

PHOENIX FOOTWEAR REPORTS THIRD QUARTER FISCAL 2022 RESULTS AND THE ADDITION OF LOS CABOS

CARLSBAD, Calif., November 10, 2022 -- Phoenix Footwear Group, Inc. (OTCMarkets.com: PXFG) today reported results for the 2022 fiscal third quarter, ended October 1, 2022.

Fiscal 2022 Second Quarter Highlights

- Net Sales for the quarter increased 58% to \$6.4 million, up from \$4.0 million in the third quarter of 2021. A large Pendleton shipment to an international account accounted for \$1.7 million of the quarterly increase. Excluding this order, Net Sales during the current quarter increased 15% compared to the third quarter of 2021.
- For the year, Net Sales grew 42% to \$15.3 million compared to \$10.9 million in 2021. All three of the Company's brands grew; Bueno, Trotters and Softwalk each delivered over 30% growth for the year.
- Gross Margins for the quarter decreased to 37.4%. This decrease is directly attributable to a large Pendleton shipment to an international retailer. Excluding this Pendleton sale, the Gross Margin for the current quarter was 43.6%, a 240-basis point improvement from the 41.2% recorded in the third quarter of 2021.
- Operating Income for the fiscal quarter ended October 1, 2022 totaled \$637 thousand. Net Income for the period totaled \$365 thousand. These results compare to \$264 thousand of Operating Income for the second fiscal quarter of 2021 and a break even in Net Income. Year to date Operating Income totaled \$1.276 million compared to \$748 thousand for the comparable period in 2021. Year to date Net Income totals \$483 thousand for 2022 compared to a Net Loss of \$65 thousand in 2021.
- Phoenix also announced the addition of los Cabos to its stable of brands. Beginning with Spring 2023, Phoenix will be the sole US distributor of this woman's brand. During the quarter the Company has been securing orders for a product launch in late December of 2022.

Commented James Riedman, CEO, "Our team delivered another quarter of solid performance with organic growth of 15% in our core brands, combined with improving margins. We also launched our new Pendleton license bringing in substantial revenue during the quarter. Although this quarter's Pendleton revenue will not likely be matched in subsequent quarters, we expect the brand to grow to be a substantial contributor to our overall results in the upcoming years.

Lastly, we are also excited about the addition of the los Cabos brand. Based out of Australia, los Cabos rounds out our product portfolio with younger styling and lower price points allowing us to sell to a broader retail and consumer base. We have been in the market this fall securing orders for Spring 23 and expect to deliver the first product this December.”

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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