
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): May 5, 2022

Lifetime Brands, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

0-19254
(Commission
File Number)

11-2682486
(IRS Employer
Identification No.)

1000 Stewart Avenue, Garden City, New York 11530
(Address of Principal Executive Offices) (Zip Code)

516-683-6000
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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, \$0.01 par value	LCUT	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition.

On May 5, 2022, Lifetime Brands, Inc. (the “Company”) issued a press release announcing the Company’s results for the first quarter ended March 31, 2022. A copy of the Company’s press release is furnished as Exhibit 99.1 hereto.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

	Exhibit No.
	99.1 Press release dated May 5, 2022
Exhibit Index	104 Cover Page Interactive Data File (formatted in Inline XBRL document)

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Lifetime Brands, Inc.

By: /s/ Laurence Winoker

Laurence Winoker
Senior Vice President – Finance, Treasurer and
Chief Financial Officer

Date: May 5, 2022



Lifetime Brands, Inc. Reports Strong First Quarter 2022 Financial Results

GARDEN CITY, NY, May 5, 2022 – Lifetime Brands, Inc. (NasdaqGS: LCUT), a leading global designer, developer and marketer of a broad range of branded consumer products used in the home, today reported its financial results for the quarter ended March 31, 2022.

Robert Kay, Lifetime’s Chief Executive Officer, commented, “We delivered strong performance in the first quarter despite a number of macroeconomic challenges that are being widely felt across industries. Although, net sales, operating income and Adjusted EBITDA declined compared to the first quarter of 2021, which was one of the Company’s all-time best quarters, these results demonstrated our continued strong operating performance that can be seen in our generation of operating income of \$4.4 million and adjusted operating income of \$6.8 million during the quarter. This is only the second time the company has achieved profitability in the first quarter which historically is influenced from the impact of seasonality on our earnings, and have now achieved first quarter profitability sequentially. Additionally, we generated net income of \$18.1 million and adjusted EBITDA of \$91.1 million over the last 12 months which we believe positions us to achieve the long-term targets in our five-year plan that we disclosed during the fourth quarter of 2021. We made good progress on our key initiatives in the first quarter, including continuing to expand the KitchenAid brand, winning customers for Mikasa Hospitality, opening our new distribution facility in the Netherlands and gaining traction with major national chains in Europe. We have also nearly completed the integration of S’well on schedule, a global designer, wholesaler and retailer of reusable, vacuum-insulated products we acquired in March of this year.”

Mr. Kay continued, “I am pleased that Lifetime is on track with our strategic plan notwithstanding the various macroeconomic headwinds that exist today. Looking ahead, our guidance for 2022 reflects these headwinds and still contemplates a level of Adjusted EBITDA that ranges 14% to 19% greater than what we achieved in 2020 and 37% to 45% greater than 2019. Factoring in the current environment of inflation, supply chain disruptions, the ongoing impacts of COVID, and the impact from the war in Ukraine, we do foresee a potential softening of demand, continued supply chain challenges that are not unique to Lifetime, and continued uncertainty in Europe. During this period, we expect to continue to generate substantial cash flow and solid results despite these challenges. Our business model has proven resilient through all market cycles, giving us confidence in our ability to continue executing against our long-term growth and profitability objectives. Our strong balance sheet and cash generation remain significant competitive advantages for Lifetime as we invest in inventory levels and other initiatives that will enable us to continue gaining or maintaining market share across our product categories. Importantly, the progress we have already made towards achieving our long-term goals has provided cushion as we aim to effectively manage through current challenges. We believe that our recent performance demonstrates that we are on the right path forward.”

First Quarter Financial Highlights:

Consolidated net sales for the three months ended March 31, 2022 were \$182.7 million, representing a decrease of \$13.0 million, or 6.6%, as compared to net sales of \$195.7 million for the corresponding period in 2021. In constant currency, a non-GAAP financial measure, consolidated net sales decreased by \$12.5 million, or 6.4%, as compared to consolidated net sales in the corresponding period in 2021. A table reconciling this non-GAAP financial measure to consolidated net sales, as reported, is included below.

Gross margin for the three months ended March 31, 2022 was \$63.1 million, or 34.5%, as compared to \$66.0 million, or 33.7%, for the corresponding period in 2021.

Income from operations was \$4.4 million, as compared to \$9.2 million for the corresponding period in 2021.

Net income was \$0.4 million, or \$0.02 per diluted share, as compared to net income of \$3.1 million, or \$0.14 per diluted share, in the corresponding period in 2021.

Adjusted net income was \$1.4 million, or \$0.06 per diluted share, as compared to adjusted net income of \$2.8 million, or \$0.13 per diluted share, in the corresponding period in 2021. A table reconciling this non-GAAP financial measure to net income, as reported, is included below.

Adjusted EBITDA was \$91.1 million for the twelve months ended March 31, 2022. Pro forma adjusted EBITDA was \$95.1 million for the twelve months ended March 31, 2022. Adjusted EBITDA is a non-GAAP financial measure which is defined in the Company's debt agreements. A table reconciling this non-GAAP financial measure to net income, as reported, is included below.

Full Year 2022 Guidance

For the full fiscal year ending December 31, 2022, the Company is providing the following financial guidance:

	Year Ended December 31, 2021	Guidance for the Year Ending December 31, 2022
Net sales	\$862.9 million	\$904 to \$924 million
Income from operations	\$50.8 million	\$58 to \$62 million
Adjusted income from operations	\$66.7 million ⁽¹⁾	\$63 to \$67 million
Net income	\$20.8 million	\$30 to \$33 million
Adjusted net income	\$36.8 million	\$33 to \$36 million
Diluted income per common share	\$0.94 per share	\$1.36 to \$1.50 per share
Adjusted diluted income per common share	\$1.67 per share	\$1.50 to \$1.64 per share
Weighted-average diluted shares	22 million	22 million
Adjusted EBITDA	\$95.1 million	\$88 to \$92 million

This guidance is based on a forecasted GBP to USD rate of \$1.35. Net income and diluted income per common share were calculated based on an effective tax rate of 30%. Guidance includes S'well from March 2, 2022, the date of its acquisition. Tables reconciling non-GAAP financial measures to GAAP financial measures, as reported, are included below.

⁽¹⁾ Adjusted income from operations for the year ended December 31, 2021 has been recast to reflect adjustments for charges related to acquisition expenses and warehouse relocation expenses. A table reconciling this non-GAAP financial measure to income from operations, as reported, is included below.

The Company has provided long term financial objectives within its investor presentations, available on the Company's website in the 'Investor Relations' section. There has been no change to the long term financial objectives at this time.

Conference Call

The Company has scheduled a conference call for Thursday, May 5, 2022 at 11:00 a.m. The dial-in number for the conference call is (877) 524-8416 (U.S.) or (412) 902-1028 (International).

A live webcast of the conference call will be accessible through:

<https://event.choruscall.com/mediaframe/webcast.html?webcastid=dy1bup5C>

For those who cannot listen to the live broadcast, an audio replay of the webcast will be available until November 4, 2022.

Non-GAAP Financial Measures

This earnings release contains non-GAAP financial measures, including consolidated net sales in constant currency, adjusted income from operations, adjusted net income, adjusted diluted income per common share, and adjusted EBITDA. A non-GAAP financial measure is a numerical measure of a company's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statements of income, balance sheets, or statements of cash flows of a company; or, includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. These non-GAAP financial measures are provided because the Company's management uses these financial measures in evaluating the Company's on-going financial results and trends, and management believes that exclusion of certain items allows for more accurate period-to-period comparison of the Company's operating performance by investors and analysts. Management uses these non-GAAP financial measures as indicators of business performance. These non-GAAP financial measures should be

viewed as a supplement to, and not a substitute for, GAAP financial measures of performance. As required by SEC rules, the Company has provided reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

Forward-Looking Statements

In this press release, the use of the words “believe,” “could,” “expect,” “intend,” “may,” “positioned,” “project,” “projected,” “should,” “will,” “would,” “plan,” “goal,” “target” or similar expressions is intended to identify forward-looking statements. Such statements include all statements regarding the growth of the Company, our financial guidance, our ability to navigate the current environment and advance our strategy, including our five-year strategic plan, our commitment to increasing investments in future growth initiatives, our initiatives to create value, our efforts to mitigate geopolitical factors and tariffs, our current and projected financial and operating performance, results, and profitability and all guidance related thereto, including forecasted exchange rates and effective tax rates, as well as our continued growth and success, future plans and intentions regarding the Company and its consolidated subsidiaries. Such statements represent the Company’s current judgments, estimates, and assumptions about possible future events. The Company believes these judgments, estimates, and assumptions are reasonable, but these statements are not guarantees of any events or financial or operational results, and actual results may differ materially due to a variety of important factors. Such factors might include, among others, the Company’s ability to comply with the requirements of its credit agreements; the availability of funding under such credit agreements; the Company’s ability to maintain adequate liquidity and financing sources and an appropriate level of debt, as well as to deleverage its balance sheet; the possibility of impairments to the Company’s goodwill; the possibility of impairments to the Company’s intangible assets; changes in U.S. or foreign trade or tax law and policy; changes in general economic conditions that could affect customer purchasing practices or consumer spending; the impact of changes in general economic conditions on the Company’s customers; customer ordering behavior; the performance of our newer products; expenses and other challenges relating to the integration of any future acquisitions; changes in demand for the Company’s products; changes in the Company’s management team; the significant influence of the Company’s largest stockholder; fluctuations in foreign exchange rates; changes in U.S. trade policy or the trade policies of nations in which we or our suppliers do business; uncertainty regarding the long-term ramifications of the U.K.’s exit from the European Union; shortages of and price volatility for certain commodities; global health epidemics, such as the COVID-19 pandemic; social unrest, including related protests and disturbances; conflict or war, including the conflict in Ukraine; macroeconomic conditions, including inflationary impacts and disruptions to the global supply chain; increase in supply chain costs; the imposition of tariffs and other trade policies and/or economic sanctions implemented by the U.S. and other governments; our ability to successfully integrate acquired businesses, including our recent acquisition of S’well; our ability to achieve projected synergies with respect to the S’well business; our expectations regarding the future level of demand for our products; our ability to execute on the goals and strategies set forth in our five-year plan; and significant changes in the competitive environment and the effect of competition on the Company’s markets, including on the Company’s pricing policies, financing sources and ability to maintain an appropriate level of debt. The Company undertakes no obligation to update these forward-looking statements other than as required by law.

Lifetime Brands, Inc.

Lifetime Brands is a leading global designer, developer and marketer of a broad range of branded consumer products used in the home. The Company markets its products under well-known kitchenware brands, including Farberware®, KitchenAid®, Sabatier®, Amco Houseworks®, Chef’n® Chicago™ Metallic, Copco®, Fred® & Friends, Houdini™, KitchenCraft®, Kamenstein®, La Cafetière®, MasterClass®, Misto®, Swing-A-Way®, Taylor® Kitchen, and Rabbit®; respected tableware and giftware brands, including Mikasa®, Pfaltzgraff®, Fitz and Floyd®, Empire Silver™, Gorham®, International® Silver, Towle® Silversmiths, Wallace®, Wilton Armetale®, V&A®, Royal Botanic Gardens Kew® and Year & Day®; and valued home solutions brands, including BUILT NY®, S’well®, Taylor® Bath, Taylor® Kitchen, Taylor® Weather and Planet Box®. The Company also provides exclusive private label products to leading retailers worldwide.

The Company’s corporate website is www.lifetimebrands.com.

Contacts:

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LIFETIME BRANDS, INC.
Historical Financial Data
(in thousands)
(unaudited)

	Three Months Ended March 31,			
	2022	2021	2020	2019
Net Sales	\$ 182,717	\$ 195,653	\$ 145,070	\$ 149,926
Income (loss) from operations	\$ 4,355	\$ 9,246	\$ (25,245)	\$ (2,287)
Goodwill and intangible asset impairments	—	—	20,100	—
Acquisition related expenses	1,119	182	47	151
Restructuring expenses	—	—	—	608
Integration costs	781	—	—	174
Warehouse relocation and redesign expenses	497	—	790	215
Bad debt reserve related to COVID-19 pandemic ⁽¹⁾	—	—	2,800	—
Adjusted income (loss) from operations ⁽²⁾	\$ 6,752	\$ 9,428	\$ (1,508)	\$ (1,139)
Net income (loss)	\$ 380	\$ 3,067	\$ (28,164)	\$ (4,867)

⁽¹⁾ Bad debt reserve recorded in the first quarter of fiscal 2020 to establish a provision against potential credit problems from certain retail customers who may have financial difficulty that has been caused or increased due to the COVID-19 pandemic. This reflects the Company's assessment of risk of not being able to collect such receivables from certain customers in the U.S. that are at risk of seeking or have already obtained bankruptcy protection and our international customer base which has a higher proportion of small and independent brick-and-mortar retailers. This charge was taken in response to the Company's assessment on the impact of the COVID-19 pandemic on these accounts

⁽²⁾ Adjusted income (loss) from operations represents a non-GAAP financial measure. This non-GAAP financial measure is provided because the Company uses it in evaluating its financial results and trends and as an indicator of business performance.

LIFETIME BRANDS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands—except per share data)
(unaudited)

	Three Months Ended March 31,	
	2022	2021
Net sales	\$ 182,717	\$ 195,653
Cost of sales	119,649	129,653
Gross margin	63,068	66,000
Distribution expenses	19,225	18,646
Selling, general and administrative expenses	39,488	38,108
Income from operations	4,355	9,246
Interest expense	(3,767)	(4,014)
Mark to market gain on interest rate derivatives	1,049	498
Income before income taxes and equity in earnings (losses)	1,637	5,730
Income tax provision	(1,673)	(2,416)
Equity in earnings (losses), net of taxes	416	(247)
NET INCOME	\$ 380	\$ 3,067
BASIC INCOME PER COMMON SHARE	\$ 0.02	\$ 0.15
DILUTED INCOME PER COMMON SHARE	\$ 0.02	\$ 0.14

LIFETIME BRANDS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands—except share data)

	March 31, 2022 (unaudited)	December 31, 2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 14,846	\$ 27,982
Accounts receivable, less allowances of \$15,599 at March 31, 2022 and \$16,544 at December 31, 2021	117,301	175,076
Inventory	275,202	270,516
Prepaid expenses and other current assets	13,237	11,499
TOTAL CURRENT ASSETS	420,586	485,073
PROPERTY AND EQUIPMENT, net	19,525	20,748
OPERATING LEASE RIGHT-OF-USE ASSETS	84,640	86,487
INVESTMENTS	22,774	22,295
INTANGIBLE ASSETS, net	225,231	212,678
OTHER ASSETS	2,157	1,793
TOTAL ASSETS	\$ 774,913	\$ 829,074
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturity of term loan	\$ 1,088	\$ 5,771
Accounts payable	62,860	82,573
Accrued expenses	85,414	112,741
Income taxes payable	1,767	604
Current portion of operating lease liabilities	13,641	12,612
TOTAL CURRENT LIABILITIES	164,770	214,301
OTHER LONG-TERM LIABILITIES	11,687	12,116
INCOME TAXES PAYABLE, LONG-TERM	1,472	1,472
OPERATING LEASE LIABILITIES	87,586	90,824
DEFERRED INCOME TAXES	12,963	12,842
TERM LOAN	240,703	241,873
STOCKHOLDERS' EQUITY		
Preferred stock, \$1.00 par value, shares authorized: 100 shares of Series A and 2,000,000 shares of Series B; none issued and outstanding	—	—
Common stock, \$0.01 par value, shares authorized: 50,000,000 at March 31, 2022 and December 31, 2021; shares issued and outstanding: 22,318,096 at March 31, 2022 and 22,018,016 at December 31, 2021	223	220
Paid-in capital	271,698	271,556
Retained earnings	16,839	17,419
Accumulated other comprehensive loss	(33,028)	(33,549)
TOTAL STOCKHOLDERS' EQUITY	255,732	255,646
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 774,913	\$ 829,074

LIFETIME BRANDS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2022	2021
OPERATING ACTIVITIES		
Net income	\$ 380	\$ 3,067
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,899	5,958
Amortization of financing costs	426	443
Mark to market (gain) on interest rate derivatives	(1,049)	(498)
Non-cash lease expense	(335)	(409)
(Recovery) provision for doubtful accounts	(219)	17
Stock compensation expense	1,174	1,444
Undistributed (earnings) losses from equity investment, net of taxes	(416)	247
Changes in operating assets and liabilities (excluding the effects of business acquisitions)		
Accounts receivable	59,657	38,961
Inventory	(2,086)	(6,479)
Prepaid expenses, other current assets and other assets	(181)	2,121
Accounts payable, accrued expenses and other liabilities	(50,021)	(10,746)
Income taxes payable	1,175	2,156
NET CASH PROVIDED BY OPERATING ACTIVITIES	13,404	36,282
INVESTING ACTIVITIES		
Purchases of property and equipment	(382)	(674)
Acquisitions	(17,977)	(178)
NET CASH USED IN INVESTING ACTIVITIES	(18,359)	(852)
FINANCING ACTIVITIES		
Proceeds from revolving credit facility	57,395	7,845
Repayments of revolving credit facility	(57,315)	(35,131)
Repayments of term loan	(6,216)	(10,477)
Payments for finance lease obligations	(9)	(45)
Payments of tax withholding for stock based compensation	(568)	(2,160)
Proceeds from the exercise of stock options	233	184
Payments for stock repurchase	(671)	—
Cash dividends paid	(1,004)	(1,010)
NET CASH USED IN FINANCING ACTIVITIES	(8,155)	(40,794)
Effect of foreign exchange on cash	(26)	42
DECREASE IN CASH AND CASH EQUIVALENTS	(13,136)	(5,322)
Cash and cash equivalents at beginning of period	27,982	35,963
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 14,846	\$ 30,641

LIFETIME BRANDS, INC.
Supplemental Information
(in thousands)

Reconciliation of GAAP to Non-GAAP Operating Results

Adjusted EBITDA for the twelve months ended March 31, 2022:

	Quarter Ended				Twelve Months Ended March 31, 2022
	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	
	(in thousands)				
Net income (loss) as reported	\$ 5,789	\$ 12,571	\$ (626)	\$ 380	\$ 18,114
Undistributed equity (earnings), net	(393)	(195)	(466)	(416)	(1,470)
Income tax provision	1,832	5,589	6,704	1,673	15,798
Interest expense	3,819	3,835	3,856	3,767	15,277
Mark to market (gain) on interest rate derivatives	(46)	(120)	(398)	(1,049)	(1,613)
Depreciation and amortization	5,765	5,837	4,960	4,899	21,461
Intangible asset impairments	—	—	14,760	—	14,760
Stock compensation expense	1,328	1,201	1,244	1,174	4,947
Acquisition related expenses	72	41	378	1,119	1,610
Warehouse relocation and redesign expenses ⁽¹⁾	—	—	450	497	947
S'well integration costs	—	—	—	781	781
Wallace facility remedial design expense	—	500	—	—	500
Adjusted EBITDA ⁽²⁾	<u>\$ 18,166</u>	<u>\$ 29,259</u>	<u>\$ 30,862</u>	<u>\$ 12,825</u>	<u>\$ 91,112</u>
Pro forma historical S'well and projected synergies adjustment ⁽³⁾					4,000
Pro forma Adjusted EBITDA ⁽²⁾	<u>\$ 18,166</u>	<u>\$ 29,259</u>	<u>\$ 30,862</u>	<u>\$ 12,825</u>	<u>\$ 95,112</u>

⁽¹⁾ For the twelve months ended March 31, 2022, the warehouse relocation and redesign expenses included \$0.5 million of expenses related to the International segment and \$0.4 million of expenses related to the U.S. segment. For the three months ended March 31, 2022, warehouse relocation and redesign expenses included \$0.4 million of expenses related to the International segment and \$0.1 million of expenses related to the U.S. segment.

⁽²⁾ Adjusted EBITDA is a non-GAAP financial measure that is defined in the Company's debt agreements. Adjusted EBITDA is defined as net income (loss), adjusted to exclude undistributed equity in (earnings), income tax provision, interest expense, mark to market (gain) on interest rate derivatives, depreciation and amortization, intangible asset impairments, stock compensation expense, and other items detailed in the table above that are consistent with exclusions permitted by our debt agreements.

⁽³⁾ Pro forma historical S'well and projected synergies adjustment represents a permitted adjustment to the Company's adjusted EBITDA for the acquisition of S'well on March 2, 2022 pursuant to the Company's Debt Agreements. Pro forma projected synergies represents the amount of projected cost savings, operating expense reductions and cost saving synergies projected by the Company as a result of actions taken through March 31, 2022 or expected to be taken as of March 31, 2022, net of the benefits realized during the twelve months ended March 31, 2022.

LIFETIME BRANDS, INC.
Supplemental Information
(in thousands—except per share data)

Reconciliation of GAAP to Non-GAAP Operating Results (continued)

Adjusted net income and adjusted diluted income per common share (in thousands -except per share data):

	Three Months Ended March 31,	
	2022	2021
Net income as reported	\$ 380	\$ 3,067
Adjustments:		
Acquisition related expenses	1,119	182
S'well integration costs	781	—
Warehouse relocation and redesign expenses ⁽¹⁾	497	—
Mark to market (gain) on interest rate derivatives	(1,049)	(498)
Income tax effect on adjustments	(313)	79
Adjusted net income ⁽²⁾	\$ 1,415	\$ 2,830
Adjusted diluted income per common share ⁽³⁾	\$ 0.06	\$ 0.13

⁽¹⁾ For the three months ended March 31, 2022, warehouse relocation and redesign expenses included \$0.4 million of expenses related to the International segment and \$0.1 million of expenses related to the U.S. segment.

⁽²⁾ Adjusted net income and adjusted diluted income per common share in the three months ended March 31, 2022 excludes acquisition related expenses, S'well integration costs, warehouse relocation and redesign expenses and mark to market (gain) on interest rate derivatives. The income tax effect on adjustments reflects the statutory tax rates applied on the adjustments.

Adjusted net income and adjusted diluted income per common share in the three months ended March 31, 2021 excludes acquisition related expenses and mark to market (gain) on interest rate derivatives. The income tax effect on adjustments reflects the statutory tax rates applied on the adjustments.

⁽³⁾ Adjusted diluted income per common share is calculated based on diluted weighted-average shares outstanding of 22,148 and 21,771 for the three month period ended March 31, 2022 and 2021, respectively. The diluted weighted-average shares outstanding for the three month ended March 31, 2022 include the effect of dilutive securities of 393. The diluted weighted-average shares outstanding for the three month ended March 31, 2021 include the effect of dilutive securities of 685.

Adjusted income from operations (in thousands):

	Three Months Ended March 31,	
	2022	2021
Income from operations	\$ 4,355	\$ 9,246
Adjustments:		
Acquisition related expenses	1,119	182
S'well integration costs	781	—
Warehouse relocation and redesign expenses ⁽¹⁾	497	—
Total adjustments	2,397	182
Adjusted income from operations ⁽²⁾	\$ 6,752	\$ 9,428

⁽¹⁾ For the three months ended March 31, 2022, warehouse relocation and redesign expenses included \$0.4 million of expenses related to the International segment and \$0.1 million of expenses related to the U.S. segment.

⁽²⁾ Adjusted income from operations for the three months ended March 31, 2022 and March 31, 2021, excludes acquisition related expenses, integration costs and warehouse relocation and redesign expenses.

LIFETIME BRANDS, INC.
Supplemental Information
(in thousands)

Reconciliation of GAAP to Non-GAAP Operating Results (continued)

Constant Currency:

Net sales	As Reported Three Months Ended March 31,			Constant Currency ⁽¹⁾ Three Months Ended March 31,			Currency Impact	Year-Over-Year Increase (Decrease)		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)		Excluding Currency	Including Currency	Currency Impact
U.S.	\$ 166,218	\$ 176,181	\$ (9,963)	\$ 166,218	\$ 176,188	\$ (9,970)	\$ (7)	(5.7)%	(5.7)%	0.0%
International	16,499	19,472	(2,973)	16,499	19,022	(2,523)	450	(13.3)%	(15.3)%	(2.0)%
Total net sales	\$ 182,717	\$ 195,653	\$ (12,936)	\$ 182,717	\$ 195,210	\$ (12,493)	\$ 443	(6.4)%	(6.6)%	(0.2)%

⁽¹⁾ “Constant Currency” is determined by applying the 2022 average exchange rates to the prior year local currency sales amounts, with the difference between the change in “As Reported” net sales and “Constant Currency” net sales, reported in the table as “Currency Impact.” Constant currency sales growth is intended to exclude the impact of fluctuations in foreign currency exchange rates.

LIFETIME BRANDS, INC.
Supplemental Information

Reconciliation of GAAP to Non-GAAP Guidance

Adjusted EBITDA guidance for the full fiscal year ending December 31, 2022 (in millions):

Net income guidance	\$30 to \$33
Undistributed equity earnings	(1)
Income tax expense	13 to 14
Interest expense ⁽¹⁾	16
Depreciation and amortization	20
Stock compensation expense	5
Acquisition related expenses	1
Restructuring, warehouse relocation and redesign expenses	2.5
S'well integration costs	1.5
Adjusted EBITDA guidance	<u>\$88 to \$92</u>

⁽¹⁾ Includes estimate for interest expense and mark to market (gain) on interest rate derivatives

Adjusted net income and adjusted diluted income per common share guidance for the full fiscal year ending December 31, 2022 (in millions - except per share data):

Net income guidance	\$30 to \$33
Acquisition related expenses	1
Restructuring, warehouse relocation and redesign expenses	2.5
S'well integration costs	1.5
Mark to market (gain) on interest rate derivatives	(1)
Income tax effect on adjustment	(1)
Adjusted net income guidance	<u>\$33 to \$36</u>
Adjusted diluted income per share guidance	<u>\$1.50 to \$1.64</u>

Adjusted income from operations for the full fiscal year ending December 31, 2022 (in millions):

Income from operations guidance	\$58 to \$62
Acquisition related expenses	1
Restructuring, warehouse relocation and redesign expenses	2.5
S'well integration costs	1.5
Adjusted income from operations	<u>\$63 to \$67</u>

LIFETIME BRANDS, INC.
Supplemental Information
(in thousands)

Reconciliation of GAAP to Non-GAAP Operating Results

Adjusted EBITDA for the year ended December 31, 2021, 2020 and 2019:

	Three Months Ended				Year Ended
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	December 31, 2021
	(in thousands)				
Net income (loss) income as reported	\$ 3,067	\$ 5,789	\$ 12,571	\$ (626)	\$ 20,801
Undistributed equity losses (earnings), net	247	(393)	(195)	(466)	(807)
Income tax provision	2,416	1,832	5,589	6,704	16,541
Interest expense	4,014	3,819	3,835	3,856	15,524
Depreciation and amortization	5,958	5,765	5,837	4,960	22,520
Mark to market gain on interest rate derivatives	(498)	(46)	(120)	(398)	(1,062)
Intangible asset impairments	—	—	—	14,760	14,760
Stock compensation expense	1,444	1,328	1,201	1,244	5,217
Acquisition related expenses	182	72	41	378	673
Warehouse relocation expenses ⁽¹⁾	—	—	—	450	450
Wallace facility remedial design expense	—	—	500	—	500
Adjusted EBITDA ⁽²⁾	<u>\$ 16,830</u>	<u>\$ 18,166</u>	<u>\$ 29,259</u>	<u>\$ 30,862</u>	<u>\$ 95,117</u>

⁽¹⁾ Warehouse relocation expenses included \$0.1 million of expenses related to the International segment and \$0.3 million of expenses related to the U.S. segment.

⁽²⁾ Adjusted EBITDA is a non-GAAP financial measure which is defined in the Company's debt agreements. Adjusted EBITDA is defined as net income (loss), adjusted to exclude undistributed equity in losses (earnings), income tax provision, interest expense, depreciation and amortization, mark to market gain on interest rate derivatives, intangible asset impairments, stock compensation expense, and other items detailed in the table above that are consistent with exclusions permitted by our debt agreements.

	Three Months Ended				Year Ended
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	December 31, 2020
	(in thousands)				
Net (loss) income as reported	\$ (28,164)	\$ (3,977)	\$ 13,913	\$ 15,221	\$ (3,007)
Undistributed equity (earnings) losses, net	(339)	848	(147)	(1,620)	(1,258)
Income tax (benefit) provision	(3,729)	3,031	3,711	6,853	9,866
Interest expense	4,736	4,230	4,128	4,183	17,277
Depreciation and amortization	6,234	6,061	6,090	6,279	24,664
Mark to market loss (gain) on interest rate derivatives	2,251	164	(99)	(172)	2,144
Goodwill and other intangible asset impairments	20,100	—	—	—	20,100
Stock compensation expense	1,326	1,420	1,575	1,630	5,951
Acquisition related expenses	47	55	57	126	285
Restructuring expenses (benefit)	—	253	—	(42)	211
Warehouse relocation expenses ⁽¹⁾	790	303	—	—	1,093
Adjusted EBITDA ⁽²⁾	<u>\$ 3,252</u>	<u>\$ 12,388</u>	<u>\$ 29,228</u>	<u>\$ 32,458</u>	<u>\$ 77,326</u>

⁽¹⁾ Warehouse relocation expenses related to the International segment.

⁽²⁾ Adjusted EBITDA is a non-GAAP financial measure which is defined in the Company's debt agreements. Adjusted EBITDA is defined as net income (loss), adjusted to exclude undistributed equity in losses (earnings), income tax provision, interest expense, depreciation and amortization, mark to market gain on interest rate derivatives, goodwill and other intangible asset

impairments, stock compensation expense, and other items detailed in the table above that are consistent with exclusions permitted by our debt agreements.

	Three Months Ended				Year Ended
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	December 31, 2019
	(in thousands)				
Net loss as reported	\$ (4,867)	\$ (11,513)	\$ (13,519)	\$ (14,516)	\$ (44,415)
Undistributed equity losses (earnings), net	116	69	210	(738)	(343)
Income tax (benefit) provision	(2,458)	(5,795)	15,066	(5,704)	1,109
Interest expense	4,922	5,044	5,539	5,275	20,780
Depreciation and amortization	6,359	6,290	6,122	6,344	25,115
Mark to market loss (gain) on interest rate derivatives	—	(350)	(367)	315	(402)
Impairment of goodwill	—	—	9,748	33,242	42,990
Stock compensation expense	907	1,193	1,505	1,436	5,041
SKU Rationalization ⁽¹⁾	—	8,500	—	—	8,500
Acquisition and divestment related expenses	151	—	—	55	206
Restructuring expenses ⁽¹⁾	608	173	338	316	1,435
Integration charges ⁽¹⁾	174	695	235	159	1,263
Warehouse relocation expenses ⁽¹⁾	215	—	881	1,689	2,785
Adjusted EBITDA, before limitation	<u>\$ 6,127</u>	<u>\$ 4,306</u>	<u>\$ 25,758</u>	<u>\$ 27,873</u>	<u>\$ 64,064</u>
Permitted non-recurring charge limitation ⁽¹⁾					<u>\$ (8,929)</u>
Adjusted EBITDA ⁽²⁾					<u>\$ 55,135</u>

⁽¹⁾ Permitted non-recurring charges include restructuring expenses, integration charges, warehouse relocation costs, and SKU Rationalization. These are permitted exclusions from the Company's adjusted EBITDA, subject to limitations, pursuant to the Company's Debt Agreements.

⁽²⁾ Adjusted EBITDA is a non-GAAP financial measure which is defined in the Company's debt agreements. Adjusted EBITDA is defined as net income (loss), adjusted to exclude undistributed equity in losses (earnings), income tax (benefit) provision, interest expense, depreciation and amortization, mark to market loss (gain) on interest rate derivatives, goodwill impairments, stock compensation expense, and other items detailed in the table above that are consistent with exclusions permitted by our debt agreements.

LIFETIME BRANDS, INC.
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(in thousands—except per share data)

Reconciliation of GAAP to Non-GAAP Operating Results (continued)

Adjusted net income and adjusted diluted income per common share (in thousands - except per share data):

	Year Ended December 31,	
	2021	
Net income as reported	\$	20,801
Adjustments:		
Acquisition related expenses		673
Warehouse relocation expenses ⁽¹⁾		450
Mark to market (gain) on interest rate derivatives		(1,062)
Intangible asset impairments		14,760
Foreign currency translation loss reclassified from Accumulated Other Comprehensive Loss		3,404
Gain on change in ownership in equity method investment		(2,703)
Wallace facility remedial design expense		500
Income tax effect on adjustments		(28)
Adjusted net income ⁽²⁾	\$	36,795
Adjusted diluted income per share ⁽²⁾⁽³⁾	\$	1.67

⁽¹⁾ For the year ended December 31, 2021, warehouse relocation expenses included \$0.1 million of expenses related to the International segment and \$0.3 million of expenses related to the U.S. segment.

⁽²⁾ Adjusted net income and adjusted diluted income per common share in the year ended December 31, 2021 excludes acquisition related expenses, warehouse relocation expenses, mark to market (gain) on interest rate derivatives, intangible asset impairments, foreign currency translation loss reclassified from Accumulated Other Comprehensive Loss, gain on change in ownership in equity method investment and Wallace facility remedial design expense. The income tax effect on adjustments reflects the statutory tax rates applied on the adjustments.

⁽³⁾ Adjusted diluted income per common share is calculated based on diluted weighted-average shares outstanding of 22,037 for the year ended December 31, 2021. The diluted weighted-average shares outstanding for the year ended December 31, 2021 include the effect of dilutive securities of 640 shares.

Adjusted income from operations (in thousands):

	Year Ended December 31,	
	2021	
	(in thousands)	
Income from operations	\$	50,842
Adjustments:		
Intangible asset impairments		14,760
Acquisition related expenses		673
Warehouse relocation expenses ⁽¹⁾		450
Total adjustments		15,883
Adjusted income from operations ⁽²⁾	\$	66,725

⁽¹⁾ Warehouse relocation expenses included \$0.1 million of expenses related to the International segment and \$0.3 million of expenses related to the U.S. segment.

⁽²⁾ Adjusted income from operations for the year ended December 31, 2021, excludes intangible asset impairments, acquisition related expenses and warehouse relocation expenses.