

PHOENIX FOOTWEAR REPORTS FISCAL 2023 Q1 RESULTS

CARLSBAD, Calif., May 4, 2023 -- Phoenix Footwear Group, Inc. (OTCMarkets.com: PXFG) today reported results for the first quarter of fiscal 2023, ended April 1, 2023.

“Revenue increased 21.3% in the first quarter of fiscal 2023, compared to the first quarter in fiscal 2022. Despite the uncertain retail climate, we again delivered significant growth which continues into the current quarter.

“I want to thank our team for their outstanding efforts and look forward to another successful year in 2023.”, commented James Riedman, CEO.

Q1 Fiscal Year 2023 Highlights

- Net Sales for fiscal 2023 Q1 increased 21.3% to \$5.45 million, up from \$4.49 million in the previous year. The Company experienced strength across each of its brands, but most notably in Trotters which benefitted from the return to occasion wear.
- Gross Margins were 39.6% for fiscal 2023 Q1, compared to 44.3% in fiscal 2022 Q1 due to the dilutive impact of Pendleton sales.
- Operating Income for the first quarter of fiscal 2023 was \$210 thousand. Operating Income for the first quarter of fiscal 2022 was \$296 thousand. Due to increased interest rate expense Net Loss for the period totaled \$25 thousand. These results compare to Net Income for the first quarter of fiscal 2022 of \$58 thousand.
- EBITDA for fiscal 2023 Q1 totaled \$273 thousand.

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 for per share data)

	April 1, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ —	\$ 9
Accounts receivable, net (less allowance for bad debt of \$59 and \$48 in 2023 and 2022, respectively)	6,392	5,488
Inventories (less allowance of \$317 and \$231 in 2023 and 2022, respectively)	10,041	10,147
Income tax receivable – Employee Retention Tax Credit (Note 2)	813	813
Other current assets	884	847
Total current assets	18,130	17,304
PROPERTY, PLANT AND EQUIPMENT, net	59	65
RIGHT OF USE ASSETS, OPERATING	213	249
RIGHT OF USE ASSETS, FINANCED	33	48
TOTAL ASSETS	\$ 18,435	\$ 17,666
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Revolving line of credit, current (Note 4)	\$ 7,815	\$ 7,484
Accounts payable	2,277	2,229
Consultant contingency fee for Employee Retention Tax Credit (Note 2)	114	114
Accrued expenses	1,243	1,078
Returns and allowances liability	1,734	1,413
Current portion of right of use obligations, operating	120	157
Current portion of right of use obligations, financed	44	72
Current portion of convertible debt	—	—
Current portion of long term debt	—	—
Income Tax Payable	7	7
Total current liabilities	13,354	12,554
OTHER LONG-TERM LIABILITIES		
Term notes payable, net of current portion (Note 4)	—	—
Convertible debt (related parties)	2,333	2,333
Right of use obligations, operating, net of current portion	147	147
Right of use obligations, financed, net of current portion	14	14
Other non-current liabilities	6	12
Total liabilities	15,854	15,060
Commitments and Contingencies (Note 3)		
STOCKHOLDERS' EQUITY:		
Common stock, \$0.01 par value — 50,000 shares authorized; 13,799 and 13,799 shares issued and outstanding in 2023 and 2022	138	138
Additional paid-in-capital	48,367	48,367
Accumulated deficit	(43,281)	(43,256)
Treasury stock at cost, 217 shares in 2023 and 2022	(2,643)	(2,643)
Total stockholders' equity	2,581	2,606
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 18,435	\$ 17,666

PHOENIX FOOTWEAR GROUP, INC.

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

	Quarters Ended	
	April 1, 2023	April 2, 2022
Net sales	\$ 5,451	\$ 4,494
Cost of goods sold	3,290	2,503
Gross profit	2,161	1,991
Operating expenses:		
Selling, general and administrative	1,951	1,695
Total operating expenses	1,951	1,695
Operating income	210	296
Interest expense, net	235	238
Income (loss) before income taxes	(25)	58
Income tax (expense) benefit	—	—
Income (loss)	\$ (25)	\$ 58
Net Income (loss) per share:		
Basic	\$ 0.00	\$ 0.01
Diluted	0.00	0.00
Weighted average shares outstanding used to calculate per share information:		
Basic	13,583	13,165
Diluted	14,361	36,256

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