creditrisk monitor®

STEIN MART, INC. BANKRUPTCY CASE STUDY

FILED ON 08/12/2020

CreditRiskMonitor's warning of Stein Mart Inc.'s ("Stein Mart") bankruptcy risk was determined by a combination of factors:

MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's FRISK® score had been warning of financial stress at Stein Mart (OTC: SMRTQ) for more than a year. The company was featured within an industry editorial as the most troubled off-price retailer in the United States. The operator ultimately filed for bankruptcy on August 12, 2020.

2Q net sales declined by 6% compared to the same period last year and a wider net loss of $2.1 million was also reported.

Q3 operating and net losses persisted versus the same period last year, while working capital fell by approximately 56%.

Management would close down all of its retail stores in response to the coronavirus, resulting in large revenue shortfalls.

Business Name	2019					2020							
	A	S	O	N	D	J	F	M	A	M	J	J	A
Stein Mart, Inc.	2	2	2	2	2	2	2	2	1	2	1	1	1

BANKRUPT!

Private equity firm offers to buyout Stein Mart but the coronavirus outbreak would upend the potential purchase transaction.

The Nasdaq provided temporary relief from delisting, but Stein Mart had less than 3 months to regain compliance.

The FRISK® score is 96% accurate* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

FRISK® SCORE: PROBABILITY OF BANKRUPTCY WITHIN 12 MONTHS

	FRISK®	FROM	TO
BEST	10	0.00%	0.12%
	9	0.12%	0.27%
	8	0.27%	0.34%
	7	0.34%	0.55%
	6	0.55%	0.87%
WORST	5	0.87%	1.40%
	4	1.40%	2.10%
	3	2.10%	4.00%
	2	4.00%	9.99%
	1	9.99%	50.00%

While the risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. A FRISK® score of 5 or less is an important warning sign.

*FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor® process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

- A "Merton" type model using stock market capitalization and volatility
- Financial ratios, including those used in the Altman Z"-Score Model
- Bond agency ratings from Moody's, Fitch, & DBRS Morningstar

Crowdsourced CreditRiskMonitor® Usage Data

[Crowdsourcing] has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor® subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same "Fair Disclosure" restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company's management and sales representatives to be alerted to concerns in a public company's performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

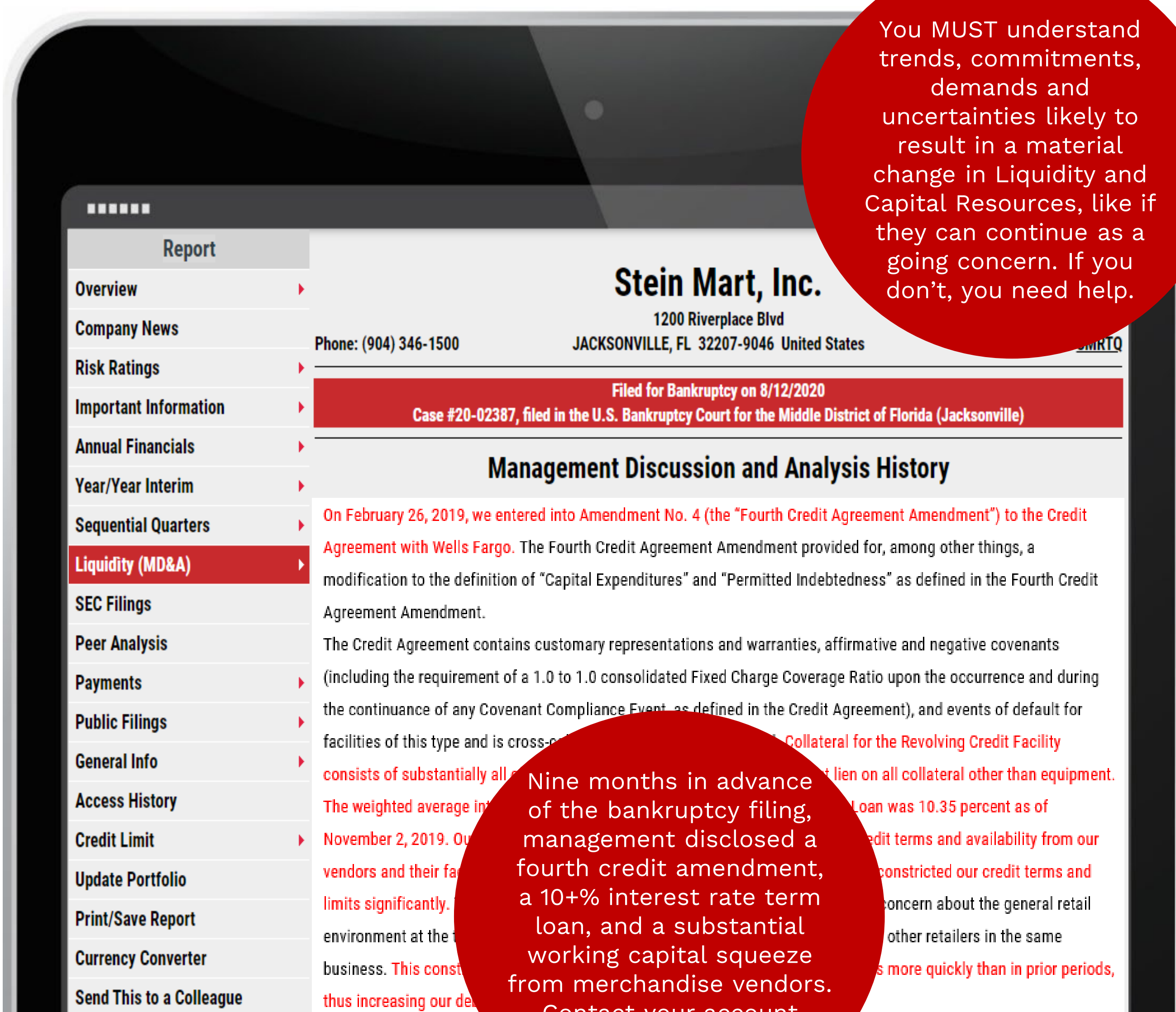
Read more in Credit Research Foundation's quarterly journal article, "Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals"

DO NOT MISS THIS – MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Making misleading or fraudulent statements in an MD&A is against the law – and Sarbanes-Oxley subjects CEOs and CFOs to heavy fines or even jail time for doing so. A vital feature of the CreditRiskMonitor service is the ability to quickly access a Company's Management Discussion and Analysis (MD&A) history. Let it sink in: there are no two people in the world with better knowledge of a company's liquidity risk than the CEO and CFO. More than any credit manager. More than any trade group. And they're personally liable if they're lying.

According to the Financial Accounting Standards Board (FASB), "MD&A should provide a balanced presentation that includes both positive and negative information about the topics discussed."

You MUST understand trends, commitments, demands and uncertainties likely to result in a material change in Liquidity and Capital Resources, like if they can continue as a going concern. If you don't, you need help.



Nine months in advance of the bankruptcy filing, management disclosed a fourth credit amendment, a 10+% interest rate term loan, and a substantial working capital squeeze from merchandise vendors. Contact your account manager about these important red flags.

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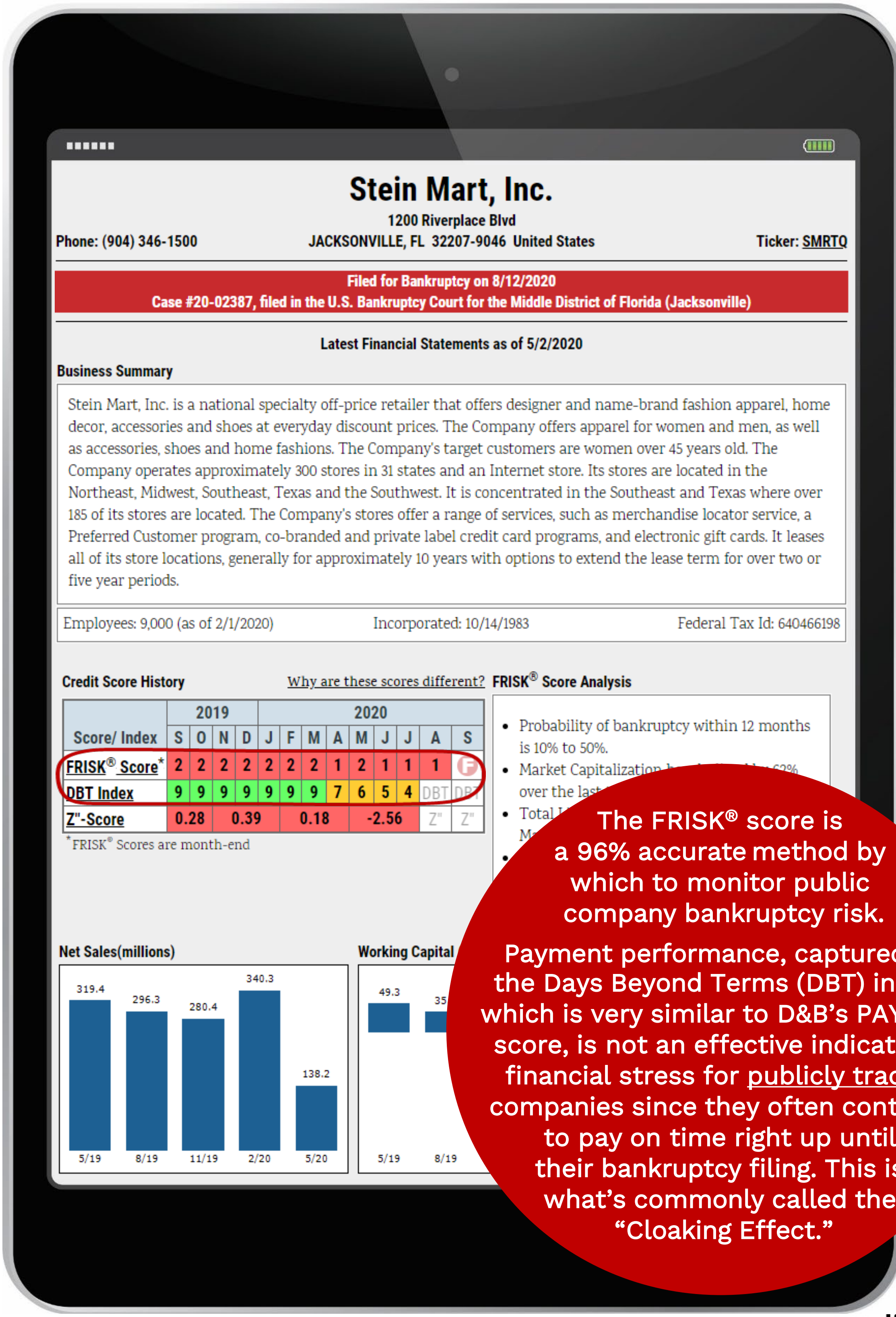
COMPANY REPORT DETAIL



Stein Mart, Inc.

1200 Riverplace Blvd

Phone: (904) 346-1500 JACKSONVILLE, FL 32207-9046 United States Ticker: SMRTQ

Filed for Bankruptcy on 8/12/2020
Case #20-02387, filed in the U.S. Bankruptcy Court for the Middle District of Florida (Jacksonville)

Latest Financial Statements as of 5/2/2020

Business Summary

Stein Mart, Inc. is a national specialty off-price retailer that offers designer and name-brand fashion apparel, home decor, accessories and shoes at everyday discount prices. The Company offers apparel for women and men, as well as accessories, shoes and home fashions. The Company's target customers are women over 45 years old. The Company operates approximately 300 stores in 31 states and an Internet store. Its stores are located in the Northeast, Midwest, Southeast, Texas and the Southwest. It is concentrated in the Southeast and Texas where over 185 of its stores are located. The Company's stores offer a range of services, such as merchandise locator service, a Preferred Customer program, co-branded and private label credit card programs, and electronic gift cards. It leases all of its store locations, generally for approximately 10 years with options to extend the lease term for over two or five year periods.

Employees: 9,000 (as of 2/1/2020) Incorporated: 10/14/1983 Federal Tax Id: 640466198

Credit Score History Why are these scores different?

	2019				2020								
Score/ Index	S	O	N	D	J	F	M	A	M	J	J	A	S
FRISK® Score*	2	2	2	2	2	2	2	1	2	1	1	1	F
DBT Index	9	9	9	9	9	9	9	7	6	5	4	DBT	DBT
Z"-Score	0.28		0.39			0.18			-2.56			Z"	Z"

*FRISK® Scores are month-end

FRISK® Score Analysis

- Probability of bankruptcy within 12 months is 10% to 50%.
- Market Capitalization ... over the last ...
- Total ... M...

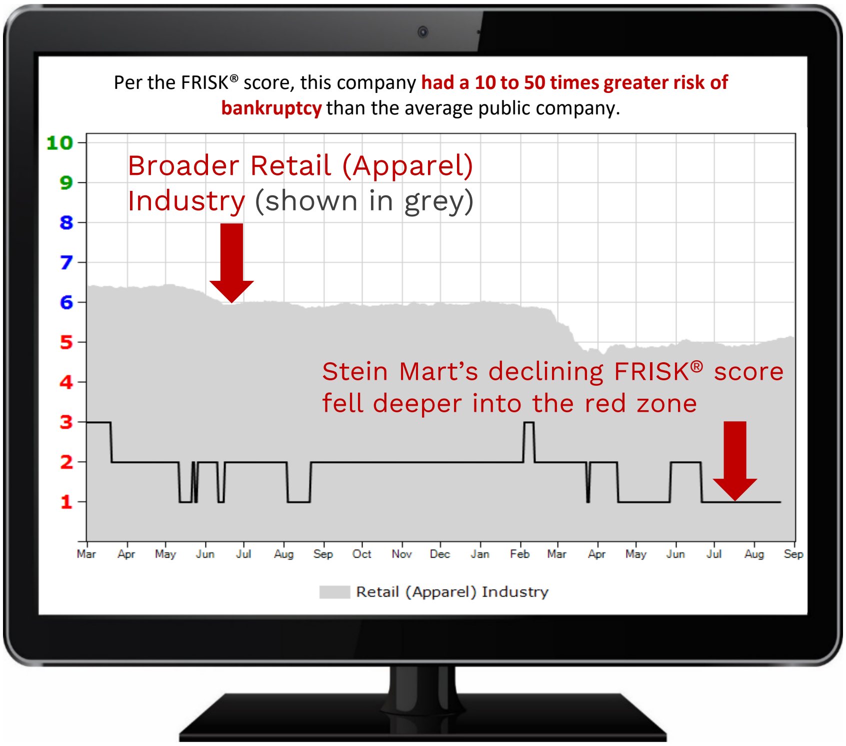
Net Sales(millions)

Working Capital

The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk.

Payment performance, captured by the Days Beyond Terms (DBT) index, which is very similar to D&B's PAYDEX® score, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing. This is what's commonly called the "Cloaking Effect."

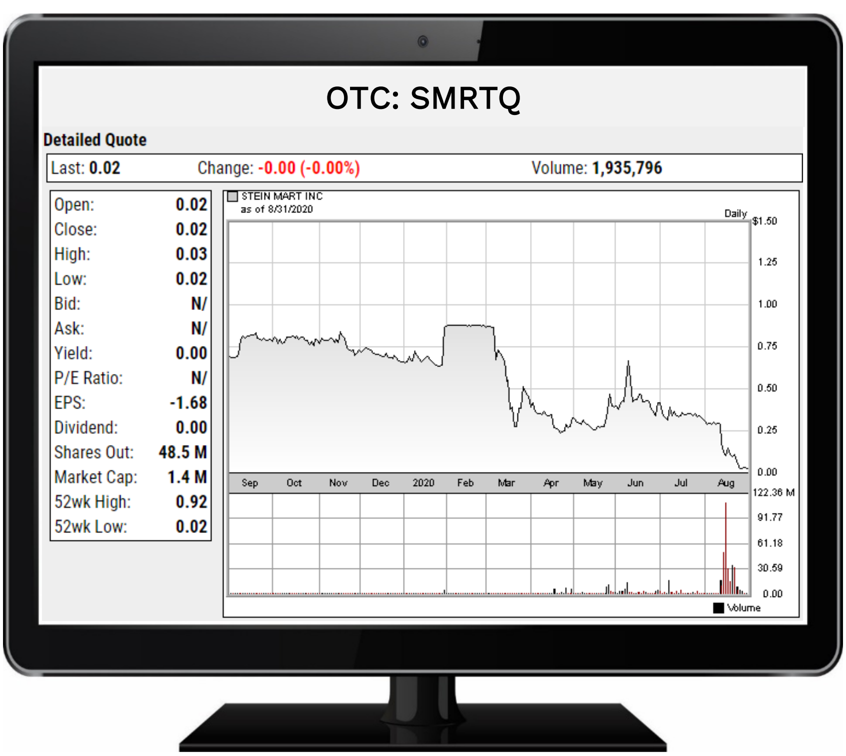
FRISK® DEEP DIVE



The FRISK® score relative to the broader Retail (Apparel) industry raised an additional red flag signaling heightened risk relative to peers, as well...

MAKING IMMEDIATE ATTENTION REQUIRED.

ADJUSTED MARKET CAP VOLATILITY



One of the inputs of the FRISK® score is a company's market cap volatility, adjusted for dividends, over the course of a year. Incorporating this information allows us to capture the "wisdom of markets" on a daily basis. This ensures our subscribers are getting the most up to date view of the risks they face since stocks tend to be more liquid and faster moving than bond prices and ratings.

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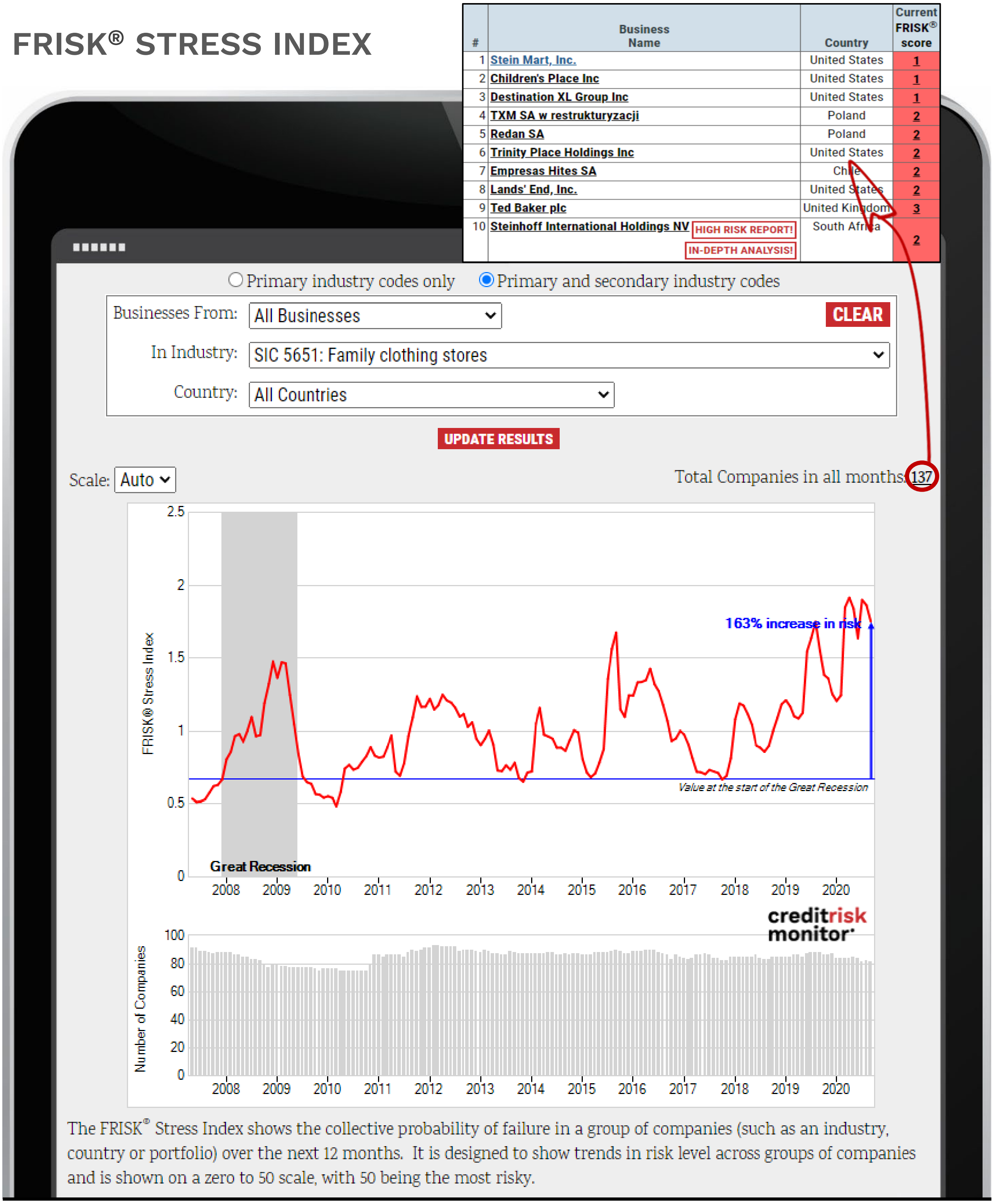
FRISK® STRESS INDEX



#	Business Name	Country	Current FRISK® score
1	Stein Mart, Inc.	United States	1
2	Children's Place Inc	United States	1
3	Destination XL Group Inc	United States	1
4	TXM SA w restrukturyzacji	Poland	2
5	Redan SA	Poland	2
6	Trinity Place Holdings Inc	United States	2
7	Empresas Hites SA	Chile	2
8	Lands' End, Inc.	United States	2
9	Ted Baker plc	United Kingdom	3
10	Steinhoff International Holdings NV HIGH RISK REPORT! IN-DEPTH ANALYSIS!	South Africa	2

The average probability of failure for SIC code 5651 (Family clothing stores) has increased 163% since 2007. Stein Mart was among the weakest names in the industry as evidenced by its FRISK® score of 1.

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PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers

Calendar Year/Quarter: 2020.1

Businesses in Peer Group: 315	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range Low	Peer Group Range Median	Peer Group Range High
Credit Ratings						
Z-Score	62	66	-2.56	-19.42	2.39	15.40
Performance ratios:						
Net Sales (Thousands of U.S. Dollars)	17	24	138,182	327	305,957	134,622,000
Gross Margin % Of Sales	65	68	-4.43	-387.16	32.83	96.14
Gross Margin % Of Sales -- TTM	58	68	22.42	-101.58	35.62	96.44
SGA % Of Sales	51	64	49.19	1.95	32.88	414.07
SGA % Of Sales -- TTM	38	66	29.99	1.73	28.27	182.01
Operating Margin % Of Sales	61	68	-53.88	-1,040.06	-5.27	54.31
Operating Margin % Of Sales -- TTM	60	68	-7.74	-396.96	4.20	58.68
EBITDA Margin Of Sales	41	48				
EBITDA Margin Of Sales -- TTM	59	64				
Net Profit Margin % Of Sales	62	68				
Net Profit Margin % Of Sales -- TTM	61	68				
Pre-tax Income % Of Sales	60	68				
Effective Tax Rate	30	68				
Depreciation % Of Prop/Plant/Equipment	12	68				
Capital Expense % Of Prop/Plant/Equipment	5	51				
Interest Coverage	35	43				
Interest Coverage -- TTM	58	60				
Liquidity ratios:						
Cash Ratio	64	67				
Quick Ratio		62				
Current Ratio	61	67				
Efficientcy ratios:						
Accounts Receivable Turnover		63				
Days Sales Outstanding	1	68				
% of Inventory Financed by Vendors	40	62				
% of Inventory Financed by Vendors -- TTM	48	64				
Inventory Turnover	45	67				
Inventory Turnover -- TTM	38	67				
Days Sales in Inventory	45	67	162.72	2.84	125.11	640.86
Inventory to Working Capital	57	67	-1.68	-34.25	0.60	19.01
Accounts Payable Turnover	25	64	6.04	1.17	5.26	37.48
Accounts Payable Turnover -- TTM	20	64	7.88	1.54	5.84	38.58
Leverage & debt coverage:						
Total Debt to Equity Ratio		62		0.01	0.99	10.24
Debt to Tangible Equity Ratio		59		0.01	1.10	38.97
Total Debt to Assets Ratio	28	67	0.26	0.01	0.33	1.15
Short-Term Debt % of Total Debt	57	62	100.00	0.00	25.47	100.00
Short-Term Debt % of Working Capital	53	62	-124.50	-3,247.42	26.63	1,548.79
Liabilities to Net Worth Ratio		60		0.08	2.56	64.68
Total Liabilities to Equity Ratio		63		0.08	2.15	24.11
TTM EBITDA to Total Debt	59	63	-0.27	-12.06	0.27	8.58
Net Debt to TTM EBITDA		52		-57.07	2.01	32.28

Rank	Company Name
1	Winmark Corporation
2	Buckle Inc
3	American Eagle Outfitters Inc
4	Ross Stores, Inc.
5	Ralph Lauren Corp

Rank	Company Name
1	Winmark Corporation
2	American Eagle Outfitters Inc
3	Ralph Lauren Corp
4	Buckle Inc
5	Urban Outfitters, Inc.

Green - Ranked in Upper Quartile of Peer Group
White - Ranked in the Middle Two Quartiles of Peer Group
Red - Ranked in Lower Quartile of Peer Group
Orange - Confidential
Grey - Data is Not Available

TTM = trailing 12 months
N/A = Not Available

Stein Mart demonstrated bottom quartile ranking in key financial ratios (shown in red) versus its industry peers.

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QUARTERLY PERFORMANCE RATIOS

Poor operating margins and bottom line turned into net losses

Insufficient interest coverage & free cash flow deficit over last five quarters

Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	13 weeks 5/2/2020	13 weeks 2/1/2020	13 weeks 11/2/2019	13 weeks 8/3/2019	13 weeks 5/4/2019
Net Sales $	**$138,182**	**$340,336**	**$280,423**	**$296,332**	**$319,382**
% change	*-59.40%*	*21.37%*	*-5.37%*	*-7.22%*	*-7.28%*
Gross Margin $	**($6,126)**	**$90,415**	**$73,702**	**$78,629**	**$92,684**
% change	*-106.78%*	*22.68%*	*-6.27%*	*-15.16%*	*-3.53%*
% of sales	*-4.43%*	*26.57%*	*26.28%*	*26.53%*	*29.02%*
change as % of incremental sales	*n/m*	*27.90%*	*n/m*	*n/m*	*n/m*
SG&A $	**$67,966**	**$87,184**	**$82,984**	**$78,310**	**$85,984**
% change	*-22.04%*	*5.06%*	*5.97%*	*-8.92%*	*0.27%*
% of sales	*49.19%*	*25.62%*	*29.59%*	*26.43%*	*26.92%*
change as % of incremental sales	*n/m*	*7.01%*	*n/m*	*n/m*	*n/m*
Operating margin $	**($74,451)**	**$2,172**	**($9,583)**	**$159**	**$6,548**
% change	*-3,527.76%*	*122.67%*	*-6,127.04%*	*-97.57%*	*1.98%*
% of sales	*-53.88%*	*0.64%*	*-3.42%*	*0.05%*	*2.05%*
change as % of incremental sales	*n/m*	*19.62%*	*n/m*	*n/m*	*n/m*
EBITDA $	**($67,567)**	**$9,114**	**($2,486)**	**$6,944**	**$13,886**
% change	*-841.35%*	*466.61%*	*-135.80%*	*-49.99%*	*-3.27%*
% of sales	*-48.90%*	*2.68%*	*-0.89%*	*2.34%*	*4.35%*
change as % of incremental sales	*n/m*	*19.36%*	*n/m*	*n/m*	*n/m*
EBIT $	**($74,451)**	**$2,172**	**($9,583)**	**$159**	**$6,548**
% change	*-3,527.76%*	*122.67%*	*-6,127.04%*	*-97.57%*	*1.98%*
% of sales	*-53.88%*	*0.64%*	*-3.42%*	*0.05%*	*2.05%*
change as % of incremental sales	*n/m*	*19.62%*	*n/m*	*n/m*	*n/m*
Pre-tax income $	**($76,528)**	**$85**	**($11,889)**	**($2,033)**	**$4,022**
% change	*-90,132.94%*	*100.71%*	*-484.80%*	*-150.55%*	*1.95%*
% of sales	*-55.38%*	*0.03%*	*-4.24%*	*-0.69%*	*1.26%*
change as % of incremental sales	*n/m*	*19.99%*	*n/m*	*n/m*	*n/m*
Net income (loss) $	**($65,717)**	**($255)**	**($12,092)**	**($2,085)**	**$3,969**
% change	*-25,671.37%*	*97.89%*	*-479.95%*	*-152.53%*	*-6.85%*
% of sales	*-47.56%*	*-0.07%*	*-4.31%*	*-0.70%*	*1.24%*
change as % of incremental sales	*n/m*	*19.76%*	*n/m*	*n/m*	*n/m*
Tax expense $	**($10,811)**	**$340**	**$203**	**$52**	**$53**
Effective tax rate	*14.13%*	*400.00%*	*-1.71%*	*-2.56%*	*1.32%*
Depreciation expense $	**$6,884**	**$6,942**	**$7,097**	**$6,785**	**$7,338**
% of sales	*4.98%*	*2.04%*	*2.53%*	*2.29%*	*2.30%*
% of capital expenses	*374.95%*	*1,010.48%*	*420.69%*	*381.39%*	*437.05%*
% of PP&E, net (annualized)	*6.14%*	*5.98%*	*6.02%*	*5.65%*	*9.65%*
Capital expenditures $	**$1,836**	**$687**	**$1,687**	**$1,779**	**$1,679**
% change	*167.25%*	*-59.28%*	*-5.17%*	*5.96%*	*4.03%*
% of PP&E, net (annualized)	*1.64%*	*0.59%*	*1.43%*	*1.48%*	*2.21%*
% of working capital (annualized)	*-11.57%*	*6.30%*	*14.83%*	*16.83%*	*7.67%*
Interest coverage ratio	**(32.53)**	**4.37**	**(1.08)**	**3.17**	**5.50**
% change	*-844.93%*	*505.06%*	*-134.03%*	*-42.37%*	*-5.18%*
Free cash flow $	**($62,502)**	**$25,870**	**($31,381)**	**$2,872**	**$13,504**
% change	*-341.60%*	*182.44%*	*-1,192.65%*	*-78.73%*	*-58.89%*
Source:	10-Q 7/16/2020	10-K 6/15/2020	10-Q 12/4/2019	10-Q 9/9/2019	10-Q 6/18/2019

QUARTERLY LEVERAGE RATIOS

Overall deterioration in shareholders' equity due to steady increase in accumulated deficit

Debt exceeded tangible net worth by more than 3x, indicating limited collateral coverage

Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	5/2/2020	2/1/2020	11/2/2019	8/3/20	[illegible]
Total debt $	**$197,228**	**$141,438**	**$170,292**	**$137,762**	**$152,999**
% change	*39.44%*	*-16.94%*	*23.61%*	*-9.96%*	*-0.17%*
Stockholders' equity $	**($33,709)**	**$31,938**	**$31,907**	**$43,717**	**$45,405**
% change	*-205.55%*	*0.10%*	*-27.01%*	*-3.72%*	*5.71%*
Total debt to equity ratio	**n/a**	**4.43**	**5.34**	**3.15**	**3.37**
% change	*n/a*	*-17.02%*	*69.37%*	*-6.48%*	*-5.56%*
Tangible net worth $	**($33,709)**	**$31,938**	**$31,907**	**$43,717**	**$45,405**
% change	*-205.55%*	*0.10%*	*-27.01%*	*-3.72%*	*5.71%*
Total debt to tangible net worth	**n/a**	**4.43**	**5.34**	**3.15**	**3.37**
% change	*n/a*	*-17.02%*	*69.37%*	*-6.48%*	*-5.56%*
Total assets $	**$757,539**	**$765,514**	**$839,343**	**$775,229**	**$840,598**
% change	*-1.04%*	*-8.80%*	*8.27%*	*-7.78%*	*92.31%*
Total debt to assets ratio	**0.26**	**0.18**	**0.20**	**0.18**	**0.18**
% change	*40.91%*	*-8.92%*	*14.18%*	*-2.36%*	*-48.09%*
Tangible assets $	**$757,539**	**$765,514**	**$839,343**	**$775,229**	**$840,598**
% change	*-1.04%*	*-8.80%*	*8.27%*	*-7.78%*	*92.31%*
Short-term debt $	**$197,228**	**n/a**	**n/a**	**n/a**	**$0**
% change	*n/a*	*n/a*	*n/a*	*n/a*	*n/m*
Short-term debt % of total debt	**100.00%**	**n/a**	**n/a**	**n/a**	**0.00%**
% change	*n/a*	*n/a*	*n/a*	*n/a*	*n/m*
Short-term debt % of working capital	**-124.50%**	**n/a**	**n/a**	**n/a**	**0.00%**
% change	*n/a*	*n/a*	*n/a*	*n/a*	*n/m*
Total liabilities $	**$791,248**	**$733,576**	**$807,436**	**$731,512**	**$795,193**
% change	*7.86%*	*-9.15%*	*10.38%*	*-8.01%*	*101.75%*
Total liabilities to equity ratio	**n/a**	**22.97**	**25.31**	**16.73**	**17.51**
% change	*n/a*	*-9.24%*	*51.23%*	*-4.46%*	*90.85%*
Total liabilities to tangible net worth ratio	**n/a**	**22.97**	**25.31**	**16.73**	**17.51**
% change	*n/a*	*-9.24%*	*51.23%*	*-4.46%*	*90.85%*
Total debt to EBITDA ratio (annualized)	**n/a**	**3.88**	**n/a**	**4.96**	**2.75**
% change	[illegible]	*n/a*	*n/a*	*80.05%*	*3.21%*
Source:	[illegible]	[illegible]	10-Q 12/4/2019	10-Q 9/9/2019	10-Q 6/18/2019

Total liabilities, including debt, operating leases and other obligations were well in excess of equity

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QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Weak working capital position

Limited cash on hand and poor cash ratio

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	5/2/2020	2/1/2020	11/2/2019	8/3/2019	5/4/2019
Current assets $	**$295,837**	**$281,119**	**$343,445**	**$278,731**	**$328,052**
% change	*5.24%*	*-18.15%*	*23.22%*	*-15.03%*	*11.86%*
% of short-term debt	*150.00%*	*n/a*	*n/a*	*n/a*	*n/a*
Current liabilities $	**$454,250**	**$249,669**	**$287,700**	**$243,462**	**$278,780**
% change	*81.94%*	*-13.22%*	*18.17%*	*-12.67%*	*66.64%*
Working capital $	**($158,413)**	**$31,450**	**$55,745**	**$35,269**	**$49,272**
% change	*-603.70%*	*-43.58%*	*58.06%*	*-28.42%*	*-60.88%*
% of sales (annualized)	*-28.66%*	*2.31%*	*4.97%*	*2.98%*	*3.86%*
Cash $	**$2,213**	**$9,499**	**$12,953**	**$9,481**	**$21,933**
% change	*-76.70%*	*-26.67%*	*36.62%*	*-56.77%*	*142.38%*
% of short-term debt	*1.12%*	*n/a*	*n/a*	*n/a*	*n/a*
Cash ratio	**0.00**	**0.04**	**0.05**	**0.04**	**0.08**
% change	*-87.11%*	*-15.56%*	*15.68%*	*-50.57%*	*45.47%*
Current ratio	**0.65**	**1.13**	**1.19**	**1.14**	**1.18**
% change	*-42.16%*	*-5.68%*	*4.27%*	*-2.70%*	*-32.87%*
Source:	10-Q 7/16/2020	10-K 6/15/2020	10-Q 12/4/2019	10-Q 9/9/2019	10-Q 6/18/2019

Returns on equity and assets turned negative

Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	13 weeks 5/2/2020	13 weeks 2/1/2020	13 weeks 11/2/2019	13 weeks 8/3/2019	13 weeks 5/4/2019
Return on equity	**-205.76%**	**-0.80%**	**-27.66%**	**-4.59%**	**9.24%**
% change	*-25,646.28%*	*97.11%*	*-502.35%*	*-149.70%*	*-11.17%*
Return on net tangible equity	**-205.76%**	**-0.80%**	**-27.66%**	**-4.59%**	**9.24%**
% change	*-25,646.28%*	*97.11%*	*-502.35%*	*-149.70%*	*-11.17%*
Return on total assets	**-8.63%**	**-0.03%**	**-1.50%**	**-0.26%**	**0.62%**
% change	*-27,037.11%*	*97.88%*	*-480.36%*	*-141.54%*	*-30.79%*
Return on tangible assets	**-8.63%**	**-0.03%**	**-1.50%**	**-0.26%**	**0.62%**
% change	*-27,037.11%*	*97.88%*	*-480.36%*	*-141.54%*	*-30.79%*
Source:	10-Q 7/16/2020	10-K 6/15/2020	10-Q 12/4/2019	10-Q 9/9/2019	10-Q 6/18/2019

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ANNUAL STATEMENT OF CASH FLOWS

Consistent net losses and poor operating cash flow

Statement of Cash Flows - Annual - Standardized

(Thousands of U.S. Dollars)

Period Ended	52 weeks 2/1/2020	52 weeks 2/2/2019	53 weeks 2/3/2018	52 weeks 1/28/2017	52 weeks 1/30/2016
Cash Flows from Operating Activities:					
Net income	($10,463)	($5,998)	($24,324)	$401	$23,711
Depreciation/depletion	28,162	32,447	32,333	32,600	29,873
Deferred taxes	n/a	0	(3,222)	1,835	(5,121)
Non-cash Items	2,479	7,808	9,980	8,732	8,412
Changes in working capital	(3,481)	(25,355)	32,945	17,017	(18,463)
Total cash from operating activities	**16,697**	**8,902**	**47,712**	**60,585**	**38,412**
Cash Flows from Investing Activities:					
Capital expenditures	(5,832)	(8,993)	(21,244)	(42,378)	(44,365)
Other investing cash flow items, total	2,982	2,810	2,760	3,178	0
Total cash from investing activities	**(2,850)**	**(6,183)**	**(18,484)**	**(39,200)**	**(44,365)**
Cash Flows from Financing Activities:					
Financing cash flow items	0	(1,146)	n/a	86	3,552
Total cash dividends paid	(97)	(223)	(3,639)	(14,700)	(239,089)
Issuance/retirement of stock, net	49	60	80	403	(2,227)
Issuance/retirement of debt, net	(13,349)	(2,761)	(25,873)	(8,400)	190,233
Total cash from financing activities	**(13,397)**	**(4,070)**	**(29,432)**	**(22,611)**	**(47,531)**
Net change in cash	**450**	**(1,351)**	**(204)**	**(1,226)**	**(53,484)**
Net cash-beginning balance	**9,049**	**10,400**	**10,604**	**11,830**	**65,314**
Net cash-ending balance	**$9,499**	**$9,049**	**$10,400**	**$10,604**	**$11,830**
Supplemental Disclosures:					
Cash interest paid	$8,459	$10,312	$4,578	$3,671	$3,033
Cash taxes paid, supplemental	$188	($443)	($19,422)	$11,751	$13,116
Auditor/Opinion:	KPMG LLP **Unqualified**	KPMG LLP **Unqualified**	KPMG LLP **Unqualified**	KPMG LLP **Unqualified**	KPMG LLP **Unqualified**
Source:	10-K 6/15/2020	10-K 3/28/2019	10-K 5/4/2018	10-K 4/13/2017	10-K 4/11/2016

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NEWS ALERTS: A TIMELINE OF CONCERNING NEWS ITEMS

<table>
<tr><td colspan="3">Kroll Bond Rating Agency released a report stating that Stein Mart was unable to attract national brands, manage inventory or keep pricing competitive. KBRA identified 50 properties that had commercial mortgage backed security interests totaling $1 billion tied to Stein Mart as a collateral or non-collateral tenant. Stein Mart also retained PJ Solomon as well as Alvarez and Marsal in attempt to turnaround the struggling business.</td></tr>
<tr><td>07/31/2019</td><td>Business Wire</td><td>KBRA Releases: Stein Mart Struggles to Find its Footing</td></tr>
<tr><td colspan="3">Q2 2019 filing – Stein Mart management did not offer a Q&A session on the second quarter conference call after their initial remarks, which often corresponds with troubled business performance, a general lack of interest from investment analysts, or both.</td></tr>
<tr><td>08/21/2019</td><td>CRMZ News Service</td><td>Stein Mart, Inc. – updated financials available</td></tr>
<tr><td colspan="3">Q3 2019 filing – Stein Mart's working capital position declined by more than half compared to the same period last year. The company carried very limited cash on hand and the vast majority of its net working capital position was made up of merchandise inventory. In fire sale scenarios, inventory liquidations often provide very limited residual value, particularly in a highly competitive off price retail marketplace.</td></tr>
<tr><td>11/27/2019</td><td>CRMZ News Service</td><td>Stein Mart, Inc. – updated financials available</td></tr>
<tr><td colspan="3">Stein Mart's FRISK® score was downgraded to a "1", indicating significantly higher risk of bankruptcy over the next 12 months compared to the average public company. CreditRiskMonitor also advised that the company was prompt with its invoices and was actively "cloaking" its financial stress – we suggested reaching out to your respective account manager about this divergence and the associated risk potential.</td></tr>
<tr><td>03/24/2020</td><td>CRMZ News Service</td><td>Stein Mart, Inc.: FRISK® score downgraded to 1</td></tr>
<tr><td colspan="3">Stein Mart would furlough most of its store associates and reduce salaries among executives in response to the decline in retail sales and ongoing challenges from the COVID-19 pandemic. Management would also attempt to negotiate transitory terms with its landlords and suppliers, particularly given it was unknown when stores would potentially reopen.</td></tr>
<tr><td>03/31/2020</td><td>CRMZ News Service</td><td>Stein Mart Cuts Executive Salaries, Furloughs Workers</td></tr>
<tr><td colspan="3">Stein Mart received a going concern opinion from its auditor, KPMG LLP, as the coronavirus "caused a material adverse effect on the Company's sales, results of operations, liquidity, and cash flows." The company also stated that the ultimate impact of the pandemic on the company could not be reasonably estimated. Vague language pertaining to materially negative events in combination with prolonged financial stress is a serious red flag that can transpire before bankruptcy filings.</td></tr>
<tr><td>06/16/2020</td><td>CRMZ News Service</td><td>Stein Mart, Inc. Receives Going Concern Opinion</td></tr>
<tr><td colspan="3">Stein Mart reported a 58% decline in comparable store sales and would file for bankruptcy in the following month. According to the company's bankruptcy proposal, most or all of its physical retail locations across 30 U.S. states would be closed and an attempted sale would be made for its e-commerce unit. More than $100 million in accounts payable were subject to financial loss in the legal proceedings, most of which would be attributed to merchandise goods and real estate payments.</td></tr>
<tr><td>08/12/2020</td><td>Globe Newswire</td><td>Stein Mart Voluntarily Files Chapter 11 Bankruptcy</td></tr>
</table>

ABOUT THIS REPORT/CONTACT CREDITRISKMONITOR®

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CreditRiskMonitor® Bankruptcy Case Studies provide post-filing analyses of public company bankruptcies. Our case studies educate subscribers about methods they can apply to assess bankruptcy risk using CreditRiskMonitor's proprietary FRISK® score, robust financial database and timely news alerts.

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