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, 2019

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 **(State or other jurisdiction of incorporation or organization)**	**11-2481903** **(I.R.S. Employer 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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $.001 Par Value	ICON	**The Na**sdaq **Stock Market LLC (Na**sdaq **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 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 28, 2019 was approximately $9.7 million. As of March 20, 2020, 11,807,120 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 2020 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.

ICONIX BRAND GROUP, INC. - FORM 10-K

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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, 2019, the Company’s brand portfolio includes Candie’s ®, Bongo ®, Joe Boxer ®, Rampage ®, Mudd ®, London Fog ®, Mossimo ®, Ocean Pacific/OP ®, Danskin/Danskin Now ®, Rocawear ®, 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 (“IP”) related to its brands throughout the world and in all relevant categories primarily by licensing directly with leading retailers (“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 70 DTR licenses and more than 430 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 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, 2020, the Company had approximately $400 million of aggregate guaranteed royalty revenue over the terms of its existing contracts excluding renewals.

In the past, a key initiative in the Company’s global brand expansion plans was 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, Iconix Canada and Umbro China. Refer to Note 4 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.

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

Date acquired	Brand
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
October 2007	Official-Pillowtex brands (Cannon, Royal Velvet, Fieldcrest and Charisma)
December 2007	Starter
October 2008	Waverly
October 2009, July 2011	Zoo York (1)
November 2012	Umbro
February 2013	Lee Cooper (2)
October 2009, May 2013	Ecko Unltd/ Marc Ecko Cut & Sew (3)
November 2007, July 2015	Scion(4)

1 In 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%.

2 In 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 4 in Notes to Consolidated Financial Statements for further details.

3 In 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%.

4 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 4 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, 2019:

Date Acquired/Invested	Brand	Investment / Joint Venture	Iconix's Interest
May 2009, April 2011	Ed Hardy	Hardy Way (1)	85%
March 2010	Material Girl and Truth or Dare	MG Icon	50%
December 2012	Modern Amusement	Icon Modern Amusement	51%
February 2013	Buffalo	Alberta ULC	51%
December 2014	Hydraulic	Hydraulic IP Holdings (2)	100%
February 2015	PONY	US Pony Holdings	75%

(1) 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 4 in Notes to Consolidated Financial Statements for further details.

(2) 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, 2019, 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)	100%
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 4 in Notes to Consolidated Financial Statements for further details.

(2) In June 2017, the Company deconsolidated Iconix SE Asia, Ltd. Refer to Note 4 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 4 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. In July 2019, pursuant to the operating agreement, the Company reacquired the 5% ownership interest in Umbro China from MHMC, its joint venture partner, for approximately $1.3 million. As a result of this transaction, the Company now maintains 100% ownership interest in Umbro China. Refer to Note 4 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 4 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. Due to disruptions caused in the People's Republic of China, the Company has agreed to extend the date of PHL's purchase of the initial 50% equity interest in Starter China until June 30, 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.

(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 17 in 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 DTR licensee with a multi-category line of Candie's products, including sportswear, denim, footwear, handbags and intimate apparel. The agreement with Kohl's will expire under its terms on January 31, 2021. The brand has signed wholesale license agreements with channels outside of Kohl's within optical, fragrance, 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 and Sarah Hyland.

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, DTR licensing agreement with Kohl's Department Stores, Inc., across the United States for apparel, footwear, fashion accessories and jewelry which will expire under its terms on January 31, 2021.

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's DTR with Wal-mart expired under its terms in January 2019. The Danskin brand has seven 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, and Walmart.com as well as a strong presence within TJX corporation.

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. From 2000 to October 2018, Target Corporation, ("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. We are in the process of developing a "go forward" strategy to position the brand in mid-range 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 2020 focus is to secure strong licensee partners to design, develop and distribute a variety of product categories to a wider base of retailers.

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. The Company entered into a non-exclusive agreement for the brand with Kmart/Sears in February 2019.

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 and club channels including Macy's, Nordstrom's and Sam's Club. Further, the Company has a DTR 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. In 2019, the Company named reality television star Savannah Chrisley as the Creative Director for the brand.

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. 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, department store off-price channels in all categories and genders including swim, apparel, accessories, home and beach related products.

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. The Company is exploring opportunities to license the brand to new or existing licensees.

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 DTR 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 license agreement expired under its terms in January 2020. The brand has wholesale license agreements in hosiery and socks and will transition the apparel, intimates and sleepwear products to new partners. Celebrating its tenth 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. 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 and specialty stores.

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. The Starter brand has been worn by some of the greatest athletes in MLB, NBA, NFL and NHL. 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.

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 Untld. acquisition in 2009, and the Company increased its ownership to 100% in 2011. Zoo York is currently distributed in department and specialty stores including Zumiez.

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 BJ's. 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. 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 specialty and off-price retailers 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 Fred Segal to Walmart. 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 DTR 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 and club stores.

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. 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. 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 and Pony.com.

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 in 2007. In October 2018, the Company entered into a non-exclusive license agreement for the brand with Kmart/Sears. 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 covers the US, Canadian and Mexican markets and Blue Ridge Home Fashions covers the US and Canadian markets. In 2019, the Company entered a DTR with Ollies for bath towels, bath rugs and accent rugs as well as a license agreement with Mainstream for bath towels and kitchen textiles.

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 in 2007. In April 2011, the Company entered into an exclusive DTR license with JC Penney Corporation, Inc., for the Royal Velvet brand in the United States. As previously disclosed, the agreement expired under its terms 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 in 2007. From 2005 until the agreement expired under its terms on January 31, 2020, the Fieldcrest brand had been licensed exclusively to Target in the United States. In 2019, the Company has entered into a license agreement with Keeco for all home textiles.

Charisma. Charisma home textiles were introduced in the 1970's and are synonymous with understated elegance. The Company acquired Charisma in 2007. In February 2009, the Company signed a DTR license with Costco Wholesale Corporation, ("Costco") for certain Charisma products to be sold in Costco stores in the United States and other countries. In 2019, Costco extended the current contract for an additional three years. The brand is also licensed in the United States and Canada for distribution through better department stores such as Bloomingdales, Nieman Marcus and Macy's, as well as Horchow, Bed Bath & Beyond and QVC. The Company is in conversations with various parties to expand the brand into new categories.

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 DTR agreements in the United States: with Wal-Mart for the Waverly Inspirations Collection covering fabrics and craft, which Walmart extended in 2019 for two additional years, and with the Christmas Tree Shop for the Waverly Home Collection. 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, JCPenny, Bed Bath and Beyond, and Belk, as well as specialty and off-price retailers.

Entertainment

The Company completed the sale of its Entertainment segment on June 30, 2017 for $349.1 million in cash. The Entertainment segment was previously comprised of the Company's interests in the intellectual property of the Peanuts, and Strawberry Shortcake brands.

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 (“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 (together, “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 DTR relationships with Falabella, 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, “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 DTR licenses including 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.

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. In July 2019, pursuant to the operating agreement, the Company reacquired the 5% ownership interest in Umbro China from MHMC, its joint venture partner, for approximately $1.3 million. As a result of this transaction, the Company now maintains 100% ownership interest in Umbro China.

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, 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 DTR partnerships including 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, Cannon, Ecko Unltd., Ed Hardy, Lee Cooper, Mossimo, 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 DTR license with Landmark Group for Lee Cooper.

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. As a result of disruptions caused in the People's Republic of China, the Company has agreed to extend the date of LiNing's purchase of the equity interest in Danskin China until June 30, 2020.

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. As a result of disruptions in the People's Republic of China, the Company has agreed to extend the date of PHL's first purchase of the equity interest in Starter China until June 30, 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.

Marcy Media

On November 12, 2019, the Company sold certain intellectual property assets to Roc Nation LLC and its holding of membership interests in Marcy Media Holdings LLC to MM Holdings Acquisition LLC for $15.0 million and mutual releases of all existing claims between the parties. The Company also recorded an investment impairment of $17.0 million in the third quarter of 2019 based on the estimated value that would be realized from the sale of the entity.

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 430 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 revenues. Through our international partnerships, we have successfully built a vast network of licensees around the world.

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 DTR and traditional wholesale licenses. Typically, in a DTR license, the Company grants rights which may be exclusive to one of its brands to a single national retailer for a broad range of product categories. DTR licenses provide retailers with proprietary rights to national brands at favorable economics. In a traditional wholesale license, the Company grants certain rights 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 Charisma brand in the United States to numerous wholesale suppliers 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. 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, 2020, the Company and its joint ventures had a contractual right to receive approximately $400 million of aggregate minimum licensing revenue through the balance 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.

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.

Direct-to-retail licenses

For the year ended December 31, 2019, the Company's largest DTR license was with Kohl's for the Candie's and Mudd brands which represented approximately 11% of total revenue for the period. As detailed below, these arrangements will expire on January 31, 2021. The Company also has DTR agreements under various terms at Kmart/Sears for the Joe Boxer and Cannon brands and through Amazon for Starter and Costco for the Charisma brand.

Kohl's licenses

Revenue generated by the Company's two licenses with Kohl's accounted for, in the aggregate, 11% and 10% of the Company's revenue for Fiscal years 2019 and 2018, 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 with options to renew. 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 license will expire under its terms on January 31, 2021.

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 license will expire under its terms on January 31, 2021.

Wholesale Licenses

For the year ended December 31, 2019, the Company’s largest wholesale licensee was Centric Brands Inc. for the Buffalo brand, which represented 12% of total revenue for the period.

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, Candie’s competes with respect to young women’s and juniors fast-fashion in the United States at the mid-tier channel with national brands like Zara and H&M, 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 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, 2019, we owned nearly 6,900 trademark and service mark registrations and applications – over 400 of which are domestic and over 6,400 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, 2019, the Company had a total of 118 full-time employees. Our full-time employees consisted of our CEO, senior managers, middle management, marketing and administrative personnel. Of the Company’s 118 full-time employees, 51 employees reside in the U.S., 61 reside in Europe, and six reside in China. 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

Substantial doubt exists as to our ability to continue as a going concern.

As described in Note 1 of our accompanying consolidated financial statements, our auditors have issued a going concern opinion regarding the Company. This means there is substantial doubt we can continue as an ongoing business for the next twelve months. Our financial statements have been prepared assuming we will continue as a going concern. We have experienced substantial and recurring losses from operations, which losses have caused an accumulated deficit of $429.1 million as of December 31, 2019. Net losses incurred for the years ended December 31, 2019 and 2018 amounted to approximately $(101.9) million and $(89.7) million, respectively. While we have positive cash flows from operations in recent periods, the potential adverse impact of the novel coronavirus on our operating results, liquidity and financial condition raise substantial doubt we can continue as an ongoing business for the next twelve months.

The substantial doubt about our ability to continue as a going concern may negatively affect the price of our common stock, have an adverse impact on our relationship with third parties with whom we do business, including our licensees and employees, and make it challenging for us to issue additional debt to the extent needed. Our ability to successfully raise additional funds is uncertain and subject to market conditions generally, the market for our common stock and other risks. There can be no assurances as to the availability or terms upon which capital might be available, if needed. These factors, among others, raise substantial doubt about our ability to continue as a going concern. If we are unable to meet our financial obligations, we could be forced to delay, reduce, or cease our operations or otherwise impede our ongoing business efforts, which could have a material adverse effect on our business, operating results, financial condition, and long-term prospects, and investors may lose their entire investment in the Company. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty

The Company may not generate sufficient cash in the next twelve months necessary to fund continue 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 also 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, 2019, the Company’s consolidated balance sheet reflects debt of approximately $645.7 million (which is net of $15.3 million of debt issuance costs and original issue discount), including (i) securitization debt of $437.1 million (net of debt issuance costs and original issue discount of $1.1 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 $161.3 million (net of debt issuance costs and original issue discount of $14.2 million) under our Senior Secured Term Loan (as defined below), and (iii) subordinated secured debt of $94.4 million (which is recorded in our consolidated balance sheet as of December 31, 2019 at a fair value of $47.3 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;
- 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.

We are subject to risks associated with the discontinuation of LIBOR.

Our Senior Secured Term Loan uses LIBOR as a reference rate to determine the rate of interest payable on our borrowings. In July 2017, the head of the United Kingdom Financial Conduct Authority announced the phase out of the use of LIBOR by the end of 2021. To identify a successor rate for U.S. dollar LIBOR, the Alternative Reference Rates Committee, or ARRC, a U.S. based group convened by the Federal Reserve Board and the Federal Reserve Bank of New York, was formed. Similarly, financial regulators in the UK, the European Union, Japan, and Switzerland formed working groups with the aim of recommending alternatives to LIBOR denominated in their local currencies. The ARRC is comprised of a diverse set of private-sector entities and a wide array of official-sector entities, banking regulators, and other financial sector regulators. The ARRC has identified the Secured Overnight Financing Rate, or SOFR, as its preferred alternative rate for LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by U.S. Treasury securities, and is based on directly observable U.S. Treasury-backed repurchase transactions. Although SOFR appears to be the preferred replacement rate for U.S. dollar LIBOR, it is unclear if other benchmarks may emerge or if other rates will be adopted outside of the U.S.

At this time, we cannot predict how markets will respond to proposed alternative rates or the effect of any changes to, or discontinuation of, LIBOR. If reference rates under our Senior Secured Term Loan are no longer available or if our lenders have increased costs due to changes in reference rates, we may experience increases in interest rates on our variable rate debt, which could adversely impact our interest expense, results of operations and cash flows.

RISKS RELATED TO OUR COMMON STOCK

The market price of our common stock, which has traded with significant volatility in the past year, may continue to be volatile, which could reduce the market price of our common stock.

The market price of our common stock has traded with significant volatility, 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 the 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 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 and may do so again in the future. 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.

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.

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, 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.

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 and the US and European Union), could cause a decline in their sales and potentially decrease the amount of royalty payments (over and above the guaranteed minimums) due to us. Also, the recent global Coronavirus outbreak has the potential to cause a disruption in production, manufacturing, distribution and sales globally, which could have a material negative impact on royalty payments made to us under our license agreements. 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, Centric Brands Inc. and Kohl's, represent, each in the aggregate, our two largest licensees during the twelve-month period ended December 31, 2019, representing approximately 12% and 11%, 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 Candie's and Mudd license at Kohl's, (ii) the Danskin Now DTR license agreements with Walmart, (iii) the Royal Velvet license agreement with J.C. Penney's, (iv) the Mossimo DTR license agreement with Target and (v) the Material Girl DTR license agreement with Macy's. While the Company is actively working to place these brands with other licensees, 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 DTR 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 DTR 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 DTR licensees under our brands. If our competition for retail licenses increases, it may take us longer to procure additional retail licenses**.**

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, 2019, goodwill represented approximately $26.1 million, or approximately 5% of the Company's total consolidated assets, and trademarks and other intangible assets represented approximately $274.1 million, or approximately 54% 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 2019 and 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 non-cash asset impairment charges, related to the write-off of certain of our trademarks of $65.6 million and $136.4 million, respectively. In FY 2018 the Company recorded a non-cash impairment charge to write-off goodwill, in the amount of $37.8 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 and the US and European Union); (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; (ix) disruptions in supply chain continuity, including from natural disasters, global disease outbreaks such as the novel coronavirus, acts of war or terrorism or other external factors over which we have no control and (x) 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. From time to time, 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, Brazil and Argentina), 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 of our joint venture partners may simply be unable to identify licensees for our brands. In these cases, the termination of an arrangement of 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.

We may incur losses as a result of unforeseen or catastrophic events, including the emergence of a pandemic, terrorist attacks, extreme weather events or other natural disasters.

The occurrence of unforeseen or catastrophic events, including the emergence of a pandemic, such as the novel coronavirus, or other widespread health emergency (or concerns over the possibility of such an emergency), terrorist attacks, extreme terrestrial or solar weather events or other natural disasters, could create economic and financial disruptions, and could lead to operational difficulties that could impair our ability to manage our businesses.

Our business may be adversely affected by the recent coronavirus outbreak.

In December 2019, a novel strain of coronavirus was reported to have surfaced in Wuhan, China. This coronavirus has since spread to other parts of the world, including South Korea, the United States and Europe, and efforts to contain the spread of this coronavirus have intensified. If this outbreak continues to spread, we or our licensees may need to limit operations regionally or globally. We are reliant upon the ongoing operations of our licensees to generate revenue and cash flow for our business, and a number of our licensees are unable to operate all or a portion of their retail sales points. Also, our selling partners may have limited or no access to manufacturing, production or distribution facilities as a result of regional or country-wide shutdowns of non-essential businesses. While the closures are expected to be temporary, the extent to which the coronavirus impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others. Also, if the spread of the coronavirus continues and our, or our licensees', operations are impacted, we may be subject to claims arising from force majeure under our existing license agreements. If any of the foregoing were to occur, it could materially adversely affect our revenues, financial condition, profitability, and cash flows.

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.

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.

Our insurance coverage may not be adequate or available for us to avoid or limit our exposure in respect of 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. Even in the event the Company is able to resolve outstanding disputes as they relate to the Company, the Company retains significant obligations to advance legal fees and costs related to the government investigations of certain of its current and former directors, officers and employees as either targets or witnesses for the government, and the amount of such fees and the duration of this liability will be difficult to predict.

In the past, we have been named in and settled securities litigations, which were expensive and diverted our management's time. Further, the Company received a formal order of investigation into certain accounting and reporting issues occurring during 2013 through the third quarter of 2015 from the SEC staff in December 2015 and was contacted by the U.S. Attorney's office for the Southern District of New York in December 2018 regarding the same matters underlying the SEC's investigation (together, the "Government Investigations"). The Company has cooperated fully with the SEC and SDNY regarding this matter. As previously disclosed, on December 5, 2019, the Company reached an agreement with the SEC to resolve the SEC portion of the Investigation. As part of the settlement, which was approved by the U.S. District Court for the Southern District of New York ("SDNY"), the Company agreed to pay a civil penalty of $5.5 million. On the same day, the U.S. Attorney for the SDNY unsealed charges against the Company's former Chairman and Chief Executive Officer, as well as its former Chief Operating Officer (who subsequently plead guilty). The criminal trial in this matter is set to begin on May 11, 2020. Furthermore, pursuant to the terms of its articles and bylaws, the Company is obligated to advance legal and other fees to its current and former directors, officers and employees with respect to the Governmental Investigations, which such amounts to date have been significant. As of the third quarter of 2019, as a result of the expenses related to such matters, the Company's insurance coverage related to such matters has been exhausted. As such, the Company will not be reimbursed for any further expenses incurred related to such matters, including by its former Chairman and CEO or certain of its current and former directors, officers and employees that may be witnesses in the afore-mentioned or any additional enforcement, investigatory or other legal actions taken by the SEC or SDNY in respect of such individuals.

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 potentially 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 left the European Union on January 31, 2020, governed by transitional terms that will expire on December 31, 2020. During this transition phase, the United Kingdom and the European Union will seek to negotiate and finalize a new, more permanent trade deal. Due to political uncertainty, it is not possible to anticipate whether the United Kingdom and the European Union will be able to agree on and implement a new trade agreement or what the nature of such trade arrangement will be. In the absence of such an agreement there would be no transitional provisions 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 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. In January of 2020, the Company entered into sublease arrangements for approximately 40% of the space through the end of the lease term.

Item 3. Legal Proceedings

In May 2016, Supply Company, LLC ("Supply"), a former licensee of the Ed Hardy trademark, commenced an action against the Company and its affiliate, Hardy Way, LLC ("Hardy Way" and together with the Company, the "Iconix Defendants") seeking damages of $50 million, including punitive damages, attorneys' fees and costs (the "Supply Litigation"). 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 in the Supply Litigation, and have filed a motion to dismiss the Complaint, which is awaiting Court decision. In addition, Hardy Way commenced an action against Kevin Yap ("Yap"), the principal of Supply, to enforce the terms of his guarantee of Supply's obligations under the Supply-Hardy Way license agreement for the Ed Hardy trademark (the "Yap Litigation"). In response, Yap filed counterclaims against Hardy Way asserting two declaratory judgment claims seeking similar damages as in the Supply Litigation, including the reimbursement of Supply for losses allegedly suffered because of the markdown reimbursement requests, as well as rescission of the Supply-Hardy Way license agreement, other damages and attorneys' fees and costs. Hardy Way is vigorously defending against the counterclaims in the Yap Litigation, and has filed a pre-discovery motion for summary judgment on its affirmative claim and to dismiss Yap's counterclaims, which is awaiting Court decision. At this time, the Company is unable to estimate the ultimate outcomes of the Supply Litigation or the Yap Litigation.

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.

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 the same matters underlying the SEC's investigation (together, the SDNY and SEC investigations, the "Government Investigations"). The Company has cooperated fully with the SEC and SDNY regarding this matter. As previously disclosed, on December 5, 2019, the Company reached an agreement with the SEC to resolve the SEC portion of the Investigation. As part of the settlement, which was approved by the U.S. District Court for the Southern District of New York ("SDNY"), the Company agreed to pay a civil penalty of $5.5 million. On the same day, the U.S. Attorney for the SDNY unsealed charges against the Company's former Chairman and Chief Executive Officer, as well as its former Chief Operating Officer (who subsequently plead guilty). The criminal trial of the Company's former Chairman and Chief Executive Officer in respect of this matter is set to begin on May 11, 2020.

As previously disclosed, on September 16, 2019, the Company entered into a Stipulation of Settlement (the "Stipulation") with the lead plaintiff in the securities class action lawsuit pending against it in the United States District Court for the Southern District of New York, In re Iconix Brand Group, Inc., et al., Docket No. 1:15-cv-04860 (the "Class Action"). The settlement released all claims asserted against the Company and the other named defendants party to the Stipulation in the Class Action without any liability or wrongdoing attributed to them. The settlement provided for a total settlement payment of $6.0 million, inclusive of administrative fees and fees for lead plaintiff's counsel. All of the settlement amount was paid directly by the Company's directors and officers liability insurance provider. On January 23, 2020, the settlement received court approval, which remains subject to customary appeal rights by interested parties.

As discussed above, the Company has been subject to Government Investigations, as well as the Class Action and shareholder derivative complaints (the "2015 Matters"). Pursuant to the terms of its articles and bylaws, the Company is obligated to advance legal and other fees related to the 2015 Matters to certain of its current and former directors, officers and employees. As previously disclosed during the third Quarter of 2019, as a result of the expenses related to the 2015 Matters, the Company's insurance coverage related to the 2015 Matters has been exhausted. As such, the Company will not be reimbursed for any further expenses incurred related to the 2015 Matters, including in respect of the criminal trial of its former Chairman and CEO, Neil Cole or by certain of its other former directors, officers and employees.

On November 12, 2019, the Company entered into a settlement agreement (the "Roc Parties Settlement") to resolve all disputes relating to the following legal proceedings: (i) Iconix Brand Group, Inc., et al. v. Roc Nation Apparel Group, LLC et al., No. 17-cv-3096 (S.D.N.Y.); (ii) S. Carter Enterprises, LLC, et al. v. Iconix Brand Group, Inc., et al., No. 653858/2019 (N.Y. Sup. Ct., N.Y. Cnty.); and (iii) Iconix Brand Group, Inc., et al. v. Shawn C. Carter, et al., Arbitration No. 01-18-0003-6487. In connection with the Roc Parties Settlement, the Company sold certain intellectual property assets to Roc Nation LLC and membership interests in Marcy Media Holdings LLC to MM Holdings Acquisition LLC in exchange for $15.0 million and mutual releases of all existing claims between the parties. The settlement agreement was reached without admission of any wrongdoing or unlawful conduct by either party.

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 11 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 20, 2020, 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

2019	Total Number of Shares Purchased (*)	Weighted Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plan
October 1—October 31	52	$ 1.98	—	$ —
November 1—November 30	—	—	—	—
December 1—December 31	—	—	—	—
Total	52	$ 1.98	—	$ —

* 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.

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 2020.

Item 6. Selected Financial Data

Not applicable.

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

This Annual Report on Form 10-K, including this Item 7, includes “forward-looking statements” based on our current expectations, assumptions, estimates and projections about our business and our industry. These statements include those relating to future events, performance and/or achievements, and include those relating to, among other things, our future revenues, expenses and profitability, the future development and expected growth of our business, our projected capital expenditures, future outcomes of litigation and/or regulatory proceedings, competition, expectations regarding the retail sales environment, continued market acceptance of our current brands and our ability to market and license brands we acquire, our indebtedness, the ability of our current licensees to continue executing their business plans with respect to their product lines and the ability to pay contractually obligated royalties, the impact of the novel coronavirus on global production, manufacturing and sales, and our 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 our control and difficult to predict and could cause our 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 our other SEC filings should be carefully considered.

Words such as “may,” “should,” “will,” “could,” “estimate,” “predict,” “potential,” “continue,” “anticipate,” “believe,” “plan,” “expect,” “future” 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, we effected a 1-for-10 reverse stock split (the “Reverse Stock Split”) of our 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. Information pertaining to Fiscal Year 2017 was included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 under Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” which was filed with the SEC on March 14, 2018.

Overview

We are a brand management company and owner of a diversified portfolio of approximately 30 global consumer brands across our operating segments: women’s, men’s, home, and international. Our business strategy is to maximize the value of our 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, 2019, our brand portfolio includes Candie’s ®, Bongo ® , Joe Boxer ®, Rampage ® , Mudd ®, London Fog ®, Mossimo ®, Ocean Pacific/OP ®, Danskin/Danskin Now ®, Rocawear ®, 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 ®.

We principally look to monetize the Intellectual Property (herein referred to as “IP”) related to our brands throughout the world and in all relevant categories by licensing directly with leading retailers (“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 our brands are sold across a variety of distribution channels. The licensees are generally responsible for designing, manufacturing and distributing the licensed products. We support our brands with marketing, advertising and promotional campaigns designed to increase brand awareness. Additionally, we provide our licensees with coordinated trend direction to enhance product appeal and help build and maintain brand integrity.

Globally, we have over 70 DTR licenses and more than 430 total licenses. Licensees are selected based upon our 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 we generally require for each brand. This licensing strategy is designed to permit us to operate our licensing business and leverage our core competencies of marketing and brand management with minimal working capital. The majority of our licensing agreements include minimum guaranteed royalty revenue which provides us with greater visibility into future cash flows. As of January 1, 2020, we had approximately $400 million of aggregate guaranteed royalty revenue over the terms of our existing contracts excluding renewals.

Our Candie’s and Mudd DTR license agreement at Kohl’s will expire under its terms in January 2021. Our Material Girl license with Macy’s expired on January 31, 2020. Our Royal Velvet license agreement with JC Penney expired in January 2019. We have DTR agreements under various terms at Kmart/Sears for the Joe Boxer and Cannon brands with Amazon for Starter and at Costco for the Charisma brands. We are actively seeking to place Candie’s, Mudd, Bongo, OP, Danskin, Mossimo and Material Girl with new or existing licensees. At this time, we are uncertain how the terms and conditions of any potential replacement licensing arrangements could affect our future revenues and cash flows.

As discussed in further detail in Note 15 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.

We identify our operating segments according to how business activities are managed and evaluated. We have four distinct reportable operating segments: women’s, men’s, home, and international. The four reportable operating segments represent our 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 we do not track, manage and analyze our assets by segments, no disclosure of segmented assets is reported.

Our segments consist of the following:

- Women’s segment – consists of our women’s brands in the United States.
- Men’s segment – consists of our men’s brands in the United States.
- Home segment – consists of our home brands in the United States.
- International segment – consists of our 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.

Our Chief Executive Officer has been identified as the Chief Operating Decision Maker. Our measures of segment profitability are licensing revenue and operating income. Refer to Note 17 in Notes to Consolidated Financial Statements for further details. The accounting policies of our reportable operating segments are the same as those described in Note 1 – to the Consolidated Financial Statements.

We have disclosed these reportable segments for the periods shown below.

	FY 2019	FY 2018
Licensing revenue:		
Women’s	$ 37,491	$ 57,401
Men’s	36,793	39,073
Home	14,753	24,568
International	59,947	66,647
	$ 148,984	$ 187,689
Operating income (loss):		
Women’s	$ (961)	$ (128,050)
Men’s	24,878	11,754
Home	(4,932)	17,221
International	23,487	27,447
Corporate	(73,252)	(47,409)
	$ (30,780)	$ (119,037)

Highlights of FY 2019

- Total revenue of $149.0 million, a 21% decline from prior year.
- Improved cost structure of business during the year, decreasing SG&A cost 31% Year-over-year.
- Signed 191 new license agreements and renewals during 2019, for aggregate guaranteed minimum royalties of approximately $135 million through the life of the agreements.

FY 2019 Compared to FY 2018

Licensing Revenue. Total licensing revenue for FY 2019 was $149.0 million, a 21% decrease as compared to $187.7 million for FY 2018. The women's segment decreased 35% from $57.4 million in FY 2018 to $37.5 million in FY 2019 mainly due to a decrease in our Mossimo, Danskin and Joe Boxer brands as the brands transition from their historical DTR relationships. The men's segment decreased 6% from $39.1 million in FY 2018 to $36.8 million in FY 2019 mainly due to a decrease in our Umbro brand somewhat offset by an increase in our Starter brand. The home segment decreased 40% from $24.6 million in FY 2018 to $14.8 million in FY 2019 mainly due to a decrease in licensing revenue for our Royal Velvet brand as the brand transitions from our historical DTR relationships. The international segment decreased 10% from $66.6 million in FY 2018 to $59.9 million in FY 2019 mainly due to decreases in China and Europe.

Selling, General and Administrative Expenses. Total selling, general and administrative expenses ("SG&A") was $84.0 million for FY 2019 as compared to $121.4 million for the FY 2018, a decrease of $37.4 million or 31%. SG&A in FY 2019 included a $5.5 million charge related to a settlement with the SEC while FY 2018 included an $8.2 million accounts receivable reserve for the impact of the Sears bankruptcy. SG&A from the women's segment decreased 75% from $16.5 million in FY 2018 to $4.1 million in FY 2019 mostly due to lower advertising costs and a $7.2 million decrease in accounts receivable reserves and write-offs mainly due to the Sears bankruptcy in the prior year. SG&A from the men's segment decreased 34% from $16.5 million in FY 2018 to $11.0 million in FY 2019 primarily due to a $4.2 million decrease in advertising expense. SG&A from the home segment decreased 59% from $4.6 million in FY 2018 to $1.9 million in FY 2019 mainly due to a $2.7 million decrease in accounts receivable reserves and write-offs mainly due to the Sears bankruptcy in the prior year. Excluding the reserve in Sears, SG&A in the home segment decreased 8%. SG&A from the international segment decreased 40% from $39.4 million in FY 2018 to $23.6 million in FY 2019 mainly due to a $7.3 million decrease in accounts receivable reserves and write-offs and a $3.1 million decrease in compensation costs. Corporate SG&A decreased 2% from $44.4 million in FY 2018 to $43.4 million primarily due to decreases in compensation costs, bad debt expense and consulting, partially offset by a $5.5 million charge related to the agreement to settle the SEC investigation.

Loss on Termination of Licenses. Loss on the termination of licenses was zero for FY 2019 as compared to $10.6 in FY 2018. The charge in FY 2018 was related to litigation settlements with previous licensees for Rocawear and Ecko brands in the men's segment.

Depreciation and Amortization. Depreciation and amortization was $1.8 million for FY 2019, compared to $2.3 million in FY 2018, a decrease of $0.5 million or 22%.

Equity Earnings on Joint Ventures. Equity Earnings on Joint Ventures was $0.0 million in FY 2019, as compared to $3.0 million in FY 2018. The decrease was primarily due to asset impairments in our Material Girl and Southeast Asia joint ventures. Excluding impairment charges, income was $3.6 million in FY 2019.

Gain on Sale of Trademarks. Gain on Sale of Trademarks was zero for FY 2019 as compared to a $1.3 million gain for FY 2018. The gain in FY 2018 related to the completion of the sale of the Sharper Image and Badgley Mischka trademarks in certain of our international joint ventures.

Trademark, Goodwill, Investment & Asset Impairment. Trademark, Goodwill, Investment & Asset impairment loss for FY 2019 was approximately $94.0 million as compared to $176.7 million in FY 2018. The charge for FY 2019 related to Trademark impairments of $65.6 million primarily for our Fieldcrest, Joe Boxer and Mudd brands, Investment impairments of $17.0 million to our investment in in Marcy Media Holdings, LLC in connection with the Roc Parties Settlement, a $9.6 million (inclusive of $2.6 million of advances made to the entity) to our investment in MG Icon and an Asset impairment of $1.8 million related to the downsizing our New York office space. The Charge for FY 2018 was comprised of Trademark impairment of $136.4 million primarily related to write-downs in the women's segment, as well as Goodwill impairment of $37.8 million related to a write down in our women's segment and Investment impairment of $2.5 million related to a write-down of our iBrands investment.

Operating Income (Loss). Total operating loss for FY 2019 was $30.8 million as compared to a loss of $119.0 million in FY 2018. Excluding the trademark, goodwill, asset and investment impairment, loss on termination of licenses and gain on sale of trademarks, operating income in FY 2019 was $63.2 million, or 42% of revenue, as compared to income of $67.0 million, or 36% of revenue, in FY 2018. Operating loss from the women's segment was $1.0 million in FY 2019 as compared to a loss of $128.1 million in FY 2018. Excluding trademark and goodwill impairment, women's operating income in FY 2019 was $34.3 million as compared of $42.5 million in FY 2018. Operating income from the men's segment was $24.9 million in FY 2019 as compared to $11.8 million in FY 2018. Excluding trademark impairment and the loss on the termination of licenses, men's operating income in FY 2019 was $25.8 million as compared to $22.4 million in FY 2018. Operating loss from the home segment was $4.9 million in FY 2019 as compared to income of $17.2 million in FY 2018. Excluding trademark & goodwill impairment, home operating income was $12.9 million in FY 2019 as compared to $19.9 million in FY 2018. Operating income from the international segment was $23.5 million in FY 2019 as compared to $27.4 million in FY 2018. Excluding trademark impairment, international operating income was $35.1 million in FY 2019 as compared to $28.2 million in FY 2018. Corporate operating loss was $73.3 million in FY 2019 as compared to a loss of $47.4 million in FY 2018. Excluding investment impairment, asset impairments and gains on sale of trademarks, corporate operating loss was a loss of $44.9 million in FY 2019 as compared to a loss of $46.2 million in FY 2018.

Other Expenses (income)- Net. Other expenses (income)- net was an expense of $63.1 million for FY 2019 as compared to income of $35.9 million for FY 2018, an increase in expense of $99.0 million. The increase was primarily related to the following: (i) an increase of $87.3 million in FY 2019 related to the mark-to-market adjustment to the carrying value of our 5.75% Convertible Notes based on our 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 and (iii) a gain of $8.4 million due to the consolidation of our Australia joint venture in FY 2018.

Provision for Income Taxes. The effective tax rate in FY 2019 was -8.6% resulting in a $8.1 million tax provision as compared to FY 2018 which had a tax rate of -7.9% resulting in a $6.5 million tax provision. The effective tax rate for the FY 2019 remains consistent as compared to the FY 2018 primarily due to foreign withholding tax incurred on foreign sourced revenue, which remains consistent year over year.

Net Loss. Our net loss was approximately $101.9 million for FY 2019, compared to net loss of approximately $89.7 million for FY 2018, as a result of the factors discussed above.

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. Our principal capital requirements are 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. We rely on asset sales and issuance of indebtedness to refinance existing indebtedness. At December 31, 2019 and December 31, 2018, our cash totaled $55.5 million and $66.6 million, respectively, not including short-term restricted cash of $15.9 million and $16.0 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, 2019, approximately $19.0 million, or 27%, of our total cash (including restricted cash) was held in foreign subsidiaries. During the second fiscal quarter of 2018, we elected to treat our 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, we will no longer have any earnings in foreign subsidiaries that are not currently subject to taxation for US purposes. Before the election, we indefinitely reinvested all earnings of our foreign subsidiaries.

Our Securitization Notes include a financial test, known as the debt service coverage ratio ("DSCR") that measures the amount of principal and interest required to be paid to Co-issuers' debt to approximate cash flow available to pay such principal and interest. As a result of the decline in royalty collections during the twelve months ended March 31, 2019 the DSCR fell below 1.10x as of March 31, 2019. Beginning April 1, 2019, the Senior Secured Notes experienced a Rapid Amortization event pursuant to the Securitization Notes Indenture. Upon a Rapid Amortization Event, any residual amounts available will immediately be used to pay down principal. We will continue to receive our management fee from the Securitization Note and we do not believe the loss of our residual, if any, will have a significant impact on our operations. However, we believe recent events, primarily related to the impacts of the COVID 19 virus, have created risk related to liquidity and maintaining financial covenants, that raise substantial doubt about its ability to continue as a going concern. We have taken steps to reduce expenses and discretionary cash outlays as well as actively pursuing asset sales in order to satisfy liquidity needs financial covenants.

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, 2019 and December 31, 2018, the working capital ratio (current assets to current liabilities) was 1.01 to 1 and 1.33 to 1, respectively.

Operating Activities

Net cash provided by operating activities decreased approximately $25.8 million, from $56.1 million in FY 2018 to $30.3 million in FY 2019 primarily due to a decrease in revenues from $187.7 million in FY 2018 to $149.0 million in FY 2019. The change in the non-cash adjustments is primarily as a result of a decrease in the impairment of trademarks, goodwill, investments and assets, and a change in the mark to market on the 5.75% Convertible Notes from a gain to a loss. These non-cash adjustments are offset by cash provided by working capital items of $26.6 million in FY 2018 as compared to cash provided by working capital items of $8.1 million in FY 2019.

Investing Activities

Net cash provided by investing activities increased approximately $17.8 million, from cash used in investing activities of $5.7 million in FY 2018 to cash provided in investing activities of $12.1 million in FY 2019. The difference between both periods is primarily due $7.1 million of cash used in FY 2018 related to our acquisition of the remaining interest in Iconix Canada of which there was no corresponding amount in the Current year and our receipt of $18.7 million in cash from the sale of our interest in Marcy Media and investments in Iconix China during FY 2019, offset by cash used in the acquisition of a perpetual royalty agreement for Ecko, which was recorded to trademarks in FY 2019.

Financing Activities

Net cash used in financing activities decreased approximately $28.0 million, from cash used in financing activities of $81.8 million in FY 2018 to cash used in financing activities of $53.8 million in FY 2019. The decrease in cash used in financing activities is primarily due to the debt financings that occurred in FY 2018 in which we exchanged our outstanding principal balance of our 1.50% Convertible Notes for our 5.75% Convertible Notes of which there was no similar transaction in FY 2019.

Going Concern

While the Company had positive cash flows from operations in recent periods, the potential adverse impact of the novel coronavirus on its operating results, liquidity and financial condition raises substantial doubt the Company can continue as an ongoing business for the next twelve months.

In view of these matters, continuation as a going concern is dependent upon the continued operations of the Company, which, in turn, is dependent upon the Company’s ability to meet its financial requirements, raise additional capital, and successfully carry out its future operations. The financial statements do not include any adjustments to the amount and classification of assets and liabilities that may be necessary, should the Company not continue as a going concern.

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, we fully drew down the $100.0 million of available funding under the Variable Funding Notes, which remains outstanding as of December 31, 2019.

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, we 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.

The legal final maturity date of the Securitization Notes is in January of 2043. As 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, 2019, the Company is in compliance with all covenants under the Securitization Notes.

The Company's Securitization Notes include a financial test, known as the debt service coverage ratio ("DSCR") 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. As a result of a decline in royalty collections during the twelve months ended March 31, 2019, the DSCR fell below 1.10x as of March 31, 2019. Beginning April 1, 2019, the Senior Secured Notes experienced a Rapid Amortization Event, as defined in the Securitization Notes Indenture. Upon a Rapid Amortization Event, any residual amounts available will immediately be used to pay down the principal.

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. As noted above, a Rapid Amortization Event occurred beginning April 1, 2019.

As of December 31, 2019 and December 31, 2018, the total outstanding principal balance of the Securitization Notes was $438.1 million and $465.5 million, respectively, of which $42.7 million and $42.7 million, respectively is included in the current portion of long-term debt on the consolidated balance sheet. As of December 31, 2019 and December 31, 2018, $14.9 million and $15.2 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.

Prior to the First Amendment, 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 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, 2019, 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.

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, 2019 and December 31, 2018, the outstanding principal balance of the Senior Secured Term Loan was $162.4 million (which is net of $13.2 million of original issue discount) and $171.1 million (which is net of $18.3 million of original issue discount), respectively, of which $19.3 million and $11.6 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 of 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 FY 2019, 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 2.9 million shares of the Company's common stock to those converting noteholders during FY 2019. 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 2019, an aggregate of $1.3 million of loss was recorded within Other Income in the Company's consolidated statement of operations.

The Company has elected to account for the 5.75% Convertible Notes based on the Fair Value Option accounting as outlined in ASC 825. Refer to Note 7 of the Notes to the Consolidated Financial Statements for further details. As of December 31, 2019, while the debt balance recorded at fair value on the Company's consolidated balance sheet was $47.3 million, the actual outstanding principal balance of the 5.75% Convertible Notes is $94.4 million.

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 are an 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 our traditional licensing model. Further, as part of our evaluation process, we will also look at whether or not the buyer's future development of the brand could help expand the brands global recognition and revenue. We consider, 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*.

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 our 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, we initially perform 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, we then test 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 2019 and FY 2018, we recognized a non-cash impairment charge of $65.6 million and $136.4 million, respectively, for indefinite-lived intangibles across all segments. See Note 3 for further information.

For the year ended December 31, 2019:

During the third quarter of FY 2019, we recorded an impairment charge in the amount of $17.0 million based on the estimated value that would be realized on the disposition of our equity interest in Marcy Media Holdings, LLC in connection with the Roc Parties Settlement. During the fourth quarter of 2019, we recorded an impairment charge in the amount $9.6 million (inclusive of $2.6 million of advances made to the entity) related to our investment in MG Icon, which owns the Material Girl trademark, and an impairment charge of $1.8 million related to the consolidation and partial sublease of our New York office space.

During the fourth quarter of FY 2019, we tested our indefinite lived intangible assets for recoverability as discussed above, the evaluations resulted in in the following impairment charges:

Operating Segment	Brand / Trademark	Territory	Amount
Women’s	Mudd	US	10,322
Women’s	Joe Boxer	US	11,768
Women’s	OP	US	4,903
Women’s	Mossimo	US	3,074
Women’s	Bongo	US	2,186
Women’s	Rampage	US	1,956
Home	Fieldcrest	US	13,026
Home	Royal Velvet	US	4,763
International	Umbro	International	6,469
Other	various	various	7,120
Total			$ 65,587

Overall, the impairment charges were primarily as a result of management’s revisions to our 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 historical DTR partners (e.g. Target, 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:

- *Mudd* – Our exclusive DTR with Kohl’s will expire in January 2021.
- *Joe Boxer* – Kmart/Sears’ bankruptcy filing in the fourth quarter of FY 2018 allowed Kmart/Sears to reject the existing Joe Boxer license agreement. In February 2019, we entered a non-exclusive arrangement with Kmart/Sears and our forecasts reflect potentially lower short-term earnings as we diversify away from the exclusive DTR format.
- *Op* – Wholesale license arrangements have underperformed expectations
- *Mossimo* – Reflects the decline in cash flows for the brand
- *Bongo* – Reflects the decline in cash flows for the brand
- *Rampage* – Wholesale license arrangements have underperformed expectations
- *Fieldcrest* – Our exclusive DTR with Target expired in January 2020. Our current forecasts reflect the expected time frame for the repositioning of the brand with its new wholesale licensee.
- *Royal Velvet* – Our exclusive DTR with JC Penny expired in 2019. Our current forecasts reflect the expected time frame for business development with its new licensee.
- *Umbro* – Primarily related to our termination of our joint venture partner in China.

For the year ended December 31, 2018:

During the second quarter of FY 2018, we 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, we 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, we 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 our 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 herein, 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, we have yet to find a replacement core licensee. We continue to pursue multiple partners with broad distributions and varying degrees of economics.
- *Mudd* – Our exclusive DTR with Kohl’s will expire in January 2021.
- *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 our 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 our renegotiations of the license agreement with Kmart/Sears resulted in a reduction to forecasted revenues for the Company.

We 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 our stock decreases, there may be additional impairment charges. Impairment charges could be based on factors such as our forecasted cash flows, assumptions used, or other variables.

Goodwill

Goodwill is tested for impairment at the reporting unit level (we have four operating segments: women’s, men’s, home, and international) on an annual basis (in our 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. We consider our market capitalization and the carrying value of our assets and liabilities, including goodwill, when performing our goodwill impairment test. When conducting our annual goodwill impairment assessment, we initially perform 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, we then apply a two-step impairment test. The two-step impairment test first compares the fair value of our 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 we are not required to perform further testing. If the carrying value of the reporting unit exceeds its fair value, we determine 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, we recognized a non-cash impairment charge of $37.8 million in the women’s segment. No goodwill impairment was recognized during FY 2019. See Note 1 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 our operations. The effective tax rate utilized by us 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.

We are continuing our practice of recognizing interest and penalties related to income tax matters in income tax expense.

Recent Developments

The legal final maturity date of the Securitization Notes is in January of 2043. As the Company did not repay or refinance the Securitization Notes prior to January 2020 (the "anticipated repayment date"), additional interest will accrue on amounts outstanding under the Securitization Notes. This additional interest is not required to be paid until 2043 and does not compound annually. Beginning in January 2020, the Company will not be required to make $42.7 million of contractual principal payments referred to in Note 8 of the consolidated financial statements. Future principal payments will be formulaically based on a percentage of receipts of royalty revenue.

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. Temporary closures of businesses have been ordered and numerous other businesses have temporarily closed voluntarily. The Company cannot reasonably estimate the negative impact to the Company's business, revenues, financial condition or results of operations.

On March 30, 2020, the Company entered into the fifth amendment and waiver to the Senior Secured Term Loan (the “Fifth Amendment”). The Fifth Amendment, among other things, (i) waived an event of default under the Senior Secured Term Loan due to the Company’s receipt of a going concern qualified audit opinion and (ii) modified the asset sale prepayment obligation to obligate the Company to pay 75% of the net proceeds from one or more asset sales in any fiscal year to the extent the aggregate amount of asset sale net proceeds exceed $5.0 million.

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 16 of this report.

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, 2019). Based upon that evaluation, our principal executive officer and principal financial and accounting officer have concluded, our disclosure controls and procedures are effective as of December 31, 2019.

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, 2019.

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, 2018, related to our financial reporting for the modification of debt, management review controls surrounding the calculation of the adjustment to retained earnings, and the financial reporting for the reimbursement to licensees for advertising resulting from the implementation of the new accounting standard, ASC 606, were remediated at December 31, 2019. This was primarily the result of more robust review procedures, as well as changes in finance personnel. Based on its assessment, management concluded that our internal controls over financial reporting was effective as of December 31, 2019.

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, 2019 that may have materially affected or which are reasonably likely to materially affect internal control. Based on that evaluation, there have been no changes in the Company's internal control during the three months ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal control.

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.

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 2020 (“2020 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 2020 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 2020 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 2020 Definitive Proxy Statement.

Item 14. Principal Accounting Fees and Services

The information required under this item is hereby incorporated by reference to the 2020 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, 2019 and December 31, 2018
- Consolidated Statements of Operations for the years ended December 31, 2019 and 2018
- Consolidated Statements of Comprehensive Loss for the years ended December 31, 2019 and 2018
- Consolidated Statements of Stockholders’ Deficit for the years ended December 31, 2019 and 2018
- Consolidated Statements of Cash Flows for the years ended December 31, 2019 and 2018
- 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	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) +
2.2	Membership Interest Purchase Agreement dated as of March 9, 2010 by and between the Company and Purim LLC. (2) +
2.3	Asset Purchase Agreement dated April 26, 2011 by and among Hardy Way LLC, Nervous Tattoo, Inc. and Audigier Brand Management Group, LLC. (4) +
2.4	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 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, 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)
4.6	Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934++
10.1	401(K) Savings Plan of the Company(18)
10.2	Lease dated as of November 12, 2007 with respect to the Company's Executive Offices(24)
10.3	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)
10.4	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)
10.5	Management Agreement dated November 29, 2012 by and among the Co-Issuers, Registrant and Citibank, N.A., as trustee (12)
10.6	Form of RSU Agreement pursuant to the Amended and Restated 2009 Plan (Executive)(36)*
10.7	Form of RSU Agreement pursuant to the Amended and Restated 2009 Plan (Non-Executive)(36)*
10.8	Form of RSU Agreement pursuant to the Amended and Restated 2009 Plan (Non-employee Director)(36)*
10.9	Amended and Restated 2009 Equity Incentive Plan(37)*
10.10	Clawback policy form of Acknowledgement(36)*
10.11	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)

Exhibit Numbers	Description
10.12	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)
10.13	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)
10.14	Executive Incentive Plan(45)*
10.15	Amended and Restated 2016 Omnibus Incentive Plan(50)*
10.16	Executive Severance Plan(51)*
10.17	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)
10.18	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)
10.19	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)
10.20	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)
10.21	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)
10.22	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.(58)
10.23	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)
10.24	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)
10.25	Employment Agreement entered into October 15, 2018 by and between Iconix Brand Group, Inc. and Robert C. Galvin.(64)
10.26	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)
10.27	Employment Agreement entered into January 22, 2019 by and between Iconix Brand Group, Inc. and John T. McClain.(66)
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++

Exhibit Numbers	Description
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) [Intentionally omitted.]
(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) [Intentionally omitted.]
(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) [Intentionally omitted.]
(39) [Intentionally omitted.]
(40) [Intentionally omitted.]
(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) [Intentionally omitted.]
(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) [Intentionally omitted.]
(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) [Intentionally omitted.]
(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) [Intentionally omitted.]
(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) [Intentionally omitted.]
(62) [Intentionally omitted.]
(63) [Intentionally omitted.]
(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.
(66) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated January 22, 219 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 30, 2020

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 Robert C. Galvin	Director, President and Chief Executive Officer (Principal Executive Officer)	March 30, 2020
/s/ John T. McClain John T. McClain	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 30, 2020
/s/ F. Peter Cuneo F. Peter Cuneo	Chairman of the Board of Directors	March 30, 2020
/s/ Drew Cohen Drew Cohen	Lead Director	March 30, 2020
/s/ James A. Marcum James A. Marcum	Director	March 30, 2020
/s/ Justin Barnes Justin Barnes	Director	March 30, 2020

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, 2019

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:

Report of Independent Registered Public Accounting Firm	53
Consolidated Balance Sheets - December 31, 2019 and 2018	54
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Consolidated Statements of Comprehensive Loss for the years ended December 31, 2019 and 2018	56
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Consolidated Statements of Cash Flows for the years ended December 31, 2019 and 2018	58
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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, 2019 and 2018, 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, 2019, 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, 2019 and 2018, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Going Concern Uncertainty

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed, in Note 1 of the Notes to the financial statements, the Company has suffered recurring losses and has certain debt agreements which require compliance with financial covenants. The COVID 19 pandemic is expected to have a material adverse effect on the Company's results of operation, cash flows and liquidity, including compliance with future debt covenants. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1 of the Notes to the financial statements. The financial statements do not include any adjustments that may result from the outcome of this uncertainty.

Change in Accounting Principles

On January 1, 2019, the Company adopted Accounting Standards Updates 2016-02 and 2018-11, Leases (Topic 842). The effects of this adoption are described in Note 13 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 30, 2020

Iconix Brand Group, Inc. and Subsidiaries
Consolidated Balance Sheets
(in thousands, except par value)

	December 31, 2019	December 31, 2018
Assets		
Current Assets:		
Cash and cash equivalents	$ 55,465	$ 66,609
Restricted cash	15,946	16,026
Accounts receivable, net	31,368	39,477
Contract asset	9,448	4,802
Other assets – current	21,440	28,057
Total Current Assets	133,667	154,971
Property and equipment:		
Furniture, fixtures and equipment	20,087	22,525
Less: Accumulated depreciation	(17,545)	(17,644)
	2,542	4,881
Other Assets:		
Other assets	6,780	5,979
Contract asset	11,807	14,560
Right-of-use-asset	6,254	—
Trademarks and other intangibles, net	274,084	337,700
Investments and joint ventures	44,827	89,691
Goodwill	26,099	26,099
	369,851	474,029
Total Assets	$ 506,060	$ 633,881
Liabilities, Redeemable Non-Controlling Interest and Stockholders' Deficit		
Current liabilities:		
Accounts payable and accrued expenses	$ 51,503	$ 46,662
Deferred revenue	4,701	5,405
Current portion of long-term debt	61,976	54,263
Other liabilities – current	13,775	9,788
Total current liabilities	131,955	116,118
Deferred income tax liability	4,464	4,566
Long-term debt, less current maturities (includes $47,277 and $48,076 respectively, at fair value)	583,745	620,966
Other liabilities	7,794	3,829
Total Liabilities	$ 727,958	$ 745,479
Redeemable Non-Controlling Interests	34,461	34,137
Commitments and contingencies		
Stockholders' Deficit:		
Common stock, $.001 par value shares authorized 260,000; shares issued 15,138 and 11,162 respectively	15	11
Additional paid-in capital	1,045,307	1,037,372
Accumulated losses	(429,117)	(312,796)
Accumulated other comprehensive loss	(54,643)	(53,068)
Less: Treasury stock – 3,421 and 3,323 shares at cost, respectively	(844,442)	(844,253)
Total Iconix Brand Group, Inc. Stockholders' Deficit	(282,880)	(172,734)
Non-controlling interests	26,521	26,999
Total Stockholders' Deficit	$ (256,359)	$ (145,735)
Total Liabilities, Redeemable Non-Controlling Interest and Stockholders' Deficit	$ 506,060	$ 633,881

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 Ended December 31, 2019	Year Ended December 31, 2018
Licensing revenue	$ 148,984	$ 187,689
Selling, general and administrative expenses	83,996	121,429
Loss on termination of licenses	—	10,550
Depreciation and amortization	1,816	2,329
Equity (earnings) loss on joint ventures	(14)	(3,043)
Gains on sale of trademarks, net	—	(1,268)
Asset impairment	1,766	—
Goodwill impairment	—	37,812
Trademark impairment	65,587	136,417
Investment impairment	26,613	2,500
Operating income (loss)	(30,780)	(119,037)
Other expenses (income):		
Interest expense	57,264	59,214
Interest income	(360)	(495)
Other (income) loss, net	5,291	(91,305)
Gain on extinguishment of debt	—	(4,473)
Foreign currency translation loss	858	1,153
Other expenses (income) – net	63,053	(35,906)
Income (loss) before income taxes	(93,833)	(83,131)
Provision for income taxes	8,083	6,538
Net loss	(101,916)	(89,669)
Less: Net income attributable to non-controlling interest	9,597	10,852
Net loss attributable to Iconix Brand Group, Inc.	$ (111,513)	$ (100,521)
Earnings (loss) per share:		
Basic	$ (10.56)	$ (14.93)
Diluted	$ (10.56)	$ (14.93)
Weighted average number of common shares outstanding:		
Basic	10,559	6,734
Diluted	10,559	6,734

See accompanying notes to consolidated financial statements.

Iconix Brand Group, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Loss
(in thousands)

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	Year Ended December 31	
	2019	2018
Net loss	$ (101,916)	$ (89,669)
Other comprehensive income (loss):		
Foreign currency translation (loss) gain	(1,575)	(4,965)
Total other comprehensive (loss) income	(1,575)	(4,965)
Comprehensive loss	(103,491)	(94,634)
Less: comprehensive income (loss) attributable to non-controlling interest	9,597	10,852
Comprehensive loss attributable to Iconix Brand Group, Inc.	$ (113,088)	$ (105,486)

See accompanying notes to consolidated financial statements.

Iconix Brand Group, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Deficit
(in thousands)

	Common Stock		Additional Paid-In	Accumulated	Accumulated Other Comprehensive	Treasury	Non-Controlling	
	Shares	Amount	Capital	losses	Loss	Stock	Interest	Total
Balance at January 1, 2018	**9,016**	**$ 9**	**$ 1,044,599**	**$ (223,718)**	**$ (51,280)**	**$ (844,030)**	**$ 23,444**	**$ (50,976)**
Shares issued on vesting of restricted stock	110	—	—	—	—	—	—	—
Compensation benefit in connection with restricted stock and stock options	—	—	(2,405)	—	—	—	—	(2,405)
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	—	—	—
Payments from non-controlling interest holders, net of imputed interest	—	—	—	—	—	—	194	194
Elimination of non-controlling interest related to the acquisition of additional interest in Hydraulic joint venture	—	—	2,097	—	—	—	(2,097)	—
Shares repurchased on vesting of restricted stock	—	—	—	—	—	(223)	—	(223)
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	—	—	—	(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)**
Shares issued on vesting of restricted stock	249	—	—	—	—	—	—	—
Shares issued on conversion of 5.75% Convertible Notes	3,727	4	6,225	—	—	—	—	6,229
Re-purchase of Umbro China Equity	—	—	(770)	—	—	—	(495)	(1,265)
Compensation expense in connection with restricted stock	—	—	971	—	—	—	—	971
Shares repurchased on vesting of restricted stock	—	—	—	—	—	(189)	—	(189)
Reclass from redeemable NCI	—	—	—	—	—	—	(856)	(856)
Change in redemption value of redeemable non-controlling interest holders	—	—	1,586	—	—	—	—	1,586
Net loss	—	—	—	(111,513)	—	—	8,544	(102,969)
Foreign currency translation	—	—	(77)	—	(1,575)	—	—	(1,652)
Distributions to joint venture partners	—	—	—	(4,808)	—	—	(7,671)	(12,479)
Balance at December 31, 2019	**15,138**	**$ 15**	**$ 1,045,307**	**$ (429,117)**	**$ (54,643)**	**$ (844,442)**	**$ 26,521**	**$ (256,359)**

See accompanying notes to consolidated financial statements.

Iconix Brand Group, Inc. and Subsidiaries
Consolidated Statements of Cash Flows (in thousands)

	Year Ended December 31, 2019	Year Ended December 31, 2018
Cash flows from operating activities:		
Net loss	$ (101,916)	$ (89,669)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation of property and equipment	1,751	2,071
Amortization of trademarks and other intangibles	65	258
Amortization of deferred financing costs	3,024	3,133
Amortization of debt discount	9,439	9,833
Amortization of deferred rent	—	(238)
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	971	(2,405)
Non-cash gain on re-measurement of equity investment	—	(8,410)
Provision for doubtful accounts	(1,107)	15,557
Write-off of contract asset accounts	5,143	1,777
Periodic lease cost	2,124	—
Write-off of receivable due from Iconix India joint venture partner	—	1,000
Losses (Earnings) on equity investments in joint ventures	(14)	(3,043)
Distributions from equity investments	2,681	3,021
Asset impairment	1,766	—
Goodwill impairment	—	37,812
Trademark impairment	65,587	136,417
Impairment of equity method investment	26,613	2,500
Settlement of note receivable related to formation of Buffalo joint venture	—	1,141
Mark to market adjustment on convertible note	3,861	(80,979)
loss (gain) on debt to equity conversions	1,310	(1,165)
Gain on sale of trademarks and other investments	(141)	(2,226)
(Gain) on extinguishment of debt	—	(4,473)
Loss on other equity investment	294	402
Deferred income tax benefit	(80)	(2,004)
Loss on foreign currency translation	858	1,153
Changes in operating assets and liabilities:		
Accounts receivable	6,927	13,103
Other assets – current	12,173	19,144
Other assets	(1,882)	(5,498)
Deferred revenue	29	(282)
Accounts payable and accrued expenses	(6,845)	204
Other tax liabilities	—	(531)
Other liabilities	(2,319)	454
Net cash provided by operating activities	30,312	56,082
Cash flows provided by (used in) investing activities:		
Purchases of property and equipment	(626)	(829)
Acquisition of remaining interest in Iconix Canada	—	(7,053)
Acquisition of trademarks from Iconix Southeast Asia	(2,067)	(2,120)
Acquisition of Badgley Mischka and Sharper Image trademarks in certain international joint ventures	—	(1,289)
Acquisition of additional interest in Iconix Australia, net of cash acquired	—	(649)
Proceeds from sale of interest in Badgley Mischka in certain international joint ventures	—	2,500
Proceeds from note receivable from formation of Buffalo joint venture	—	1,409
Proceeds from sale of Sharper Image	—	1,755
Proceeds from sale of Marcy Media	15,000	—
Proceeds from sale of other investments	3,695	958
Additions to trademarks	(3,934)	(339)
Net cash provided by (used in) investing activities	12,068	(5,657)
Cash flows (used in) provided by financing activities:		
Proceeds from long-term debt, net of discount and fees	—	95,700
Proceeds from sale of trademarks and related notes receivables to consolidated joint ventures	—	195
Payment of long-term debt	(41,171)	(157,292)
Prepaid financing costs	—	(5,423)
Distributions to non-controlling interests	(12,479)	(14,902)
Tax benefit related to amortization of convertible notes' discount	—	159
Cost of shares repurchased on vesting of restricted stock	(189)	(223)
Net cash used in financing activities	(53,839)	(81,786)
Effect of exchange rate changes on cash	235	(697)
Net decrease in cash, cash equivalents, and restricted cash	(11,224)	(32,058)
Cash, cash equivalents and restricted cash, beginning of period	82,635	114,693
Cash, cash equivalents, and restricted cash, end of period	$ 71,411	$ 82,635

Supplemental disclosure of cash flow information:		**Year Ended December 31, 2019**		**Year Ended December 31, 2018**
Cash paid during the period:				
Income taxes (net of refunds received)	$	(8,704)	$	(5,702)
Interest	$	45,066	$	40,534
Non-cash additions to operating lease assets	$	10,462	$	—
Non-cash repurchase of China JV equity	$	1,265	$	—
Shares issued upon conversion of debt to equity	$	6,225	$	13,976

See accompanying notes to consolidated financial statements.

The Company

General

Iconix Brand Group is 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. 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.

At December 31, 2019, the Company’s brand portfolio includes Candie’s ®, Bongo ®, Joe Boxer ®, Rampage ®, Mudd ® , London Fog ®, Mossimo ®, Ocean Pacific/OP ®, Danskin /Danskin Now ®, Rocawear ®, 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 IP related to its brands throughout the world and in all relevant categories primarily by licensing directly with leading retailers, through consortia of wholesale licensees, through joint ventures in specific territories and through 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 from the mass tier (e.g. Wal-Mart) to better department stores (e.g. Macy’s). The licensees are generally responsible for designing, manufacturing and distributing the licensed products. The Company supports its brands with 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.

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.

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, Umbro China, Iconix Latin America and Iconix Canada. Refer to Note 4 for further details.

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.

1. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, and, in accordance with U.S. GAAP and accounting for variable interest entities (where the Company is the primary beneficiary) and majority owned subsidiaries, the Company consolidates fourteen joint ventures (Hardy Way, Icon Modern Amusement, Alberta ULC, Iconix Europe, Hydraulic IP Holdings, US PONY Holdings, Diamond Icon, Iconix Israel, Iconix Middle East, Umbro China, Danskin China, Starter China, Lee Cooper China and Iconix Australia; see Note 4 for explanation). All significant intercompany transactions and balances have been eliminated in consolidation.

These consolidated financial statements are prepared on a going concern basis that contemplates the realization of cash flows from assets and discharge of liabilities, in each case, in the ordinary course of business consistent with the Company's prior periods.

In accordance with Accounting Standards Codification ("ASC") 810—Consolidation ("ASC 810"), the Company evaluates the following criteria to determine the accounting for its joint ventures: 1) consideration of whether the joint venture is a variable interest entity which includes reviewing the corporate structure of the joint venture, the voting rights, and the contributions of the Company and the joint venture partner to the joint venture, 2) if the joint venture is a VIE, whether or not the Company is the primary beneficiary, a determination based upon a variety of factors, including: i) the presence of installment payments, which constitutes a de facto agency relationship between the Company and the joint venture partner, and ii) an evaluation of whether the Company or the joint venture partner is more closely associated with the joint venture. If the Company determines that the entity is a variable interest entity and the Company is the primary beneficiary, then the joint venture is consolidated. For those entities that are not considered variable interest entities, or are considered variable interest entities but the Company is not the primary beneficiary, the Company uses the equity method as set forth in ASC 323—Investments ("ASC 323"), to account for those investments and joint ventures which are not required to be consolidated under US GAAP. Refer to Note 4 for further details.

Liquidity

These consolidated financial statements are prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities, in each case, in the ordinary course of business consistent with the Company's prior periods. The Company has experienced substantial and recurring losses from operations, which losses have caused an accumulated deficit of $429.1 million as of December 31, 2019. Net losses incurred for the years ended December 31, 2019 and 2018 amounted to approximately $(101.9) million and $(89.7) million, respectively. While the Company had positive cash flows from operations in recent periods, the potential adverse impact of the novel coronavirus on its operating results, liquidity and financial condition raises substantial doubt the Company can continue as an ongoing business for the next twelve months.

In view of these matters, continuation as a going concern is dependent upon the continued operations of the Company, which, in turn, is dependent upon the Company's ability to meet its financial requirements, raise additional capital, and successfully carry out its future operations. The financial statements do not include any adjustments to the amount and classification of assets and liabilities that may be necessary, should the Company not continue as a going concern.

Reverse Stock Split

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 annual report on Form 10-K have been adjusted to reflect the Reverse Stock Split.

Business Combinations, Joint Ventures and Investments

The purchase method of accounting requires that the total purchase price of an acquisition be allocated to the assets acquired and liabilities assumed based on their fair values on the date of the business acquisition. The results of operations from the acquired businesses are included in the accompanying consolidated statements of operations from the acquisition date. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

Since January 1, 2018, the Company established the following joint ventures to develop and market the Company's brands in specific markets:

Date Created	Investment / Joint Venture	Iconix's Investment
March 2018	Starter China	100% (1)
June 2018	Lee Cooper China	100% (2)

(1) In March 2018, the Company formed the Starter China Limited as a wholly owned subsidiary to hold the Starter trademarks and related assets in respect of the Greater China territory. The Company entered into an agreement with Photosynthesis Holdings, Co. Ltd. ("PHL") who will purchase no less than a 50% interest and up to a total of 60% interest in Starter China Limited. The purchase of the equity interest is expected to occur over a three-year period commencing on January 16, 2022. Refer to Note 4 for further details. As of December 31, 2019, the Company's ownership interest in Starter China Limited was 100%.

(2) In June 2018, the Company formed the Lee Cooper China Limited as a wholly-owned subsidiary to hold the Lee Cooper trademarks and related assets in respect of the Greater China territory. The Company entered into an agreement with POS Lee Cooper HK Co. Ltd. ("PLC") who will purchase no less than a 50% interest and up to a total of 60% interest in Lee Cooper China Limited. The purchase of the equity interest is expected to occur over a two-year period commencing on January 15, 2024. Refer to Note 4 for further details. As of December 31, 2019, the Company's ownership interest in Lee Cooper China Limited was 100%.

For further information on the Company's accounting for joint ventures and investments, see Note 4.

Use of Estimates

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company reviews all significant estimates affecting the financial statements on a recurring basis and records the effect of any adjustments when necessary.

Cash and Cash Equivalents

Cash and cash equivalents consist of actual cash as well as cash equivalents, defined as short-term, highly liquid financial instruments with insignificant interest rate risk that are readily convertible to cash and have maturities of three months or less from the date of purchase. In addition, as of December 31, 2019, approximately $19.0 million, or 27 %, 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.

Restricted Cash

Restricted cash consists of actual cash deposits held in accounts primarily for debt service, as well as cash equivalents, defined as short-term, highly liquid financial instruments with insignificant interest rate risk that are readily convertible to cash and have maturities of three months or less from the date of purchase, the restrictions on all of which lapse every three months or less.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentration of credit risk consist principally of short-term cash investments and accounts receivable. The Company places its cash in investment-grade, short-term instruments with high quality financial institutions. The Company performs ongoing credit evaluations of its customers' financial condition and, generally, requires no collateral from its customers. The allowance for non-collection of accounts receivable is based upon the expected collectability of all accounts receivable.

Two customers each accounted for 12 % and 11% respectively of the Company's total revenue for the year ended December 31, 2019 ("FY 2019") as compared to one customer accounting for 16% of the Company's total revenue for the year ended December 31, 2018 ("FY 2018").

Accounts Receivable

Accounts receivable are reported at amounts the Company expects to be collected, net of provision for doubtful accounts, based on the Company's ongoing discussions with its licensees, and its evaluation of each licensee's payment history and account aging. As of December 31, 2019 and 2018, the Company's provision for doubtful accounts was $14.3 million and $20.1 million, respectively.

One customer accounted for 16% of the Company's accounts receivable as of December 31, 2019 as compared with one customer accounting for 12% of the Company's accounts receivable as of December 31, 2018.

Derivatives

The Company's objective for holding any derivative financial instruments is to manage interest rate risks, and in the case of our 1.50% Convertible Notes, dilution risk. The Company does not use financial instruments for trading or other speculative purposes. From time to time the Company uses derivative financial instruments to hedge the variability of anticipated cash flows of a forecasted transaction (a "cash flow hedge"). The Company had no such derivative instruments in FY 2019 or FY 2018.

Restricted Stock

Compensation cost for restricted stock is measured using the quoted market price of the Company's common stock at the date the common stock is granted. For restricted stock where restrictions lapse with the passage of time ("time-based restricted stock"), compensation cost is recognized over the period between the issue date and the date that restrictions lapse. Time-based restricted stock is included in total common shares outstanding upon the lapse of any restrictions. Time-based restricted stock is included in total diluted shares outstanding which is calculated utilizing the treasury stock method.

For restricted stock where restrictions are based on performance measures ("performance-based restricted stock"), restrictions lapse when those performance measures have been deemed earned. Performance-based restricted stock is included in total common shares outstanding upon the lapse of any restrictions. Performance-based restricted stock is included in total diluted shares outstanding when the performance measures have been deemed earned but not issued.

For restricted stock, which is measured based on market conditions, the Company values the stock utilizing a Monte Carlo simulation factoring key assumptions such as the stock price at the beginning and end of the period, risk free interest rate, expected dividend yield when simulating total shareholder return, expected dividend yield when simulating the Company's stock price, stock price volatility and correlation coefficients. Restricted stock based on market conditions is included in total common shares outstanding upon the achievement of the performance metrics. Restricted stock based on market conditions is included in total diluted shares outstanding when the performance metrics have been deemed earned but not issued.

Treasury Stock

Treasury stock is recorded at acquisition cost. Gains and losses on disposition are recorded as increases or decreases to additional paid-in capital with losses in excess of previously recorded gains charged directly to retained earnings.

Deferred Financing Costs

The Company incurred costs (primarily professional fees and placement agent fees) in connection with borrowings under senior secured notes, the Senior Secured Term Loan and the 2016 Senior Secured Term Loan. These costs have been deferred and are being amortized using the effective interest method over the life of the related debt.

Property, Equipment, Depreciation and Amortization

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are determined by the straight-line method over the estimated useful lives of the respective assets ranging from three to seven years. Leasehold improvements are amortized by the straight-line method over the initial term of the related lease or estimated useful life, whichever is less.

Operating Leases

We determine if an arrangement contains a lease at inception. An arrangement contains a lease if it implicitly or explicitly identifies an asset to be used and conveys the right to control the use of the identified asset in exchange for consideration. As a lessee, we include operating leases in Right-of-use ("ROU") -assets within non-current assets, Other liabilities – Current, and Other liabilities in our consolidated balance sheet.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized upon commencement of the lease based on the present value of the lease payments over the lease term. As most of our leases do not provide an implicit interest rate, we generally use our incremental borrowing rate based on the estimated rate of interest for fully amortizing borrowings over a similar term of the lease payments at commencement date to determine the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Expenses associated with operating leases are included in "Selling, general and administrative" within our Consolidated Statement of operations. Leases with a lease term of 12 months or less are not capitalized

Long-Lived Assets

If circumstances mandate, the Company evaluates the recoverability of its long-lived assets, other than goodwill and other indefinite life intangibles (discussed below), by comparing estimated future undiscounted cash flows with the assets' carrying value to determine whether a write-down to market value, based on discounted cash flow, is necessary.

Assumptions used in our fair value estimates are as follow: (i) discount rates; (ii) royalty rates; (iii) projected average revenue growth rates; and (iv) 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 2019, the Company recorded an impairment charge in the amount of $17.0 million based on the estimated value that would be realized on the disposition of the Company's equity interest in Marcy Media Holdings, LLC, and an $9.6 million (inclusive of $2.6 million of write off of advances made to the entity) impairment to its investment in MG Icon based on the poor performance. In FY 2018, there were no impairments of long-lived assets other than the non-cash impairment charges for goodwill and trademarks. See Note 3 for further details.

Goodwill and Trademarks

Goodwill represents the excess of purchase price over the fair value of net assets acquired in business combinations accounted for under the purchase method of accounting. On an annual basis and as needed, the Company tests goodwill and indefinite life trademarks for impairment utilizing discounted cash flow models. Other intangibles with determinable lives, including certain trademarks, license agreements and non-compete agreements, are evaluated for the possibility of impairment when certain indicators are present, and are otherwise amortized on a straight-line basis over the estimated useful lives of the assets (currently ranging from 1 to 15 years). Assumptions used in our fair value estimates are as follow: (i) discount rates; (ii) royalty rates; (iii) projected average revenue growth rates; and (iv) 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. In the second quarter of 2018, the Company recognized a non-cash impairment charge for goodwill of $37.8 million and none for FY 2019. In the FY 2019 and FY 2018, the Company recognized non-cash impairment charge for trademarks of $65.6 million and $136.4 million, respectively. Refer to Note 3 for further details.

Non-controlling Interests / Redeemable Non-controlling Interests

Certain of the Company's consolidated joint ventures have put options which, if exercised by the Company's joint venture partner, would require the Company to purchase all or a portion of the joint venture partner's equity interest in the joint venture. The Company has determined that these put options are not derivatives under the guidelines prescribed in Accounting Standards Codification ("ASC") 815. As such, and in accordance with ASC 480-10-S99, as the potential exercise of the put options is outside the control of the Company, the Company has recorded the portion of the non-controlling interest's equity that may be put to the Company in mezzanine equity in the Company's consolidated balance sheets as "redeemable non-controlling interest". The initial value of the redeemable non-controlling interest represents the fair value of the put option at inception. This amount recorded at inception is accreted, over a period determined by when the put option becomes exercisable, to what the Company would be obligated to pay to the non-controlling interest holder if the put option was exercised. This accretion is recorded as a credit to redeemable non-controlling interest and a debit to retained earnings resulting in an impact to the consolidated balance sheet only. For each reporting period, the Company revisits the estimates used to determine the redemption value of the put option when it becomes exercisable and may adjust the remaining put option value and associated accretion accordingly through redeemable non-controlling interest and retained earnings, as necessary. The terms of each of the outstanding put options are included in the individual discussions of each joint venture, as applicable. For the Company's consolidated joint ventures that do not have put options, the non-controlling interest is recorded within equity on the Company's consolidated balance sheet.

The Company may enter into joint venture agreements with joint venture partners in which the Company allows the joint venture partner to pay a portion of the purchase price in cash at the time of the formation of the joint venture with the remaining cash consideration paid over a specified period of time following the closing of such transaction. The Company records the amounts due from such joint venture partners as (a) a reduction of Non-controlling Interests, net of installment payments, or (b) if installment payments result from the issuance of shares classified as mezzanine equity, as a reduction in Redeemable Non-controlling Interests, net of installment payments (i.e. mezzanine equity), as applicable, in the Company's consolidated balance sheet in accordance with ASC 505-10-45, "Classification of a Receivable from a Shareholder." The Company accretes the present value discount on these installment payments through interest income on its consolidated statements of operations.

Revenue Recognition

The Company enters into various 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 full contract term. Minimum royalties that escalate on an annual basis over the contract term are recognized on a straight-line basis over the full contract term. Royalties exceeding the defined minimum amounts in a specific contract year (sales-based royalties), as defined in each license agreement, 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).

Foreign Currency

The Company's consolidated joint ventures' functional currency is U.S. dollars. The functional currencies of the Company's international subsidiaries are the local currencies of the countries in which the subsidiaries are located. Foreign currency denominated assets and liabilities are translated into U.S. dollars using the exchange rates in effect at the consolidated balance sheet date. Results of operations and cash flows are translated using the average exchange rates throughout the period. The effect of exchange rate fluctuations on translation of assets and liabilities is included as a component of shareholders' equity in accumulated other comprehensive income (loss).

Taxes on Income

The Company uses the asset and liability approach of accounting for income taxes and provides deferred income taxes for temporary differences that will result in taxable or deductible amounts in future years based on the reporting of certain costs in different periods for financial statement and income tax purposes. Valuation allowances are recorded when uncertainty regarding their realizability exists.

Earnings (Loss) Per Share

Basic earnings (loss) per share includes no dilution and is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect, in periods in which they have a dilutive effect, the effect of common shares issuable upon exercise of stock options, vesting of restricted stock, and potential conversion of our convertible debt. The difference between reported basic and diluted weighted-average common shares results from the assumption that all dilutive stock options, convertible debt and restricted stock outstanding were exercised into common stock.

We may be required to calculate basic earnings (loss) per share using the two-class method as a result of the Company's redeemable non-controlling interests. To the extent that the redemption value increases and exceeds the then-current fair value of a redeemable non-controlling interest, net (loss) income attributable to Iconix Brand Group, Inc. (used to calculate earnings (loss) per share) could be negatively impacted by that increase, subject to certain limitations. The partial or full recovery of any reductions to net (loss) attributable to Iconix Brand Group, Inc. (used to calculate earnings (loss) per share) is limited to any cumulative prior-period reductions. Refer to Note 10 for further details.

Advertising Campaign Costs

Advertising costs such as print and online media are expensed when the advertisement first occurs. Advertising expenses for FY 2019 and FY 2018 amounted to $13.7 million, and $25.7 million, respectively.

The Company also incurs co-operative advertising costs that represent reimbursements to certain licensees for shared marketing expenses related to the sale of its products. In accordance with ASC 606, these reimbursements are recorded as a reduction to licensing revenue.

Comprehensive Income (Loss)

Comprehensive income (loss) includes certain gains and losses that, under U.S. GAAP, are excluded from net income (loss) as such amounts are recorded directly as an adjustment to stockholders' equity. The Company's comprehensive income (loss) is primarily comprised of net income (loss), and foreign currency translation and changes in fair value of available for sale securities (prior to the Company's adoption of ASU 2016-01 in FY 2018).

New Accounting Standards

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

Additionally, FASB issued ASU No. 2018-11, Leases (Topic 842): Targeted Improvements, which allows companies to adopt Topic 842 without revising comparative period reporting or disclosures. ASU 2016-02 and ASU 2018-11 are effective for the Company and the Company adopted the new standard on January 1, 2019. The Company adopted ASU 2016-02 using the optional transition approach as of the effective date. As a result, the Company was not required to adjust its comparative period financial information for effects of the standard or make the new required lease disclosures for periods before the date of adoption (i.e. January 1, 2019). The Company has elected to adopt the package of transition practical expedients and therefore, has not reassessed (1) whether existing or expired contracts contain a lease, (2) lease classification of existing or expired leases or (3) the accounting for initial direct costs that were previously capitalized. The Company did not elect the practical expedient to use hindsight for leases existing at the adoption date.

The adoption of ASU 2016-02 had a material impact to the Company's consolidated balance sheet but did not materially impact the consolidated statement of operations. The most significant changes to the consolidated balance sheet relate to the recognition of new ROU assets and lease liabilities for operating leases. The adoption of ASU 2016-02 also had no material impact on operating, investing or financing cash flows in the consolidated statement of cash flows. Refer to Note 13 for further details.

As a result of adopting ASU 2016-02, the Company recognized operating lease liabilities of $10.4 million (of which $1.7 million was current and $8.7 million was noncurrent) with corresponding ROU assets of $8.0 million as of January 1, 2019.

In February 2017, the FASB issued ASU 2017-04, "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment", which simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test and eliminated the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment. The ASU is effective for public business entities for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. This ASU should be applied prospectively. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company adopted the new standard on January 1, 2020. The new standard will not have a material impact to the Company's financial statements.

Presentation of FY 2018 Data

Certain reclassifications, which were immaterial, have been made to conform prior year data to the current presentation. During FY 2019, the Company also made a reclassification between redeemable noncontrolling interest and noncontrolling interest.

During FY 2019, the Company determined that the impact of the accretion of redeemable noncontrolling interest to the Company's earnings per share calculation had been incorrectly recorded in the Company's consolidated statement of operations for FY 2018. Basic and diluted earnings per share for FY 2018 have been corrected in this Form 10-K. Management evaluated the materiality of this error from a quantitative and qualitative perspective and concluded that the adjustments to earnings per share were not material to the Company's presentation and disclosures, and had no material impact on the Company's financial position, results of operations and cash flows. Accordingly, no amendments to previously filed reports are deemed necessary. After taking into effect this adjustment for the year ended December 31, 2018, basic earnings and diluted loss per share is $14.93 and was previously presented as a basic and diluted loss per share of $15.73.

	Previously presented Year Ended December 31, 2018	Year Ended December 31, 2018
For earnings (loss) per share - basic:		
Net loss attributable to Iconix Brand Group, Inc.	$ (100,521)	$ (100,521)
Accretion of redeemable non-controlling interest	(5,432)	—
Net income (loss) attributable to Iconix Brand Group, Inc. after accretion of redeemable non- controlling interest for basic earnings (loss) per share	$ (105,953)	$ (100,521)
For earnings (loss) per share - diluted:		
Net loss attributable to Iconix Brand Group, Inc.	$ (100,521)	$ (100,521)
Effect of potential conversion of 5.75% Convertible Notes (1)	—	—
Accretion of redeemable non-controlling interest	(5,432)	—
Net loss attributable to Iconix Brand Group, Inc. after the effect of potential conversion of 5.75% Convertible Notes for diluted earnings (loss) per share	$ (105,953)	$ (100,521)
Earnings (loss) per share:		
Basic	$ (15.73)	$ (14.93)
Diluted	$ (15.73)	$ (14.93)
Weighted average number of common shares outstanding:		
Basic	6,734	6,734
Diluted	6,734	6,734

2. Revenue Recognition

Adoption of ASC Topic 606, "Revenue from Contracts with Customers"

On January 1, 2018, we adopted ASC Topic 606 – *Revenue from Contracts with Customers* ("Topic 606"), using the modified retrospective method applied to those license agreements that were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with our historical accounting under Topic 605. Under Topic 605, the Company recognized minimum royalty revenue on a straight-line basis over the term of each contract year, as defined, in each license agreement and royalties exceeding the defined minimum amounts were recognized as income during the period corresponding to the licensee's sales. Under Topic 606, the Company is recognizing the minimum royalty revenue 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), as is discussed below.

We recorded a net increase to opening retained earnings and the corresponding amount to non-controlling interest of $16.5 million and $1.2 million, respectively, net of tax, as of January 1, 2018 due to the cumulative impact of adopting Topic 606, with the impact primarily related to our revenues associated with license agreements that have escalating guaranteed minimum royalties in the contract years of the license agreement term. The impact to revenues was an increase of approximately $3.9 million for FY 2018 as a result of applying Topic 606.

Revenue Recognition

Licensing Revenue

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 national retailer for a broad range 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 retailers within an approved distribution channel.

The Company's license agreements typically require the licensee to pay the Company royalties based upon net sales with guaranteed minimum royalties. 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.

Licensing revenue is comprised of revenue related to the Company's entry 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 amounts are recognized as revenue on a straight-line basis over the full contract term. Minimum royalties that escalate on an annual basis over the contract term are recognized on a straight-line basis over the full contract term. Royalties exceeding the defined minimum amounts in a specific contract year (sales-based royalties), as defined in each license agreement, 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).

Within the Company's International segment, the Umbro business purchases replica soccer jerseys for resale to certain licensees. The Company generally does this as an accommodation to its licensees to consolidate ordering from the manufacturers. The revenue associated with such activity is included in licensing revenue and was approximately $0.9 million for FY 2019 and the associated cost of goods sold is included in selling general and administrative expenses and was approximately $0.8 million for FY 2019. There was approximately $2.9 million and $2.8 million, respectively, of such sales and corresponding cost of goods sold in FY 2018. Revenue for these sales are recognized upon the transfer of control of the promised product to the customer or licensee in an amount that reflects the consideration that we expect to receive in exchange for these products.

The following table presents our revenues disaggregated by license type:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Licensing revenue by license type:		
Direct-to-retail license	$ 42,818	$ 71,609
Wholesale licenses	105,059	112,769
Other licenses (1)	1,107	3,311
	$ 148,984	$ 187,689

(1) Included in Other licenses for FY 2019 is $0.9 million of revenue associated with the Umbro business purchases discussed above as compared to $2.9 million for FY 2018.

The following table represents our revenues disaggregated by geography:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Total licensing revenue by geographic region:		
United States	$ 88,444	$ 120,397
Other (1)	60,540	67,292
	$ 148,984	$ 187,689

(1) No single country represented 10% of the Company's revenues in the periods presented.

Remaining Performance Obligation

We enter into long-term license agreements with our licensees across all operating segments. Revenues are recognized on a straight-line basis consistent with the nature, timing and extent of our services, which primarily relate to the ongoing brand management and maintenance of the intellectual property. As of January 1, 2020, the Company and its joint ventures had a contractual right to receive approximately $400 million of aggregate minimum licensing revenue through the balance of their current licenses, excluding any renewals. Pursuant to these agreements, the Company expects to recognized revenue as follows: $87.7 million, $69.8 million, $58.8 million, $50.4 million, $36.6 million and $96.7 million for FY 2020, FY 2021, FY 2022, FY 2023, FY 2024 and thereafter, respectively.

Contract Balances

Timing of revenue recognition may differ from the timing of invoicing to licensees. We record a receivable when amounts are contractually due or when revenue is recognized prior to invoicing. Deferred revenue is recorded when amounts are contractually due prior to satisfying the performance obligations of the contracts. For multi-year license agreements, as the performance obligation is providing the licensee with the right of access to the Company’s intellectual property for the contractual term, the Company uses a time-lapse measure of progress and straight lines the guaranteed minimum royalties over the contract term.

Contract Asset

We record contract assets when revenue is recognized in advance of cash payment being due from our licensees. Contract assets due within one year of the most recent balance sheet date are recorded within Other assets – current and long-term contract assets are recorded within Other assets on the Company’s consolidated balance sheet. As of December 31, 2019 and December 31, 2018, our contract assets – current and long-term contract assets were $9.4 million and $11.8 million, and $4.8 million and $14.6 million respectively. For the year ended December 31, 2019 and December 31, 2018, the Company incurred an impairment loss of its contract assets of $5.1 million and $1.8 million, respectively, as a result of impairments or certain contract modifications.

Deferred Revenue

We record deferred revenue when cash payment is received or due in advance of our performance, including amounts which are refundable. Advanced royalty payments are recognized ratably over the period indicated by the terms of the license and are reflected in the Company’s consolidated balance sheet in deferred revenue at the time the payment is received. The decrease in deferred revenues for FY 2019 is inclusive of $4.2 million of revenues recognized that were included in the deferred revenue balance at the beginning of the period offset by cash payments received or due in advance of satisfying our performance obligations.

3. Goodwill and Trademarks and Other Intangibles, net

Goodwill

Goodwill by reportable operating segment and in total, and changes in the carrying amounts, as of the dates indicated are as follows:

	Women's	Men's	Home	International	Consolidated
Net goodwill at January 1, 2018	$ 37,812	$ —	$ —	$ 26,070	$ 63,882
Acquisition of 5% interest in Iconix Australia	—	—	—	29	29
Impairment	(37,812)		—	—	(37,812)
Net goodwill at December 31, 2018	$	$ —	$ —	$ 26,099	$ 26,099
Impairment	—	—	—	—	—
Net goodwill at December 31, 2019	$ —	$ —	$ —	$ 26,099	$ 26,099

In July 2018, the Company purchased an additional 5% ownership interest in Iconix Australia from its joint venture partner. As a result of this transaction, the Company consolidated the entity in its financial statements and recorded goodwill of less than $0.1 million. Refer to Note 4 for further details.

The Company identifies its operating segments according to how business activities are managed and evaluated. The Company has four distinct reportable operating segments: men's, women's, home, and international. These operating segments represent individual reporting units for purposes of evaluating goodwill for impairment. The fair value of the reporting unit is determined using discounted cash flow analysis and estimates of sales proceeds with consideration of market participant data. As a corroborative source of information, the Company evaluates the estimated aggregate fair values of its reporting units to within a reasonable range of its market capitalization, which includes an assumed control premium (an adjustment reflecting an estimated fair value on a control basis) to verify the reasonableness of the fair value of its reporting units. The control premium is estimated based upon control premiums observed in comparable market transactions. As none of the Company's reporting units are publicly traded, individual reporting unit fair value determinations do not directly correlate to the Company's stock price. The Company monitors changes in the share price to ensure that the market capitalization continues to exceed or is not significantly below the carrying value of our total net assets. In the event that our market capitalization is below the book value of the Company's aggregate fair value of its reporting units, we consider the length and severity of the decline and the reason for the decline when evaluating whether potential goodwill impairment exists. Additionally, if a reporting unit does not appear to be achieving the projected growth plan used in determining its fair value, we will reevaluate the reporting unit for potential goodwill impairment based on revised projections, as deemed appropriate. The annual evaluation of goodwill is typically performed as of October 1, the beginning of the Company's fourth fiscal quarter. Utilizing the Income Approach, the Company performed a two-step goodwill impairment test and an intangible asset impairment test using a discounted cash flow analysis to evaluate whether the carrying value of each of its segments exceeded its fair value.

During the fourth quarter of FY 2019, the Company evaluated its goodwill for potential impairment. Based upon the results of step 1 of the goodwill impairment test in accordance with ASC 350, the Company noted that the fair value of the international segment exceeded the carrying value, therefore no impairment was recorded.

During the fourth quarter of FY 2018, the Company evaluated its goodwill for potential impairment incremental to the amount recorded as of September 30, 2018. Based upon the results of step 1 of the goodwill impairment test in accordance with ASC 350, the Company noted that the fair value of the international segment exceeded the carrying value after first reflecting the impairment of trademarks. As a result, no additional goodwill impairment was recorded during the fourth quarter of FY 2018.

During the second quarter of 2018, based upon the results of step 1 of the goodwill impairment test in accordance with ASC 350 for the women's segment, the Company noted that the carrying value of the women's segment exceeded its fair value after first reflecting the impairment of the Mossimo trademark, as discussed below. In accordance with step 2 of the goodwill impairment test, the Company recorded a non-cash impairment charge of $37.8 million in the second quarter of 2018, which is due to the projected decline in royalties associated with the license agreements for the Mossimo brand.

Trademarks and Other Intangibles, net

Trademarks and other intangibles, net consist of the following:

		December 31, 2019		December 31, 2018	
	Estimated Lives in Years	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Indefinite-lived trademarks and copyrights	Indefinite	$ 274,080	$ —	$ 337,631	$ —
Definite-lived trademarks	10-15	8,958	8,958	8,958	8,958
Licensing contracts	1-9	978	974	978	909
		$ 284,016	$ 9,932	$ 347,567	$ 9,867
Trademarks and other intangibles, net			$ 274,084		$ 337,700

The trademarks of Candie's, Bongo, Joe Boxer, Rampage, Mudd, London Fog, Mossimo, Ocean Pacific, Danskin, Rocawear, Cannon, Royal Velvet, Fieldcrest, Charisma, Starter, Waverly, Ecko, Zoo York, Ed Hardy, Umbro, Modern Amusement, Buffalo, Lee Cooper, Hydraulic, and Pony have been determined to have an indefinite useful life and accordingly, consistent with ASC Topic 350, no amortization has been recorded in the Company's consolidated statements of operations. Instead, each of these intangible assets are tested for impairment annually and as needed on an individual brand and territorial basis as separate single units of accounting, with any related impairment charge recorded to the statement of operations at the time of determining such impairment. The annual evaluation of the Company's indefinite-lived trademarks is typically performed as of October 1, the beginning of the Company's fourth fiscal quarter, or as deemed necessary due to the identification of a triggering event.

As it relates to the Company's impairment testing of goodwill and intangible assets, assumptions and inputs used in our fair value estimates include the following: (i) discount rates; (ii) royalty rates; (iii) projected average revenue growth rates; and (iv) projected long-term growth rates. Additionally, for those instances where core licenses have not been or will not be renewed and replacement licenses have not yet been identified, the Company's estimate of fair value may incorporate a probability weighted average of projected cash flows based on several scenarios (e.g. DTR license, wholesale license, or direct-to-consumer model). Key inputs to these scenarios, which were selected based on the perspective of a market participant and include estimated future retail and wholesale sales and related royalties, are assessed a probability of occurrence to compensate for the uncertainty of success and timing of completion. The Company will continue to reassess these probabilities and inputs, as well as economic conditions and expectations of management, and may record additional impairment charges as these estimates are updated, all of which are subject to change in the future based on period-specific facts and circumstances.

The Company recorded impairment charges for indefinite-lived intangible assets consisting of trademarks in FY 2019. The primary driver of the impairment charges was a decline in the net sales, as well as a decline in future guaranteed minimum royalties from license agreements for certain brands. As a result, in the fourth quarter of FY 2019, the Company recorded a total non-cash asset impairment charge of $65.6 million, which is comprised of $35.3 million in the women's segment, $0.8 million in the men's segment, $17.8 million in the home segment, and $11.7 million in the international segment to reduce various trademarks in those segments to fair value. Impairments primarily relate to declines in the Joe Boxer, Mudd, OP, Mossimo, Bongo, Rampage, Umbro, Fieldcrest and Royal Velvet brands.

The Company recorded impairment charges for indefinite-lived intangible assets consisting of trademarks in the fourth quarter of FY 2018 based on a decline in the net sales as well as a decline in future guaranteed minimum royalties from license agreements for certain brands. As a result, in the fourth quarter of FY 2018, the Company recorded a total non-cash asset impairment charge of $58.7 million which is comprised of $55.1 million in the women's segment, $0.1 million in the men's segment, $2.7 million in the home segment, and $0.8 million in the international segment to reduce various trademarks in those segments to fair value.

Given Kmart/Sears bankruptcy filing on October 15, 2018, the Company conducted an indefinite-lived intangible asset impairment test in accordance with ASC 350 for the Joe Boxer, Cannon and Bongo trademarks whose future revenues and earnings were either exclusively or heavily dependent on the existing license agreements with Sears. As part of its indefinite-lived intangible asset impairment test for the Joe Boxer, Cannon and Bongo trademarks, the Company recorded a non-cash impairment charge of $4.4 million in the third quarter of FY 2018 to reduce the Joe Boxer trademark to fair value. At that time, the fair value of the Bongo and Cannon trademarks remained above their current book value and thus no impairment charge was recorded. During the fourth quarter of 2018, the Company recognized an additional non-cash impairment charges of $6.8 million related to the Joe Boxer trademark (in the women's segment) and $2.7 million related to the Cannon trademark (in the home segment), which are included in the total $58.7 million non-cash impairment charge discussed above.

As of June 30, 2018, the Company revised its forecasted future earnings for the Mossimo brand given the Company was unsuccessful in finding a replacement core licensee. As a result, the Company conducted an indefinite-lived intangible asset impairment test in accordance with ASC 350. Consequently, the Company recorded a non-cash impairment charge of $73.3 million in the second quarter of FY 2018 in the women segment to reduce the Mossimo trademark to fair value. During the fourth quarter of 2018, the Company recognized an additional non-cash impairment charge of $32.7 million (in the women's segment), which is included in the total $58.7 million non-cash impairment charge discussed above.

The Company measured its indefinite-lived intangible assets for impairment in accordance with ASC-820-10-55-3F which states, "The income approach converts future amounts (for example cash flows) in income and expenses in a single current (that is, discounted) amount. When the income approach is used, fair value measurement reflects current market expectations about those future amounts. The Income Approach is based on the present value of future earnings expected to be generated by a business or asset. Income projections for a future period are discounted at a rate commensurate with the degree of risk associated with future proceeds. A residual or terminal value is also added to the present value of the income to quantify the value of the business beyond the projection period."

Changes in estimates and assumptions used to determine whether impairment exists or changes in actual results compared to expected results could result in additional impairment charges in future periods.

In accordance with ASC 360, there were no impairment charges to the Company's definite-lived trademarks during FY 2019 or FY 2018.

During FY 2018, the Company completed the sale of the Badgley Mischka and Sharper Image intellectual property and related assets from the Iconix Southeast Asia, Iconix MENA, Iconix Europe and Iconix Australia joint ventures. Refer to Note 5 for further details.

During FY 2018, the Company purchased an additional 5% ownership interest in Iconix Australia, which resulted in the Company consolidating the entity on its consolidated balance sheet and the statement of operations. As a result of this transaction, the Company recorded $12.3 million of trademarks on its consolidated balance sheet. Refer to Note 4 for further details.

Amortization expense for intangible assets for FY 2019 and FY 2018 was $0.1 million and $0.3 million, respectively. The Company projects amortization expenses to be less than $0.1 million in both FY 2020 and FY 2021 and none in FY 2022 through FY 2024.

4. Consolidated Entities, Joint Ventures and Investments

Consolidated Entities

The following entities and joint ventures are consolidated with the Company:

PONY

In February 2015, the Company, through its then newly-formed subsidiary, US Pony Holdings, LLC, ("Pony Holdings") acquired the North American rights to the PONY brand. These rights include the rights in the US obtained from Pony, Inc. and Pony International, LLC, and the rights in Mexico and Canada obtained from Super Jumbo Holdings Limited. The purchase price paid by the Company was $37.0 million. The $14.7 million of goodwill resulting from the 2015 acquisition is deductible for income tax purposes. Pony Holdings is owned 75% by the Company and 25% by its partner Anthony L&S Athletics, LLC ("ALS"). ALS contributed to Pony Holdings its perpetual license agreement in respect of the U.S. and Canadian territories for a 25% interest in Pony Holdings.

Accounting Standards Codification ("ASC") 810 - "Consolidations" ("ASC 810") affirms that consolidation is appropriate when one entity has a controlling financial interest in another entity. The Company owns a 75% membership interest in Pony Holdings compared to the minority owner's 25% membership interest. Further, the Company believes that the voting and veto rights of the minority shareholder are merely protective in nature and do not provide them with substantive participating rights in Pony Holdings. As such, Pony Holdings is subject to consolidation with the Company, which is reflected in the consolidated financial statements.

Iconix Middle East Joint Venture

In December 2014, the Company formed Iconix MENA ("Iconix Middle East") a wholly owned subsidiary of the Company and contributed to it 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 "Middle East Territory"). Shortly thereafter, Global Brands Group Asia Limited ("GBG"), purchased a 50% interest in Iconix Middle East for approximately $18.8 million. GBG paid $6.3 million in cash upon the closing of the transaction and committed to pay an additional $12.5 million over the 24-month period following closing. This obligation was fully paid in FY 2017. As of December 31, 2019, the redeemable non-controlling interest of Iconix MENA was $20.8 million, which was recorded on the Company's consolidated balance sheet as mezzanine equity.

Pursuant to the joint venture agreement entered into in connection with the formation of Iconix Middle East, each of GBG and the Company holds specified put and call rights, respectively, relating to GBG's ownership interest in the joint venture.

Five-Year and Eight-Year Put/Call Options: At any time during the six month period commencing March 31, 2021, and again at any time during the six month period commencing December 19, 2022, GBG may deliver a put notice to the Company, and the Company may deliver a call notice to GBG, in each case, for the Company's purchase of all equity in the joint venture held by GBG. In the event of the exercise of such put or call rights, the purchase price for GBG's equity in Iconix Middle East is an amount equal to (x) the Agreed Value (in the event of GBG put) or (y) 120% of Agreed Value (in the event of an Iconix call). The purchase price is payable in cash.

Agreed Value—Five-Year Put/Call: (i) Percentage of Iconix Middle East owned by GBG, multiplied by (ii) 5.5, multiplied by (iii) aggregate royalty generated by Iconix Middle East for the year ending December 31, 2019; provided, however, that such Agreed Value cannot be less than $12.0 million

Agreed Value—Eight-Year Put/Call: (i) Percentage of Iconix Middle East owned by GBG, multiplied by (ii) 5.5, multiplied by (iii) aggregate royalty generated by Iconix Middle East for the year ending December 31, 2022; provided, however, that the Agreed Value cannot be less than $12.0 million.

The Company serves as Iconix Middle East's administrative manager, responsible for arranging for or providing back-offices services, including legal maintenance of trademarks (e.g. renewal of trademark registrations) for the brands in respect of Iconix Middle East Territory. Further Iconix Middle East has access to general brand marketing materials prepared and owned by the Company to refit for use by the joint venture in marketing brands in the Middle East Territory. GBG serves as Iconix Middle East's local manager, responsible for providing market experience in respect of the applicable territory, managing the joint venture on a day-to-day basis (other than back-office services), identifying potential licensees and assisting the Company in enforcement of license agreements in respect of the applicable territory. The Company receives a monthly fee in connection with the performance of its services as administrative manager in an amount equal to 5% of Iconix Middle East's gross revenue collected in the prior month (other than in respect of the Umbro and Lee Cooper brands). GBG receives a monthly fee in connection with the performance of its services as local manager in an amount equal to 15% of Iconix Middle East's gross revenue collected in the prior month (other than in respect of the Umbro and Lee Cooper brands). In addition, following the closing of GBG's purchase of 50% of Iconix Middle East, GBG received from the Company $3.1 million for expenses related to its diligence and market analysis in the Iconix Middle East Territory, which reduced the cash received by the Company in relation to this transaction as of December 31, 2014.

In December 2016, the Company irrevocably exercised its call right to acquire an additional 5% equity interest in Iconix Middle East from GBG for total cash consideration of $1.8 million. After taking into effect this transaction and as of December 31, 2016, the Company's ownership interest in Iconix Middle East effectively increased to 55%. Such acquisition closed in February 2017. In addition to the increase in ownership interest, the joint venture agreement gives the Company the sole discretion and power to direct the activities of the Iconix Middle East joint venture that most significantly impact the joint venture's economic performance. As a result of this transaction, the Company continues to consolidate this joint venture in its consolidated financial statements in accordance with ASC 810.

The Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company and GBG, that Iconix Middle East is a variable interest entity (VIE) and, as the Company has been determined to be the primary beneficiary, is subject to consolidation. The Company has consolidated this joint venture within its consolidated financial statements since inception. The liabilities of the VIE are not material and none of the VIE assets are encumbered by any obligation of the VIE or other entity.

Iconix Israel Joint Venture

In November 2013, the Company formed Iconix Israel. LLC ("Iconix Israel"), a wholly-owned subsidiary of the Company, and 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") through an agreement with Iconix Israel. Shortly thereafter, M.G.S. Sports Trading Limited ("MGS") purchased a 50% interest in Iconix Israel for approximately $3.3 million.

In December 2016, the Company amended the Iconix Israel joint venture agreement to obtain the sole discretion and power to direct the activities of the Iconix Israel joint venture that most significantly impact its economic performance which requires the Company to continue to consolidate this joint venture in its consolidated financial statements in accordance with ASC 810.

The Company serves as Iconix Israel's administrative manager, responsible for arranging for or providing back-offices services, including legal maintenance of trademarks (e.g. renewal of trademark registrations) for the brands in respect of the Israel Territory. Further, Iconix Israel has access to general brand marketing materials, prepared and owned by the Company to refit for use by the joint venture in the Israel Territory. MGS serves as Iconix Israel's local manager, responsible for providing market experience in respect of the applicable territory, managing the joint venture on a day-to-day basis (other than back-office services), identifying potential licensees and assisting the Company in enforcement of license agreements in respect of the applicable territory. Each of the Company and MGS is reimbursed for all out-of-pocket costs incurred in performing its respective services.

The Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company and MGS, that Iconix Israel is a VIE and, as the Company has been determined to be the primary beneficiary, is subject to consolidation. The Company has consolidated this joint venture within its consolidated financial statements since inception. The liabilities of the VIE are not material and none of the VIE assets are encumbered by any obligation of the VIE or other entity.

Iconix Canada Joint Venture

In June 2013, the Company formed Iconix Canada L.P. ("Ico Canada") and Ico Brands L.P. ("Ico Brands" and, together with Ico Canada, collectively, "Iconix Canada"), as wholly-owned indirect subsidiaries of the Company, and contributed substantially all rights to its wholly-owned and controlled brands in Canada (the "Canada Territory") through agreements with the Iconix Canada partnerships. Shortly thereafter through their acquisitions of limited partnership and general partnership interests, Buffalo International ULC and BIU Sub Inc. purchased 50% interests in the Iconix Canada partnerships for $17.8 million in the aggregate, of which approximately $8.9 million in the aggregate, was paid in cash upon closing of these transactions in June 2013, and the remaining $8.9 million of which were notes payable to the Company to be paid, as amended, over the five year period following the date of closing, with final payment in June 2018.

In July 2017, the Company purchased the 50% ownership interest in Iconix Canada owned by its joint venture partner for $19.0 million plus 50% of the net asset value of Iconix Canada (which was approximately $2.2 million), in cash, of which $9.0 million was paid at closing and the remaining $10.0 million will be paid over a two-year period through the Company's distributions from its 51% interest in the Buffalo brand joint venture. The Company also paid 50% of the estimated net asset value of Iconix Canada at closing, subject to a post-closing reconciliation based on 50% of the actual net asset value of Iconix Canada. Additionally, as a part of this transaction, the remaining outstanding purchase price installment payment of $2.9 million due from the Company's joint venture partner, in respect of such partner's interest in the joint venture at inception was paid to the Company. As a result of this transaction, the Company maintains 100% ownership interest in Iconix Canada.

Iconix Europe

In December 2009, the Company contributed substantially all rights to its brands in the European Territory (defined as all member states and candidate states of the European Union and certain other European countries) to Iconix Europe LLC, a then newly formed wholly-owned subsidiary of the Company ("Iconix Europe"). Also in December 2009 and shortly after the formation of Iconix Europe, an investment group led by The Licensing Company and Albion Equity Partners LLC purchased a 50% interest in Iconix Europe through Brand Investments Vehicles Group 3 Limited ("BIV"), to assist the Company in developing, exploiting, marketing and licensing the Company's brands in the European Territory. In consideration for its 50% interest in Iconix Europe, BIV paid $4.0 million.

At inception and prior to the January 2014 transaction described below, the Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company and BIV, that Iconix Europe is not a VIE and was not subject to consolidation. The Company had recorded its investment under the equity method of accounting.

In January 2014, the Company consented to the purchase of BIV's 50% ownership interest in Iconix Europe by GBG. In exchange for this consent, the Company recorded a $1.5 million receivable due from GBG. As a result of this transaction, the Company recorded revenue of $1.5 million, which is included in licensing revenue in the Company's consolidated statement of operations for FY 2014. In addition, the Company acquired an additional 1% equity interest in Iconix Europe from GBG, and amended the operating agreement (herein referred to as the "IE Operating Agreement") thereby increasing its ownership in Iconix Europe to a controlling 51% interest and reducing its preferred profit distribution from Iconix Europe to $3.0 million after which all profits and losses are recognized 51/49 in accordance with each principal's membership interest percentage.

ASC Topic 810 affirms that consolidation is appropriate when one entity has a controlling financial interest in another entity. As a result of this transaction, the Company owns a 51% membership interest in Iconix Europe compared to the minority owner's 49% membership interest. Further, the Company believes that the voting and veto rights of the minority shareholder are merely protective in nature and do not provide the minority shareholder with substantive participating rights in Iconix Europe. As such, Iconix Europe is subject to consolidation with the Company, which is reflected in the consolidated financial statements as of December 31, 2016.

Pursuant to the IE Operating Agreement, for a period following the fifth anniversary of the January 2014 transaction and again following the eighth anniversary of the January 2014 transaction, the Company has a call option to purchase, and GBG has a put option to initiate the Company's purchase of GBG's 49% equity interests in Iconix Europe for a calculated amount as described below.

Five-Year and Eight-Year Put/Call Options: At any time during the six month period commencing March 31, 2021, and again at any time during the six month period commencing January 13, 2022, GBG may deliver a put notice to the Company, and the Company may deliver a call notice to GBG, in each case, for the Company's purchase of all equity in the joint venture held by GBG. In the event of the exercise of such put or call rights, the purchase price for GBG's equity in Iconix Europe is an amount equal to (x) the Agreed Value (in the event of GBG's put) or (y) 120% of Agreed Value (in the event of an Iconix call). The purchase price is payable in cash.

Agreed Value-Five-Year Put/Call: (i) (x) percentage of Iconix Europe owned by GBG, multiplied by (y) 5.5, multiplied by (z) the greater of aggregate royalty generated by Iconix Europe for the year ended December 31, 2013 and the year ended December 31, 2018; plus (ii) percentage of Iconix Europe owned by GBG multiplied by the aggregate amount of cash in Iconix Europe which is available for distribution to the members.

Agreed Value-Eight-Year Put/Call: (i) (x) percentage of Iconix Europe owned by GBG, multiplied by (y) 5.5, multiplied by (z) the greater of aggregate royalty generated by Iconix Europe for the year ended December 31, 2013 and the year ended December 31, 2021; plus (ii) percentage of Iconix Europe owned by GBG multiplied by the aggregate amount of cash in Iconix Europe which is available for distribution to the members.

As a result of the January 2014 transaction, the Company records this redeemable non-controlling interest as mezzanine equity on the Company's consolidated balance sheet. The Company is accreting the difference between the redemption value of the put option and the non-controlling interest at inception over the five-year term of the first put option to retained earnings on the Company's balance sheet. As of December 31, 2019, the redeemable non-controlling interest for Iconix Europe was $8.7 million, which was recorded on the Company's consolidated balance sheet as mezzanine equity.

Hydraulic IP Holdings, LLC

In December 2014, the Company formed a joint venture with Top On International Group Limited ("Top On"). The name of the joint venture is Hydraulic IP Holdings, LLC ("Hydraulic IPH"), a Delaware limited liability company. The Company paid $6.0 million, which was funded entirely from cash on hand, in exchange for a 51% controlling ownership of Hydraulic IPH. Top On owns the remaining 49% interest in Hydraulic IPH. Hydraulic IPH owns the IP rights, licenses and other assets relating principally to the Hydraulic brand. Concurrently, Hydraulic IPH and iBrands International, LLC ("iBrands") entered into a license agreement pursuant to which Hydraulic IPH licensed the Hydraulic brand to iBrands as licensee in certain categories and geographies. Additionally, the Company and Top On entered into a limited liability company agreement with respect to their ownership of Hydraulic IPH. As of December 31, 2019, the Company maintains a 15% ownership interest in iBrands. In FY 2018, based on impairment indicators, the Company recorded a full impairment of its investment in iBrands of $2.5 million, which was included in investment impairment on the Company's consolidated statement of operations.

In April 2018, pursuant to a condition in a letter agreement entered into simultaneously with the Company's acquisition of a 51% equity interest in Hydraulic IPH in December 2014, 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.

Buffalo Brand Joint Venture

In February 2013, Iconix CA Holdings, LLC ("ICA Holdings"), a Delaware limited liability company and a wholly-owned subsidiary of the Company, formed a joint venture with Buffalo International ULC ("BII"). The name of the joint venture is 1724982 Alberta ULC ("Alberta ULC"), an Alberta, Canada unlimited liability company. The Company, through ICA Holdings, paid $76.5 million, which was funded entirely from cash on hand, in exchange for a 51% controlling ownership of Alberta ULC which consists of a combination of equity and a promissory note. BII owns the remaining 49% interest in Alberta ULC. Alberta ULC owns the IP rights, licenses and other assets relating principally to the Buffalo David Bitton brand (the "Buffalo brand").

The Buffalo brand trademarks have been determined by management to have an indefinite useful life and accordingly, consistent with ASC Topic 350, no amortization is being recorded in the Company's consolidated statement of operations. The goodwill and trademarks are subject to a test for impairment on an annual basis.

The Company has consolidated this joint venture within its consolidated financial statements since inception.

Icon Modern Amusement

In December 2012, the Company entered into an interest purchase and management agreement with Dirty Bird Productions, Inc., a California corporation, in which the Company effectively purchased a 51% controlling interest in the Modern Amusement trademarks and related assets for $5.0 million, which was funded entirely from cash on hand. To acquire its 51% controlling interest in the trademark, the Company formed a new joint venture company, Icon Modern Amusement LLC ("Icon MA"), a Delaware limited liability company.

Hardy Way

In May 2009, the Company acquired a 50% interest in Hardy Way, the owner of the Ed Hardy brands and trademarks, for $17.0 million, comprised of $9.0 million in cash and 58,868 shares of the Company's common stock valued at $8.0 million as of the closing. In addition, the sellers of the 50% interest received an additional $1.0 million in shares of the Company's common stock pursuant to an earn-out based on royalties received by Hardy Way for 2009.

On April 26, 2011, Hardy Way acquired substantially all of the licensing rights to the Ed Hardy brands and trademarks from its licensee, Nervous Tattoo, Inc. ("NT") pursuant to an asset purchase agreement by and among Hardy Way, NT and Audigier Brand Management Group, LLC ("ABMG"). Immediately prior to the closing of the transactions contemplated by the asset purchase agreement, the Company contributed $62.0 million to Hardy Way, thereby increasing the Company's ownership interests in Hardy Way from 50% to 85% of the outstanding membership interests.

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, for total cash consideration of $25.0 million. The acquisition of such equity is expected to occur over a four-year period. As stipulated in the agreement, on each anniversary subsequent to the close of the transaction, MHMC will pay a portion of the total cash consideration to the Company in return for a percentage of the total potential 50% equity interest. In July 2016, the Company received $2.5 million in cash from MHMC for a 5% interest in Umbro China. In accordance with ASC 810, the Company has recorded noncontrolling interest of $1.8 million for the sale of 5% interest in Umbro China to MHMC and the corresponding gain associated with the sale of this interest is recorded in additional paid in capital on the Company's consolidated balance sheet.

Pursuant to the Shareholder Agreement entered into in connection with the formation of Umbro China, each of MHMC and the Company holds specified call rights to purchase its partners' ownership interest in the joint venture as described below. In July 2019, pursuant to the operating agreement, the Company reacquired the remaining 5% ownership interest in Umbro China from MHMC, itsjoint venture partner for approximately $1.3 million.

If at any time after June 2036, both Iconix and MHMC hold shares in Umbro China, either shareholder (Initiating Shareholder) may provide written notice (Call Option Notice) to the other shareholder of its election to purchase all shares held by such shareholder at the date of the Call Option Notice and at a price per share as stated in the Call Option Notice.

Within ten (10) business days after receipt of a Call Option Notice, the other shareholder may provide written notice (Purchase Option Notice) to the Initiating Shareholder of its election to purchase all shares held by the Initiating Shareholder at the price per share set forth in the Call Option Notice, at which point the Call Option Notice shall become null and ineffective as if it was not issued or served.

Danskin China

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 a 30% interest) in its wholly-owned indirect subsidiary, Danskin China Limited ("Danskin China"), a new Hong Kong registered company, which holds the Danskin trademarks and related assets in respect of mainland China and Macau. As a result of disruptions caused in the People's Republic of China, the Company has agreed to extend the date of LiNing's purchase of the equity interest in Danskin China until June 30, 2020 (the "First Closing") for cash consideration of $5.4 million. The aggregate cash consideration paid by Li Ning for its ownership of Danskin China may, based on the percentage interest in Danskin China that Li Ning elects to purchase on each anniversary of the First Closing, increase to up to $8.6 million.

Starter China

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. As a result of disruptions caused in the People's Republic of China, the Company has agreed to extend the date of PHL's purchase of the initial 50% equity interest in Starter China until June 30, 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.

Lee Cooper China

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.

Iconix Australia Joint Venture

In September 2013, the Company formed Iconix Australia, LLC ("Iconix Australia"), a Delaware limited liability company and a wholly-owned subsidiary of the Company, and contributed substantially all rights to its wholly-owned and controlled brands in Australia and New Zealand (the "Australia territory") through an agreement with Iconix Australia. Shortly thereafter Pac Brands USA, Inc. ("Pac Brands") purchased a 50% interest in Iconix Australia for $7.2 million in cash, all of which was received upon closing of this transaction in September 2013. As a result of this transaction, the Company recorded a gain of $4.1 million in FY 2013 for the difference between the cash consideration received by the Company and the book value of the brands contributed to the joint venture.

In July 2018, the Company purchased an additional 5% ownership interest in Iconix Australia from Brand Collective (USA), Inc. ("BrandCo") for $0.7 million in cash. As a result of this transaction, the Company's ownership interest in Iconix Australia effectively increased to 55% and reduced BrandCo's ownership interest in Iconix Australia to 45%. This purchase resulted in a change in rights, duties and obligations of the Company and BrandCo in their capacity as joint venture partners in respects of the Iconix Australia joint venture. Additionally, as a result of this transaction and in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company and BrandCo, Iconix Australia has been determined to be a VIE, and thus is subject to consolidation and included in the Company's consolidated financial statements on and after July 2018.

The estimated fair value of the assets acquired, less liabilities assumed, were allocated in July 2018 as follows:

Fair value of 50% interest in Iconix Australia	$	6,507
Book value of Company equity investment prior to purchase of additional 5% interest		(1,904)
Gain on re-measurement of initial equity investment		8,410
	$	13,013
Trademarks		12,349
Cash		44
Accounts receivable		360
Intercompany receivables, net		368
Accounts payable and accrued expenses		(85)
Deferred revenue		(52)
Goodwill		29
	$	13,013

The Iconix Australia trademarks have been determined by management to have an indefinite useful life and accordingly, no amortization is being recorded in the Company's consolidated statement of operations. The goodwill and trademarks are subject to a test for impairment on an annual basis. Additionally, as a result of the acquisition, the Company recognized a $5.9 million non-controlling interest associated with BrandCo's 45% ownership interest in the Iconix Australia joint venture on the date of consolidation. As of December 31, 2019, the redeemable non-controlling interest for Iconix Australia was $5.0 million, which was recorded on the Company's consolidated balance sheet as mezzanine equity.

For the second half of FY 2018, post-acquisition, the Company recognized approximately $0.8 million, in revenue from such assets. In addition, the Company's selling, general and administrative expenses increased by $0.2 million for the second half of FY 2018, and net income attributable to non-controlling interest increased by $0.3 million for the second half of FY 2018, as a result of consolidating Iconix Australia on the Company's consolidated statement of operations.

Additionally, pursuant to the Amended Agreement, the specified put and call rights held by BrandCo and the Company, respectively, relating to BrandCo's ownership interest in the joint venture, were amended and restated as follows:

Two-Year Put/Call Option: At any time after December 20, 2020, BrandCo may deliver a put notice to the Company and the Company may deliver a call notice to BrandCo, in each case, for the Company's purchase of all units in the joint venture held by BrandCo. Upon the exercise of such put/call, the purchase price for BrandCo's units in the joint venture will be an amount equal to (i) the percentage interest represented by BrandCo's units, multiplied by (ii) 5, multiplied by (iii) RR, where RR is equal to:

$$\frac{A + (A \times (100\% + CAGR))}{2}$$

A = trailing 12 months royalty revenue; and

CAGR = 36 month compound annual rate

Equity Method Investments

In the fourth quarter of December 31, 2019, the Company reviewed the fair values of the underlying assets and liabilities of its equity method investments as compared to their book values. As a result, the Company recognized an investment impairment associated with its investment in MG Icon. See below in section "MG Icon" for further details. In the third quarter of FY 2019, the Company recognized an investment impairment of its investment in Marcy Media Holdings LLP. See below in section "Marcy Media Holdings LLP" for further details. The fair value of the Company's other equity method investments were higher than their book value and thus no other impairment was recorded. The fair value of the Company's equity method investments were higher than the book values and thus no impairment was recorded in FY 2018.

The following joint ventures are recorded using the equity method of accounting:

Iconix Southeast Asia Joint Venture

In October 2013, the Company formed Iconix SE Asia Limited ("Iconix SE Asia"), a wholly owned subsidiary of the Company, and 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 (the "South East Asia Territory"). Shortly thereafter, GBG (f/k/a Li + Fung Asia Limited) purchased a 50% interest in Iconix SE Asia for approximately $12.0 million. GBG paid $7.5 million in cash upon the closing of the transaction and committed to pay an additional $4.5 million over the 24-month period following closing.

In June 2014, the Company contributed substantially all rights to its wholly-owned and controlled brands in the Republic of Korea, and its Ecko, 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, of which $4.0 million was paid in cash at closing. The Company guaranteed minimum distributions of $2.5 million in the aggregate through FY 2015 to GBG from the exploitation in the European Union and Turkey of the brands contributed to Iconix SE Asia as part of this transaction. As a result of this transaction, the Company incurred $5.4 million of marketing costs, which were accounted for as a reduction to the cash received. In September 2014, the Company's subsidiaries contributed substantially all rights to their Lee Cooper and Umbro brands in the People's Republic of China, Hong Kong, Macau and Taiwan (together, the "Greater China Territory"), to Iconix SE Asia. In return, GBG agreed to pay the Company $21.5 million, of which $4.3 million was paid at closing. The Company guaranteed minimum distributions of $5.1 million in the aggregate through FY 2017 to GBG from the exploitation in the Greater China Territory of the brands contributed to Iconix SE Asia as part of this transaction. In December 2015, the Company purchased GBG's effective 50% interest in such brands as described below.

Pursuant to the operating agreement entered into in connection with the formation of Iconix SE Asia, as amended, each of GBG and the Company holds specified put and call rights, respectively, relating to GBG's ownership interest in the joint venture.

Five-Year and Eight-Year Put/Call Options on South East Asia Territory Rights, Europe/Turkey Rights and Korea Rights: At any time during the six month period commencing March 31, 2021, and again at any time during the six month period commencing October 1, 2021, GBG may deliver a put notice to the Company, and the Company may deliver a call notice to GBG, in each case, for the Company's purchase of the Europe/Turkey Rights, South East Asia Territory Rights and/or Korea Rights. In the event of the exercise of such put or call rights, the purchase price for such rights is an amount equal to (x) the Agreed Value (in event of a GBG put) or (y) 120% of Agreed Value (in event of a Company call). The purchase price is payable in cash. In 2019, the Company entered into an amendment to the Iconix SE Asia, Ltd. Operating Agreement to extend the put/call options to a six-month period commencing March 31, 2020 and ending on September 30, 2020. As of December 31, 2019, the fair value of the option was $ 20.0 million.

Agreed Value—Five-Year Put/Call: (i) Percentage of Iconix SE Asia owned by GBG, multiplied by (ii) 5.5, multiplied by (iii) the greater of the aggregate royalty generated by Iconix SE Asia in respect of the Europe/Turkey Rights, South East Asia Territory Rights and/or Korea Rights (as applicable) for the year ending December 31, 2015 and the year ending December 31, 2018; provided, that the Agreed Value attributable to the Europe/Turkey Rights shall not be less than $7.6 million, plus (iv) in the case of a Full Exercise (i.e., and exercise of all of the Europe/Turkey Rights, South East Asia Territory Rights and Korea Rights), the amount of cash in Iconix SE Asia at such time.

Agreed Value—Eight-Year Put/Call: (i) Percentage of Iconix SE Asia owned by GBG, multiplied by (ii) 5.5, multiplied by (iii) the greater of the aggregate royalty generated by Iconix SE Asia in respect of the Europe/Turkey Rights, South East Asia Territory Rights and/or Korea Rights (as applicable) for the year ending December 31, 2018 and the year ending December 31, 2021; provided, that the Agreed Value attributable to the Europe/Turkey Rights shall not be less than $7.6 million, plus (iv) in the case of a Full Exercise (i.e., and exercise of all of the Europe/Turkey Rights, South East Asia Territory Rights and Korea Rights), the amount of cash in Iconix SE Asia at such time.

The Company serves as Iconix SE Asia's administrative manager, responsible for arranging for or providing back-office services including legal maintenance of trademarks (e.g. renewal of trademark registrations) for the brands in respect of the territories included in Iconix SE Asia. Further, Iconix SE Asia has access to general brand marketing materials, prepared and owned by the Company, to refit for use by the joint venture in territories included in Iconix SE Asia. GBG serves as Iconix SE Asia's local manager, responsible for providing market experience in respect of the applicable territory, managing the joint venture on a day-to-day basis (other than back-office services), identifying potential licensees and assisting the Company in enforcement of license agreements in respect of the applicable territory. The Company receives a monthly fee in connection with the performance of its services as administrative manager in an amount equal to 5% of Iconix SE Asia's gross revenue collected in prior month. GBG receives a monthly fee in connection with the performance of its services as local manager in an amount equal to 15% of Iconix SE Asia's gross revenue collected in prior month.

The Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company and GBG, that Iconix SE Asia was a VIE and, as the Company was determined to be the primary beneficiary, was subject to consolidation. The Company had consolidated this joint venture within its consolidated financial statements since inception and up to June 30, 2017. The liabilities of the VIE were not material and none of the VIE assets were encumbered by any obligation of the VIE or other entity. See discussion below for the deconsolidation of the joint venture on June 30, 2017.

In December 2015, the Company purchased GBG's effective 50% interest in the Umbro and Lee Cooper trademarks in Greater China for $24.7 million. The Company, through its wholly-owned subsidiaries, will pay consideration of $24.7 million to GBG which represents GBG's 50% ownership interest in these trademarks. Immediately prior to the consummation of this transaction, the Company, and its wholly owned subsidiaries, had a receivable from GBG of $9.4 million, which represented the balance still owed by GBG from the original September 2014 transaction. It was agreed upon by both parties that this balance would be set off against the consideration to be paid by the Company. At closing, the Company paid $3.5 million in cash to GBG and recorded amounts owed to GBG of approximately $5.2 million and $5.4 million paid to GBG, net of discounts, in accounts payable and other accrued expenses and other long term liabilities, respectively, on the consolidated balance sheet. As of December 31, 2019, a total of $2.1 million, net of discount for present value, remaining due to GBG for the above transaction is recorded in accounts payable and other accrued expenses on the consolidated balance sheet. The excess of the purchase price over the non-controlling interest balance was $2.2 million which was recorded to additional paid-in-capital.

Prior to June 30, 2017, the Company consolidated this joint venture in accordance with ASC 810. In June 2017, the Company received the final purchase price installment payment due from its joint venture partner, in respect of such partner's interest in the joint venture, which resulted in the Company no longer having a de facto agency relationship with the Iconix SE Asia, Ltd. joint venture partner. In accordance with ASC 810, the receipt of the final purchase price installment payment was considered a reconsideration event and although the joint venture remains a VIE, the Company is no longer the primary beneficiary. As a result, the Company deconsolidated this entity from its consolidated balance sheet as of June 30, 2017 and recognized a pre-tax gain on deconsolidation of $3.8 million in its FY 2017 consolidated statement of operations. The Company recorded an equity-method investment at fair value in Iconix SE Asia, Ltd. of $17.4 million in the consolidated balance sheet and all assets and liabilities of the joint venture are no longer reflected in the Company's consolidated balance sheet as of June 30, 2017. Fair value of the equity-method investment was determined utilizing the income method with Level 3 inputs in accordance with ASC 820. Subsequent to June 30, 2017, Iconix SE Asia, Ltd. is accounted for as an equity-method investment with earnings from the investment being recorded in equity earnings from joint ventures in the Company's consolidated statement of operations.

Iconix India Joint Venture

In June 2012, the Company formed Imaginative Brand Developers Private Limited ("Iconix India"), a wholly-owned subsidiary of the Company, and contributed substantially all rights to its wholly-owned and controlled brands in India through an agreement with Iconix India. Shortly thereafter Reliance Brands Limited ("Reliance"), an affiliate of the Reliance Group, purchased a 50% interest in Iconix India for $6.0 million of which approximately $2.0 million was paid in cash upon the closing of this transaction and the remaining $4.0 million of which is a note, to be paid over a 48- month period following closing. As a result of this transaction, the Company recognized a gain of approximately $2.3 million in FY 2013 for the difference between the consideration (cash and notes receivable) received by the Company and the book value of the brands contributed to the joint venture. Additionally, pursuant to the terms of the transaction, the Company and Reliance each agreed to contribute 100 million Indian rupees (approximately $2.0 million) to Iconix India only upon the future mutual agreement of the parties, of which 25 million Indian rupees (approximately $0.5 million) was contributed at closing.

As of December 31, 2019, the $1.0 million note receivable, which is the remaining amount due to the Company from Reliance, was reserved on the Company's consolidated balance sheet with the offset recorded to bad debt expense on the Company's consolidated statement of operations in FY 2018.

The Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company and Reliance, that Iconix India is not a VIE and not subject to consolidation. The Company has recorded its investment under the equity method of accounting since inception.

MG Icon

In March 2010, the Company acquired a 50% interest in MG Icon, the owner of the Material Girl and Truth or Dare brands and trademarks and other rights associated with the artist, performer and celebrity known as "Madonna", from Purim LLC ("Purim") for $20.0 million, $4.0 million of which was paid at closing. In connection with the launch of Truth or Dare brand and based on certain qualitative criteria, Purim is entitled to an additional $3.0 million. The total cash consideration was fully paid in FY 2016.

At inception, the Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company and Purim, MG Icon is a VIE and not subject to consolidation, as the Company is not the primary beneficiary of MG Icon. The Company has recorded its investment under the equity method of accounting.

Pursuant to the terms of the MG Icon operating agreement and subject to certain conditions, the Company is entitled to recognize a preferred profit distribution from MG Icon of at least $23.0 million, after which all profits and losses are recognized 50/50 in accordance with each principal's membership interest percentage. Since the third quarter of FY 2017 (at which time the Company had achieved the $23.0 million in distributions from its interest in MG Icon), the Company has been recognizing 50/50 of all profits and losses in accordance with each principal's membership interest percentage.

As a result of the investment impairment test performed in the fourth quarter of FY 2019, the Company recorded an impairment of its investment in MG Icon of $9.6 million (inclusive of write off of $2.6 million of advances made to the entity) due to reduced revenue forecasts for the Material Girl brand.

Investments in Iconix China

Through our ownership of Iconix China (see above), we have equity interests in the following private companies which are accounted for as equity method investments:

Brands Placed	Entity	Ownership by Iconix China	Carrying Value of Investment As of December 31, 2019
Candie's	Candies Shanghai Fashion Co., Ltd.	20%	$ 10,100
Marc Ecko	Shanghai MuXiang Apparel & Accessory Co. Limited	15%	2,270
Material Girl	Ningbo Material Girl Fashion Co., Ltd. (1)	0%	—
Ecko Unltd	Ai Xi Enterprise (Shanghai) Co. Limited	20%	10,216
			$ 22,586

(1) In March 2019, the Company sold its 20% interest in Ningbo Material Girl Fashion Co. Ltd. ("Material Girl China") to Ningbo Peacebird Fashion & Accessories Co. Ltd. for $3.0 million in cash. Pursuant to the agreement, the sale price was reduced by an initial cash investment of $0.2 million, as well as $0.6 million of brand management expenses incurred since the inception of the Material Girl China entity, resulting in total net proceeds of $2.2 million. Additionally, Purim LLC, our MG Icon partner, is entitled to 33.3% of the net proceeds (or approximately $0.7 million) resulting in the Company's portion of the net proceeds from the transaction to be approximately $1.5 million. As a result of this transaction, the Company recognized a gain of $0.2 million, which has been recorded within Other Income in the Company's consolidated statement of operations during FY 2019.

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 for $32 million. At inception, the Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company that Marcy Media is not a VIE and not subject to consolidation.

In the third quarter of 2019, the Company recorded an impairment charge of $17 million on its investment in Marcy Media. During the fourth quarter of 2019, the Company sold its interests in Marcy Media for $15 million.

Complex Media Inc.

In January 2018, the Company received $1.0 million in cash held in escrow related to the sale of its minority investment in Complex Media Inc. As a result, the Company has recognized a gain of $1.0 million recorded within Other Income on the Company's consolidated statement of operations in FY 2018.

5. Gains on Sale of Trademarks, net

The following table details transactions comprising gains on sales of trademarks, net in the consolidated statement of operations:

	December 31, 2019	December 31, 2018
Interest in Sharper Image trademark in Iconix Southeast Asia(2)	—	236
Interest in Sharper Image trademark in Iconix Europe(2)	—	352
Interest in Sharper Image trademark in Iconix MENA(2)	—	250
Interest in Sharper Image trademark in Iconix Australia(2)	—	125
Interest in Badgley Mischka trademark in Iconix Southeast Asia(1)	—	478
Interest in Badgley Mischka trademark in Iconix Europe(1)	—	(244)
Interest in Badgley Mischka trademark in Iconix MENA(1)	—	71
Total net gains on sales of trademarks	$ —	$ 1,268

(1) In February 2016, the Company sold its rights to the Badgley Mischka intellectual property and related assets to Titan Industries, Inc. in partnership with the founders, Mark Badgley and James Mischka, and the apparel license MJCLK LLC for $13.8 million in cash. The Company recognized a gain of $11.6 million as a result of this transaction. The $11.6 million gain represented the sale of the Badgley Mischka intellectual property and related assets within the United States, Greater China, Israel and Latin America territories. The Badgley Mischka intellectual property and related assets within other foreign territories is owned by certain of the Company's joint venture entities and required the Company to negotiate and finalize the sale of the intellectual property with its respective joint venture partners. In September 2017, the Company sold its interest in certain Badgley Mischka trademarks for shoes and handbags in Canada for $0.4 million in cash. The Company recognized a gain of $0.4 million as a result of this transaction. Additionally, in FY 2018, the Company recognized an additional combined gain of approximately $0.3 million upon final execution of the agreement for the sale of the Badgley Mischka intellectual property and related assets which were previously owned by the Iconix Southeast Asia, Iconix Europe and Iconix MENA joint ventures resulting in an aggregate gain on the sale of the brand of $12.3 million.

(2) In December 2016, the Company sold the rights to the Sharper Image intellectual property and related assets to 360 Holdings, Inc. for $100.0 million in cash (of which $1.8 million is being held in escrow for the sale of the Sharper Image intellectual property in the Company's international joint ventures). The Company recognized a gain of $28.1 million as a result of this transaction. The Sharper Image intellectual property and related assets within other foreign territories is owned by certain of the Company's joint venture entities and required the Company to negotiate and finalize the sale of the intellectual property with its respective joint venture partners. In September 2017, the Company sold its interest in the Sharper Image trademark in Canada for $0.5 million in cash. The Company recognized a gain of $0.5 million as a result of this transaction. In FY 2018, the Company recognized an additional combined gain of approximately $1.0 million upon final execution of the agreement for the sale of the Sharper Image intellectual property and related assets which were previously owned by the Iconix Southeast Asia, Iconix Europe, Iconix MENA, and Iconix Australia joint ventures resulting in an aggregate gain on the sale of the brand of $29.6 million.

6. Fair Value Measurements

ASC Topic 820 “Fair Value Measurements”, establishes a framework for measuring fair value and requires expanded disclosures about fair value measurement. While ASC 820 does not require any new fair value measurements in its application to other accounting pronouncements, it does emphasize that a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 established the following fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) the reporting entity’s own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs):

Level 1: Observable inputs such as quoted prices for identical assets or liabilities in active markets

Level 2: Other inputs that are observable directly or indirectly, such as quoted prices for similar assets or liabilities or market-corroborated inputs

Level 3: Unobservable inputs for which there is little or no market data and which requires the owner of the assets or liabilities to develop its own assumptions about how market participants would price these assets or liabilities

The valuation techniques that may be used to measure fair value are as follows:

(A) Market approach—Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities

(B) Income approach—Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about those future amounts, including present value techniques, option-pricing models and excess earnings method

(C) Cost approach—Based on the amount that would currently be required to replace the service capacity of an asset (replacement cost)

To determine the fair value of certain financial instruments, the Company relies on Level 2 inputs generated by market transactions of similar instruments where available, and Level 3 inputs using an income approach when Level 1 and Level 2 inputs are not available. The Company’s assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of financial assets and financial liabilities and their placement within the fair value hierarchy.

Hedge Instruments

From time to time, the Company will purchase hedge instruments to mitigate statement of operations risk and cash flow risk of revenue and receivables. As of December 31, 2019, the Company had no hedge instruments.

Financial Instruments

As of December 31, 2019 and December 31, 2018, the fair values of cash, receivables and accounts payable approximated their carrying values due to the short-term nature of these instruments. The fair value of notes receivable and note payable from and to our joint venture partners approximate their carrying values. The fair value of certain of our other equity investments is generally not readily determinable, and it is not practical to obtain the information needed to determine the value. For FY 2019, the Company recorded a $9.6 million (inclusive of $2.6 million of advances made to the entity) impairment charge to its equity investment in MG Icon based upon a decline in the fair value of the investment due to poor performance and an impairment of its investment in Marcy Media Holdings, LLC in the amount of $17.0 million based on the estimated value that would be realized on the disposition of our equity interest. There has been no indication of impairment of other equity investments as of December 31, 2019 and December 31, 2018. The estimated fair values of other financial instruments subject to fair value disclosures, determined based on Level One inputs, including broker quotes or quoted market prices or rates for the same or similar instruments and the related carrying amounts, are as follows:

	December 31, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current portion (1)	$ 645,721	$ 556,187	$ 675,229	$ 582,370

(1) Carrying amounts include aggregate unamortized debt discount and debt issuance costs.

Additionally, the fair value of the other equity investments acquired as part of the FY 2015 purchase of our joint venture partners' interest in Iconix China which was sold in FY 2019 for $0.7 million (refer to Note 4 for further details) was $0 and $1.0 million as of December 31, 2019 and December 31, 2018, respectively, with the decrease in fair value of $0.3 million recorded in the Company's consolidated statement of operations.

Financial instruments expose the Company to counterparty credit risk for nonperformance and to market risk for changes in interest. The Company manages exposure to counterparty credit risk through specific minimum credit standards, diversification of counterparties and procedures to monitor the amount of credit exposure. The Company's financial instrument counterparties are investment or commercial banks with significant experience with such instruments, as well as certain of our joint venture partners – see Note 4.

Non-Financial Assets and Liabilities

The Company accounts for non-recurring adjustments to the fair values of its non-financial assets and liabilities under ASC 820 using a market participant approach. The Company uses a discounted cash flow model with Level 3 inputs to measure the fair value of its non-financial assets and liabilities. The Company also adopted the provisions of ASC 820 as it relates to purchase accounting for its acquisitions. The Company has goodwill, which is tested for impairment at least annually, as required by ASC 350- "Intangibles- Goodwill and Other", ("ASC 350"). Further, in accordance with ASC 350, the Company's indefinite-lived trademarks are tested for impairment at least annually, on an individual basis as separate single units of accounting. Similarly, consistent with ASC 360- "Property, Plant and Equipment" ("ASC 360"), as it relates to accounting for the impairment or disposal of long-lived assets, the Company assesses whether or not there is impairment of the Company's definite-lived trademarks. The Company recorded impairment charges on certain indefinite-lived and definite-lived assets during the fourth quarter of FY 2019 as well as the second quarter, third quarter and fourth quarter of FY 2018. Refer to Note 3 for further information. The Company recorded asset impairment charges of $1.8 million in FY 2019 related to the consolidation and partial sublease of its New York office space.

7. Fair Value Option

During the first quarter of FY 2018, the Company elected to account for its 5.75% Convertible Notes under the fair value option. The fair value carrying amount and the contractual principal outstanding balance of the 5.75% Convertible Notes accounted for under the fair value option as of December 31, 2019 is $47.3 million and $94.4 million, respectively. The change of $3.9 million and $81.0 million in the fair value of the 5.75% Convertible Notes accounted for under the fair value option are included in the Company's consolidated statement of operations for FY 2019 and FY 2018 respectively, within Other Income.

The primary reason for electing the fair value option is for simplification and cost-benefit considerations of accounting for the 5.75% Convertible Notes (the hybrid financial instrument) at fair value in its entirety versus bifurcation of the embedded derivatives. The 5.75% Convertible Notes contain bifurcatable embedded derivatives and do not require settlement by physical delivery of non-financial assets. The significant inputs to the valuation of the 5.75% Convertible Notes at fair value are Level 1 inputs, as they are based on the quoted prices of the notes in the active market.

8. Debt Arrangements

The Company's net carrying amount of debt is comprised of the following:

	December 31, 2019	December 31, 2018
Senior Secured Notes	$ 338,130	$ 365,481
Variable Funding Note, net of original issue discount	99,610	95,273
Senior Secured Term Loan, net of original issue discount	162,418	171,137
5.75% Convertible Notes (1)	47,277	48,076
Unamortized debt issuance costs	(1,714)	(4,738)
Total debt	645,721	675,229
Less current maturities	61,976	54,263
Total long-term debt	$ 583,745	$ 620,966

(1) Reflects the debt carrying amount, which is accounted for under the Fair Value Option in the consolidated balance sheet as of December 31, 2019 and December 31, 2018. The actual principal outstanding balance of the 5.75% Convertible Notes is $94.4 million and $109.7 million as of December 31, 2019 and December 31, 2018, respectively.

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 allow 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, 2019.

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 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. As 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 the 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, 2019, the Company is in compliance with all covenants under the Securitization Notes.

The Company’s Securitization Notes include a financial test, known as the debt service coverage ratio (“DSCR”) that measures the amount of principal and interest required to be paid on the Co-Issuers’ debt to approximate cash flow available to pay such principal and interest. As a result of the decline in royalty collections during the twelve months ended March 31, 2019, the DSCR fell below 1.10x as of March 31, 2019. Beginning April 1, 2019, the Senior Secured Notes experienced a Rapid Amortization Event pursuant to the Securitization Indenture. Upon a Rapid Amortization Event, any residual amounts available will immediately be used to pay down the principal.

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. As noted above, a Rapid Amortization Event occurred beginning April 1, 2019.

As of December 31, 2019 and December 31, 2018, the total outstanding principal balance of the Securitization Notes was $438.1 million and $465.5 million, respectively, of which $42.7 million and $42.7 million, respectively is included in the current portion of long-term debt on the consolidated balance sheet. As of December 31, 2019 and December 31, 2018, $14.9 million and $15.2 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.

For FY 2019 and FY 2018, cash interest expense relating to the Securitization Notes was approximately $21.0 million and $22.2 million, respectively. For FY 2019 and FY 2018, the Company recorded an expense for the amortization of original issue discount and deferred financing costs related to the Variable Funding Notes of $5.1 million and $4.6 million, respectively. The effective interest rate on such notes is 10.87%.

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.

Prior to the First Amendment, 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. As this transaction was accounted for as a debt modification in accordance ASC 470-50-40, and based on the Company's accounting policy for debt modifications, 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, 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.

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).

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, 2019 and December 31, 2018, the outstanding principal balance of the Senior Secured Term Loan was $162.4 million (which is net of $13.2 million of original issue discount) and $171.1 million (which is net of $18.3 million of original issue discount), respectively, of which $19.3 million and $11.6 million is recorded in current portion of long term debt on the Company’s consolidated balance sheet, respectively.

The Company recorded cash interest expense of approximately $18.0 million relating to the Senior Secured Term Loan in FY 2019 as compared to $17.2 million for FY 2018 (which included a commitment fee).

The Company recorded an expense for the amortization of original issue discount and deferred financing fees of approximately $5.5 million relating to the Senior Secured Term Loan, included in interest expense on the consolidated statement of operations, during FY 2019 as compared to $4.4 million during FY 2018. The effective interest rate on the Senior Secured Term Loan is 13.3%.

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) prior to maturity, each holder will have the right at its option, but subject in all respects to the terms of the Intercreditor Agreement and the Senior Secured Term Loan, 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 2019, 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 Conversion Make-Whole Payments of approximately 2.9 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 2019, an aggregate $1.3 million was recorded as Other income in the Company's consolidated statement of operations for FY 2019.

The Company has elected to account for the 5.75% Convertible Notes based on the Fair Value Option accounting as outlined in ASC 825. Refer to Note 7 for further details. As of December 31, 2019, while the debt balance recorded at fair value on the Company's consolidated balance sheet is $47.3 million, the actual outstanding principal balance of the 5.75% Convertible Notes is $94.4 million.

The Company recorded interest expense of approximately $5.7 million relating to the 5.75% Convertible Notes during the FY 2019 as compared to $5.5 for FY 2018. The Company paid its first interest payment which was due on August 15, 2018 through the issuance of approximately 0.6 million shares of the Company's common stock.

1.50% Convertible Notes

On March 18, 2013, the Company completed the issuance of $400.0 million principal amount of the Company's 1.50% Convertible Notes issued pursuant to that certain Indenture, dated as of March 15, 2013, by and between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (the "1.50% Notes Indenture"), in a private offering to certain institutional investors with net proceeds of approximately $390.6 million.

During FY 2016, the Company repurchased $104.9 million par value of the 1.50% Convertible Notes with a combination of $36.7 million in cash (including interest and trading fees) and the issuance of approximately 0.7 million shares of the Company's common stock. During FY 2017, the Company repurchased $58.9 million par value of the 1.50% Convertible Notes for $59.3 million in cash (including interest and trading fees).

On February 22, 2018, the Company completed the Note Exchange. On March 15, 2018, the Company repaid the remaining outstanding principal balance of $111.2 million of the 1.50% Convertible Notes with the proceeds of the Second Delayed Draw Term Loan of $110 million plus cash on hand, and no further 1.50% Convertible Notes remained outstanding. The exchange of the 1.50% Convertible Notes for the 5.75% Convertible Notes was accounted for as a debt extinguishment in accordance with ASC 470 and resulted in the Company recording a gain on extinguishment of debt of $4.5 million, which is recorded in the Company's consolidated statement of operations for the FY 2018.

In accordance with ASC 470, as the terms of the 5.75% Convertible Notes and the Second Delayed Draw Term Loan were readily determinable and the 5.75% Convertible Notes and the Second Delayed Draw Term Loan were scheduled to mature on August 15, 2023 and August 2, 2022, respectively.

For FY 2018, the Company recorded additional non-cash interest expense of approximately $1.7 million, representing the difference between the stated interest rate on the 1.50% Convertible Notes and the rate for a similar instrument that does not have a conversion feature.

For FY 2018, the Company recorded cash interest expense relating to the 1.50% Convertible Notes of approximately $0.6 million.

Debt Maturities

As of December 31, 2019, the Company's debt maturities on a calendar year basis are as follows:

	Total	2020	2021	2022	2023	2024	Thereafter
Senior Secured Notes	$ 338,130	$ 42,693	$ 42,693	$ 42,693	$ 42,693	$ 42,693	$ 124,665
Variable Funding Notes (1)	$ 99,610	—	—	—	—	—	99,610
Senior Secured Term Loan (2)	$ 162,418	19,284	19,284	19,284	104,566	—	—
5.75% Convertible Notes (3)	$ 47,277	—	—	—	47,277	—	—
Total	$ 647,435	$ 61,977	$ 61,977	$ 61,977	$ 194,536	$ 42,693	$ 224,275

(1) Reflects the net debt carrying amount, effected by the outstanding balance of the original issue discount, in the consolidated balance sheet as of December 31, 2019. The actual principal outstanding balance of the Variable Funding Notes is $100.0 million as of December 31, 2019.

(2) Reflects the net debt carrying amount, effected by the outstanding balance of the original issue discount, in the consolidated balance sheet as of December 31, 2019. The actual principal outstanding balance of the Senior Secured Term Loan is $175.6 million as of December 31, 2019.

(3) Reflects the debt carrying amount which is accounted for under the Fair Value Option in the consolidated balance sheet as of December 31, 2019. The actual principal outstanding balance of the 5.75% Convertible Notes is $94.4 million as of December 31, 2019.

9. Stockholders' Equity

2016 Omnibus Incentive Plan

On November 4, 2016, the Company's stockholders approved the Company's 2016 Omnibus Incentive Plan ("2016 Plan"). The 2016 Plan replaced and superseded the Company's Amended and Restated 2009 Equity Incentive Plan. Under the 2016 Plan, all employees, directors, officers, consultants and advisors of the Company, including those of the Company's subsidiaries, are eligible to be granted common stock, options or other stock-based awards. At inception, there were approximately 0.2 million shares of the Company's common stock available for issuance under the 2016 Plan. The 2016 Plan was amended at the 2017 Annual Meeting of Stockholders to increase the number of shares available under the plan by 0.19 million shares.

Shares Reserved for Issuance

As of December 31, 2019, there were less than 0.1 million common shares available for issuance under the 2016 Plan.

Amendment of Certification of Incorporation

At the Special Meeting of Stockholders of the Company held on April 26, 2018, the Company's stockholders approved an amendment to the Company's Certificate of Incorporation to increase the number of authorized shares of its common stock, $.001 par value per share, from 150 million to 260 million.

Reverse Stock Split

On March 14, 2019, the Company effected a Reverse Stock Split of its common stock. No fractional shares were issued in connection with the Reverse Stock Split. Stockholders who otherwise would have been entitled to receive fractional shares of common stock had their holdings rounded up to the next whole share. Unless the context otherwise requires, all share and per share amounts in this annual report on Form 10-K have been adjusted to reflect the Reverse Stock Split.

Stock Options

There were no grants of stock options and no compensation expense related to stock option grants during FY 2019 or FY 2018, as all prior awards have been fully expensed.

During FY 2019 and FY 2018, there were no exercised stock options. Additionally, during FY 2019, the remaining 1,500 stock options previously granted with a weighted average exercise price of $171.60 expired.

Restricted stock

Compensation cost for restricted stock is measured as the excess, if any, of the quoted market price of the Company's stock at the date the common stock is issued over the amount the employee must pay to acquire the stock (which is generally zero). Compensation cost is recognized over the period between the issue date and the date any restrictions lapse, with compensation cost recognized on a straight-line basis over the requisite service period. The restrictions do not affect voting and dividend rights.

The following tables summarize information about unvested restricted stock transactions:

	FY 2019		FY 2018	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Non-vested, January 1,	239,077	$ 2.68	54,490	$ 76.49
Granted	329,145	1.70	319,378	2.20
Vested	(241,082)	2.26	(109,872)	21.40
Forfeited/Canceled	(296)	75.20	(24,919)	76.00
Non-vested, December 31,	326,844	$ 1.94	239,077	$ 2.68

The Company has awarded time-based restricted shares of common stock to certain employees. The awards have restriction periods tied to employment and vest over a maximum period of approximately 3 years. The cost of the time-based restricted stock awards, which is the fair market value on the date of grant net of estimated forfeitures, is expensed ratably over the vesting period. During FY 2019 and FY 2018, the Company awarded approximately 0.3 million and 0.3 million restricted shares, respectively, with a fair market value of approximately $0.6 million and $0.7 million, respectively.

Compensation expense related to restricted stock grants for FY 2019 and FY 2018 was approximately $0.8 million and $1.3 million, respectively. An additional amount of $0.4 million of compensation expense related to restricted stock grants (inclusive of the restricted stock grants awarded as part of the long-term incentive plan discussed below) is expected to be expensed evenly over a periods of approximately twelve to twenty seven months. During FY 2019 and FY 2018, the Company repurchased shares valued at $0.2 million and $0.2 million, respectively, of its common stock in connection with net share settlement of restricted stock grants.

Retention Stock

On January 7, 2016, the Company awarded to certain employees a retention stock grant of approximately 1.3 million shares with a then current value of approximately $7.5 million. The awards cliff vest in three years based on the Company's total shareholder return measured against a peer group, as described in the Company's Form 10-K/A filed on April 29, 2016. The grant date fair value of the awards issued on January 7, 2016 was $42.50. As of December 31, 2018, pursuant to the terms of the awards and based upon the Company's performance over the vesting period, no shares were issued upon expiration of the grant.

Mr. John Haugh, the Company's former Chief Executive Officer, was issued an employment inducement award pursuant to his employment agreement. The terms of the Employment Inducement Award are similar to the retention stock awards provided to all other employees, as described above. The grant date fair value of Mr. Haugh's award issued on February 23, 2016 was $57.50. As of June 15, 2018, Mr. Haugh, was no longer an employee of the Company or a member of the Company's board of directors. As of Mr. Haugh's termination date, the retention stock awards were not earning out, and therefore, the vesting of shares associated with Mr. Haugh's awards resulted in zero shares issuable.

On October 15, 2018, the Company hired Robert C. Galvin as its Chief Executive Officer and President and he was appointed to the Company's board of directors. Mr. Galvin was issued an Employment Inducement Award pursuant to his employment agreement. The terms of the Employment Inducement Award are similar to the retention stock awards provided to other employees as described above. The grant date fair value of Mr. Galvin's award issued on October 15, 2018 was $0.18 and was based on the following range of assumptions for the Company and the peer group (the grant date fair value and stock price valuation assumptions in the table below have not been updated to reflect the Reverse Stock Split):

	October 15, 2018
Valuation Assumptions:	
Beginning average stock price (20 trading days prior to October 15, 2018)	$0.27 - $86.49
Valuation date stock price (closing values on October 15, 2018)	$0.22 - $80.27
Risk free interest rate	2.92%
Expected dividend yield used when simulating the total shareholder return	0.00%
Expected dividend yield used when simulating the Company's stock price	0.00%
Stock price volatility (based on historical stock price over the last 3.00 years)	20.88% - 108.81%
Correlation coefficients	-0.02 -0.48

Compensation related to the retention stock awards was an expense of approximately $0.2 million and an expense of approximately $0.3 million for FY 2019 and FY 2018, respectively. An additional amount of $0.2 million of compensation expense related to retention stock awards is expected to be expensed over a period of approximately 1.8 years.

Long-Term Incentive Compensation

On March 31, 2016, the Company approved a new plan for long-term incentive compensation (the "2016 LTIP") for key employees and granted equity awards under the 2016 LTIP in the aggregate amount of approximately 0.7 million shares at a weighted average share price of $73.10 with a then current value of approximately $5.2 million. The awards granted were a combination of restricted stock units ("RSUs") and target level performance stock units ("PSUs"). Pursuant to the terms of the awards and based upon the Company's performance over the vesting period, less than 0.1 million were issued upon expiration of the grant on March 31, 2019.

On March 7, 2017, the Company approved a new plan for long-term incentive compensation (the "2017 LTIP") for certain employees and granted equity awards under the 2017 LTIP in the aggregate amount of approximately 0.1 million shares at a weighted average share price of $75.20 with a then current value of $6.6 million. The awards granted were a combination of RSUs and target level PSUs. The material terms of the PSUs and RSUs are substantially similar to those set forth in the 2016 LTIP. Specifically, the RSUs vest one third annually on each of March 30, 2018, March 30, 2019 and March 30, 2020. The PSUs vest based on performance metrics approved by the Compensation Committee, which, for the performance period commencing January 1, 2017 and ending on December 31, 2019, are based on the Company's achievement of an aggregated adjusted operating income performance target as set forth in the applicable award agreements, and continued employment through December 31, 2019. In FY 2019, less than 0.1 million shares were forfeited in respect of the 2017 LTIP. The Company does not expect any of the 2017 LTIP shares to achieve target performance and vest. The weighted average remaining contractual term (in years) of the PSUs is less than one year.

On March 15, 2018, the Company approved a new plan for long-term incentive compensation (the "2018 LTIP") for certain employees which consisted of (i) equity awards in the aggregate amount of approximately 0.2 million shares at a weighted average share price of $13.80 with a then current value of $3.1 million and (ii) cash awards in the aggregate amount of approximately $3.1 million (the "Cash Grant"). The Cash Grants comprising the 2018 LTIP vest in 48 equal semi-monthly installments on the 15th and last days of each month, beginning March 31, 2018 and ending March 15, 2020, subject in each case to continued employment through the applicable vesting date. Each installment is paid within 15 days of the applicable vesting date. Upon the end of an employee's employment with the Company, any remaining unpaid portion of the Cash Grant is forfeited. The PSUs vest based on performance metrics approved by the Compensation Committee over three separate performance periods, commencing on January 1 of each of 2018, 2019 and 2020 and ending on December 31 of each of 2018, 2019 and 2020, which, for each such performance period, are based on the Company's achievement of an aggregated adjusted operating income performance target to be set by the Compensation Committee prior to March 30 of each applicable performance period, and continued employment through the settlement date. For FY 2019, there were 0.2 million shares forfeited in respect of the 2018 LTIP. As of December 31, 2019, none of the performance targets have been met. The weighted average remaining contractual term of the PSUs is less than two years.

Compensation recognized related to the PSUs granted as part of the long-term incentive plans was an expense of less than $0.1 million as compared to a compensation benefit of $3.9 million in FY 2019 and FY 2018, respectively. The compensation benefit recognized during FY 2018 is as a result of the Company revising its future forecasted earnings associated with the Sears bankruptcy filing, which in accordance with ASC 718, required the Company to reverse compensation expense recognized in prior periods as the PSUs were no longer projected to earn-out on the vesting date for the 2017 LTIP, as well as the reversal of compensation expense during the year due to the departure of certain named executive officers. An additional amount of $0.2 million of compensation expense related to the PSUs granted as part of the various LTIPs is expected to be expensed over a period of less than one year.

10. Earnings (Loss) Per Share

Basic earnings (loss) per share includes no dilution and is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) per share reflect, in periods in which they have a dilutive effect, the effect of restricted stock-based awards, common shares issuable upon exercise of stock options and shares underlying convertible notes potentially issuable upon conversion. The difference between basic and diluted weighted-average common shares results from the assumption that all dilutive stock options outstanding were exercised, and all convertible notes have been converted into common stock.

As of December 31, 2019, of the total potentially dilutive shares related to restricted stock-based awards and stock options, less than 0.1 million were anti-dilutive, compared to approximately 0.2 million that were anti-dilutive as of December 31, 2018. Additionally, as of December 31, 2019, of total potentially dilutive shares related to potential conversion of the Company's 5.75% Convertible Notes, all of the shares (or approximately 33.7 million) were anti-dilutive, compared to approximately 8.1 million as of December 31, 2018.

As of December 31, 2019, of the performance related restricted stock-based awards issued in connection with the Company's named executive officers, approximately 0.3 million shares were anti-dilutive compared to none that were anti-dilutive as of December 31, 2018.

A reconciliation of weighted average shares used in calculating basic and diluted earnings per share follows:

	FY 2019	FY 2018
Basic	10,559	6,734
Effect of assumed vesting of restricted stock	—	—
Effect of convertible notes subject to conversion	—	—
Diluted	10,559	6,734

As a result of the Company being in a net loss position during FY 2019 and FY 2018, dilution from the exercise of vesting of restricted stock has been excluded in the diluted earnings per share calculation.

In accordance with ASC 480, the Company considers its redeemable non-controlling interest in its computation of both basic and diluted earnings per share. In addition, in accordance with ASC 260, the Company considers its 5.75% Convertible Notes in its computation of diluted earnings per share. For FY 2019 and FY 2018, adjustments to the Company's redeemable non-controlling interest and effects of the potential conversion of the 5.75% Convertible Notes had impacts on the Company's earnings per share calculations as follows:

	Year Ended December 31, 2019	Year Ended December 31, 2018
For earnings (loss) per share - basic:		
Net loss attributable to Iconix Brand Group, Inc.	$ (111,513)	$ (100,521)
Accretion of redeemable non-controlling interest	—	—
Net income (loss) attributable to Iconix Brand Group, Inc. after accretion of redeemable non- controlling interest for basic earnings (loss) per share	$ (111,513)	$ (100,521)
For earnings (loss) per share - diluted:		
Net loss attributable to Iconix Brand Group, Inc.	$ (111,513)	$ (100,521)
Effect of potential conversion of 5.75% Convertible Notes (1)	—	—
Accretion of redeemable non-controlling interest	—	—
Net loss attributable to Iconix Brand Group, Inc. after the effect of potential conversion of 5.75% Convertible Notes for diluted earnings (loss) per share	$ (111,513)	$ (100,521)
Earnings (loss) per share:		
Basic	$ (10.56)	$ (14.93)
Diluted	$ (10.56)	$ (14.93)
Weighted average number of common shares outstanding:		
Basic	10,559	6,734
Diluted	10,559	6,734

(1) There was no effect of potential conversion of the Company's 5.75% Notes on the Company's diluted earnings per share calculation for FY 2019 or FY 2018, as the effect was anti-dilutive.

11. Contingencies

In May 2016, Supply Company, LLC, ("Supply"), a former licensee of the Ed Hardy trademark, commenced an action against the Company and its affiliate, Hardy Way, LLC, ("Hardy Way" and together with the Company, the "Iconix Defendants") seeking damages of $50 million, including punitive damages, attorneys' fees and costs (the "Supply Litigation"). 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 in the Supply Litigation, and have filed a motion to dismiss the Complaint, which is awaiting Court decision. In addition, Hardy Way commenced an action against Kevin Yap ("Yap"), the principal of Supply, to enforce the terms of his guarantee of Supply's obligations under the Supply-Hardy Way license agreement for the Ed Hardy trademark (the "Yap Litigation"). In response, Yap filed counterclaims against Hardy Way asserting two declaratory judgment claims seeking similar damages as in the Supply Litigation, including the reimbursement of Supply for losses allegedly suffered because of the markdown reimbursement requests, as well as rescission of the Supply-Hardy Way license agreement, other damages and attorneys' fees and costs. Hardy Way is vigorously defending against the counterclaims in the Yap Litigation, and has filed a pre-discovery motion for summary judgment on its affirmative claim and to dismiss Yap's counterclaims, which is awaiting Court decision. At this time, the Company is unable to estimate the ultimate outcomes of the Supply Litigation or the Yap Litigation.

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.

As previously disclosed, on September 16, 2019, the Company entered into a Stipulation of Settlement (the “Stipulation”) with the lead plaintiff in the securities class action lawsuit pending against it in the United States District Court for the Southern District of New York, In re Iconix Brand Group, Inc., et al., Docket No. 1:15-cv-04860 (the “Class Action”). The settlement releases all claims asserted against the Company and the other named defendants party to the Stipulation in the Class Action without any liability or wrongdoing attributed to them. The proposed settlement provides for a total settlement payment of $6.0 million, inclusive of administrative fees and fees for lead plaintiff’s counsel. All of the settlement amount was paid directly by the Company’s directors and officers liability insurance provider. On January 23, 2020, the settlement received court approval, which remains subject to customary appeal rights by interested parties.

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 the same matters underlying the SEC’s investigation (together, the SDNY and SEC investigations, the “Government Investigations”). The Company has cooperated fully with the SEC and SDNY regarding this matter. As previously disclosed, on December 5, 2019, the Company reached an agreement with the SEC to resolve the SEC portion of the Investigation. As part of the settlement, which was approved by the U.S. District Court for the Southern District of New York (“SDNY”), the Company agreed to pay a civil penalty of $5.5 million. On the same day, the U.S. Attorney for the SDNY unsealed charges against the Company’s former Chairman and Chief Executive Officer, as well as its former Chief Operating Officer (who subsequently plead guilty). The criminal trial of the Company’s former Chairman and Chief Executive Officer in respect of this matter is set to begin on May 11, 2020.

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.

12. Related Party Transactions

The Company has entered into certain license agreements in which the core licensee is also one of our joint venture partners. In the case of Sports Direct International plc (“Sports Direct”), the Company maintains license agreements with Sports Direct, but in addition, during FY 2018, the Company entered into a cooperation agreement with Sports Direct that allowed Sports Direct to appoint two members to the Company’s Board of Directors. The cooperation agreement expired pursuant to its terms during the first quarter of 2019. As of December 31, 2019 and December 31, 2018, the Company recognized the following royalty revenue amounts:

	FY 2019	FY 2018
Joint Venture Partner		
Global Brands Group Asia Limited (1)	$ —	$ 19,544
MHMC (2)	7	2,927
Albion Equity Partners LLC / GL Damek	2,350	2,644
Rise Partners, LLC / Top On International Group Limited	—	977
Sports Direct International plc	1,188	915
Anthony L&S	—	623
M.G.S. Sports Trading Limited	440	610
Pac Brands USA, Inc.	363	246
	$ 4,348	$ 28,486

(1) Prior to 2019, Global Brand Group Asia Limited maintained the Buffalo and Zoo York license agreements. However, in October 2018, Centric Brands Inc. acquired a significant portion of Global Brands Group Asia Limited’s North American licensing business. The Company’s license agreement for the Buffalo and Zoo York brands in the United States are now maintained with Centric Brands Inc. which is not a related party or affiliated entity to the Company.

(2) As detailed in Note 4, as of July 2019, MHMC is no longer a related party.

13. Operating Leases

The Company is a lessee in several noncancelable operating leases, primarily for its corporate office, additional office space and certain office equipment. Beginning January 1, 2019, the Company accounts for leases in accordance with ASC Topic 842, *Leases*. Refer to Note 1. The Company determines if an arrangement is or contains a lease at contract inception. The Company recognizes a ROU asset and a lease liability at the lease commencement date.

For operating leases, the ROU asset is initially measured at the initial measurement amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the lease incentive received. For operating leases, the ROU asset is subsequently measured at cost, less accumulated amortization, less any accumulated impairment losses. Lease expense is recognized on a straight-line basis over the lease term.

Variable lease payments associated with the Company's leases are recognized in the period in which the obligation for those payments is incurred. Variable lease payments are presented as operating expense in the Company's consolidated statement of operations in the same line item as the expense arising from fixed lease payments.

Operating lease ROU assets are presented as Right-of-use-assets within Other assets on the consolidated balance sheet. The current portion of operating lease liabilities is included in other liabilities-current and the long-term portion is included in Other liabilities on the consolidated balance sheet.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company recognizes the lease payments associated with its short-term leases of office space and office equipment as an expense on a straight-line basis over the lease term. The Company's leases may include non-lease components such as common area maintenance. The Company has elected the practical expedient to account for the lease and non-lease components as a single lease component, therefore, for all of our operating leases, the lease payments used to measure the lease liability include all of the fixed consideration in the contract.

The Company's operating leases expire over the next five years. The Company's operating leases may contain renewal options however, because the Company is not reasonably certain to exercise these renewal options, the options are not included in the lease term and associated potential option payments are excluded from lease payments. Payments due under the lease contracts include fixed payments and in certain of the Company's leases, variable payments. Variable lease payments consist of the Company's proportionate share of the building's property taxes, insurance, electricity and other common area maintenance costs.

For the twelve months ended December 31, components of lease cost were as follows:

	FY 2019
Operating lease cost	$ 2,215
Short-term lease cost	537
Variable lease cost	396
	$ 3,148

For FY 2018, minimum rental payments under operating leases are recognized on a straight-line basis over the term of the lease including any periods of free rent. Rental expense for operating leases during FY 2018 was approximately $4.0 million

As of December 31, 2019, the operating lease ROU assets and operating lease liabilities were $6.3 million and $8.8 million, respectively.

For FY 2019, cash paid for lease liabilities for operating leases was $2.6 million. Additionally, for FY 2019, the Company recorded $0.1 million of ROU assets and $0.1 million of operating lease obligations for new leases. There were no ROU assets exchanged and no operating lease obligations assumed during the year. In FY 2019, there were no reductions to ROU assets resulting from reductions to lease obligations. In FY 2019, the Company recorded a $0.5 million impairment charge to its ROU assets and a $1.3 million impairment to Leasehold Improvements related to the partial sublet of its New York office space.

Because we generally do not have access to the rate implicit in the lease, the Company utilizes our incremental borrowing rate as the discount rate. As of December 31, 2019, the weighted average remaining operating lease term is 4.17 years and the weighted average discount rate for the operating leases is 8.61%.

Maturities of lease liabilities under non-cancellable leases as of December 31, 2019 are as follows:

		Operating Leases
2020	$	2,610
2021		2,461
2022		2,168
2023		2,109
Thereafter		1,079
Total undiscounted lease payments	$	10,427
Less: Imputed interest		1,594
Total lease liabilities	$	8,833

Future net minimum lease payments under non-cancelable operating lease agreements as of December 31, 2018 under the previous lease accounting standard were as follows:

		Operating Leases
2019	$	2,650
2020		2,726
2021		2,583
2022		2,191
2023		2,109
Thereafter		1,078
Totals	$	13,337

14. Benefit and Incentive Compensation Plans and Other

The Company sponsors a 401(k) Savings Plan (the "Savings Plan") that covers all eligible full-time employees. Participants may elect to make pretax contributions subject to applicable limits. At its discretion, the Company may contribute additional amounts to the Savings Plan. During FY 2019 and FY 2018, the Company made contributions to the Savings Plan of approximately $0.2million and $0.1 million, respectively.

15. Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740. Under ASC Topic 740, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized. In determining the need for a valuation allowance, management reviews both positive and negative evidence pursuant to the requirements of ASC Topic 740, including current and historical results of operations, future income projections and the overall prospects of the Company's business.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some or all the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income in the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on these items and the cumulative pretax losses (primarily resulting from asset impairment expenses), management has determined that enough uncertainty exists relative to the realization of the deferred income tax asset balances to warrant the application of a full valuation allowance for all taxing jurisdictions as of December 31, 2019. In addition, the Company has deferred tax liabilities related to indefinite lived intangibles on the balance sheet in an amount of approximately $4.5 million, which cannot be considered to be a source of taxable income to offset deferred tax assets.

At December 31, 2019, the Company has approximately $172.7 million in federal net operating loss carryforwards (NOLs), approximately $19.0 million of which will expire in FY 2037 if unused. The Company also has foreign tax credit carryforwards of approximately $5.3 million, which will expire in 2023 and 2024. The Company also has approximately $36.5 million apportioned state and local NOLs that will begin to expire in 2034 if not used.

Our use of our NOL carryforwards are limited under Section 382 of the Internal Revenue Code, as we have had a change in ownership of more than 50% of our capital stock over a three-year period as measured under Section 382 of the Internal Revenue Code. These complex changes of ownership rules generally focus on ownership changes involving shareholders owning directly or indirectly 5% or more of our stock, including certain public “groups” of shareholders as set forth under Section 382 of the Internal Revenue Code, including those arising from new stock issuances and other equity transactions.

The Company’s consolidated effective tax rate was -8.6% and -7.9% for the year ended December 31, 2019 and December 31, 2018, respectively. The effective tax rate for the FY 2019 remains consistent as compared to the FY 2018 primarily due to foreign tax withholding tax incurred on foreign sourced revenue, which are remains consistent year over year.

Management believes that an adequate provision has been made for any adjustments that may result from tax examinations; however, the outcome of tax audits cannot be predicted with certainty. If any issues addressed in the Company's tax audits are resolved in a manner not consistent with management's expectations, the Company could be required to adjust its provision for income tax in the period such resolution occurs.

Pre-tax book loss for FY 2019 and FY 2018 were as follows:

	FY 2019	FY 2018
Domestic	$ (129,740)	$ (119,031)
Foreign	35,907	35,900
Total pre-tax loss	$ (93,833)	$ (83,131)

The income tax provision (benefit) for federal, and state and local income taxes in the consolidated statement of operations consists of the following:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Current:		
Federal	$ (1,012)	$ (609)
State and local	(10)	(61)
Foreign	9,185	9,212
Total current	$ 8,163	$ 8,542
Deferred:		
Federal	23	(4,950)
State and local	(103)	(1,967)
Foreign	—	4,913
Total deferred	(80)	(2,004)
Total Provision	$ 8,083	$ 6,538

As of December 31, 2019, the Company is not indefinitely reinvested in any foreign earnings.

The significant components of net deferred tax assets and liabilities of the Company consist of the following:

	December 31, 2019	December 31, 2018
State net operating loss carryforwards	$ 4,064	$ 2,498
U.S. Federal net operating loss carryforwards	36,306	15,864
Receivable reserves	280	4,827
Interest expense limitation	16,779	5,975
Intangibles	96,177	107,035
Equity compensation	1,838	1,764
Foreign Tax Credit	5,252	5,252
Other	9,293	8,907
Total deferred tax assets	169,989	152,122
Valuation allowance	(143,368)	(115,483)
Net deferred tax assets	$ 26,621	$ 36,639
Depreciation	(284)	(369)
Convertible notes	(6,451)	(10,519)
Investment in joint ventures	(24,350)	(30,317)
Total deferred tax liabilities	(31,085)	(41,205)
Total net deferred tax liabilities	$ (4,464)	$ (4,566)
Balance Sheet detail on total net deferred tax assets (liabilities):		
Non-current portion of net deferred tax assets	$ —	$ —
Non-current portion of net deferred tax liabilities	$ (4,464)	$ (4,566)

The following is a rate reconciliation between the amount of income tax provision (benefit) at the Federal rate of 21% and provision (benefit) from taxes on loss before income taxes for FY 2019 and FY 2018, respectively:

	Year ended December, 31 2019	Year ended December, 31 2018
Income tax benefit computed at the federal rate of 21%	$ (19,705)	$ (17,457)
Increase (reduction) in income taxes resulting from:		
State and local income taxes (benefit), net of federal income tax	(115)	(1,998)
Non-controlling interest	(2,552)	(2,720)
Unrecognized tax benefits	—	(31)
Valuation allowance	21,756	22,752
Interest on income tax receivable	(1,253)	—
Non-deductible executive compensation	150	868
Foreign Earnings (rate differential)	8,300	13,405
US Tax Reform / rate reduction	23	(5,562)
Other, net	1,479	(2,719)
Total	$ 8,083	$ 6,538

With the exception of the Buffalo brand joint venture, Diamond Icon Joint Venture and Iconix Middle East joint venture, the Company is not responsible for the income taxes related to the non-controlling interest's share of the joint venture's earnings. Therefore, the tax liability associated with the non-controlling interest share of the joint venture's earnings is not reported in the Company's income tax expense, despite the joint venture's entire income being consolidated in the Company's reported income before income tax expense. As such, the joint venture's earnings have the effect of lowering our effective tax rate. This effect is more pronounced in periods in which joint venture earnings are higher relative to our other earnings. Since the Buffalo brand joint venture is a taxable entity in Canada, and the Diamond Icon joint venture and Iconix Middle East joint venture are taxable entities in the United Kingdom, the Company is required to report its tax liability, including taxes attributable to the non-controlling interest, in its statement of operations. All other consolidated joint ventures are partnerships and treated as pass-through entities not subject to taxation in their local tax jurisdiction, and therefore the Company includes only the tax attributable to its proportionate share of income from the joint venture in income tax expense.

The Company files income tax returns in the U.S. federal and various state and local jurisdictions. For federal income tax purposes, during 2019, the Internal Revenue Service concluded an audit of the 2014 federal tax return, which resulted in a tax benefit of $1.3 million related to interest on a refund claim which was issued upon conclusion of the examination. During 2019, the State of California concluded its audit covering 2013 through 2014. There was no tax charge related to this examination. During 2018, the Company concluded its New York State audit covering 2011 through 2014. There was no tax charge related to this examination during the year as the $0.5 million due was recorded in prior years. The Company also files returns in numerous foreign jurisdictions that have varied years remaining open for examination, but generally the statute of limitations is three to four years from when the return is filed.

At December 31, 2019 and December 31, 2018, the total unrecognized tax benefit was approximately $0 million and $0 million, respectively. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits, excluding interest and penalties, is as follows:

	2019	2018
Uncertain tax positions at January 1	$ —	$ 354
Additions for current year tax positions	—	—
Additions for prior year tax positions	—	—
Reductions for prior year tax positions	—	(15)
Settlements	—	(339)
Uncertain tax positions at December 31	$ —	$ -

Approximately $0 million of unrecognized tax benefits at December 31, 2019 would affect the Company's effective tax rate if recognized. The Company believes it is reasonably possible that there will be no reduction of unrecognized tax benefits in the next 12 months as a result of settlements with taxing authorities and or statute of limitations expirations.

The Company is continuing its practice of recognizing interest and penalties to income tax matters in income tax expense. There were no interest or penalties accrued related to uncertain tax positions in any of these periods.

16. Accumulated Other Comprehensive Income

The following table sets forth the activity in accumulated other comprehensive income for the years ended December 31, 2019 and December 31, 2018:

	Foreign currency translation adjustments	Unrealized losses of available for sale securities	Total
Balance at December 31, 2018	$ (53,068)	$ —	$ (53,068)
Foreign currency translation adjustment	(1,575)	—	(1,575)
Current period other comprehensive income	(1,575)	—	(1,575)
Balance at December 31, 2019	$ (54,643)	$ —	$ (54,643)

	Foreign currency translation adjustments	Unrealized losses of available for sale securities	Total
Balance at December 31, 2017	$ (48,103)	$ (3,177)	$ (51,280)
Foreign currency translation adjustment	(4,965)	—	(4,965)
Cumulative adjustment for adoption of ASU 2016-01		3,177	3,177
Current period other comprehensive income	(4,965)	3,177	(1,788)
Balance at December 31, 2018	$ (53,068)	$ —	$ (53,068)

17. Segment and Geographic Data

The Company identifies its operating segments for which separate financial information is available and for which segment results are evaluated regularly by the Chief Executive Officer, the Company's Chief Operating Decision Maker ("CODM"), in deciding how to allocate resources and in assessing performance. The Company discloses the following operating segments: women's, men's, home, and international. Since the Company does not track, manage and analyze its assets by segments, no disclosure of segmented assets is reported.

The reportable operating segments described below represent the Company's activities for which separate financial information is available and which is utilized on a regular basis by the Company's CODM to evaluate performance and allocate resources. In identifying the Company's operating segments, the Company considers its management structure and the economic characteristics, customers, sales growth potential and long-term profitability of its operating segments. As such, the Company configured its operations into the following four operating segments:

- 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 CODM. The Company's measure of segment profitability is licensing revenue and operating income. The accounting policies of the Company's operating segments are the same as those described in Note 1 – *Summary of Significant Accounting Policies*.

The geographic regions consist of the United States and Other (which principally represent Latin America and Europe). Revenues attributable to each region are based on the location in which licensees are located and where they principally do business. Refer to Note 2 for further details.

Reportable data for the Company's operating segments were as follows:

	FY 2019	FY 2018
Licensing revenue:		
Women's	$ 37,491	$ 57,401
Men's	36,793	39,073
Home	14,753	24,568
International	59,947	66,647
	$ 148,984	$ 187,689
Operating income (loss):		
Women's	$ (961)	$ (128,050)
Men's	24,878	11,754
Home	(4,932)	17,221
International	23,487	27,447
Corporate	(73,252)	(47,409)
	$ (30,780)	$ (119,037)

18. Other Assets- Current and Long-Term

Other Assets – Current

		December 31, 2019		December 31, 2018
Other assets- current consisted of the following:				
US federal tax receivable	$	1,115	$	16,757
Insurance receivable (1)		15,000		—
Prepaid expenses		1,207		2,451
Prepaid taxes		1,119		1,755
Prepaid advertising		275		1,100
Prepaid insurance		2,042		1,446
Other current assets		596		645
Due from related parties		86		3,903
	$	21,440	$	28,057

(1) As of December 31, 2019, the Company recorded an asset of approximately $15.0 million related to insurance claims of which $3.8 million was received in Q1 2020 and $6.3 million will be released from escrow and paid to claimants in 2020. The Company believes the remainder is probable of recovery from various insurance carriers. These claims pertain to expenses incurred related to certain litigation claims against the Company and related expenses that are discussed throughout Note 11.

Other Assets – Long Term

		December 31, 2019		December 31, 2018
Other noncurrent assets consisted of the following:				
Prepaid interest		4,868		5,496
Deposits		707		483
Due from related parties		1,205		—
	$	6,780	$	5,979

19. Other Liabilities – Current

Other current liabilities of $13.8 million as of December 31, 2019 related to amounts due to certain joint ventures that are not consolidated with the Company, as well as the current portion of operating lease liabilities as compared to other current liabilities of $9.8 million as of December 31, 2018, which related to amounts due to certain joint ventures that are not consolidated with the Company.

20. Foreign Currency Translation

The functional currency of Iconix Luxembourg and Red Diamond Holdings, which are wholly owned subsidiaries of the Company, located in Luxembourg, is the Euro. However, the companies have certain dollar denominated assets, in particular cash and notes receivable, that are maintained in U.S. Dollars, which are required to be revalued each quarter. Due to fluctuations in currency in FY 2019 and FY 2018, the Company recorded a $0.9 million currency translation loss and a $1.2 million currency translation loss, respectively, that is included in the consolidated statements of operations.

Comprehensive income includes certain gains and losses that, under U.S. GAAP, are excluded from net income as such amounts are recorded directly as an adjustment to stockholders' equity. Our comprehensive income is primarily comprised of net income and foreign currency translation gain or loss. During FY 2019 and FY 2018, the Company recognized as a component of our comprehensive income (loss), a foreign currency translation loss of $1.6 million and a foreign currency translation loss of $5.0 million, respectively, due to changes in foreign exchange rates.

21. Subsequent Events

The legal final maturity date of the Securitization Notes is in January of 2043. As the Company did not repay or refinance the Securitization Notes prior to January 2020 (the “anticipated repayment date”), additional interest will accrue on amounts outstanding under the Securitization Notes. This additional interest is not required to be paid until 2043 and does not compound annually. Beginning in January 2020, the Company will not be required to make $42.7 million of contractual principal payments referred to in Note 8 of the consolidated financial statements. Future principal payments will be formulaically based on a percentage of receipts of royalty revenue.

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. Temporary closures of businesses have been ordered and numerous other businesses have temporarily closed voluntarily. The Company cannot reasonably estimate the negative impact to the Company's business, revenues, financial condition or results of operations.

On March 30, 2020, the Company entered into the fifth amendment and waiver to the Senior Secured Term Loan (the “Fifth Amendment”). The Fifth Amendment, among other things, (i) waived an event of default under the Senior Secured Term Loan due to the Company’s receipt of a going concern qualified audit opinion and (ii) modified the asset sale prepayment obligation to obligate the Company to pay 75% of the net proceeds from one or more asset sales in any fiscal year to the extent the aggregate amount of asset sale net proceeds exceed $5.0 million.

22. Other Matters

During FY 2019 and FY 2018, the Company included in its selling, general and administrative expenses approximately $19.6 million and $9.0 million, respectively, of charges for professional fees associated with the continuing correspondence with the Staff of the SEC, the SEC investigation and the class action and derivative litigations.

As of June 15, 2018, Mr. Haugh, the Company’s former Chief Executive Officer and President, was no longer an employee of the Company or member of the Company’s board of directors. Included in the charges related to professional fees discussed above is $2.1 million recorded in FY 2018 associated with his severance and other benefits.

CERTIFICATE OF INCORPORATION
OF
MILLFELD TRADING CO. INC.
A CLOSE CORPORATION

FIRST. The name of the corporation is Millfeld Trading Co. Inc.

SECOND. The address of its registered office in the State of Delaware is No. 100 West Tenth Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD. The nature of the business or purposes to be conducted or promoted is to act as agent or broker, on commission or otherwise for individuals, partnerships, corporations, foreign or domestic and to aid and assist, promote, and conserve the interests of, and afford facilities for the convenient transaction of business by its principals in all parts of the world with respect to the importing into the United States of America men's, women's and children's shoes; to borrow or raise moneys for the aforementioned purposes of the corporation and, from time to time, without limit as to amount, to draw, make, accept, endorse, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment of any thereof and of the interest thereon by mortgage upon or pledge, conveyance or assignment in trust of the whole or any part of the property of the corporation, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such bonds or other obligations of the corporation for its corporate services as are necessary in the furtherance of the aforementioned purposes of the corporation; and, in general, to possess and exercise all of the powers and privileges granted by the General Corporation Law of Delaware or by an other law of Delaware or by this Certificate of Incorporation together with any lowers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of the aforementioned purposes of the corporation.

FOURTH. The total number of shares which the corporation is authorized to issue is one hundred (100) shares of common stock having a par value of one hundred ($100) dollars per share. Ninety (90) shares shall be classified as Class A voting common stock with a par value of one hundred ($100) dollars per share and ten (10) shares shall be classified as Class B non-voting common stock with a par value of one hundred ($100) dollars per share.

The designations and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof are as follows:

The holders of Class A and Class B shares (regardless of the class of the share) shall participate equally to the same amount per share in all dividends and any distribution of assets upon the liquidation, dissolution or winding up of the corporation or otherwise.

The holders of Class A shares shall exclusively possess all the voting power of the corporation for the election of directors and for all other purposes, and the holders of Class B shares shall have no voting power and no holder thereof shall be entitled to receive notice of any meeting of shareholders.

Notwithstanding any other of the articles of this Certificate of Incorporation or the General Corporation Law of the State of Delaware, no amendment to the Certificate of Incorporation of this corporation or other shareholder action affecting a sub-division or consolidation of an outstanding class of common shares may be made unless at the same time a similar subdivision or consolidation of the outstanding shares of the other class is also made, and the directors shall not declare or pay any dividends payable in Class B shares to holders of Class B shares nor in Class A shares to the holders of Class A shares unless at the same time a similar dividend be declared and paid to the holders of shares of all other classes. Share dividends shall not be declared in shares of the class to holders of another class.

All of the issued and outstanding stock of all classes shall be held of record by not more than twenty (20) persons, as defined in Section 342 of the General Corporation Law; the corporation shall make no offering of any of its stock of any class which would constitute a "public offering" within the meaning of the United States Securities Act of 1933, as it may be amended from time to time; and the consent of the directors of the corporation shall be required to approve the issuance or transfer of any shares as being in compliance with the foregoing restrictions.

No natural person who is a holder of shares of Class A voting common stock shall sell, assign or otherwise dispose of any such share or shares of stock of this corporation to any person, firm, corporation or association, nor shall the executor, administrator, trustee, assignee or other legal representative of such deceased stockholder sell, assign, transfer or otherwise dispose of any such share or shares of the stock of this corporation to any person, firm, corporation or association, nor to any next of kin or legatee or legatees of a deceased stockholder, without first offering the said share or shares of stock for sale to any other natural persons who are holders of Class A voting common stock of the corporation at a price representing the true book value thereof at the time of said offer and said stockholders shall have the right to purchase the same by payment of such purchase price at any time within thirty (30) days after receipt of written notice of said offer. In the event that said stockholders accept the offer to sell such share or shares within thirty (30) days after the receipt of written notice of said offer, the share or shares shall next be offered for sale to any other holders of Class A voting common stock of the corporation, at a price representing the true book value thereof at the time of said offer and such other stockholders shall have the right to purchase the same by payment of such purchase price at any time within thirty (30) days after the receipt of written notice of said offer. In the event that said stockholders do not accept the offer to sell such share or shares within thirty (30) days after receipt of written notice of said offer, the share or shares shall next be offered for sale to the corporation at a price representing true book value thereof at the time of said offer and the corporation shall have the right to purchase the same by payment of such purchase price at any time within thirty (30) days after the receipt of written notice of said offer.

No holder of shares of Class A voting common stock which is a firm, corporation or association shall sell, assign or otherwise dispose of any such share or shares of stock of this corporation to any person, firm, corporation or association, nor shall the executor, administrator, trustee, assignee or other legal representative of such deceased stockholder sell, assign, transfer or otherwise dispose of any such share or shares of the stock of this corporation to any person, firm, corporation or association, nor to any next of kin or legatee or legatees of a deceased stockholder, without first offering the said share or shares of stock for sale to all other holders of Class A voting common stock at a price representing the true book value thereof at the time of said offer and said shareholders shall have the right to purchase the same by the payment of such purchase price at any time within thirty (30) days after receipt of written notice of said offer. In the event that said shareholders do not accept the offer to sell such share or shares within thirty (30) days after receipt of the written notice of said offer, the share or shares shall next be offered for sale to the corporation at a price representing the true book value thereof at the time of said offer and the corporation shall have the right to purchase the same by payment of such purchase price at any time within thirty (30) days after the receipt of written notice of said offer.

No holder of shares of Class B non-voting common stock shall sell, assign or otherwise dispose of any such share or shares of stock of this corporation of either class to any person, firm, corporation or association, nor shall the executor, administrator, trustee, assignee or other legal representative of such deceased stockholder sell, assign, transfer or otherwise dispose of any share or shares of the stock of this corporation to any person, firm, corporation or association, nor to any next of kin or legatee or legatees of a deceased stockholder, without first offering the said share or shares of stock for sale to the corporation at a price representing the true book value thereof at the time of said offer and the corporation shall have the right to purchase the same by the payment of such purchase price at any time within thirty (30) days after receipt of written notice of said offer. In the event that the corporation does not accept the offer to sell such share or shares within thirty (30) days after receipt of the written notice of said offer, the share or shares shall next be offered for sale to the other stockholder or stockholders of said corporation at a price representing the true book value thereof at the time of said offer and such other stockholder or stockholders shall have the right to purchase the same by payment of such purchase price at any time within thirty (30) days after the receipt of written notice of said offer.

Compliance with the foregoing terms and conditions in regard to the sale, assignment, transfer or other disposition of the shares of stock of this corporation shall be a condition precedent to the transfer of such shares of stock on the books of this corporation.

The holders of Class A shares and Class B shares shall, upon the issue or sale of Class A shares or Class B shares of stock, respectively, (whether now or hereafter authorized) or any securities convertible into such stock, have the right, during such period of time and on such conditions as the Board of Directors shall prescribe, to subscribe to and purchase such shares, or securities in proportion to their respective holdings of Class A shares or Class B shares, respectively, at such price or prices as the Board of Directors may from time to time fix and as may be permitted by law.

FIFTH. The name and mailing address of each incorporator is as follows:

M. A. Ferrucci	100 West Tenth Street Wilmington, Delaware 19801
R. F. Andrews	100 West Tenth Street Wilmington, Delaware 19801
W. J. Reif	100 West Tenth Street Wilmington, Delaware 19801

SIXTH. The name and mailing address of each person, who is to serve as a director until the first annual meeting of the stockholders or until a successor is elected and qualified, is as follows:

Name	Mailing Address
Gerald F. Mills	108 Oak Hill Drive Sharon, Massachusetts 02067
Marlene Mills	108 Oak Hill Drive Sharon, Massachusetts 02067
Fred Kushmer	241 Main Street Hackensack, New Jersey 07602

SEVENTH. The business and affairs of the corporation shall be managed by the Board of Directors subject to any written agreements restricting the discretion of the directors pursuant to Subchapter XIV, Section 341 et seq. of the General Corporation Law of the State of Delaware entered into among a majority of the shareholders.

EIGHTH. Meeting of stockholders may be held within or without the State of Delaware, as the By-Laws may provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the corporation. Elections of directors need not be by written ballot unless the By-Laws of the corporation shall so provide.

NINTH. The corporation reserves the right to amend, alter, change or repeal any provisions contained in this Certificate of in corporation, in the matter now or hereafter prescribed by statutes, and all rights conferred upon stockholders herein are granted subject to this reservation.

We, the undersigned, being each of the incorporators herein before named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, do make this Certificate, hereby declaring a certifying that this is our act and deed and the facts herein stated are true and accordingly has hereunto set our hands his 26th day of December , 1978.

/s/ M. A. Ferrucci
M. A. Ferrucci

/s/ R. F. Andrews
R. F. Andrews

/s/ W. J. Reif
W. J. Reif

FILED 11am
SEP 6 1989

CERTIFICATE OF AMENDMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
MILLFELD TRADING CO. INC.

Under section 242 of the Delaware General Corporation Law

MILLFELD TRADING CO. INC., a corporation organized and existing under and by virtue of the General Corporation Law of the state of Delaware (the “corporation”) DOES HEREBY CERTIFY:

1. The name of the Corporation is Millfeld Trading Co. Inc.

2. The Corporation’s Certificate of Incorporation was filed by the Department of State on December 26, 1978.

3. The purpose of this Amendment is among other things, (i) to increase the authorized capital stock of the Corporation to 10,000,000 shares of common stock and 5,000,000 shares of preferred stock; (ii) to reduce the par value of the common stock to $.001 per share; (iii) to eliminate the liability of directors to the Corporation and its stockholders to the fullest extent permitted by the General Corporation Law of Delaware; and (iv) to indemnify any and all persons whom the Corporation shall have power to indemnify to the fullest extent permitted by the General Corporation Law of Delaware.

4. On August l, 1989, the Board of Directors of the corporation adopted the following resolutions by written consent, proposing and declaring advisable the following amendments to the Certificate of Incorporation of the Corporation:

RESOLVED, that Article Third of the Certificate of Incorporation be deleted in its entirety and the following substituted therefor:

<u>THIRD</u>: The nature of the business, and the objects and purposes proposed to be transacted, promoted and carried on, are to do any and all things therein mentioned, as fully and to the same extent as natural persons might or could do, and in any part of the world, viz:

To do any lawful act or thing for which corporations may be organized under the General Corporation law of the State of Delaware.

RESOLVED, that Article Fourth of the Certificate of Incorporation be deleted in its entirety and the following substituted therefor:

<u>FOURTH</u>: The total number of shares of stock which the Corporation shall have authority to issue is Fifteen Million (15,000,000) consisting of:

(a) Ten Million (10,000,000) shares of common stock, $.001 par value (“common Stock”); and

(b) Five Million (5,000,000) shares of Preferred Stock, $.01 par value (“Preferred Stock”) having the following voting powers, restrictions, preferences and qualifications:

A. <u>Preferred Stock</u>

Shares of Preferred Stock may be issued from time to time in one or more series, as may from time to time be determined by the Board of Directors, each of said series to be distinctly designated. All shares of any one series of Preferred Stock shall be alike in every particular, except that there may be different dates from which dividends, if any, thereon shall be cumulative, if made cumulative. The voting powers and the preferences and relative, participating, optional and other special rights or each such series, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding; and the Board of Directors of the Corporation is hereby expressly granted authority to fix by resolution or resolutions adopted prior to the issuance of any shares of a particular series of Preferred Stock, the voting powers and the designations, preferences and relative, optional and other special rights, and the qualifications, limitations and restrictions of such series, including but without limiting the generality of the foregoing, the following:

(a) The distinctive designation of, and the number of shares of Preferred Stock which shall constitute each series, which number may be increased (except where otherwise provided by the Board of Directors) or decreased (but not below the number of shares thereof then outstanding) from time to time by like action of the Board of Directors;

(b) The rate and times at which, and the terms and conditions on which, dividends, if any, on Preferred stock of such series shall be paid, the extent of the preference or relation, if any, of such dividends to the dividends payable on any other class or classes or series of stock and whether such dividends shall be cumulative or non-cumulative.

(c) the right, if any, of the holders of Preferred Stock of such series to convert the same into, or exchange the same for, shares of any other class or classes or of any series of the same or any other class or classes of stock of the Corporation and the terms and conditions of such conversion or exchange.

(d) Whether or not Preferred Stock of such series shall be subject to redemption, and the redemption price or prices and the time or times at which, and the terms and conditions on which, Preferred Stock of such series may be redeemed.

(e) The rights, if any, of the holders of Preferred Stock of such series upon the voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets, dissolution or windingup of the corporation,

(f) The terms of the sinking fund or redemption or purchase account, if any, to be provided for the Preferred Stock of such series; and

(g) The voting powers, if any, of the holders of such series of Preferred Stock which may, without limiting the generality of the foregoing, include the right, voting as a series by itself or together with other series of Preferred Stock or all series of Preferred Stock as a class, to elect one or more directors of the Corporation if there shall have been a default in the payment of dividends on any one or more series of Preferred Stock or under such other circumstances as the Board of Directors may determine.

B. <u>Common stock</u>

l. After the requirements with respect to preferential dividends on the Preferred stock (fixed in accordance with the provisions of paragraph A of this Article Fourth), if any, shall have been met and after the Corporation shall have complied with all the requirement, if any, with respect to the setting aside of sums as sinking funds or redemption or purchase accounts (fixed in accordance with the provisions of paragraph A of this Article Fourth), and subject further to any other conditions which may be fixed in accordance with the provisions of Paragraph A of this Article Fourth, then and not otherwise the holders of Common Stock shall be entitled to receive such dividends as may be declared from time to time by the Board of Directors.

2. After distribution in full of the preferential amount, if any (fixed in accordance with the provisions of Paragraph A of this Article Fourth), to be distributed to the holders of Preferred Stock in the event of voluntary or involuntary liquidation, distribution or sale of assets, dissolution or winding-up, of the Corporation, the holders of the Common Stock shall be entitled to receive all the remaining assets of the Corporation, tangible and intangible, of whatever kind available for distribution to stockholders ratably in proportion to the number of shares of Common Stock held by them respectively.

3. Except as may otherwise be required by law or by the provisions of such resolution or resolutions as may be adopted by the Board of Directors pursuant to paragraph A of this Article Fourth, each holder of Common Stock shall have one vote in respect of each share of Common Stock held by him on all matters voted upon by stockholders.

C. Other Provisions

1. The relative powers, preferences and rights of each series of Preferred Stock in relation to the powers, preferences and rights of each other series of Preferred Stock shall, in each case, be as fixed from time to time by the Board of Directors in the resolution of resolutions adopted pursuant to authority granted in paragraph A of this Article Fourth and the consent, by class or series vote or otherwise, of the holders of such of the series of Preferred Stock as are from time to time outstanding shall not be required for the issuance by the Board of Directors of any other series of Preferred Stock whether or not the powers, preferences and rights of such other series shall be fixed by the Board of Directors as senior to, or on a parity with, the powers, preferences and rights of such outstanding series, or any of them; provided, however, that the Board of Directors may provide in the resolution or resolutions adopted pursuant to paragraph A of this Article Fourth as to any series of Preferred Stock that the consent of the holders of a majority (or such greater proportion as shall be therein fixed) of the outstanding shares of such series voting thereon shall be required for the issuance of any or all other series of Preferred Stock.

2. Subject to the provisions of subparagraph 1 of this paragraph C, shares of any series of Preferred Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

3. Shares of Common Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

4. The authorized amount of shares of Common Stock may, without a vote, be increased or decreased from time to time by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon.

RESOLVED, that Article Fifth of the Certificate of Incorporation be deleted in its entirety and the following substituted therefor:

"FIFTH: The management of the business and the conduct of the affairs of the Corporation shall be vested in its Board of Directors. The number of directors which shall constitute the whole Board of Directors shall be fixed by, or in the manner provided in, the By Laws. The phrase "whole Board" and the phrase "total number of directors" shall be deemed to have the same meaning, to wit, the total number of directors which the Corporation would have if there were no vacancies• No election of directors need be by written ballot.

After the original or other By-laws of the corporation have been adopted, amended, or repealed, as the case may be, in accordance with the provisions of Section 109 of the General Corporation Law of the State of Delaware, and, after the Corporation has received any payment for any of its stock, the power to adopt, amend, or repeal the By-Laws of the Corporation may be exercised by the Board of Directors of the Corporation, provided, however, that any provision for the classification of directors of the corporation for staggered terms pursuant to the provisions of subsection (d) of Section 141 of the General corporation Law of the state of Delaware shall be set forth in an initial By-Law or in a By-Law adopted by the stockholders entitled to vote of the Corporation unless provisions for such classification shall be set forth in this Certificate of Incorporation.

Whenever the Corporation shall be authorized to issue only one class of stock, each outstanding share shall entitle the holder thereof to notice of, and the right to vote at, any meeting of stockholders. Whenever the Corporation shall be authorized to issue more than one class of stock, no outstanding share of any class of stock which is denied voting power under the provisions of the Certificate of Incorporation shall entitle the holder thereof to the right to vote at any meeting of stockholders except as the provisions of paragraph (2) of subsection (b) of Section 242 the General Corporation Law of the State of Delaware shall otherwise require; provided, that no share of any such class which is otherwise denied voting power shall entitle the holder thereof to vote upon the increase or decrease in the number of authorized shares of said class, The directors shall have power to make and to alter or amend the ByLaws; to fix the amount to be reserved as working capital, and to authorize and cause to be executed, mortgages and liens without limit as to the amount, upon the property and franchises of the Corporation.

With the consent in writing, and pursuant to a vote of the holders of a majority of the capital stock issued and outstanding, the Directors shall have authority to dispose, in any manner, of the whole property of the Corporation.

The By-Laws shall determine whether and to what extent the accounts and books of this Corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right of inspecting any account, or book, or document of the Corporation, except as conferred by Law or the By-Laws, or by resolution of the stockholders.

The stockholders and directors shall have power to hold their meetings and keep the books, documents and papers of the Corporation outside the State of Delaware, at such places as may be from time to time designated by the By-Laws or by resolution of the stockholders or directors, except as otherwise required by the laws of Delaware.

It is the intention that the objects, purposes and powers specified in Article Fifth hereof shall, except where otherwise specified in Article Fifth, be in nowise limited or restricted by reference to or inference from the terms of any other article, clause or paragraph in this Certificate of Incorporation, but that the objects, purposes and powers specified in Article Fifth and in each of the article, clauses or paragraphs of this charter shall be regarded as independent objects, purposes and powers."

RESOLVED, that Article Sixth of the certificate of Incorporation be deleted in its entirety and the following substitute therefor:

"SIXTH: The Corporation is to have perpetual existence."

RESOLVED, that Article Seventh of the Certificate of Incorporation be deleted in its entirety and the following substituted therefor,

"SEVENTH: Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three fourths in value of the creditors or class of creditors, and/or of the stockholders or Class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders of the Corporation, as the case may be, and also on the Corporation."

RESOLVED, that Article Eighth of the Certificate of Incorporation be deleted in its entirety and the following substituted therefor:

"EIGHTH: The personal liability of the directors of the Corporation is hereby eliminated to the fullest extent permitted by paragraph (7) of subsection (b) of Section 102 of the General Corporation law of the State of Delaware, as the same may be amended and supplemented.

RESOLVED, that Article Ninth of the Certificate of Incorporation be deleted in its entirety and the following substituted therefor:

"NINTH: The Corporation shall, to the fullest extent permitted by section 145 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said section from and against any and all of the expenses, liabilities, or other matter referred to in or covered by said section, and the indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any By-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the hairs, executors, and administrators of such a person."

RESOLVED, that a new Article Tenth be added to the Certificate of Incorporation as forth below:

"TENTH: No director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for Breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) for the payment of unlawful dividends or unlawful stock repurchases or redemptions under Section 174 of the Delaware General Corporation Law; or (iv) for any transaction from which the director derived an improper personal benefit."

RESOLVED, that a new Article Eleventh be added to the Certificate of Incorporation as set forth below:

"ELEVENTH: From time to time any of the provisions of the Certificate of the Incorporation may be amended, altered or repealed, and other provisions authorized by the law of the State of Delaware at the time in force may be added or inserted in the manner and at the time prescribed by said laws, and all rights at any time conferred upon the stockholders of the Corporation by the Certificate of Incorporation are granted subject to the provisions of this Article ELEVENTH.

5. On August 1, 1989, these Amendments to the Certificate of Incorporation were approved by written consent of the sole stockholder of the Corporation.

6. The aforesaid Amendments to the Corporation's Certificate of Incorporation were duly adopted in accordance with the applicable provisions of Sections 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, MILLFELD TRADING CO. INC. has caused the certificate to be signed by Barry Feldstein, its President, and attested by Glen Feldstein, its secretary this / day of September, 1989.

MILLFELD TRADING CO. INC.

By: /s/ Barry Feldstein
Name: Barry Feldstein
Title: President

Attest:

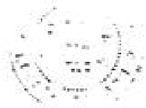
By: /s/ Glen Feldstein
Name: Glen Feldstein
Title: Secretary

STATE OF New York)
. ss. :
COUNTY OF Nassau)

On this 1st day of September, 1989, before me personally came BARRY FELDSTEIN, to me known, who being by me dull sworn, did depose and say that he resides at 32 Elm Street Woodbury, New York 11797, that he is the President of MILLFELD TRADING Co. INC., the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of the said corporation.

Rachel Petrou
Notary Public

RACHEL PETROU
Notary Public, State of New York
No. [illegible]
Qualified in Nassau County
Commission Expires 11/30/89



STATE OF New York)
. ss. :
COUNTY OF Nassau)

On this 1st day of September, 1989, before me personally came GLEN FELDSTEIN, to me known, who being by me duly sworn, did depose and say that he resides at; that he is the Secretary of MILLFELD TRADING CO. INC., the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of the said corporation.

Rachel Petrou
Notary Public

RACHEL PETROU
Notary Public, State of New York
No. [illegible]
Qualified in Nassau County
Commission Expires 11/30/89

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 02:30 PM 02/27/1992
920525233 – 864972

CERTIFICATE OF OWNERSHIP
OF
BRIGHT STAR, INC.
(a Delaware corporation)
AND
MILLFELD TRADING CO., INC.
(a Delaware corporation)

UNDER SECTION 253 OF THE GENERAL CORPORATION LAW
OF THE STATE OF DELAWARE

The undersigned corporations organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DO HEREBY CERTIFY:

FIRST: That the name and state of incorporation of each of the constituent corporations of the merger are as follows:

NAME	STATE OF INCORPORATION
Bright Star, Inc.	Delaware
Millfeld Trading co., Inc.	Delaware

SECOND: That 100% of the outstanding stock of Bright Star, Inc. is owned by Millfeld Trading Co., Inc.

THIRD: That the name of the surviving corporation of the merger shall be changed to Candies, Inc.

FOURTH: That the Board of Directors of Millfeld Trading Co., Inc. adopted the following resolution by unanimous joint written consent on the 20th day or February, 1992:

RESOLVED, that the Company's wholly-owned subsidiary, Bright Star, Inc., be merged with and into the Company, and that upon the filing of the appropriate certificate of Merger with the Secretary of State of the State of Delaware, the Company's name shall be changed to Candies, Inc.

IN WITNESS WHEREOF, the undersigned have executed this Certificate this 20th day of February, 1992.

ATTEST:

By: /s/ Felix F. Ruchel
Title: Asst. Sect'y

MILLFELD TRADING CO., INC.

By: /s/ Michael Callahan
Title: Vice President

ATTEST:

By: /s/ Felix F. Ruchel
Title: Asst. Sect'y

BRIGHT STAR, INC.

By: /s/ Michael Callahan
Title: Vice President

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 12:30 PM 02/27/1992
92058246 – 864972

CERTIFICATE OF OWNERSHIP
OF
MILLFELD SUB, INC.
(a Delaware corporation)
AND
CANDIES, INC.
(a Delaware corporation)

UNDER SECTION 253 OF THE GENERAL CORPORATION LAW
OF THE STATE OF DELAWARE

The undersigned corporations organized and existing under and by virtue of the General Corporation Law of the state of Delaware,

DO HEREBY CERTIFY:

FIRST: That the name and state of incorporation of each of the constituent corporations of the merger are as follows:

NAME	STATE OF INCORPORATION
Millfeld Sub, Inc.	Delaware
Candies, Inc.	Delaware

SECOND: That 100% of the outstanding stock of Millfeld Sub, Inc. is owned by Candies, Inc.

THIRD: That the name of the surviving corporation of the merger shall be changed to Millfeld Trading Co., Inc.

FOURTH: That the Board of Directors of candies, Inc. adopted the following resolution by unanimous joint written consent on the 25th day of February, 1992:

RESOLVED, that the Company’s wholly-owned subsidiary, Millfeld Sub, Inc., be merged with and into the Company, and that upon the filing of the appropriate certificate of Merger with the Secretary of state of the State of Delaware, the Company’s name shall be changed to Millfeld Trading Co., Inc.

IN WITNESS WHEREOF, the undersigned have executed this Certificate this 25th day of February, 1992.

ATTEST:	CANDIES, INC.
By: /s/ Felix F. Ruchel	By: /s/ Michael Callahan
Title: Asst. Sect'y	Title: Vice President
ATTEST:	MILLFELD SUB, INC.
By: /s/ Felix F. Ruchel	By: /s/ Michael Callahan
Title: Asst. Sect'y	Title: Vice President

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 02/24/1993
930555198 – 864972

CERTIFICATE OF AMENDMENT
OF

CERTIFICATE OF INCORPORATION
OF

MILLFELD TRADING CO., INC.

The undersigned, being, respectively, President and Secretary of Millfeld Trading Co., Inc., a Delaware corporation (the “Corporation”),do hereby certify as follows:

FIRST: That the Board of Directors o the Corporation adopted a resolution proposing and declaring advisable that the Corporation change its name to Candie’s, Inc. by adoption of the following amendment to the Certificate of Incorporation of said corporation:

“FIRST, the name of the corporation shall be Candie’s, Inc.”

SECOND: That the Board of Directors of the Corporation adopted a resolution proposing and declaring advisable a reverse split of the Corporation’s Common Stock, $.0l par value per share, on a one-for-4.5 basis by adoption of the following amendment to the Certificate of Incorporation of said corporation:

“FOURTH: The total number of shares of stock which the Corporation shall have authority to issue is FIFTEEN MILLION (15,000,000) shares, of which 10,000,000 shall be shares of common stock of the par value of $.001 each, and 5,000,000 shares be preferred stock, $.01 par value per share.

A. The designations and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof or the Preferred Stock, and of the Common Stock are as follows:

A. Preferred Stock.

The Board of Directors is authorized, subject to limitations prescribed by law and the provisions of this Article 4, to provide tor the issuance of the Preferred Stock in series and by filing a Certificate pursuant to the Delaware General Corporation Law to establish the number of shares to be included in each such series. The Preferred Stock may be issued either as a class without series, or as so determined from time to time by the Board of Directors, either in whole or in part in one or more series, each series to be appropriately designated by a distinguishing number, letter or title prior to the issue of any shares thereof. Whenever the term “Preferred Stock” is used in this Article 4, it shall be deemed to mean and include Preferred Stock issued as a class without series, or one or more series thereof, or both, unless the context shall otherwise require. There is hereby expressly granted to the Board of Directors of the Corporation authority, subject to the limitations provided by law, to fix the voting power, the designations, and the relative preferences, powers, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the shares of each series of said Preferred Stock and the variations in the relative powers, rights, preferences and limitations as between series, and to increase the number of shares constituting each series, and to decrease such number of shares (but not to less than the number of outstanding shares of the series), in the resolution or resolutions adopted by the Board of Directors providing for the issue of said Preferred Stock.

The authority of the Board of Directors of the Corporation with respect to each series shall include, but shall not be limited to, the authority to determine the following:

l. The designation of the series;

2. The number of shares initially constituting such series;

3. The increase, and the decrease to a number not less than the number of the outstanding shares of such series, of the number of shares constituting such series theretofore fixed;

4. The rate or rates and the times and conditions under which dividends on the shares of such series shall be paid, and, (i) if such dividends are payable in preference to, or in relation to, the dividends payable on any other class or classes of stock, the terms and conditions of such payment, and (ii) it such dividends shall be cumulative, the date or dates from and after which they shall accumulate;

5. Whether or not the shares of such series shall be redeemable, and, if such shares shall be redeemable, the terms and conditions of such redemption, including, but not limited to, the date or dates upon or after which such shares shall be redeemable and the amount per share which shall be payable upon such redemption, which amount may vary under conditions and at different redemption dates;

6. The amount payable on the shares of such series in the event of the dissolution of, or upon any distribution of the assets of, the Corporation;

7. Whether or not the shares of such series may be convertible into, or exchangeable for, shares of any other class or series and the price or prices and the rates of exchange and the terms of any adjustments to be made in connection with such conversion or exchange;

8. Whether or not the shares of such series shall have voting rights in addition to the voting rights provided by law, and, if such shares shall have such voting rights, the terms and conditions thereof, including but not limited to, the right of the holders of such shares to vote as a separate class either alone or with the holders of shares of one or more other series of Preferred stock and the right to have more or less than one vote per share;

9. Whether or not a purchase fund shall be provided for the shares of such series, and, if such a purchase fund shall be provided, the terms and conditions thereof;

10. Whether or not a sinking fund shall be provided for the redemption of the shares of such series and if such a sinking fund shall be provided, the terms and conditions thereof; and

11. Any other powers, preferences and relative, participating, optional, or other special rights, and qualifications, limitations or restrictions thereof, as shall not be inconsistent with the provisions of this Article 4 or the limitations provided by law.

B. <u>Common Stock</u>.

1. Subject to the rights of the Preferred Stockholders, the holders of the Common Stock shall be entitled to receive such dividends a may be declared thereon by the Board of Directors of the Corporation in its discretion, from time to time, out of any funds or assets of the corporation lawfully available for the payment of such dividends.

2. In the event of any liquidation, dissolution or winding up of the Corporation, or any reduction of its capital, resulting in a distribution of its assets to its stockholders, whether voluntary or involuntary, then, after there shall have been paid or set apart for the holders of the Preferred Stock the full preferential amounts to which they are entitled, the holders of the Common stock shall be entitled to receive as a class, pro rata, the remaining assets of the Corporation available for distribution to its stockholders.

3. For any and all purposes of this Certificate of Incorporation, neither the merger or consolidation of the Corporation into or with any other corporation, nor the merger or consolidation of any other corporation into or with the Corporation, nor a sale, transfer or lease of all or substantially all of the assets of the Corporation, or any other transaction or series of transactions having the effect of a reorganization shall be deemed to be a liquidation, dissolution or winding-up of the Corporation.

4. Except as otherwise expressly provided by law or in a resolution of the Board of Directors providing voting rights to the holders of the Preferred Stock, the holders of the Common Stock shall possess exclusive voting power for the election of directors and for all other purposes and each holder thereof shall be entitled to one vote for each share thereof."

THIRD: The foregoing amendments have been duly adopted by the stockholders of the corporation in accordance with Section 242 of the General Corporation Law of the state of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed by Michael Callahan, its President and attested by Dominick Gallo, its Secretary, this 23th day of February, 1993.

/s/ Michael Callahan
Michael Callahan,
President

ATTEST:

/s/ Dominick Gallo
Dominick Gallo,
Secretary

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 02:00 PM 09/13/1994
944171949 – 864972

CANDIE’S, INC.

CERTIFICATE OF DESIGNATION

OF SERIES A CUMULATIVE CONVERTIBLE
PREFERRED STOCK SETTING FORTH THE POWERS,
PREFERENCES, RIGHTS, QUALIFICATIONS,
LIMITATIONS AND RESTRICTIONS OF
SUCH SERIES OF PREFERRED STOCK

Pursuant to Section 151 of the General corporation Law of the State of Delaware, Candie’s, Inc. (the “Corporation”), a corporation organized and existing under the General Corporation Law of the State of Delaware, in accordance with the provisions of Section 103 thereof, DOES HEREBY CERTIFY:

That pursuant to the authority given to the Board of Directors of the Corporation by paragraph A of Article Fourth of the Certificate of Incorporation of the Corporation (the “Certificate of Incorporation”), and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors of the Corporation on September 13, 1994, adopted the following resolution creating a series of Preferred Stock designated as Series A Cumulative Convertible Preferred Stock:

RESOLVED that, pursuant to the authority vested in the Board of Directors of the Corporation in accordance with the General Corporation Law of the State of Delaware and the provisions of the Certificate of Incorporation, a series of the class of authorized Preferred Stock, par value $.01 per share, of the Corporation is hereby created and that the designation and number of shares thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations and restrictions thereof, are as follows:

Section 1. Designation and Number. (a) The shares of such series shall be designated “Series A Cumulative Convertible Preferred Stock” (the “Series A Preferred Stock”). The number of shares initially constituting the Series A Preferred Stock shall be 14,400, which number may be decreased (but not increased) by the Board of Directors without a vote of stockholders, provided, however, that such number may not be decreased below the number of then outstanding shares of Series A Preferred Stock.

(b) The Series A Preferred Stock shall, with respect to dividend rights and rights on liquidation, dissolution or winding up, rank prior to the Common Stock, par value $.001 per share, of the Corporation (the “Common Stock”) and any other issue of Preferred Stock.

Section 2. Dividends and Distributions. (a) The holders of shares of Series A Preferred Stock, in preference to the holders of shares of Common Stock and of any shares of other capital stock of the Corporation ranking junior to the Series A Preferred Stock as to payment of dividends, shall be entitled to receive, when, as and if declared by the Board of Directors, out of the assets of the Corporation legally available therefor, cumulative cash dividends at a rate of $8.00 per annum per share, subject to appropriate adjustment in the event of any stock split, reverse stock split or other recapitalization. Dividends shall accrue and be payable semiannually, in arrears, on the last business day of April and October in each year (each such date being referred to herein as a “Dividend Payment Date”), commencing April 1, 1995.

(b) Dividends payable pursuant to paragraph (a) of this Section 2 shall begin to accrue and be cumulative from the Issue Date, whether or not earned or declared. The amount of dividends so payable shall be determined on the basis of twelve 30-day months and a 360-day year. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend declared hereon, which record date shall be no more than sixty days prior to the date fixed for the payment thereof.

(c) The holders of shares of Series A Preferred Stock shall not be entitled to receive any dividends or other distributions except as provided herein.

Section 3. Voting Rights. In addition to any voting rights provided by law, the holders of shares of Series A Preferred Stock shall have the following voting rights:

(a) Until the date commencing six months from the initial issuance of shares of Series A Preferred stock, the holders of shares of Series A Preferred Stock shall be entitled to vote on or to consent to corporate action with the holders of the Common Stock, having the number of votes equal to the number of shares of Common Stock issuable upon conversion of the Series A Preferred Stock on the date set forth in Section 3(c) hereof, with respect to any matter submitted to stockholders for a vote at such meeting or adjournment thereof or written consent in lieu thereof (or as otherwise required by applicable law).

(b) The affirmative vote of the holders of at least 66 2/3% of the outstanding shares of Series A Preferred Stock, voting together as a class, in person or by proxy, at a special or annual meeting of stockholders called for the purpose, shall be necessary to (i) authorize, increase the authorized number of shares of, or issue (including on conversion or exchange of any convertible or exchangeable securities or by reclassification), any shares of any class or classes of the Corporation's capital stock ranking pari passu with or prior to (either as to dividends or upon voluntary or involuntary liquidation, dissolution or winding up) the Series A Preferred Stock, (ii) increase the authorized number of shares of, or issue (including on conversion or exchange of any convertible or exchangeable securities or by reclassification) any shares of, Series A Preferred Stock; or (iii) authorize, adopt or approve an amendment to the Certificate of Incorporation of the Corporation which would increase or decrease the par value of the shares of Series A Preferred Stock, or alter or change the powers, preferences or special rights of the shares of Series A Preferred Stock so as to affect such shares of Series A Preferred Stock adversely.

(c) For the taking of any action as provided in this Section 3 by the holders of shares of Series A Preferred Stock each such holder shall have one vote for each share of Series A Preferred Stock or such number of votes as the number of shares of Common Stock into which such shares of Series A Preferred Stock are convertible, as the case may be, in each case standing in his name on the transfer books of the Corporation as of any record date fixed for such purpose or, if no such date be fixed, at the close of business on the Business Day (as defined in Section 9) next preceding the day on which notice is given, or if notice is waived, at the close of business on the Business Day next preceding the day on which the meeting is held.

Section 4. Certain Restrictions. (a) Whenever semiannual dividends payable on shares of Series A Preferred Stock as provided in Section 2 are not paid in full, thereafter and until all unpaid dividends payable on the outstanding shares of Series A Preferred Stock, whether or not declared, shall have been paid in full, the Corporation shall not: (A) declare or pay dividends, or make any other distributions, on any shares of Junior Stock (as defined in Section 9), other than dividends or distributions payable in Junior, Stock; or (B) declare or pay dividends, or make any other distributions, on any shares of Parity Stock, except (1) dividends or distributions payable in Junior Stock and (2) dividends or distributions paid ratably on the Series A Preferred Stock and all Parity Stock on which dividends are payable or in arrears, in proportion to the total amounts to which the holders of all shares of the Series A Preferred Stock and such Parity Stock are then entitled.

(b) Whenever semiannual dividends payable on shares of Series A Preferred Stock as provided in Section 2 are not paid in full, thereafter and until all unpaid dividends payable, whether or not declared, on the outstanding shares of Series A Preferred Stock shall have been paid in full, the Corporation shall not: redeem, purchase or otherwise acquire for consideration any shares of Junior Stock or Parity Stock; provided, however, that

(1) the Corporation may at any time redeem, purchase or otherwise acquire shares of Junior Stock or Parity Stock in exchange for any shares of Junior Stock, (2) the Corporation may accept shares of any Parity Stock or Junior Stock for conversion and (3) the Corporation may at any time redeem, purchase or otherwise acquire shares of any Parity Stock pursuant to any mandatory redemption, put, sinking fund or other similar obligation, pro rata with the Series A Preferred Stock in proportion to the total amount then required to be applied by it to redeem, repurchase or otherwise acquire shares of Series A Preferred stock and shares of such Parity Stock.

(c) The Corporation shall not permit any Subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of capital stock of the Corporation unless the Corporation could, pursuant to Section 4(b), purchase such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock converted, redeemed, purchased or otherwise acquired by the Corporation in any manner what soever shall be retired and canceled promptly after the acquisition thereof. All such shares of Series A Preferred Stock shall upon their cancellation, and upon the filing of an appropriate certificate with the Secretary of State of the State of Delaware, become authorized but unissued shares of Preferred Stock, $.01 par value, of the Corporation and may be reissued as part of another series of Preferred Stock, par value $.01 per share, of the Corporation, subject to the conditions or restrictions on issuance set forth herein.

Section 6. Liquidation, Dissolution or Winding Up. (a) If the Corporation shall commence a voluntary case under the Federal bankruptcy laws or any other applicable Federal or state bankruptcy, insolvency or similar law, or consent to the entry of an order for relief in an involuntary case under such law or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Corporation or of any substantial part of its property or make an assignment for the benefit of its creditors, or admit in writing its inability to pay its debts generally as they become due, or if a decree or order for relief in respect of the Corporation shall be entered by a court having jurisdiction in the premises in an involuntary case under the Federal bankruptcy laws or any other applicable federal or state bankruptcy, insolvency or similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Corporation or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order shall be unstayed and in effect for a period of 150 consecutive days and on account of any such event the Corporation shall liquidate, dissolve or wind up, or if the Corporation shall otherwise liquidate, dissolve or wind up, no distribution shall be made (i) to the holders of shares of Junior Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received the Liquidation Preference with respect to each share (as adjusted for any stock dividends, combinations or splits with respect to such shares) plus all declared or accumulated but unpaid dividends on such shares or (ii) to the holders of shares of Parity Stock unless the holders of shares of Series A Preferred Stock shall have received distributions made ratably to the holders of the Series A Preferred Stock and the Parity Stock in proportion to the total amounts to which the holders of all such shares of Series A Preferred Stock and Parity Stock would be entitled upon such liquidation, dissolution or winding up.

(b) Neither the consolidation, merger or other business combination of the Corporation with or into any other Person or Persons nor the sale of all or substantially all the assets of the Corporation shall be deemed to be a liquidation, dissolution or winding up of the Corporation for purposes of this Section 6.

Section 7. Conversion. (a) Upon the effectiveness of an amendment to the Certificate of Incorporation of the Corporation raising the number of authorized shares of Common Stock of the Corporation to a number not less than 30,000,000, each share of Series A Preferred Stock shall automatically be converted into such number of fully paid and nonassessable shares of Common Stock as is determined by applying the Conversion Ratio. The Conversion Ratio shall initially be 86.9565 shares of Common Stock for each share of Series A Preferred Stock, subject to adjustment from time to time pursuant to Section 7(e).

(b) Upon the occurrence of an automatic conversion pursuant to Section 7(a) hereof, and as soon as practicable thereafter, each holder of Series A Preferred Stock shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or any transfer agent for Series A Preferred Stock and the Corporation shall issue and deliver at such office to the holders of Series A Preferred Stock, or to the nominee or nominees of such holders, a certificate or certificates for the number of shares of Common Stock to which such holders shall be entitled as aforesaid. Regardless of the time at which such certificates are issued, the conversion shall be deemed to have been made immediately upon the occurrence of the event described in Section 7(a) and •the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date.

(c) The Conversion Ratio shall be subject to adjustment from time to time in certain instances as hereinafter provided. Upon conversion, the holder of shares of Series A Preferred Stock shall be entitled to receive, in cash, any accrued and unpaid dividends on the shares of Series A Preferred Stock surrendered for conversion to the date of such conversion.

(d) In connection with the conversion of any shares of Series A Preferred Stock, no fractions of shares of Common Stock shall be issued, but in lieu thereof the Corporation shall pay a cash adjustment in respect of such fractional interest in an amount equal to such fractional interest multiplied by the current Market Price per share of Common Stock on the Trading Day on which such shares of Series A Preferred Stock are deemed to have been converted. If more than one share of Series A Preferred Stock shall be surrendered for conversion by the same holder at the same time, the number of full shares of Common Stock issuable on conversion thereof shall be computed on the basis of the total number of shares of series A Preferred Stock so surrendered.

(e) The Conversion Ratio will be subject to adjustment from time to time as follows:

(i) In case the Corporation shall at any time or from time to time after the Issue Date (A) pay a dividend, or make a distribution, on the outstanding shares of Common Stock in shares of Common Stock or declare, order, pay or make a dividend or other distribution of stock or other securities or property or rights or warrants to subscribe for securities of the Corporation or any of its Subsidiaries by way of dividend or spinoff, (B) subdivide the outstanding shares of Common Stock, (C) combine the outstanding shares of Common stock into a smaller number of shares or (D) issue by reclassification of the shares of Common Stock any shares of capital stock of the Corporation, then, and in each such case, provision shall be made so that the holders of the Series A Preferred Stock shall thereafter be entitled to receive, upon conversion of the Series A Preferred Stock, the number of shares of stock or other securities or property of the Corporation or otherwise, to which the holders of Series A Preferred Stock would have received if they had converted their shares of Series A Preferred Stock immediately prior to the happening of such event or the record date therefor, whichever is earlier. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 7(e) with respect to the rights of the holders of the Series A Preferred Stock after such event to the end that the provisions of this Section 7(e) (including adjustment of the Conversion Ratio then in effect and the number of shares purchasable upon conversion of the Series A Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable. An adjustment made pursuant to this clause shall become effective (x) in the case of any such dividend or distribution, immediately after the close of business on the record date for the determination of holders of shares of Common Stock entitled to receive such dividend or distribution, or (y) in the case of such subdivision, reclassification or combination, at the close of business on the day upon which such corporate action becomes effective. No adjustment shall be made pursuant to this clause (i) in connection with any transaction to which Section 7(f) applies.

(ii) For purposes of this Section 7(e), the number of shares of Common Stock at any time outstanding shall not include any share of Common stock then owned or held by or for the account of the Corporation.

(iii) The term “dividend,” as used in this Section 7(e) shall mean a dividend or other distribution upon stock of the Corporation.

(iv) Anything in this Section 7(e) to the contrary notwithstanding, the Corporation shall not be required to give effect to any adjustment in the Conversion Ratio unless and until the net effect of one or more adjustments (each of which shall be carried forward), determined as above provided, shall have resulted in a change of the Conversion Ratio by at least one-tenth of one share of Common Stock, and when the cumulative net effect of more than one adjustment so determined shall be to change the Conversion Ratio by at least one-tenth of one share of Common Stock, such change in Conversion Ratio shall thereupon be given effect.

(v) The certificate of any firm of independent public accountants of recognized standing selected by the Board of Directors of the Corporation (which may be the independent public accountants regularly employed by the Corporation) shall be presumptively correct for any computation made under this Section 7(e).

(vi) If the Corporation shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or other distribution, and shall thereafter and before the distribution to stockholders thereof legally abandon its plan to pay or deliver such dividend or distribution, then thereafter no adjustment in the number of shares of Common Stock issuable upon exercise of the right of conversion granted by this Section 7 or in the Conversion Ratio then in effect shall be required by reason of the taking of such record.

(f) In case of any consolidation or merger of the Corporation with or into another corporation, or in case of any sale or conveyance to another corporation, of all or substantially all of the assets or property of the Corporation (each of the foregoing being referred to as a "Transaction"), at the option of the holder of any shares of Series A Preferred Stock, each share of Series A Preferred Stock then outstanding shall thereafter be convertible into, in lieu of the Common Stock issuable upon such conversion prior to consummation of such transaction, the kind and amount of shares of stock and other securities and property receivable {including cash) upon the consummation of such Transaction by a holder of that number of shares of Common Stock into which one share of Series A Preferred Stock was convertible immediately prior to such Transaction (including, on a pro rata basis, the cash, securities or property received by holders of Common Stock in any tender or exchange offer that is a step in such Transaction). In case securities or property other than Common Stock shall be issuable or deliverable upon conversion as aforesaid then all references in this Section 7 shall be deemed to apply, so far as appropriate and nearly as may be, to such other securities or property.

Section 8. Reports as to Adjustments. Upon any adjustment of the Conversion Ratio then in effect and any increase or decrease in the number of shares of Common Stock issuable upon the operation of the conversion set forth in section 7, then, and in each such case, the Corporation shall promptly deliver to each holder of Series A Preferred Stock and to the Transfer Agent of the Common Stock, a certificate signed by the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation setting forth in reasonable detail the event requiring the adjustment and the method by which such adjustment was calculated and specifying the conversion ratio then in effect following such adjustment and the increased or decreased number of shares issuable upon the conversion granted by Section 7.

Section 9. Definitions. For the purposes of this Certificate of Designation of Series A Cumulative Convertible Preferred Stock, the following terms shall have the meanings indicated:

"Bussiness Day" shall mean any day other than a Saturday, Sunday, or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"Current Market Price" shall mean the fair market value per share of Common Stock as determined in good faith by the Board of Directors of the Corporation, which may be based on an opinion of an independent investment banking firm with an established national reputation as a valuer of securities.

"Issue Date" shall mean the first date on which shares of Series A Preferred Stock are issued.

"Junior Stock" shall mean any capital stock of the Corporation ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock.

"Liquidation Preference" with respect to a share of Series A Preferred Stock shall mean $100 per share.

"Parity Stock" shall mean any capital stock of the Corporation ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the series A Preferred Stock.

"Person" shall mean any individual, firm, corporation or other entity, and shall include any successor (by merger or otherwise) of such entity.

"Subsidiary" of any Person means any corporation or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by such Person.

"Trading Day" means a Business Day or, if the Common Stock is listed or admitted to trading on any national securities exchange, a day on which such exchange is open for the transaction of business.

IN WITNESS WHEREOF, CANDIE’S, INC. has caused this Certificate to be duly executed under its corporate name on this 14th day of September 1994.

CANDIE’S, INC.

By: /s/ Neil Cole
Name: Neil Cole
Title: President

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 11/29/1994
944230090 – 864972

CERTIFICATE OF AMENDMENT
OF

CERTIFICATE OF INCORPORATION
OF

CANDIE’S, INC.

Adopted in accordance with the provisions of
Section 242 of the General Corporation Law of the State of Delaware

THE UNDERSIGNED, President of Candies’e, Inc., a corporation existing under the laws of the State of Delaware (the “Corporation”), does hereby certify as follows:

FIRST: That the Certificate of Incorporation of the Corporation has been amended as follows by striking out the first sentence of Article FOURTH as it now exists and inserting in lieu and instead thereof a new first sentence of Article FOURTH, reading as follows:

“The total number of shares of stock which the Corporation shall have authority to issue is thirty-five million (35,000,000) shares, of which thirty million (30,000,000) shall be common stock, of the par value of $.001 per share, and five million (5,000,000) shall be preferred stock, of the par value of $.01 per share.”

SECOND: That such amendment has been duly adopted in accordance with the provisions of the General Corporation Law of the State of Delaware by the affirmative vote of the holders of a majority of the stock entitled to vote at a meeting of stockholders.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this 29th day of November, 1994.

By: /s/ Neil Cole
Name: Neil Cole
Title: President

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 08/18/1998
981323030 – 0864972

S ////STATE/OF/DELAWARE///// V
T ///SECRETARY/OF/STATE///// O
A DIVISION/OF/CORPORATIONS// I
M FILED/09/00/AM/08/18/1998/ D
P ///981323030/-/2090249////
BY April Wright

CERTIFICATE OF MERGER
OF
NEW RETAIL CONCEPTS, INC.
(a Delaware corporation)
INTO
CANDIE'S, INC.
(a Delaware corporation)

New Retail Concepts, Inc., a corporation formed under the laws of the State of Delaware, desiring to merge with and into Candie's, Inc. pursuant to the provisions of Section 251 (c) of the Delaware General Corporation law, DOES HEREBY CERTIFY as follows:

FIRST: That the names and states of incorporation of each Constituent Corporations are:

NAME	STATE OF INCORPORATION
Candie's, Inc.	Delaware
New Retail Concepts, Inc.	Delaware

SECOND: That the Agreement and Plan of Merger has been approved, adopted, certified, executed and acknowledged by each of the Constituent Corporations in accordance with Section 251(c) of the Delaware General Corporation Law.

THIRD: That the name of the surviving corporation is candie's, Inc.

FOURTH: The Certificate of Incorporation of Candie's sha1l be the Certificate of Incorporation of the surviving corporation.

FIFTH: That an executed Agreement and Plan of Merger is on file at the principal place of business of Candie's, Inc. 2975 Westchester Avenue, Purchase, New York 10577 and that a copy of the Agreement and Plan of Merger will be furnished by the surviving Corporation, on request and without cost, to any stockholder of any Constituent Corporation.

IN WITNESS WHEREOF, Candie's, Inc. has caused this Certificate of Merger to be executed by its president thereunto duly authorized this 17 day of August, 1998.

ATTEST:

/s/ Gary Klein
Secretary
Gary Klein

CANDIE'S, INC.
(a Delaware corporation)

By: /s/ Neil Cole
Neil Cole, President

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 02/03/2000
001055450 – 0864972

CERTIFICATE OF ELIMINATION

OF

CANDIE'S, INC.

CANDIE'S, INC., a corporation organized and existing under the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

That the following resolutions were adopted by the Board of Directors of CANDIE'S, INC. on January 25, 2000:

"RESOLVED, that this Corporation will not in the future issue any shares of its Series A Cumulative Convertible Preferred Stock, par value $.01 per share, no shares of which are currently outstanding, pursuant to the Certificate of Designation for the Series A Convertible Preferred Stock that was filed on September 13, 1994 with the office of the Secretary of State of the State of Delaware; and further

RESOLVED, that the Chief Executive Officer of this Corporation be, and hereby is, authorized and directed to file a certificate setting forth these resolutions pursuant to Section 151(g) of the General Corporation Law of the State of Delaware so that, pursuant to such Section 151(g), the Certificate of Designation shall be eliminated from this Corporation's Certificate of Incorporation and the shares previously designated by the Certificate of Designation shall revert to the status of authorized and unissued shares of Preferred Stock of this Corporation for which powers, designations, preferences and relative, participating, optional or other rights, if any, or the qualifications, limitations or restrictions thereof, if any, shall not have been set forth in the Certificate of Incorporation of this Corporation or any amendment thereto; and further

RESOLVED, that the Chief Executive Officer of this Corporation be, and hereby is, authorized, for and on behalf of this Corporation, to execute and deliver any and all agreements, instruments and documents, and to do any and all other acts and things as they or any of them may deem necessary or appropriate to carry out fully the intent and purpose of the foregoing resolutions."

Dated: February 2, 2000.

CANDIE'S, INC.

By: /s/ Deborah Sorell Stehr
Deborah Sorell Stehr,
Senior Vice President

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:01 AM 02/03/2000
001055461 – 0864972

CANDIE’S, INC.

CERTIFICATE OF DESIGNATION
OF THE VOTING POWERS, DESIGNATIONS,
PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR
OTHER SPECIAL RIGHTS, AND OF THE QUALIFICATIONS,
LIMITATIONS OR RESTRICTIONS, OF SERIES A
JUNIOR PARTICIPATING PREFERRED STOCK
($.01 Par Value Per Share)

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

The undersigned hereby certifies that the following resolution was duly adopted by the Board of Directors of Candie’s, Inc. (the “Corporation”), a corporation organized and existing by virtue of the General Corporation Law of the State of Delaware (the “DGCL”), on January 25, 2000:

RESOLVED, that pursuant to authority conferred upon the Board of Directors of the Corporation by its Certificate of Incorporation, a Series A Junior Participating Preferred Stock of the Corporation is hereby created, and the designation and amount thereof and the voting powers, preferences and relative, participating, optional or other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof, are as follows:

Section 1. Designation and Number of Shares. The shares of such series shall be designated as “Series A Junior Participating Cumulative Preferred Stock” (“Series A Preferred Stock”). The number of shares initially constituting the Series A Stock shall be 18,000; provided, however, that, if more than a total of 18,000 shares of Series A Preferred Stock shall be at any time issuable upon the exercise of Rights (the “Rights”) issued pursuant to the Rights Agreement, dated as of January 26, 2000, between the Corporation and Continental Stock Transfer and Trust Company, as Rights Agent, as amended from time to time (the “Rights Agreement”), the Board of Directors, pursuant to Section 151(g) of the DGCL, shall direct by resolution or resolutions that a certificate be properly executed, acknowledged, filed and recorded, in accordance with the provisions of Section 103 thereof, providing for the total number of shares of Series A Preferred Stock authorized to be issued to be increased (to the extent that the Certificate of Incorporation then permits) to the largest number of whole shares (rounded up to the nearest whole number) then issuable upon exercise of such Rights.

Section 2. Dividends and Distributions.

(a) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of Common Stock and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a “Quarterly Dividend Payment Date”), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (i) $1.00 or (ii) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (ii) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (a) of this Section 2 immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $1.00 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(c) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Except as otherwise provided in this Certificate of Incorporation, in any Preferred Stock Designation or in any certificate of designations creating any similar stock, or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(c) Except as set forth herein, or as otherwise provided by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(a) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(b) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (a) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired promptly after the acquisition thereof. All such shares shall upon their retirement become authorized but unissued shares of Series A Preferred Stock and may be reissued as part of a new series of Series A Preferred Stock subject to the conditions and restrictions on issuance set forth herein or in any Certificate of Designations creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, plus an amount equal to the greater of $1.00 per share or an aggregate amount per share equal to 1,000 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up; provided, however, that in the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series A Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series A Preferred Stock shall not be redeemable.

Section 9. Rank. The Series A Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, junior to all other series of the Corporation's Preferred Stock.

Section 10. Amendment. The Certificate of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock, voting together as a single class.

Dated: February 2, 2000

CANDIE'S, INC.

By: /s/ Deborah Sorell Stehr
Deborah Sorell Stehr,
Senior Vice President

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 06/24/2002
020407781 – 0864972

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

CANDIE’S, INC.

Adopted in accordance with the provisions of
Section 242 of the General Corporation Law of the State of Delaware

THE UNDERSIGNED, President of Candie’s, Inc., a corporation existing under the laws of the State of Delaware (the “Corporation”), does hereby certify as follows:

FIRST: That the Certificate of Incorporation of the Corporation has been amended as follows by striking out the first sentence of Article FOURTH as it now exists and inserting in lieu and instead thereof a new first sentence of Article FOURTH, reading as follows:

“The total number of shares of stock which the Corporation shall have authority to issue is eighty million (80,000,000) shares, of which seventyfive million (75,000,000) shares shall be common stock, of the par value of $.001 per share, and five million (5,000,000) shares shall be preferred stock, of the par value of $.01 per share.”

SECOND: That such amendment has been duly adopted in accordance with the provisions of the General Corporation Law of the State of Delaware by the affirmative vote of the holders of a majority of the stock entitled to vote at a meeting of stockholders.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this 24th day of June, 2002.

/s/ Neil Cole
Name: Neil Cole
Title: President

State of .Delaware
Secretary of State
Division of Corporations
Delivered 01:58 PM 02/09/2005
FILED 12:57 PM 02/09/2005
SRV 050106573 – 0864972 FILE

CERTIFICATE FOR RENEWAL

AND REVIVAL OF CHARTER OF

CANDIE’S, INC.

1. The name of the corporation is Candie’s, Inc., whose original Certificate of Incorporation was filed in the office of the Secretary of State on December 26, 1978.

2. Its registered office in the State of Delaware shall be located at 1209 Orange Street, City of Wilmington, County of New Castle, 19801, and the name of its registered agent at said address shall be The Corporation Trust Company.

3. This restoration, renewal and revival of the charter of the corporation is to be for a perpetual term. The date when the restoration, renewal and revival of the charter of the corporation is to be effective is the 29th day of February, 2004, which date is prior to the date of the expiration of the charter of said corporation and its becoming void by operation of law.

4. The corporation was duly organized under the laws of the State of Delaware

5. The corporation was authorized to engage in the business activities set forth in its Certificate of Incorporation until March 1, 2004, at which time its charter became inoperative and void by operation of law for failure to file annual reports and for non-payment of taxes payable to the State of Delaware, and this Certificate of Renewal and Revival is filed by authority of the duly elected directors of the corporation in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, I have signed this Certificate this 13th day of January, 2005.

CANDIE’S, INC.

By: /s/ Deborah Sorell Stehr
Name: Deborah Sorell Stehr,
Title: Sr. V. Pres

State of Delaware
Secretary of State
Division of Corporations
Delivered 12:26 PM 06/29/2005
FILED 12: 05 PM 06/29/2005
SRV 050541901 - 0864972 FILE

CERTIFICATE OF OWNERSHIP AND MERGER

OF

ICONIX BRAND GROUP, INC.

INTO

CANDIE'S, INC.

Adopted in accordance with the provisions of
Section 253 of the Delaware General Corporation Law

CANDIE'S, INC., a Delaware corporation, desiring to merge with ICONIX BRAND GROUP, INC., a Delaware corporation, pursuant to the provisions of Section 253 of the Delaware General Corporation Law, hereby certifies as follows:

1. Candie's, Inc. is a corporation formed under the laws of the State of Delaware (the "Corporation").

2. The Corporation is the owner of all of the outstanding shares of each class of stock of Iconix Brand Group, Inc., a corporation formed under the laws of the State of Delaware.

3. On June 28, 2005, the Board of Directors of the Corporation adopted the following resolutions to merge Iconix Brand Group, Inc. into the Corporation:

> "WHEREAS, the Corporation owns 100% of the issued and outstanding common stock of the Iconix Brand Group, Inc. ("Subsidiary"); and
>
> WHEREAS, it is in the best interests of the Corporation to merge the Subsidiary with and into the Corporation in order that all the estate, property, rights, privileges and franchises of the Subsidiary shall vest in and be possessed by the Corporation;

NOW, THEREFORE, be it:

RESOLVED, that the Board of Directors of the Corporation hereby approves and adopts the following plan to merge the Subsidiary into the Corporation:

1. The name of the corporation proposing to merge is Iconix Brand Group, Inc. (the "Subsidiary") and the name of the surviving corporation is Candie's, Inc. (the "Corporation")

2. The Subsidiary shall merge into the Corporation and upon the effective date of such merger the Subsidiary shall cease to exist and shall no longer exercise its powers, privileges and franchises subject to the laws of the State of Delaware. The Corporation shall succeed to the property and assets of and exercise all the powers, privileges and franchises of the Subsidiary and shall assume and be liable for all of the debts and liabilities, if any, of the Subsidiary.

3. The shares of the Subsidiary shall not be converted as a result of the merger, but shall be cancelled, and the authorized capital stock of the Corporation shall be and remain the same as before the merger.

4. The Certificate of Incorporation of the Corporation shall be amended to change the name of the Corporation to Iconix Brand Group, Inc. upon the effective date of the merger.

and further

RESOLVED, that the President of the Corporation, or such other officer of the Corporation designated by the President, is hereby authorized to execute, in the name of the Corporation, a Certificate of Merger, and to file such Certificate in the Office of the Secretary of State of the State of Delaware, and to do all the other acts and things that may be necessary to carry out and effectuate the purpose of these resolutions."

4. The effective time and date of the merger shall be 9 A.M., July 1, 2005.

IN WITNESS WHEREOF, CANDIE'S, INC. has caused this Certificate to be executed by its duly authorized officer thereunto duly authorized this 28th day of June, 2005.

CANDIE'S, INC.
(a Delaware corporation)

By: /s/ Neil Cole
Name: Neil Cole
Title: President

State of Delaware
Secretary of State
Division of Corporations
Delivered 05:45 PM 08/16/2007
FILED 05:18 PM 08/16/2007
SRV 070930663 - 0864972 FILE

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

ICONIX BRAND GROUP, INC.

Adopted in accordance with the provisions of Section 242
of the General Corporation Law of the State of Delaware

THE UNDERSIGNED, being a duly authorized officer of Iconix Brand Group, Inc., a corporation existing under the laws of the State of Delaware (the "Corporation"), does hereby certify as follows:

FIRST: That the Certificate of Incorporation of the Corporation has been amended as follows by striking out the first sentence of Article FOURTH as it now exists and inserting in lieu and instead thereof a new first sentence of Article FOURTH, reading as follows:

> "The total number of shares of stock which the Corporation shall have authority to issue is one hundred fifty-five million (155,000,000) shares, of which one hundred fifty million (150,000,000) shares shall be common stock, of the par value of $.001 per share, and five million (5,000,000) shares shall be preferred stock, of the par value of $.01 per share."

SECOND: That such amendment has been duly adopted in accordance with the provisions of the General Corporation Law of the State of Delaware by the affirmative vote of the holders of a majority of the stock entitled to vote at a meeting of stockholders.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this 16th day of August, 2007.

/s/ Deborah Sorell Stehr
Name: Deborah Sorell Stehr
Title: Senior Vice President

State of Delaware
Secretary of State
Division of Corporations
Delivered 12:01 PM 05/12/2010
FILED 09:05 AM 05/12/2010
SRV 100494750 - 0864972 FILE

CERTIFICATE OF CHANGE OF LOCATION OF REGISTERED OFFICE

AND OF REGISTERED AGENT

OF

ICONIX BRAND GROUP, INC.

It is hereby certified that:

1. The name of the corporation (hereinafter called the “corporation”) is:

ICONIX BRAND GROUP, INC.

2. The registered office of the corporation within the State of Delaware is hereby changed to 2711 Centerville Road, Suite 400, City of Wilmington 19808, County of New Castle.

3. The registered agent of the corporation within the State of Delaware is hereby changed to Corporation Service Company, the business office of which is identical with the registered office of the corporation as hereby changed.

4. The corporation has authorized the changes hereinbefore set forth by resolution of its Board of Directors.

Signed on May 10, 2010

/s/ Andrew Tarshis
Name: Andrew Tarshis
Title: Executive Vice President

State of Delaware
Secretary of State
Division of Corporations
Delivered 08:09 AM 01/29/2016
FILED 08:15 AM 01/29/2016
SR 20160468306 - File Number 864972

CERTIFICATE OF DESIGNATION, PREFERENCES AND RIGHTS OF SERIES B JUNIOR PARTICJPATING PREFERRED STOCK

of

ICONIX BRAND GROUP, INC.

Pursuant to Section 151 of the General Corporation Law of the State of Delaware

We, F. Peter Cuneo, Chairman of the Board of Directors, and Jason Schaefer, Secretary, of ICONIX BRAND GROUP, INC., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation''), in accordance with the provisions of Section 103 thereof, DO HEREBY CERTIFY:

That pursuant to the authority vested in the Board of Directors of the Corporation (the "Board of Directors'') by the Certificate of Incorporation of the Corporation and all amendments thereto (as may be amended from time to time, the "Certificate of Incorporation"), the Board of Directors on January 27, 2016, duly adopted the following resolution creating a series of shares of Preferred Stock, par value $0.01 per share, of the Company designated as Series B Junior Participating Preferred Stock (the "Preferred Stock"):

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of the Corporation in accordance with the provisions of the Certificate of Incorporation, a series of Preferred Stock of the Corporation be and it hereby is created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series B Junior Participating Preferred Stock" and the number of shares constituting such series shall be l00,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series B Junior Participating Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the exercise of any options, rights or warrants issuable upon conversion of any outstanding securities issued by the Corporation convertible into the Series B Junior Participating Preferred Stock.

Section 2. Dividends and Distributions.

(A) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to1:he shares of Series B Junior Participating Preferred Stock with respect to dividends, the holders of shares of Series B Junior Participating Preferred Stock, in preference to the holders of common stock, par value $0.001 per share, of the Corporation (the "Common Stock"), and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series B Junior Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $1.00 or (b) subject to the provision for adjustment hereinafter set forth, one thousand (1,000) times the aggregate per share amount of all cash dividends, and one thousand (1,000) times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series B Junior Participating Preferred Stock.•In the event the Corporation shall at any time after January 27, 2016 (the "Rights Declaration Date") (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series B Junior Participating Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series B Junior Participating Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $1.00 per share on the Series B Junior Participating Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date (the actual payment, however, may be deferred if prohibited under any debt instruments).

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series B Junior Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series B Junior Participating Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series B Junior Participating Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series B Junior Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series B Junior Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than thirty (30) days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series B Junior Participating Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series B Junior Participating Preferred Stock shall entitle the holder thereof to one thousand (1,000) votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of shares of Series B Junior Participating Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in the Certificate of Incorporation or by law, the holders of shares of Series B Junior Participating Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, holders of Series B Junior Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series B Junior Participating Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series B Junior Participating Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Junior Participating Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series B Junior Participating Preferred Stock, except dividends paid ratably on the Series B Junior Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series B Junior Participating Preferred Stock provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series B Junior Participating Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series B Junior Participating Preferred Stock, or any shares of stock ranking on a parity with the Series B Junior Participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series B Junior Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein, in the Certificate of Incorporation or as otherwise required by law.

Section 6. Liquidation, Dissolution or Winding Up. (A) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Series B Junior Participating Preferred Stock shall have received an amount equal to one thousand dollars ($1,000.00) per share of Series B Junior Participating Preferred Stock, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the "'Series B Liquidation Preference"). Following the payment of the full amount of the Series B Liquidation Preference, no additional distributions shall be made to the holders of shares of Series B Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment'') equal to the quotient obtained by dividing (i) the Series B Liquidation Preference by (ii) one thousand (1,000)(as appropriately adjusted as set forth in subparagraph (C) below to reflect such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (ii), the "Adjustment Number"). Following the payment of the full amount of the Series B Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series B Junior Participating Preferred Stock and Common Stock, respectively, holders of Series B Junior Participating Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to one (l) with respect to such Preferred Stock and Common Stock, on a per share basis, respectively.

(B) In the event, however, that there are not sufficient assets available to permit payment in full of the Series B Liquidation Preference and the liquidation preferences of all other series of preferred stock, if any, which rank on a parity with the Series B Junior Participating Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event, however, that there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

(C) In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series B Junior Participating Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to one thousand (1,000) times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series B Junior Participating Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series B Junior Participating Preferred Stock shall not be redeemable.

Section 9. Ranking. Except as set forth in the following sentence or in the terms of any series of Preferred Stock hereinafter designated, the Series B Junior Participating Preferred Stock shall rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise. The Series A Junior Participating Preferred Stock, to the extent any such shares are outstanding, shall rank junior to the Series B Junior Participating Preferred Stock.

Section 10. Amendment. At any time when any shares of Series B Junior Participating Preferred Stock are outstanding, neither the Certificate of Incorporation nor this Certificate of Designation, Preferences and Rights shall be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series B Junior Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of a majority or more of the outstanding shares of Series B Junior Participating Preferred Stock, voting separately as a class.

Section 11. Fractional Shares. Series B Junior Participating Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series B Junior Participating Preferred Stock.

[Signature Page Follows]

IN WITNESS WHEREOF, we have executed and subscribed this Certificate of Designation, Preferences and Rights and do affirm the foregoing as true under the penalties of perjury this 29th day of January, 2016.

/s/ F. Peter Cuneo
Chairman of the Board of Directors
Peter Cuneo

Attest:

/s/ Jason Schaefer
Secretary
Jason Schaefer

[Signature Page to the Certificate of Designation, Preferences and Rights]

State of Delaware
Secretary of State
Division of Corporations
Delivered 01:19 PM 05/02/2018
FILED 01:19 PM 05/02/2018
SR 20183268497 - File Number 864972

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

ICONIX BRAND GROUP, INC.

Adopted in accordance with the provisions of Section 242
of the General Corporation Law of the State of Delaware

THE UNDERSIGNED, being a duly authorized officer of Iconix Brand Group, Inc., a corporation existing under the laws of the State of Delaware (the “Corporation”), does hereby certify as follows:

FIRST: That the Certificate of Incorporation of the Corporation has been amended by striking out of the first sentence of Article FOURTH as it now exists and inserting in lieu and instead thereof a new first sentence of Article FOURTH, reading as follows:

> “The total number of shares of stock which the Corporation shall have authority to issue is two hundred sixty-five million (265,000,000) shares, of which two hundred sixty million (260,000,000) shares shall be common stock, of the par value of $.001 per share, and five million (5,000,000) shares shall be preferred stock, of the par value of $.01 per share.”

SECOND: That such amendment has been duly adopted in accordance with the provisions of the General Corporation Law of the State of Delaware by the affirmative vote of the holders of a majority of the stock entitled to vote at a meeting of stockholders.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the undersigned has executed this Certificate this 2nd day of May, 2018.

/s/ Jason Schaefer

Name: Jason Schaefer

Title: Executive Vice• President, General Counsel and Corporate Secretary

State of Delaware
Secretary of State
Division of Corporations
Delivered 11:48 AM 03/13/2019
FILED 11:48 AM 03/13/2019
SR 20191939569 - File Number 864972

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
ICONIX BRAND GROUP, INC.

Adopted in accordance with the provisions of Section 242
of the General Corporation Law of the State of Delaware

THE UNDERSIGNED, being a duly authorized officer of Iconix Brand Group, Inc., a corporation existing under the laws of the State of Delaware (the "Corporation"), does hereby certify as follows:

FIRST: That the Certificate of Incorporation of the Corporation has been amended by inserting a new second paragraph into Article FOURTH as it now exists, reading as follows:

> "Reverse Stock Split. In accordance with Section 242 of the General Corporation Law of the State of Delaware, upon the effectiveness (the "Effective Time") of the certificate of amendment filed by the Corporation with the State of Delaware on or prior to March 14, 2019 (the "Certificate of Amendment"), each ten (10) shares of the Corporation's common stock, par value of $0.001 per share, issued and outstanding immediately prior to the Effective Time (the "Old Common Stock") shall automatically without further action on the part of the Corporation or any holder of Old Common Stock, be reclassified, combined and changed into one (1) fully paid and nonassessable share of common stock, par value of $0.001 per share (the "New Common Stock"), subject to the treatment of fractional share interests as described below (the "reverse stock split"). From and after the Effective Time, certificates representing the Old Common Stock shall represent the number of shares of New Common Stock into which such Old Common Stock shall have been combined pursuant to the reverse stock split. Holders who otherwise would be entitled to receive fractional share interests of New Common Stock upon the effectiveness of the reverse stock split shall be entitled to receive a whole share of New Common Stock in lieu of any fractional share created as a result of such reverse stock split."

SECOND: That this Certificate of Amendment shall be effective as of 12:01 a.m. EST on March 14, 2019.

THIRD: That this Certificate of Amendment has been duly adopted in accordance with the provisions of the General Corporation Law of the State of Delaware by the affirmative vote of the holders of a majority of the stock entitled to vote at a meeting of stockholders.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the undersigned has executed this Certificate this 13th day of March, 2019.

/s/ Kyle Harmon

Name: Kyle C. Harmon

Title: Vice President

EXHIBIT 4.6

DESCRIPTION OF CAPITAL STOCK

Our amended and restated certificate of incorporation provides that our authorized capital stock consists of 260,000,000 shares of common stock, $0.001 par value, and 5,000,000 shares of preferred stock, $0.01 par value. The following description of our capital stock and provisions of our amended and restated certificate of incorporation and amended and restated bylaws are only summaries, and we encourage you to review complete copies of our amended and restated certificate of incorporation and amended and restated bylaws, which we have previously filed with the SEC.

Common stock

Subject to the rights specifically granted to holders of any then outstanding shares of our preferred stock, our common stockholders are entitled to vote together as a class on all matters submitted to a vote of our stockholders and are entitled to any dividends that may be declared by our board of directors. Our common stockholders do not have cumulative voting rights. Upon our dissolution, liquidation or winding up, holders of our common stock are entitled to share ratably in our net assets after payment or provision for all liabilities and any preferential liquidation rights of our preferred stock then outstanding. Our common stockholders have no preemptive rights to purchase shares of our common stock. The issued and outstanding shares of our common stock are not subject to any redemption provisions and are not convertible into any other shares of our capital stock. All outstanding shares of our common stock are, and the shares of common stock to be issued in this offering will be, upon payment therefor, fully paid and non-assessable. The rights, preferences and privileges of holders of our common stock are subject to those of the holders of our Series A preferred stock, described below, and any other shares of our preferred stock we may issue in the future.

Anti-takeover considerations and special provisions of Delaware law, our certificate of incorporation and our bylaws

Delaware anti-takeover law

We are subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. This section prevents Delaware corporations, under certain circumstances, from engaging in a “business combination” with:

- a stockholder who owns 15% or more of our outstanding voting stock (otherwise known as an interested stockholder);
- an affiliate of an interested stockholder; or
- an associate of an interested stockholder

for three years following the date that the stockholder became an interested stockholder. A “business combination” includes a merger or sale of more than 10% of our assets.

However, the above provisions of Section 203 do not apply if:

- our board of directors approves the transaction that made the stockholder an interested stockholder, prior to the date of that transaction;
- after the completion of the transaction that resulted in the stockholder becoming an interested stockholder, that stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding shares owned by our officers and directors; or
- on or subsequent to the date of the transaction, the business combination is approved by our board of directors and authorized at a meeting of our stockholders by an affirmative vote of at least two-thirds of the outstanding voting stock not owned by the interested stockholder.

This statute could prohibit or delay mergers or other change in control attempts, and thus may discourage attempts to acquire us.

Certificate of incorporation and bylaws

A number of provisions of our certificate of incorporation and bylaws concern matters of corporate governance and the rights of our stockholders. Provisions that grant our board of directors the ability to issue shares of preferred stock and to set the voting rights, preferences and other terms thereof may discourage takeover attempts that are not first approved by our board of directors, including takeovers which may be considered by some stockholders to be in their best interests. Certain provisions could delay or impede the removal of incumbent directors or the assumption of control by stockholders, even if such removal or assumption would be beneficial to our stockholders. These provisions also could discourage or make more difficult a merger, tender offer or proxy contest, even if they could be favorable to the interests of stockholders, and could potentially depress the market price of our common stock. Our board of directors believes that these provisions are appropriate to protect our interests and the interests of our stockholders.

Meetings of stockholders. Our bylaws provide that annual meetings of our stockholders may take place at the time and place established by our board of directors. A special meeting of our stockholders may be called at any time by the board or by any officer instructed by the directors to call the meeting.

Filling of board vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by the affirmative vote of a majority of our directors then in office.

Amendment of the bylaws. Our bylaws may be amended or repealed by our board of directors or our stockholders.

Transfer agent, warrant agent and registrar

Continental Stock Transfer & Trust Company is the transfer agent and registrar for our common stock.

Exhibit 21

SUBSIDIARIES OF ICONIX BRAND GROUP, INC.

IBG Borrower LLC
a Delaware limited liability company

Bright Star Footwear LLC
a New Jersey limited liability company

Badgley Mischka Licensing LLC
a Delaware limited liability company

IP Holdings and Management Corporation
a Delaware corporation

IP Holdings LLC
a Delaware limited liability company

IP Management LLC
a Delaware limited liability company

Michael Caruso & Co., Inc.
a California corporation

Unzipped Apparel LLC
a Delaware limited liability company

Mossimo Holdings LLC
a Delaware limited liability company

Mossimo, Inc.
a Delaware corporation

OP Holdings LLC
a Delaware limited liability company

OP Holdings and Management Corporation
a Delaware corporation

Studio IP Holdings LLC
a Delaware limited liability company

Studio Holdings and Management Corporation
a Delaware corporation

Official Pillowtex LLC
a Delaware limited liability company

Pillowtex Holdings and Management LLC
a Delaware limited liability company

Scion LLC
a Delaware limited liability company

Artful Holdings LLC
a Delaware limited liability company

IP Holdings Unltd LLC
a Delaware limited liability company

MG Icon LLC
a Delaware limited liability company

Icon Entertainment LLC
a Delaware limited liability company

Hardy Way LLC
a Delaware limited liability company

ZY Holdings LLC
a Delaware limited liability company

ZY Holdings and Management Corporation
a Delaware corporation

Sharper Image Holdings LLC
a Delaware limited liability company

Sharper Image Holdings and Management Corporation
a Delaware corporation

Scion BBC LLC
a Delaware limited liability company

Iconix DE Brand Holdings Corp.
a Delaware corporation

Icon DE Intermediate Holdings LLC
a Delaware limited liability company

Icon DE Holdings LLC
a Delaware limited liability company

Icon NY Holdings LLC
a Delaware limited liability company

Umbro IP Holdings LLC
a Delaware limited liability company

Iconix Luxembourg Holdings S.á.r.l,
a Luxembourg Société à responsabilité limitée

Iconix Brand UK Limited
a United Kingdom private limited company

Iconix Spain Holdings, S.L.
a Spanish Sociedad Unipersonal

Icon Modern Amusement LLC
a Delaware limited liability company

1724982 Alberta ULC
a Canadian unlimited liability company

Iconix Latin America LLC
a Delaware limited liability company

Iconix Europe LLC
a Delaware limited liability company

Hydraulic IP Holdings LLC
a Delaware limited liability company

US Pony Holdings, LLC
a Delaware limited liability company

Diamond Icon Ltd.
a United Kingdom limited company

Icon Brand Holdings LLC
a Delaware limited liability company

Iconix CA Holdings LLC
a Delaware limited liability company

Icon Canada JV Holdings Corp.
a Delaware corporation

Iconix Canada JV Holdings ULC
a Canada unlimited liability company

Iconix Luxembourg LC Holdings S.á.r.l.
a Luxembourg Société à responsabilité limitée

Lee Cooper Brands (Management Services) Ltd.
a United Kingdom limited company

Red Diamond Holdings S.á.r.l
a Luxembourg Société à responsabilité limitée

Umbro Sourcing LLC
a Delaware limited liability company

Iconix China Holdings Limited
a Cayman Islands company

Iconix China Investments Ltd.
a British Virgin Islands company

Iconix China Limited
a Hong Kong limited company

Umbro China Limited
a Hong Kong limited company

Danskin China Limited
a Hong Kong limited company

LC Partners US LLC
a Delaware limited liability company

Iconix Ecom, LLC
a Delaware limited liability company

Starter China Limited
a Hong Kong limited company

Lee Cooper China Limited
a Hong Kong limited company

Iconix MENA Ltd.
a United Kingdom limited company

Iconix Group DMCC
a Dubai limited company

Exhibit 23

Consent of Independent Registered Public Accounting Firm

Iconix Brand Group, Inc.
New York, New York

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-224724, 333-215050, 333-184313, and 333-161419) of our report dated March 30, 2020, relating to the consolidated financial statements of Iconix Brand Group, Inc. which appear in this Form 10-K. Our report contains an explanatory paragraph regarding the Company’s ability to continue as a going concern.

/s/ BDO USA, LLP
New York, New York
March 30, 2020

Exhibit 31.1

ICONIX BRAND GROUP, INC.
CERTIFICATION 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

I, Robert C. Galvin, certify that:

1. I have reviewed this Annual Report on Form 10-K for the period ended December 31, 2019 of Iconix Brand Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 30, 2020

/s/ Robert C. Galvin
Robert C. Galvin
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

ICONIX BRAND GROUP, INC.
CERTIFICATION 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

I, John T. McClain, certify that:

1. I have reviewed this Annual Report on Form 10-K for the period ended December 31, 2019 of Iconix Brand Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: March 30, 2020

/s/ John T. McClain
John T. McClain
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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

In connection with the Annual Report of Iconix Brand Group, Inc. (the “Company”) on Form 10-K for the period ended December 31, 2019 (the “Report”), I, Robert C. Galvin, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Robert C. Galvin
Robert C. Galvin
President and Chief Executive Officer

March 30, 2020

Exhibit 32.2

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

In connection with the Annual Report of Iconix Brand Group, Inc. (the "Company") on Form 10-K for the period ended December 31, 2019 (the "Report"), I, John T. McClain, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ John T. McClain
John T. McClain
Executive Vice President and Chief Financial Officer

March 30, 2020