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 JANUARY 28, 2023
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
FOR THE TRANSITION PERIOD FROM ………… TO …………

COMMISSION FILE NUMBER: 0-14818

KASPIEN HOLDINGS INC.

(Exact name of registrant as specified in its charter)

New York	14-1541629
State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification No.
2818 N. Sullivan Rd. Ste 30 Spokane, WA	99216
Address of Principal Executive Offices	Zip Code

(509) 900-6287
Registrant's Telephone Number, Including Area Code

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, $.01 par value per share	KSPN	NASDAQ Stock Market

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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of July 30, 2022, the last business day of the Company’s most recently completed second fiscal quarter, 3,911,985 shares of the registrant’s Common Stock were issued and outstanding. The aggregate market value of the voting and non-voting Common Stock held by non-affiliates of the registrant, based upon the closing sale price of the registrant’s Common Stock on July 30, 2022 was $4.5 million. As of April 15, 2023, there were4,965,003 shares of Common Stock issued and outstanding.

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

DOCUMENTS INCORPORATED BY REFERENCE:

The information required by Part III of this annual report on Form 10-K, to the extent not set forth herein, is incorporated herein by reference from the registrant’s definitive proxy statement relating to the annual meeting of shareholders to be held in 2023, which definitive proxy statement shall be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Annual Report on Form 10-K relates. Except as expressly incorporated by reference, the registrant’s proxy statement shall not be deemed to be part of this report.

PART I

Cautionary Statement for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995

This document includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to the Kaspien Holdings Inc.'s ("the Company's") future prospects, developments and business strategies. The statements contained in this document that are not statements of historical fact may include forward-looking statements that involve a number of risks and uncertainties.

We have used the words "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "mission", "vision" and similar terms and phrases, including references to assumptions, in this document to identify forward-looking statements. These forward-looking statements are made based on management's expectations and beliefs concerning future events and are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond the Company's control, that could cause actual results to differ materially from those matters expressed in or implied by these forward-looking statements. The following factors are among those that may cause actual results to differ materially from the Company's forward-looking statements:

- continued operating losses;
- the ability of the Company to satisfy its liabilities and to continue as a going concern;
- maintaining Kaspien's relationship with Amazon;
- continued revenue declines;
- decline in the Company's stock price;
- the limited public float and trading volume for our Common Stock;
- new product introductions;
- advancements in technology;
- dependence on key employees, the ability to hire new employees and pay competitive wages;
- the Company's level of debt and related restrictions and limitations;
- future cash flows;
- vendor terms;
- interest rate fluctuations;
- access to third party digital marketplaces;
- adverse publicity;
- product liability claims;
- changes in laws and regulations;
- breach of data security;
- increase in Amazon Marketplace fulfillment and storage fees;
- limitation on our acquisition and growth strategy as a result of our inability to raise necessary funding;
- the Company's ability to meet the continued listing standards of the NASDAQ; and
- the other matters set forth under Item 1A "Risk Factors," Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations", and other sections of this Annual Report on Form 10-K.

The reader should keep in mind that any forward-looking statement made by us in this document, or elsewhere, pertains only as of the date on which we make it. New risks and uncertainties come up from time-to-time and it is impossible for us to predict these events or how they may affect us. In light of these risks and uncertainties, you should keep in mind that any forward-looking statements made in this report or elsewhere might not occur.

In addition, the preparation of financial statements in accordance with accounting principles generally accepted in the United States ("GAAP") requires us to make estimates and assumptions. These estimates and assumptions affect:

- the reported amounts and timing of revenue and expenses,
- the reported amounts and classification of assets and liabilities, and
- the disclosure of contingent assets and liabilities.

Actual results may vary from our estimates and assumptions. These estimates and assumptions are based on historical results, assumptions that we make, as well as assumptions by third parties.

Item 1. BUSINESS

Company Background

Kaspien Holdings Inc. (f/k/a Trans World Entertainment Corporation) ("Kaspien"), which, together with its consolidated subsidiaries, is referred to herein as the "Company", "we", "us" and "our", was incorporated in New York in 1972. We own 100% of the outstanding Common Stock of Kaspien Inc. See below for additional information.

Kaspien provides software and services to empower brands to grow their online distribution channels on digital marketplaces such as Amazon.com and Target.com. The Company helps brands achieve their online retail goals through innovative technology, custom-tailored strategies, and mutually beneficial partnerships.

Five core principles guide us:

- *We are partner obsessed.* Our customers are our partners. Every decision is focused on building mutually beneficial relationships that deliver results.
- *We are insights driven.* We make data actionable. Our curiosity drives us to discover opportunities early and often.
- *We create simplicity.* We challenge the status quo. We take the complicated and simplify it.
- *We take ownership.* We make things happen. We hold ourselves accountable and have a bias for action.
- *We empower each other.* We welcome and learn from diverse experiences. Our empathy ignites innovation and empowers meaningful change.

Business Overview

Kaspien aims to accelerate partner brand growth on today's leading online marketplaces. Our vision is to become the global leader in the brand accelerator industry by improving marketplace selling efficiency and profitability. We are a technology-enabled retailer that delivers results for our brand partners across Amazon.com US, Amazon.com Canada, Target.com, and Walmart.com online marketplaces.

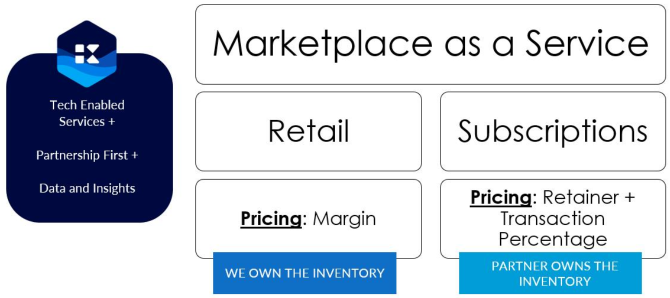
Kaspien leverages its 15 years of e-commerce and online brand management experience to provide data driven, partner-specific recommendations—resulting in a clear action plan, pricing, and timeline. Our team of e-commerce experts use proprietary and external software to deliver insights and results through listing creation, content optimization, paid advertising, campaign management, and supply chain / logistical support.

We are focused on delivering sustainable profitability to our partners. Our approach allows for a diversified go-to-market approach, enabling economies of scale for multiple operations.

- *Retail* business model: We buy inventory and use our expertise, technology, and services to generate revenue through marketplace transactions. Kaspien provides account management, brand communication, listings management, data reporting, joint business planning, and comprehensive marketing support services. Our target partners are enterprise-level large growth brands that derive margins based on pricing.

- *Agency* business model: We use our expertise, technology, and services to manage our partners' marketplace presence through channel management with no inventory position. Kaspien provides support services for account management, media planning, media analytics, search strategy, business planning, and data reporting. Our target partners in this space range from medium size to enterprise-level brands. We derive margin based on a retainer plus a percentage of transactions and/or specific service fees.

Kaspien provides all the software and services required to drive brand growth and achieve a brand's online goals on Amazon.com, Walmart.com, and Target.com through multiple business models—namely, Retail and Agency services. We are a technology-enabled services company built to drive marketplace growth. A high-level visualization of our business model is shown in Figure 1 below.



Partners

Kaspien views our retail customers as our partners. Our partners include brands, suppliers, and distributors. Our categories of focus include but are not limited to: Baby, Pets & Sporting Goods, Tools/Office/Outdoors, and Health & Personal Care. In fiscal 2022, these top categories accounted for approximately 83% of our total revenue. To accelerate the growth of our businesses, we have defined an operating model by segmenting our businesses into teams, with a single-threaded leader or "Partner Success Manager" runs. A cross-functional team, including a marketing specialist and a buyer, supports each Partner Success Manager, collectively called a "business POD."

Kaspien uses leading online tools to identify brands that would be good strategic fits for its services. We utilize content marketing to strengthen visibility within the e-commerce industry. The Company's public relations efforts consist of press releases, articles in industry publications, and articles on its website to build its brand. Kaspien also has an aggressive business development outreach program and attends several industry tradeshows annually.

Partnership Models

Kaspien can be leveraged and engaged via two primary and distinct business models.

Retail Partnership: We own the inventory. We sell it.
In this model, Kaspien buys and sells inventory on marketplaces such as Amazon.com, Walmart.com and Target.com as a third-party seller. Kaspien supports private label and dropship integrations with various suppliers and distributors. Kaspien has also developed four incubated brands – Jumpoff Jo, Brilliant Bee, Big Betty, and Domestic Corner.

Agency Partnership: Partner owns the inventory. We sell it.
In this model, Kaspien serves as an extension of our partner's e-commerce team, providing full service inventory management, marketing management, creative services, content optimization, brand protection, compliance protection, fee recovery, and other marketplace growth services. Kaspien charges a retainer and receives a percentage of the revenue generated.

Primary Agency services include:

- Ad management
- Brand protection and seller tracking
- Cost recovery and case management
- Dropship automation
- Inventory & supply chain management
- Creative services

As of January 28, 2023, we had over 100 active retail partners and 12 subscriptions partners.

Technology and Integrations

The Company's marketplace knowledge and expertise is built on fifteen years of selling data and constantly evolving marketplace experience. The company utilizes a variety of automated and artificial intelligence powered solutions supporting brand protection services, logistics optimization, automated pricing, budget forecasting, campaign bid automation, dayparting, and much more.

The Company uses an insight-driven approach to digital marketplace retailing using both proprietary and licensed software. Using data collected from marketplaces, optimal inventory thresholds and purchasing trends are calculated within its advanced inventory management software developed in-house. Kaspien also leverages best in class software to automate pricing, advertisement management, marketplace seller tracking, and channel auditing.

Additionally, Kaspien partners with enterprise-level software providers that are synergistic to Kaspien. This enables a network of partner integrations that can be extended and expanded upon. Kaspien has formed strategic partnerships with NetSuite to power our ERP, MyFBAPrep for their logistics and fulfillment network, IPSecure for brand protection, Seller Investigators and Charge Guard for fee recovery services, Helium10 for keyword research, Vantage for content optimization, and many others.

Business Environment

Digital marketplaces allow consumers to shop from various merchants in one place and have become an integral part of many brand manufacturers' businesses.

According to the U.S. Census Bureau, total U.S. e-commerce sales in 2022 were $1.0 billion, up 7.7% from 2021. e-commerce sales ended the year accounting for 14.6% of total sales, the same level as 2021.

In the United States, we sell on marketplaces that represent greater than 50% of national e-commerce visits and sales including Amazon.com US, Amazon.com CA, Walmart.com, and Target.com.

Competition and Strategic Positioning

Kaspien operates in a category within e-commerce called "Marketplace Growth Services". Businesses in this category provide services to brands and other sellers to facilitate growth on marketplaces. The market is fragmented, and most providers focus on only a few areas where sellers need support. Subcategories in this market include Account and Marketing Services, Supply Chain and Logistics Providers, Manufacturers and Product Suppliers, Legal Services and Accounting, Tax and Financial Services. The Account and Marketing Services subcategory divides services into retail and agency services. This is analogous to our business models – Retail and Agency.

Kaspien is a comprehensive and fully customizable offering of services tailored toward online marketplace growth. Kaspien's core focus is on the Account and Marketing Services subcategory, which competes with Software Providers, Agencies, and Retailers.

Revenue Distribution

Kaspien's primary source of revenue is through its Retail business, specifically as a third-party seller on the Amazon US marketplace. Retail revenues represented 98.6% of total revenue in fiscal 2022, the same level as fiscal 2021. In fiscal 2022, the share of our retail revenues generated from our Amazon US business was 94.8%, as compared to 93.3% in fiscal 2021. Our international retail business represented 2.5% of retail sales in fiscal 2022 compared to 3.9% in fiscal year 2021. The remaining retail revenue is generated from other marketplaces, including Amazon.com CA, Walmart.com, eBay.com, and Target.com.

Kaspien focuses on various categories, including pets and sporting goods, baby, tools / office / outdoor, health & personal care, and home / kitchen. In fiscal year 2022, these categories represented approximately 83% of our total revenue. Kaspien analyzes our operations by category, developing a deep understanding and subject matter expertise in these areas, enabling us to drive better results across these categories.

Human Capital
As of January 28, 2023, the Company employed approximately 80 full-time people. At the end of fiscal 2022, the Company had department heads in marketing, supply chain, private label, business development, account management, human resources, accounting, FP&A, warehouse operations, compliance, and technology. Employee levels are managed to align with the pace of business, and management believes it has sufficient human capital to operate its business successfully.

The Company believes its success depends on attracting, developing, retaining, and incentivizing new and existing employees. It also believes that its employees' skills, experience, and industry knowledge significantly benefit the operation, performance, and competitiveness within the industry. The principal purposes of equity and cash incentive plans are to attract, retain, and reward personnel by granting stock-based and cash-based compensation awards. This results in a best-in-class employee experience, which ultimately increases shareholder value and the success of our company by motivating such individuals to perform to the best of their abilities and achieve our objectives.

Customer Acquisition
Kaspien engages its partners through brand building, inbound digital marketing, outbound sales techniques, and its proprietary data platform to identify brands that would be a strategic fit for its services. Kaspien utilizes tradeshows and content marketing to strengthen its visibility within the industry. Kaspien’s public relations efforts consist of press releases, articles in industry publications, and articles on its website to build its brand.

Trademarks
The trademark Kaspien is registered with the U.S. Patent and Trademark Office and is owned by Kaspien. We believe that our rights to this trademark is adequately protected. We hold no material patents, licenses, franchises, or concessions; however, our established trademark is essential to maintaining our competitive position.

Available Information

The Company’s headquarters are located at 2818 N. Sullivan Road, Suite 130, Spokane Valley, WA 99216, and its telephone number is (855)-300-2710. The Company’s corporate website address is www.kaspien.com. The Company makes available, free of charge, its Exchange Act Reports (Forms 10-K, 10-Q, 8-K and any amendments thereto) on its web site as soon as practical after the reports are filed with the Securities and Exchange Commission (“SEC”). The public may read and copy any materials the Company files with the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. This information can be obtained from the site http://www.sec.gov. The Company’s Common Stock, $0.01 par value, is listed on the NASDAQ Capital Market under the trading symbol “KSPN”.

Item 1A. RISK FACTORS

The following is a discussion of certain factors, which could affect the financial results of the Company.

Risks Related to Our Business

If we cannot successfully implement our business strategy our growth and profitability could be adversely impacted.

Our future results will depend, among other things, on our success in implementing our business strategy. The ability of the Company to meet its liabilities and to continue as a going concern is dependent on improved profitability, the continued implementation of the strategic initiative to reposition Kaspien as a platform of software and services and the availability of future funding.

There can be no assurance that we will be successful in further implementing our business strategy or that the strategy, including the completed initiatives, will be successful in sustaining acceptable levels of sales growth and profitability. Based on recurring losses from operations, negative cash flows from operations, the expectation of continuing operating losses for the foreseeable future, and uncertainty with respect to any available future funding, the Company has concluded that there is substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Continued increases in Amazon Marketplace fulfillment and storage feescould have an adverse impact on our profit margin and results of operations.
The Company utilizes Amazon's Freight by Amazon ("FBA") platform to store their products at the Amazon fulfillment center and to pack and distribute these products to customers. If Amazon continues to increase its FBA fees, our profit margin could be adversely affected.

Our business depends on our ability to build and maintain strong product listings on e-commerce platforms. We may not be able to maintain and enhance our product listings if we receive unfavorable customer complaints, negative publicity, or otherwise fail to live up to consumers' expectations, which could materially adversely affect our business, results of operations and growth prospects.
Maintaining and enhancing our product listings is critical in expanding and growing our business. However, a significant portion of our perceived performance to the customer depends on third parties outside of our control, including suppliers and third-party delivery agents as well as online retailers such as Amazon and Walmart. Because our agreements with our online retail partners are generally terminable at will, we may be unable to maintain these relationships, and our results of operations could fluctuate significantly from period to period. Because we rely on third parties to deliver our products, we are subject to shipping delays or disruptions caused by inclement weather, natural disasters, labor activism, health epidemics or bioterrorism. We may also experience shipping delays or disruptions due to other carrier-related issues relating to their own internal operational capabilities. Further, we rely on the business continuity plans of these third parties to operate during pandemics, like the COVID-19 pandemic, and we have limited ability to influence their plans, prevent delays, and/or cost increases due to reduced availability and capacity and increased required safety measures.

Customer complaints or negative publicity about our products, delivery times, or marketing strategies, even if not accurate, especially on blogs, social media websites and third-party market sites, could rapidly and severely diminish consumer view of our product listings and result in harm to our brands. Customers may also make safety-related claims regarding products sold through our online retail partners, such as Amazon, which may result in an online retail partner removing the product from its marketplace. We have from time to time experienced such removals and such removals may materially impact our financial results depending on the product that is removed and length of time that it is removed. We also use and rely on other services from third parties, such as our telecommunications services, and those services may be subject to outages and interruptions that are not within our control.

A change in one or more of the Company's partners' policies or the Company's relationship with those partners could adversely affect the Company's results of operations.
The Company is dependent on its partners to supply merchandise in a timely and efficient manner. If a partner fails to deliver on its commitments, whether due to financial difficulties or other reasons, the Company could experience merchandise shortages that could lead to lost sales.

Historically, the Company has not experienced difficulty in obtaining satisfactory sources of supply and management believes that it will continue to have access to adequate sources of supply. The Company had one partner that represented 20.4% of net revenue in fiscal 2022.

Our revenue is dependent upon maintaining our relationship with Amazon and failure to do so, or any restrictions on our ability to offer products on the Amazon Marketplace, could have an adverse impact on our business, financial condition and results of operations.
The Company generates substantially all of its revenue through the Amazon Marketplace. Therefore, we depend in large part on our relationship with Amazon for growth. In particular, we depend on our ability to offer products on the Amazon Marketplace. We also depend on Amazon for the timely delivery of products to customers. Any adverse change in our relationship with Amazon, including restrictions on the ability to offer products or termination of the relationship, could adversely affect our continued growth and financial condition and results of operations.

We have substantial indebtedness, which could adversely affect our business.
We have a significant amount of debt and we may continue to incur additional debt in the future. As of January 28, 2023, the Company had borrowings of $8.8 million under our credit facility with Eclipse. We also had borrowings of $5.3 million under our Subordinated Debt facility, with interest accruing at the rate of twelve percent (12%) per annum and compounded on the last day of each calendar quarter by becoming a part of the principal amount. In addition, we have $4.5 million under our Subordinated Debt Facility, with interest accruing at the rate of fifteen percent (15%) per annum and compounded on the last day of each calendar quarter by becoming a part of the principal amount. Substantially all of our assets, including the capital stock of Kaspien is pledged to secure our indebtedness. This leverage also exposes us to significant risk by limiting our flexibility in planning for, or reacting to, changes in our business (whether through competitive pressure or otherwise), our industry and the economy at large. In addition, our ability to make payments on, or repay or refinance, such debt, and to fund our operating and capital expenditures, depends largely upon our future operating performance. Our future operating performance, to a certain extent, is subject to general economic, financial, competitive, regulatory and other factors that are beyond our control.

The terms of our asset-based revolving credit agreement and subordinated debt agreement impose certain restrictions on us that may impair our ability to respond to changing business and economic conditions, which could have a significant adverse impact on our business. Additionally, our business could suffer if our ability to acquire financing is reduced or eliminated.
On February 20, 2020, Kaspien entered into a Loan and Security Agreement (the "Loan Agreement") with Eclipse, as administrative agent, under which the lenders committed to provide up to $25 million in loans under a four-year, secured revolving credit facility (the "Credit Facility"). On March 30, 2020, we entered into a Subordinated Loan and Security Agreement (the "Subordinated Loan Agreement") with the lenders party thereto from time to time (the "Lenders") and TWEC Loan Collateral Agent, LLC ("Collateral Agent"), as collateral agent for the Lenders, pursuant to which the Lenders made a $5.2 million secured term loan (the "Subordinated Loan") to Kaspien. We subsequently amended the Subordinated Loan to add an additional $5.0 million secured term loan.

Among other things, the Loan Agreement and Subordinated Loan Agreement limit Kaspien's ability to incur additional indebtedness, create liens, make investments, make restricted payments or specified payments and merge or acquire assets. The Loan Agreement also requires Kaspien to comply with a financial maintenance covenant.

The Loan Agreement and Subordinated Loan Agreement contains customary events of default, including, but not limited to, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to other obligations, customary ERISA defaults, certain events of bankruptcy and insolvency, judgment defaults, the invalidity of liens on collateral, change in control, cessation of business or the liquidation of material assets of the borrowers and guarantors taken as a whole, the occurrence of an uninsured loss to a material portion of collateral and, in the case of the Credit Facility, failure of the obligations to constitute senior indebtedness under any applicable subordination or intercreditor agreements, including our Subordinated Debt.

Risks Related to Information Technology and Intellectual Property

Breach of data security could harm our business and standing with our customers.

The protection of our partner, employee and business data is critical to us. Our business, like that of most companies, involves confidential information about our employees, our suppliers and our Company. We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of all such data, including confidential information. Despite the security measures we have in place, our facilities and systems, and those of our third-party service providers, may be vulnerable to security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors, or other similar events. Unauthorized parties may attempt to gain access to our systems or information through fraud or other means, including deceiving our employees or third-party service providers. The methods used to obtain unauthorized access, disable or degrade service, or sabotage systems are also constantly changing and evolving, and may be difficult to anticipate or detect. We have implemented and regularly review and update our control systems, processes and procedures to protect against unauthorized access to or use of secured data and to prevent data loss. However, the ever-evolving threats mean we must continually evaluate and adapt our systems and processes, and there is no guarantee that they will be adequate to safeguard against all data security breaches or misuses of data. Any security breach involving the misappropriation, loss or other unauthorized disclosure of customer payment card or personal information or employee personal or confidential information, whether by us or our vendors, could damage our reputation, expose us to risk of litigation and liability, disrupt our operations, harm our business and have an adverse impact upon our net sales and profitability. As the regulatory environment related to information security, data collection and use, and privacy becomes increasingly rigorous, with new and changing requirements applicable to our business, compliance with those requirements could also result in additional costs. Further, if we are unable to comply with the security standards established by banks and the credit card industry, we may be subject to fines, restrictions and expulsion from card acceptance programs, which could adversely affect our retail operations.

Our hardware and software systems are vulnerable to damage, theft or intrusion that could harm our business.

Any failure of our computer hardware or software systems that causes an interruption in our operations or a decrease in inventory tracking could result in reduced net sales and profitability. Additionally, if any data intrusion, security breach, misappropriation or theft were to occur, we could incur significant costs in responding to such event, including responding to any resulting claims, litigation or investigations, which could harm our operating results.

Our inability or failure to protect our intellectual property rights, or any claimed infringement by us of third-party intellectual rights, could have a negative impact on our operating results.

Our trademark, trade secrets and other intellectual property, including proprietary software, are valuable assets that are critical to our success. The unauthorized reproduction or other misappropriation of our intellectual property could cause a decline in our revenue. In addition, any infringement or other intellectual property claim made against us could be time-consuming to address, result in costly litigation, cause product delays, require us to enter into royalty or licensing agreements or result in our loss of ownership or use of the intellectual property.

Risks Related to Human Capital

Loss of key personnel or the inability to attract, train and retain qualified employees could adversely affect the Company’s results of operations.

The Company believes that its future prospects depend, to a significant extent, on the services of its executive officers. Our future success will also depend on our ability to attract and retain qualified key personnel. The loss of the services of certain of the Company’s executive officers and other key management personnel could adversely affect the Company’s results of operations.

In addition to our executive officers, the Company's business is dependent on our ability to attract, train and retain qualified team members. Our ability to meet our labor needs while controlling our costs is subject to external factors such as unemployment levels, health care costs and changing demographics. If we are unable to attract and retain adequate numbers of qualified team members, our operations and support functions could suffer. Those factors, together with increased wage and benefit costs, could adversely affect our results of operations.

We may face difficulties in meeting our labor needs to effectively operate our business.
We are heavily dependent upon our labor workforce. Our compensation packages are designed to provide benefits commensurate with our level of expected service. However, we face the challenge of filling many positions at wage scales that are appropriate to the industry and competitive factors. We also face other risks in meeting our labor needs, including competition for qualified personnel and overall unemployment levels. Changes in any of these factors, including a shortage of available workforce, could interfere with our ability to adequately service our customers and could result in increasing labor costs.

Our business could be adversely affected by increased labor costs, including costs related to an increase in minimum wage and health care.
Labor is one of the primary components in the cost of operating our business. Increased labor costs, whether due to competition, unionization, increased minimum wage, state unemployment rates, health care, or other employee benefits costs may adversely impact our operating expenses. Additionally, there is no assurance that future health care legislation will not adversely impact our results or operations.

Risks Related to Ownership of Our Common Stock.

The ownership of our Common Stock is concentrated, and entities affiliated with members of our Board of Directors have influence over the outcome of any vote of the Company's shareholders and may have competing interests.
The Robert J. Higgins TWMC Trust (the "Trust") owns approximately 14.4% of the outstanding Common Stock and Neil Subin owns approximately 9.1% of the outstanding Common Stock, and as a result each can influence the outcome of most actions requiring shareholder approval. In addition, entities affiliated with each of the Trust and Mr. Subin, as well as one of our directors, Mr. Simpson, and certain of his affiliated entities, collectively hold approximately 25.3% of the outstanding Common Stock, and as a result can influence the outcome of most actions requiring shareholder approval.

If all of the outstanding warrants described in "Related Party Transactions" were exercised, the Trust would own approximately 13.5% of the outstanding Common Stock and Neil Subin and his affiliated entities would own approximately 14.6% of the outstanding Common Stock, and as a result each can influence the outcome of most actions requiring shareholder approval. If all of the outstanding warrants described in "Related Party Transactions" were exercised, entities affiliated with each of the Trust, Mr. Subin, as well as one of our directors, Mr. Simpson, and certain of his affiliated entities, would collectively hold approximately 29.8% of the outstanding Common Stock, and as a result can significantly influence the outcome of nearly all actions requiring shareholder approval,

These shareholders entered into a voting agreement (as described in "Related Party Transactions") and agreed to how their respective shares of the Company's Common Stock held by the parties will be voted with respect to the designation, election, removal, and replacement of members of the Board. Pursuant to the voting agreement, Messrs. Marcus and Simpson were appointed as directors of the Company, and Mr. Reickert, a trustee of the Trust, remained as a director of the Company. Mr. Subin was also granted board observer rights.

Entities affiliated with the Trust and Messrs. Marcus and Simpson are also lenders under our subordinated loan and security agreement, have received warrants to purchase shares of the Company's Common Stock and received contingent value rights ("CVRs") representing the contractual right to receive cash payments from the Company in an amount equal, in the aggregate, to 19.9% of the proceeds received by the Company in respect of certain intercompany indebtedness owing to it by Kaspien and/or its equity interest in Kaspien, each as described in "Related Party Transactions". In addition, entities affiliated with Mr. Marcus received an additional CVR representing the contractual right to receive cash payments from the Company in an amount equal to 9.0% of the proceeds received by the Company in respect of certain distributions by the Company or Kaspien; recapitalizations or financings of the Company or Kaspien (with appropriate carve out for trade financing in the ordinary course); repayment of intercompany indebtedness owing to the Company by Kaspien; or sale or transfer of any stock of the Company or Kaspien, as described in "Related Party Transactions". As a result, there may be instances in which the interest of Mr. Reickert, the Trust and its affiliated entities, Messrs. Marcus and Subin and their respective affiliated entities, and Mr. Simpson and his affiliated entities may conflict or be perceived as being in conflict with the interest of a holder of our securities or the interest of the Company.

The holders of our common stock could suffer substantial dilution due to our corporate financing practices.
The holders of our common stock could suffer substantial dilution due to our corporate financing practices, which, in the past few years, have included a registered direct offering, the issuance of warrants and the issuance of contingent value rights.

If all of the outstanding warrants were exercised, an additional 2,782,286 shares of common stock would be issued and outstanding. This additional issuance of shares of common stock would cause immediate and substantial dilution to our existing shareholders and could cause a significant reduction in the market price of our common stock.

Additionally, lenders under our subordinated loan and security agreement, have received contingent value rights ("CVRs") representing the contractual right to receive cash payments from the Company in an amount equal, in the aggregate, to 19.9% of the proceeds received by the Company in respect of certain intercompany indebtedness owing to it by Kaspien and/or its equity interest in Kaspien, each as described in "Related Party Transactions". In addition, certain lenders received an additional CVR representing the contractual right to receive cash payments from the Company in an amount equal to 9.0% of the proceeds received by the Company in respect of certain distributions by the Company or Kaspien; recapitalizations or financings of the Company or Kaspien (with appropriate carve out for trade financing in the ordinary course); repayment of intercompany indebtedness owing to the Company by Kaspien; or sale or transfer of any stock of the Company or Kaspien, as described in "Related Party Transactions". If events triggering these payments occur, the amount of consideration received by the Company will be reduced, thereby reducing any amounts distributable or attributable to shareholders or their shares.

The issuance of any securities for acquisition or financing efforts, upon exercise of warrants, pursuant to our equity compensation plans, or otherwise may result in a reduction of the market price of the outstanding shares of our common stock. If we issue any such additional securities, such issuance will cause a reduction in the proportionate ownership and voting power of all current shareholders. Further, such issuance may result in a change in control of our Company.

The Company's stock price has experienced and could continue to experience volatility and could decline, resulting in a substantial loss on your investment.
Our stock price has experienced, and could continue to experience in the future, substantial volatility as a result of many factors, including global economic conditions, broad market fluctuations and public perception of the prospects for the industries in which we operate and the value of our assets. We are reliant on the performance of Kaspien, and a failure to meet market expectations, particularly with respect to net revenues, operating margins and earnings per share, would likely result in a further decline in the market price of our stock.

We do not currently meet continued listing standards of the NASDAQ, and as a result our Common Stock could be delisted from trading, which could limit investors' ability to make transactions in our Common Stock and subject us to additional trading restrictions.
Our common stock is listed on The NASDAQ Stock Market LLC ("the NASDAQ"), which imposes continued listing requirements with respect to listed shares. On December 14, 2022, we received written notice from the NASDAQ that the closing bid price for our common stock had been below $1.00 for the previous 30 consecutive business days, and that the Company therefore was not in compliance with the minimum bid price requirement for continued listing on The Nasdaq Capital Market under Nasdaq Listing Rule 5550(a)(2). In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has been provided a period of 180 calendar days, or until June 12, 2023, to regain compliance. In order to regain compliance with the minimum closing bid price rule, the closing bid price of the Company's common stock must be at least $1.00 for a minimum of ten consecutive business days during the compliance period. If the Company does not regain compliance during the initial compliance period, the Company may be eligible for additional time to regain compliance. If the Company is not eligible, the Company expects that at that time the NASDAQ will provide written notice to the Company that the Company's common stock will be subject to delisting.

The notice has no immediate impact on the listing of the Company's common stock, which will continue to trade on The Nasdaq Capital Market. The Company intends to monitor its closing bid price for its common stock between now and June 12, 2023 and will consider available options to resolve the Company's noncompliance with the minimum bid price requirement, as may be necessary. There can be no assurance, however, that we will be able to regain compliance or that we will otherwise be in compliance with other NASDAQ listing criteria. If we fail to regain and maintain compliance with the minimum bid requirement or to meet the other applicable continued listing requirements in the future and NASDAQ determines to delist our common stock, the delisting could adversely affect the market price and liquidity of our common stock, and reduce our ability to raise additional capital.

The limited public float and trading volume for our Common Stock may have an adverse impact and cause significant fluctuation of market price.
Historically, ownership of a significant portion of our outstanding shares of Common Stock has been concentrated in a small number of shareholders. Consequently, our Common Stock has a relatively small float and low average daily trading volume, which could affect a shareholder's ability to sell our stock or the price at which it can be sold. In addition, future sales of substantial amounts of our Common Stock in the public market by those larger shareholders, or the perception that these sales could occur, may adversely impact the market price of the stock and our stock could be difficult for a shareholder to liquidate.

Failure to remediate a material weakness related to our ability toperform adequate independent reviews and maintain effective controls related to account analyses, account summaries and account reconciliations, could result in material misstatements in our financial statements.
Our management has identified a material weakness related to our ability to perform adequate independent reviews and maintain effective controls related to account analyses, account summaries and account reconciliations and has concluded that, due to such material weakness, each of our disclosure controls and procedures and internal control over financial reporting were not effective as of January 28, 2023. While remediation is in process, our failure to establish and maintain effective disclosure controls and procedures and internal control over financial reporting could result in material misstatements in our financial statements, and a failure to meet our reporting and financial obligations, each of which could have a material adverse effect on our financial condition and the trading price of our common stock.

General Risk Factors

The Company's business is influenced by general economic conditions.
The Company's performance is subject to general economic conditions and their impact on levels of discretionary consumer spending. General economic conditions impacting discretionary consumer spending include, among others, wages and employment, consumer debt, reductions in net worth, residential real estate and mortgage markets, taxation, fuel and energy prices, interest rates, consumer confidence and other macroeconomic factors.

Consumer purchases of discretionary items generally decline during recessionary periods and other periods where disposable income is adversely affected. A downturn in the economy affects retailers disproportionately, as consumers may prioritize reductions in discretionary spending, which could have a direct impact on purchases of our products and services and adversely impact our results of operations. In addition, reduced consumer spending may drive us and our competitors to offer additional products at promotional prices, which would have a negative impact on gross profit.

Disruption of global capital and credit markets may have a material adverse effect on the Company's liquidity and capital resources.
Distress in the financial markets has in the past and can in the future result in extreme volatility in security prices, diminished liquidity and credit availability. There can be no assurance that our liquidity will not be affected by changes in the financial markets and the global economy or that our capital resources will at all times be sufficient to satisfy our liquidity needs.

Because of our floating rate credit facility, we may be adversely affected by interest rate changes.
Our financial position may be affected by fluctuations in interest rates, as the Credit Facility is subject to floating interest rates. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. As we borrow against our credit facility, a significant increase in interest rates could have an adverse effect on our financial position and results of operations.

The Company is dependent upon access to capital, including bank credit facilities and short-term vendor financing, for its liquidity needs.
The Company must have sufficient sources of liquidity to fund its working capital requirements and indebtedness. The future availability of financing will depend on a variety of factors, such as economic and market conditions, permissibility under our existing financing arrangements, the availability of credit and the Company's credit rating, as well as the Company's reputation with potential lenders. These factors could materially adversely affect the Company's ability to fund its working capital requirements, costs of borrowing, and the Company's financial position and results of operations would be adversely impacted.

We may complete a future significant strategic transaction that may not achieve intended results or could increase the number of our outstanding shares or amount of outstanding debt or result in a change of control.
We will evaluate and may in the future enter into strategic transactions. Any such transaction could happen at any time following the closing of the merger, could be material to our business and could take any number of forms, including, for example, an acquisition, merger or a sale of all or substantially all of our assets.

Evaluating potential transactions and integrating completed ones may divert the attention of our management from ordinary operating matters. The success of these potential transactions will depend, in part, on our ability to realize the anticipated growth opportunities and cost synergies through the successful integration of the businesses we acquire with our existing business. Even if we are successful in integrating the acquired businesses, we cannot assure you that these integrations will result in the realization of the full benefit of any anticipated growth opportunities or cost synergies or that these benefits will be realized within the expected time frames. In addition, acquired businesses may have unanticipated liabilities or contingencies.

If we complete an acquisition, investment or other strategic transaction, we may require additional financing that could result in an increase in the number of our outstanding shares or the aggregate principal amount of our debt. A strategic transaction may result in a change in control of our company or otherwise materially and adversely affect our business.

Historically, we have experienced declines, and we may continue to experience fluctuation in our level of sales and results from operations.
A variety of factors has historically affected, and will continue to affect, our sales results and profit margins. These factors include general economic conditions; competition; actions taken by our competitors; consumer trends and preferences; access to third party marketplaces; and new product introductions and changes in our product mix.

There is no assurance that we will achieve positive levels of sales and earnings growth, and any decline in our future growth or performance could have a material adverse effect on our business and results of operations.

The ability of the Company to satisfy its liabilities and to continue as a going concern will continue to be dependent on the implementation of several items, the success of which is not certain.
The Company has suffered recurring losses from operations and the Company's primary sources of liquidity are borrowing capacity under its revolving credit facility, available cash and cash equivalents, all of which are limited. Therefore, the ability of the Company to meet its liabilities and to continue as a going concern is dependent on, among other things, improved profitability, the continued implementation of the strategic initiative to reposition Kaspien as a platform of software and services, the availability of future funding, implementation of one or more corporate initiatives to reduce costs at the parent company level and other strategic alternatives, including selling all or part of the remaining business or assets of the Company.

There can be no assurance that we will be successful in further implementing our business strategy or that the strategy, including the completed initiatives, will be successful in sustaining acceptable levels of sales growth and profitability. Based on recurring losses from operations, negative cash flows from operations, the expectation of continuing operating losses for the foreseeable future, and uncertainty with respect to any available future funding, the Company has concluded that there is substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Parties with whom the Company does business may be subject to insolvency risks or may otherwise become unable or unwilling to perform their obligations to the Company.
The Company is a party to contracts, transactions and business relationships with various third parties, including partners, vendors, suppliers, service providers and lenders, pursuant to which such third parties have performance, payment and other obligations to the Company. In some cases, the Company depends upon such third parties to provide essential products, services or other benefits, including with respect to merchandise, advertising, software development and support, logistics, other agreements for goods and services in order to operate the Company's business in the ordinary course, extensions of credit, credit card accounts and related receivables, and other vital matters. Economic, industry and market conditions could result in increased risks to the Company associated with the potential financial distress or insolvency of such third parties. If any of third parties were to become subject to bankruptcy, receivership or similar proceedings, the rights and benefits of the Company in relation to its contracts, transactions and business relationships with such third parties could be terminated, modified in a manner adverse to the Company, or otherwise impaired. The Company cannot make any assurances that it would be able to arrange for alternate or replacement contracts, transactions or business relationships on terms as favorable as the Company's existing contracts, transactions or business relationships, if at all. Any inability on the part of the Company to do so could negatively affect the Company's cash flows, financial condition and results of operations.

Failure to comply with legal and regulatory requirements could adversely affect the Company's results of operations.
The Company's business is subject to a wide array of laws and regulations. Significant legislative changes that impact our relationship with our workforce (none of which is represented by unions) could increase our expenses and adversely affect our operations. Examples of possible legislative changes impacting our relationship with our workforce include changes to an employer's obligation to recognize collective bargaining units, the process by which collective bargaining units are negotiated or imposed, minimum wage requirements, health care mandates, and changes in overtime regulations.

Our policies, procedures and internal controls are designed to comply with all applicable laws and regulations, including those imposed by the Securities and Exchange Commission and the NASDAQ Capital Market, as well as applicable employment laws. Additional legal and regulatory requirements increase the complexity of the regulatory environment in which we operate and the related cost of compliance. Failure to comply with such laws and regulations may result in damage to our reputation, financial condition and market price of our stock.

Litigation may adversely affect our business, financial condition and results of operations.
Our business is subject to the risk of litigation by employees, consumers, partners, suppliers, competitors, stockholders, government agencies or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify. We may incur losses relating to these claims, and in addition, these proceedings could cause us to incur costs and may require us to devote resources to defend against these claims that could adversely affect our results of operations. For a description of current legal proceedings, see "Part I, Item 3, Legal Proceedings."

The effects of natural disasters, terrorism, acts of war, and public health issues may adversely affect our business.
Natural disasters, including earthquakes, hurricanes, floods, and tornadoes may affect store and distribution center operations. In addition, acts of terrorism, acts of war, and military action both in the United States and abroad can have a significant effect on economic conditions and may negatively affect our ability to purchase merchandise from suppliers for sale to our customers. Public health issues, such as flu or other pandemics, whether occurring in the United States or abroad, could disrupt our operations and result in a significant part of our workforce being unable to operate or maintain our infrastructure or perform other tasks necessary to conduct our business. Additionally, public health issues may disrupt, or have an adverse effect on, our suppliers' operations, our operations, our customers, or customer demand. Our ability to mitigate the adverse effect of these events depends, in part, upon the effectiveness of our disaster preparedness and response planning as well as business continuity planning. However, we cannot be certain that our plans will be adequate or implemented properly in the event of an actual disaster. We may be required to suspend operations in some or all our locations, which could have a material adverse effect on our business, financial condition, and results of operations. Any significant declines in public safety or uncertainties regarding future economic prospects that affect customer spending habits could have a material adverse effect on customer purchases of our products.

A pandemic, epidemic or outbreak of an infectious disease, such as COVID-19, may materially and adversely affect our business.
Our business, results of operations, and financial condition may be materially adversely impacted if a public health outbreak, including the recent COVID-19 pandemic, interferes with our ability, or the ability of our employees, contractors, suppliers, and other business partners to perform our and their respective responsibilities and obligations relative to the conduct of our business.

Item 1B. UNRESOLVED SEC COMMENTS

None.

Item 2. PROPERTIES

Corporate Offices and Distribution Center Facility

As of January 28, 2023, we leased the following office and distribution facilities:

Location	Square Footage	Owned or Leased	Use
Spokane, WA	30,700	Leased	Office administration
Spokane, WA	32,000	Leased	Distribution center

The distribution center supports the distribution to outside distribution facilities for sale on third-party marketplaces for Kaspien.

Item 3. LEGAL PROCEEDINGS

The Company is subject to legal proceedings and claims that have arisen in the ordinary course of its business and have not been finally adjudicated. Although there can be no assurance as to the ultimate disposition of these matters, it is management's opinion, based upon the information available at this time, that the expected outcome of these matters, individually and in the aggregate, will not have a material adverse effect on the results of operations and financial condition of the Company.

Retailer Agreement Dispute

On June 18, 2021, Vijuve Inc. filed a lawsuit against Kaspien Inc. in the United States District Court for the Eastern District of Washington (Case No. 2:21-cv-00192-SAB) concerning a Retailer Agreement that the parties entered into in September of 2020. Vijuve manufactures skin care products and face massagers. The parties agreed that Kaspien would sell Vijuve's products on Amazon. The complaint alleged that Kaspien breached the Retailer Agreement when it declined to acquiesce to Vijuve's demand that Kaspien purchase over $700,000 of products. In total, Vijuve appears to be seeking more than $1,000,000 in damages. Kaspien denies that it breached the agreement and denies that it has any liability to Vijuve. Moreover, on July 19, 2021, Kaspien filed counterclaims and alleged that Vijuve breached the contract, including by refusing to buy back inventory from Kaspien upon termination of the Retailer Agreement. On July 18, 2022, Kaspien filed additional counterclaims against VIjuve for fraud and negligent misrepresentation. Kaspien is seeking at least $229,000 from Vijuve for breach of contract and/or specific performance, as well as fraud and negligent misrepresentation. A trial on all of the parties' claims is scheduled for September 18, 2023.

On February 17, 2022, CA Washington, LLC ("CA") filed a lawsuit against Kaspien Inc. in Wake County, North Carolina Superior Court (court file 22 CVS 2051). CA claims that Kaspien Inc. breached the contract between the parties by using CA's technology platform to facilitate sales by third parties and by using CA's technology to develop a competing platform. The lawsuit also includes an alternative claim for unjust enrichment and a claim for breach of North Carolina's Unfair and Deceptive Trade Practices Act. CA seeks an unspecified amount of damages. Kaspien removed the lawsuit to federal court in the Eastern District of North Carolina (case number 5:22-cv-00111), filed an Answer denying CA's claims, and asserted a counterclaim against CA for breach of contract and breach of the covenant of good faith and fair dealing. There is no determination of outcome, thus no contingencies are recognized as of the reporting date. The parties have agreed to resolve the lawsuit and are finalizing the necessary settlement documents.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information: The Company's Common Stock trades on the NASDAQ Capital Market under the symbol "KSPN." As of April 15, 2023, there were 77 shareholders of record.

On December 14, 2022, we received written notice from the NASDAQ that the closing bid price for our common stock had been below $1.00 for the previous 30 consecutive business days, and that the Company therefore was not in compliance with the minimum bid price requirement for continued listing on The Nasdaq Capital Market under Nasdaq Listing Rule 5550(a)(2). In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has been provided a period of 180 calendar days, or until June 12, 2023, to regain compliance. In order to regain compliance with the minimum closing bid price rule, the closing bid price of the Company's common stock must be at least $1.00 for a minimum of ten consecutive business days during the compliance period. If the Company does not regain compliance during the initial compliance period, the Company may be eligible for additional time to regain compliance. If the Company is not eligible, the Company expects that at that time the NASDAQ will provide written notice to the Company that the Company's common stock will be subject to delisting.

The notice has no immediate impact on the listing of the Company's common stock, which will continue to trade on The Nasdaq Capital Market. The Company intends to monitor its closing bid price for its common stock between now and June 12, 2023 and will consider available options to resolve the Company's noncompliance with the minimum bid price requirement, as may be necessary.

Dividend Policy: The Company did not pay cash dividends in fiscal 2022 and fiscal 2021. The declaration and payment of any dividends is at the sole discretion of the board of directors and is not guaranteed.

Issuer Purchases of Equity Securities during the Quarter Ended January 28, 2023

During the three-month period ended January 28, 2023, the Company did not repurchase any shares under a share repurchase program.

Item 6. [Reserved]

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Management's Discussion and Analysis of Financial Condition and Results of Operations provide information that the Company's management believes necessary to achieve an understanding of its financial condition and results of operations. To the extent that such analysis contains statements which are not of a historical nature, such statements are forward-looking statements, which involve risks and uncertainties. These risks include, but are not limited to, changes in the competitive environment for the Company's products and services; general economic factors in markets where the Company's products and services are sold; and other factors including, but not limited to: cost of goods, consumer disposable income, consumer debt levels and buying patterns, consumer credit availability, interest rates, customer preferences, unemployment, labor costs, inflation, fuel and energy prices, weather patterns, climate change, catastrophic events, competitive pressures and insurance costs discussed in the Company's filings with the Securities and Exchange Commission.

Key Performance Indicators

Management monitors a number of key performance indicators to evaluate its performance, including:

Net Revenue: The Company measures total year over year sales growth. Net sales performance is measured through several key performance indicators including number of partners and active product listings and sales per listing.

Cost of Sales and Gross Profit: Gross profit is calculated based on the cost of product in relation to its retail selling value. Changes in gross profit are impacted primarily by net sales levels, mix of products sold, obsolescence and distribution costs. Distribution expenses include those costs associated with receiving, inspecting & warehousing merchandise, Amazon fulfillment fees, and costs associated with product returns to vendors.

Selling, General and Administrative ("SG&A") Expenses: Included in SG&A expenses are payroll and related costs, general operating and overhead expenses and depreciation charges. SG&A expenses also include miscellaneous income and expense items, other than interest.

Balance Sheet and Ratios: The Company views cash, merchandise inventory, accounts payable leverage, and working capital as key indicators of its financial position. See "Liquidity and Capital Resources" for further discussion of these items.

Gross Merchandise Value ("GMV"): The total value of merchandise sold over a given time period through a customer-to-customer exchange site. It is the measurement of merchandise value sold across all channels and partners within our platform.

Fiscal Year Ended January 28, 2023 ("fiscal 2022")
Compared to Fiscal Year Ended January 29, 2022 ("fiscal 2021")

The Company's fiscal year is a 52 or 53-week period ending the Saturday nearest to January 31. Fiscal 2022 and fiscal 2021 ended January 28, 2023 and January 29, 2022, respectively. Both fiscal 2022 and fiscal 2021 had 52 weeks.

Net Revenue. Net revenue decreased 10.8% to $128.2 million compared to $143.7 million in fiscal 2021. The primary source of revenue is the Retail as a Service ("RaaS") model, which represented 98.7% of net revenue. Net revenue from Walmart, Target and Other Marketplaces decreased to 1.3% in fiscal 2022 from 1.5% in fiscal 2021. Subscriptions and Other share of net revenue increased to 1.4% of net revenue from 1.3% of net revenue in the comparable period from the prior year The following table sets forth net revenue by marketplace as a percentage of total net revenue:

	January 28, 2023	% to Total	January 29, 2022	% to Total	Change
Amazon US	$ 121,561	94.8%	$ 134,125	93.3%	$ (12,564)
Amazon International	3,241	2.5%	5,576	3.9%	(2,335)
Walmart, Target & Other Marketplaces	1,645	1.3%	2,172	1.5%	(527)
Subtotal Retail	**126,447**	98.6%	**141,873**	98.7%	**(15,426)**
Subscriptions & Other	1,781	1.4%	1,840	1.3%	(59)
Total	$ 128,228	100.0%	$ 143,713	100.0%	$ (15,485)

The Company generates revenue across a broad array of product lines primarily through the Amazon Marketplace. Categories include apparel, baby, beauty, electronics, health & personal care, home/kitchen/grocery, pets, sporting goods, toys & art.

Annual platform GMV for fiscal year 2022 was $271.0 million, the same level as fiscal 2021. Retail GMV decreased 9.2% to $137.1 million or 50.6% of total GMV, compared to $151.0 million or 55.7% of total GMV in fiscal 2021. Subscription GMV increased 15.7% to $133.9 million or 49.4% of total GMV, compared to $120.0 million or 44.3% of total GMV in fiscal 2021.

Gross Profit. Gross profit as a percentage of revenue was 19.0% in fiscal 2022 as compared to 22.8% in fiscal 2021. The decrease in the gross profit rate was primarily due to a decrease in merchandise margin to 41.2% in fiscal 2022 as compared to 44.8% in fiscal 2021 and a $0.6 million increase in warehousing and freight expenses. The following table sets forth a year-over-year comparison of the Company's gross profit:

			Change	
(amounts in thousands)	**January 28, 2023**	**January 29, 2022**	**$**	**%**
Merchandise margin	$ 52,893	$ 64,410	(11,517)	(17.9)%
% of net revenue	41.2%	44.8%	(3.6)%	
Fulfillment fees	(17,940)	(21,655)	3,715	17.2%
Warehousing and freight	(10,563)	(9,982)	(581)	(5.8)%
Gross profit	$ 24,390	$ 32,773	(8,383)	(25.6)%
% of net revenue	**19.0%**	**22.8%**		

Selling, General and Administrative Expenses. The following table sets forth a year-over-year comparison of the Company's SG&A expenses:

(amounts in thousands)	January 28, 2023	January 29, 2022	Change $	Change %
Selling expenses	$ 18,427	$ 20,794	$ (2,367)	(11.3)%
General and administrative expenses	20,154	19,501	653	3.3%
Depreciation and amortization expenses	1,233	2,096	(863)	(41.2)%
Total SG&A expenses	$ 39,814	$ 42,391	$ (2,577)	(8.0)%
As a % of total revenue	**31.0%**	**29.5%**		

SG&A expenses decreased $2.6 million, or 6.1%, primarily due to an 11.3% reduction in in Selling expenses. The decline in Selling expenses was attributable to the decline in Net revenue. General and administrative expenses increased $0.7 million.

SG&A expenses as a percentage of net revenue increased to 30.4% as compared to 29.5% in fiscal 2021. The increase in the rate as a percentage of net revenue was primarily due to lost leverage on the general and administrative expenses.

Depreciation and amortization expense. Consolidated depreciation and amortization expense for fiscal 2022 was $1.2 million as compared to $2.1 million in fiscal 2021.

Interest Expense. Interest expense in fiscal 2022 was $3.6 million, compared to interest expense of $1.9 million in fiscal 2021. The increase in interest expense was attributable to higher average borrowings on the Credit Facility and the Additional Subordinated Debt.

Income Tax Expense. The following table sets forth a year-over-year comparison of the Company's income tax expense:

(amounts in thousands)	January 28, 2023	January 29, 2022	Change $
Income tax expense	$ 43	$ 27	$ 16
Effective tax rate	0.2%	0.3%	-%

The fiscal 2022 and fiscal 2021 income tax expense includes state taxes.

Net Loss. The following table sets forth a year-over-year comparison of the Company's net loss:

(amounts in thousands)	January 28, 2023	January 29, 2022	Change $
Net loss	$ (19,044)	$ (8,031)	$ (11,013)
Net loss as a percentage of Net revenue	(14.9)%	(5.6)%	(9.3)%

Net loss was $19.0 million for fiscal 2022, compared to $8.0 million for fiscal 2021. The increase in net loss was primarily due to lower net revenue and a lower gross margin rate.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Cash Flows:
The consolidated financial statements for the year ended January 28, 2023 were prepared on the basis of a going concern which contemplates that the Company will be able to realize assets and satisfy liabilities and commitments in the normal course of business. The ability of the Company to meet its liabilities and to continue as a going concern is dependent on improved profitability, the continued implementation of the strategic initiative to reposition the Company as a platform of software and services and the availability of future funding.

The audited consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

The Company incurred net losses of $19.0 million and $8.0 million for the fiscal 2022 and fiscal 2021, respectively, and has an accumulated deficit of $139.9 million as of January 28, 2023. In addition, net cash used in operating activities during fiscal 2022 was $11.3 million. Net cash used in operating activities during fiscal 2021 was $14.5 million.

There can be no assurance that we will be successful in further implementing our business strategy or that the strategy, including the completed initiatives, will be successful in sustaining acceptable levels of sales growth and profitability. Based on recurring losses from operations, negative cash flows from operations, the expectation of continuing operating losses for the foreseeable future, and uncertainty with respect to any available future funding, the Company has concluded that there is substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company's primary sources of liquidity are its borrowing capacity under its Credit Facility, available cash and cash equivalents, and to a lesser extent, cash generated from operations. Our cash requirements relate primarily to working capital needed to operate Kaspien, including funding operating expenses, the purchase of inventory and capital expenditures. Our ability to achieve profitability and meet future liquidity needs and capital requirements will depend upon numerous factors, including the timing and amount of our revenue; the timing and amount of our operating expenses; the timing and costs of working capital needs; and successful implementation of our strategy and planned activities.

On March 18, 2021, the Company closed an underwritten offering of 416,600 shares of common stock of the Company, at a price to the public of $32.50 per share. The gross proceeds of the offering were approximately $13.5 million, prior to deducting underwriting discounts and commissions and estimated offering expenses. The Company used the net proceeds from the offering for general corporate purposes, including working capital to implement its strategic plans focused on brand acquisition, investments in technology to enhance its scalable platform and its core retail business.

On March 2, 2022, the Company amended its subordinated loan pursuant to which the lenders made an additional $5.0 million secured term loan with a scheduled maturity date of March 31, 2024, which is the same maturity date as the existing loans under the Subordinated Loan Agreement.

On July 12, 2022, the Company entered into a Securities Purchase Agreement (the "PIPE Purchase Agreement") with a single institutional investor for a private placement offering ("Private Placement") of the Company's common stock (the "Common Stock") or pre-funded warrants, with each pre-funded warrant exercisable for one share of Common Stock (the "Pre-Funded Warrants") and warrants exercisable for one share of Common Stock (the "Investor Warrants"). Pursuant to the PIPE Purchase Agreement, the Company issued and sold 1,818,182 shares (the "Shares") of its Common Stock or Pre-Funded Warrants in lieu thereof together with Investor Warrants to purchase up to 2,457,160 shares of Common Stock. Each share of Common Stock and accompanying Investor Warrant were sold together at a combined offering price of $3.30 per share.

The Pre-Funded Warrants have been exercised in full, at a nominal exercise price of $0.001.

The Investor Warrants have an exercise price of $3.13 per share (subject to adjustment as set forth in the warrant), are exercisable upon issuance and will expire five years from the date of issuance. The Investor Warrants contain standard adjustments to the exercise price including for stock splits, stock dividend, rights offerings and pro rata distributions.

The Private Placement closed on July 14, 2022. The Company received approximately $6 million in gross proceeds from the Private Placement, before deducting discounts and commissions and estimated offering expenses. The Company used the net proceeds from the private placement for working capital and other general corporate purposes.

On July 12, 2022, the Company also entered into a Securities Purchase Agreement (the "Registered Purchase Agreement") with a single institutional investor, pursuant to which the Company agreed to issue and sell 638,978 shares (the "Registered Shares") of its Common Stock or Pre-Funded Warrants in lieu thereof, with each Pre-Funded Warrant exercisable for one share of Common Stock (the "Offering"). The Company received approximately $2 million in gross proceeds from the Offering, before deducting discounts and commissions and estimated offering expenses. The Company used the net proceeds from the private placement for working capital and other general corporate purposes.

In addition to the aforementioned current sources of existing working capital, the Company is continuing its efforts to generate additional sales and increase margins. There can be no assurance that any of the initiatives or strategic alternatives will be implemented, successful or consummated.

The following table sets forth a two-year summary of key components of cash flow and working capital:

(amounts in thousands)	2022	2021	2022 vs. 2021
Operating Cash Flows	$ (11,282)	$ (14,534)	$ 3,252
Investing Cash Flows	(898)	(1,431)	533
Financing Cash Flows	10,983	14,233	(3,250)
Capital Expenditures	(898)	(1,431)	533
End of Period Balances:			
Cash, Cash Equivalents, and Restricted Cash[1]	3,626	4,823	(1,197)
Merchandise Inventory	26,704	29,277	(2,573)
Working Capital	12,533	16,334	(3,801)
[1] Cash and cash equivalents per Consolidated Balance Sheets	$ 1,130	$ 1,218	(88)
Add: Restricted cash	2,496	3,605	(1,109)
Cash, cash equivalents, and restricted cash	$ 3,626	$ 4,823	(1,197)

During fiscal 2022, cash used in operations was $11.3 million compared to $14.5 million in fiscal 2021. During 2022, cash used in operations consisted primarily of a net loss of $18.8 million, partially offset by a $2.6 million reduction in inventory and a $0.8 million increase in accounts payable. During 2021, cash used in operations consisted primarily of a net loss of $8.0 million, an increase of $4.8 million in inventory and the payment of $2.6 million in accounts payable. See the Consolidated Statement of Cash Flows for further detail.

The Company monitors various statistics to measure its management of inventory, including inventory turnover (annual cost of sales divided by average merchandise inventory balances), and accounts payable leverage (accounts payable divided by merchandise inventory). Inventory turnover measures the Company's ability to sell merchandise and how many times it is replaced in a year. This ratio is important in determining the need for markdowns and planning future inventory levels and assessing customer response to our merchandise. Inventory turnover in fiscal 2022 and in fiscal 2021 was 3.7 and 4.0, respectively. Accounts payable leverage measures the percentage of inventory being funded by the Company's product vendors. The percentage is important in determining the Company's ability to fund its business. Accounts payable leverage on inventory for Kaspien was 26.4% as of January 28, 2023 compared with 20.7% as of January 29, 2022.

Cash used in investing activities was $0.9 million in fiscal 2022, compared to $1.4 million in fiscal 2021. During fiscal 2022 and fiscal 2021, cash used in investing activities consisted entirely of capital expenditures.

The Company has historically financed its capital expenditures through borrowings under its revolving credit facility and cash flow from operations. The Company anticipates capital spending of approximately $1.0 million in fiscal 2023.

Cash provided by financing activities was $11.0 million in fiscal 2022, compared to $14.2 million in fiscal 2021. In fiscal 2022, the primary source of cash was $5.0 million raised from the issuance of subordinated debt and $7.1 million from the Private Placement and Registered Shares offerings partially offset by the payment of short-term borrowings of $1.2 million. In fiscal 2021, the primary source of cash was $12.2 million raised from the underwritten offering of common stock of the Company. Additional sources of cash included the $10.0 million in proceeds from short term borrowings. The Company used $6.3 million of the proceeds to pay down its Credit Facility.

Related Party Transactions.

Directors Jonathan Marcus, Thomas Simpson, and Michael Reickert are the chief executive officer of Alimco Re Ltd. ("Alimco"), the managing member of Kick-Start III, LLC and Kick-Start IV, LLC ("Kick-Start"), and a trustee of the Robert J. Higgins TWMC Trust (the "Trust"), an affiliate of RJHDC, LLC ("RJHDC" and together with Alimco and Kick-Start, "Related Party Entities"), respectively. The Related Party Entities are parties to the following agreements with the Company entered into on March 30, 2020:

- Subordinated Loan and Security Agreement (as amended), pursuant to which the Related Party Entities made a $5.2 million secured term loan ($2.7 million from Alimco, $0.5 million from Kick-Start, and $2.0 million from RJHDC) to Kaspien with a scheduled maturity date of March 31, 2024, interest accruing at the rate of twelve percent (12%) per annum and compounded on the last day of each calendar quarter by becoming a part of the principal amount, and secured by a second priority security interest in substantially all of the assets of the Company and Kaspien;

- Common Stock Purchase Warrants ("Warrants"), pursuant to which the Company issued warrants to purchase up to 244,532 shares of Common Stock to the Related Party Entities (127,208 shares for Alimco, 23,401 shares for Kick-Start, and 93,923 shares for RJHDC), subject to adjustment in accordance with the terms of the Warrants, at an exercise price of $0.01 per share. As of April 28, 2023, 236,993 of the Warrants had been exercised by the Related Party Entities and 5,126 warrants remained outstanding;

- Contingent Value Rights Agreement (the "CVR Agreement"), pursuant to which the Related Party Entities received contingent value rights ("CVRs") representing the contractual right to receive cash payments from the Company in an amount equal, in the aggregate, to 19.9% of the proceeds (10.35% for Alimco, 1.90% for Kick-Start, and 7.64% for RJHDC) received by the Company in respect of certain intercompany indebtedness owing to it by Kaspien and/or its equity interest in Kaspien; and

- Voting Agreement (the "Voting Agreement"), pursuant to which the Related Party Entities, the Trust, Mr. Simpson and their respective related entities agreed to how their respective shares of the Company's capital stock held by the parties will be voted with respect to the designation, election, removal, and replacement of members of the Board of Directors of the Company. On August 2, 2022, the parties entered into Amendment No. 1 to the Voting Agreement setting forth their agreements and understandings with respect to how shares of the Company's capital stock held by the parties thereto will be voted with respect to (i) amending the Certificate of Incorporation of the Company to set the size of the Board of Directors of the Company at four directors and (ii) the designation, election, removal, and replacement of members of the Board.

On March 2, 2022, the Company entered into the following agreements with certain of the Related Parties:

- An amendment to the Subordinated Loan and Security Agreement, pursuant to which Alimco made an additional $5,000,000.00 secured term loan (the "Additional Subordinated Loan") with a scheduled maturity date of March 31, 2024, interest accruing at the rate fifteen percent (15.0%) per annum, compounded on the last day of each calendar quarter by becoming a part of the principal amount of the Additional Subordinated Loan, and secured by a second priority security interest in substantially all of the assets of the Company and Kaspien;
- Common Stock Purchase Warrant ("Alimco Warrant"), pursuant to which the Company issued warrants to purchase up to 320,000 shares of Common Stock to Alimco, subject to adjustment in accordance with the terms of the Alimco Warrant, at an exercise price of $0.01 per share. All such warrants were outstanding as of April 28, 2023;
- Registration Rights Agreement, pursuant to which Alimco has been granted customary demand and piggyback registration rights with respect to the Warrant Shares issued upon exercise of the Alimco Warrant; and
- Contingent Value Rights Agreement (the "Second CVR Agreement") pursuant to which Alimco received additional contingent value rights ("Additional CVRs") representing the contractual right to receive cash payments from the Company in an amount equal, in the aggregate, to 9.0% of the proceeds received by the Company in respect of certain distributions by the Company or Kaspien; recapitalizations or financings of the Company or Kaspien (with appropriate carve out for trade financing in the ordinary course); repayment of intercompany indebtedness owing to the Company by Kaspien; or sale or transfer of any stock of the Company or Kaspien.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires that management apply accounting policies and make estimates and assumptions that affect results of operations and the reported amounts of assets and liabilities in the financial statements. Management bases its estimates and judgments on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. Note 1 of the Notes to the Consolidated Financial Statements in this report includes a summary of the significant accounting policies and methods used by the Company in the preparation of its consolidated financial statements. Management believes that of the Company's significant accounting policies and estimates, the following involve a higher degree of judgment or complexity:

Merchandise Inventory and Return Costs. Merchandise inventory is stated at the lower of cost or net realizable value under the average cost method. Inventory valuation requires significant judgment and estimates, including obsolescence and any adjustments to net realizable value, if net realizable value is lower than cost. For all merchandise categories, the Company records obsolescence and any adjustments to net realizable value (if lower than cost) based on current and anticipated demand, customer preferences, and market conditions.

Long-Lived Assets other than Goodwill: Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the asset over its remaining useful life. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Fair value is generally measured based on discounted estimated future cash flows. Assets to be disposed of would be separately presented in the Consolidated Balance Sheets and reported at the lower of the carrying amount or fair value less disposition costs. As of January 28, 2023, for the purposes of the asset impairment test, the Company has one asset grouping.

Recently Issued Accounting Pronouncements.

The information set forth above may be found under Notes to Consolidated Statements, Note 2.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required under the requirements of a Smaller Reporting Company.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Exhibits and financial statement schedules to the Company's Consolidated Financial Statements are included in Item 15, and the Consolidated Financial Statements follow the signature page to this report and are incorporated herein by reference.

The quarterly results of operations are included herein in Note 13 of Notes to the Consolidated Financial Statements in this report.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures: Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, our principal executive officer and our principal financial officer concluded that the Company's disclosure controls and procedures were not effective as of January 28, 2023, due to a material weakness in internal control over financial reporting, as discussed below under Management's Report on Internal Control Over Financial Reporting.

Notwithstanding the material weakness described under Management's Report on Internal Control Over Financial Reporting, our management has concluded that our consolidated financial statements for the periods covered by and included in this Annual Report on Form 10-K are prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and fairly present, in all material respects, our financial position, results of operations and cash flows for each of the periods presented herein.

Management's Report on Internal Control Over Financial Reporting: Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d – 15(f) under the Exchange Act, as amended). Under the supervision and with the participation of the Company's management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control-Integrated Framework (2013)*. Based on our evaluation under the framework in *Internal Control-Integrated Framework (2013)*, our management concluded that our internal control over financial reporting was not effective as of January 28, 2023 because of the material weakness described below.

During the year ended January 28, 2023, the Company did not perform adequate independent reviews and maintain effective controls related to account analyses, account summaries and account reconciliations prepared in the areas of inventory and related inventory reserves, cost of sales and certain other accounts.

During 2023, we will improve the preparation and review of account reconciliations by developing specific procedures to monitor and evaluate key accounts. Additionally, we will provide additional training to our personnel to strengthen their GAAP knowledge and ability to identify potential errors in the underlying business processes. To address inventory valuation, we are in the process of (i) hiring and training additional experienced accounting resources, (ii) enhancing reporting capabilities, and (iii) continuing to review and assess all inventory-related internal controls. We are committed to remediating the material weakness and anticipate that the material weakness will be remediated by the end of 2023. We do not anticipate incurring substantial costs in connection with these remediation efforts.

Changes in Internal Control Over Financial Reporting: Aside from the material weakness described above under Management's Report on Internal Control Over Financial Reporting, as of January 28, 2023, there have been no changes in the Company's internal control over financial reporting that occurred during fiscal 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. OTHER INFORMATION

No events have occurred which would require disclosure under this Item 9B.

Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this item is incorporated by reference from the information to be included in the Proxy Statement for our 2023 Annual Meeting of Shareholders to be filed pursuant to Regulation 14A with the SEC within 120 days after the fiscal year ended January 28, 2023, which information is incorporated by reference.

Item 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated by reference from the information to be included in the Proxy Statement for our 2023 Annual Meeting of Shareholders to be filed pursuant to Regulation 14A with the SEC within 120 days after the fiscal year ended January 28, 2023, which information is incorporated by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

Certain information required by this item is incorporated by reference from the information to be included in the Proxy Statement for our 2023 Annual Meeting of Shareholders to be filed pursuant to Regulation 14A with the SEC within 120 days after the fiscal year ended January 28, 2023, which information is incorporated by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item is incorporated by reference from the information to be included in the Proxy Statement for our 2023 Annual Meeting of Shareholders to be filed pursuant to Regulation 14A with the SEC within 120 days after the fiscal year ended January 28, 2023, which information is incorporated by reference.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this item is incorporated by reference from the information to be included in the Proxy Statement for our 2023 Annual Meeting of Shareholders to be filed pursuant to Regulation 14A with the SEC within 120 days after the fiscal year ended January 28, 2023, which information is incorporated by reference.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

15(a) (1) Financial Statements
The Consolidated Financial Statements and Notes are listed in the Consolidated Financial Statements on page F-1 of this report.

15(a) (2) Financial Statement Schedules

Consolidated Financial Statement Schedules not filed herein have been omitted as they are not applicable or the required information or equivalent information has been included in the Consolidated Financial Statements or the notes thereto.

15(a) (3) Exhibits

Exhibits are as set forth in the "Index to Exhibits" which follows the Notes to the Consolidated Financial Statements and immediately precedes the exhibits filed.

Item 16. Form 10-K Summary

None.

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.

	KASPIEN HOLDINGS INC.
Date: April 28, 2023	By: /s/ Brock Kowalchuk
	Brock Kowalchuk Principal Executive Officer

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

Name	Title	Date
/s/ Brock Kowalchuk (Brock Kowalchuk)	Principal Executive Officer	April 28, 2023
/s/ Edwin Sapienza (Edwin Sapienza)	Chief Financial Officer (Principal Financial and Chief Accounting Officer)	April 28, 2023
/s/ Mark Holliday (Mark Holliday)	Director	April 28, 2023
/s/ Jonathan Marcus (Jonathan Marcus)	Director	April 28, 2023
/s/ Michael Reickert (Michael Reickert)	Director	April 28, 2023
/s/ Tom Simpson (Tom Simpson)	Director	April 28, 2023

KASPIEN HOLDINGS INC.
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Kaspien Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Kaspien Holdings, Inc. ("the Company") as of January 28, 2023 and January 29, 2022, respectively, and the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity (deficit), and cash flows for the fiscal years ended January 28, 2023 and January 29, 2022, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of January 28, 2023 and January 29, 2022, and the results of its operations and its cash flows for each of the fiscal years then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has experienced negative cash flows from operations and expects continued losses into 2023. These factors, among others, 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. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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 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 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Inventory Costs and Reserves

Description of the Critical Audit Matter
As discussed in Note 1 to the financial statements, the Company periodically assess and estimates its allowances and reserves for stagnant, unfulfillable, or obsolete inventory based on current and anticipated demand, customer preference, or market conditions. As also discussed in Note 1 to the financial statements, the cost of inventory includes certain costs associated with preparation of inventory for resale, including inbound freight and handling costs. The recognition and evaluation of inventory costs and reserves involves significant complexity and judgment in applying the relevant accounting standards when auditing management's estimates and conclusions with regard to inventory balances.

How the Critical Audit Matter Was Addressed in the Audit
Our principal audit procedures to evaluate management's calculation of capitalized inventory costs and reserves included, among other procedures, the following:

- We evaluated the appropriateness and consistency of management's methods and assumptions used in the identification, recognition, and measurement of the inventory costs and reserves in considering applicable generally accepted accounting principles, including the completeness and accuracy of underlying data used in developing those assumptions.

- We tested the significant inputs, sampled underlying transactions, and analyzed historical trends and timing of receipts associated with management's reserve estimates and recognition of inbound costs and inventory in-transit.

- We evaluated whether management had appropriately considered new information that could significantly change the measurement or disclosure of the inventory valuation, and evaluated the disclosures related to the financial statement impacts of those transactions.

/s/ Fruci & Associates II, PLLC

We have served as the Company's auditor since 2020.

Spokane, Washington
April 28, 2023

KASPIEN HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share and share amounts)

	January 28, 2023	January 29, 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,130	$ 1,218
Restricted cash	1,158	1,158
Accounts receivable	1,169	2,335
Merchandise inventory	26,704	29,277
Prepaid expenses and other current assets	1,799	649
Total current assets	31,960	34,637
Restricted cash	1,338	2,447
Fixed assets, net	1,999	2,335
Operating lease right-of-use assets	1,505	2,144
Cash surrender value	3,371	4,154
Other assets	566	965
TOTAL ASSETS	$ 40,739	$ 46,682
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 7,044	$ 6,271
Short-term borrowings	8,812	9,966
Accrued expenses and other current liabilities	2,876	2,362
Current portion of operating lease liabilities	695	649
Total current liabilities	19,427	19,248
Operating lease liabilities	1,019	1,608
Long-term debt	9,790	4,356
Other long-term liabilities	11,604	14,185
TOTAL LIABILITIES	41,840	39,397
SHAREHOLDERS' EQUITY		
Preferred stock ($0.01 par value; 5,000,000 shares authorized; none issued)	-	-
Common stock ($0.01 par value; 200,000,000 shares authorized; 5,432,072 shares and 3,902,985 shares issued, respectively)	54	39
Additional paid-in capital	214,029	359,220
Treasury stock at cost (467,069 shares and 1,410,417 shares, respectively)	(76,132)	(230,170)
Accumulated other comprehensive gain (loss)	886	(910)
Accumulated deficit	(139,938)	(120,894)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	(1,101)	7,285
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	$ 40,739	$ 46,682

See Accompanying Notes to Consolidated Financial Statements.

KASPIEN HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Fiscal Year Ended	
	January 28, 2023	January 29, 2022
Net revenue	$ 128,228	$ 143,713
Cost of sales	103,838	110,940
Gross profit	24,390	32,773
Selling, general and administrative expenses	39,814	42,391
Loss from continuing operations	(15,424)	(9,618)
Interest expense	3,577	1,867
Other income	-	(3,481)
Loss from operations before income tax	(19,001)	(8,004)
Income tax expense	43	27
Net loss	$ (19,044)	$ (8,031)
Basic and diluted loss per share	$ (5.47)	$ (3.28)
Weighted average number of shares outstanding - basic and diluted	3,482	2,448

See Accompanying Notes to Consolidated Financial Statements.

KASPIEN HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)

	Fiscal Year Ended	
	January 28, 2023	January 29, 2022
Net loss	$ (19,044)	$ (8,031)
Pension actuarial gain adjustment	1,796	1,097
Comprehensive loss	$ (17,248)	$ (6,934)

See Accompanying Notes to Consolidated Financial Statements.

KASPIEN HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)
(dollars and shares in thousands)

	Common Shares	*Treasury Shares*	Common Stock	Additional Paid-in Capital	Treasury Stock At Cost	Accumulated Other Comprehensive Gain (Loss)	Retained Earnings (Accumulated Deficit)	Shareholders' Equity (Deficit)
Balance as of January 30, 2021	*3,337*	*(1,410)*	$ 33	$ 346,495	$ (230,169)	$ (2,007)	$ (112,863)	$ 1,489
Net Loss	-	-	-	-	-	-	(8,031)	(8,031)
Pension actuarial gain adjustment	-	-	-	-	-	1,097	-	1,097
Exercise of warrants	*138*	-	2	-	(1)	-	-	1
Common stock issued- Director grants	*9*	-	-	184	-	-	-	184
Exercise of stock options	*2*	-	-	51	-	-	-	51
Amortization of unearned compensation/restricted stock amortization	-	-	-	263	-	-	-	263
Issuance of shares, net of expense	*417*	-	4	12,227	-	-	-	12,231
Balance as of January 29, 2022	*3,903*	*(1,410)*	$ 39	$ 359,220	$ (230,170)	$ (910)	$ (120,894)	$ 7,285
Net Loss	-	-	-	-	-	-	(19,044)	(19,044)
Pension actuarial gain adjustment	-	-	-	-	-	1,796	-	1,796
Exercise of warrants	*1,512*	*305*	15	(49,789)	49,774	-	-	-
Common stock issued- Director grants	*9*	-	-	41	-	-	-	41
Issuance of warrants	-	-	-	1,518	-	-	-	1,518
Amortization of unearned compensation/restricted stock amortization	-	-	-	165	-	-	-	165
Vested restricted shares	*8*	-	-	1	-	-	-	1
Issuance of shares, net of expense	-	*638*	-	(97,127)	104,264	-	-	7,137
Balance as of January 28, 2023	*5,432*	*(467)*	$ 54	$ 214,029	$ (76,132)	$ 886	$ (139,938)	$ (1,101)

See Accompanying Notes to Consolidated Financial Statements.

KASPIEN HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Fiscal Year Ended	
	January 28, 2023	January 29, 2022
OPERATING ACTIVITIES:		
Net loss	$ (19,044)	$ (8,031)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of fixed assets	1,234	1,364
Amortization of intangible assets	-	732
Amortization of right-of-use asset	639	598
Stock based compensation	206	447
Warrant proceeds amortization to interest	1,028	232
Interest on long term debt	1,215	722
Forgiveness of PPP loan	-	(1,963)
Change in cash surrender value	783	(298)
Changes in operating assets and liabilities that provide (use) cash:		
Accounts receivable	581	382
Merchandise inventory	2,574	(4,762)
Prepaid expenses and other current assets	(565)	(84)
Other long-term assets	399	376
Accounts payable	774	(2,622)
Accrued expenses and other current liabilities	269	(74)
Other long-term liabilities	(1,375)	(1,553)
Net cash used in operating activities	(11,282)	(14,534)
INVESTING ACTIVITIES:		
Purchases of fixed assets	(898)	(1,431)
Net cash provided by (used in) investing activities	(898)	(1,431)
FINANCING ACTIVITIES:		
Payments of (proceeds from) long term borrowings	5,000	(1,600)
Payments of (proceeds from) PPP Loan	-	(76)
Proceeds from short term borrowings	-	9,966
Payments of short-term borrowings	(1,154)	(6,339)
Proceeds from stock offering	7,137	12,231
Exercise of stock options	-	51
Net cash provided by financing activities	10,983	14,233
Net decrease in cash, cash equivalents, and restricted cash	(1,197)	(1,732)
Cash, cash equivalents, and restricted cash, beginning of year	4,823	6,555
Cash, cash equivalents, and restricted cash, end of year	$ 3,626	$ 4,823
Supplemental disclosures and non-cash investing and financing activities:		
Interest paid	$ 772	$ 480
Warrants issued with debt	$ 1,633	$ -

See Accompanying Notes to Consolidated Financial Statements.

Index to Notes to Consolidated Financial Statements

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KASPIEN HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations: Kaspien Holdings Inc. and subsidiaries ("the Company") operates in a single reportable segment: Kaspien is a digital marketplace retailer and generates substantially all of its revenue through Amazon Marketplace.

Liquidity: The Company's primary sources of liquidity are borrowing capacity under its revolving credit facility, available cash and cash equivalents, and to a lesser extent, cash generated from operations. Our cash requirements relate primarily to working capital needed to operate and grow our business, including funding operating expenses and the purchase of inventory and capital expenditures. Our ability to achieve profitability and meet future liquidity needs and capital requirements will depend upon numerous factors, including the timing and amount of our revenue; the timing and amount of our operating expenses; the timing and costs of working capital needs; and successful implementation of our strategy and planned activities. There can be no assurance that we will be successful in further implementing our business strategy or that the strategy, including the completed initiatives, will be successful in sustaining acceptable levels of sales growth and profitability. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

The Company incurred net losses of $19.0 million and $8.0 million for the years ended January 28, 2023 and January 29, 2022, respectively, and has an accumulated deficit of $139.9 million as of January 28, 2023.

The Company experienced negative cash flows from operations during fiscal 2022 and fiscal 2021 and we expect to incur net losses in 2023. As of January 28, 2023, we had cash and cash equivalents of $1.1 million, net working capital of $12.8 million, and outstanding borrowings of $8.8 million on our revolving credit facility, as further discussed below. This compares to $1.2 million in cash and cash equivalents and net working capital of $16.3 million and borrowings of $10.0 million on our revolving credit facility as of January 29, 2022.

The consolidated financial statements for the fiscal year ended January 28, 2023 were prepared on the basis of a going concern which contemplates that the Company will be able to realize assets and discharge liabilities in the normal course of business. The ability of the Company to meet its liabilities and to continue as a going concern is dependent on improved profitability, the strategic initiatives for Kaspien and the availability of future funding. Based on recurring losses from operations, negative cash flows from operations, the expectation of continuing operating losses for the foreseeable future, and uncertainty with respect to any available future funding, the Company has concluded that there is substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Credit Facility

On February 20, 2020, Kaspien Inc. entered into a Loan and Security Agreement (as subsequently amended, the "Loan Agreement") with Eclipse Business Capital LLC (f/k/a Encina Business Credit, LLC) ("Eclipse"), as administrative agent, under which the lenders party thereto committed to provide up to $25 million in loans under a four-year, secured revolving credit facility (the "Credit Facility").

On March 30, 2020, the Company and Kaspien Inc. (the "Loan Parties") entered into Amendment No. 1 to the Loan Agreement (the "Amendment"). Pursuant to the Amendment, among other things, (i) the Company was added as "Parent" under the Amended Loan Agreement, (ii) the Company granted a first priority security interest in substantially all of the assets of the Company, including inventory, accounts receivable, cash and cash equivalents and certain other collateral, and (iii) the Loan Agreement was amended to (a) permit the incurrence of certain subordinated indebtedness under the Subordinated Loan Agreement (as defined below) and (b) limit the Company's ability to incur additional indebtedness, create liens, make investments, make restricted payments or specified payments and merge or acquire assets.

On April 7, 2021, the Loan Parties entered into Amendment No. 2 to the Loan Agreement (the “Second Amendment”. Pursuant to the Second Amendment, the In-Transit Inventory Sublimit (as defined in the Loan Agreement) was increased from $2,000,000 to $2,500,000.

On September 17, 2021, the Loan Parties entered into Amendment No. 3 to the Loan Agreement (the “Third Amendment”). Pursuant to the Third Amendment, among other things, (i) the maturity of the Credit Facility has been extended to February 20, 2024, and the early termination fees have been accordingly reset; (ii) the LIBOR floor has been reduced to 1.00%; (iii) up to $4,000,000 of acquisitions are now allowed without Eclipse’s consent, subject to satisfaction of various conditions, including the Company having a trailing twelve month fixed charge coverage ratio of 1.20x and Excess Availability greater than the greater of (x) 20% of the average Borrowing Base for each 30 day period immediately prior to, and pro forma for, the purchase and (y) $1,500,000.

On March 2, 2022, the Loan Parties entered into Amendment No. 4 to the Loan Agreement (the “Fourth Amendment”). Pursuant to the Fourth Amendment, among other things, the Credit Facility was amended to permit the incurrence of the Additional Subordinated Loan (as defined below) under the Subordinated Loan Agreement (as defined below).

The commitments by the lenders under the Credit Facility are subject to borrowing base and availability restrictions. Up to $5.0 million of the Credit Facility may be used for the making of swing line loans.

As of January 28, 2023, the Company had borrowings of $8.8 million under the Credit Facility. Peak borrowings under the Credit Facility during fiscal 2022 were $12.0 million. As of January 28, 2023, the Company had no outstanding letters of credit. The Company had $3.6 million available for borrowing under the Credit Facility as of January 28, 2023.

Subordinated Debt Agreement and Amendment

On March 30, 2020, the Loan Parties entered into a Subordinated Loan and Security Agreement (the “Subordinated Loan Agreement”) with the lenders party thereto from time to time (the “Lenders”) and TWEC Loan Collateral Agent, LLC (“Collateral Agent”), as collateral agent for the Lenders, pursuant to which the Lenders made a $5.2 million secured term loan (the “Subordinated Loan”) to Kaspien. Pursuant to an amendment to the Subordinated Loan Agreement, there is a scheduled maturity date of March 31, 2024. As of January 28, 2023, unamortized debt issuance costs of $0.1 million are included in “Long-Term Debt” on the consolidated balance sheet.

Directors Jonathan Marcus, Thomas Simpson, and Michael Reickert are the chief executive officer of Alimco Re Ltd. (“Alimco”), the managing member of Kick-Start III, LLC and Kick-Start IV, LLC (“Kick-Start”), and a trustee of the Robert J. Higgins TWMC Trust (the “Trust”), an affiliate of RJHDC, LLC (“RJHDC” and together with Alimco and Kick-Start, “Related Party Entities”), respectively. The Related Party Entities are parties to the Subordinated Loan Agreement.

Amendment No. 2 to Subordinated Loan and Security Agreement

On March 2, 2022, the Loan Parties entered into that certain Amendment No. 2 to Subordinated Loan and Security Agreement (“Amendment No. 2”) with the “Lenders and the Collateral Agent. Pursuant to Amendment No. 2, among other things, Alimco Re Ltd. (the “Tranche B Lender”) made an additional $ 5,000,000 secured term loan (the “Additional Subordinated Loan”) with a scheduled maturity date of March 31, 2024, which is the same maturity date as the existing loans under the Subordinated Loan Agreement.

Interest on the Additional Subordinated Loan accrues, subject to certain terms and conditions under the Subordinated Loan Agreement, at the rate of fifteen percent (15.0%) per annum, compounded on the last day of each calendar quarter by becoming a part of the principal amount of the Additional Subordinated Loan.

The Additional Subordinated Loan is also secured by a second priority security interest in substantially all of the assets of the Loan Parties, including inventory, accounts receivable, cash and cash equivalents and certain other collateral of the borrowers and guarantors under the Subordinated Loan Agreement. The Company will provide a limited guarantee of Kaspien’s obligations under the Additional Subordinated Loan.

Among other things, the Subordinated Loan Agreement limits the Loan Parties' ability to incur additional indebtedness, create liens, make investments, make restricted payments or specified payments and merge or acquire assets.

The Subordinated Loan Agreement contains customary events of default, including, but not limited to, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to other obligations, customary ERISA defaults, certain events of bankruptcy and insolvency, judgment defaults, the invalidity of liens on collateral, change in control, cessation of business or the liquidation of material assets of the borrowers and guarantors thereunder taken as a whole and the occurrence of an uninsured loss to a material portion of collateral.

The Loan Parties paid certain customary fees and expenses in connection with the Additional Subordinated Loan and Amendment No. 2.

Paycheck Protection Program
On April 17, 2020, Kaspien received loan proceeds of $2.0 million (the "PPP Loan") pursuant to the Paycheck Protection Program ("PPP") under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). On June 15, 2021, the Small Business Administration ("SBA") approved the Company's application for forgiveness of the PPP Loan. The amount of the forgiveness was $1.9 million in principal and interest, which was the amount requested in the forgiveness application and was less than the original principal balance due. Following the grant of forgiveness, an outstanding balance of $76,452 was paid during fiscal 2021.

In addition to the aforementioned current sources of existing working capital, the Company may explore certain other strategic alternatives that may become available to the Company, as well continuing our efforts to generate additional sales and increase margins. If the Company is unable to improve its operations, it may be required to obtain additional funding, and the Company's financial condition and results of operations may be materially adversely affected. Furthermore, 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, should we require such additional funds.

Basis of Presentation: The consolidated financial statements consist of Kaspien Holdings Inc., its wholly owned subsidiaries, Kaspien NY, LLC (f/k/a Trans World NY Sub, Inc. (f/k/a Record Town, Inc.) and its subsidiaries, and Kaspien Inc. All significant intercompany accounts and transactions have been eliminated. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions, including those related to merchandise inventory; valuation of long-lived assets, income taxes, accounting, retirement plan obligation, and other long-term liabilities that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Items Affecting Comparability: The Company's fiscal year is a 52 or 53-week period ending the Saturday nearest to January 31. Fiscal 2022 and fiscal 2021 ended January 28, 2023 and January 29, 2022 were 52-week periods.

Concentration of Business Risks: The Company purchases various inventory from numerous suppliers and does not have material long-term purchase contracts; rather, it purchases products from its suppliers on an order-by-order basis. Historically, Kaspien has not experienced difficulty in obtaining satisfactory sources of supply and management believes that it will continue to have access to adequate sources of supply. The Company had one partner that represented 20.4% of net revenue in fiscal 2022.

The Company generates substantially all its revenue through the Amazon Marketplace. Therefore, the Company depends in large part on its relationship with Amazon for its continued growth. In particular, the Company depends on its ability to offer products on the Amazon Marketplace and on its timely delivery of products to customers.

Cash and Cash Equivalents: The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Cash: Cash and cash equivalents that are restricted as to withdrawal or use under the terms of certain contractual agreements are recorded in Restricted Cash on the Company's consolidated balance sheet.

Accounts Receivable: Accounts receivable are primarily comprised of receivables due from Amazon. Included in the balance is an allowance of $0.4 million for doubtful accounts.

Merchandise Inventory and Return Costs: Merchandise inventory is stated at the lower of cost or net realizable value under the average cost method. Inventory valuation requires significant judgment and estimates, including obsolescence, and any adjustments to net realizable value, if market value is lower than cost. The Company records obsolescence and any adjustments to net realizable value (if lower than cost) based on current and anticipated demand, customer preferences and market conditions. As of January 28, 2023, the Company recorded an obsolescence reserve of $1.2 million. The cost of inventory also includes certain costs associated with the preparation of inventory for resale, including distribution center costs and freight. As of January 28, 2023, the Company had recorded capitalized freight of $1.6 million.

Fixed Assets and Depreciation: Fixed assets are recorded at cost and depreciated or amortized over the estimated useful life of the asset using the straight-line method. The estimated useful lives are as follows:

Fixtures and equipment	7 years
Leasehold improvements	7 years
Technology	1-5 years

Major improvements and betterments to existing facilities and equipment are capitalized. Expenditures for maintenance and repairs are expensed as incurred.

Long-Lived Assets: Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the asset over its remaining useful life. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Fair value is generally measured based on discounted estimated future cash flows. Assets to be disposed of would be separately presented in the Consolidated Balance Sheets and reported at the lower of the carrying amount or fair value less disposition costs. For the purposes of the asset impairment test, Kaspien has one asset grouping, which is the same as the Kaspien reporting unit level.

Commitments and Contingencies: The Company is subject to legal proceedings and claims that have arisen in the ordinary course of its business. Although there can be no assurance as to the ultimate disposition of these matters, it is management's opinion, based upon the information available at this time, that the expected outcome of these matters, individually or in the aggregate, will not have a material adverse effect on the results of operations and financial condition of the Company (see Note 12).

Revenue Recognition: We recognize revenue under ASC 606, "Revenue from Contracts with Customers," the core principle of which is that an entity should recognize revenue to depict the transfer of control for promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In applying the revenue recognition principles, an entity is required to identify the contract(s) with a customer, identify the performance obligations, determine the transaction price, allocate the transaction price to the performance obligations and recognize revenue as the performance obligations are satisfied (i.e., either over time or at a point in time). ASC 606 further requires that companies disclose sufficient information to enable readers of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Retail Sales
Retail revenue is primarily related to the sale of goods to customers. Revenue is recognized when control of the goods is transferred to the customer, which generally occurs upon shipment to the customer. Additionally, estimated sales returns are calculated based on expected returns.

Agency as a service
Agency as a service revenue is primarily commission fees for services paid on a periodic basis with an additional fee based on percentage of gross merchandise value generated. The commissions earned from these arrangements are recognized when the services are rendered on a periodic basis with additional fees recognized as revenue is generated.

Cost of Sales: In addition to the cost of product, the Company includes in cost of sales those costs associated with purchasing, receiving, shipping, online marketplace fulfillment fees, and inspecting and warehousing product. Cost of sales further includes the cost of obsolescence.

Selling, General and Administrative Expenses (SG&A): Included in SG&A expenses are commissions, payroll and related costs, professional fees, general operating and overhead expenses and depreciation and amortization charges. Selling, general and administrative expenses also include miscellaneous income and expense items, other than interest.

Lease Accounting: Operating lease liabilities are recognized at the lease commencement date based on the present value of the fixed lease payments using the Company's incremental borrowing rates for its population of leases. Related operating ROU assets are recognized based on the initial present value of the fixed lease payments, reduced by contributions from landlords, plus any prepaid rent and direct costs from executing the leases. ROU assets are tested for impairment in the same manner as long-lived assets. Lease terms include the non-cancellable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. Lease agreements with lease and non-lease components are combined as a single lease component for all classes of underlying asset.

Advertising Costs: Advertising and sales promotion costs are charged to operations, offset by direct vendor reimbursements, as incurred. Advertising costs primarily consist of Amazon marketing expenses which were $2.3 million and $2.2 million in fiscal 2022 and fiscal 2021, respectively.

Income Taxes: Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are subject to valuation allowances based upon management's estimates of realizability.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. It is the Company's practice to recognize interest and penalties related to income tax matters in income tax expense (benefit) in the Consolidated Statements of Operations.

Comprehensive Loss: Comprehensive loss consists of net loss and a pension actuarial loss adjustment that is recognized in other comprehensive loss (see Note 9).

Stock-Based Compensation: Stock-based compensation represents the cost related to stock-based awards granted to employees and directors. The Company measures stock-based compensation cost at grant date, based on the estimated fair value of the award, and recognizes the cost as expense on a straight-line basis (net of estimated forfeitures) over the option's requisite service period. The Company recognizes compensation expense based on estimated grant date fair value using the Black-Scholes option-pricing model. Tax benefits, if any, resulting from tax deductions in excess of the compensation cost recognized for those options are to be classified and reported as both an operating cash outflow and financing cash inflow.

Loss Per Share: Basic and diluted loss per share is calculated by dividing net loss by the weighted average common shares outstanding for the period. During fiscal 2022 and fiscal 2021, the impact of all outstanding stock awards was not considered because the Company reported a net loss, and such impact would be anti-dilutive. Accordingly, basic and diluted loss per share for fiscal 2022 and fiscal 2021 was the same. Total anti-dilutive stock awards for each of fiscal 2022 and fiscal 2021 were approximately 124,000 and 86,000, respectively.

Fair Value of Financial Instruments: Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

In determining fair value, the accounting standards establish a three-level hierarchy for inputs used in measuring fair value, as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Significant observable inputs other than quoted prices in active markets for similar assets and liabilities, such as quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Significant unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants.

The carrying amounts reported in the Consolidated Balance Sheets for cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate fair value because of the immediate or short-term maturity of these financial instruments. The carrying value of life insurance policies included in other assets approximates fair value based on estimates received from insurance companies and are classified as Level 2 measurements within the hierarchy as defined by applicable accounting standards. The Company had no Level 3 financial assets or liabilities as of January 28, 2023 or as of January 29, 2022.

Segment Information:

The Company operates as a single reporting segment.

Note 2. Recently Adopted and Issued Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," which introduced an expected credit loss model for the impairment of financial assets measured at amortized cost. The model replaces the probable, incurred loss model for those assets and instead, broadens the information an entity must consider in developing its expected credit loss estimate for assets measured at amortized cost. This standard will be effective for smaller reporting companies for fiscal years beginning after December 15, 2022, however early adoption is permitted. We are currently evaluating the impact of this new standard on the consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04, "Reference Rate Reform (Topic 848): facilitation of the Effects of Reference Rate Reform on Financial Reporting" ("ASU 2020-04"). ASU 2020-04 provides optional expedients and exceptions for applying U.S. GAAP to contract modifications and hedging relationships that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. ASU 2020-04 provides, among other things, guidance that modifications of contracts within the scope of Topic 470, Debt, should be accounted for by prospectively adjusting the effective interest rate; modifications of contracts within the scope of Topic 840, Leases, should be accounted for as a continuation of the existing contract; and, changes in the critical terms of hedging relationships, caused by reference rate reform, should not result in the de-designation of the instrument, provided certain criteria are met. The Company's exposure to LIBOR rates includes its credit facility. The amendments are effective as of March 12, 2020 through December 31, 2022. Our adoption of ASU 2020-04 did not have a material impact on our consolidated financial statements and related disclosures.

Recent accounting pronouncements pending adoption not discussed above are either not applicable or are not expected to have a material impact on our consolidated financial condition, results of operations, or cash flows.

Note 3. Other Intangible Assets

The determination of the fair value of intangible assets acquired in a business acquisition, including the Company's acquisition of Kaspien in 2016, is subject to many estimates and assumptions. Our identifiable intangible assets that resulted from our acquisition of Kaspien consist of technology and tradenames. As of October 30, 2021, the intangible assets were fully amortized.

The changes in net intangibles from January 30, 2021 to January 29, 2022 were as follows:

(amounts in thousands)	January 30, 2021	Amortization	January 29, 2022
Amortized intangible assets:			
Technology	$ 259	$ 259	$ -
Trade names and trademarks	473	473	-
Net amortized intangible assets	$ 732	$ 732	$ -

Note 4. Fixed Assets

Fixed assets consist of the following:

(amounts in thousands)	January 28, 2023	January 29, 2022
Capitalized software	$ 5,576	$ 4,601
Fixtures and equipment	838	946
Leasehold improvements	45	45
Total fixed assets	6,459	5,592
Allowances for depreciation and amortization	(4,460)	(3,257)
Fixed assets, net	$ 1,999	$ 2,335

Depreciation expense included in fiscal 2022 and fiscal 2021 SG&A expenses within the Consolidated Statements of Operations were $1.2 million and $1.4 million, respectively.

Note 5. Restricted Cash

As of January 28, 2023 and January 29, 2022, the Company had restricted cash of $3.6 million and $4.8 million, respectively.

Restricted cash balance at the end of fiscal 2022 consisted of a $2.5 million rabbi trust that resulted from the death of the Company's former Chairman, of which $1.2 million was classified as restricted cash in current assets and $1.3 million was classified as restricted cash as a long-term asset.

Restricted cash balance at the end of fiscal 2021 consisted of a $3.6 million rabbi trust, that resulted from the death of the Company's former Chairman, of which $1.2 million was classified as restricted cash in current assets and $2.4 million was classified as restricted cash as a long-term asset.

A summary of cash, cash equivalents and restricted cash is as follows (amounts in thousands):

	January 28, 2023	January 29, 2022
Cash and cash equivalents	$ 1,130	$ 1,218
Restricted cash	2,496	3,605
Total cash, cash equivalents and restricted cash	$ 3,626	$ 4,823

Note 6. Debt

Credit Facility

On February 20, 2020, Kaspien Inc. entered into a Loan and Security Agreement (as subsequently amended, the "Loan Agreement") with Eclipse Business Capital LLC (f/k/a Encina Business Credit, LLC) ("Eclipse"), as administrative agent, under which the lenders party thereto committed to provide up to $25 million in loans under a four-year, secured revolving credit facility (the "Credit Facility").

On March 30, 2020, the Company and Kaspien Inc. (the "Loan Parties") entered into Amendment No. 1 to the Loan Agreement (the "Amendment"). Pursuant to the Amendment, among other things, (i) the Company was added as "Parent" under the Amended Loan Agreement, (ii) the Company granted a first priority security interest in substantially all of the assets of the Company, including inventory, accounts receivable, cash and cash equivalents and certain other collateral, and (iii) the Loan Agreement was amended to (a) permit the incurrence of certain subordinated indebtedness under the Subordinated Loan Agreement (as defined below) and (b) limit the Company's ability to incur additional indebtedness, create liens, make investments, make restricted payments or specified payments and merge or acquire assets.

On April 7, 2021, the Loan Parties entered into Amendment No. 2 to the Loan Agreement (the "Second Amendment". Pursuant to the Second Amendment, the In-Transit Inventory Sublimit (as defined in the Loan Agreement) was increased from $2,000,000 to $2,500,000.

On September 17, 2021, the Loan Parties entered into Amendment No. 3 to the Loan Agreement (the "Third Amendment"). Pursuant to the Third Amendment, among other things, (i) the maturity of the Credit Facility has been extended to February 20, 2024, and the early termination fees have been accordingly reset; (ii) the LIBOR floor has been reduced to 1.00%; (iii) up to $4,000,000 of acquisitions are now allowed without Eclipse's consent, subject to satisfaction of various conditions, including the Company having a trailing twelve month fixed charge coverage ratio of 1.20x and Excess Availability greater than the greater of (x) 20% of the average Borrowing Base for each 30 day period immediately prior to, and pro forma for, the purchase and (y) $1,500,000.

On March 2, 2022, the Loan Parties entered into Amendment No. 4 to the Loan Agreement (the "Fourth Amendment"). Pursuant to the Fourth Amendment, among other things, the Credit Facility was amended to permit the incurrence of the Additional Subordinated Loan (as defined below) under the Subordinated Loan Agreement (as defined below).

The commitments by the lenders under the Credit Facility are subject to borrowing base and availability restrictions. Up to $5.0 million of the Credit Facility may be used for the making of swing line loans.

As of January 28, 2023, the Company had borrowings of $8.8 million under the Credit Facility. Peak borrowings under the Credit Facility during fiscal 2022 were $12.0 million. As of January 28, 2023, the Company had no outstanding letters of credit. The Company had $3.6 million available for borrowing under the Credit Facility as of January 28, 2023.

Subordinated Debt Agreement and Amendment

On March 30, 2020, the Loan Parties entered into a Subordinated Loan and Security Agreement (the "Subordinated Loan Agreement") with the lenders party thereto from time to time (the "Lenders") and TWEC Loan Collateral Agent, LLC ("Collateral Agent"), as collateral agent for the Lenders, pursuant to which the Lenders made a $5.2 million secured term loan (the "Subordinated Loan") to Kaspien. Pursuant to an amendment to the Subordinated Loan Agreement, there is a scheduled maturity date of March 31, 2024. As of January 28, 2023, unamortized debt issuance costs of $0.1 million are included in "Long-Term Debt" on the consolidated balance sheet.

Directors Jonathan Marcus, Thomas Simpson, and Michael Reickert are the chief executive officer of Alimco Re Ltd. ("Alimco"), the managing member of Kick-Start III, LLC and Kick-Start IV, LLC ("Kick-Start"), and a trustee of the Robert J. Higgins TWMC Trust (the "Trust"), an affiliate of RJHDC, LLC ("RJHDC" and together with Alimco and Kick-Start, "Related Party Entities"), respectively. The Related Party Entities are parties to the Subordinated Loan Agreement.

In conjunction with the Subordinated Debt Agreement, the Company issued warrants to purchase up to 244,532 shares of Common Stock to the Related Party Entities (127,208 shares for Alimco, 23,401 shares for Kick-Start, and 93,923 shares for RJHDC), subject to adjustment in accordance with the terms of the Warrants, at an exercise price of $0.01 per share. As of January 28, 2023, 5,126 warrants remain outstanding. The value of the warrants of $0.8 million was allocated against the principal proceeds of the Subordinated Debt Agreement, $0.2 million of which was unamortized as of January 28, 2023.

Amendment No. 2 to Subordinated Loan and Security Agreement

On March 2, 2022, the Loan Parties entered into that certain Amendment No. 2 to Subordinated Loan and Security Agreement ("Amendment No. 2") the "Lenders and Collateral Agent. Pursuant to Amendment No. 2, among other things, Alimco Re Ltd. (the "Tranche B Lender") made an additional $5,000,000 secured term loan (the "Additional Subordinated Loan") with a scheduled maturity date of March 31, 2024, which is the same maturity date as the existing loans under the Subordinated Loan Agreement.

Interest on the Additional Subordinated Loan accrues, subject to certain terms and conditions under the Subordinated Loan Agreement, at the rate of fifteen percent (15.0%) per annum, compounded on the last day of each calendar quarter by becoming a part of the principal amount of the Additional Subordinated Loan.

The Additional Subordinated Loan is also secured by a second priority security interest in substantially all of the assets of the Loan Parties, including inventory, accounts receivable, cash and cash equivalents and certain other collateral of the borrowers and guarantors under the Subordinated Loan Agreement. The Company will provide a limited guarantee of Kaspien's obligations under the Additional Subordinated Loan.

Among other things, the Subordinated Loan Agreement limits the Loan Parties' ability to incur additional indebtedness, create liens, make investments, make restricted payments or specified payments and merge or acquire assets.

The Subordinated Loan Agreement contains customary events of default, including, but not limited to, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to other obligations, customary ERISA defaults, certain events of bankruptcy and insolvency, judgment defaults, the invalidity of liens on collateral, change in control, cessation of business or the liquidation of material assets of the borrowers and guarantors thereunder taken as a whole and the occurrence of an uninsured loss to a material portion of collateral.

In conjunction with the Subordinated Debt Agreement, the Company issued warrants to purchase up to warrants to purchase up to 320,000 shares of common stock of the Company (subject to adjustment in accordance with the terms of the Warrants, the "Warrant Shares") at an exercise price of $0.01 per share. The Warrants are exercisable during the period commencing on March 2, 2022 and ending on the earlier of (a) 5:00 p.m. Eastern Standard Time on the five (5)-year anniversary thereof, or if such day is not a business day on the next succeeding business day, or (b) the occurrence of certain consolidations, mergers or similar extraordinary events involving the Company. As of January 28, 2023, all of the warrants remain outstanding. The value of the warrants of $1.6 million was allocated against the principal proceeds of the Subordinated Debt Agreement, of which $1.0 million was unamortized as of January 28, 2023. The value of the warrants was recognized as a discount based on the relative fair value of the consideration received, as an offset to APIC, which will be amortized over the life of the loan.

Paycheck Protection Program

On April 17, 2020, Kaspien received loan proceeds of $2.0 million (the "PPP Loan") pursuant to the Paycheck Protection Program ("PPP") under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). On June 15, 2021, the Small Business Administration ("SBA") approved the Company's application for forgiveness of the PPP Loan. The amount of the forgiveness was $1.9 million in principal and interest, which was the amount requested in the forgiveness application and was less than the original principal balance due of $2.0 million. Following the grant of forgiveness, an outstanding balance of $76,452 was paid during fiscal 2021.

Note 7. Leases

The Company currently leases its administrative offices and distribution center. During fiscal 2022 and fiscal 2021, the Company recorded net lease costs of $0.8 million, and did not record any contingent rentals.

As of January 28, 2023, the maturity of lease liabilities is as follows:

(amounts in thousands)	Operating Leases
2023	$ 767
2024	652
2025	441
Thereafter	-
Total lease payments	1,860
Less: amounts representing interest	(146)
Present value of lease liabilities	$ 1,714

Lease term and discount rate are as follows:

	As of January 28, 2023
Weighted-average remaining lease term (years)	
Operating leases	2.3
Weighted-average discount rate Operating leases	5 %

Other information:

(amounts in thousands)	Fiscal 2022
Cash paid for amounts included in the measurement of operating lease liabilities	
Operating cash flows from operating leases	$ 603

Future minimum rental payments required under the remaining leases for the administrative office and distribution center in Spokane, Washington as of January 28, 2023, are as follows (amounts in thousands):

(amounts in thousands)	Operating Leases
2023	$ 767
2024	652
2025	441
Thereafter	-
Total minimum lease payments	$ 1,860

Note 8. Shareholders' Equity

The Company classifies repurchased shares as treasury stock on the Company's Consolidated Balance Sheet. There were no treasury stock repurchases during fiscal 2022 and fiscal 2021.

During fiscal 2022 and fiscal 2021, 16,750 and 9,000 shares were issued to Directors and employees, respectively. During fiscal 2021,138,418 warrants related to the Subordinated Loan and Security Agreement were exercised for proceeds of $1,384.

On March 18, 2021, the Company closed an underwritten offering of 416,600 shares of common stock of the Company, at a price to the public of $32.50 per share. The gross proceeds of the offering were approximately $13.5 million, prior to deducting underwriting discounts and commissions and estimated offering expenses.

On July 12, 2022, the Company entered into a Securities Purchase Agreement (the "PIPE Purchase Agreement") with a single institutional investor for a private placement offering ("Private Placement") of the Company's common stock (the "Common Stock") or pre-funded warrants, with each pre-funded warrant exercisable for one share of Common Stock (the "Pre-Funded Warrants") and warrants exercisable for one share of Common Stock (the "Investor Warrants"). Pursuant to the PIPE Purchase Agreement, the Company issued and sold 1,818,182 shares (the "Shares") of its Common Stock or Pre-Funded Warrants in lieu thereof together with Investor Warrants to purchase up to 2,457,160 shares of Common Stock. Each share of Common Stock and accompanying Investor Warrant was sold together at a combined offering price of $3.30 per share.

As of January 28, 2023, the Pre-Funded Warrants were exercised in full.

The Investor Warrants have an exercise price of $3.13 per share (subject to adjustment as set forth in the warrant), are exercisable upon issuance and will expire five years from the date of issuance. The Investor Warrants contain standard adjustments to the exercise price including for stock splits, stock dividend, rights offerings and pro rata distributions.

On July 12, 2022, the Company also entered into a Securities Purchase Agreement (the "Registered Purchase Agreement") with a single institutional investor, pursuant to which the Company agreed to issue and sell 638,978 shares (the "Registered Shares") of its Common Stock or Pre-Funded Warrants in lieu thereof, with each Pre-Funded Warrant exercisable for one share of Common Stock (the "Offering").

Net proceeds from the Private Placement and the Offering, after deducting placement agent fees and other estimated offering expenses payable by the Company of $0.9 million, were approximately $7.1 million. The Company used the net proceeds for working capital and other general corporate purposes.

The following table summarizes information with respect to outstanding warrants to purchase common stock of the Company, all of which were exercisable, as of January 23, 2023:

Exercise Price		Number Outstanding
$	0.01	325,126
$	3.13	2,457,160
		2,782,286

The following table summarizes the warrant activity:

	Number of Shares Subject To Warrant	Warrant Exercise Price Range Per Share		Weighted Average Exercise Price	
Balance January 30, 2021	143,544	$	0.01	$	0.01
Granted	-	$	-		-
Exercised	(138,418)	$	0.01		0.01
Balance January 29, 2022	5,126	$	0.01	$	0.01
Granted	5,133,400	$	0.01-$3.30		3.00
Exercised	(2,356,240)	$	3.13-$3.30		3.26
Balance January 28, 2023	2,782,286	$	0.01-$3.13	$	2.77

No cash dividends were paid in fiscal 2022 and fiscal 2021.

Note 9. Benefit Plans

401(k) Savings Plan

Kaspien offers a 401(k) plan, the Kaspien Inc. 401(K) Plan, which permits participants to contribute up to the maximum allowable by IRS regulations. The Company matches 100% of the first 6% of employee contributions after completing one year of service. Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Participant vesting of the Company's matching contribution is based on the years of service completed by the participant. Participants are fully vested upon the completion of three years of service. All participant forfeitures of non-vested benefits are used to reduce the Company's contributions or fees in future years.

Total expense related to the matching contributions was approximately $342,000 and $324,000 in fiscal 2022 and fiscal 2021, respectively.

Stock Award Plans

As of January 28, 2023, there was approximately $0.2 million of unrecognized compensation cost related to stock option awards expected to be recognized as expense over a weighted average period of 2.9 years and $0.3 million of unrecognized compensation cost related to restricted share awards expected to be recognized as expense over a weighted average period of 1.5 years. Total compensation expense related to stock awards recognized in fiscal 2022 was $0.2 million. Total compensation expense related to stock awards recognized in fiscal 2021 was $0.4 million.

The Company has outstanding awards under four employee stock award plans, the 2005 Long Term Incentive and Share Award Plan, the Amended and Restated 2005 Long Term Incentive and Share Award Plan, the 2005 Long Term Incentive and Share Award Plan (as amended and restated April 5, 2017 (the "Old Plans"); and Kaspien Holdings Inc. 2005 Long Term Incentive and Share Award Plan (as amended and restated on August 2, 2022) (the "New Plan"). Collectively, these plans are referred to herein as the Stock Award Plans. The Company no longer issues stock options under the Old Plans.

Equity awards authorized for issuance under the New Plan total 500,000. As of January 28, 2023, of the awards authorized for issuance under the Stock Award Plans, approximately 143,142 were granted and are outstanding, 26,696 of which were vested and exercisable. Shares available for future grants of options and other share-based awards under the New Plan as of January 28, 2023 were 443,000.

The fair values of the options granted have been estimated at the date of grant using the Black - Scholes option pricing model with the following assumptions:

	2022	2021
Dividend yield	0%	0%
Expected stock price volatility	98.6%-140.2%	100.6%-115.6%
Risk-free interest rate	2.73-4.36%	1.29%-1.46%
Expected award life (in years)	4.93-7.12	4.93-6.98
Weighted average fair value per share of awards granted during the year	$ 2.09	$ 20.58

The following table summarizes stock option activity under the Stock Award Plans:

	Employee and Director Stock Award Plans				
	Number of Shares Subject To Option	Stock Award Exercise Price Range Per Share	Weighted Average Exercise Price	Other Share Awards (1)	Weighted Average Grant Fair Value/ Exercise Price
Balance January 30, 2021	133,356	$ 3.51-$97.40	$ 20.41	-	$ -
Granted	6,637	$ 20.41-$32.54	25.69	111,500	16.09
Cancelled/Forfeited	(51,625)	$ 7.12-$36.00	33.36	(12,500)	(18.07)
Exercised	(2,403)	$ 7.12	7.12	(9,000)	(20.41)
Balance January 29, 2022	85,965	$ 3.51-$97.40	$ 13.41	90,000	$ 15.39
Granted	82,500	$ 0.85-$6.55	2.09	9,000	4.59
Cancelled/Forfeited	(44,823)	$ 0.85-$50.60	10.47	(62,750)	(14.11)
Exercised	-	$ -	-	(16,750)	(10.92)
Balance January 28, 2023	123,642	$ 0.85-$97.40	$ 6.00	19,500	$ 18.35

(1) Other Share Awards include deferred shares granted to executives and directors.

As of January 28, 2023, the aggregate intrinsic value of all outstanding and vested awards based on the Company's closing common stock price of $0.87 as of January 28, 2023 was $1,065 and $0, respectively. The aggregate intrinsic value represents the value which would have been received by the award holders had all award holders under the Stock Award Plans exercised their awards as of that date.

Defined Benefit Plans

The Company maintains a non-qualified Supplemental Executive Retirement Plan ("SERP") for certain Executive Officers of the Company. The SERP, which is unfunded, provides eligible executives defined pension benefits that supplement benefits under other retirement arrangements. The annual benefit amount is based on salary and bonus at the time of retirement and number of years of service.

For each of fiscal 2022 and 2021, net periodic benefit cost recognized under the SERP totaled approximately $0.4 million and $0.3 million, respectively. The accrued pension liability for both plans was approximately $12.8 million and $15.3 million as of January 28, 2023 and January 29, 2022, respectively, and is recorded within other long-term liabilities on the Consolidated Balance Sheets. The accumulated benefit obligation for both plans was $14.8 million and $15.4 million as of the fiscal years ended January 28, 2023 and January 29, 2022, respectively.

The following is a summary of the Company's defined benefit pension plans as of each fiscal year-end:

Obligation and Funded Status:

(amounts in thousands)	**January 28, 2023**	**January 29, 2022**
Change in Projected Benefit Obligation:		
Benefit obligation at beginning of year	$ 15,343	$ 17,371
Service cost	-	-
Interest cost	556	252
Actuarial gain	(1,996)	(1,096)
Benefits paid	(1,150)	(1,184)
Benefit obligation at end of year	$ 12,753	$ 15,343
Fair value of plan assets at end of year	$ -	$ -
Funded status	$ (12,753)	$ (15,343)
Unrecognized net actuarial loss	(2,015)	(19)
Accrued benefit cost	$ (14,768)	$ (15,362)

Amounts recognized in the Consolidated Balance Sheets consist of:

(amounts in thousands)	**January 28, 2023**	**January 29, 2022**
Current liability	$ (1,158)	$ (1,158)
Long term liability	(11,604)	(14,185)
Accumulated other comprehensive loss	(2,006)	(12)
Net amount recognized	$ (14,768)	$ (15,355)

Components of Net Periodic Benefit Cost and Other Amounts Recognized in Other Comprehensive Loss:

Net Periodic Benefit Cost:

	Fiscal Year	
	2022	**2021**
Service cost	$ -	$ -
Interest cost	556	252
Amortization of actuarial net gain	-	-
Net periodic benefit cost	$ 556	$ 252

Other Changes in Benefit Obligations Recognized in Other Comprehensive Loss:

	2022	**2021**
Net prior service cost recognized as a component of net periodic benefit cost	$ -	$ -
Net actuarial (gain) loss arising during the period	(1,796)	(1,097)
	(1,796)	(1,097)
Income tax effect	-	-
Total recognized in other comprehensive loss	$ (1,796)	$ (1,097)
Total recognized in net periodic benefit cost and other comprehensive loss	$ (1,240)	$ (844)

(amounts in thousands)	January 28, 2023	January 29, 2022
Net unrecognized actuarial loss	$ (1,796)	$ (1,097)
Other actuarial adjustments	(190)	907
Accumulated other comprehensive loss	$ (1,986)	$ (190)
Tax expense	1,100	1,100
Accumulated other comprehensive loss	$ (886)	$ 910

The pre-tax components of accumulated other comprehensive loss, which have not yet been recognized as components of net periodic benefit cost as of January 28, 2023 and January 29, 2022 and the tax effect are summarized below.

	2022	2021
Weighted-average assumptions used to determine benefit obligation:		
Discount rate	4.40%	2.58%
Salary increase rate	0.00%	0.00%
Measurement date	Jan 31, 2023	Jan 31, 2022

	Fiscal Year	
	2022	2021
Weighted-average assumptions used to determine net periodic benefit cost:		
Discount rate	4.40%	2.58%
Salary increase rate	N/A	N/A

The discount rate is based on the rates implicit in high-quality fixed-income investments currently available as of the measurement date. The Citigroup Pension Discount Curve (CPDC) rates are intended to represent the spot rates implied by the high-quality corporate bond market in the U.S. The projected benefit payments attributed to the projected benefit obligation have been discounted using the CPDC mid-year rates and the discount rate is the single constant rate that produces the same total present value.

The following benefit payments over the next ten years are expected to be paid:

Year	Pension Benefits
(amounts in thousands)	
2023	1,149
2024	1,149
2025	1,269
2026	1,309
2027	1,309
2028 – 2032	6,376

Note 10. Income Taxes

Income tax expense consists of the following:

	Fiscal Year	
(amounts in thousands)	**2022**	**2021**
Federal - current	$ -	$ -
State - current	43	27
Deferred	-	-
Income tax (benefit) expense	$ 43	$ 27

A reconciliation of the Company’s effective income tax rate with the federal statutory rate is as follows:

	Fiscal Year	
	2022	**2021**
Federal statutory rate	21.0%	21.0%
State income taxes, net of federal tax effect	(0.2%)	(0.3%)
Change in Valuation Allowance	(22.4%)	(30.9%)
Cash surrender value - insurance / benefit program	(0.5%)	0.8%
Other	1.8%	9.1%
Effective tax rate	(0.3%)	(0.3%)

The Other category is comprised of various items, including the impacts of non-deductible entertainment, penalties and parking benefits and the refundable portion of the federal alternative minimum tax carryover credit.

Significant components of the Company’s deferred tax assets are as follows:

(amounts in thousands)	**January 28, 2023**	**January 29, 2022**
DEFERRED TAX ASSETS		
Accrued Expenses	$ 191	$ 159
Inventory	252	219
Retirement and compensation related accruals	3,622	3,769
Federal and state net operating loss and credit carry forwards	96,589	91,468
Losses on investment	853	853
Others	107	107
Gross deferred tax assets before valuation allowance	101,614	96,575
Less: valuation allowance	(101,403)	(96,331)
Total deferred tax assets	$ 211	$ 244
DEFERRED TAX LIABILITIES		
Fixed assets	(211)	(244)
Total deferred tax liabilities	$ (211)	$ (244)
NET DEFERRED TAX ASSET	$ -	$ -

The Company, at the end of fiscal 2022, has a net operating loss carryforward of $369.1 million for federal income tax purposes which will expire at various times throughout 2040 with a portion being available indefinitely. The Company has approximately $224.4 million of net operating loss carryforward for state income tax purposes as of the end of fiscal 2022 that expire at various times through 2040 and are subject to certain limitations and statutory expiration periods. The state net operating loss carryforwards are subject to various business apportionment factors and multiple jurisdictional requirements when utilized. The Company has federal tax credit carryforwards of $0.5 million which will expire in 2026. The Company has state tax credit carryforwards of $0.2 million.

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. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. Management considers the scheduled reversal of taxable temporary differences, projected future taxable income and tax planning strategies in making this assessment. Based on the available objective evidence, management concluded that a full valuation allowance should be recorded against its deferred tax assets. As of January 28, 2023, the valuation allowance increased to $101.4 million from $96.3 million as of January 29, 2022. Management will continue to assess the valuation allowance against the gross deferred assets.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits for the respective years is provided below.Amounts presented excluded interest and penalties, where applicable, on unrecognized tax benefits:

	Fiscal Year	
	2022	**2021**
(amounts in thousands)		
Unrecognized tax benefits at beginning of year	$ 413	$ 413
Decreases in tax positions from prior years	-	-
Unrecognized tax benefits at end of year	$ 413	$ 413

As of January 28, 2023, the Company had $0.4 million of gross unrecognized tax benefits, which would impact the Company's effective tax rate if recognized. While it is reasonably possible that the amount of unrecognized tax benefits will increase or decrease within the next twelve months, the Company does not expect the change to have a significant impact on its results of operations or financial position. The Company is subject to U.S. federal income tax as well as income tax of multiple state jurisdictions. The Company has substantially concluded all federal income tax matters and all material state and local income tax matters through fiscal 2013.

The Company's practice is to recognize interest and penalties associated with its unrecognized tax benefits as a component of income tax expense in the Company's Consolidated Statements of Operations. As of January 28, 2023, the Company did not have any unrecognized tax benefits.

Note 11. Related Party Transactions

Directors Jonathan Marcus, Thomas Simpson, and Michael Reickert are the chief executive officer of Alimco Re Ltd. ("Alimco"), the managing member of Kick-Start III, LLC and Kick-Start IV, LLC ("Kick-Start"), and a trustee of the Robert J. Higgins TWMC Trust (the "Trust"), an affiliate of RJHDC, LLC ("RJHDC" and together with Alimco and Kick-Start, "Related Party Entities"), respectively. The Related Party Entities are parties to the following agreements with the Company entered into on March 30, 2020:

- Subordinated Loan and Security Agreement (as amended), pursuant to which the Related Party Entities made a $5.2 million secured term loan ($2.7 million from Alimco, $0.5 million from Kick-Start, and $2.0 million from RJHDC) to Kaspien with a scheduled maturity date of March 31, 2024, interest accruing at the rate of twelve percent (12%) per annum and compounded on the last day of each calendar quarter by becoming a part of the principal amount, and secured by a second priority security interest in substantially all of the assets of the Company and Kaspien;

- Common Stock Purchase Warrants ("Warrants"), pursuant to which the Company issued warrants to purchase up to 244,532 shares of Common Stock to the Related Party Entities (127,208 shares for Alimco, 23,401 shares for Kick-Start, and 93,923 shares for RJHDC), subject to adjustment in accordance with the terms of the Warrants, at an exercise price of $0.01 per share. As of April 28, 2023, 236,993 of the Warrants had been exercised by the Related Party Entities and 5,126 warrants remained outstanding;

- Contingent Value Rights Agreement (the "CVR Agreement"), pursuant to which the Related Party Entities received contingent value rights ("CVRs") representing the contractual right to receive cash payments from the Company in an amount equal, in the aggregate, to 19.9% of the proceeds (10.35% for Alimco, 1.90% for Kick-Start, and 7.64% for RJHDC) received by the Company in respect of certain intercompany indebtedness owing to it by Kaspien and/or its equity interest in Kaspien; and

- Voting Agreement (the "Voting Agreement"), pursuant to which the Related Party Entities, the Trust, Mr. Simpson and their respective related entities agreed to how their respective shares of the Company's capital stock held by the parties will be voted with respect to the designation, election, removal, and replacement of members of the Board of Directors of the Company. On August 2, 2022, the parties entered into Amendment No. 1 to the Voting Agreement setting forth their agreements and understandings with respect to how shares of the Company's capital stock held by the parties thereto will be voted with respect to (i) amending the Certificate of Incorporation of the Company to set the size of the Board of Directors of the Company at four directors and (ii) the designation, election, removal, and replacement of members of the Board.

On March 2, 2022, the Company entered into the following agreements with certain of the Related Parties:

- An amendment to the Subordinated Loan and Security Agreement, pursuant to which Alimco made an additional $5,000,000.00 secured term loan (the "Additional Subordinated Loan") with a scheduled maturity date of March 31, 2024, interest accruing at the rate fifteen percent (15.0%) per annum, compounded on the last day of each calendar quarter by becoming a part of the principal amount of the Additional Subordinated Loan, and secured by a second priority security interest in substantially all of the assets of the Company and Kaspien;
- Common Stock Purchase Warrant ("Alimco Warrant"), pursuant to which the Company issued warrants to purchase up to 320,000 shares of Common Stock to Alimco, subject to adjustment in accordance with the terms of the Alimco Warrant, at an exercise price of $0.01 per share. All such warrants were outstanding as of April 28, 2023;
- Registration Rights Agreement, pursuant to which Alimco has been granted customary demand and piggyback registration rights with respect to the Warrant Shares issued upon exercise of the Alimco Warrant; and
- Contingent Value Rights Agreement (the "Second CVR Agreement") pursuant to which Alimco received additional contingent value rights ("Additional CVRs") representing the contractual right to receive cash payments from the Company in an amount equal, in the aggregate, to 9.0% of the proceeds received by the Company in respect of certain distributions by the Company or Kaspien; recapitalizations or financings of the Company or Kaspien (with appropriate carve out for trade financing in the ordinary course); repayment of intercompany indebtedness owing to the Company by Kaspien; or sale or transfer of any stock of the Company or Kaspien.

Note 12. Commitments and Contingencies

Legal Proceedings

The Company is subject to legal proceedings and claims that have arisen in the ordinary course of its business and have not been finally adjudicated. Although there can be no assurance as to the ultimate disposition of these matters, it is management's opinion, based upon the information available at this time, that the expected outcome of these matters, individually and in the aggregate, will not have a material adverse effect on the results of operations and financial condition of the Company.

On June 18, 2021, Vijuve Inc. filed a lawsuit against Kaspien Inc. in the United States District Court for the Eastern District of Washington (Case No. 2:21-cv-00192-SAB) concerning a Retailer Agreement that the parties entered into in September of 2020. Vijuve manufactures skin care products and face massagers. The parties agreed that Kaspien would sell Vijuve's products on Amazon. The complaint alleged that Kaspien breached the Retailer Agreement when it declined to acquiesce to Vijuve's demand that Kaspien purchase over $700,000 of products. In total, Vijuve appears to be seeking more than $1,000,000 in damages. Kaspien denies that it breached the agreement and denies that it has any liability to Vijuve. Moreover, on July 19, 2021, Kaspien filed counterclaims and alleged that Vijuve breached the contract, including by refusing to buy back inventory from Kaspien upon termination of the Retailer Agreement. On July 18, 2022, Kaspien filed additional counterclaims against Vijuve for fraud and negligent misrepresentation. Kaspien is seeking at least $229,000 from Vijuve for breach of contract and/or specific performance, as well as fraud and negligent misrepresentation. A trial on all of the parties' claims is scheduled for September 18, 2023.

On February 17, 2022, CA Washington, LLC ("CA") filed a lawsuit against Kaspien Inc. in Wake County, North Carolina Superior Court (court file 22 CVS 2051). CA claims that Kaspien Inc. breached the contract between the parties by using CA's technology platform to facilitate sales by third parties and by using CA's technology to develop a competing platform. The lawsuit also includes an alternative claim for unjust enrichment and a claim for breach of North Carolina's Unfair and Deceptive Trade Practices Act. CA seeks an unspecified amount of damages. Kaspien removed the lawsuit to federal court in the Eastern District of North Carolina (case number 5:22-cv-00111), filed an Answer denying CA's claims, and asserted a counterclaim against CA for breach of contract and breach of the covenant of good faith and fair dealing. There is no determination of outcome, thus no contingencies are recognized as of the reporting date. The parties have agreed to resolve the lawsuit and are finalizing the necessary settlement documents.

Contingent Value Rights

On March 30, 2020, the Company entered into the Contingent Value Rights Agreement (the "CVR Agreement"), pursuant to which the Related Party Entities received contingent value rights ("CVRs") representing the contractual right to receive cash payments from the Company in an amount equal, in the aggregate, to 19.9% of the proceeds (10.35% for Alimco, 1.90% for Kick-Start, and 7.64% for RJHDC) received by the Company in respect of certain intercompany indebtedness owing to it by Kaspien and/or its equity interest in Kaspien. The Company does not anticipate these contingencies being met in Fiscal 2022.

On March 2, 2022, the Company entered into a Contingent Value Rights Agreement (the "Second CVR Agreement") with the Tranche B Lender under the Subordinated Loan Agreement, pursuant to which the Tranche B Lender received contingent value rights ("Second CVRs") representing the contractual right to receive cash payments from the Company in an amount equal, in the aggregate, to 9.0% of the proceeds received by the Company in respect of certain distributions by the Company or Kaspien; recapitalizations or financings of the Company or Kaspien (with appropriate carve out for trade financing in the ordinary course); repayment of intercompany indebtedness owing to the Company by Kaspien; or sale or transfer of any stock of the Company or Kaspien.

The CVRs terminate upon the earlier to occur of (i) certain consolidations, mergers or similar extraordinary events involving Kaspien (and, if applicable, the making of a cash payment by the Company to the Lenders pursuant to the CVR Agreement in connection therewith) and (ii) March 2, 2032.

The right to the contingent payments contemplated by the CVR Agreement is a contractual right only and will not be transferable except in the limited circumstances specified in the CVR Agreement. The CVRs will not be evidenced by certificates or any other instruments and will not be registered with the Securities and Exchange Commission. The CVRs will not have any voting or dividend rights and will not represent any equity or ownership interest in the Company. No interest will accrue on any amounts payable in respect of the CVRs. The CVR will constitute a liability of the Company or Kaspien, as applicable, to the Tranche B Lender, payable prior to any dividends, liquidation preferences or other amounts owing to any stockholder of the Company or Kaspien, respectively.

Note 13. Quarterly Financial Information (Unaudited)

			Fiscal 2022 Quarter Ended		
	Fiscal 2022	January 28, 2023	October 29, 2022	July 30, 2022	April 30, 2022
Net Revenue	$ 128,228	$ 33,385	$ 29,145	$ 33,907	$ 31,791
Gross profit	24,390	4,235	6,575	6,729	6,851
Net loss	$ (19,044)	$ (6,639)	$ (3,561)	$ (4,416)	$ (4,428)
Basic and diluted loss per share	$ (5.47)	$ (1.34)	$ (0.92)	$ (1.69)	$ (1.78)

			Fiscal 2021 Quarter Ended		
	Fiscal 2021	January 29, 2022	October 30, 2021(1)	July 31, 2021(2)	May 1, 2021
Net Revenue	$ 143,713	$ 36,034	$ 32,172	$ 34,890	$ 40,617
Gross profit	32,773	6,138	8,004	8,835	9,796
Net income (loss)	$ (8,031)	$ (5,811)	$ (886)	$ 82	$ (1,416)
Diluted income (loss) per share	$ (3.28)	$ (2.33)	$ (0.36)	$ 0.03	$ (0.61)

1. Includes $1.6 million in other income related to an insurance settlement.
2. Includes $2.0 million in income related to the forgiveness of the PPP Loan.

Index to Exhibits
Document Number and Description

Exhibit No.

1.1	Underwriting Agreement, dated March 16, 2021, by and between Kaspien Holdings Inc. and Aegis Capital Corp. - incorporated herein by reference to Exhibit 1.1 to the Company's Form 8-K filed on March 16, 2021. Commission File No. 0-14818.
2.1	Asset Purchase Agreement by and among Record Town, Inc., Record Town USA LLC, Record Town Utah LLC, Trans World FL LLC, Trans World New York, LLC, Kaspien Holdings Inc., 2428392 Inc., and 2428391 Ontario Inc, o/a Sunrise Records, dated as of January 23, 2020 – incorporated herein by reference to Exhibit 2.1 to the Company's Form 8-K filed on January 23, 2020. Commission File No. 0-14818.
2.2	Amendment No. 1 to Asset Purchase Agreement by and among Record Town, Inc., Record Town USA LLC, Record Town Utah LLC, Trans World FL LLC, Trans World New York, LLC, Kaspien Holdings Inc., 2428392 Inc., and 2428391 Ontario Inc, o/a Sunrise Records, dated as of February 20, 2020 – incorporated herein by reference to Exhibit 10.2 to the Company's Form 8-K filed on February 20, 2020. Commission File No. 0-14818.
3.1	Restated Certificate of Incorporation – incorporated herein by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended January 29, 1994. Commission File No. 0-14818.
3.2	Certificate of Amendment to the Certificate of Incorporation — incorporated herein by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended October 29, 1994. Commission File No. 0-14818.
3.3	Certificate of Amendment to the Certificate of Incorporation – incorporated herein by reference to Exhibit 3.4 to the Company's Annual Report on Form 10-K for the year ended January 31, 1998. Commission File No. 0-14818.
3.4	Form of Certificate of Amendment to the Certificate of Incorporation – incorporated herein by reference to Exhibit 3.5 to the Company's Registration Statement on Form S-4, No. 333-75231.
3.5	Form of Certificate of Amendment to the Certificate of Incorporation – incorporated herein by reference to Exhibit 3.6 to the Company's Registration Statement on Form S-4, No. 333-75231.
3.6	Certificate of Amendment to the Certificate of Incorporation – incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed August 15, 2000. Commission File No. 0-14818.
3.7	Certificate of Amendment to the Certificate of Incorporation – incorporated herein by reference to Exhibit 2 to the Company's Current Report on Form 8-A filed August 15, 2000. Commission File No. 0-14818.
3.8	Certificate of Amendment to the Certificate of Incorporation – incorporated herein by reference to Exhibit 3.1 to the Company's Form 8-K filed July 16, 2019. Commission File No. 0-14818.
3.9	Certificate of Amendment of Certificate of Incorporation of Trans World Entertainment Corporation, dated September 3, 2020 – incorporated herein by reference to Exhibit 3.1 to the Company's Form 8-K filed on September 3, 2020. Commission File No. 0-14818.
3.10	Certificate of Amendment of Certificate of Incorporation of Kaspien Holdings Inc., dated March 8, 2022 – incorporated herein by reference to Exhibit 3.1 to the Company's Form 8-K filed on March 8, 2022. Commission File No. 0-14818.

3.11	Certificate of Amendment of Certificate of Incorporation of Kaspien Holdings Inc. – incorporated herein by reference to Exhibit 3.1 to the Company's Form 8-K filed on August 2, 2022. Commission File No. 0-14818.
3.12	Amended By-Laws – incorporated herein by reference to Exhibit 3.4 to the Company's Annual Report on Form 10-K for the year ended January 29, 2000. Commission File No. 0-14818.
3.13	Amendment No. 1 to By-Laws – incorporated herein by reference to Exhibit 3.1 to the Company's Form 8-K filed March 31, 2020. Commission File No. 0-14818.
3.14	Amendment No. 2 to Bylaws of Kaspien Holdings Inc., dated September 3, 2020 – incorporated herein by reference to Exhibit 3.2 to the Company's Form 8-K filed on September 3, 2020. Commission File No. 0-14818.
3.15	Amendment No. 3 to Bylaws of Kaspien Holdings Inc., dated March 8, 2022 – incorporated herein by reference to Exhibit 3.2 to the Company's Form 8-K filed on March 8, 2022. Commission File No. 0-14818.
3.16	Amendment No. 4 to Bylaws of Kaspien Holdings Inc. – incorporated herein by reference to Exhibit 3.2 to the Company's Form 8-K filed on August 2, 2022. Commission File No. 0-14818.
4.1	Specimen of Kaspien Holdings Inc. Stock Certificate – incorporated herein by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2022. Commission File No. 0-14818.
*4.2	Description of Kaspien Holdings Inc. Capital Stock.
4.3	Common Stock Purchase Warrant (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K dated March 8, 2022). Commission File No. 0-14818.
4.4	Amended and Restated Common Stock Purchase Warrant, dated as of April 4, 2022 – incorporated herein by reference to Exhibit 10.1 to the Company's Form 8-K filed April 5, 2022. Commission File No. 0-14818.
10.1	Loan and Security Agreement by and among Kaspien Inc. and Encina Business Credit, LLC, dated as of February 20, 2020 – incorporated herein by reference to Exhibit 10.1 to the Company's Form 8-K filed February 20, 2020. Commission File No. 0-14818.
10.2	Amendment No. 1 to Loan and Security Agreement by and among Kaspien Inc. and Encina Business Credit, LLC, dated as of March 30, 2020 – incorporated herein by reference to Exhibit 10.1 to the Company's Form 8-K filed March 31, 2020. Commission File No. 0-14818.
10.3	Amendment No. 2 to Loan and Security Agreement by and among Kaspien Inc. and Encina Business Credit, LLC, dated as of March 30, 2020 – incorporated herein by reference to Exhibit 10.1 to the Company's Form 8-K filed April 8, 2021. Commission File No. 0-14818.
10.4	Amendment No. 3 to Loan and Security Agreement dated September 17, 2021 – incorporated herein by reference to Exhibit 10.1 to the Company's Form 8-K filed September 20, 2021. Commission File No. 0-14818.
10.5	Amendment No. 4 to Loan and Security Agreement – incorporated herein by reference to Exhibit 10.1 to the Company's Form 8-K filed March 8, 2022. Commission File No. 0-14818.
*10.6	Amendment No. 5 to Loan and Security Agreement
10.7	Subordinated Loan and Security Agreement dated as of March 30, 2020 – incorporated herein by reference to Exhibit 10.2 to the Company's Form 8-K filed March 31, 2020. Commission File No. 0-14818.

10.8	Amendment No. 1 to Subordinated Loan and Security Agreement dated September 17, 2021 – incorporated herein by reference to Exhibit 10.2 to the Company's Form 8-K filed September 20, 2021. Commission File No. 0-14818.
10.9	Amendment No. 2 to Subordinated Loan and Security Agreement – incorporated herein by reference to Exhibit 10.2 to the Company's Form 8-K filed March 8, 2022. Commission File No. 0-14818.
10.10	Contingent Value Rights Agreement, dated as of March 30, 2020 – incorporated herein by reference to Exhibit 10.3 to the Company's Form 8-K filed March 31, 2020. Commission File No. 0-14818.
10.11	Contingent Values Rights Agreement – incorporated herein by reference to Exhibit 10.4 to the Company's Form 8-K filed March 8, 2022. Commission File No. 0-14818.
10.12	Common Stock Purchase Warrants, dated as of March 30, 2020 – incorporated herein by reference to Exhibit 4.1 to the Company's Form 8-K filed March 31, 2020. Commission File No. 0-14818.
10.13	Voting Agreement, dated as of March 30, 2020 – incorporated herein by reference to Exhibit 4.2 to the Company's Form 8-K filed March 31, 2020. Commission File No. 0-14818.
10.14	Registration Rights Agreement – incorporated herein by reference to Exhibit 10.3 to the Company's Form 8-K filed March 8, 2022. Commission File No. 0-14818.
10.15	Form of Indemnification Agreement dated May 1, 1995 between the Company and its officers and directors – incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended April 29, 1995. Commission File No. 0-14818.
10.16	Kaspien Holdings Inc. Supplemental Executive Retirement Plan, as amended – incorporated herein by reference to Exhibit 10.1 to the Company's Form 8-K filed on July 16, 2012. Commission File No. 0-14818.
10.17	Kaspien Holdings Inc. Bonus Plan – incorporated herein by reference to Appendix A to Kaspien Holdings Inc.'s Definitive Proxy Statement on Form 14A filed as of May 30, 2014. Commission File No. 0-14818.
10.18	Kaspien Holdings Inc. 2005 Long Term Incentive and Share Award Plan (As Amended and Restated on August 2, 2022) – incorporated herein by reference to Exhibit 10.2 to the Company's Form 8-K filed on August 2, 2022. Commission File No. 0-14818.
10.19	Severance, Retention and Restrictive Covenant Agreement between the Company and Edwin J. Sapienza, dated February 26, 2019 – incorporated herein by reference to Exhibit 10.2 to the Company's Form 8-K filed on March 4, 2019. Commission File No. 0-14818.
10.20	Brock Kowalchuk Offer Letter dated as of March 28, 2022 – incorporated herein by reference to Exhibit 10.2 to the Company's Form 8-K filed April 1, 2022. Commission File No. 0-14818.
10.21	Brock Kowalchuk Severance Agreement dated as of July 31, 2020 – incorporated herein by reference to Exhibit 10.3 to the Company's Form 8-K filed April 1, 2022. Commission File No. 0-14818.

10.22 Amendment No. 1 to Voting Agreement – incorporated herein by reference to Exhibit 10.1 to the Company's Form 8-K filed on August 2, 2022. Commission File No. 0-14818.

10.23 Engagement Agreement dated July 11, 2022 – incorporated herein by reference to Exhibit 10.1 to the Company's Form 8-K filed July 14, 2022. Commission File No. 0-14818.

10.24 Securities Purchase Agreement (PIPE), dated July 12, 2022, by and among the Company and the purchasers party hereto – incorporated herein by reference to Exhibit 10.2 to the Company's Form 8-K filed July 14, 2022. Commission File No. 0-14818.

10.25 Securities Purchase Agreement (Registered Offering), dated July 12, 2022, by and among the Company and the purchasers party thereto – incorporated herein by reference to Exhibit 10.3 to the Company's Form 8-K filed July 14, 2022. Commission File No. 0-14818.

10.26 Form of Investor Warrant (PIPE) – incorporated herein by reference to Exhibit 10.4 to the Company's Form 8-K filed July 14, 2022. Commission File No. 0-14818.

10.27 Form of Pre-Funded Warrant (PIPE) – incorporated herein by reference to Exhibit 10.5 to the Company's Form 8-K filed July 14, 2022. Commission File No. 0-14818.

10.28 Form of Pre-Funded Warrant (Registered Offering) – incorporated herein by reference to Exhibit 10.6 to the Company's Form 8-K filed July 14, 2022. Commission File No. 0-14818.

10.29 Registration Rights Agreement, dated July 12, 2022, by and among the Company and the purchasers party thereto – incorporated herein by reference to Exhibit 10.7 to the Company's Form 8-K filed July 14, 2022. Commission File No. 0-14818.

10.30 Form of Lockup Agreement – incorporated herein by reference to Exhibit 10.8 to the Company's Form 8-K filed July 14, 2022. Commission File No. 0-14818.

*21 Significant Subsidiaries of the Registrant.

*23 Consent of Fruci & Associates II, PLLC.

*31.1 Certification of Chief Executive Officer dated April 28, 2023, relating to the Registrant's Annual Report on Form 10-K for the year ended January 28, 2023, pursuant to Rule 13a-14(a) or Rule 15a-14(a).

*31.2 Certification of Chief Financial Officer dated April 28, 2023, relating to the Registrant's Annual Report on Form 10-K for the year ended January 28, 2023, pursuant to Rule 13a-14(a) or Rule 15a-14(a).

*32 Certification of Chief Executive Officer and Chief Financial Officer of Registrant, dated April 28, 2023, pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 relating to the Registrant's Annual Report on Form 10-K for the year ended January 28, 2023.

*101.INS XBRL Instance Document

*101.SCH XBRL Taxonomy Extension Schema

*101.CAL XBRL Taxonomy Extension Calculation Linkbase

*101.DEF XBRL Taxonomy Extension Definition Linkbase

*101.LAB XBRL Taxonomy Extension Label Linkbase

*101.PRE XBRL Taxonomy Extension Presentation Linkbase

*104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith

Exhibit 4.2

DESCRIPTION OF KASPIEN HOLDINGS INC. CAPITAL STOCK

AUTHORIZED CAPITAL STOCK

Kaspien’s certificate of incorporation authorizes 200,000,000 shares of common stock, par value $.01 per share, and 5,000,000 shares of preferred stock, par value $.01 per share.

COMMON STOCK

Each outstanding share of Kaspien common stock is entitled to one vote on all matters submitted to a vote of shareholders, including the election of directors. All shareholder action may be effected at a duly called meeting at which a quorum is present, except as otherwise provided by law. A majority of votes cast by shareholders is required for any action to which shareholders are entitled to vote, except as otherwise provided by law and except that directors are elected by a plurality of votes cast. The holders of Kaspien common stock do not have cumulative voting rights. Dividends may be paid to holders of Kaspien common stock when and if declared by the board of directors out of legally available funds.

Holders of Kaspien common stock have no conversion, redemption, or preemptive rights. All outstanding shares of Kaspien common stock are fully paid and nonassessable. In the event of any liquidation, dissolution or winding-up of the affairs of Kaspien, holders of Kaspien common stock will be entitled to share ratably in the assets of Kaspien remaining after payment of creditors and after the liquidation preference, if any, of preferred stock outstanding at the time.

PREFERRED STOCK

No shares of preferred stock have been issued. Kaspien's board may, without further action by Kaspien's shareholders, from time to time authorize the issuance of up to 5,000,000 shares of preferred stock in series and may, at the time of issuance, determine the rights, preferences, and limitations of each series. Satisfaction of any dividend preferences of outstanding preferred stock would reduce the amount of funds available for the payment of dividends on Kaspien common stock. Also, holders of preferred stock would normally be entitled to receive a preference payment in the event of any liquidation, dissolution or winding-up of Kaspien before any payment is made to the holders of Kaspien common stock. In addition, under certain circumstances, the issuance of such preferred stock may render more difficult or tend to discourage a merger, tender offer or proxy contest, the assumption of control by a holder of a large block of Kaspien's securities or the removal of incumbent management. Although Kaspien presently has no plans to issue any shares of preferred stock, the Kaspien board, without shareholder approval, may issue preferred stock with voting and conversion rights that could adversely affect the holders of Kaspien common stock.

NEW YORK ANTI-TAKEOVER LAW

Section 912 of New York Business Corporation Law prohibits a New York corporation from engaging in a "business combination" with an "interested shareholder" for a period of five years from the date that such interested shareholder acquired its stock unless such acquisition or the business combination was approved by the corporation's board of directors prior to the interested shareholder's becoming such. After such five-year period, the business combination must be approved by a majority of shareholders other than the interested shareholder or the price paid to all shareholders must meet certain conditions relating to the type and minimum amount of consideration to be paid to shareholders other than the interested shareholder.

For purposes of Section 912, a "business combination" includes:

- a merger or consolidation,
- a sale, lease, pledge or other disposition of assets,
- a stock issuance or transfer,
- a liquidation or dissolution,
- a reclassification of securities,
- a recapitalization, or
- any transaction in which an interested shareholder benefits disproportionately in relation to any other shareholder.

An "interested shareholder" is defined as any person or entity that currently owns , directly or indirectly, or in the case of affiliates and associates of the corporation, that owned at any time during the past five years, more than 20% of the outstanding voting stock of the corporation.

These provisions may discourage open market purchases or a non-negotiated tender or exchange offers for the stock of a New York corporation such as Kaspien, and, accordingly, may be adverse to the interests of a shareholder who would desire to participate in such a transaction.

See also “Voting Agreement” below.

BUSINESS COMBINATIONS

New York law generally provides that the consummation of a merger, consolidation, dissolution or disposition of substantially all of the assets of a New York corporation requires:

- the approval of the corporation's board of directors;
- the affirmative vote of the holders of two-thirds of all outstanding shares entitled to vote, unless
  - the corporation's certificate of incorporation requires only the affirmative vote of a majority of all outstanding shares entitled to vote thereon, or
  - the corporation was incorporated after February 22, 1998; and
- in certain situations, the affirmative vote by the holders of a majority of all outstanding shares of each class or series of shares.

See also “Voting Agreement” below.

TRANSFER AGENT AND REGISTRAR

Computershare, Inc. is the transfer agent and registrar for Kaspien common stock.

AMENDMENTS TO CERTIFICATES OF INCORPORATION

Generally, under New York law, proposed amendments to a corporation's certificate of incorporation may be authorized by a vote of the board of directors followed by the vote of a majority of all outstanding shares. If the amendment would adversely affect the rights of any holders of shares of a class or series, the vote of the holders of a majority of all outstanding shares of that class or series, voting as a class, is also necessary to authorize the amendment even though they ordinarily would not have voting rights. Kaspien's certificate of incorporation does not contain any provisions relating to its amendment.

On September 3, 2020, the shareholders adopted an amendment to Kaspien’s certificate of incorporation (i) setting the number of directors at three, (ii) permitting shareholder action by written consent and (iii) implementing certain transfer restrictions intended to prevent an ownership change that could substantially reduce tax benefits associated with Kaspien’s net operating losses under Section 382 of the Internal Revenue Code of 1986, as amended. See also “Shareholder Action”, “Number and Election of Directors” and “Voting Agreement” below.

On March 8, 2022, Kaspien filed with the State of New York Department of State a Certificate of Amendment of its Certificate of Incorporation, amending such certificate to exclude the Warrants issued by Kaspien to the Tranche B Lender from certain transfer restrictions intended to prevent an ownership change that could substantially reduce tax benefits associated with Kaspien's net operating losses under Section 382 of the Internal Revenue Code of 1986, as amended.

On August 2, 2022, Kaspien filed with the State of New York Department of State a Certificate of Amendment of its Certificate of Incorporation, setting the number of directors at four.

AMENDMENTS TO BY-LAWS

Under New York law, except as otherwise provided in its certificate of incorporation, a corporation's by-laws may be amended, repealed or adopted by a majority of the votes cast by the shares at the time entitled to vote in the election of any directors. When so provided in its certificate of incorporation or a by-law adopted by the shareholders, a corporation's by-laws also may be amended, repealed or adopted by the board but any by-law adopted by the board may be amended or repealed by the shareholders entitled to vote on the by-law as provided by New York law.

Kaspien's certificate of incorporation provides that the board of directors is authorized to make, alter or repeal Kaspien's by-laws, but that any by-law adopted by the board of directors may be amended or repealed the shareholders entitled to vote thereon and the shareholders may at any time limit the power of the board of directors to amend, alter or repeal any by-law adopted by the shareholders. Additionally, Kaspien's by-laws provide that the board of directors may make, alter or repeal Kaspien's by-laws, but that any by-law adopted by the board of directors may be amended or repealed by the shareholders.

On March 30, 2020, the Board of Directors adopted an amendment to Kaspien's by-laws implementing certain transfer restrictions intended to prevent an ownership change that could substantially reduce tax benefits associated with Kaspien's net operating losses under Section 382 of the Internal Revenue Code of 1986, as amended.

On September 3, 2020, the shareholders adopted an amendment to Kaspien's by-laws (i) setting the number of directors at three and (ii) permitting shareholder action by written consent. See also "Shareholder Action", "Number and Election of Directors" and "Voting Agreement" below.

On March 8, 2022, the by-laws of Kaspien were amended to exclude the Warrants issued by Kaspien to the Tranche B Lender from certain transfer restrictions intended to prevent an ownership change that could substantially reduce tax benefits associated with Kaspien's net operating losses under Section 382 of the Internal Revenue Code of 1986, as amended.

On August 2, 2022, the by-laws of Kaspien were amended to set the size of the Board of Directors at four and provide for the filling of director vacancies.

PREEMPTIVE RIGHTS

Kaspien's certificate of incorporation provides that no holder of Kaspien common stock has any preemptive rights with respect to any shares or other securities of Kaspien.

REDEMPTION OF CAPITAL STOCK

Kaspien's certificate of incorporation does not provide for the redemption of any stock.

DIVIDEND SOURCES

Under New York law, except as otherwise provided by New York law, a corporation may declare and pay dividends or make other distributions out of surplus only, so that the net assets of the corporation remaining after the declaration, payment or distribution must at least equal the amount of its stated capital. A corporation may declare and pay dividends or make other distributions, except when the corporation is insolvent or would thereby be made insolvent, or when the declaration, payment or distribution would be contrary to any restrictions contained in the corporation's certificate of incorporation.

SHAREHOLDER ACTION

Under New York law, unless otherwise provided in a corporation's certificate of incorporation, any action required or permitted to be taken by shareholder vote may be taken without a meeting on written consent signed by the holders of all outstanding shares entitled to vote or, if the certificate of incorporation so permits, signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize such action at a meeting. Kaspien's certificate of incorporation permits action to be taken by the shareholders of the Kaspien without a meeting, by written consent, signed by not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which the holders of all shares entitled to vote thereon were present and voted. See also “Voting Agreement” below.

SPECIAL SHAREHOLDER MEETINGS

New York law provides that special meeting of shareholders may be called by the board and by the persons authorized by the certificate of incorporation or the by-laws. New York law further provides that if, for a period of one month after the date fixed by or under the by-laws for the annual meeting of shareholders or, if no date has been so fixed, for a period of 13 months after the last annual meeting, there is a failure to elect a sufficient number of directors to conduct the business of the corporation, the board shall call a special meeting for the election of directors. If the special meeting is not called by the board within two weeks after the expiration of the period or if it is called but there is a failure to elect the directors for a period of two months after the expiration of the period, holders of 10% of the votes of the shares entitled to vote in an election of directors may, demand a special meeting for the election of directors.

Kaspien's by-laws provide that special meetings of shareholders may be called by the Chairman of the Board, if any, the Chief Executive Officer or a majority of the board of directors.

CUMULATIVE VOTING

Under New York law, the certificate of incorporation of a corporation may provide for cumulative voting in the election of directors. Kaspien's certificate of incorporation does not provide for cumulative voting.

NUMBER AND ELECTION OF DIRECTORS

Subject to certain limitations, New York law permits the number of directors of a corporation to be fixed by its by-laws, by action of the shareholders or by action of the board under the specific provision of a by-law adopted by the shareholders. At each annual meeting of the shareholders, directors are to be elected to hold office until the next annual meeting, except for corporations with classified boards. New York law permits the certificate of incorporation or the specific provisions of a by-law adopted by the shareholders to provide that directors be divided into either two, three or four classes. All classes must be as nearly equal in number as possible. The term of office of one class of directors shall expire each year, with the terms of office of no two classes expiring the same year.

Kaspien's certificate of incorporation provides that the number of directors be set at four and that all directors elected at the annual meeting of shareholders shall hold office until the next annual meeting of shareholders and until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office. In no case will a decrease in the number of directors shorten the term of any incumbent director.

Kaspien's by-laws provide that the number of directors shall be set at four and a director shall hold office until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office. In no case will a decrease in the number of directors shorten the term of any incumbent director. See also “Voting Agreement” below.

REMOVAL OF DIRECTORS

New York law provides that any or all of the directors may be removed for cause by vote of the shareholders. The certificate of incorporation or the specific provisions of a by-law adopted by the shareholders may provide for the removal by action of the board, except in the case of any director elected by cumulative voting, or by the holders of the shares of any class or series, or holders of bonds, voting as a class, when so entitled by the certificate of incorporation. If the certificate of incorporation or the by-laws so provide, any or all of the directors may be removed without cause by vote of the shareholders.

The removal of directors, with or without cause, is subject to the following:

- in the case of a corporation having cumulative voting, no director may be removed when the votes cast against the director's removal would be sufficient to elect the director if voted cumulatively; and
- if a director is elected by the holders of shares of any class or series, the director may be removed only by the applicable vote of the holders of the shares of that class or series voting as a class.

An action to procure a judgment removing a director for cause may be brought by the attorney general or by the holders of 10% of the outstanding shares, whether or not entitled to vote.

Kaspien's by-laws provide that the board of directors, by a vote of not less than a majority of the entire Board, at any meeting thereof, or by written consent, at any time, may, to the extent permitted by law, remove with or without cause from office or terminate the employment of any director. See also “Voting Agreement” below.

VACANCIES

Under New York law, newly created directorships resulting from an increase in the number of directors and vacancies occurring in the board for any reason except the removal of directors without cause may be filled by vote of the board of directors then in office, though less than a quorum. However, the certificate of incorporation or by-laws may provide that such newly created directorships or vacancies are to be filled by vote of the shareholders. Unless the certificate of incorporation or the specific provisions of a by-law adopted by the shareholders provide that the board may fill vacancies occurring on the board by reason of the removal of directors without cause, such vacancies may be filled only by vote of the shareholders.

A director elected to fill a vacancy, unless elected by the shareholders, will hold office until the next meeting of shareholders at which the election of directors is in the regular order of business and until his or her successor is elected and qualified. Unless otherwise provided in the certificate of incorporation or by-laws, notwithstanding the above, whenever the holders of any class or classes of shares or series are entitled to elect one or more directors by the certificate of incorporation, any vacancy that may be filled by the board or a majority of the directors then in office will be filled by a majority of the directors then in office elected by the class or classes or series. However, if no such director is in office, then the vacancy may be filed as provided above.

Kaspien's certificate of incorporation provides that any and all vacancies in the board of directors, however occurring, including by reason of an increase in size of the board of directors, or death, resignation, disqualification or removal of a director, shall be filled solely by appointment via an affirmative vote of a majority of the remaining directors then in office, even if less than a quorum of the board of directors. Any director so appointed shall serve until the next shareholders’ meeting held for the election of directors until his or her successor is duly elected and qualified.

Kaspien's by-laws provide that any vacancy in the office of any directors of officer occurring for any reason, including a removal without cause, shall be filled pursuant to the terms of the Voting Agreement dated as of March 30, 2020 and as amended on August 2, 2022, and as the same may be amended from time to time. See also “Voting Agreement” below.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Under New York law, a corporation may indemnify its directors and officers made, or threatened to be made, a party to any action or proceeding, except for shareholder derivative suits, if the director or officer acted in good faith, for a purpose which he or she reasonably believed to be in or, in the case of service to another corporation or enterprise, not opposed to the best interests of the corporation, and, in criminal proceedings, had no reasonable cause to believe his or her conduct was unlawful. In the case of shareholder derivative suits, the corporation may indemnify a director or officer if he or she acted in good faith for a purpose which he or she reasonably believed to be in or, in the case of service to another corporation or enterprise, not opposed to the best interests of the corporation. However, no indemnification may be made in respect of

- a threatened action, or a pending action which is settled or otherwise disposed of, or
- any claim, issue or matter as to which the person has been adjudged to be liable to the corporation,

unless and only to the extent that the court in which the action was brought, or, if no action was brought, any court of competent jurisdiction, determines upon application that, in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for the portion of the settlement amount and expenses as the court deems proper.

Any person who has been successful on the merits or otherwise in the defense of a civil or criminal action or proceeding will be entitled to indemnification. Except as provided in the preceding sentence, unless ordered by a court pursuant to New York law, any indemnification under New York law pursuant to the above paragraph may be made only if authorized in the specific case and after a finding that the director or officer met the requisite standard of conduct by:

- the disinterested directors if a quorum is available,
- by the board upon the written opinion of independent legal counsel, or
- by the shareholders.

The indemnification described above under New York law is not exclusive of other indemnification rights to which a director or officer may be entitled by:

- the certificate of incorporation or by-laws;
- a resolution of shareholders;
- a resolution of directors; or
- an agreement providing for such indemnification.

However, no indemnification may be made to or on behalf of any director or officer if a judgment or other final adjudication adverse to the director or officer establishes that his or her acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled.

Kaspien's by-laws provide that, except to the extent expressly prohibited by New York law, Kaspien shall indemnify each person made or threatened to be made a party to any action or proceedings, whether civil or criminal, by reason of the fact that such person is or was a director or officer of Kaspien, or serves or served at the request of Kaspien any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against liabilities or losses, incurred in connection with the action or proceedings, or any appeal. However, no indemnification will be made if a judgment or other final determination adverse to the person establishes that his or her acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action, or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled. Moreover, no indemnification will be required with respect to any settlement or other non-adjudicated disposition of any threatened or pending action or proceedings unless Kaspien has given its prior consent. Kaspien's by-laws require advances of reasonable expenses incurred in defending or otherwise participating in a proceeding to persons entitled to indemnification in connection with such proceeding, upon receipt of an undertaking by or on behalf of such person to repay such amounts if such person is ultimately found not to be entitled to indemnification or, where indemnification is granted, to the extent those advances exceed the amount to which the person is entitled.

LIMITATION OF PERSONAL LIABILITY OF DIRECTORS

New York law provides that a corporation's certificate of incorporation may contain a provision eliminating or limiting the personal liability of directors to the corporation or its shareholders for damages for any breach of duty in such capacity. However, no such provision can eliminate or limit the liability of any director:

- if a judgment or other final adjudication adverse to such director establishes that such director's acts or omissions were in bad faith, or involved intentional misconduct or a knowing violation of law, or that the director personally gained in fact a financial profit or other advantage to which such director was not legally entitled or that the director's acts violated certain provisions of New York law; or
- for any act or omission prior to the adoption of such a provision in the certificate of incorporation.

Kaspien's certificate of incorporation contains a provision, eliminating the personal liability of directors to the corporation and the shareholders for damages for any breach of duty in such capacity except to the extent that such elimination of liability is not permitted under New York law.

VOTING AGREEMENT

On March 30, 2020, certain of Kaspien's shareholders owning approximately 60% of the issued and outstanding Common Stock of Trans World entered into a voting agreement (the "Voting Agreement"), pursuant to which such shareholders and their respective related entities agreed to how their respective shares of the Company's Common Stock held by the parties will be voted with respect to (i) amending the Articles of Incorporation to set the size of the Board of Directors (the "Board") at three directors, (ii) the designation, election, removal, and replacement of members of the Board and (iii) a Sale of the Company (as defined in the Voting Agreement) with respect to which there is a shareholder vote or some other action to take place during the ninety (90) days immediately following the date of the Voting Agreement.

On August 2, 2022, the Company, the Robert J. Higgins TWMC Trust, RJHDC, LLC, Alimco Re Ltd., Mr. Thomas C. Simpson, Kick-Start I, LLC, Kick-Start III, LLC and Kick-Start IV, LLC, and the other parties thereto entered into Amendment No. 1 to Voting Agreement setting forth their agreements and understandings with respect to how shares of the Company's capital stock held by the parties thereto will be voted with respect to (i) amending the Certificate of Incorporation of the Company to set the size of the Board of Directors of the Company at four directors and (ii) the designation, election, removal, and replacement of members of the Board.

Exhibit 10.6

EXECUTION COPY

AMENDMENT NO. 5 TO LOAN AND SECURITY AGREEMENT

THIS AMENDMENT NO. 5 TO LOAN AND SECURITY AGREEMENT (this "Amendment") is entered into as of November __, 2022, by and among **KASPIEN INC.**, a Washington corporation (f/k/a Etailz Inc.) (the "***Borrower***"), **KASPIEN HOLDINGS INC.**, a New York corporation (f/k/a Trans World Entertainment Corporation) (the "***Parent***"), the Lenders party hereto, and **ECLIPSE BUSINESS CAPITAL LLC** (f/k/a Encina Business Credit, LLC), as agent for the Lenders (in such capacity, the "***Agent***"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement, as defined below.

RECITALS

WHEREAS, the Parent, the Borrower, the Lenders and Agent are parties to that certain credit facility provided by the Agent and the Lenders to the Borrower pursuant to that certain Loan and Security Agreement, dated as of February 20, 2020 (as amended, modified, supplemented, extended, renewed, restated, or replaced from time to time, the "Loan Agreement");

WHEREAS, the Parent and the Borrower have agreed to the modifications to the Loan Agreement as set forth herein, subject to the terms and conditions set forth herein; and

NOW THEREFORE, in consideration of the foregoing premises and the mutual benefits to be derived by the Borrower, the Agent, and the Lenders from a continuing relationship under the Loan Agreement and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Borrower, the Agent and the Lenders hereby agree as follows:

1. Amendment to Loan Agreement. The Loan Agreement is hereby amended to delete the bold, stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the bold, double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages of the Credit Agreement attached as Exhibit A hereto.

2. Representations and Warranties. Each of the Parent and the Borrower hereby represents and warrants that, after giving effect to this Amendment: (i) no Default or Event of Default exists under the Loan Agreement or any other Loan Document, (ii) each of the Parent and the Borrower has the full power and authority to execute, deliver, and perform its respective obligations under, the Loan Agreement and the other Loan Documents, as amended by this Amendment and the amendments to the other Loan Documents, and (iii) the representations and warranties contained or referred to in Section 7 of the Loan Agreement and the other Loan Documents are true and accurate in all material respects as of the date of this Amendment (or, to the extent any such representations or warranties are expressly made solely as of an earlier date, such representations and warranties are true and correct as of such earlier date).

3. Conditions to Effectiveness. This Amendment shall not be effective until each of the following conditions precedent have been fulfilled to the satisfaction of the Agent (or waived by Agent):

   a. The Agent shall have received counterparts of this Amendment duly executed by each of the parties hereto.

b. All action on the part of the Loan Parties necessary for the valid execution, delivery and performance by the Loan Parties of this Amendment shall have been duly and effectively taken.

4. Reserved.

5. Miscellaneous.

a. This Amendment shall be governed by and construed in accordance with the law of the State of New York applicable to contracts made and to be performed therein without regard to conflict of law principles. Further, the law of the State of New York shall apply to all disputes or controversies arising out of or connected to or with this Amendment without regard to conflict of law principles. All parts of the Loan Agreement not affected by this Amendment are hereby ratified and affirmed in all respects, provided that if any provision of the Loan Agreement shall conflict or be inconsistent with this Amendment, the terms of this Amendment shall supersede and prevail. Upon the execution of this Amendment, unless expressly indicated otherwise, all references to the Loan Agreement in that document, or in any related document, shall mean the Loan Agreement as amended by this Amendment. Except as expressly provided in this Amendment, the execution and delivery of this Amendment does not and will not amend, modify or supplement any provision of, or constitute a consent to or a waiver of any noncompliance with the provisions of the Loan Agreement, and, except as specifically provided in this Amendment, the Loan Agreement shall remain in full force and effect.

b. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Amendment and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Delivery of an executed counterpart of a signature page to this Amendment by telecopy, pdf or other electronic transmission shall be as effective as delivery of a manually executed counterpart of this Amendment.

[*Remainder of Page Intentionally Left Blank; Signature Pages Follow*]

IN WITNESS WHEREOF, each of the Borrower, the Parent, the Agent and the Lenders, in accordance with the Loan Agreement, has caused this Amendment to be executed and delivered by their respective duly authorized officers as of the date set forth in the preamble on page one of this Amendment.

BORROWER:

KASPIEN INC. (f/k/a Etailz Inc.)

By: ____________________
Name: ____________________
Title: ____________________

PARENT:

KASPIEN HOLDINGS INC. (f/k/a Trans World Entertainment Corporation)

By: ____________________
Name: ____________________
Title: ____________________

[Signature Page to Amendment No. 5 to Loan and Security Agreement]

AGENT:

ECLIPSE BUSINESS CAPITAL LLC

By: ____________________
Name: ____________________
Title: ____________________

LENDER:

ECLIPSE BUSINESS CAPITAL SPV, LLC

By: ____________________
Name: ____________________
Title: ____________________

EXHIBIT A

See Attached Composite Loan and Security Agreement

EXHIBIT 21

KASPIEN HOLDINGS INC.

SIGNIFICANT SUBSIDIARIES OF THE REGISTRANT

Name of Significant Subsidiary	State of Incorporation	Subsidiary Trade Names
Kaspien Inc.	Washington	Kaspien

EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Kaspien Holdings Inc.:

We consent to the incorporation by reference in the registration statements on Form S-1 (Nos. 333-194933 and 333-266381), S-3 (No. 333-252911) and S-8 (Nos. 333-128210, 333-220432 and 333-267162) of our report dated April 28, 2023, with respect to the consolidated balance sheets of Kaspien Holdings, Inc. and subsidiaries as of January 28, 2023 and January 29, 2022, and the related consolidated statements of operations, comprehensive loss, shareholders' equity and cash flows for each of the fiscal years ended January 28, 2023 and January 29, 2022, which appears in the Annual Report on Form 10-K of Kaspien Holdings Inc. for the fiscal year ended January 28, 2023.

/s/ Fruci & Associates II, PLLC

Spokane, Washington
April 28, 2023

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION PURSUANT TO SECTION 302 OF SARBANES OXLEY ACT 2002

I, Brock Kowalchuk, certify that:

(1) I have reviewed this report on Form 10–K of Kaspien Holdings Inc. (“the Registrant”);

(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 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 15(d)-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 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; and

(5) The Registrant’s other certifying officer 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 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.

Dated: April 28, 2023

/s/ Brock Kowalchuk
Principal Executive Officer
Kaspien Holdings Inc.

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION PURSUANT TO SECTION 302 OF SARBANES OXLEY ACT 2002

I, Edwin Sapienza, certify that:

(1) I have reviewed this report on Form 10–K of Kaspien Holdings Inc. (“the Registrant”);

(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 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 15(d)-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 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; and

(5) The Registrant’s other certifying officer 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 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.

Dated: April 28, 2023

/s/ Edwin Sapienza
Chief Financial Officer
Kaspien Holdings Inc.

Exhibit 32

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER 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 Kaspien Holdings Inc. (the "Registrant") on Form 10-K for the period ending January 28, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Brock Kowalchuk, Principal Executive Officer of the Registrant and Edwin Sapienza, Chief Financial Officer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our 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 results of operations of the Registrant.

/s/ Brock Kowalchuk	/s/ Edwin Sapienza
Principal Executive Officer	Chief Financial Officer
April 28, 2023	April 28, 2023

This certification shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, and will not be incorporated by reference into any registration statement filed under the Securities Act of 1933, as amended, unless specifically identified as being incorporated therein by reference.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Kaspien Holdings Inc. and will be retained by Kaspien Holdings Inc. and furnished to the Securities and Exchange Commission or its staff upon request.