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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended May 1, 2021

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
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 130 Spokane Valley, WA 99216	99216
Address of Principal Executive Offices	Zip Code

(855) 300-2710
Registrant's Telephone Number, Including Area Code

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report

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 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, 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 ☐
Non-accelerated filer ☒
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 is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

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 ☐

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, $.01 par value,
2,487,752 shares outstanding as of June 10, 2021
Kaspien Holdings Inc.

KASPIEN HOLDINGS INC. AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q
INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

KASPIEN HOLDINGS INC. AND SUBSIDIARIES
PART 1. FINANCIAL INFORMATION
Item 1 - Interim Condensed Consolidated Financial Statements
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share and share amounts)
(unaudited)
See Accompanying Notes to Interim Condensed Consolidated Financial Statements.

	May 1, 2021	January 30, 2021	May 2, 2020
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 5,030	$ 1,809	$ 7,078
Restricted cash	1,184	1,184	950
Accounts receivable	3,113	2,718	2,644
Merchandise inventory	22,567	24,515	17,157
Prepaid expenses and other current assets	592	564	639
Total current assets	32,486	30,790	28,468
Restricted cash	3,277	3,562	4,648
Fixed assets, net	2,366	2,268	2,256
Operating lease right-of-use assets	2,595	2,742	3,171
Intangible assets, net	475	732	1,503
Cash Surrender Value	4,168	3,856	3,056
Other assets	1,230	1,342	2,138
TOTAL ASSETS	$ 46,597	$ 45,292	$ 45,240
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	$ 5,682	$ 8,894	$ 5,938
Short-term borrowings	-	6,339	4,531
Accrued expenses and other current liabilities	2,640	2,512	5,046
Current portion of operating lease liabilities	609	596	551
Current portion of PPP loan	2,018	1,687	-
Total current liabilities	10,949	20,028	16,066
Operating lease liabilities	2,101	2,258	2,714
PPP Loan	-	330	2,018
Long-term debt	5,261	5,000	4,170
Other long-term liabilities	15,954	16,187	19,820
TOTAL LIABILITIES	34,265	43,803	44,788
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; 3,889,169, 3,336,576 and 3,235,576 shares issued, respectively)	39	33	32
Additional paid-in capital	358,749	346,495	346,442
Treasury stock at cost (1,410,417, 1,410,378 and 1,410,378 shares, respectively)	(230,170)	(230,169)	(230,169)
Accumulated other comprehensive loss	(2,007)	(2,007)	(1,476)
Accumulated deficit	(114,279)	(112,863)	(114,377)
TOTAL SHAREHOLDERS' EQUITY	12,332	1,489	452
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 46,597	$ 45,292	$ 45,240

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KASPIEN HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(amounts in thousands)
(unaudited)

	Thirteen Weeks Ended	
	May 1, 2021	**May 2, 2020**
Net revenue	$ 40,617	$ 31,589
Cost of sales	30,821	23,671
Gross profit	9,796	7,918
Selling, general and administrative expenses	10,657	13,096
Loss from operations	(861)	(5,178)
Interest expense	555	228
Loss from operations before income tax expense	(1,416)	(5,406)
Income tax expense	-	-
Net loss	$ (1,416)	$ (5,406)
BASIC AND DILUTED INCOME PER SHARE:		
Basic and diluted loss per common share	$ (0.61)	$ (2.97)
Weighted average number of common shares outstanding – basic and diluted	2,317	1,820

See Accompanying Notes to Interim Condensed Consolidated Financial Statements.

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

	Thirteen Weeks Ended	
	May 1, 2021	May 2, 2020
Net loss	$ (1,416)	$ (5,406)
Amortization of pension gain	-	1
Comprehensive loss	$ (1,416)	$ (5,405)

See Accompanying Notes to Interim Condensed Consolidated Financial Statements.

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

Thirteen Weeks Ended May 1, 2021

	Number of shares outstanding							
	Common Shares	*Treasury Shares*	Common Stock	Additional Paid-in Capital	Treasury Stock At Cost	Accumulated Other Comprehensive Loss	Retained Earnings (Accumulated Deficit)	Shareholders' Equity
Balance as of January 30, 2021	*3,337*	*(1,410)*	$ 33	$ 346,495	$ (230,169)	$ (2,007)	$ (112,863)	$ 1,489
Net Loss	-	-	-	-	-	-	(1,416)	(1,416)
Exercise of warrants	*136*	-	2	-	(1)	-	-	1
Sale of shares, net of expenses	*416*	-	4	12,227	-	-	-	12,231
Amortization of unearned compensation/restricted stock amortization	-	-	-	27	-	-	-	27
Balance as of May 1, 2021	*3,889*	*$ (1,410)*	$ 39	$ 358,749	$ (230,170)	$ (2,007)	$ (114,279)	$ 12,332

Thirteen Weeks Ended May 2, 2020

	Number of shares outstanding							
	Common Shares	*Treasury Shares*	Common Stock	Additional Paid-in Capital	Treasury Stock At Cost	Accumulated Other Comprehensive Loss	Retained Earnings (Accumulated Deficit)	Shareholders' Equity
Balance as of February 1, 2020	*3,226*	*(1,409)*	$ 32	$ 345,102	$ (230,169)	$ (1,479)	$ (108,971)	$ 4,515
Net Loss	-	-	-	-	-	-	(5,406)	(5,406)
Other comprehensive income	-	-	-	-	-	3	-	3
Issuance of warrants	-	-	-	836	-	-	-	836
Vested restricted shares	*4*	*(1)*	-	(9)	-	-	-	(9)
Common stock issued- Director grants	*6*	-	-	243	-	-	-	243
Amortization of unearned compensation/restricted stock amortization	-	-	-	269	-	-	-	269
Balance as of May 2, 2020	*3,236*	*$ (1,410)*	$ 32	$ 346,442	$ (230,169)	$ (1,476)	$ (114,377)	$ 452

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

	Thirteen Weeks Ended	
	May 1, 2021	May 2, 2020
OPERATING ACTIVITIES:		
Net income loss	$ (1,416)	$ (5,406)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of fixed assets	346	234
Amortization of intangible assets	257	257
Stock-based compensation	27	269
Interest on long-term debt	242	-
Amortization of ROU asset	147	140
Change in cash surrender value	(312)	297
Changes in operating assets and liabilities that provide (use) cash:		
Accounts receivable	(396)	1,496
Merchandise inventory	1,949	679
Prepaid expenses and other current assets	(28)	2,180
Other long-term assets	113	-
Accounts payable	(3,211)	(1,941)
Accrued expenses and other current liabilities	147	(5,026)
Other long-term liabilities	(378)	305
Net cash provided by (used in) operating activities	(2,513)	(6,516)
INVESTING ACTIVITIES:		
Purchases of fixed assets	(444)	(300)
Proceeds from sale of fye business	-	11,779
Net cash provided by (used in) investing activities	(444)	11,479
FINANCING ACTIVITIES:		
Proceeds from short term borrowings	-	4,531
Proceeds from long term borrowings	-	4,389
Proceeds from stock offering	12,231	-
Proceeds from issuance of warrants	-	836
Proceeds from PPP loan	-	2,017
Exercise of warrants	1	-
Issuance of director deferred shares and RSUs	-	237
Payment of short term borrowings	(6,339)	(13,149)
Net cash provided by (used in) financing activities	5,893	(1,139)
Net decrease in cash, cash equivalents, and restricted cash	2,936	3,824
Cash, cash equivalents, and restricted cash, beginning of period	6,555	8,852
Cash, cash equivalents, and restricted cash, end of period	$ 9,491	$ 12,676

See Accompanying Notes to Interim Condensed Consolidated Financial Statements.

KASPIEN HOLDINGS INC. AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
May 1, 2021 and May 2, 2020

Note 1. Nature of Operations

Kaspien Holdings Inc., which, together with its consolidated subsidiaries, is referred to herein as “Kaspien”, “the Company”, “we”, “us” and “our”, was incorporated in New York in 1972. We own 100% of the outstanding common stock of Kaspien Inc, through which our principal operations are conducted. Kaspien provides a platform of software and services to empower brands to grow their online distribution channels on digital marketplaces such as Amazon, Walmart, Target, eBay, among others. The Company helps brands achieve their online retail goals through its innovative and proprietary technology, tailored strategies, and mutually beneficial partnerships.

Our mission is to optimize and grow brands on today’s leading online marketplaces. To deliver this mission, we provide a platform of software and services to empower brands to grow their online distribution channel on digital marketplaces. Our proprietary software platform of marketplace solutions has been developed with a tech-first approach over the last decade. Through our platform, more than a decade of marketplace expertise, and our subject matter expertise, Kaspien empowers brands to achieve their online retail goals. Through our diversified and flexible partnership approach, Kaspien supports brands all across their brands' life cycle and maturity online.

The Company has positioned itself to be a brand’s ultimate online growth partner. We are guided by seven core principles:

Partner Obsession	Insights Driven
Simplicity	Innovation
Results	Ownership
Diversity and Teamwork	

Liquidity and Cash Flows:

The Company’s primary sources of liquidity are its borrowing capacity under its revolving credit facility, available cash and cash equivalents, funds raised through equity offerings 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. 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 net revenue; the timing and amount of our operating expenses; the timing and costs of working capital needs; successful implementation of our strategy and planned activities; and our ability to overcome the impact of the COVID-19 pandemic.

The Company incurred a net loss of $1.4 million and $5.4 million for the thirteen weeks ended May 1, 2021 and May 2, 2020, respectively. The decrease in the net loss was primarily attributable to an increase in sales and lower SG&A expenses. In addition, the Company has an accumulated deficit of $114.3 million as of May 1, 2021 and net cash used in operating activities for the thirteen weeks ended May 1, 2021 was $2.5 million. Net cash used in operating activities for the thirteen weeks ended May 2, 2020 was $6.5 million.

As disclosed in the Company's Annual Report on Form 10-K filed April 30, 2021, the Company experienced negative cash flows from operations during fiscal 2020 and 2019 and we expect to incur net losses in fiscal 2021.

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; successful implementation of our strategy and planned activities; and our ability to overcome the impact of the COVID-19 pandemic.

There can be no assurance that we will be successful in further implementing our business strategy or that the strategy will be successful in sustaining acceptable levels of sales growth and profitability. In addition, the proceeds from the PPP Loan are subject to audit and there is a risk of repayment. The unaudited condensed consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

The unaudited condensed consolidated financial statements for the thirteen weeks ended May 1, 2021 were prepared pursuant to the rules and regulations of the Securities and Exchange Commission. The information furnished in these unaudited condensed consolidated financial statements reflects all normal, recurring adjustments which, in the opinion of management, are necessary for the fair presentation of such financial statements. 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 that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. For the next 12 months, management believes that the Company's existing liquidity will be adequate to fund its working capital needs. The ability of the Company to meet its liabilities is dependent on continued improved profitability and the other factors set forth in the preceding paragraph. Management anticipates any cash requirements due to a shortfall in cash from operations will be funded by the Company's revolving credit facility, as discussed in note 7 in the interim condensed consolidated financial statements.

As of May 1, 2021, we had cash and cash equivalents of $5.0 million, net working capital of $21.5 million, and no outstanding borrowings on our revolving credit facility, as further discussed below.

As of January 30, 2021, the Company had borrowings of $6.3 million under the Credit Facility. As of May 1, 2021 and May 2, 2020, the Company had no outstanding letters of credit. The Company had $10.9 million and $5.0 million available for borrowing under the Credit Facility as of May 1, 2021 and May 2, 2020, respectively.

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 intends to use 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.

Credit Facility

On February 20, 2020, Kaspien Inc. entered into a Loan and Security Agreement (the "Loan Agreement") with Encina Business Credit, LLC ("Encina"), as administrative agent, under which the lenders party thereto committed to provide up to $25 million in loans under a three-year, secured revolving credit facility (the "Credit Facility"). The Company borrowed $3.3 million under the Credit Facility in order to satisfy the remaining obligations of the Company under its previous credit facility.

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 May 1, 2021, the Company had no borrowings under the Credit Facility. The Company had $10.9 million available for borrowing as of May 1, 2021.

Subordinated Debt Agreement

On March 30, 2020, the Company and Kaspien (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 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 with a scheduled maturity date of May 22, 2023. As of May 1, 2021, unamortized debt issuance costs of $0.1 million are included in "Long Term Debt" on the unaudited condensed 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.

On March 30, 2020, in conjunction with the Subordinated Loan Agreement, the Company issued warrants to purchase up to 244,532 shares of Common Stock with an aggregate grant date fair value of $0.8 million recorded as a discount to the Subordinated Loan Agreement, $0.5 million of which was unamortized as of January 30, 2021. As of May 1, 2021, 7,539 warrants remain outstanding.

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"). The PPP Loan, which was in the form of a promissory note (the "Note"), dated April 10, 2020, between Kaspien and First Interstate Bank, as the lender, matures on April 17, 2022, bears interest at a fixed rate of 1% per annum, and is payable in monthly installments of $112,976. While under the terms of the PPP, some or all of the PPP Loan amount may be forgiven if the PPP Loan proceeds are used for qualifying expenses as described in the CARES Act and the Note, such as payroll costs, benefits, rent, and utilities, there is no assurance that the Company will be successful in qualifying for and receiving forgiveness on the PPP Loan amount. On August 20, 2020, the Company submitted an application for forgiveness to the SBA. On October 30, 2020, the Company received a follow up letter requesting additional information related to its forgiveness application. The Company submitted the requested information on November 9, 2020. On January 4, 2021, the Company received another request for additional information. The Company submitted the requested information on January 14, 2021. On April 14, 2021, the Company received another request for additional information. The Company submitted the requested information on April 26, 2021. As of June 10, 2021, the Company has not received a decision on its PPP Loan forgiveness request.

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. However, at this time the Company has no commitments to obtain any additional funds, and there can be no assurance such funds will be available on acceptable terms or at all, should we require such additional funds. 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.

Impact of COVID-19

To date, as a direct result of COVID-19, most of our employees are working remotely. The full extent to which the COVID-19 pandemic will directly or indirectly impact our business, results of operations and financial condition, including expenses, reserves and allowances, and employee-related amounts, will depend on future developments that are highly uncertain, including as a result of new information that may emerge concerning COVID-19 and the actions taken to contain or treat it, as well as the economic impact on local, regional, national and international customers and markets, which are highly uncertain and cannot be predicted at this time. Management is actively monitoring this situation and the possible effects on its financial condition, liquidity, operations, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the response to curb its spread, currently we are not able to estimate the effects of the COVID-19 outbreak to our results of operations, financial condition, or liquidity.

In response to the rapidly evolving COVID-19 pandemic, we activated our business continuity program, led by our Executive Team in conjunction with Human Resources, to help us manage the situation. In mid-March of 2020, we transitioned our corporate office staff to work 100% remotely. This process was aided through the implementation of a flexible work from home policy rolled out to the organization in fiscal 2019, having a companywide communication platform for instant messaging and video conferencing, and cloud-based critical business applications. However, while our business is not dependent on physical office locations nor travel, having a 100% remote workforce does present increased operational risk. Our leadership team believes we have the necessary controls in place to mitigate these impacts and allow the team to continue to operate effectively remotely as long as required by State guidelines.

While e-commerce has largely benefited from the closure of brick-and-mortar locations as consumer spending has been pushed online to marketplaces such as Amazon and Walmart, neither the industry nor our organization has been immune to the impact to our supply chains. For instance, in March 2020, Amazon reduced replenishment in their fulfillment centers to essential items which limited a significant percentage of SKUs carried by Kaspien and a number of Kaspien's partners shut their warehouses or suffered limited processing capacity due to COVID-19. While Amazon has since lifted restrictions and the leadership team executed contingency plans to mitigate the adverse impact from these restrictions, this highlights the fluid nature of COVID-19 across supply chains.

Additionally, since the beginning of the pandemic, tens of millions of Americans have lost their jobs, significantly increasing the risk of near-term economic contraction in the United States that may affect e-commerce sales. The risk of another wave or increased numbers of positive COVID-19 cases also presents further risk to supply chains. Leadership is actively monitoring the situation and potential impacts on its financial condition, liquidity, operations and workforce but the full extent of the impact is still highly uncertain.

Note 2. Basis of Presentation

The accompanying interim condensed 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 intercompany accounts and transactions have been eliminated.

The interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. The information furnished in these unaudited interim condensed consolidated financial statements reflects all normal, recurring adjustments which, in the opinion of management, are necessary for the fair presentation of such financial statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of net revenue and expenses during the reporting period. Actual results could differ from those estimates. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to rules and regulations applicable to interim financial statements.

The accompanying unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations as of and for the year ended January 30, 2021 contained in the Company's Annual Report on Form 10-K filed April 30, 2021. The results of operations for the thirteen weeks ended May 1, 2021 are not necessarily indicative of the results to be expected for the entire fiscal year ending January 29, 2022.

The Company's significant accounting policies are the same as those described in Note 1 to the Company's Consolidated Financial Statements on Form 10-K for the fiscal year ended January 30, 2021. In order to conform with industry practice, effective with the first quarter of fiscal year 2021, commission fees from online marketplaces, which were previously reported as cost of goods sold on the consolidated statements of operations, are now included in SG&A expense. Prior periods have been reclassified to conform to the current period presentation. Commission fees for the 13-week period ended May 1, 2021 were $5.9 million and commission fees of $4.6 million were reclassified for the 13-weeks ended May 2, 2020.

Note 3. Recently Adopted 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 August 2018, the FASB issued ASU 2018-14, "Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans", which removes certain disclosures that are no longer cost beneficial and also includes additional disclosures to improve the overall usefulness of the disclosure requirements to financial statement users. This standard will be effective for public entities for fiscal years beginning after December 15, 2020, however early adoption is permitted. This standard has an immaterial impact on the consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, "Simplifying the Accounting for Income Taxes" (Topic 740), which simplifies the accounting for income taxes by eliminating certain exceptions to the guidance in ASC 740 related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The standard also simplifies aspects of the enacted changes in tax laws or rates. This standard will be effective for public entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, however early adoption is permitted. This standard has an immaterial impact 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. Adoption is permitted at any time. The Company is currently evaluating the impact this update will have on its Condensed Consolidated Financial Statements.

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 4. 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. We review amortizable intangible asset groups for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable.

Identifiable intangible assets as of May 1, 2021 consisted of the following (amounts in thousands):

	May 1, 2021				
	Weighted Average Amortization Period (in months)	Original Gross Carrying Amount	Accumulated Impairment	Accumulated Amortization	Net Carrying Amount
Technology	60	6,700	2,587	3,951	162
Trade names and trademarks	60	3,200	-	2,887	313
		$ 9,900	$ 2,587	$ 6,838	$ 475

The changes in net intangibles and goodwill from January 30, 2021 to May 1, 2021 were as follows:

(amounts in thousands)	**January 30, 2021**	**Impairment Expense**	**Amortization Expense**	**May 1, 2021**
Amortized intangible assets:				
Technology	$ 259	$ -	$ 97	$ 162
Trade names and trademarks	473	-	160	313
Net amortized intangible assets	$ 732	$ -	$ 257	$ 475

Amortization expense of intangible assets for the thirteen weeks ended May 1, 2021 and May 2, 2020 consisted of the following:

	Thirteen Weeks Ended	
(amounts in thousands)	**May 1, 2021**	**May 2, 2020**
Amortized intangible assets:		
Technology	97	97
Trade names and trademarks	160	160
Total amortization expense	$ 257	$ 257

The remaining amortization expense will be recognized in fiscal 2021, at which time all of the other intangible assets will be fully amortized.

Note 5. Depreciation and Amortization

Depreciation and amortization included in selling, general and administrative expenses of the interim condensed consolidated statements of operations for the thirteen weeks ended May 1, 2021 and May 2, 2020 was $0.6 million and $0.5 million, respectively.

Note 6. Restricted Cash

As a result of the death of its former Chairman, the Company holds $4.5 million in a rabbi trust, of which $1.2 million is classified as restricted cash in current assets and $3.3 million is classified as restricted cash in other assets on the accompanying interim condensed consolidated balance sheet as of May 1, 2021.

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

	May 1, 2021	January 30, 2021	May 2, 2020
Cash and cash equivalents	$ 5,030	$ 1,809	$ 7,078
Restricted cash	4,461	4,746	5,598
Total cash, cash equivalents and restricted cash	$ 9,491	$ 6,555	$ 12,676

Note 7. Debt

Credit Facility

On February 20, 2020, Kaspien Inc. entered into a Loan and Security Agreement (the "Loan Agreement") with Encina Business Credit, LLC ("Encina"), as administrative agent, under which the lenders party thereto committed to provide up to $25 million in loans under a three-year, secured revolving credit facility (the " New Credit Facility"). The Company borrowed $3.3 million under the Credit Facility to satisfy the remaining obligations of the Company under its previous credit facility.

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.

Interest under the Credit Facility accrues, subject to certain terms and conditions under the Loan Agreement, at a LIBOR Rate or Base Rate, plus, in each case, an Applicable Margin, which is determined by reference to the level of Availability as defined in the Loan Agreement, with the Applicable Margin for LIBOR Rate loans ranging from 4.00% to 4.50% and the Applicable Margin for Base Rate loans ranging from 3.00% to 3.50%.

The Credit Facility is secured by a first priority security interest in substantially all of the assets of Kaspien , including inventory, accounts receivable, cash and cash equivalents and certain other collateral of the borrowers and guarantors under the Credit Facility (collectively, the "Credit Facility Parties") and by a first priority pledge by the Company of its equity interests in Kaspien . The Company will provide a limited guarantee of Kaspien's obligations under the Credit Facility.

Among other things, the Loan Agreement limits 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 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 Credit Facility Parties taken as a whole, the occurrence of an uninsured loss to a material portion of collateral and failure of the obligations under the Credit Facility to constitute senior indebtedness under any applicable subordination or intercreditor agreements.

On March 30, 2020, the Company and Kaspien (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.

As of May 1, 2021, the company had no borrowings under the Credit Facility. The Company had $10.9 million available for borrowing as of May 1, 2021.

The Company records short term borrowings at cost, in which the carrying value approximates fair value due to its short-term maturity.

Subordinated Loan Agreement
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 with a scheduled maturity date of May 22, 2023.

Interest on the Subordinated Loan accrues, subject to certain terms and conditions under the Subordinated Loan Agreement, at the rate of twelve percent (12.0%) per annum, compounded on the last day of each calendar quarter by becoming a part of the principal amount of the Subordinated Loan.

The Subordinated Loan is 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 (collectively, the "Second Lien Credit Facility Parties"). The Company will provide a limited guarantee of Kaspien 's obligations under the 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 Second Lien Credit Facility Parties 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 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 May 1, 2021, 7,539 warrants remain outstanding.

The value of the warrants of $0.8 million was allocated against the principal proceeds of the Subordinated Debt Agreement.

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"). The PPP Loan, which was in the form of a promissory note (the "Note"), dated April 10, 2020, between Kaspien and First Interstate Bank, as the lender, matures on April 17, 2022, bears interest at a fixed rate of 1% per annum, and is payable in monthly installments of $112,976. While under the terms of the PPP, some or all of the PPP Loan amount may be forgiven if the PPP Loan proceeds are used for qualifying expenses as described in the CARES Act and the Note, such as payroll costs, benefits, rent, and utilities, there is no assurance that the Company will be successful in qualifying for and receiving forgiveness on the PPP Loan amount. On August 20, 2020, the Company submitted an application for forgiveness to the SBA. On October 30, 2020, the Company received a follow up letter requesting additional information related to its forgiveness application. The Company submitted the requested information on November 9, 2020. On January 4, 2021, the Company received another request for additional information. The Company submitted the requested information on January 14, 2021. On April 14, 2021, the Company received another request for additional information. The Company submitted the requested information on April 26, 2021. As of June 10, 2021, the Company has not received a decision on its PPP Loan forgiveness request.

Note 8. Stock Based Compensation
The Company has outstanding awards under three 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 "Old Plans"); and the 2005 Long Term Incentive and Share Award Plan (as amended and restated April 5, 2017 (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 250,000. As of May 1, 2021, of the awards authorized for issuance under the Stock Award Plans, 131,956 options were granted and are outstanding, 45,025 of which were vested and exercisable. Shares available for future grants of options and other share-based awards under the New Plan at May 1, 2021 were 145,519 million.

The following table summarizes stock award activity during the thirteen weeks ended May 1, 2021:

	Employee Stock Award Plans		
	Number of Shares Subject To Option	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Balance January 30, 2021	133,356	$ 20.41	7.3
Granted	2,887	32.54	-
Forfeited	(2,887)	7.12	9.1
Canceled	(1,400)	34.60	-
Exercised	-	-	-
Balance May 1, 2021	131,956	$ 20.81	7.1
Exercisable May 1, 2021	45,025	$ 45.94	2.7

As of May 1, 2021, the intrinsic value of stock awards outstanding was $1.4 million and the intrinsic value of stock awards exercisable was $112,850.

Note 9. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss that the Company reports in the interim condensed consolidated balance sheets represents net loss, adjusted for the difference between the accrued pension liability and accrued benefit cost, net of taxes, associated with the Company's defined benefit plan. For the thirteen weeks ended May 1, 2021, Comprehensive loss consists of net loss. For the thirteen weeks ended May 2, 2020, Comprehensive Loss consists of net loss and the amortization of pension gains associated with Company's defined benefit.

Note 10. Defined Benefit Plan

The Company maintains a non-qualified Supplemental Executive Retirement Plan ("SERP") for certain executive officers of the Company. The SERP provides eligible executives defined pension benefits that supplement benefits under other retirement arrangements. As of February 28, 2020, no active employees were participants in the SERP. During the thirteen weeks ended May 1, 2021, the Company did not make any cash contributions to the SERP and presently expects to pay approximately $1.2 million in benefits relating to the SERP during fiscal 2021.

The measurement date for the SERP is the fiscal year end, using actuarial techniques which reflect estimates for mortality, turnover and expected retirement. In addition, management makes assumptions concerning future salary increases. Discount rates are generally established as of the measurement date using theoretical bond models that select high-grade corporate bonds with maturities or coupons that correlate to the expected payouts of the applicable liabilities.

The following represents the components of the net periodic pension cost related to the Company's SERP for the respective periods:

	Thirteen Weeks Ended	
(amounts in thousands)	**May 1, 2021**	**May 2, 2020**
Interest cost	$ 63	$ 89
Amortization of net gain[1]	-	(3)
Net periodic pension cost	$ 63	$ 86

[1] The amortization of net gain is related to a director retirement plan previously provided by the Company.

Note 11. Basic and Diluted Loss Per Share

Basic loss per share is calculated by dividing net loss by the weighted average common shares outstanding for the period. Diluted loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock (net of any assumed repurchases) that then shared in the earnings of the Company, if any. It is computed by dividing net loss by the sum of the weighted average shares outstanding and additional common shares that would have been outstanding if the dilutive potential common shares had been issued for the Company's common stock awards from the Company's Stock Award Plans.

For the thirteen-week periods ended May 1, 2021 and May 2, 2020, the impact of all outstanding stock awards was not considered because the Company reported net losses in both periods and such impact would be anti-dilutive. Accordingly, basic and diluted loss per share was the same. Total anti-dilutive stock awards for the thirteen weeks ended May 1, 2021 and May 2, 2020 were approximately 0.1 million shares for both periods.

Note 12. Income Taxes

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 on 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 available objective evidence, management concluded that a full valuation allowance should continue to be recorded against the Company's deferred tax assets. Management will continue to assess the need for and amount of the valuation allowance against the deferred tax assets by giving consideration to all available evidence to the Company's ability to generate future taxable income in its conclusion of the need for a full valuation allowance. Any reversal of the Company's valuation allowance will favorably impact its results of operations in the period of reversal. The Company is currently unable to determine whether or when that reversal might occur, but it will continue to assess the realizability of its deferred tax assets and will adjust the valuation allowance if it is more likely than not that all or a portion of the deferred tax assets will become realizable in the future. The Company has significant net operating loss carry forwards and other tax attributes that are available to offset projected taxable income and current taxes payable, if any, for the year ending January 30, 2021. The deferred tax impact resulting from the utilization of the net operating loss carry forwards and other tax attributes will be offset by a reduction in the valuation allowance. As of January 30, 2021, the Company had a net operating loss carry forward of $346.7 million for federal income tax purposes and approximately $219.5 million for state income tax purposes that expire at various times through 2040 and are subject to certain limitations and statutory expiration periods. The Company has not changed its overall conclusion with respect to the need for a valuation allowance against its net deferred tax assets, which remain fully reserved.

Note 13. 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. As a result, the liability for the cases listed below is remote.

Loyalty Memberships and Magazine Subscriptions Class Action

On November 14, 2018, three consumers filed a punitive class action complaint against the Company and Synapse Group, Inc. in the United States District Court for the District of Massachusetts, Boston Division (Case No.1:18-cv-12377-DPW) concerning enrollment in the Company's Backstage Pass VIP loyalty program and associated magazine subscriptions. The complaint alleged, among other things, that the Company's "negative option marketing" misled consumers into enrolling for membership and subscriptions without obtaining the consumers' consent. The complaint sought to represent a nationwide class of "all persons in the United States" who were enrolled in and/or charged for Backstage Pass VIP memberships and/or magazine subscriptions, and to obtain statutory and actual damages on their behalf.

On April 11, 2019, the plaintiffs voluntarily dismissed their lawsuit. On May 8, 2019, two of the plaintiffs from the dismissed lawsuit filed a similar putative class action in Massachusetts state court (Civ. Act. No. 197CV00331, Mass. Super. Ct. Hampden Cty.), based on the same allegations, but this time seeking to represent only a class of "FYE customers in Massachusetts" who were charged for VIP Backstage Pass Memberships and/or magazine subscriptions. The Company removed that lawsuit back to federal court on June 12, 2019, and then filed a motion to dismiss and/or strike the plaintiff's class action allegations on June 28, 2019. On February 2, 2021 the court granted the Company's motion, struck the class action allegations, and dismissed the individual plaintiffs' claims for lack of jurisdiction. Plaintiffs appealed the court's decision on February 24, 2021. The parties participated in a mandatory court-annexed mediation session on April 8, 2021. The parties agreed on terms to resolve the matter fully and finally, and the appeal was dismissed without material impact on the financial results of the Company.

Store Manager Class Actions
There are two pending class actions. The first, Spack v. Trans World Entertainment Corp. was originally filed in the District of New Jersey, April 2017 (the "Spack Action"). The Spack Action alleges that the Company misclassified Store Managers ("SMs") as exempt nationwide. It also alleges that Trans World improperly calculated overtime for Senior Assistant Managers ("SAMs") nationwide, and that both SMs and SAMs worked "off-the-clock." It also alleges violations of New Jersey and Pennsylvania State Law with respect to calculating overtime for SAMs. The second, Roper v. Trans World Entertainment Corp., was filed in the Northern District of New York, May 2017 (the "Roper Action"). The Roper Action also asserts a nationwide misclassification claim on behalf of SMs. Both actions were consolidated into the Northern District of New York, with the Spack Action being the lead case.

The Company has reached a settlement with the plaintiffs for both store manager class actions, which has received approval from the court. The Company reserved $0.4 million for the settlement as of January 30, 2021. Notices of the settlement have been issued to class members, and the settlement claims process is currently ongoing.

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 2021.

KASPIEN HOLDINGS INC. AND SUBSIDIARIES
PART 1. FINANCIAL INFORMATION
Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations
May 1, 2021 and May 2, 2020

Overview

Management's Discussion and Analysis of Financial Condition and Results of Operations provides information that the Company's management believes necessary to achieve an understanding of its financial statements 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, availability of new products, change in vendor policies or relationships, general economic factors in markets where the Company's merchandise is sold; and other factors discussed in the Company's filings with the Securities and Exchange Commission. The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes included elsewhere in this report and the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K as of and for the fiscal year ended January 30, 2021.

The Company operates Kaspien , which provides a platform of software and services to grow a brand's online distribution channel on digital marketplaces such as Amazon, Walmart, and eBay, among others. Kaspien empowers brands to achieve their online retail goals through its innovative, proprietary technology, tailored strategies, and mutually beneficial partnerships.

Kaspien is positioning itself to be a brand's ultimate online growth partner and is guided by seven core principles:

- Partner Obsession
- Insights Driven
- Simplicity
- Innovation
- Results
- Ownership
- Diversity and Teamwork

The Company's results have been, and will continue to be, contingent upon management's ability to understand industry trends and to manage the business in response to those trends and general economic trends. Management monitors several key performance indicators to evaluate its performance, including:

Net Revenue: The Company measures total year over year sales growth. The Company measures its sales performance through several key performance indicators including number of partners, 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, distribution costs, and Amazon commissions and fulfillment fees.

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.

Selling, General and Administrative ("SG&A") Expenses: Included in SG&A expenses are payroll and related costs, occupancy charges, general operating and overhead expenses and depreciation charges.

Balance Sheet and Ratios: The Company views cash and working capital (current assets less current liabilities) as relevant indicators of its financial position. See Liquidity and Cash Flows section for further discussion of these items.

RESULTS OF OPERATIONS

Thirteen Weeks Ended May 1, 2021
Compared to the Thirteen Weeks Ended May 2, 2020

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

	Thirteen weeks ended			
	May 1, 2021		May 2, 2020	
Amazon US	$ 37,516	92.4%	$ 29,965	94.9%
Amazon International	2,268	5.6%	1,230	3.9%
Walmart & other marketplaces	378	0.9%	225	0.7%
Subtotal Retail as a Service	40,162	98.9%	31,420	99.5%
Subscriptions	455	1.1%	169	0.5%
Total	$ 40,617	100.0%	$ 31,589	100.0%

Net revenue increased 28.6% to $40.6 million for the three months ended May 1, 2021 compared to $31.6 million for the three months ended May 2, 2020. The primary source of revenue is the Retail as a Service ("RaaS") model, which represented 98.9% of net revenue. As part of the Company's diversification strategic initiative, net revenue from non-Amazon US marketplaces increased to 6.5% of net revenue from 4.6% of net revenue in the comparable period from the prior year. The increase was attributable to Amazon International, Walmart, Target and other Marketplaces. Subscriptions and Other share of net revenue increased to 1.1% of net revenue from 0.5% of net revenue in the comparable period from the prior year. The increase was attributable to an increase in the number of partners and higher gross merchandise value ("GMV") of partner revenue flowing through the platform Amazon Marketplace.

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.

Total active partner count at year end was approximately 767, including 630 retail partners and 137 subscription (Agency and SaaS) partners. The Company's subscriptions partner base as of May 1, 2021 increased 80% compared to the fiscal first quarter of 2020.

Platform GMV for the three months ended May 1, 2021 was $63.4 million as compared to $42.9 million for the three months ended May 2, 2020. Retail GMV increased 30% to $42.6 million compared to $32.7 million in the comparable year-ago period. Subscription GMV increased 105% to $20.9 million, or 33.0% of total GMV, compared to $10.2 million, or 23.8% of total GMV, in the comparable year-ago period.

Gross Profit. Gross profit increased to $9.8 million, or 24.1% of net revenue for the thirteen weeks ended May 1, 2021, as compared to $7.9 million, or 25.1% of net revenue for the comparable prior year period. The increase in the gross profit was primarily due to the increase in net revenue and an increase in merchandise margin to 46.7% for the thirteen weeks ended May 1, 2021 as compared to 46.2% for the 13 weeks ended May 2, 2020. The following table sets forth a year-over-year comparison of the Company's gross profit:

	Thirteen Weeks Ended		Change	
(amounts in thousands)	**May 1, 2021**	**May 2, 2020**	**$**	**%**
Merchandise margin	$ 18,982	$ 14,609	$ 4,373	29.9%
% of net revenue	46.7%	46.2%	0.5%	
Fulfillment fees	(6,449)	(4,997)	(1,452)	29.1%
Warehousing and freight	(2,737)	(1,694)	(1,043)	61.6%
Gross profit	$ 9,796	$ 7,918	$ 1,878	33.7%
% of net revenue	**24.1%**	**25.1%**		

SG&A Expenses. The following table sets forth a period over period comparison of the Company's SG&A expenses:

	May 1, 2021	May 2, 2020	Change $	%
Selling expenses	$ 6,230	$ 4,920	$ 1,310	26.6%
Reasearch and development	343	414	(71)	-17.1%
General and administrative	4,084	7,762	(3,678)	-47.4%
Total SG&A expense	$ 10,657	$ 13,096	$ (2,439)	-18.6%

SG&A expenses decreased $2.4 million or 18.6%. The decrease in SG&A expenses was due to a $3.7 million decline in general and administrative expenses partially offset by a $1.3 million increase in selling expenses. The increase in selling expenses is attributable to an increase in marketplace fees due to the sales increase.

Consolidated depreciation and amortization expense for the thirteen-weeks ended May 1, 2021 was $0.6 million as compared to $0.5 million for the comparable prior year period.

Interest Expense. Interest expense was $0.6 million for the thirteen weeks ended May 1, 2021 compared to $0.2 million for the thirteen weeks ended May 2, 2020. The increase in interest expense was due to increased short and long-term borrowings. See Note 7 to the Condensed Consolidated Financial Statements for further detail on the Company's debt.

Income Tax Expense. Based on available objective evidence, management concluded that a full valuation allowance should be recorded against the Company's deferred tax assets As a result, there were insignificant tax expense amounts recorded during the thirteen weeks ended May 1, 2021 and May 2, 2020.

Net Loss. The net loss for the thirteen-weeks ended May 1, 2021 was $1.4 million as compared to $5.4 million for the comparable prior year period.

LIQUIDITY

Liquidity and Cash Flows:

The Company's primary sources of liquidity are its borrowing capacity under its revolving credit facility, available cash and cash equivalents, funds raised through equity offerings 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. 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 net revenue; the timing and amount of our operating expenses; the timing and costs of working capital needs; successful implementation of our strategy and planned activities; and our ability to overcome the impact of the COVID-19 pandemic.

The Company incurred a loss from continued operations of $1.4 million and $5.4 million for the thirteen weeks ended May 1, 2021 and May 2, 2020, respectively. The decrease in the loss from operations was primarily attributable to higher sales and lower SG&A expenses. In addition, the Company has an accumulated deficit of $114.3 million as of May 1, 2021 and net cash used in operating activities for the thirteen weeks ended May 1, 2021 was $2.5 million. Net cash used in operating activities for the thirteen weeks ended May 2, 2020 was $6.5 million.

As disclosed in the Company's Annual Report on Form 10-K filed April 30, 2021, the Company experienced negative cash flows from operations during fiscal 2020 and 2019 and we expect to incur net losses in 2021.

The ability of the Company to meet its liabilities is dependent on improved profitability, the continued implementation of the strategic initiative to reposition Kaspien as a platform of software and services, the availability of future funding and other strategic alternatives, and overcoming the impact of the COVID-19 pandemic.

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. In addition, the proceeds from the PPP Loan are subject to audit and there is a risk of repayment. The unaudited condensed consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

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 intends to use 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.

The unaudited condensed consolidated financial statements for the thirteen weeks ended May 1, 2021 were prepared pursuant to the rules and regulations of the Securities and Exchange Commission. The information furnished in these unaudited condensed consolidated financial statements reflects all normal, recurring adjustments which, in the opinion of management, are necessary for the fair presentation of such financial statements. 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 that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. For the next 12 months, management believes that the Company's existing liquidity will be adequate to fund its working capital needs. The ability of the Company to meet its liabilities is dependent on continued improved profitability and the other factors set forth in the preceding paragraph. Management anticipates any cash requirements due to a shortfall in cash from operations will be funded by the Company's revolving credit facility, as discussed in note 7 in the interim condensed consolidated financial statements.

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

(amounts in thousands)	As of or for the Thirteen Weeks Ended May 1, 2021	As of or for the Thirteen Weeks Ended May 2, 2020	Change $
Operating Cash Flows	$ (2,513)	$ (6,516)	$ 4,003
Investing Cash Flows	(444)	11,479	(11,923)
Financing Cash Flows	5,893	(1,139)	7,032
Capital Expenditures (1)	(444)	(300)	(144)
Cash, Cash Equivalents, and Restricted Cash (2)	9,491	12,676	(3,185)
Merchandise Inventory	22,567	17,157	5,410
(1) Included in Investing Cash Flows			
(2) Cash and cash equivalents per condensed consolidated balance sheets	$ 5,030	$ 7,078	(2,048)
Add: restricted cash	4,461	5,598	(1,137)
Cash, cash equivalents, and restricted cash	$ 9,491	$ 12,676	$ (3,185)

Cash used in operations was $2.5 million primarily due to net loss of $1.4 million, and a $3.2 million reduction of accounts payable partially offset by a $1.9 million decrease in inventory. The decrease in accounts payable is primarily attributable to the payment of payables due for inventory purchased for the holiday season.

Cash used by investing activities was $0.4 million for the thirteen weeks ended May 1, 2021, which consisted entirely of capital expenditures. Cash provided by investing activities was $11.5 million for the thirteen weeks ended May 2, 2020, which consisted of proceeds from the sale of the fye business of $11.8 million, partially offset by capital expenditures of $0.3 million.

Cash provided by financing activities was $5.9 million for the thirteen weeks ended May 1, 2021. The primary source of cash was 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 net proceeds of the offering were approximately $12.2 million. The Company used $6.3 million of the proceeds to pay down its Credit Facility. Cash used by financing operations for the thirteen weeks ended May 2, 2020 was $1.1 million. The primary use of cash was the payoff of a previous credit facility. The payoff of the previous credit facility was partially offset by borrowings under the Credit Facility of $4.5 million, the Subordinated Loan Agreement of $5.2 million and borrowings from the Payroll Protection Program of $2.0 million.

Capital Expenditures. During the thirteen weeks ended May 1, 2021, the Company made capital expenditures of $0.4 million. The Company currently plans to spend approximately $2.0 million for capital expenditures during fiscal 2021.

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 continually evaluates its estimates and judgments including those related to merchandise inventory and return costs and income taxes. 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.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Form 10-K as of and for the year ended January 30, 2021 includes a summary of the critical accounting policies and methods used by the Company in the preparation of its interim condensed consolidated financial statements. The Company's significant accounting policies are the same as those described in Note 1 to the Company's Consolidated Financial Statements on Form 10-K for the fiscal year ended January 30, 2021. In order to conform with industry practice, effective with the first quarter of fiscal year 2021, commission fees from online marketplaces, which were previously reported as cost of goods sold on the consolidated statements of operations, are now included in SG&A expense. Prior periods have been reclassified to conform to the current period presentation. Commission fees for the 13-week period ended May 1, 2021 were $5.9 million and commission fees of $4.6 million were reclassified for the 13-weeks ended May 2, 2020.

Recent Accounting Pronouncements:

The information set forth under Note 2, Recently Adopted Accounting Pronouncements section contained in Item 1, "Notes to Interim Condensed Consolidated Financial Statements", is incorporated herein by reference.

KASPIEN HOLDINGS INC. AND SUBSIDIARIES
PART I – FINANCIAL INFORMATION

Item 3 - Quantitative and Qualitative Disclosures about Market Risk

The Company does not hold any financial instruments that expose it to significant market risk and does not engage in hedging activities. To the extent the Company borrows under its revolving credit facility, the Company is subject to risk resulting from interest rate fluctuations since interest on the Company's borrowings under its credit facility can be variable. If interest rates on the Company's revolving credit facility were to increase by 25 basis points, and to the extent borrowings were outstanding, for every $1,000,000 outstanding on the facility, interest expense would be increased by $2,500 per year. For a discussion of the Company's accounting policies for financial instruments and further disclosures relating to financial instruments, see "Nature of Operations and Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K as of and for the year ended January 30, 2021.

Item 4 – Controls and Procedures

(a) Evaluation of disclosure controls and procedures. The Company's Principal Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) as of May 1, 2021, have concluded that as of such date the Company's disclosure controls and procedures were effective and designed to ensure that (i) information required to be disclosed by the issuer in the reports that it files or submits under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and (ii) information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in internal controls. There have been no changes in the Company's internal controls over financial reporting that occurred during the fiscal quarter covered by this quarterly report that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

KASPIEN HOLDINGS INC. AND SUBSIDIARIES

PART II - OTHER INFORMATION

Item 1 – 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. As a result, the liability for the cases listed below is remote.

Loyalty Memberships and Magazine Subscriptions Class Action

On November 14, 2018, three consumers filed a punitive class action complaint against the Company and Synapse Group, Inc. in the United States District Court for the District of Massachusetts, Boston Division (Case No.1:18-cv-12377-DPW) concerning enrollment in the Company's Backstage Pass VIP loyalty program and associated magazine subscriptions. The complaint alleged, among other things, that the Company's "negative option marketing" misled consumers into enrolling for membership and subscriptions without obtaining the consumers' consent. The complaint sought to represent a nationwide class of "all persons in the United States" who were enrolled in and/or charged for Backstage Pass VIP memberships and/or magazine subscriptions, and to obtain statutory and actual damages on their behalf.

On April 11, 2019, the plaintiffs voluntarily dismissed their lawsuit. On May 8, 2019, two of the plaintiffs from the dismissed lawsuit filed a similar putative class action in Massachusetts state court (Civ. Act. No. 197CV00331, Mass. Super. Ct. Hampden Cty.), based on the same allegations, but this time seeking to represent only a class of "FYE customers in Massachusetts" who were charged for VIP Backstage Pass Memberships and/or magazine subscriptions. The Company removed that lawsuit back to federal court on June 12, 2019, and then filed a motion to dismiss and/or strike the plaintiff's class action allegations on June 28, 2019. On February 2, 2021 the court granted the Company's motion, struck the class action allegations, and dismissed the individual plaintiffs' claims for lack of jurisdiction. Plaintiffs appealed the court's decision on February 24, 2021. The parties participated in a mandatory court-annexed mediation session on April 8, 2021. The parties agreed on terms to resolve the matter fully and finally, and the appeal will be dismissed without material impact on the financial results of the Company.

Store Manager Class Actions

There are two pending class actions. The first, Spack v. Trans World Entertainment Corp. was originally filed in the District of New Jersey, April 2017 (the "Spack Action"). The Spack Action alleges that the Company misclassified Store Managers ("SMs") as exempt nationwide. It also alleges that Trans World improperly calculated overtime for Senior Assistant Managers ("SAMs") nationwide, and that both SMs and SAMs worked "off-the-clock." It also alleges violations of New Jersey and Pennsylvania State Law with respect to calculating overtime for SAMs. The second, Roper v. Trans World Entertainment Corp., was filed in the Northern District of New York, May 2017 (the "Roper Action"). The Roper Action also asserts a nationwide misclassification claim on behalf of SMs. Both actions were consolidated into the Northern District of New York, with the Spack Action being the lead case.

The Company has reached a settlement with the plaintiffs for both store manager class actions, which has received approval from the court. The Company reserved $0.4 million for the settlement as of January 30, 2021. Notices of the settlement have been issued to class members, and the settlement claims process is currently ongoing.

Item 1A – Risk Factors

Risks relating to the Company's business and Common Stock are described in detail in Item 1A of the Company's most recently filed Annual Report on Form 10-K for the fiscal year ended January 30, 2021.

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds
None.

Item 3 – Defaults Upon Senior Securities
None.

Item 4 – Mine Safety Disclosure
Not Applicable.

Item 5 – Other Information
None.

Item 6 - Exhibits

(A) Exhibits –

Exhibit No.	Description
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
31.1	Chief Executive Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Chief Financial Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document (furnished herewith)
101.SCH	XBRL Taxonomy Extension Schema (furnished herewith)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase (furnished herewith)
101.DEF	XBRL Taxonomy Extension Definition Linkbase (furnished herewith)
101.LAB	XBRL Taxonomy Extension Label Linkbase (furnished herewith)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase (furnished herewith)

SIGNATURES

Pursuant to the requirements of the Securities and 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.

June 15, 2021	**By: /s/ Kunal Chopra**
	Kunal Chopra Principal Executive Officer (Principal Executive Officer)
June 15, 2021	**By: /s/ Edwin Sapienza**
	Edwin Sapienza Chief Financial Officer (Principal and Chief Accounting Officer)

Exhibit 31.1

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

I, Kunal Chopra certify that:

(1) I have reviewed this report on Form 10–Q of 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(s) 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 15d-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 the 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(s) 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 the 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: June 15, 2021

/s/ Kunal Chopra

Kunal Chopra
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, Chief Financial Officer of Kaspien Holdings Inc. (the "Registrant"), certify that:

(1) I have reviewed this report on Form 10–Q of 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(s) 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 15d-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 the 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(s) 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 the 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: June 15, 2021

/s/ Edwin Sapienza

Edwin Sapienza
Chief Financial Officer
Kaspien Holdings Inc.

Exhibit 32

CERTIFICATION 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 Quarterly Report of Kaspien Holdings Inc. (the “Company”) on Form 10-Q for the period ending May 1, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, Kunal Chopra, Principal Executive Officer of the Company and Edwin Sapienza, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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 Company.

/s/ Kunal Chopra	/s/ Edwin Sapienza
Kunal Chopra	Edwin Sapienza
Principal Executive Officer	Chief Financial Officer
June 15, 2021	June 15, 2021