

PHOENIX FOOTWEAR REPORTS FISCAL 2021 YEAR END RESULTS

CARLSBAD, Calif., March 30, 2022 -- Phoenix Footwear Group, Inc. (OTCMarkets.com: PXFG) today reported results for the 2021 fiscal year ended January 1, 2022.

Fiscal Year 2021 Highlights

- Net Sales for fiscal 2021 increased 32% to \$16.2 million, up from \$12.3 million for the previous year. The Company generated double digit growth in each of its three brands and also saw growth across all channels of distribution, as the Company returned to more normalized post pandemic operations.
- Gross Margins improved to 40.9% for fiscal 2021, compared to 38.0% in fiscal 2020.
- Operating Income for the fiscal year ended January 1, 2022, totaled \$2.0 million. Included in these results were \$600 thousand of PPP loan forgiveness. Net Income for the period totaled \$899 thousand or \$0.03 per diluted share. These results compare to an Operating Loss of \$9 thousand for the fiscal year ended January 2, 2021, and a Net Loss of \$770 thousand.
- During 2021, the Company also entered into a license agreement with Pendleton Woolen Mills to sell licensed rubberized footwear under the Pendleton Brand. The Company expects to deliver the first such licensed product in April of 2022.

Commented James Riedman, CEO, “This past year our employees delivered a remarkable turnaround in the Company’s performance. Even with well-publicized disruptions and increased costs due to global supply bottlenecks, sales grew a robust 32% and gross margins improved 290 basis points. Importantly, we expect both the sales growth and improving financial performance to continue into the new year. As we start the new year, our core brands continue to perform well at retail. We also are also excited about our partnership with Pendleton as it launches later this year. This iconic American brand provides us with opportunities to expand our retail networks as well as our consumer base.”

About Phoenix Footwear Group, Inc.

Phoenix Footwear Group, Inc., headquartered in Carlsbad, California, specializes in quality comfort women’s footwear with a design focus on fitting features. Phoenix Footwear designs, develops, markets and sells footwear in a wide range of sizes and widths under the brands Trotters® and SoftWalk®, and Bueno®. These brands are primarily sold through department stores, leading specialty and independent retail stores, mail order catalogues and internet retailers

throughout the U.S. Phoenix Footwear has been engaged in the manufacture or importation and sale of quality footwear since 1882.

Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. These forward-looking statements include, but are not limited to, statements regarding Phoenix Footwear's ability to repay its bank debt in a timely manner, future growth and performance of its individual brands, expected financial performance and condition for fiscal 2017 and/or statements preceded by, followed by or that include the words "believes," "could," "expects," "anticipates," "estimates," "intends," "plans," "projects," "seeks," "exploring," or similar expressions. Although Phoenix Footwear believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore, there can be no assurance that the forward-looking statements included in this press release will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by Phoenix Footwear or any other person that the objectives and plans of Phoenix Footwear will be achieved. All forward-looking statements included in this press release speak only as of the date of this press release and are based on Phoenix Footwear's current expectations and projections about future events, based on information available at the time of the release, and Phoenix Footwear expressly disclaims any obligation to release publicly any update or revision to any forward-looking statement contained herein if there are changes in Phoenix Footwear's expectations or if any events, conditions or circumstances on which any such forward-looking statement is based.

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PHOENIX FOOTWEAR GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	<u>January 1, 2022</u>	<u>January 2, 2021</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 45	\$ 12
Accounts receivable, net (less allowance for bad debt of \$73 and \$67 in 2021 and 2020, respectively)	3,976	2,563
Inventories (less allowance of \$226 and \$298 in 2021 and 2020, respectively)	5,977	6,996
Other current assets	<u>776</u>	<u>395</u>
Total current assets	10,774	9,966
PROPERTY, PLANT AND EQUIPMENT, net	92	120
RIGHT OF USE ASSETS, OPERATING	379	511
RIGHT OF USE ASSETS, FINANCED	102	174
OTHER ASSETS	<u>—</u>	<u>84</u>
TOTAL ASSETS	<u>\$ 11,347</u>	<u>\$ 10,855</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Revolving line of credit, current (Note 5)	\$ 3,417	\$ 4,020
Accounts payable	1,740	1,711
Accrued expenses	797	846
Returns and allowances liability	1,330	961
Current portion of right of use obligations, operating	145	140
Current portion of right of use obligations, financed	109	99
Current portion of convertible debt	2,244	—
Current portion of long term debt	<u>37</u>	<u>66</u>
Total current liabilities	9,819	7,843
OTHER LONG-TERM LIABILITIES		
Term notes payable, net of current portion (Note 5)	—	31
Convertible debt	—	2,104
Right of use obligations, operating, net of current portion	304	454
Right of use obligations, financed, net of current portion	69	181
Other non-current liabilities	<u>34</u>	<u>53</u>
Total liabilities	10,226	10,666
Commitments and contingencies (Note 3)		
STOCKHOLDERS' EQUITY:		
Common stock, \$0.01 par value — 50,000 shares authorized; 13,380 and 13,141 shares issued and outstanding in 2021 and 2020	134	132
Additional paid-in-capital	48,315	48,284
Accumulated deficit	(44,685)	(45,584)
Treasury stock at cost, 217 shares in 2021 and 2020	<u>(2,643)</u>	<u>(2,643)</u>
Total stockholders' equity	1,121	189
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 11,347</u>	<u>\$ 10,855</u>

PHOENIX FOOTWEAR GROUP, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Years Ended	
	January 1, 2022	January 2, 2021
Net sales	\$ 16,166	\$ 12,251
Cost of goods sold	9,551	7,597
Gross profit	6,615	4,654
Operating expenses:		
Selling, general and administrative	4,613	4,663
Total operating expenses	4,613	4,663
Operating income (loss)	2,002	(9)
Interest expense, net	1,106	757
Income (loss) before income taxes	896	(766)
Income tax (expense) benefit	3	(4)
Net income (loss)	\$ 899	\$ (770)
Net income (loss) per share:		
Basic	\$ 0.07	\$ (0.06)
Diluted	0.03	(0.06)
Weighted average shares outstanding used to calculate per share information:		
Basic	13,101	12,901
Diluted	36,192	12,901

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