or other future management changes we may experience. An inability to effectively manage these changes may impact our ability to retain our senior executives and other key employees, which could harm our operations. Additional turnover at the senior management level may create instability within the Company and our employees may terminate their employment, which could further impede our ability to maintain day to day operations. Such instability could also impede our ability to fully implement our business plan and growth strategy, which would harm our business and prospects.

Changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results.

Our future effective tax rates could be adversely affected by changes in the valuation of our deferred tax assets and liabilities, or by changes in tax laws or policies, or interpretations thereof. In addition, our current global tax structure could be negatively impacted by various factors, including changes in the tax rates in jurisdictions in which we earn income or changes in, or in the interpretation of, tax rules and regulations in jurisdictions in which we operate. An increase in our effective tax rate could have a material adverse effect on our business, results of operations and financial position.

We also are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities both domestically (including state and local entities) and abroad. We regularly assess the likelihood of recovering the amount of deferred tax assets recorded on the balance sheet and the likelihood of adverse outcomes resulting from examinations by various taxing authorities in order to determine the adequacy of our provision for income taxes. We cannot guarantee that the outcomes of these evaluations and continuous examinations will not harm our reported operating results and financial conditions.

We are subject to additional risks associated with our international licensees and joint ventures.

We market and license our brands outside the United States and many of our licensees are located, and joint ventures operate, outside the United States. As a key component of our business strategy, we intend to expand our international sales, including, without limitation, through joint ventures. We and our joint ventures face numerous risks in doing business outside the United States, including: (i) unusual or burdensome foreign laws or regulatory requirements or unexpected changes to those laws or requirements; (ii) tariffs, trade protection measures, import or export licensing requirements, trade embargoes, sanctions and other trade barriers (including, for example, given the recent uncertainty around tariffs in respect of trade between the US and China); (iii) competition from foreign companies; (iv) longer accounts receivable collection cycles and difficulties in collecting accounts receivable; (v) less effective and less predictable protection and enforcement of our IP; (vi) changes in the political or economic condition of a specific country or region (including, without limitation, as a result of political unrest), particularly in emerging markets; (vii) fluctuations in the value of foreign currency versus the U.S. dollar and the cost of currency exchange; (viii) potentially adverse tax consequences; and (ix) cultural differences in the conduct of business. Any one or more of such factors could cause our future international sales, or distributions from our international joint ventures, to decline or could cause us to fail to execute on our business strategy involving international expansion. In addition, our business practices in international markets are subject to the requirements of the U.S. Foreign Corrupt Practices Act and all other applicable anti-bribery laws, any violation of which could subject us to significant fines, criminal

sanctions and other penalties.

A portion of our revenue and net income are generated outside of the United States, by certain of our licensees and our joint ventures, in countries that may have volatile currencies, capital control regimes, legal prohibitions on enforcing payment terms in license agreements or other risks.

A portion of our revenue is attributable to activities in territories and countries outside of the United States by certain of our joint ventures and our licensees. The fact that some of our revenue and certain business operations of our joint ventures and certain licensees are conducted outside of the United States exposes them to several additional risks, including, but not limited to social, political, regulatory and economic conditions or to laws and policies governing foreign trade and investment in the territories and countries where our joint ventures or certain licensees currently have operations or will in the future operate. Certain foreign jurisdictions also create difficulties collecting bad debts or other outstanding receivables owed to the Company or its joint ventures. Any of these factors could have a negative impact on the business and operations of our joint ventures and certain of our licensees operations, which could also adversely impact our results of operations. Increase of revenue generated in foreign markets may also increase our exposure to risks related to foreign currencies, such as fluctuations in currency exchange rates and exposure to capital

controls that trap cash in these foreign currencies and/or jurisdictions. Currency exchange rate fluctuations may also adversely impact our joint ventures and licensees. In the past, we and our joint ventures have attempted to have contracts that relate to activities outside of the United States denominated in U.S. currency, however, we do not know to the extent that we will be able to continue this as we increase our contracts with foreign licensees. In certain instances we have entered into foreign currency hedges to mitigate our risk related to fluctuations in our contracts denominated in foreign currencies; however, we cannot predict the effect that future exchange rate fluctuations will have on our operating results. We also cannot guarantee that we can distribute cash out of these foreign jurisdictions or otherwise enforce all of our legal and economic rights therein. In the past, particularly in countries with strong capital controls in place by a central bank or other centralized governmental monetary authority (e.g. the People's Republic of China), we have had difficulty from time to time distributing cash on a timely basis out of such countries. Similarly, in the past in certain foreign countries, we have faced difficulties in legally enforcing the payment terms in our license agreements or otherwise collecting past due payables due from certain licensees. A material rise in any of the aforementioned challenges, especially with respect to any unpaid material sums, could have a material adverse effect on our business, results of operations and financial position.

Our licensees are subject to risks and uncertainties of foreign manufacturing and importation of goods, and the price, availability and quality of raw materials, along with labor unrest at shipping/receiving ports, could interrupt their operations or increase their operating costs, thereby affecting their ability to deliver goods to the market, reduce or delay their sales and decrease our potential royalty revenue.

Substantially all of the products sold by our licensees are manufactured overseas and there are substantial risks associated with foreign manufacturing and importation, including changes in laws and policies relating to quotas and current and proposed international trade agreements, the payment of tariffs and duties, fluctuations in foreign currency exchange rates, shipping delays, labor unrest that could hinder or delay shipments, effects on the ability to import goods or the cost associated with such importation and international political, regulatory and economic developments. Further, our licensees may experience fluctuations in the price, availability and quality of fabrics and raw materials used by them in their manufactured or purchased finished goods. Any of these risks could increase our licensees' operating costs. Our licensees also import finished products and assume all risk of loss and damage with respect to these goods once they are shipped by their suppliers. If these goods are destroyed or damaged during shipment, the revenue of our licensees, and thus our royalty revenue over and above the guaranteed minimums, could be reduced as a result of our licensees' inability to deliver or their delay in delivering their products.

We participate in international joint ventures which we do not typically legally control.

We participate in a number of international joint ventures, some of which we do not control. As we continue to expand our business internationally and execute our strategy for growth, we may enter into additional International Joint Ventures in the future. Joint ventures pose an inherent risk. Regardless of whether we hold a majority interest in or directly control the management of our International Joint Ventures, our partners may have business goals and interests that are not aligned with ours, exercise their rights in a manner of which we do not approve, be unable to fulfill their obligations under the joint venture agreements, or exploit our trademarks in a manner that harms the overall quality and image of our brands. In addition, any or of our joint venture partners may simply be unable to identify licensees for our brands. In these cases, the termination of an arrangement one of our joint venture partners or their failure to build the business could result in the delay of our expansion in a particular market or markets, and will not allow us to achieve the worldwide growth that we seek on our current timeline. We may not be able to identify another suitable partner for a particular joint venture or foreign territory in such market or markets, which could result in further delay, and could materially and adversely affect our business and operating results.

A sale of our trademarks or other IP related to our brands in a jurisdiction could have a negative effect on the brands in other jurisdictions or worldwide.

From time to time, we may sell IP related to our brands to a third party in a domestic or foreign territory, where we do not intend to continue exploiting the brand. In these instances, we may enter into co-existence agreements with any such third party, the terms of which require that the sold IP be exploited in a manner befitting the brand image and prestige. Though we try to limit our potential exposure related to potential misuse of the IP, we cannot ensure that third parties will comply with their contractual requirements or that they will use the IP in an appropriate manner. Any misuse by a third party of IP related to our brands could lead to a negative perception of our brands by current and potential licensees, international joint venture partners or consumers, and could adversely affect our ability to develop the brands and meet our strategic goals. This, in turn, could decrease our potential revenue.

Our failure to protect our proprietary rights could compromise our competitive position and result in cancellation, loss of rights or diminution in value of our brands.

We monitor on an ongoing basis unauthorized filings of our trademarks and imitations thereof, and rely primarily upon a combination of U.S., Canadian and other international federal, state and local laws, as well as contractual restrictions to protect and

enforce our IP rights. We believe that such measures afford only limited protection and, accordingly, there can be no assurance that the actions taken by us to establish, protect and enforce our trademarks and other proprietary rights will prevent infringement of our IP rights by others, or prevent the loss of licensing revenue or other damages caused therefrom.

For instance, despite our efforts to protect and enforce our IP rights, unauthorized parties may misappropriate or attempt to copy aspects of our IP, which could harm the reputation of our brands, decrease their value and/or cause a decline in our licensees' sales and thus our revenue. Further, we and our licensees may not be able to detect infringement of our IP rights quickly or at all, and at times we or our licensees may not be successful combating counterfeit, infringing or knockoff products, thereby damaging our competitive position. In addition, we depend upon the laws of the countries where our licensees' products are sold to protect our IP. IP rights may be unavailable or limited in some countries because standards of register ability vary internationally. Consequently, in certain foreign jurisdictions, we have elected or may elect not to apply for trademark registrations. If we fail to timely file a trademark application in any such country, we may be precluded from obtaining a trademark registration in such country at a later date. Failure to adequately pursue and enforce our trademark rights could damage our brands, enable others to compete with our brands and impair our ability to compete effectively.

In addition, our license agreements provide our licensees with rights to our trademarks and contain provisions requiring our licensees to comply with certain standards to be monitored by us. Our failure to adequately monitor our licensees' compliance with the license agreements or take appropriate corrective action when necessary may subject our IP assets to cancellation, loss of rights or diminution in value.

Further, the rights to our brands in our International Joint Venture territories are controlled primarily through our joint ventures in these regions. While we believe that our partnerships in these areas will enable us to better protect our trademarks in the countries covered by the ventures, we do not control all of our joint venture companies and thus most decisions relating to the use and enforcement of the marks in these countries will be subject to the approval of our local partners.

We also own the exclusive right to use various domain names containing or relating to our brands. There can be no assurances that we will be able to prevent third parties from acquiring and maintaining domain names that infringe or otherwise decrease the value of our trademarks. Failure to protect our domain names could adversely affect our brands which could cause a decline in our licensees' sales and the related revenue and in turn decrease the amount of royalty payments (over and above the guaranteed minimums) due to us.

Third-party claims regarding our intellectual property assets could result in our licensees being unable to continue using our trademarks, which could adversely impact our revenue or result in a judgment or monetary damages being levied against us or our licensees.

We may be subject to legal proceedings and claims, including claims of alleged infringement or violation of the patents, trademarks and other intellectual property rights of third parties. In the future, we may be required to assert infringement claims against third parties or third parties may assert infringement claims against us and/or our licensees. To the extent that any of our intellectual property assets is deemed to violate the proprietary rights of others in any litigation or proceeding or as a result of any claim, then we and our licensees may be prevented from using it, which could cause a breach or termination of certain license agreements. If our licensees are prevented from using our trademarks, this could adversely impact the revenue of our licensees with respect to those IP assets, and thus the royalty payments over and above the guaranteed minimums could be reduced as a result of the licensees' inability to continue using our trademarks. Litigation could also result in a judgment or monetary damages being levied against us and our licensees. Further, if we, our International Joint Ventures or our licensees are alleged to have infringed the IP rights of another party, any resulting litigation could be costly and could damage the Company's reputation. There can

be no assurance that we, our International Joint Ventures or our licensees would prevail in any litigation relating to our IP.

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We may not be able to establish or maintain our trademark rights and registrations, which could impair our ability to perform our obligations under our license agreements, which could cause a decline in our licensees' sales and potentially decrease the amount of royalty payments (over and above the guaranteed minimums) due to us.

While we intend to take reasonable steps to protect our trademark rights, it may not be possible to obtain or maintain legal protection and registrations for all of our trademarks for all forms of goods and services based on certain facts, such as the timing of our or our predecessors' entrance into the market or the fact that a third party previously adopted a similar mark for use in connection with a similar set of goods or services. As a result, it may be difficult or not possible for our trademarks to be registered or even protected so as to prohibit third party use in a particular manner. Moreover, third parties may challenge or seek to oppose or cancel existing trademark applications or registrations, and we cannot guarantee we will succeed against such challenges. Any failure to secure and maintain rights and registrations could impair our ability to perform our obligations under the license agreements, enter new product or service categories or could affect our ability to enter into new license agreements or renew existing license agreements, both of which could cause a decline in our licensees' sales and potentially decrease the amount of royalty payments (over and above the guaranteed minimums) due to us.

We are subject to local laws and regulations in the U.S. and abroad.

We are subject to U.S. federal, state and local laws and regulations affecting our business. Our International Joint Ventures are subject to similar regulations in the countries where they operate. While we actively identify and monitor our obligations and the applicability of all laws to ensure that we are compliant and our contractual arrangements with our International Joint Venture partners require them to do the same, our efforts to maintain compliance with local laws and regulations may require us to incur significant expenses, and our failure to comply with such laws may expose us to potential liability. In addition, our ability to operate or compete effectively, as well as our financial results, could be adversely affected by the introduction of new laws, policies or regulations; changes in the interpretation or application of existing laws, policies and regulations; or our failure to obtain required regulatory approvals.

We may be a party to litigation in the normal course of business, which could affect our financial position and liquidity.

From time to time, we may be made a party to litigation in the normal course of business. For example, as the owner of a trademark, we may be named as a defendant in a lawsuit relating to a product designed and manufactured by a licensee of that trademark. In most cases, our licensees under the existing license agreements are obligated to defend and indemnify us, as licensor, and our affiliates with respect to such litigation. In addition, while third parties could assert infringement claims involving our trademarks, we believe our trademarks are not subject to significant litigation risk because they are widely known and well-established trademarks, which have been consistently used by us and the previous owners. We also maintain insurance for certain risks, but it is not possible to obtain insurance to protect against all possible liabilities. Although historically the litigation involving us has not been material to our financial position or our liquidity, any litigation has an element of uncertainty and if any such litigation were to be adversely determined and/or a licensee were to fail to properly indemnify us and/or we did not have appropriate insurance coverage, such litigation could affect our financial position and liquidity.

We have been named in securities litigations, which could be expensive and could divert our management's attention. There may be additional class action and/or derivative claims.

We have been named as defendants in three securities actions and two common law actions filed in the Southern District of New York (one of which is before the United States Bankruptcy Court), and five shareholder derivative claims have been filed on behalf of the Company, three which were filed in New York State Supreme Court and two

of which were filed in the Southern District of New York, each as described in Note 12 to our Audited Consolidated Financial Statements contained in this Annual Report. While we plan to vigorously defend the securities and common law actions and seek to dismiss the derivative claims, we may be unable to defend or settle these claims on favorable terms, and there can be no assurance that additional claims will not be made by other stockholders. The pending and any future securities claims or derivative suits could be costly and could harm our reputation and business. An adverse determination could materially and negatively affect the Company. Our insurance coverage may not be adequate or available for us to avoid or limit our exposure in the pending actions or in future claims and adequate insurance coverage may not be available in sufficient amounts or at a reasonable cost in the future. Additionally, securities and derivative claims may divert our management's attention from other business concerns, which could seriously harm our business. Finally, the market price of our common stock may be volatile, and in the past companies that have experienced volatility in the market price of their stock have been subject to securities and/or derivative litigation.

While we audit our licensees from time to time in the ordinary course, we otherwise rely on the accuracy of our licensees' retail sales reports for reporting and collecting our revenues, and if these reports are untimely or incorrect, our revenue could be delayed or inaccurately reported.

Most of our revenue is generated from retailers that license our brands for manufacture and sale of products bearing our brands in their stores. Under our existing agreements, these licensees pay us licensing fees based in part on the retail value of products sold. We rely on our licensees to accurately report the retail sales in collecting our license fees, preparing our financial reports, projections, budgets, and directing our sales and marketing efforts. All of our license agreements permit us to audit our licensees. If any of our licensee reports understate the retail sales of products they sell, we may not collect and recognize revenue to which we are entitled, or may endure significant expense to obtain compliance.

A decline in general economic conditions or an increase in inflation resulting in a decrease in consumer-spending levels and an inability to access capital may adversely affect our business.

Our performance is subject to worldwide economic conditions, including increasing inflation, and its corresponding impact on the levels of consumer spending which may affect our licensees' sales. It is difficult to predict future levels of consumer spending or inflation and any such predictions are inherently uncertain. The worldwide apparel industry is heavily influenced by general economic cycles. Purchases of goods offered under our brands tend to decline in periods of recession or uncertainty regarding future economic prospects, as disposable income typically declines. As a result, our operating results may be materially affected by trends in the United States or global economy.

A significant disruption in our computer systems, including from a malicious attack, and our inability to adequately maintain and update those systems, could adversely affect our operations.

We rely extensively on our computer systems to manage our operations and to communicate with our licensees, International Joint Venture partners and other third parties, and to collect, summarize and analyze results. We depend on continued and unimpeded access to the internet to use our computer systems. Our systems are subject to damage or interruption from power outages, telecommunications failures, computer hackings, cyber-attacks, computer viruses or other malicious activities, security breaches and catastrophic events. If our systems are damaged, threatened, attacked or fail to function properly, we may incur substantial repair or replacement costs, experience data loss and impediments to our ability to manage our internal control system, a loss in confidence by our partners, negative publicity and lost revenue, all of which could adversely affect our results of operations.

Provisions in our charter and Delaware law could make it more difficult for a third party to acquire us, discourage a takeover and adversely affect our stockholders.

Certain provisions of our certificate of incorporation could have the effect of making more difficult, delaying or deterring unsolicited attempts by others to obtain control of our company, even when these attempts may be in the best interests of our stockholders. Our certificate of incorporation authorizes our board of directors, without stockholder approval, to issue up to 5,000,000 shares of preferred stock, in one or more series, which could have voting and conversion rights that adversely affect or dilute the voting power of the holders of our common stock, none of which is outstanding.

We are also subject to the provisions of Section 203 of the Delaware General Corporation Law, which could prevent us from engaging in a business combination with a 15% or greater stockholder for a period of three years from the date it acquired that status unless appropriate board or stockholder approvals are obtained.

Use of social media may adversely impact our reputation and business.

We rely on social media, as one of our marketing strategies, to have a positive impact on both the value and reputation of our brands. Our brands could be adversely affected if we fail to achieve these objectives or if our public image or reputation, or that of any of our licensees or business partners, were to be tarnished by negative publicity. Use of social media platforms and weblogs by third parties provides access to a broad audience of consumers and other interested parties. The opportunity for dissemination of information on these platforms, including negative or inaccurate information about Iconix or its brands, is virtually limitless and the effect is immediate. For example, any bad, controversial or otherwise offending behavior by any of our paid spokespeople or other persons associated with our brands (whether paid or unpaid, and whether there is any current affiliation with such persons), could negatively impact our brands or the perception of such branded products in the marketplace, even if the offending behavior has no connection to such brand, product or the Company. The occurrence of any of these events could harm our reputation, business and financial results. The harm may be immediate without affording us an opportunity for redress or correction. It could also result in decreases in sales by our licensees, which in turn could negatively impact our revenues and cash flows.

Recent and ongoing developments relating to the United Kingdom's leaving the European Union could adversely affect us or our licenses.

The decision made in the United Kingdom referendum in June 2016 to leave the European Union (commonly known as "Brexit") has led to volatility in global financial markets, and in particular in the markets of the United Kingdom and across Europe, and may also lead to weakening in political, regulatory, consumer, corporate and financial confidence in the United Kingdom and Europe. The United Kingdom and European Union announced in March 2018 an agreement in principle to transitional provisions under which European Union law would remain in force in the United Kingdom until the end of December 2020, but this remains subject to the successful conclusion of an agreement between the United Kingdom and the European Union. In the absence of such an agreement there would be no transitional provisions and the United Kingdom would exit the European Union at the end of the two year period on April 12, 2019, and the relationship between the United Kingdom and the European Union would be based on the World Trade Organization rules. The process for the United Kingdom to exit the European Union, and the longer term economic, legal, political, regulatory and social framework to be put in place between the United Kingdom and the European Union remain unclear and may lead to ongoing political and economic uncertainty and periods of exacerbated volatility in both the United Kingdom and in wider European markets for some time. The mid-to-long term uncertainty may have a negative effect on the performance of Iconix Europe, our London-based joint venture, as well as Iconix MENA LTD and Diamond Icon, LLC, our joint ventures which were established under the laws of the United Kingdom. In addition, we have license agreements in place with licensees across many of our brands in the United Kingdom, maintain a wholly-owned subsidiary established under the laws of the United Kingdom; and have employees, offices and showroom space in the United Kingdom related to our Umbro and Lee Cooper brands. The impact of Brexit on the foregoing aspects of our business are unknown at this time. Brexit could have the effect of disrupting the free movement of goods, services and people between the United Kingdom and the European Union and negatively impact our business and that of our licensees. The full effects of Brexit are uncertain and will depend on any agreements the United Kingdom may make to retain access to European Union markets. Brexit also could lead to uncertainty with respect to the United Kingdom legal and regulatory framework and the enforcement of our legal and intellectual property rights. Additionally, the decision made in the United Kingdom referendum may lead to a call for similar referenda in other European jurisdictions which may cause increased economic volatility and uncertainty in the European and global markets. This volatility and uncertainty may have an adverse effect on the economy generally and on the ability of us and our portfolio companies to execute our respective strategies and to receive attractive returns. Given these possibilities and others we may not anticipate, as well as the lack of comparable precedent, the full extent to which our business, licensees, results of operations and financial condition could be adversely affected by Brexit is uncertain.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

On November 9, 2007, we entered into a lease agreement covering approximately 30,550 square feet of office and showroom space at 1450 Broadway in New York, New York. The term of the lease runs through June 30, 2024 and provides for total aggregate annual base rental payments for such space of approximately \$26.4 million (ranging from approximately \$1.1 million for the first year following the rent commencement date to approximately \$2.2 million, on an annualized basis, in the last year of the lease). We will also be required to pay our proportionate share of any increased taxes attributed to the premises. Such property is utilized by each of the Company's reporting segments other than the international segment.

Item 3. Legal Proceedings

In May 2016, Supply Company, LLC, referred to as Supply, a former licensee of the Ed Hardy trademark, commenced action against the Company and its affiliate, Hardy Way, LLC, referred to as Hardy Way (the Company and Hardy Way are collectively referred to as the Iconix Defendants) seeking damages of \$50 million, including punitive damages, attorneys' fees and costs. Supply alleges that Hardy Way breached the parties' license agreement by failing to reimburse Supply for markdown reimbursement requests that Supply received from a certain retailer. Supply also alleges that the Company is liable for fraud because it made purported misstatements about the Company's financials and the viability of the Ed Hardy trademark in order to induce Supply to enter into the license agreement and to induce Supply to enter into a separate agreement with a certain retailer. The Iconix Defendants are vigorously defending against the claims, and have filed a motion to dismiss the complaint, which is awaiting court decision. At this time, the Company is unable to estimate the ultimate outcome of this matter.

On May 1, 2017, 3TAC, LLC, referred to as 3TAC, a former licensee of the Company, and West Loop South, LLC, referred to as West Loop (3TAC and West Loop collectively referred to as Plaintiffs), filed a second amended complaint against the Company, its affiliate, IP Holdings Unltd., LLC, referred to as IPHU, and the Company's former CEO, Neil Cole (the Company, IPHU, and Cole are collectively referred to as the Iconix Parties), in the action captioned 3TAC, LLC and West Loop South, LLC v. Iconix Brand

Group, Inc., IP Holdings Unltd, LLC and Neil Cole, Case No. 16-cv-08795-GBD-RWL in the United States District Court for the Southern District of New York. Plaintiffs asserted claims for breach of contract, tortious interference with contract and business relations, unjust enrichment, trade libel, unfair competition and prima facie tort relating to the Iconix Parties' alleged breach of a Global License Agreement, as amended, between 3TAC and IPHU concerning intellectual property rights in and to the Marc Ecko brands, the Iconix Parties' alleged interference with 3TAC's performance thereunder, and the Iconix Parties' alleged interference with a related sublicense between 3TAC and West Loop. On October 27, 2017, Judge Katherine B. Forrest granted the Iconix Parties' motion to dismiss Plaintiffs' unjust enrichment, trade libel, unfair competition and prima facie tort claims. Plaintiffs filed a Third Amended Complaint on June 11, 2018, in which no new claims were asserted, and the only additional allegations are related to the allegedly "inconsistent" exclusive license of New Rise Brand Holdings, LLC. Plaintiffs seek damages of at least \$22 million for their remaining claims as well as punitive damages, attorneys' fees and costs. The Iconix Parties are vigorously defending against the remaining claims. At this time, the Company is unable to estimate the ultimate outcome of this matter.

On November 1, 2017, Seth Gerszberg, referred to as Gerszberg, and EGRHC, LLC, referred to as EGRHC (Gerszberg and EGRHC collectively referred to as Plaintiffs) (with EGRHC suing in its capacity as a successor-in-interest to Suchman, LLC, referred to as Suchman, a company wholly-owned by Gerszberg that entered into a joint venture with the Company pursuant to which they formed IP Holdings Unltd, LLC, referred to as IPHU), filed an action captioned Gerszberg and EGRHC v. Iconix Brand Group, Inc., IP Holdings Unltd, LLC and Neil Cole, Case No. 17-cv-08421-GBD-RWL in the United States District Court for the Southern District of New York. Plaintiffs asserted claims against the Company, IPHU, and Neil Cole (collectively referred to as the IPHU Parties) for breach of IPHU's Operating Agreement and related breaches of fiduciary duties, breach of an agreement pursuant to which the Company bought out Suchman's interest in IPHU and fraudulent inducement and unjust enrichment regarding that buyout agreement; and also asserted claims for fraudulent inducement regarding the fourth amendment of the Global License Agreement between 3TAC, LLC and IPHU concerning the intellectual property rights in and to the Marc Ecko brands. On May 7, 2018, Judge Katherine B. Forrest dismissed the breach of fiduciary duty, breach of the IPHU Operating Agreement, and unjust enrichment claims; and limited the fraudulent inducement claim to the Fourth Amendment of the Global License Agreement and limited the breach of the Buyout Agreement claim to the warranty as to no governmental investigation. Plaintiffs seek more than \$100 million in damages, including compensatory and punitive damages, disgorgement and restitution. The IPHU Parties are vigorously defending against the remaining claims asserted by Plaintiffs. At this time, the Company is unable to estimate the ultimate outcome of this matter.

Two shareholder derivative complaints captioned James v. Cuneo et al, Docket No. 1:16-cv-02212 and Ruthazer v. Cuneo et al, Docket No. 1:16-cv-04208 have been consolidated in the United States District Court for the Southern District of New York, and three shareholder derivative complaints captioned De Filippis v. Cuneo et al. Index No. 650711/2016, Gold v. Cole et al, Index No. 53724/2016 and Rosenfeld v. Cuneo et al., Index No. 510427/2016 have been consolidated in the Supreme Court of the State of New York, New York County. The complaints name the Company as a nominal defendant and assert claims for breach of fiduciary duty, insider trading and unjust enrichment against certain of the Company's current and former directors and officers arising out of the Company's restatement of financial reports and certain employee departures. At this time, the Company is unable to estimate the ultimate outcome of these matters.

The Company continues to cooperate in the previously disclosed SEC investigation and SDNY investigation.

Three securities class actions have been consolidated in the United States District Court for the Southern District of New York, under the caption In re Iconix Brand Group, Inc., et al., Docket No. 1:15-cv-4860, against the Company and certain former officers and one current officer (the "Class Action"). The plaintiffs in the Class Action purport to represent a class of purchasers of the Company's securities from February 22, 2012 to November 5, 2015, inclusive,

and claim that the Company and individual defendants violated sections 10(b) and 20(a) of the Exchange Act, by making allegedly false and misleading statements regarding certain aspects of the Company's business operations and prospects. On October 25, 2017, the Court granted the motion to dismiss the consolidated amended complaint filed by the Company and the individual defendants with leave to amend. On November 14, 2017, the plaintiffs filed a second consolidated amended complaint. On February 2, 2018, the defendants moved to dismiss the second consolidated amended complaint. The Company and the individual defendants intend to vigorously defend against the claims. At this time, the Company is unable to estimate the ultimate outcome of these matters.

In April 2016, New Rise Brands Holdings, LLC, referred to as New Rise, a former licensee of the Ecko Unlimited trademark, and Sichuan New Rise Import & Export Co. Ltd., referred to as Sichuan, the guarantor under New Rise's license agreement, commenced an action captioned New Rise Brands Holdings, LLC and Sichuan New Rise Import & Export Co. Ltd v. IP Holdings Unltd, LLC, et al., Index No. 652278/2016 in the New York State Supreme Court, New York County against the Company's subsidiary, IP Holdings Unltd, LLC, referred to as IP Holdings, seeking damages of at least \$15 million, plus punitive damages of \$50 million, counsel fees and costs. Among other claims, New Rise and Sichuan allege improper termination of New Rise's license agreement, fraud and misappropriation. On September 21, 2018, New Rise and Sichuan served an expert report claiming damages ranging from \$15.6 million to \$44.2 million. The trial was set to begin in February 2019. Immediately prior to the trial date, the Court ordered a pretrial settlement conference to be attended by the parties and their counsel. Following such conference and with the Court's approval, on March 15, 2019, parties entered into a definitive settlement agreement resolving all claims asserted against Iconix in the action.

From time to time, the Company is also made a party to litigation incurred in the normal course of business. In addition, in connection with litigation commenced against licensees for non-payment of royalties, certain licensees have asserted unsubstantiated counterclaims against the Company. While any litigation has an element of uncertainty, the Company believes that the final outcome of any of these routine matters will not, individually or in the aggregate, have a material effect on the Company's financial position or future liquidity.

See Note 12 of Notes to Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company’s common stock, \$0.001 par value per share, its only class of common equity, is quoted on NASDAQ, under the symbol “ICON”.

As of March 21, 2019, there were 1,163 holders of record of the Company’s common stock.

The Company has never declared or paid any cash dividends on its common stock and the Company does not anticipate paying any such cash dividends in the foreseeable future. Payment of cash dividends, if any, will be at the discretion of the Company’s Board of Directors and will depend upon the Company’s financial condition, operating results, capital requirements, contractual restrictions, restrictions imposed by applicable law and other factors its Board of Directors deems relevant. The Company’s ability to pay dividends on its common stock and repurchase of its common stock is restricted by certain of its current indebtedness and may be restricted or prohibited under future indebtedness.

ISSUER PURCHASES OF EQUITY SECURITIES (1)

	Total	Weighted	Maximum	
			Number of	Value of
	Shares	Average	Shares	that May
		Price	as Part of	Yet be
	Shares	Paid	Publicly	Purchased
		per Share	Announced	Under the
2018	Purchased (*)	Plan	Plan	Plan
October 1—October 31	29	\$ 2.20	—	\$ —
November 1—November 30	—	—	—	—
December 1—December 31	1	1.20	—	—

Total	30	\$ 2.20	—	\$	—
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* Amounts purchased represent shares surrendered to the Company to pay withholding taxes due upon the vesting of restricted stock. These amounts exclude shares subject to the clawback of performance-based shares of certain former executives.

⁽¹⁾ Share and price per share data presented are adjusted for the Reverse Stock Split.

The information regarding equity compensation plans is incorporated by reference to Item 12 of this Form 10-K, which incorporates by reference the information set forth in the Company's Definitive Proxy Statement in connection with the annual meeting of stockholders to be held in 2019.

Item 6. Selected Financial Data

Not applicable.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995. This Annual Report on Form 10-K, including this Item 7, includes “forward-looking statements” based on the Company’s current expectations, assumptions, estimates and projections about its business and its industry. These statements include those relating to future events, performance and/or achievements, and include those relating to, among other things, the Company’s future revenues, expenses and profitability, the future development and expected growth of the Company’s business, its projected capital expenditures, future outcomes of litigation and/or regulatory proceedings, competition, expectations regarding the retail sales environment, continued market acceptance of the Company’s current brands and its ability to market and license brands it acquires, the Company’s indebtedness, the ability of the Company’s current licensees to continue executing their business plans with respect to their product lines and the ability to pay contractually obligated royalties, and the Company’s ability to continue sourcing licensees that can design, distribute, manufacture and sell their own product lines.

These statements are only predictions and are not guarantees of future performance. They are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the Company’s control and difficult to predict and could cause its actual results to differ materially from those expressed or forecasted in, or implied by, the forward-looking statements. In evaluating these forward-looking statements, the risks and uncertainties described in “Item 1A. Risk Factors” above and elsewhere in this report and in the Company’s other SEC filings should be carefully considered.

Words such as “may,” “should,” “will,” “could,” “estimate,” “predict,” “potential,” “continue,” “anticipate,” “believe,” “plan,” and “intend” or the negative of these terms or other comparable expressions are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date the statement was made.

On March 14, 2019, the Company effected a 1-for-10 reverse stock split (the “Reverse Stock Split”) of its common stock. Unless the context otherwise requires, all share and per share amounts in this Item 7 have been adjusted to reflect the Reverse Stock Split.

Overview

We are a brand management company and owner of a diversified portfolio of approximately 30 global consumer brands across the Company’s operating segments: women’s, men’s, home, and international. Additionally, the Company previously owned and operated an Entertainment segment which is included in the Company’s consolidated statement of operations as a discontinued operation for FY 2017. The sale of the businesses underlying the Entertainment segment was completed on June 30, 2017 (see Note 2 of Notes to Consolidated Financial Statements). The Company’s business strategy is to maximize the value of its brands primarily through strategic licenses and joint venture partnerships around the world, as well as to grow the portfolio of brands through strategic acquisitions.

As of December 31, 2018, the Company’s brand portfolio includes Candie’s[®], Bongo[®], Joe Boxer[®], Rampage[®], Mudd[®], London Fog[®], Mossimo[®], Ocean Pacific/OP[®], Danskin/Danskin Now[®], Rocawear[®]/Roc Nation[®], Cannon[®], Royal Velvet[®], Fieldcrest[®], Charisma[®], Starter[®], Waverly[®], Ecko Unltd[®]/Mark Ecko Cut & Sew[®], Zoo York[®], Umbro[®], Lee Cooper[®], and Artful Dodger[®]; and interests in Material Girl[®], Ed Hardy[®], Truth or Dare[®], Modern Amusement[®], Buffalo[®], Hydraulic[®], and PONY[®].

The Company principally looks to monetize the Intellectual Property (herein referred to as “IP”) related to its brands throughout the world and in all relevant categories by licensing directly with leading retailers (herein referred to as “direct to retail” or “DTR”), through a consortia of wholesale licensees, through joint ventures in specific territories and

via other activity such as corporate sponsorships and content as well as the sale of IP for specific categories or territories. Products bearing the Company's brands are sold across a variety of distribution channels. The licensees are generally responsible for designing, manufacturing and distributing the licensed products. The Company supports its brands with marketing, advertising and promotional campaigns designed to increase brand awareness. Additionally, the Company provides its licensees with coordinated trend direction to enhance product appeal and help build and maintain brand integrity.

Globally, the Company has over 50 direct-to-retail licenses and more than 375 total licenses. Licensees are selected based upon the Company's belief that such licensees will be able to produce and sell quality products in the categories of their specific expertise and that they are capable of exceeding minimum sales targets and royalties that the Company generally requires for each brand. This licensing strategy is designed to permit the Company to operate its licensing business, leverage its core competencies of marketing and brand management with minimal working capital. The majority of the Company's licensing agreements include minimum guaranteed

royalty revenue which provides the Company with greater visibility into future cash flows. As of January 1, 2019, the Company had over \$405 million of aggregate guaranteed royalty revenue over the terms of its existing contracts excluding renewals.

The Company's OP DTR license agreement at Walmart was not renewed upon expiration in June 2017. The Company's Starter DTR license agreement at Walmart was not renewed upon expiration in December 2017. In October 2017, the Company also announced that Starter is now available on Amazon exclusively to Amazon Prime members. Additionally, the Company's Danskin Now license agreement with Walmart was not renewed upon its expiration in January 2019. The Company's Mossimo DTR license agreement at Target was not renewed upon expiration in October 2018. The Company's Material Girl license agreement with Macy's will not be renewed upon its expiration in January 2020. The Company's Royal Velvet license agreement with JC Penney was not renewed upon its expiration in January 2019. The Company is actively seeking to place OP, Danskin, Mossimo, Material Girl and Royal Velvet with new or existing licensees. At this time, the Company is uncertain how the terms and conditions of any potential replacement licensing arrangements could affect its future revenues and cash flows.

As discussed in further detail in Note 16 in the Notes to the Consolidated Financial Statements, on December 22, 2017 the United States enacted the Tax Cuts and Jobs Act. The new law, which is also commonly referred to as "U.S. tax reform", significantly changes U.S. corporate income tax laws by, among other changes, imposing a one-time mandatory tax on previously deferred earnings of foreign subsidiaries, reducing the U.S. corporate income tax rate from 35% to 21% starting on January 1, 2018, creating a territorial tax system which generally eliminates U.S. federal income taxes on dividends from foreign subsidiaries, eliminating or limiting the deduction of certain expenses including interest expense, and requiring a minimum tax on earnings generated by foreign subsidiaries.

The Company identifies its operating segments according to how business activities are managed and evaluated. The Company has four distinct reportable operating segments: women's, men's, home, and international. The four reportable operating segments represent the Company's activities for which separate financial information is available and which is utilized on a regular basis by the Chief Executive Officer in deciding how to allocate resources and in assessing performance. Since the Company does not track, manage and analyze its assets by segments, no disclosure of segmented assets is reported. Additionally, the Company previously owned and operated an Entertainment segment which is included in the Company's consolidated statement of operations as a discontinued operation for FY 2017.

The Company's segments consist of the following:

• **Women's segment** – consists of the Company's women's brands in the United States.

• **Men's segment** – consists of the Company's men's brands in the United States.

• **Home segment** – consists of the Company's home brands in the United States.

• **International segment** – consists of the Company's men's, women's and home brands in international markets.

Items not allocated to any segment are allocated to the Corporate level. Corporate, for segment reporting purposes, includes compensation, benefits and occupancy costs for corporate employees as well as other corporate-related expenses such as: audit, legal, and information technology used in managing our business.

The Company's Chief Executive Officer has been identified as the Chief Operating Decision Maker. The Company's measures of segment profitability are licensing revenue and operating income. Refer to Note 18 in Notes to Consolidated Financial Statements for further details. The accounting policies of the Company's reportable operating segments are the same as those described in Note 1 – Summary of Significant Accounting Policies in Notes to the Consolidated Financial Statements.

The Company has disclosed these reportable segments for the periods shown below.

(in 000's)	FY 2018	FY 2017
Licensing revenue by segment:		
Women's	\$57,401	\$96,833
Men's	39,073	39,780
Home	24,568	28,807
International	66,647	60,413
	\$187,689	\$225,833
Operating income (loss):		
Women's	\$(128,050)	\$(215,570)
Men's	11,754	(144,779)
Home	17,221	(76,680)
International	27,447	(64,826)
Corporate	(47,409)	(62,796)
	\$(119,037)	\$(564,651)

Highlights of FY 2018

- Total revenue of \$187.7 million, a 17% decline from prior year. Continued growth internationally as segment revenue up 10% from the prior year.
- Improved financial stability during 2018 by closing on Delayed Draw Term Loan and issuing new 5.75% Convertible Notes.
- Signed 83 license deals over the last six months for aggregate guaranteed minimum royalties of approximately \$45 million through the life of the agreements for the next several years.
- Rationalized cost structure of business with cost reductions of approximately \$30 million on an annualized basis.

FY 2018 Compared to FY 2017

Licensing Revenue. Total licensing revenue for FY 2018 was \$187.7 million, a 17% decrease as compared to \$225.8 million for FY 2017. The women's segment decreased 41% from \$96.8 million in FY 2017 to \$57.4 million in FY 2018 mainly due to a decrease in our Mossimo, Danskin and OP brands. The men's segment decreased 2% from \$39.8 million in FY 2017 to \$39.1 million in FY 2018 mainly due to a decrease in the Starter brand somewhat offset by an increase in the Umbro brand. The home segment decreased 15% from \$28.8 million in FY 2017 to \$24.6 million in FY 2018 mainly due to a decrease in the Cannon brand. The international segment increased 10% from \$60.4 million in FY 2017 to \$66.6 million in FY 2018 mainly due to increases across Europe, China and India.

Selling, General and Administrative Expenses. Total selling, general and administrative expenses (“SG&A”) was \$121.4 million for FY 2018 as compared to \$114.6 million for the FY 2017, an increase of \$6.8 million or 6%. SG&A in FY 2018 included an \$8.2 million accounts receivable reserve for the impact of the Sears bankruptcy. SG&A from the women’s segment increased 46% from \$11.3 million in FY 2017 to \$16.5 million in FY 2018 mainly due to a \$5.2 million increase in accounts receivables reserves and write-offs mainly due to the reserve related to Sears. Excluding the reserve in Sears, SG&A in the women’s segment decreased by 4%. SG&A from the men’s segment decreased 18% from \$20.2 million in FY 2017 to \$16.5 million in FY 2018 primarily due to a \$3.2 million decrease in advertising expense. SG&A from the home segment increased 31% from \$3.5 million in FY 2017 to \$4.6 million in FY 2018 mainly due to a \$1.9 million increase in accounts receivables reserves and write-offs mainly due to the reserve related to the Sears bankruptcy. Excluding the reserve in Sears, SG&A in the home segment decreased by 42%. SG&A from the international segment increased 29% from \$30.5 million in FY 2017 to \$39.4 million in FY 2018 mainly due to a \$4.6 million increase in accounts receivable reserves and write-offs and a \$2.8 million increase in cost of goods sold due to replica jersey sales by our Diamond Icon joint venture. Corporate SG&A decreased 10% from \$49.1 million in FY 2017 to \$44.4 million mainly driven by a decrease of \$10.8 million in compensation costs somewhat offset by a \$5.2 million increase in professional fees.

Loss on Termination of Licenses. Loss on the termination of licenses was a \$10.6 million for FY 2018 as compared to \$28.4 in FY 2017. The charge in FY 2018 was mostly related to licensee terminations associated with the Rocawear and Ecko brands as compared to FY 2017 which primarily related to the Umbro brand.

Depreciation and Amortization. Depreciation and amortization was \$2.3 million for FY 2018, compared to \$2.5 million in FY 2017, a decrease of \$0.1 million or 5%. The decrease was mostly a result of lower amortization costs related to the Buffalo brand.

Equity Earnings (Loss) on Joint Ventures. Equity Earnings (Loss) on Joint Ventures was \$3.0 million in income in FY 2018, as compared to \$3.3 million in losses in FY 2017. The improvement primarily came from the absence of asset impairment charges that occurred in FY 2017 within the Australia joint venture and SE Asia joint venture.

Gain on Deconsolidation of Joint Venture. There was no gain on deconsolidation of joint venture during FY 2018 as compared to \$3.8 million for FY 2017 due to the deconsolidation of Southeast Asia joint venture.

Gain on Sale of Trademarks. Gain on Sale of Trademarks was \$1.3 million for FY 2018 as compared to a \$0.9 million gain for FY 2017. The gains related to the completion of the sale of the Sharper Image and Badgley Mischka trademarks in certain of the Company's international joint ventures.

Trademark, Goodwill & Investment Impairment. Trademark, Goodwill & Investment Impairment loss for FY 2018 was approximately \$176.7 million as compared to \$646.5 million in FY 2017. The Trademark Impairment in FY 2018 was approximately \$136.4 million as compared to \$525.7 million in FY 2017. The charge in FY 2018 primarily related to write-downs in the women's segment while the charge in FY 2017 primarily related to write-downs in the women's segment and men's segments. The Goodwill Impairment in FY 2018 was \$37.8 million related to a write down in our women's segment while the charge in FY 2017 was \$103.9 million primarily related to a write-down in our women's segment and home segment primarily due to declines in net sales in certain brands within the segments and an inability to secure additional license agreements with guaranteed minimum royalties in future periods for these brands. Investment Impairment was \$2.5 million in FY 2018 related to a write-down in iBrands investment as compared to \$16.8 million in FY 2017 related to a write-down in MG Icon investment.

Operating (Loss) Income. Total operating loss for FY 2018 was \$119.0 million as compared to a loss of \$564.7 million in FY 2017. Excluding the trademark, goodwill & investment impairment, loss on termination of licenses, gain on sale of trademarks and gain on deconsolidation of joint ventures, operating income in FY 2018 was \$67.0 million, or 36% of revenue, as compared to income of \$113.1 million, or 50% of revenue, in FY 2017. Operating loss from the women's segment was \$128.1 million in FY 2018 as compared to \$215.6 million in FY 2017. Excluding trademark & goodwill impairment and the loss on the termination of licenses, women's operating income in FY 2018 was \$42.5 million as compared to operating income of \$87.9 million in FY 2017. Operating income from the men's segment was \$11.8 million in FY 2018 as compared to a loss of \$144.8 million in FY 2017. Excluding trademark & goodwill impairment and the loss on the termination of licenses, men's operating income in FY 2018 was \$22.4 million as compared to income of \$19.0 million in FY 2017. Operating income from the home segment was \$17.2 million in FY 2018 as compared to a loss of \$76.7 million in FY 2017. Excluding trademark & goodwill impairment, home operating income was \$19.9 million in FY 2018 as compared to income of \$25.3 million in FY 2017. Operating income from the international segment was \$27.4 million in FY 2018 as compared to a loss of \$64.8 million in FY 2017. Excluding trademark & goodwill impairment, international operating income was \$28.2 million in FY 2018 as compared to income of \$31.4 million in FY 2017. Corporate operating loss was \$47.4 million in FY 2018 as compared to a loss of \$62.8 million in FY 2017. Excluding investment impairment, gains on sale of trademarks and gain on deconsolidation of joint venture, corporate operating loss was \$46.2 million in FY 2018 as compared to a loss of \$50.6 million in FY 2017.

Other Expenses (income)- Net. Other expenses (income)- net was income of \$35.9 million for FY 2018 as compared to an expense of \$88.8 million for the FY 2017, a decrease of \$124.7 million. The decrease was primarily related to the following: (i) a gain of \$82.1 million in FY 2018 related to the mark-to-market adjustment to the carrying value of the Company's 5.75% Convertible Notes based on the Company's accounting treatment which requires the fair value of

the liability at the end of each period, (ii) a gain on the extinguishment of debt of \$4.5 million in FY 2018 as compared to a loss of \$20.9 million in FY 2017 (iii) a \$8.7 million decrease in interest expense in FY 2018 as compared to FY 2017.

Provision for Income Taxes. The effective tax rate from continuing operations in FY 2018 was -7.9% resulting in a \$6.5 million tax expense as compared to FY 2017 which had a tax rate of 14.7% resulting in a \$96.0 million tax benefit. The decrease in the effective tax rate for the FY 2018 as compared to the FY 2017 is primarily a result of foreign tax expense calculated in local jurisdictions where there is no net operating losses available to offset the current tax liability, partially offset by a tax benefit resulting from the tax impact of impairment expenses recorded on indefinite lived intangible assets.

Net (Loss) Income from Continuing Operations. Our net loss from continuing operations was approximately \$89.7 million for FY 2018, compared to net loss from continuing operations of approximately \$557.5 million for FY 2017, as a result of the factors discussed above.

Discontinued Operations. In the first quarter of FY 2017, our Board of Directors approved a plan to sell the businesses underlying the Entertainment segment. As a result, we have classified the results of our Entertainment segment as discontinued operations in our consolidated statement of operations for FY 2017. We completed the sale of those businesses on June 30, 2017. See Note 2 of Notes to Consolidated Financial Statements.

Liquidity and Capital Resources

Liquidity

Historically, our principal capital requirements have been to fund acquisitions, working capital needs, share repurchases and, to a lesser extent, capital expenditures. Since FY 2016, our principal capital requirements have been to refinance or extinguish existing indebtedness and working capital needs. We have historically relied on internally generated funds to finance our operations and our primary source of capital needs for acquisition has been the issuance of debt and equity securities. Since FY 2016, we have relied on asset sales and issuance of indebtedness to refinance existing indebtedness. At December 31, 2018 and December 31, 2017, our cash totaled \$66.6 million and \$65.9 million, respectively, not including short-term restricted cash of \$16.0 million and \$48.8 million, respectively. Our short term restricted cash primarily consists of collection and investment accounts related to our Securitization Notes (as defined below). In addition, as of December 31, 2018, approximately \$12.2 million, or 15%, of our total cash (including restricted cash) was held in foreign subsidiaries. During the second fiscal quarter of 2018, the Company elected to treat its Luxembourg top tier subsidiary (“Luxco”) as a disregarded entity for US tax purposes. All the operations under LuxCo were previously treated as disregarded for US tax purposes. As of the election date, all the foreign operations under LuxCo will be treated as a branch for US tax purposes and subject to US taxation. As such, the Company will no longer have any earnings in foreign subsidiaries that are not currently subject to taxation for US purposes. Before the election, the Company indefinitely reinvested all earnings of its foreign subsidiaries.

The Company’s Securitization Notes include a test that measures the amount of principal and interest required to be paid on the Co-Issuers’ debt to the approximate cash flow available to pay such principal and interest; the test is referred to as the debt service coverage ratio (“DSCR”). As a result in the decline in royalty collections received by the Co-Issuers during the twelve months ended June 30, 2018, the DSCR fell below 1.45x as of June 30, 2018. Beginning July 1, 2018, the Co-Issuers are required to allocate 25% of residual royalty collections (i.e. collections less debt service, management, servicing, administrative and other fees) to a restricted reserve account administered by the securitization program’s trustee, which will result in cash remaining inside the securitization program. The DSCR fell below 1.35x as of September 30, 2018 and as a result, beginning October 1, 2018, the Co-Issuers are required to allocate 50% of residual royalty collections (i.e. collections less debt service, management, servicing, administrative and other fees) to a restricted reserve account administered by the securitization program’s trustee, which will result in cash remaining inside the securitization program and not being distributed to the Company. The cash required to be maintained inside the securitization program may be released to the Company if the DSCR is at least 1.45x for two consecutive quarters. The DSCR fell below 1.25x as of December 31, 2018 and as a result, beginning January 1, 2019, the Co-Issuers are required to allocate 100% of residual royalty collections (i.e. collections less debt service, management, servicing, administrative and other fees) to a restricted reserve account administered by the securitization program’s trustee, which will result in cash remaining inside the securitization program and not being distributed to the Company. The cash required to be maintained inside the securitization program may be released to the Company if the DSCR is at least 1.45x for two consecutive quarters. Management believes the allocation of residual royalty collections to a restricted reserve account will not negatively impact the Company’s ability to meet its cash flow needs.

We may, from time to time, seek to retire or repurchase our outstanding debt through cash purchases and/or exchanges for equity or debt securities, in open market transactions, privately negotiated transactions, or otherwise. Such repurchase or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved in any such transactions may individually or in the aggregate, be material.

Changes in Working Capital

At December 31, 2018 and December 31, 2017, the working capital ratio (current assets to current liabilities) was 1.34 to 1 and 2.07 to 1, respectively.

Operating Activities

Net cash provided by operating activities increased approximately \$54.0 million, from \$2.1 million in FY 2017 to \$56.1 million in FY 2018 primarily due to a decrease in net loss from continuing operations from \$557.5 million in FY 2017 to \$89.7 million in FY 2018. The change in the non-cash adjustments is primarily as a result of (i) a decrease in the impairment of trademarks and goodwill, (ii) a change in the gain (loss) on extinguishment of debt from a loss of \$20.9 million in FY 2017 to a gain of \$4.5 million in FY 2018, (iii) an increase in the mark to market gain on the 5.75% Convertible Notes, (iv) a decrease in our deferred income tax benefit, and (v) a decrease in our stock compensation. These non-cash adjustments are offset by cash used in working capital items of \$29.4 million in FY 2017 as compared to cash provided by working capital items of \$26.6 million in FY 2018.

Investing Activities

Net cash provided by investing activities decreased approximately \$336.2 million, from cash provided by investing activities of \$330.5 million in FY 2017 to cash used in investing activities of \$5.7 million in FY 2018. This decrease is primarily due to our sale of the Entertainment segment, net of our cash sold of \$336.7 million which occurred in FY 2017 of which there was no comparable amount in FY 2018.

Financing Activities

Net cash used in financing activities decreased approximately \$465.6 million, from cash used in financing activities of \$547.4 million in FY 2017 to cash used in financing activities of \$81.8 million in FY 2018. The decrease in cash used in financing activities period over period is primarily due to the payment of long term debt of \$824.9 million in FY 2017 (mainly due to the principal prepayments on our previously outstanding senior secured term loan and Senior Secured Notes) and \$58.8 million for the repurchase of a portion of our previously outstanding 1.50% convertible notes as compared to payment of long term debt of \$157.3 million in FY 2018 which is primarily attributable to the repayment of the outstanding principal balance of \$111.2 million of our 1.50% Convertible Notes in March 2018 and regular principal payments on both of our Senior Secured Notes and Senior Secured Term Loan. This was offset by proceeds from long-term debt of \$307.0 million related to our Variable Funding Note and Senior Secured Term Loan in FY 2017 as compared to proceeds from long-term debt of \$95.7 million which is primarily related to additional borrowings under our Senior Secured Term Loan and the issuance of our 5.75% Convertible Notes in FY 2018.

Obligations and commitments

Senior Secured Notes and Variable Funding Note

On November 29, 2012, Icon Brand Holdings, Icon DE Intermediate Holdings LLC, Icon DE Holdings LLC and Icon NY Holdings LLC, each a limited-purpose, bankruptcy remote, wholly-owned direct or indirect subsidiary of the Company, (collectively, the “Co-Issuers”) issued \$600.0 million aggregate principal amount of Series 2012-1 4.229% Senior Secured Notes, Class A-2 (the “2012 Senior Secured Notes”) in an offering exempt from registration under the Securities Act.

Simultaneously with the issuance of the 2012 Senior Secured Notes, the Co-Issuers also entered into a revolving financing facility of Series 2012-1 Variable Funding Senior Notes, Class A-1 (the “Variable Funding Notes”), which allowed for the funding of up to \$100 million of Variable Funding Notes and certain other credit instruments, including letters of credit. The Variable Funding Notes allowed for drawings on a revolving basis. Drawings and certain additional terms related to the Variable Funding Notes are governed by the Class A-1 Note Purchase Agreement dated November 29, 2012 (the “Variable Funding Note Purchase Agreement”), among the Co-Issuers, Iconix, as manager, certain conduit investors, financial institutions and funding agents, and Barclays Bank PLC, as provider of letters of credit, as swingline lender and as administrative agent. The Variable Funding Notes are governed, in part, by the Variable Funding Note Purchase Agreement and by certain generally applicable terms contained in the Securitization Notes Indenture. Interest on the Variable Funding Notes is payable at per annum rates equal to the CP Rate, Base Rate or Eurodollar Rate, each as defined in the Variable Funding Note Purchase Agreement. In February 2015, the Company fully drew down the \$100.0 million of available funding under the Variable Funding Notes, which remains outstanding as of December 31, 2018.

On June 21, 2013, the Co-Issuers issued \$275.0 million aggregate principal amount of Series 2013-1 4.352% Senior Secured Notes, Class A-2 (the “2013 Senior Secured Notes” and together, with the 2012 Senior Secured Notes, the “Senior Secured Notes”) in an offering exempt from registration under the Securities Act.

The 2012 Senior Secured Notes, 2013 Senior Secured Notes and the Variable Funding Notes are referred to collectively as the “Securitization Notes.”

The Securitization Notes were issued under a base indenture (the “Securitization Notes Base Indenture”) and related supplemental indentures (the “Securitization Notes Supplemental Indentures”) and, collectively with the Securitization Notes Base Indenture, the “Securitization Notes Indenture”) among the Co-Issuers and Citibank, N.A., as trustee and securities intermediary. The Securitization Notes Indenture allows the Co-Issuers to issue additional series of notes in the future subject to certain conditions.

On August 18, 2017, the Company entered into an amendment to the Securitization Notes Supplemental Indenture to, among other things, (i) extend the anticipated repayment date for the Variable Funding Notes from January 2018 to January 2020, (ii) decrease the L/C Commitment and the Swingline Commitment (as such terms are defined in the amendment) available under the Variable Funding Notes to \$0 as of the closing date, (iii) replace Barclays Bank PLC with Guggenheim Securities Credit Partners, LLC, as provider of letters of credit, as swingline lender and as administrative agent under the purchase agreement and (iv) provide that, upon the disposition of intellectual property assets by the Co-Issuers as permitted by the Securitization Notes Base Indenture, (x) the holders of the Variable Funding Notes will receive a mandatory prepayment, pro rata based on the amount of Variable Funding

Notes held by such holder, and (y) the maximum commitment will be permanently reduced by the amount of the mandatory prepayment.

While the Securitization Notes are outstanding, payments of interest are required to be made on the 2012 Senior Secured Notes and the 2013 Senior Secured Notes, in each case, on a quarterly basis. Initially, principal payments in the amount of \$10.5 million and \$4.8 million were required to be made on the 2012 Senior Secured Notes and 2013 Senior Secured Notes, respectively, on a quarterly basis. The amount of quarterly principal payments has since changed in subsequent periods due to the prepayments made under the Securitization Notes Indenture. See below for further discussion.

The legal final maturity date of the Securitization Notes is in January of 2043. If the Co-Issuers have not repaid or refinanced the Securitization Notes prior to January 2020 (the “anticipated repayment date”), additional interest will accrue on amounts outstanding under the Securitization Notes at a rate equal to (A) in respect of Variable Funding Notes 5% per annum, (B) in respect of the 2012 Senior Secured Notes and the 2013 Senior Secured Notes, the greater of (1) 5% per annum and (2) a per annum interest rate equal to the excess, if any, by which the sum of (x) the yield to maturity (adjusted to a quarterly bond-equivalent basis), on the anticipated repayment date of the United States treasury security having a term closest to 10 years plus (y) 5% per annum plus (z) with respect to the 2012 Senior Secured Notes, 3.4% per annum, or with respect to the 2013 Senior Secured Notes, 3.14% per annum, exceeds the original interest rate. Pursuant to the Securitization Notes Indenture, such additional interest is not due to be paid by the Company until January 2043 (the legal maturity date) and does not compound annually. The Securitization Notes rank pari passu with each other.

Pursuant to the Securitization Notes Indenture, the Securitization Notes are the joint and several obligations of the Co-Issuers only. The Securitization Notes are secured under the Securitization Notes Indenture by a security interest in certain of the assets of the Co-Issuers (the “Securitized Assets”), which includes, among other things, (i) intellectual property assets, including the U.S. and Canadian registered and applied for trademarks for the following brands and other related IP assets: Candie’s, Bongo, Joe Boxer (excluding Canadian trademarks, none of which are owned by Iconix), Rampage, Mudd, London Fog (other than the trademark for outerwear products sold in the United States), Mossimo, Ocean Pacific and OP, Danskin and Danskin Now, Rocawear, Starter, Waverly, Fieldcrest, Royal Velvet, Cannon, and Charisma; (ii) the rights (including the rights to receive payments) and obligations under all license agreements for use of those trademarks in such territories; (iii) the following equity interests in the following joint ventures: an 85% interest in Hardy Way LLC which owns the Ed Hardy brand, a 50% interest in MG Icon LLC which owns the Material Girl and Truth or Dare brands, and a 100% interest in ZY Holdings LLC which owns the Zoo York brand; and (iv) certain cash accounts established under the Securitization Notes Indenture. The Securitized Assets do not include revenue generating assets of (x) the Iconix subsidiaries that own the Ecko Unltd trademarks, the Mark Ecko trademarks, the Artful Dodger trademarks, the Umbro trademarks, and the Lee Cooper trademarks, (y) the Iconix subsidiaries that own Iconix’s other brands outside of the United States and Canada or (z) the joint ventures in which Iconix and certain of its subsidiaries have investments and which own the Modern Amusement trademarks and the Buffalo trademarks, the Pony trademarks, and the Hydraulic trademarks.

If the Company contributes an Additional IP Holder to Icon Brand Holdings LLC or Icon DE Intermediate Holdings LLC, that Additional IP Holder will enter into a guarantee and collateral agreement in a form provided for in the Securitization Notes Indenture pursuant to which such Additional IP Holder will guarantee the obligations of the Co-Issuers in respect of any Securitization Notes issued under the Securitization Notes Indenture and the other related documents and pledge substantially all of its assets to secure those guarantee obligations pursuant to a guarantee and collateral agreement.

Neither the Company nor any subsidiary of the Company, other than the Securitization Entities, will guarantee or in any way be liable for the obligations of the Co-Issuers under the Securitization Notes Indenture or the Securitization

Notes.

The Securitization Notes are subject to a series of covenants and restrictions customary for transactions of this type, including (i) that the Co-Issuers maintain specified reserve accounts to be used to make required payments in respect of the Securitization Notes, (ii) provisions relating to optional and mandatory prepayments, including mandatory prepayments in the event of a change of control (as defined in the Securitization Notes Supplemental Indentures) and the related payment of specified amounts, including specified make-whole payments in the case of the Senior Secured Notes under certain circumstances, (iii) certain indemnification payments in the event, among other things, the transfers of the assets pledged as collateral for the Securitization Notes are in stated ways defective or ineffective and (iv) covenants relating to recordkeeping, access to information and similar matters. As of December 31, 2018, the Company is in compliance with all covenants under the Securitization Notes.

The Company's Securitization Notes include a financial test that measures the amount of principal and interest required to be paid on the Co-Issuers' debt to the approximate cash flow available to pay such principal and interest; the test is referred to as the debt service coverage ratio ("DSCR"). As a result of the decline in royalty collections received by the Co-Issuers during the twelve months ended June 30, 2018, the DSCR fell below 1.45x as of June 30, 2018. Beginning July 1, 2018, the Co-Issuers were required to allocate 25% of residual royalty collections (i.e. collections less debt service, management, servicing, administrative and other fees) to a restricted reserve account administered by the securitization program's trustee, which will result in cash remaining inside the securitization program. The DSCR fell below 1.35x as of September 30, 2018 and as a result, beginning October 1, 2018, the Co-

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Issuers are required to allocate 50% of residual royalty collections (i.e. collections less debt service, management, servicing, administrative and other fees) to a restricted reserve account administered by the securitization program's trustee, which will result in cash remaining inside the securitization program and not being distributed to the Company. The DSCR fell below 1.25x as of December 31, 2018 and as a result, beginning January 1, 2019, the Co-Issuers are required to allocate 100% of residual royalty collections (i.e. collections less debt service, management, servicing, administrative and other fees) to a restricted reserve account administered by the securitization program's trustee, which will result in cash remaining inside the securitization program and not being distributed to the Company. The cash required to be maintained inside the securitization program may be released to the Company if the DSCR is at least 1.45x for two consecutive quarters. Management believes the allocation of residual royalty collections to a restricted reserve account will not negatively impact the Company's ability to meet its cash flow needs.

The Securitization Notes are also subject to customary rapid amortization events provided for in the Securitization Notes Indenture, including events tied to (i) the failure to maintain a stated DSCR, (ii) certain manager termination events, (iii) the occurrence of an event of default and (iv) the failure to repay or refinance the Securitization Notes on the anticipated repayment date. If a rapid amortization event were to occur, including as a result of not paying or redeeming the Securitization Notes in full prior to the anticipated repayment date, the management fee payable to the Company would remain payable pursuant to the priority of payments set forth under the Securitization Indenture, but no residual amounts would be payable to the Company thereafter.

In June 2014, the Company sold the "sharperimage.com" domain name and the exclusive right to use the Sharper Image trademark in connection with the operation of a branded website and catalog distribution in specified jurisdictions, in which the Senior Secured Notes had a security interest pursuant to the Indenture. As a result of this permitted disposition, the Company paid an additional \$1.6 million in principal in July 2014.

In January 2017, in connection with the sale of the Sharper Image intellectual property and related assets, the Company made a mandatory principal prepayment on its Senior Secured Notes of \$36.7 million. The Company wrote off a pro-rata portion of the Senior Secured Notes' deferred financing costs of \$0.5 million. As a result of this transaction, the Company recognized a loss on extinguishment of debt of \$0.5 million which has been recorded on the Company's consolidated statement of operations. Additionally, the quarterly principal payments on the 2012 Senior Secured Notes and 2013 Senior Secured Notes were reduced to \$9.9 million and \$4.5 million, respectively.

In July 2017, in connection with the sale of the businesses underlying the Entertainment segment, the Company made a mandatory principal prepayment on its Senior Secured Notes of \$152.2 million. The Company wrote off a pro-rata portion of the Senior Secured Notes' deferred financing costs of \$2.0 million as well as paid a prepayment penalty of \$0.3 million. As a result of this transaction, the Company recognized a loss on extinguishment of debt of \$2.3 million which has been allocated to discontinued operations on the Company's consolidated statement of operations in FY 2017. Additionally, the quarterly principal payments on the 2012 Senior Secured Notes and 2013 Senior Secured Notes were reduced to \$7.3 million and \$3.4 million, respectively.

As of December 31, 2018 and December 31, 2017, the total outstanding principal balance of the Securitization Notes was \$465.5 million and \$508.2 million, respectively, of which \$42.7 million is included in the current portion of long-term debt on the consolidated balance sheet. As of December 31, 2018 and December 31, 2017, \$15.2 million and \$29.9 million, respectively, is included in restricted cash on the consolidated balance sheet and represents short-term restricted cash consisting of collections on behalf of the Securitized Assets, restricted to the payment of principal, interest and other fees on a quarterly basis under the Senior Secured Notes.

Senior Secured Term Loan

On August 2, 2017, the Company entered into a credit agreement (as amended or otherwise modified, unless context provides otherwise the “Senior Secured Term Loan”), among IBG Borrower, the Company’s wholly-owned direct subsidiary, as borrower, the Company and certain wholly-owned subsidiaries of IBG Borrower, as guarantors (the “Guarantors”), Cortland Capital Market Services LLC, as administrative agent and collateral agent (“Cortland”) and the lenders party thereto from time to time, including Deutsche Bank AG, New York Branch. Pursuant to the Senior Secured Term Loan, the lenders provided to IBG Borrower a senior secured term loan (the “Senior Secured Term Loan”), scheduled to mature on August 2, 2022 in an aggregate principal amount of \$300 million and bearing interest at LIBOR plus an applicable margin of 7% per annum (the “Interest Rate”).

On August 2, 2017, the net cash proceeds of the Senior Secured Term Loan were deposited into an escrow account and subject to release to IBG Borrower from time to time, subject to the satisfaction of customary conditions precedent upon each withdrawal, to finance repurchases of, or at the maturity date thereof to repay in full, the 1.50% Convertible Notes (as defined below). The Company had the ability to make these repurchases in the open market or privately negotiated transactions, depending on prevailing market conditions and other factors.

Borrowings under the Senior Secured Term Loan were to amortize quarterly at 0.5% of principal, commencing on September 30, 2017. IBG Borrower was obligated to make mandatory prepayments annually from excess cash flow and periodically from net

proceeds of certain asset dispositions and from net proceeds of certain indebtedness, if incurred (in each case, subject to certain exceptions and limitations provided for in the Senior Secured Term Loan).

IBG Borrower's obligations under the Senior Secured Term Loan are guaranteed jointly and severally by the Company and the other Guarantors pursuant to a separate facility guaranty. IBG Borrower's and the Guarantors' obligations under the Senior Secured Term Loan are secured by first priority liens on and security interests in substantially all assets of IBG Borrower, the Company and the other Guarantors and a pledge of substantially all equity interests of the Company's subsidiaries (subject to certain limits including with respect to foreign subsidiaries) owned by the Company, IBG Borrower or any other Guarantor. However, the security interests will not cover certain intellectual property and licenses owned, directly or indirectly by the Company's subsidiary Iconix Luxembourg Holdings SÀRL or those subject to the Company's securitization facility. In addition, the pledges exclude certain equity interests of Marcy Media Holdings, LLC and the subsidiaries of Iconix China Holdings Limited.

In connection with the Senior Secured Term Loan, IBG Borrower, the Company and the other Guarantors made customary representations and warranties and have agreed to adhere to certain customary affirmative covenants. Additionally, the Senior Secured Term Loan mandates that IBG Borrower, the Company and the other Guarantors enter into account control agreements on certain deposit accounts, maintain and allow appraisals of their intellectual property, perform under the terms of certain licenses and other agreements scheduled in the Senior Secured Term Loan and report significant changes to or terminations of licenses generating guaranteed minimum royalties of more than \$0.5 million. Prior to the First Amendment (as discussed below), IBG Borrower was required to satisfy a minimum asset coverage ratio of 1.25:1.00 and maintain a leverage ratio of no greater than 4.50:1.00.

Amendments to Senior Secured Term Loan

First Amendment

On October 27, 2017, the Company entered into the First Amendment to the Senior Secured Term Loan (the "First Amendment") pursuant to which, among other things, the remaining escrow balance of approximately \$231 million (after taking into account approximately \$59.2 million that was used to buy back 1.50% Convertible Notes in open market purchases in the third quarter of 2017) was returned to the lenders.

The First Amendment also provided for, among other things, (a) a reduction in the existing \$300 million term loan to the then-current term loan balance of approximately \$57.8 million, (b) a new senior secured delayed draw term loan facility in the aggregate amount of up to \$165.7 million, consisting of (i) a \$25 million First Delayed Draw Term Loan (the "First Delayed Draw Term Loan"), and (ii) a \$140.7 million Second Delayed Draw Term Loan (the "Second Delayed Draw Term Loan" and, together, with the First Delayed Draw Term Loan, the "Delayed Draw Term Loan Facility") for the purpose of repaying the 1.50% Convertible Notes; (c) an increase of the Total Leverage Ratio permitted under the Senior Secured Term Loan from 4.50:1.00 to 5.75:1.00; (d) a reduction in the debt service coverage ratio multiplier in the Company's asset coverage ratio under the Senior Secured Term Loan; (e) an increase in the existing amortization rate from 2 percent per annum to 10 percent per annum commencing July 2019; and (f) amendments to the mandatory prepayment provisions to (i) permit the Company not to prepay borrowings under the Senior Secured Term Loan from the first \$100 million of net proceeds resulting from Permitted Capital Raising Transactions (as defined in the Senior Secured Term Loan) effected prior to March 15, 2018, and (ii) eliminate the requirement that the Company pay a Prepayment Premium (as defined in the Senior Secured Term Loan) on any payments or prepayments made prior to December 31, 2018. Indebtedness issued under the Delayed Draw Term Loan Facility was issued with original issue discount.

As a result of the First Amendment, on October 27, 2017, the Company repaid \$231.0 million on the Senior Secured Term Loan which represented \$240.7 million of outstanding principal balance. On that date, the Company wrote-off a

pro-rata portion of the original issue discount and deferred financing costs of \$9.3 million and \$5.4 million, respectively, which were both recorded to interest expense on the Company's consolidated statement of operations for FY 2017. As a result of this transaction, the Company's outstanding principal balance of the Senior Secured Term Loan was reduced to \$57.8 million at that time and the Company recorded a gain on modification of debt of \$8.8 million (which is net of \$0.8 million of additional deferred financing costs associated with the First Amendment) which has been recorded in interest expense on the Company's consolidated statement of operations for FY 2017.

On November 2, 2017, the Company drew down the full amount of \$25.0 million on the First Delayed Draw Term Loan of which the Company received \$24.0 million, in cash as this amount was net of the \$1.0 million of original issue discount.

Second Amendment

Given that the Company was unable to timely file its quarterly financial statements for the quarter ended September 30, 2017 with the SEC by November 14, 2017 and became in default under the terms of the Senior Secured Term Loan, as amended, on November 24, 2017, the Company entered into the Second Amendment to the Senior Secured Term Loan. Pursuant to the Second Amendment, among other things, the lenders under the Senior Secured Term Loan agreed, subject to the Company's compliance with

the requirements set forth in the Second Amendment, to waive until December 22, 2017, certain potential defaults and events of default arising under the Senior Secured Term Loan.

In connection with the Second Amendment, Deutsche Bank was granted additional pricing flex in the form of price protection upon syndication of the Senior Secured Term Loan (“Flex”) and ticking fees on the unfunded portion of the loan. The Second Amendment allows, among other things, for cash payments on account of the Flex and ticking fees to be paid from the proceeds of the First Delayed Draw Term Loan, which was previously fully funded in accordance with the terms of the Senior Secured Term Loan. After giving effect to the additional Flex provided in the Second Amendment, the Company estimated that it could be responsible for payments on account of the Flex in an aggregate total amount of up to \$12.0 million. As of December 31, 2018, the Company has paid a total of approximately \$5.0 million in Flex. The Company has recorded this amount against the outstanding principal balance of the Senior Secured Term Loan on the Company’s consolidated balance sheet and is being amortized over the remaining term of the Senior Secured Term Loan.

As a result of the Second Amendment, the Company incurred \$0.2 million of additional deferred financing costs. The Company accounted for this amendment as a debt modification and has recorded the additional deferred financing costs against the gain on modification of debt on the Company’s consolidated statement of operations for FY 2017.

Third Amendment

On February 12, 2018, the Company, through IBG Borrower, entered into the Third Amendment to the Senior Secured Term Loan. The Third Amendment provides for, among other things, amendments to certain restrictive covenants and other terms set forth in the Senior Secured Term Loan, as amended, to permit (i) IBG Borrower to enter into the 5.75% Notes Indenture (as defined below) and a related intercreditor agreement that was executed and (ii) the Note Exchange (as defined below). In connection with the Third Amendment, Deutsche Bank was granted additional pricing flex in the form of price protection upon syndication of the loan (“Third Amendment Flex”). After giving effect to the additional Third Amendment Flex, the Company estimates that it could be responsible for payments on account of the Third Amendment Flex in an aggregate total amount of up to \$6.1 million.

Fourth Amendment

The Company, through IBG Borrower, entered into the Fourth Amendment to the Senior Secured Term Loan as of March 12, 2018. The Fourth Amendment provided, among other things, that the funding date for the Second Delayed Draw Term Loan would be March 14, 2018 instead of March 15, 2018. The conditions to the availability of the Second Delayed Draw Term Loan were satisfied as of March 14, 2018 due, in part, to the transactions contemplated by the Note Exchange, and the Company was able to draw on the Second Delayed Draw Term Loan. On March 14, 2018, the Company drew down \$110 million under the Second Delayed Draw Term Loan and used those proceeds, along with cash on hand, to make a payment to the trustee under the indenture governing the 1.50% Convertible Notes to repay the remaining 1.50% Convertible Notes at maturity on March 15, 2018.

The Senior Secured Term Loan, as amended, contains customary negative covenants and events of default. The Senior Secured Term Loan limits the ability of IBG Borrower, the Company and the other Guarantors, with respect to themselves, their subsidiaries and certain joint ventures, from, among other things, incurring and prepaying certain indebtedness, granting liens on certain assets, consummating certain types of acquisitions, making fundamental changes (including mergers and consolidations), engaging in substantially different lines of business than those in which they are currently engaged, making restricted payments and amending or terminating certain licenses scheduled in the Senior Secured Term Loan. Such restrictions, failure to comply with which may result in an event of default under the terms of the Senior Secured Term Loan, are subject to certain customary and specifically negotiated exceptions, as set forth in the Senior Secured Term Loan.

If an event of default occurs, in addition to the Interest Rate increasing by an additional 3% per annum Cortland shall, at the request of lenders holding more than 50% of the then-outstanding principal of the Senior Secured Term Loan, declare payable all unpaid principal and accrued interest and take action to enforce payment in favor of the lenders. An event of default includes, among other events: a change of control by which a person or group becomes the beneficial owner of 35% of the voting stock of the Company or IBG Borrower; the failure to extend of the Series 2012-1 Class A-1 Senior Notes Renewal Date (as defined in the Senior Secured Term Loan); the failure of any of Icon Brand Holdings LLC, Icon NY Holdings LLC, Icon DE Intermediate Holdings LLC, Icon DE Holdings LLC and their respective subsidiaries (the "Securitization Entities") to perform certain covenants; and the entry into amendments to the securitization facility that would be materially adverse to the lenders or Cortland without consent. Subject to the terms of the Senior Secured Term Loan, both voluntary and certain mandatory prepayments will trigger a premium of 5% of the aggregate principal amount during the first year of the loan and a premium of 3% of the aggregate principal amount during the second year of the loan, with no premiums payable in subsequent periods.

As of December 31, 2018 and December 31, 2017, the outstanding principal balance of the Senior Secured Term Loan was \$171.1 million (which is net of \$18.3 million of original issue discount) and \$74.8 million (which is net of \$8.0 million of original issue discount), respectively, of which \$11.6 million and \$1.7 million is recorded in current portion of long term debt on the Company's consolidated balance sheet, respectively.

5.75% Convertible Notes

On February 22, 2018, the Company consummated an exchange (the "Note Exchange") of approximately \$125 million previously outstanding 1.50% Convertible Senior Subordinated Notes due 2018 (the "1.50% Convertible Notes"), pursuant to which it issued approximately \$125 million of new 5.75% Convertible Notes due 2023 (the "5.75% Convertible Notes"). The 5.75% Convertible Notes were issued pursuant to an indenture, dated February 22, 2018, by and among the Company, each of the guarantors thereto and The Bank of New York Mellon Trust Company, N.A., as trustee and collateral agent (the "Indenture").

The 5.75% Convertible Notes mature on August 15, 2023. Interest on the 5.75% Convertible Notes may be paid in cash, shares of the Company's common stock, or a combination of both, at the Company's election. If the Company elects to pay all or a portion of an interest payment in shares of common stock, the number of shares of common stock payable will be equal to the applicable interest payment divided by the average of the 10 individual volume-weighted average prices for the 10-trading day period ending on and including the trading day immediately preceding the relevant interest payment date.

The 5.75% Convertible Notes are (i) secured by a second lien on the same assets that secure the obligations of IBG Borrower under the Senior Secured Term Loan and (ii) guaranteed by IBG Borrower and same guarantors as those under the Senior Secured Term Loan, other than the Company.

Subject to certain conditions and limitations, the Company may cause all or part of the 5.75% Convertible Notes to be automatically converted into common stock of the Company. The 5.75% Convertible Notes are convertible into shares of the Company's common stock based on a conversion rate of 52.1919 shares of the Company's common stock, per \$1,000 principal amount of the 5.75% Convertible Notes (which is equal to an initial conversion price of approximately \$19.16 per share), subject to adjustment from time to time pursuant to the 5.75% Convertible Note Indenture.

Holders converting their 5.75% Convertible Notes (including in connection with a mandatory conversion) shall also be entitled to receive a payment from the Company equal to the Conversion Make-Whole Payment (as defined in the Indenture) if such conversion occurs after a regular record date and on or before the next succeeding interest payment date, through and including the maturity date (determined as if such conversion did not occur).

If the Company elects to pay all or a portion of a Conversion Make-Whole Payment in shares of common stock, the number of shares of common stock payable will be equal to the applicable Conversion Make-Whole Payment divided by the average of the 10 individual volume-weighted average prices for the 10-trading day period immediately preceding the applicable conversion date.

Subject to certain limitations pursuant to the Senior Secured Term Loan, from and after the February 22, 2019, the Company may redeem for cash all or part of the 5.75% Convertible Notes at any time by providing at least 30 days' prior written notice to holders of the 5.75% Convertible Notes.

If the Company undergoes a fundamental change (which would occur if the Company experiences a change of control or is delisted from NASDAQ) prior to maturity, each holder will have the right, at its option, to require the Company to repurchase for cash all or a portion of such holder's 5.75% Convertible Notes at a fundamental change purchase

price equal to 100% of the principal amount of the 5.75% Convertible Notes to be repurchased, together with interest accrued and unpaid to, but excluding, the fundamental change purchase date.

The Company is subject to certain restrictive covenants pursuant to the 5.75% Convertible Note Indenture, including limitations on (i) liens, (ii) indebtedness, (iii) asset sales, (iv) restricted payments and investments, (v) prepayments of indebtedness and (vi) transactions with affiliates.

During 2018, certain noteholders converted an aggregate outstanding principal balance of \$15.3 million of their 5.75% Convertible Notes into approximately 0.8 million shares of the Company's common stock. Pursuant to the Indenture, the Company also made an aggregate Conversion Make-Whole Payment of approximately 0.6 million shares of the Company's common stock to those converting noteholders. As a result of the difference in the fair market value versus the carrying value of the 5.75% Convertible Notes that were converted during FY 2018, an aggregate of \$1.2 million was recorded as Other Income in the Company's consolidated statement of operations for FY 2018.

As of December 31, 2018, while the debt balance recorded at fair value on the Company's consolidated balance sheet was \$48.1 million, the actual outstanding principal balance of the 5.75% Convertible Notes was \$109.7 million.

Refer to Note 9 in the Notes to the Consolidated Financial Statements for further details.

Other Factors

We continue to seek to expand and diversify the types of licensed products being produced under our various brands, as well as diversify the distribution channels within which licensed products are sold, in an effort to reduce dependence on any particular retailer, consumer or market sector. The success of our Company, however, remains largely dependent on our ability to build and maintain brand awareness and contract with and retain key licensees and on our licensees' ability to accurately predict upcoming trends within their respective customer bases and fulfill the product requirements of their particular distribution channels within the global marketplace. Unanticipated changes in consumer fashion preferences, slowdowns in the global economy, changes in the prices of supplies, consolidation of retail establishments, and other factors noted in "Risk Factors," could adversely affect our licensees' ability to meet and/or exceed their contractual commitments to us and thereby adversely affect our future operating results.

We market and license our brands outside the United States and many of our licensees are located, and joint ventures operate, outside the United States. As a key component of our business strategy, we intend to expand our international sales, including, without limitation, through joint ventures. Tariffs, trade protection measures, import or export licensing requirements, trade embargoes, sanctions and other trade barriers; less effective and less predictable protection and enforcement of intellectual property; changes in the political or economic condition of a specific country or region; fluctuations in the value of foreign currency versus the U.S. dollar and the cost of currency exchange; and potentially adverse tax consequences, and other factors noted in "Risk Factors," could adversely affect our licensees' and International Joint Ventures future operating results.

Effects of Inflation

We do not believe that the relatively moderate rates of inflation experienced over the past few years in the United States, where we primarily compete, have had a significant effect on revenues or profitability. If there was an adverse change in the rate of inflation by less than 10%, the expected effect on net income would be immaterial.

New Accounting Standards

Refer to Note 1 in the Notes to the Consolidated Financial Statements for new accounting standards.

Critical Accounting Policies and Estimates

The preparation of our 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 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 historical experience and on various other assumptions 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. 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.

Our significant accounting policies are more fully described in Note 1 to our consolidated financial statements. We believe, however, the following critical accounting policies, among others, affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

We have entered into various trade name license agreements that provide revenues based on minimum royalties and advertising/marketing fees and additional revenues based on a percentage of defined sales. Minimum royalty and advertising/marketing revenue is recognized on a straight-line basis over the entire contract term and royalties exceeding the defined minimum amounts are recognized only in the subsequent periods to when the minimum guarantee for the contract year has been achieved and when the later of the following events occur: (i) the subsequent sale occurs, or (ii) the performance obligation to which some or all of the sales-based royalty has been allocated has been satisfied (or partially satisfied).

Gains on sale of trademarks

We sell a brand's territories and/or categories through joint venture transactions which is a central and ongoing part of our business. Since our goal is to maximize the value of the IP, we evaluate sale opportunities by comparing whether the offer is more valuable than the current and potential revenue stream in the Company's traditional licensing model. Further, as part of the Company's evaluation process, it will also look at whether or not the buyer's future development of the brand could help expand the brands global recognition and revenue. The Company considers, among others, the following guidance in determining the appropriate accounting and gains recognized from the initial sale of our brands/trademarks to our joint ventures: ASC 323, Investments—Equity Method and Joint Venture, ASC 605 and ASC 606, Revenue Recognition, ASC 810, Consolidations, and ASC 845, Nonmonetary Transactions - Exchanges Involving Monetary Consideration.

Additionally, the Company determines the cost of the trademarks sold by determining the relative fair market value of the proceeds received in the transaction to the relative fair value of the trademarks on the Company's consolidated balance sheet at the time of the transaction.

Allowance for doubtful accounts

We evaluate our allowance for doubtful accounts and estimate collectability of accounts receivable based on our analysis of historical bad debt experience in conjunction with our assessment of the financial condition of individual licensees with which we do business. In times of domestic or global economic turmoil, our estimates and judgments with respect to the collectability of our receivables are subject to greater uncertainty than in more stable periods.

Impairment of Long-Lived Assets and Intangibles

Long-lived assets, representing predominantly trademarks related to the Company's brands, are 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 tested for impairment on an annual basis (October 1 for the Company) and between annual tests if an event occurs or circumstances change that indicate that the carrying amount of the indefinite lived intangible asset may not be recoverable. When conducting its annual indefinite lived intangible asset impairment assessment, the Company initially performs a qualitative evaluation of whether it is more likely than not that the asset is impaired. If it is determined by a qualitative evaluation that it is more likely than not that the asset is impaired, the Company then tests the asset for recoverability. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Assumptions used in our fair value estimates are as follow: (i) discount rates; (ii) royalty rates; (iii) projected average revenue growth rates; (iv) contractually guaranteed minimum revenues; and (v) projected long-term growth rates. The testing also factors in economic conditions and expectations of management and may change in the future based on period-specific facts and circumstances. During FY 2018 and FY 2017, the Company recognized a non-cash impairment charge of \$136.4 million and \$525.7 million, respectively, for indefinite-lived intangibles across all segments. See Note 4 for further information.

For the year ended December 31, 2018:

During the second quarter of FY 2018, the Company recognized an impairment charge of \$73.3 million for the indefinite-lived intangible for Mossimo in Women's as well as an impairment charge of \$37.8 million for goodwill in Women's. During the third quarter of FY 2018, the Company recognized an impairment charge of \$4.4 million for the

indefinite-lived intangible for Joe Boxer in Women's. During the fourth quarter of FY 2018, the Company recognized an impairment charge of \$58.7 million comprised of \$55.1 million in Women's, \$0.1 million in Men's, \$2.7 million in Home, and \$0.8 million in International. The following is a breakdown of the trademark impairment charges:

Operating Segment	Brand / Trademark	Territory	Amount
Women's	Mossimo	US	\$105,985
Women's	Mudd	US	15,581
Women's	Joe Boxer	US	11,214
Home	Cannon	US	2,719
Other	various	various	918
Total			\$136,417

Overall, the impairment charges were primarily as a result of management's revisions to the Company's forecasts to reflect lower revenue and operating margin expectations for the Company. The decrease in financial projections is primarily due to continued declines and strategic repositioning of proprietary brands in the retail industry, accompanied by the closing of traditional brick and mortar stores and continued online disruption and competition in the target market. Several of our key DTR partners (e.g. Kohl's, Kmart/Sears) have been affected by this decline which has resulted in the non-renewal of license agreements or increased pressures to reduce the economics (e.g. royalty rates, guaranteed minimum royalties) of new and existing license agreements.

On an individual brand level, the impairment charges noted above arose out of lower forecasted revenue. The primary factors for the lower forecasts for each of the brands noted above are set forth below:

• **Mossimo** – As discussed below, the Mossimo license agreement at Target was not renewed and while market and demographic research indicate significant brand awareness and viability outside of exclusive Target distribution, the Company has yet to find a replacement core licensee. The Company continues to pursue multiple partners with broad distributions and varying degrees of economics.

• **Mudd** – Given the decline in the retail industry, Kohl's was unable to achieve revenue expectations above guaranteed minimums. Kohl's has indicated the willingness to renew beyond the current term but at a level below the current guaranteed minimums.

- **Joe Boxer** – Kmart/Sears' bankruptcy filing in the fourth quarter of FY 2018 allowed Kmart/Sears to reject the existing Joe Boxer license agreement, and the Company's ongoing renegotiations of the license agreement with Kmart/Sears resulted in a reduction to forecasted revenues for the Company.
- **Cannon** – Kmart/Sears' bankruptcy filing in the fourth quarter of FY 2018 allowed Kmart/Sears to reject the existing Cannon license agreement, and the Company's renegotiations of the license agreement with Kmart/Sears resulted in a reduction to forecasted revenues for the Company.

For the year ended December 31, 2017:

During the third quarter of FY 2017, the Company recognized an impairment charge of \$521.7 million for indefinite-lived intangibles comprised of \$227.6 million in Women's, \$135.9 million in Men's, \$69.5 million in Home, and \$88.8 million in International as well as an impairment charge of \$103.9 million for goodwill comprised of \$73.9 million in Women's, \$1.5 million in Men's, and \$28.4 million in Home. During the fourth quarter of FY 2017, the Company recognized an impairment charge of \$4.1 million for the indefinite-lived intangible for Royal Velvet. The following is a breakdown of the trademark impairment charges:

Operating Segment	Brand / Trademark	Territory	Amount
Women's	Mossimo	US	\$21,800
Women's	Joe Boxer	US	45,584
Women's	Danksin	US	52,572
Women's	Mudd	US	37,015
Women's	Rampage	US	24,712
Women's	Ocean Pacific	US	29,523
Men's	Buffalo	US	43,429
Men's	Zoo York	US	17,258
Men's	Rocawear	US	34,559
Men's	Ed Hardy	US	18,666
Home	Cannon	US	17,995
Home	Royal Velvet	US	33,657
Home	Fieldcrest	US	12,930

International	Umbro	China	31,137
International	Umbro	Europe	26,739
Other	various	various	78,150
Total			\$525,726

Overall, the impairment charges were primarily as a result of management's significant revisions to the Company's forecasts to reflect lower revenue and operating margin expectations for the Company. The decrease in financial projections is primarily due to continued declines and strategic repositioning of proprietary brands in the retail industry, accompanied by the closing of traditional brick and mortar stores and continued online disruption and competition in the target market. Several of our key DTR partners (e.g. Walmart, Target, Macy's, Kmart/Sears) have been affected by this decline which has resulted in the non-renewal of license agreements or increased pressures to reduce the economics (e.g. royalty rates, guaranteed minimum royalties) of new and existing license agreements.

On an individual brand level, the impairment charges noted above arose out of lower forecasted revenue. The primary factors for the lower forecasts for each of the brands noted above are set forth below:

- **Mossimo** – In the fourth quarter of FY 2016, Target notified the Company that it did not intend to renew its license for the Mossimo brand beyond 2018. While market and demographic research indicate significant brand awareness and viability outside of exclusive Target distribution, the Company has yet to find a replacement core licensee. The Company continues to pursue multiple partners with broad distributions and varying degrees of economics.
- **Joe Boxer** – Store closings of the Company’s core licensee, Kmart/Sears, resulted in a decline in sales of the brand and thus the Company experiencing lower than expected revenues and operating margins.
- **Danskin** – In FY 2017, Walmart notified the Company that it did not intend to renew its license for the Danskin Now brand beyond January 2019 resulting in a reduction to forecasted revenues for the Company.
- **Mudd** – Given the Mudd brand is exclusively sold at Kohl’s, the Company had anticipated forecasted growth of the brand through the creation of new product categories. However, given the decline in the retail industry, Kohl’s was unable to achieve revenue expectations above guaranteed minimums.
- **Rampage** – The impairment was due to the renegotiation of the economics of its existing core license agreement for footwear partially due to reduced distribution of the licensed product resulting in a decrease in forecasted revenues for the Company.
- **Ocean Pacific** – The Company has begun a strategic repositioning of the brand which it expects will result in reduced economics in the near term.
- **Buffalo** – Store closings at Macy’s and other traditional retailers where the product is sold as well as a decline in the retail industry resulted in a reduction to forecasted revenues for the Company.
- **Zoo York** – Given the decline in the demand for streetwear and urban clothing, the Company’s licensees have been unable to increase sales of Zoo York products.
- **Rocawear** – Given the decline in the demand for streetwear and urban clothing, the Company’s licensees have been unable to increase sales of Rocawear products.
- **Ed Hardy** – Given the decline in the demand for streetwear and urban clothing, the Company’s licensees have been unable to increase sales of Ed Hardy.
- **Cannon** – Store closings of the Company’s core licensee, Kmart/Sears, resulted in a decline in sales of the brand and thus the Company experiencing lower than expected revenues and operating margins.
- **Royal Velvet** – Store closings of the Company’s core licensee, JCPenney, as well as the recent decision of JCPenney not to renew the existing Royal Velvet license agreement following its expiration in January 2019, resulted in a decline in sales of the brand and thus the Company experiencing lower than expected revenues and operating margins.
- **Fieldcrest** – Given the Fieldcrest brand is exclusively sold at Target, the Company had anticipated forecasted growth of the brand through the creation of new product categories. However, given the decline in the retail industry, Target was unable to achieve anticipated sales expectations.
- **Umbro in China** – The Umbro brand was a new initiative for the Company given its formation of the Umbro China joint venture in FY 2016. Since the acquisition of the brand in 2012, the monetization levels in China have not met our initial expectations.
- **Umbro in Europe** – Since the acquisition of the brand in 2012, the monetization levels in Europe have not met our initial expectations.

The Company will continue to monitor impairment indicators and financial results in future periods. If current or expected cash flows change or if the market value of the Company’s stock decreases, there may be additional impairment charges. Impairment charges could be based on factors such as the Company’s forecasted cash flows, assumptions used, or other variables.

Goodwill

Goodwill is tested for impairment at the reporting unit level (the Company has four operating segments: women's, men's, home, and international) on an annual basis (in the Company's fourth fiscal quarter) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company considers its market capitalization and the carrying value of its assets and liabilities, including goodwill, when performing its goodwill impairment test. When conducting its annual goodwill impairment assessment, the Company initially performs a qualitative evaluation of whether it is more likely than not that goodwill is impaired. If it is determined by a qualitative evaluation that it is more likely than not that goodwill is impaired, the Company then applies a two-step impairment test. The two-step impairment test first compares the fair value of the Company's reporting unit to its carrying or book value. If the fair value of the reporting unit exceeds its carrying

value, goodwill is not impaired and the Company is not required to perform further testing. If the carrying value of the reporting unit exceeds its fair value, the Company determines the implied fair value of the reporting unit's goodwill and if the carrying value of the reporting unit's goodwill exceeds its implied fair value, then an impairment loss equal to the difference is recorded in the consolidated statement of operations. During the second quarter of FY 2018, the Company recognized a non-cash impairment charge of \$37.8 million in the women's segment. During the third quarter of FY 2017, the Company recognized a non-cash impairment charge of \$103.9 million in the women's, men's and home segment. No additional goodwill impairment was recognized during the fourth quarter of FY 2017. See Note 1 – Summary of Significant Accounting Policies of Notes to Consolidated Financial Statements for further detail.

Variable Interest Entities

In accordance with the variable interest entities (“VIE”) sub-section of ASC 810, Consolidation, we perform a formal assessment at each reporting period regarding whether the Company is considered the primary beneficiary of a VIE based on the power to direct activities that most significantly impact the economic performance of the entity and the obligation to absorb losses or rights to receive benefits that could be significant to the VIE.

Business combinations

We allocate the purchase price of acquired companies to the tangible and intangible assets acquired, and liabilities assumed based on their estimated fair values. Such a valuation requires management to make significant estimates and assumptions, especially with respect to intangible assets. The results of operations for each acquisition are included in our financial statements from the date of acquisition.

We account for business acquisitions as purchase business combinations in accordance with ASC 805, Business Combinations (“ASC 805”). The fundamental requirement of ASC 805 is that the acquisition method of accounting be used for all business combinations.

Management estimates fair value based on assumptions believed to be reasonable. These estimates are based on historical experience and information obtained from the management of the acquired companies. Critical estimates in valuing certain intangible assets include, but are not limited to: future expected cash flows; acquired developed technologies and patents; the acquired company's brand awareness and market position, as well as assumptions about the period of time the acquired brand will continue to be used in our product portfolio; and discount rates.

Stock-Based Compensation

We account for stock-based compensation under ASC 718, Compensation—Stock Compensation, which requires companies to measure and recognize compensation expense for all stock-based payments at fair value.

Income Taxes

Income taxes are calculated in accordance with ASC Topic 740-10, Income Taxes (“ASC 740-10”), which requires the use of the asset and liability method. Deferred tax assets and liabilities are recognized based on the difference between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using current enacted tax rates in effect in the years in which those temporary differences are expected to reverse. Inherent in the measurement of deferred balances are certain judgments and interpretations of enacted tax law and published guidance with respect to applicability to the Company's operations. The effective tax rate utilized by the Company reflects management's judgment of the expected tax liabilities within the various taxing jurisdictions.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, net operating loss carryback potential, and tax planning strategies in making these assessments.

The Company adopted guidance under ASC 740 as it relates to uncertain tax positions. The implementation of this guidance did not have a significant impact on our financial position or results of operations. We are continuing our practice of recognizing interest and penalties related to income tax matters in income tax expense.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 8. Financial Statements and Supplementary Data

The financial statements and supplementary data required to be submitted in response to this Item 8 are set forth after Part IV, Item 15 of this report (for Selected Quarterly Financial Data, see Note 19 of Notes to Consolidated Financial Statements).

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial and accounting officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K (December 31, 2018). Based upon that evaluation, our principal executive officer and principal financial and accounting officer have concluded due to a material weakness in internal control over financial reporting described below, our disclosure controls and procedures were not effective as of December 31, 2018.

The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

Refer to Management's Annual Report on Internal Control over Financial Reporting for changes in internal controls over financial reporting for the year ended December 31, 2018.

Limitation on Effectiveness of Controls

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and fraud. Any control system, no matter how well conceived, designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

Management's Annual Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act. The Company's internal control over financial reporting is a process designed by, or under the supervision of, our principal executive officer and principal financial and accounting officer, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US GAAP. Internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with US GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may change over time.

Our management, under the supervision of our principal executive officer and principal financial and accounting officer, conducted an evaluation of the effectiveness of our internal controls over financial reporting based on the framework in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that material weaknesses which existed at December 31, 2017, related to our statement of cash flows, our intangible asset impairment testing, and calculation of our long-term incentive program (“LTIP”) compensation expense, were remediated at December 31, 2018. This was primarily the result of enhanced review procedures, and changes in the process for preparing the financial statement or calculation. However, the previously identified material weakness related to the financial reporting for the modification of our debt has not been remediated. Also, in 2018, management identified a material weakness in internal control over financial reporting, specifically dealing with the management review controls surrounding the calculation of the adjustment to retained earnings, and the financial reporting for reimbursement to licensees for advertising resulting from the implementation of the new revenue recognition standard, ASC 606. We have implemented new controls in 2018 which will be tested in 2019.

As a result of the material weakness, management concluded that our internal controls over financial reporting was not effective as of December 31, 2018. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Remediation Actions

Throughout 2018, management conducted a remediation plan to address the material weakness noted above. The plan included (i) a robust analysis on our current control environment in order to revamp our existing control processes and procedures, and identify and address any potential gaps, (ii) educating control owners concerning the principles and requirements of each control, and (iii) management conducting a more rigorous review process for the reporting on the statement of cash flows, conducting the intangible asset impairment testing, and the calculation of our LTIP compensation expense. Through effective implementation of the Company’s remediation plan, the Company has strengthened its internal control environment and has addressed the above noted material weaknesses that were identified at December 31, 2017.

In addition, during 2018, the Company made changes to its internal controls related to the accounting and financial reporting for the modification of debt, and financial reporting for the new revenue recognition standard, ASC 606, including more robust review procedures and seeking accounting consultation from third party advisors proactively, as well as changes in personnel.

The principal executive officer and principal financial officer also conducted an evaluation of internal control over financial reporting, herein referred to as internal control, to determine whether any changes in internal control occurred during the three months ended December 31, 2018 that may have materially affected or which are reasonably likely to materially affect internal control. Based on that evaluation, there have been no other changes in the Company’s internal control during the three months ended December 31, 2018 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control, except for the matter relating to our financial reporting for debt and the new revenue recognition standard, ASC 606, discussed above.

The foregoing has been approved by our current management team, including our Chief Executive Officer and Chief Financial Officer, who have been involved with the reassessment and analysis of our internal control over financial reporting.

The Audit Committee, which consists of independent, non-executive directors, will continue to meet regularly with management, the Director of Internal Audit, and the independent accountants to review accounting, reporting, auditing and internal control matters. The Audit Committee has direct and private access to the Director of Internal Audit and the external auditors, and will meet with each, separately, in executive sessions. The Company reviewed the results of management's assessment of its internal control over financial reporting with the Audit Committee of the Board of Directors and they agreed with the conclusions.

Item 9B. Other Information

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item concerning our directors, executive officers and certain corporate governance matters is incorporated by reference from our definitive proxy statement relating to our Annual Meeting of Stockholders to be held in 2019 (“2019 Definitive Proxy Statement”) to be filed with the SEC.

Code of Business Conduct

We have adopted a written code of business conduct that applies to our officers, directors and employees. Copies of our code of business conduct are available, without charge, upon written request directed to our corporate secretary at Iconix Brand Group, Inc., 1450 Broadway, New York, NY 10018.

Item 11. Executive Compensation

The information required under this item is hereby incorporated by reference to the 2019 Definitive Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required under this item is hereby incorporated by reference to the 2019 Definitive Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required under this item is hereby incorporated by reference to the 2019 Definitive Proxy Statement.

Item 14. Principal Accounting Fees and Services

The information required under this item is hereby incorporated by reference to the 2019 Definitive Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents included as part of this Annual Report

1. The following consolidated financial statements are included in this Annual Report:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets—December 31, 2018 and December 31, 2017

Consolidated Statements of Operations for the years ended December 31, 2018 and 2017

Consolidated Statements of Comprehensive Loss for the years ended December 31, 2018 and 2017

Consolidated Statements of Stockholders' Deficit for the years ended December 31, 2018 and 2017

Consolidated Statements of Cash Flows for the years ended December 31, 2018 and 2017

Notes to Consolidated Financial Statements

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

3. See the Index to Exhibits for a list of exhibits filed as part of this Annual Report.

(b) See Item (a) 3 above.

(c) See Item (a) 2 above.

Item 16. Form 10-K Summary

Not applicable.

Index to Exhibits

Exhibit	
Numbers	Description
2.1	<u>Contribution and Sale Agreement dated October 26, 2009 by and among the Company, IP Holder LLC, now known as IP Holdings Unltd LLC, Seth Gerszberg, Suchman LLC, Yakira, L.L.C., Ecko.Complex, LLC, Zoo York LLC and Zoo York THC LLC ⁽¹⁾ +</u>
2.2	<u>Membership Interest Purchase Agreement dated as of March 9, 2010 by and between the Company and Purim LLC ⁽²⁾ +</u>
2.3	<u>Asset Purchase Agreement dated April 26, 2011 by and among Hardy Way LLC, Nervous Tattoo, Inc. and Audigier Brand Management Group, LLC ⁽⁴⁾ +</u>
2.4	<u>Asset Purchase Agreement dated December 23, 2016 by and among Iconix Brand Group, Inc., 360 Holdings II-A LLC, Icon NY Holdings LLC, Iconix Latin America LLC and Sharper Image</u>

Holdings LLC⁽⁵¹⁾

- 2.5 Membership Interest Purchase Agreement by and among Iconix Brand Group, Inc., Icon NY Holdings LLC, IBG Borrower LLC, DHX Media Ltd. and DHX SSP Holdings LLC, dated May 9, 2017.⁽⁵²⁾
- 2.6 Membership Interest Purchase Agreement by and among Iconix Brand Group, Inc., IBG Borrower LLC, DHX Media Ltd. and DHX SSP Holdings LLC, dated May 9, 2017.⁽⁵²⁾
- 3.1 Amended and Restated Certificate of Incorporation, as amended⁽⁹⁾ ++
- 3.2 Restated and Amended By-Laws⁽¹⁰⁾
- 4.1 Base Indenture dated November 29, 2012⁽¹²⁾
- 4.2 Supplemental Indenture Series 2012-1 Supplement dated November 29, 2012⁽¹²⁾
- 4.3 First Amendment to the Series 2012-1 Supplemental Indenture dated August 18, 2017⁽⁵⁴⁾
- 4.4 Supplemental Indenture Series 2013-1 Supplement

- dated as of June 21, 2013⁽⁸⁾
- 4.5 Indenture 1.50% Convertible Senior Subordinated Notes Due 2018 dated as of March 18, 2013⁽⁴⁰⁾
- 4.6 Global Note⁽⁴⁰⁾
- 4.7 Indenture, dated as of February 22, 2018, by and among the Company, the Guarantors listed therein and The Bank of New York Mellon Trust Company, N.A., as trustee⁽⁵⁹⁾
- 10.1 401(K) Savings Plan of the Company⁽¹⁸⁾
- 10.2 Form of Restricted Stock Agreement for officers under the Company's 2006 Equity Incentive Plan^{(20)*}
- 10.3 Form of Restricted Stock Agreement for Directors under the Company's 2006 Equity Incentive Plan^{(20)*}
- 10.4 Lease dated as of November 12, 2007 with respect to the Company's Executive Offices⁽²⁴⁾
- 10.5 Iconix Brand Group, Inc. Executive Incentive Bonus Plan^{(25)*}
- 10.6 Class A-1 Note Purchase Agreement

dated November 29, 2012 by and among Registrant, Co-Issuers, Certain Conduit Investors, Certain Financial Institutions, Certain Funding Agents, Barclays Bank PLC, as L/C Provider, Barclays Bank PLC as Swingline Lender and Barclays Bank PLC, as Administrative Agent
(12)

- 10.7 First Amendment to the Class A-1 Note Purchase Agreement dated August 18, 2017, by and among the Company, the Co-Issuers, Certain Conduit Investors, Certain Financial Institutions, Certain Funding Agents, and Guggenheim Securities Credit Partners, LLC, as L/C Provider, as Swingline Lender and as Administrative Agent.⁽⁵⁴⁾
- 10.8 Management Agreement dated November 29, 2012 by and among the Co-Issuers, Registrant and Citibank, N.A., as trustee⁽¹²⁾
- 10.9 Form of RSU Agreement pursuant to the Amended and Restated 2009 Plan (Executive)^{(36)*}
- 10.10

Form of RSU
Agreement pursuant
to the Amended and
Restated 2009 Plan
(Non-Executive)^{(36)*}

10.11 Form of RSU
Agreement pursuant
to the Amended and
Restated 2009 Plan
(Non-employee
Director)^{(36)*}

10.12 Amended and
Restated 2009 Equity
Incentive Plan^{(37)*}

Exhibit

Numbers	Description
10.13	<u>Clawback policy form of Acknowledgement^{(36)*}</u>
10.14	<u>Employment Agreement dated as of August 19, 2013 between the Company and Jason Schaefer^{(38)*}</u>
10.15	<u>Confirmation of OTC Convertible Note Hedge dated March 13, 2013 between Iconix Brand Group, Inc. and Barclays Capital Inc., acting as agent for Barclays Bank PLC ⁽⁴⁰⁾</u>
10.16	<u>Confirmation of Additional OTC Convertible Note Hedge dated March 13, 2013 between Iconix Brand Group, Inc. and Barclays Capital Inc., acting as agent for Barclays Bank PLC ⁽⁴⁰⁾</u>
10.17	<u>Confirmation of OTC Warrant Transaction dated March 13, 2013 between Iconix Brand Group, Inc. and Barclays Capital Inc., acting as agent for Barclays Bank PLC ⁽⁴⁰⁾</u>
10.18	<u>Confirmation of Additional OTC Warrant Transaction dated March 13, 2013 between Iconix Brand Group, Inc. and Barclays Capital Inc.,</u>

- acting as agent for
Barclays Bank PLC ⁽⁴⁰⁾
- 10.19 Employment
Agreement dated as of
June 10, 2015 between
the Company and David
Jones^{(42)*}
- 10.20 Employment
Agreement dated as of
February 18, 2016
between the Company
and John Haugh^{(43)*}
- 10.21 Credit Agreement dated
as of March 7, 2016
between IBG Borrower
LLC, as the borrower
("IBG Borrower"), the
Company and certain of
IBG Borrower's
wholly-owned
subsidiaries, as
guarantors, Cortland
Capital Market Services
LLC, as administrative
agent and collateral
agent and the lenders
party thereto from time
to time, including CF
ICX LLC and Fortress
Credit Co LLC⁽⁴⁴⁾
- 10.22 Facility Guaranty dated
as of March 7, 2016
between the Company
and certain
wholly-owned
subsidiaries of IBG
Borrower LLC, as
guarantors and Cortland
Capital Market Services
LLC, as administrative
agent and collateral
agent⁽⁴⁴⁾
- 10.23 Security Agreement
dated as of March 7,
2016 between the
Company, IBG

- Borrower LLC and certain of its wholly-owned subsidiaries, as Grantors, and Cortland Capital Market Services LLC, as Collateral Agent⁽⁴⁴⁾
- 10.24 2015 Executive Incentive Plan^{(45)*}
- 10.25 Employment Agreement dated as of April 28, 2016 between the Company and Peter Cuneo^{(47)*}
- 10.26 Agreement dated as of September 26, 2016 by and among Iconix Brand Group, Inc., Huber Capital Management, LLC and Joseph R. Huber⁽⁴⁹⁾
- 10.27 Amended and Restated 2016 Omnibus Incentive Plan^{(50)*}
- 10.28 Executive Severance Plan^{(51)*}
- 10.29 Credit Agreement, dated as of August 2, 2017, among IBG Borrower LLC, as the borrower, Iconix Brand Group, Inc. and certain of IBG Borrower's wholly-owned subsidiaries, as guarantors, Cortland Capital Market Services LLC, as administrative agent and collateral agent and the lenders party thereto from time to time, including Deutsche Bank AG, New York Branch, ⁽⁵³⁾

- 10.30 Facility Guaranty, dated as of August 2, 2017, among Iconix Brand Group, Inc. and certain wholly-owned subsidiaries of IBG Borrower LLC, as guarantors and Cortland Capital Market Services LLC, as administrative agent and collateral agent. ⁽⁵³⁾
- 10.31 Security Agreement, dated as of August 2, 2017, among Iconix Brand Group, Inc., IBG Borrower LLC and certain of its wholly-owned subsidiaries, as Grantors, and Cortland Capital Market Services LLC, as Collateral Agent. ⁽⁵³⁾
- 10.32 Limited Waiver and Amendment No. 1 to Credit Agreement, entered into as of October 27, 2017, among IBG Borrower LLC, a Delaware limited liability company, the Guarantors thereunder; each lender from time to time party thereto; and Cortland Capital Market Services LLC, a Delaware limited liability company as Administrative Agent and Collateral Agent. ⁽⁵⁵⁾
- 10.33 Second Amendment, Consent and Limited Waiver to Credit Agreement, entered into

as of November 24,
2017, among IBG
Borrower LLC, a
Delaware limited
liability company, the
Guarantors thereunder;
each lender from time
to time party thereto;
and Cortland Capital
Market Services LLC, a
Delaware limited
liability company, as
Administrative Agent
and Collateral
Agent.⁽⁵⁶⁾

Exhibit

Numbers	Description
10.34	<u>Executive Employment Agreement by and between F. Peter Cuneo and the Company entered into as of December 18, 2017.</u> ⁽⁵⁷⁾
10.35	<u>Third Amendment, Consent and Limited Waiver to Credit Agreement and Other Loan Documents entered into as of February 12, 2018, among IBG Borrower LLC, a Delaware limited liability company, the Guarantors thereunder; each lender from time to time party thereto; and Cortland Capital Market Services LLC, a Delaware limited liability company, as Administrative Agent and Collateral Agent.</u> ⁽⁵⁸⁾
10.36	<u>Indenture, dated as of February 22, 2018, by and</u>

among the
Company, the
Guarantors
listed therein
and The Bank of
New York
Mellon Trust
Company, N.A.,
as trustee.⁽⁵⁹⁾

10.37 Fourth
Amendment and
Consent to
Credit
Agreement,
entered into as
of March 12,
2018, among
IBG Borrower
LLC, a
Delaware
limited liability
company, the
Guarantors
thereunder; each
lender from time
to time party
thereto; and
Cortland Capital
Market Services
LLC, a
Delaware
limited liability
company, as
Administrative
Agent and
Collateral
Agent.⁽⁶⁰⁾

10.38 Employment
Agreement
dated as of June
15, 2018
between the
Company and
Peter Cuneo.⁽⁶¹⁾

10.39 Cooperation
Agreement
dated as of July
25, 2018, by and

- between Iconix
Brand Group,
Inc. and Sports
Direct
International
plc.⁽⁶²⁾
- 10.40 Amendment No.
1, dated as of
September 14,
2018 to
Employment
Agreement of F.
Peter Cuneo⁽⁶³⁾
- 10.41 Employment
Agreement
entered into
October 15,
2018 by and
between Iconix
Brand Group,
Inc. and Robert
C. Galvin.⁽⁶⁴⁾
- 10.42 Employment
Agreement
entered into
October 15,
2018 by and
between Iconix
Brand Group,
Inc. and F. Peter
Cuneo.⁽⁶⁴⁾
- 10.43 Intercreditor
Agreement
dated as of
February 22,
2018, by and
among the
Company and
certain of its
affiliates, The
Bank of New
York Mellon
Trust Company,
N.A., and
Cortland Capital
Market Services
LLC.⁽⁶⁵⁾

- 21 Subsidiaries of the Company++
- 23 Consent of BDO USA, LLP++
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act Of 2002++
- 31.2 Certification of Principal Financial Officer pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002++
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002++
- 32.2

Certification of
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 Schema
Document++

101.CAL XBRL
Calculation
Linkbase
Document ++

101.DEF XBRL
Definition
Linkbase
Document++

101.LAB XBRL Label
Linkbase
Document++

101.PRE XBRL
Presentation
Linkbase
Document++

(1) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated October 30, 2009 and incorporated herein by reference.

(2) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated March 9, 2010 and incorporated by reference herein.

(3) [Intentionally omitted.]

(4) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated April 26, 2011 and incorporated by reference herein.

(5) [Intentionally omitted.]

(6) [Intentionally omitted.]

- (7) [Intentionally omitted.]
- (8) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated June 21, 2013 and incorporated by reference herein.
- (9) Filed herewith.
- (10) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated August 6, 2012 and incorporated by reference herein.
- (11) [Intentionally omitted.]
- (12) [Intentionally omitted.]
- (13) [Intentionally omitted.]
- (14) [Intentionally omitted.]
- (15) [Intentionally omitted.]
- (16) [Intentionally omitted.]
- (17) [Intentionally omitted.]
- (18) Filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended January 31, 2003 and incorporated by reference herein.
- (19) [Intentionally omitted.]
- (20) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 and incorporated by reference herein.
- (21) [Intentionally omitted.]
- (22) [Intentionally omitted.]
- (23) [Intentionally omitted.]
- (24) Filed as an exhibit to the Company's Annual Report on Form 10-K for the period ended December 31, 2007 and incorporated by reference herein.
- (25) Filed as Annex B to the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on April 7, 2008 and incorporated by reference herein.
- (26) [Intentionally omitted.]
- (27) [Intentionally omitted.]
- (28) [Intentionally omitted.]
- (29) [Intentionally omitted.]
- (30) [Intentionally omitted.]
- (31) [Intentionally omitted.]
- (32) [Intentionally omitted.]
- (33) [Intentionally omitted.]
- (34) [Intentionally omitted.]
- (35) [Intentionally omitted.]
- (36) Filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 and incorporated by reference herein.
- (37) Filed as an exhibit to the Company's Annual Report on Form 10-K/A for the year ended December 31, 2012 and incorporated by reference herein.
- (38) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 and incorporated by reference herein.
- (39) [Intentionally omitted.]
- (40) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated March 12, 2013 and incorporated by reference herein.
- (41) [Intentionally omitted.]
- (42) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 and incorporated by reference herein.
- (43) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated February 18, 2016 and incorporated by reference herein.

⁽⁴⁴⁾ Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated March 7, 2016 and incorporated by reference herein.

⁽⁴⁵⁾ Filed as Annex A to the Company's Definitive Proxy Statement dated October 23, 2015 as filed on Schedule 14A and incorporated by reference herein.

⁽⁴⁶⁾ [Intentionally omitted.]

⁽⁴⁷⁾ Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 and incorporated by reference herein.

⁽⁴⁸⁾ Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated June 10, 2016 and incorporated by reference herein.

- (49) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated September 28, 2016 and incorporated by reference herein.
- (50) Filed as Annex A to the Company's Definitive Proxy Statement dated September 29, 2017 as filed on Schedule 14A and incorporated by reference herein.
- (51) Filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2016 and incorporated by reference herein.
- (52) Filed as an exhibit to the Company's Current Report on Form 8-K/A for the event dated May 9, 2017 and incorporated by reference herein.
- (53) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated August 2, 2017 and incorporated by reference herein.
- (54) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated August 18, 2017 and incorporated by reference herein.
- (55) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated October 27, 2017 and incorporated by reference herein.
- (56) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated November 24, 2017 and incorporated by reference herein.
- (57) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated December 13, 2017 and incorporated by reference herein.
- (58) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated February 12, 2018 and incorporated by reference herein.
- (59) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated February 22, 2018 and incorporated by reference herein.
- (60) Filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2017 and incorporated by reference herein.
- (61) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated June 18, 2018 and incorporated by reference herein.
- (62) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated July 27, 2018 and incorporated by reference herein.
- (63) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated September 17, 2018 and incorporated by reference herein.
- (64) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated October 18, 2018 and incorporated by reference herein.
- (65) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated December 3, 2018 and incorporated by reference herein.

*Denotes management compensation plan or arrangement

+ Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Iconix Brand Group, Inc. hereby undertakes to furnish supplementally to the Securities and Exchange Commission copies of any of the omitted schedules and exhibits upon request by the Securities and Exchange Commission.

++ Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

ICONIX BRAND GROUP, INC.

Date: March 28, 2019 By: /s/ Robert C. Galvin
 Robert C. Galvin
 President and Chief Executive Officer (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Name	Title	Date
/s/ Robert C. Galvin	Director, President and Chief Executive Officer	March 28, 2019
Robert C. Galvin	(Principal Executive Officer)	
/s/ John T. McClain	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 28, 2019
John T. McClain		
/s/ F. Peter Cuneo	Chairman of the Board of Directors	March 28, 2019
F. Peter Cuneo		
/s/ Drew Cohen	Lead Director	March 28, 2019
Drew Cohen		
/s/ Mark Friedman	Director	March 28, 2019
Mark Friedman		
/s/ James A. Marcum	Director	March 28, 2019
James A. Marcum		
/s/ Sue Gove	Director	March 28, 2019
Sue Gove		
/s/ Justin Barnes	Director	

March
28, 2019

Justin Barnes

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Annual Report on Form 10-K

Item 8, 15(a)(1) and (2), (c) and (d)

List of Financial Statements and Financial Statement Schedule

Year ended December 31, 2018

Iconix Brand Group, Inc. and Subsidiaries

Form 10-K

Index to Consolidated Financial Statements and Financial Statement Schedule

The following consolidated financial statements of Iconix Brand Group Inc. and subsidiaries are included in Item 15:

<u>Report of Independent Registered Public Accounting Firm</u>	59
<u>Consolidated Balance Sheets - December 31, 2018 and 2017</u>	60
<u>Consolidated Statements of Operations for the years ended December 31, 2018 and 2017</u>	61
<u>Consolidated Statements of Comprehensive Loss for the years ended December 31, 2018 and 2017</u>	62
<u>Consolidated Statements of Stockholders' Deficit for the years ended December 31, 2018 and 2017</u>	63
<u>Consolidated Statements of Cash Flows for the years ended December 31, 2018 and 2017</u>	64
<u>Notes to Consolidated Financial Statements</u>	67

The following consolidated financial statement schedule of Iconix Brand Group, Inc. and subsidiaries is included in Item 15(d):

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders

Iconix Brand Group, Inc.

New York, New York

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Iconix Brand Group, Inc. (the “Company”) and subsidiaries as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive loss, stockholders’ deficit, and cash flows for each of the two years in the period ended December 31, 2018, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and subsidiaries at December 31, 2018 and 2017, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

On January 1, 2018, the Company adopted Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606). The effects of this adoption are described in Note 3 to the consolidated financial statements.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by

management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ BDO USA, LLP

We have served as the Company's auditor since 1998.

New York, New York

March 28, 2019

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Iconix Brand Group, Inc. and Subsidiaries

Consolidated Balance Sheets

(in thousands, except par value)

	December 31, 2018	December 31, 2017
Assets		
Current Assets:		
Cash and cash equivalents	\$66,609	\$65,927
Restricted cash	16,026	48,766
Accounts receivable, net	37,671	66,625
Contract asset	4,802	—
Other assets – current	28,057	51,850
Total Current Assets	153,165	233,168
Property and equipment:		
Furniture, fixtures and equipment	22,525	21,661
Less: Accumulated depreciation	(17,644)	(15,567)
	4,881	6,094
Other Assets:		
Other assets	5,979	6,268
Contract asset	14,560	—
Deferred income tax asset	—	4,492
Trademarks and other intangibles, net	337,700	465,722
Investments and joint ventures	89,691	90,887
Goodwill	26,099	63,882
	474,029	631,251
Total Assets	\$632,075	\$870,513
Liabilities, Redeemable Non-Controlling Interest and Stockholders' Deficit		
Current liabilities:		
Accounts payable and accrued expenses	\$44,856	\$49,191
Deferred revenue	5,405	5,525
Current portion of long-term debt	54,263	44,349
Other liabilities – current	9,788	13,581
Total current liabilities	114,312	112,646
Deferred income tax liability	4,566	11,466
Other tax liabilities	—	531
Long-term debt, less current maturities (includes \$48,076 and \$0, respectively, at fair value)	620,966	756,493
Other liabilities	3,829	10,066
Total Liabilities	\$743,673	\$891,202
Redeemable Non-Controlling Interests	34,137	30,287
Commitments and contingencies		

Stockholders' Deficit:

Common stock, \$.001 par value shares authorized 260,000; shares issued 11,162		
and 9,016, respectively	11	9
Additional paid-in capital	1,037,372	1,044,599
Accumulated losses	(312,796)	(223,718)
Accumulated other comprehensive loss	(53,068)	(51,280)
Less: Treasury stock – 3,323 and 3,282 shares at cost, respectively	(844,253)	(844,030)
Total Iconix Brand Group, Inc. Stockholders' Deficit	(172,734)	(74,420)
Non-controlling interests, net of installment payments due from non-controlling interest		
holders	26,999	23,444
Total Stockholders' Deficit	\$(145,735)	\$(50,976)
Total Liabilities, Redeemable Non-Controlling Interest and Stockholders' Deficit	\$632,075	\$870,513

See accompanying notes to consolidated financial statements

Iconix Brand Group, Inc. and Subsidiaries

Consolidated Statements of Operations

(in thousands, except earnings per share data)

	Year	Year
	Ended	Ended
	December 31,	December 31,
	2018	2017
Licensing revenue	\$ 187,689	\$ 225,833
Selling, general and administrative expenses	121,429	114,606
Loss on termination of licenses	10,550	28,360
Depreciation and amortization	2,329	2,455
Equity (earnings) loss on joint ventures	(3,043)	3,259
Gain on deconsolidation of joint venture	—	(3,772)
Gains on sale of trademarks, net	(1,268)	(875)
Goodwill impairment	37,812	103,877
Trademark impairment	136,417	525,726
Investment impairment	2,500	16,848
Operating loss	(119,037)	(564,651)
Other expenses (income):		
Interest expense	59,214	67,901
Interest income	(495)	(480)
Other income, net	(91,305)	(2,650)
(Gain) loss on extinguishment of debt	(4,473)	20,939
Foreign currency translation loss	1,153	3,071
Other expenses (income) – net	(35,906)	88,781
Loss from continuing operations before income taxes	(83,131)	(653,432)
Provision (benefit) for income taxes	6,538	(95,977)
Net loss from continuing operations	(89,669)	(557,455)
Less: Net gain (loss) attributable to non-controlling interest from continuing operations	10,852	(22,177)
Net loss from continuing operations attributable to Iconix Brand Group, Inc.	(100,521)	(535,278)
Loss from discontinued operations before income taxes	—	(26,232)
Gain on sale of Entertainment segment	—	104,099
Provision for income taxes	—	28,899
Net income from discontinued operations	—	48,968
Less: Net income attributable to non-controlling interest from discontinued operations	—	2,943

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Net income from discontinued operations attributable to Iconix Brand Group, Inc.	—	46,025
Net loss attributable to Iconix Brand Group, Inc.	\$ (100,521)	\$ (489,253)
(Loss) earnings per share - basic:		
Continuing operations	\$ (15.73)	\$ (94.71)
Discontinued operations	\$ —	\$ 8.06
(Loss) earnings per share - basic:	\$ (15.73)	\$ (86.65)
(Loss) earnings per share - diluted:		
Continuing operations	\$ (15.73)	\$ (94.71)
Discontinued operations	\$ —	\$ 8.06
(Loss) earnings per share - diluted	\$ (15.73)	\$ (86.65)
Weighted average number of common shares outstanding:		
Basic	6,734	5,711
Diluted	6,734	5,711

See accompanying notes to consolidated financial statements.

Iconix Brand Group, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Loss

(in thousands)

	Year Ended	
	December 31	
	2018	2017
Net loss from continuing operations	\$(89,669)	\$(557,455)
Other comprehensive income (loss):		
Foreign currency translation (loss) gain	(4,965)	19,632
Change in fair value of available for sale securities	—	(484)
Total other comprehensive (loss) income	(4,965)	19,148
Comprehensive loss	(94,634)	(538,307)
Less: comprehensive income (loss) from continuing operations attributable to		
non-controlling interest	10,852	(22,177)
Comprehensive loss from continuing operations attributable		
to Iconix Brand Group, Inc.	\$(105,486)	\$(516,130)

See accompanying notes to consolidated financial statements.

Iconix Brand Group, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Deficit

(in thousands)

	Accumulated							Total
	Common Shares	Stock Amount	Additional Paid-In Capital	Retained Earnings	Other Comprehensive Loss	Treasury Stock	Non- Controlling Interest	
Balance at January 1, 2017	8,972	9	1,033,810	257,704	(70,428)	(842,952)	116,502	\$494,645
Shares issued on vesting of restricted stock	44	0	—	—	—	—	—	0
Compensation expense in connection with								
restricted stock and stock options	—	—	9,168	—	—	—	—	9,168
Shares repurchased on								
vesting of restricted stock	—	—	—	—	—	(1,078)	—	(1,078)
Additional paid in capital associated with								
purchase of additional interest in Iconix								
Canada joint venture	—	—	1,478	—	—	—	—	1,478
Write off of accretion expense due to								
deconsolidation of joint venture	—	—	—	4,527	—	—	—	4,527
Deferred intercompany charge	—	—	—	(191)	—	—	—	(191)
Payments from non-controlling	—	—	—	—	—	—	2,925	2,925

interest holders, net of imputed interest									
Elimination of non-controlling									
interest related to sale of the									
Entertainment segment	—	—	—	—	—	—	(36,907)	(36,907)	
Elimination of non-controlling									
interest related to purchase of									
additional interest in Iconix									
Canada joint venture	—	—	—	—	—	—	(19,530)	(19,530)	
Elimination of non-controlling									
interest related to the sale of NGX	—	—	—	—	—	—	(2,529)	(2,529)	
Tax benefit related to amortization of									
convertible notes' discount	—	—	124	—	—	—	—	124	
Change in redemption value									
of redeemable non-controlling									
interest holders	—	—	—	3,495	—	—	—	3,495	
Change in fair value of available									
for sale securities	—	—	—	—	(484)	—	—	(484)	
Net loss	—	—	—	(489,253)	—	—	(19,234)	(508,487)	
Foreign currency translation	—	—	19	—	19,632	—	—	19,651	
Distributions to joint venture partners	—	—	—	—	—	—	(17,783)	(17,783)	
Balance at December 31, 2017	9,016	\$ 9	\$1,044,599	\$ (223,718)	\$ (51,280)	\$ (844,030)	\$ 23,444	\$ (50,976)	
Shares issued on vesting of	110	—	—	—	—	—	—	—	

restricted stock								
Shares issued on conversion of								
5.75% Convertible Notes	1,411	1	13,153	—	—	—	—	13,154
Shares issued on payment of interest of 5.75% Convertible Notes	625	1	3,067	—	—	—	—	3,068
Write-off of equity component of								
1.50% Convertible notes	—	—	(23,250)	—	—	—	—	(23,250)
Cumulative effect of accounting change for adoption of ASC 606	—	—	—	16,540	—	—	1,176	17,716
Cumulative effect of accounting change for adoption of ASU 2016-01	—	—	—	(3,177)	3,177	—	—	—
Elimination of non-controlling interest related to the acquisition of additional interest in Hydraulic joint venture	—	—	2,097	—	—	—	(2,097)	—
Compensation benefit in connection with								
restricted stock and stock options	—	—	(2,405)	—	—	—	—	(2,405)
Shares repurchased on vesting of restricted stock	—	—	—	—	—	(223)	—	(223)
Payments from non-controlling interest holders, net of imputed interest	—	—	—	—	—	—	194	194

Tax benefit related to amortization of convertible notes' discount	—	—	159	—	—	—	—	159
Change in redemption value of redeemable non-controlling interest holders	—	—	—	2,004	—	—	—	2,004
Net (loss) income	—	—	—	(100,521)	—	—	10,852	(89,669)
Foreign currency translation	—	—	(48)	—	(4,965)	—	—	(5,013)
Distributions to joint venture partners	—	—	—	(3,924)	—	—	(6,570)	(10,494)
Balance at December 31, 2018	11,162	\$ 11	\$1,037,372	\$(312,796)	\$(53,068)	\$(844,253)	\$26,999	\$(145,735)

See accompanying notes to consolidated financial statements.

Iconix Brand Group, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (in thousands)

	Year Ended December 31, 2018	Year Ended December 31, 2017
Cash flows from operating activities:		
Net loss from continuing operations	\$(89,669)	\$(557,455)
Income from discontinued operations	—	48,968
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation of property and equipment	2,071	1,714
Amortization of trademarks and other intangibles	258	741
Amortization of deferred financing costs	3,133	9,771
Amortization of debt discount	9,833	7,349
Amortization of deferred rent	(238)	(198)
Third party fees associated with the issuance of 5.75% Convertible Notes	4,958	—
Interest expense on 5.75% Convertible Notes paid in shares	3,067	—
Stock-based compensation (benefit) expense	(2,405)	8,744
Non-cash gain on re-measurement of equity investment	(8,410)	—
Provision for doubtful accounts	15,557	5,794
Write-off of contract asset accounts	1,777	—
Write-off of receivable due from Iconix India joint venture partner	1,000	—
Losses (Earnings) on equity investments in joint ventures	(3,043)	3,259
Distributions from equity investments	3,021	3,575
Gain on deconsolidation of joint venture	—	(3,772)
Goodwill impairment	37,812	103,877
Trademark impairment	136,417	525,726
Impairment of equity method investment	2,500	16,848
Settlement of note receivable related to formation of Buffalo joint venture	1,141	—
Mark to market adjustment on convertible note	(80,979)	—
Gain on debt to equity conversions	(1,165)	—
Gain on sale of trademarks	(1,268)	(875)
Loss on sale of NGX	—	79
Gain on sale of Complex Media	(958)	(2,728)
(Gain) loss on extinguishment of debt	(4,473)	20,939
Loss on other equity investment	402	—
Deferred income tax benefit	(2,004)	(104,169)
Loss (Gain) on foreign currency translation	1,153	3,071
Changes in operating assets and liabilities, net of business acquisitions:		
Accounts receivable	13,103	(6,481)
Other assets – current	19,144	(38,997)

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Other assets	(5,498)	2,469
Deferred revenue	(282)	