

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2022
- 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 001-36589

WILHELMINA INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

74-2781950
(IRS Employer
Identification Number)

5420 Lyndon B Johnson Freeway, Box #25, Dallas, Texas
(Address of principal executive offices)

75240
(Zip Code)

(214) 661-7488
(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	WHLM	Nasdaq Capital Market

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer
Non-Accelerated Filer
Emerging growth company

Accelerated Filer
Smaller Reporting Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the registrant’s outstanding common stock held by non-affiliates of the registrant computed by reference to the price at which the common stock was last sold, as of the last business day of the registrant’s most recently completed second fiscal quarter was approximately \$7.8 million.

As of March 22, 2023, the registrant had **5,157,344** shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III is incorporated by reference from the registrant’s definitive proxy statement to be filed with the Commission pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this report.

WILHELMINA INTERNATIONAL, INC. AND SUBSIDIARIES

Annual Report on Form 10-K

For the Year Ended December 31, 2022

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FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K contains certain “forward-looking statements” as such term is defined in Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements relating to Wilhelmina International, Inc. (together with its subsidiaries the “Company” or “Wilhelmina”) are based on the beliefs of the Company’s management as well as information currently available to the Company’s management. When used in this report, the words “anticipate,” “believe,” “estimate,” “expect” and “intend” and words or phrases of similar import, as they relate to the Company or Company management, are intended to identify forward-looking statements. Such forward-looking statements include, in particular, projections about the Company’s future results, statements about its plans, strategies, business prospects, changes and trends in its business and the markets in which it operates. Additionally, statements concerning future matters such as gross billing levels, revenue levels, expense levels, and other statements regarding matters that are not historical are forward-looking statements. Management cautions that these forward-looking statements relate to future events or the Company’s future financial performance and are subject to business, economic, and other risks and uncertainties, both known and unknown, that may cause actual results, levels of activity, performance, or achievements of its business or its industry to be materially different from those expressed or implied by any forward-looking statements. Should any one or more of these risks or uncertainties materialize, or should any underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended. The Company does not undertake any obligation to publicly update these forward-looking statements. As a result, you should not place undue reliance on these forward-looking statements.

PART I

ITEM 1. BUSINESS

DESCRIPTION OF THE WILHELMINA BUSINESS

Overview

The primary business of Wilhelmina is fashion model management. These business operations are headquartered in New York City. The Company’s predecessor was founded in 1967 by Wilhelmina Cooper, a renowned fashion model, and became one of the oldest, best known and largest fashion model management companies in the world. Since its founding, Wilhelmina has grown to include operations located in Los Angeles, Miami, and London, as well as a network of licensees. Wilhelmina provides traditional, full-service fashion model and talent management services, specializing in the representation and management of models, entertainers, athletes and other talent to various clients, including retailers, designers, advertising agencies, print and electronic media and catalog companies. The Company was incorporated in the State of Delaware in 1996.

Organization and Operating Divisions

The Company acquired the predecessor companies constituting its current primary business in 2008. The Company conducts its business through operating divisions and subsidiaries engaged in fashion model management and other complementary businesses. These business activities are focused on the following key areas:

- Fashion model and social media influencer management
- Celebrity management
- Licensing and branding associations

Fashion Model and Social Media Influencer Management

Wilhelmina is focused on providing fashion modeling talent and social media influencer services to clients such as advertising agencies, branded consumer goods companies, fashion designers, Internet sites, retailers, department stores, product catalogs and magazine publications.

The fashion model/talent/influencer management industry can be divided into many subcategories, including advertising campaigns, catalog/e-commerce, runway, showroom and editorial work. Advertising work involves modeling for advertisements featuring consumer products such as cosmetics, clothing and other items to be placed in magazines and newspapers, on billboards and with other types of media. Catalog and e-commerce work involves modeling of products to be sold through promotional catalogs and Internet commerce sites. Runway work involves modeling at fashion shows, which primarily take place in Paris, Milan, London and New York City. Showroom work involves on-site modeling of products at client showrooms and other events and production “fit” work whereby a model serves as the sizing model for apparel items. Editorial work involves modeling for the cover and editorial sections of magazines and websites.

Clients pay for talent to appear in photo shoots for Internet sites, magazine features, print advertising, direct mail marketing, and product catalogs, as well as to appear in runway shows to present new designer collections, fit modeling, and on-location presentations and events. In addition, talent may also appear in film and television commercials. Wilhelmina develops and diversifies its talent portfolio through a combination of ongoing local, regional and international scouting and talent-search efforts to source new talent, as well as cooperating with other agencies that represent talent.

Within its fashion model management business, Wilhelmina’s primary source of service revenue is from model fees and services charges paid by the client for bookings directly negotiated by the Company. The Company also receives commissions paid on bookings by third-party agencies. Wilhelmina believes that its model fees, service charges and commission rates are competitive with those of its principal competitors.

Wilhelmina’s fashion model management operations are organized into divisions called “boards,” each of which specializes by the type of models it represents. Wilhelmina’s boards are generally described in the table below.

Board Name	Location	Target Market
Women	NYC, LA, Miami, London	High-end female fashion models
Men	NYC, LA, Miami, London	High-end male fashion models
Direct	NYC, LA, Miami, London	Established/commercial male/female fashion models
Curve	NYC, LA, Miami, London	Full-figured female fashion models
Showroom	NYC, LA, Miami	Live modeling and designer fit clothing modeling
Fitness	NYC, LA, Miami	Athletic models

Each major board is headed by a director who manages the agents assigned to the board. The agents of each board act both as bookers (including promoting models, negotiating fees and contracting work) and as talent scouts/managers (including providing models with career and development guidance and helping them better market themselves). Although agents individually develop professional relationships with models, models are represented by a board collectively and not by a specific agent. Wilhelmina’s organization into boards enables Wilhelmina to provide clients with services tailored to their particular needs, to allow models to benefit from agents’ specialized experience in their particular markets, and to limit Wilhelmina’s dependency on any specialty market or agent.

Most senior agents are employed pursuant to employment agreements that include noncompetition provisions such as a prohibition from working with Wilhelmina’s models and clients for a certain period of time after the end of the agent’s employment with Wilhelmina. Wilhelmina typically signs its models to three-year exclusive contracts, which it actively enforces.

The Aperture division operates in New York, Los Angeles and Miami, representing actors and models, for film, television, and commercials. Aperture also represents influencers for brand campaigns and endorsements.

Wilhelmina London Limited (“London”), a wholly owned subsidiary of Wilhelmina International, Inc., was acquired in January 2015. The London subsidiary establishes a footprint for the Company in Western Europe, provides a base of operations to service the Company’s European clients, and serves as a new talent development office for European models and artists.

Celebrity Management

Wilhelmina’s Celebrity division seeks to secure endorsement and spokesperson work for celebrities from the worlds of sports, music and entertainment. The Celebrity division has two primary sources of revenue: (i) commissions paid by talent as a percentage of their gross earnings; and (ii) royalties or a service charge paid by clients. Wilhelmina’s Celebrity division management works with emerging artists and established celebrity names to match them with leading fashion brands and companies.

Licensing & Branding Associations

Wilhelmina Licensing, LLC is a wholly-owned subsidiary that collects third-party licensing fees in connection with the licensing of the “Wilhelmina” name. Third-party licensees include leading fashion model agencies in local markets in the U.S. and internationally. The film and television business consists of occasional television syndication royalties and production series contracts. Also, from time to time, the Company conducts other events, such as model search contests, in an effort to expand the Wilhelmina brand and recruit talent.

Competition

The fashion model/talent management business is highly competitive. New York City, Los Angeles, and Miami, as well as London, Paris, and Milan, are considered the most important markets for the fashion talent management industry. Most of the leading international firms are headquartered in New York City. Wilhelmina's principal competitors include other large fashion model management businesses in the U.S., including IMG Models, Elite Model Management, Ford Models, Inc., DNA Model Management, NEXT Model Management, The Lions Model Management, The Society Management, Women 360 Management, and New York Model Management. However, Wilhelmina is the only publicly-owned fashion talent management company in the world.

Competition also includes foreign agencies and smaller U.S. agencies in local markets that recruit local talent and cater to local market needs. Several of the larger fashion talent firms operate offices in multiple cities and countries or have chosen to partner with local or foreign agencies.

The Company believes that its sources of revenue, mainly generated from commissions and service charges, are comparable to those of its principal competitors. Therefore, for the Company to obtain a competitive advantage, it must develop and maintain a deep pool of talent and deliver high quality service to its clients. The Company believes that through its scouting efforts, name recognition, and licensing network, it is able to recruit a deeper pool of talent relative to its competitors. These recruitment tools, coupled with the broad range of fashion boards available to the Company's talent, enable the Company to develop talent and generate a broader range of revenues relative to its principal competitors. While a broad range of talent and boards provides a level of stability to the business, certain talent may be more inclined to work with a boutique agency that may appear to tailor more specifically to their needs.

For more than 55 years, Wilhelmina and its predecessors have created long-standing client relationships and business activities related to the fashion model management business that provide exposure to diverse markets and demographics. The Company has also developed a professional workforce with years of talent management experience.

Clients and Customers

As of December 31, 2022, Wilhelmina represented a roster of approximately 1,600 active models and talent. Wilhelmina's active models include Karolína Kurková, Ana Maria Figueroa, Francisco Lachowski, Daniel Shin, Douglas Dillon, Fernando Cabral, Hella Tall, Asya Rosh, Yumi Nu, Francisco Henriques, Aubrey Hill, Astrid Voss, Elvina Patrick, Lamich Kirabo, Penny Lane, Kylie Lauren, Jessieann Lachowski, Africa Perez, Carmen Fozzard, Carla Pereira, Bojana Krsmanović, Cyrielle Lalande, Mitchell Slaggert, Anne de Paula, Jan Baiboon, Ottawa Efoe, Rainer Andreesen, Erik Van Gils, Kate King, Malik Lindo, Malcolm Jackson, Milena Feuerer, Haejin Lee, Moon Young, Isabela Grutman, Sabey Dantsira, Lauren Auerbach, Davidson Obennebo, Sasha Melnychuk, Armando Cabral, Jennae Quisenberry, Vanessa Cruz, Pure, Akito Mizutani, Mariana Dantec, Nayara Oliveira, Fernando Lindez, Dachuan Jin, Claudio Monteiro, and Nathan Owens.

Wilhelmina serves approximately 2,700 external clients. Wilhelmina's customer base is highly diversified, with no one customer accounting for more than 3% of overall gross revenues. The top 100 clients of Wilhelmina together accounted for approximately 34.1% of overall gross revenues during 2022.

Governmental Regulations

Certain jurisdictions in which Wilhelmina operates, such as California and Florida, require that companies maintain a Talent Agency License in order to engage in the "talent agency" business. The talent agency business is generally considered the business of procuring engagements or any employment or placement of a talent, where the talent performs in his or her artistic capacity. Where required, the Wilhelmina subsidiaries operating in these jurisdictions maintain Talent Agency Licenses issued by those jurisdictions.

Trends and Opportunities

The Company expects that the combination of Wilhelmina's main operating base in New York City, the industry's capital, with the depth and breadth of its talent pool, client roster and its diversification across various talent management segments, together with its name recognition and geographical reach, should make Wilhelmina's operations more resilient to industry changes and economic swings than those of many of the smaller firms operating in the industry. Similarly, in the segments where Wilhelmina competes with other leading full service agencies, Wilhelmina believes it competed successfully in 2022.

With total advertising expenditures on major media (television, Internet, outdoor, cinema, magazines, and newspapers) estimated to have exceeded \$280 billion in 2022, North America is the world's largest advertising market. For the fashion talent management industry, including Wilhelmina, advertising expenditures on television, Internet, magazines, and outdoor are of particular relevance.

Strategy

Management's strategy is to increase value to shareholders through the following initiatives:

- increase Wilhelmina's brand awareness among advertisers and potential talent;
- expand the women's high end fashion board;
- expand the Aperture division's representation in commercials, film, and television;
- expand celebrity and social media influencer representation;
- expand the Wilhelmina network through strategic geographic market development; and
- promote model search contests and events and partner on media projects (television, film, books, etc.).

The Company makes use of digital technology to effectively connect with clients and talent, utilizing video conferencing and other digital tools to best position our team to identify opportunities to grow the careers of the talent we represent and expand our business. The Company has made significant investments in technology, infrastructure, and personnel, to support our clients and talent.

EMPLOYEES

As of December 31, 2022, the Company had 85 employees, 48 of whom were located in New York City, 10 of whom were located at Wilhelmina's Miami office, 16 of whom were located at Wilhelmina's Los Angeles office, 9 of whom were located at Wilhelmina's London office and two of whom were located at the corporate headquarters in Dallas.

TRADEMARKS AND LICENSING

The "Wilhelmina" brand is essential to the success and competitive position of the Company. The "Wilhelmina" trademark is vital to the licensing business because licensees pay for the right to use the trademark. The Company has invested significant resources in the "Wilhelmina" brands in order to obtain the public recognition that these brands currently enjoy. Wilhelmina relies upon domestic and international trademark laws, license agreements and nondisclosure agreements to protect the "Wilhelmina" brand name used in its business. Trademarks registered in the U.S. have a duration of ten years and are generally subject to an indefinite number of renewals for a like period on continued use and appropriate application.

ITEM 1A. RISK FACTORS

Not applicable to smaller reporting company.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company's corporate headquarters are currently located at 5420 Lyndon B Johnson Freeway, Dallas, Texas 75240, which are also the offices of Newcastle Capital Management, L.P. ("NCM"). NCM is the general partner of Newcastle Partners L.P. ("Newcastle"), the Company's largest shareholder. The Company utilizes a portion of NCM's facilities on a month-to-month basis at \$2,500 per month, pursuant to a services agreement between the parties.

The following table summarizes information with respect to the material facilities of the Company for leased office space and model apartments:

Description of Property	Area (sq. feet)	Lease Expiration
Office for California-based operations – Los Angeles, CA	3,887	January 31, 2027
Office for Florida-based operations – Miami, FL	2,100	March 31, 2023
Office for London-based operations – London, UK	995	July 19, 2023
Office for New York-based operations – New York, NY	7,847	May 31, 2030
One model apartment – London, UK	1,400	July 28, 2023
Two model apartments – New York, NY	3,000	2023-2024
Two model apartments – Miami, FL	2,000	March 31, 2023

On May 17, 2022, the Company entered into an Agreement of Lease with respect to approximately 7,847 square feet of office space comprising the 15th Floor of 192 Lexington Avenue, New York, New York. In November 2022 the Company took possession of the premises with an initial term of 91 months.

ITEM 3. LEGAL PROCEEDINGS

On October 24, 2013, a putative class action lawsuit was brought against the Company by former Wilhelmina model Alex Shanklin and others, including Louisa Raske, Carina Vretman, Grecia Palomares and Michelle Griffin Trotter (the “Shanklin Litigation”), in New York State Supreme Court (New York County) by the same lead counsel who represented plaintiffs in a prior, now-dismissed action brought by Louisa Raske (the “Raske Litigation”). The claims in the Shanklin Litigation initially included breach of contract and unjust enrichment allegations arising out of matters similar to the Raske Litigation, such as the handling and reporting of funds on behalf of models and the use of model images. Other parties named as defendants in the Shanklin Litigation included other model management companies, advertising firms, and certain advertisers. On January 6, 2014, the Company moved to dismiss the Amended Complaint in the Shanklin Litigation for failure to state a claim upon which relief can be granted and other grounds, and other defendants also filed motions to dismiss. On August 11, 2014, the court denied the motion to dismiss as to Wilhelmina and other of the model management defendants. Separately, on March 3, 2014, the judge assigned to the Shanklin Litigation wrote the Office of the New York Attorney General bringing the case to its attention, generally describing the claims asserted therein against the model management defendants, and stating that the case “may involve matters in the public interest.” The judge’s letter also enclosed a copy of his decision in the Raske Litigation, which dismissed that case.

Plaintiffs retained substitute counsel, who filed a Second and then Third Amended Complaint. Plaintiffs’ Third Amended Complaint asserts causes of action for alleged breaches of the plaintiffs’ management contracts with the defendants, conversion, breach of the duty of good faith and fair dealing, and unjust enrichment. The Third Amended Complaint also alleges that the plaintiff models were at all relevant times employees, and not independent contractors, of the model management defendants, and that defendants violated the New York Labor Law in several respects, including, among other things, by allegedly failing to pay the models the minimum wages and overtime pay required thereunder, not maintaining accurate payroll records, and not providing plaintiffs with full explanations of how their wages and deductions therefrom were computed. The Third Amended Complaint seeks certification of the action as a class action, damages in an amount to be determined at trial, plus interest, costs, attorneys’ fees, and such other relief as the court deems proper. On October 6, 2015, Wilhelmina filed a motion to dismiss as to most of the plaintiffs’ claims. The Court entered a decision granting in part and denying in part Wilhelmina’s motion to dismiss on May 26, 2017. The Court (i) dismissed three of the five New York Labor Law causes of action, along with the conversion, breach of the duty of good faith and fair dealing and unjust enrichment causes of action, in their entirety, and (ii) permitted only the breach of contract causes of action, and some plaintiffs’ remaining two New York Labor Law causes of action to continue, within a limited time frame. The plaintiffs and Wilhelmina each appealed, and the decision was affirmed on May 24, 2018. On August 16, 2017, Wilhelmina timely filed its Answer to the Third Amended Complaint.

On June 6, 2016, another putative class action lawsuit was brought against the Company by former Wilhelmina model Shawn Pressley and others, including Roberta Little (the “Pressley Litigation”), in New York State Supreme Court (New York County) by the same counsel representing the plaintiffs in the Shanklin Litigation, and asserting identical, although more recent, claims as those in the Shanklin Litigation. The Amended Complaint, asserting essentially the same types of claims as in the Shanklin action, was filed on August 16, 2017. Wilhelmina filed a motion to dismiss the Amended Complaint on September 29, 2017, which was granted in part and denied in part on May 10, 2018. Some New York Labor Law and contract claims remain in the case. Pressley has withdrawn from the case, leaving Roberta Little as the sole remaining named plaintiff in the Pressley Litigation. On July 12, 2019, the Company filed its Answer and Counterclaim against Little.

On May 1, 2019, the Plaintiffs in the Shanklin Litigation (except Raske) and the Pressley Litigation filed motions for class certification on their contract claims and the remaining New York Labor Law Claims. On July 12, 2019, Wilhelmina filed its opposition to the motions for class certification and filed a cross-motion for summary judgment against Shanklin, Vretman, Palomares, Trotter and Little, and a motion for summary judgment against Raske.

By Order dated May 8, 2020 (the “Class Certification Order”), the Court denied class certification in the Pressley case, denied class certification with respect to the breach of contract and alleged unpaid usage claims, granted class certification as to the New York Labor Law causes of action asserted by Vretman, Palomares and Trotter, and declined to rule on Wilhelmina’s motions for summary judgment, denying them without prejudice to be re-filed at a later date. Currently the parties are engaging in merits discovery.

The Company believes the claims asserted in the Shanklin Litigation and Pressley Litigation are without merit and intends to continue to vigorously defend the actions. Nonetheless, an adverse outcome in either case is at least reasonably possible. However, the Company is presently unable to reasonably estimate the amount or range of possible loss in either case. Therefore, no amount has been accrued as of December 31, 2022 related to these matters.

In addition to the legal proceedings disclosed herein, the Company is also engaged in various legal proceedings that are routine in nature and incidental to its business. None of these routine proceedings, either individually or in the aggregate, are believed likely, in the Company’s opinion, to have a material adverse effect on its consolidated financial position or its results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Information**

The Company's \$0.01 par value common stock has traded on the Nasdaq Capital Market under the symbol "WHLM" since September 2014. Previously, the common stock was quoted in the over-the-counter market on the OTC Bulletin Board. As of March 22, 2023 there were 5,157,344 shares of the Company's common stock outstanding held by 435 holders of record.

Equity Compensation Plan Information

The following table provides information with respect to the Company's equity compensation plans as of December 31, 2022:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	180,000	\$5.93	220,000
Equity compensation plans not approved by security holders	-	-	-
Total	180,000	\$5.93	220,000

Additional information regarding equity compensation can be found in the notes to the consolidated financial statements.

Issuer Repurchases

During 2012, the Board of Directors authorized a stock repurchase program whereby the Company could repurchase up to 500,000 shares of its outstanding common stock. During 2013, the Board of Directors renewed and extended the Company's share repurchase authority to enable it to repurchase up to an aggregate of 1,000,000 shares of common stock. In 2016, the Board of Directors increased by an additional 500,000 shares the number of shares of the Company's common stock which may be repurchased under its stock repurchase program to an aggregate of 1,500,000 shares. The shares may be repurchased from time to time in the open market or through privately negotiated transactions at prices the Company deems appropriate. The program does not obligate the Company to acquire any particular amount of common stock and may be modified or suspended at any time at the Company's discretion. The Company did not make any purchases pursuant to the stock repurchase program during the quarter ended December 31, 2022.

Dividend Policy

The Company has not declared or paid any cash dividends on its common stock during the past two completed fiscal years, but may decide to do so in the future depending on an evaluation of the Company's cash needs and best uses of shareholders' capital.

ITEM 6. *RESERVED*

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

The following is a discussion of the Company's financial condition and results of operations comparing the calendar years ended December 31, 2022 and 2021. This section should be read in conjunction with the Company's consolidated financial statements and the notes thereto that are incorporated herein by reference and the other financial information included herein and the notes thereto.

OVERVIEW

The Company's primary business is fashion model management and complementary business activities. The business of talent management firms, such as Wilhelmina, depends heavily on the state of the advertising industry, as demand for talent is driven by digital, mobile, print and television advertising campaigns for consumer goods, e-commerce, and retail clients. Wilhelmina believes it has strong brand recognition, which enables it to attract and retain top agents and talent to service a broad universe of clients. In order to take advantage of these opportunities and support its continued growth, the Company will need to continue to successfully allocate resources and staffing in a way that enhances its ability to respond to new opportunities. The Company continues to focus on tightly managing costs, recruiting top agents, and scouting and developing talent.

Although Wilhelmina has a large and diverse client base, it is not immune to global economic conditions, such as the impact from the COVID-19 pandemic. The Company closely monitors economic conditions, client spending, and other industry factors and continually evaluates opportunities to increase the market share of its existing boards and further expand its geographic reach. There can be no assurance as to the effects on Wilhelmina of future economic circumstances, technological developments, client spending patterns, client creditworthiness and other developments and whether, or to what extent, Wilhelmina's efforts to respond to them will be effective.

RESULTS OF OPERATIONS OF THE COMPANY FOR THE YEAR ENDED DECEMBER 31, 2022 COMPARED TO YEAR ENDED DECEMBER 31, 2021

In addition to net income, the key financial indicators that the Company reviews to monitor its business are revenues, operating expenses and cash flows.

The Company analyzes revenue by reviewing the mix of revenues generated by the different boards, by geographic locations and from significant clients. Wilhelmina's primary sources of revenue include service revenues from the provision of model and talent services and licensing fees from third-party agencies licensing the use of the "Wilhelmina" trademark. Service revenues are primarily derived from talent fees and services charges paid by the client for bookings directly negotiated by the Company, which are recognized as revenues when earned and collectability is reasonably assured. Wilhelmina also receives commissions paid on bookings by third-party agencies which are recognized when earned and collectability is reasonably assured. See "Critical Accounting Policies - Revenue Recognition.

Wilhelmina provides professional services. Therefore, salary and service costs represent the largest part of the Company's operating expenses. Salary and service costs are comprised of payroll and related costs and travel, meals and entertainment ("T&E") to deliver the Company's services and to enable new business development activities.

Analysis of Consolidated Statements of Income

For the Years Ended December 31, 2022 and 2021

(in thousands)

	2022	2021
Service revenues	17,750	16,069
License fees and other income	30	33
TOTAL REVENUES	17,780	16,102
Salaries and service costs	10,907	8,644
Office and general expenses	3,168	2,973
Amortization and depreciation	193	855
Cybersecurity incident expenses	-	575
Corporate overhead	1,093	897
OPERATING INCOME	2,419	2,158
OPERATING MARGIN	13.6%	13.4%
Foreign exchange (gain) loss	(164)	80
Gain on forgiveness of loan	-	(1,994)
Employee retention credit	-	(1,320)
Interest expense	8	51
INCOME BEFORE INCOME TAXES	2,575	5,341
Current income tax expense	(109)	(224)
Deferred tax benefit (expense)	1,063	(599)
Effective tax rate	(37.0%)	15.4%
NET INCOME	3,529	4,518

Supplemental Non-GAAP Information

(in thousands)

	2022	2021
Gross billings	66,984	56,813
EBITDA	2,776	6,247
Adjusted EBITDA	2,802	3,649
Pre-Corporate EBITDA	3,895	4,546

See pages 14 to 15 for a reconciliation of these non-GAAP financial measures to the most comparable GAAP financial measures and for other important information.

Service Revenues

The Company's service revenues fluctuate in response to its clients' willingness to spend on advertising and the Company's ability to have the desired talent available. The revenue increase of 10.5% for the year ended December 31, 2022, when compared to the year ended December 31, 2021, was primarily due to increased bookings as the cities where Wilhelmina operates reopened and business activity increased as COVID-19 pandemic restrictions were moderated or rescinded.

License Fees and Other Income

License fees and other income include franchise revenues from independently owned model agencies that use the Wilhelmina trademark and various services provided by the Company. License fees decreased by 9.1% for the year ended December 31, 2022, when compared to the year ended December 31, 2021, primarily due to the timing of income from licensing agreements.

Salaries and Service Costs

Salaries and service costs consist of payroll related costs and travel and entertainment expenses required to deliver the Company's services to its clients and talents. The 26.2% increase in salaries and service costs for the year ended December 31, 2022, when compared to the year ended December 31, 2021, was primarily due to temporary reductions in staff salaries in the prior year, which returned to full salary in July 2021 as well as personnel hires and payroll changes to better align Wilhelmina staffing with the needs of each office and geographical region.

Office and General Expenses

Office and general expenses consist of office and equipment rents, advertising and promotion, insurance expenses, administration and technology cost. During the year ended December 31, 2022, office and general expenses increased 6.6% when compared to the year ended December 31, 2021, primarily due to increased legal expense and rent expense, partially offset by decreased computer expense, utilities, and other office expenses.

Amortization and Depreciation

Amortization and depreciation expense is incurred with respect to certain assets, including computer hardware, software, office equipment, furniture and finance leases. Amortization and depreciation expense decreased by 77.4% for the year ended December 31, 2022 compared to the year ended December 31, 2021, primarily due to reduced depreciation of assets that became fully amortized in 2021. Fixed asset purchases (mostly related to furniture, leasehold improvements, and computer equipment) totaled approximately \$268 thousand in 2022 and \$19 thousand in 2021.

Cybersecurity Incident Expenses

In November 2021, the Company determined that it had recently been the victim of criminal fraud known to law enforcement authorities as "business e-mail compromise fraud" which involved employee e-mail impersonation and fraudulent payment requests targeting the finance department of a division of the Company. The fraud resulted in unauthorized transfers of funds aggregating approximately \$0.7 million, as well as approximately \$10 thousand of professional service fees to address the fraud, of which the Company recovered \$0.2 million. As a result, the Company recorded a charge of \$0.6 million in 2021 within operating expenses on the consolidated statements of income.

Corporate Overhead

Corporate overhead expenses include director and executive officer compensation, corporate legal, audit and professional fees, corporate office rent, and travel. Corporate overhead increased by 21.9% for the year ended December 31, 2022, when compared to the year ended December 31, 2021, primarily due to costs related to the filing of two SEC restatement filings in December 2022, temporary reduction in fees paid to corporate employees and the Company's directors in the prior year that returned to full fee in July 2021, and the timing of audit costs incurred earlier than in the prior year.

Operating Income and Operating Margin

Operating income was \$2.4 million and operating margin was 13.6% for the year ended December 31, 2022, compared to operating income of \$2.2 million and operating margin of 13.4% for the year ended December 31, 2021. These improvements were primarily the result of increased revenue outpacing the increase in operating expenses.

Foreign Currency Loss

The Company realized a gain of \$164 thousand from foreign currency exchange during the year ended December 31, 2022, compared to a loss of \$80 thousand from foreign currency exchange during the year ended December 31, 2021. Foreign currency gain and loss is due to fluctuations in currencies from Great Britain, Europe, and Latin America.

Gain on Forgiveness of Loan

During 2021, the Company received notice from the SBA that \$2.0 million of loans under the PPP were forgiven. The Company recorded these gains on forgiveness of loans during 2021.

Employee Retention Credit

During 2021, the Company was eligible for a one-time employee retention payroll tax credit as a refundable credit against certain employment taxes of up to \$7,000 per employee. The Company recorded \$1.3 million of employee retention credit income during 2021.

Interest Expense

Interest expense for the years ended December 31, 2022 and December 31, 2021 was primarily attributable to accrued interest on term loans drawn during 2016 and 2018 and on finance leases. Interest expense decreased in 2022 due to the repayment of the balance on the Amegy term loan in August 2021. See, “Liquidity and Capital Resources.”

Income before Income Taxes

Income before income taxes decreased to \$2.6 million for the year ended December 31, 2022, compared to a gain of \$5.3 million for the year ended December 31, 2021. The higher pre-tax income in 2021 was primarily due to the gain on forgiveness of PPP loans and employee retention credit income.

Income Taxes

Generally, the Company’s combined effective tax rate is high relative to reported net income as a result of foreign taxes, and income being attributable to certain states in which it operates. The Company operates in three states, which have relatively high tax rates: California, New York, and Florida. In addition, foreign taxes in the United Kingdom related to our London office are not deductible for U.S. federal taxes. In 2021, the effective tax rate was lower due to PPP loan forgiveness, which was not subject to income tax. The Company had income tax benefit of \$1.0 million in 2022 compared to \$0.8 million of income tax expense in 2021.

The income tax benefit in 2022 was primarily the result of the full release of a previous \$1.5 million valuation allowance against deferred tax assets. As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. In connection with its assessment for 2022, management determined that there was sufficient evidence to conclude that it was more likely than not that all deferred tax assets were realizable. This evidence included three years of cumulative pretax income, excluding nonrecurring items. The Company will continue to assess the evidence used to determine the need for a valuation allowance and may reinstate the valuation allowance in future periods if warranted by changes in estimated future income and other factors.

Net Income

The Company had net income of \$3.5 million for the year ended December 31, 2022, compared to net income of \$4.5 million for the year ended December 31, 2021. In 2022, the net income was significantly impacted by the release of the valuation allowance on the Company’s deferred tax assets. In 2021, the net income was significantly impacted by the gain on forgiveness of PPP loans and employee retention payroll tax credits.

Gross Billings

Gross billings is a non-GAAP financial measure that represents the gross amount billed to customers on behalf of its clients (models and talent) for services performed. Gross billings increased 18% for the year ended December 31, 2022, when compared to the year ended December 31, 2021, primarily due to increased bookings as the cities where Wilhelmina operates reopened and business activity increased as COVID-19 pandemic restrictions were moderated or rescinded. See pages 14 to 15 for more information regarding non-GAAP financial measures.

Liquidity and Capital Resources

The Company’s cash balance increased to \$12.0 million at December 31, 2021 from \$10.3 million at December 31, 2021. The cash balance increased primarily as a result of \$2.4 million net cash provided by operating activities partially offset by \$0.3 million cash used in investing activities, \$0.1 million cash used in financing activities, and the \$0.4 million adverse effect of exchange rate on cash flow.

Net cash provided by operating activities of \$2.5 million was primarily the result of net income and increases in amounts due to models and accounts payable and accrued liabilities, partially offset by increases in accounts receivable and other assets and decreases in deferred income tax liabilities and contract liabilities. The \$0.3 million cash used in investing activities was attributable to purchases of property and equipment, including furniture, leasehold improvements, and software and computer equipment. The \$0.1 million of cash used in financing activities was primarily attributable to payments on finance leases.

The Company’s primary liquidity needs are for working capital associated with performing services under its client contracts. Generally, the Company incurs significant operating expenses with payment terms shorter than its average collections on billings. Based on budgeted and year-to-date cash flow information, management believes that the Company has sufficient liquidity to meet its projected operational expenses and capital expenditure requirements for the next twelve months and beyond.

Amegy Bank Credit Agreement

The Company previously had a credit agreement with Amegy Bank which provided a \$3.0 million revolving line of credit, subject to a borrowing base derived from 80% of eligible accounts receivable (as defined) and the Company's minimum net worth covenant. The revolving line of credit bore interest at prime plus 0.50% payable monthly. The revolving line of credit expired October 24, 2022.

On July 16, 2018, the Company amended its credit agreement with Amegy Bank to provide for a term loan of up to \$1.0 million that could be drawn by the Company through July 12, 2019, for the purpose of repurchases of its common stock. On August 1, 2018, the Company drew \$0.7 million of the additional term loan and used the proceeds to fund the purchase of 100,000 shares of its common stock in a private transaction. On December 12, 2018, the Company drew \$0.3 million of the additional term loan and used the proceeds to partially fund a purchase of 50,000 shares of its common stock in a private transaction. On August 31, 2021, the Company prepaid, without penalty, the \$0.6 million remaining balance of the additional term loan. As of December 31, 2022, there was no outstanding balance on the term loan.

Paycheck Protection Program Loans

On April 15, 2020, Wilhelmina International, Ltd. (the "Borrower"), a wholly-owned subsidiary of the Company, executed a Business Loan Agreement and a Promissory Note each dated April 13, 2020 (collectively, the "Sub PPP Loan Documents"), with respect to a loan in the amount of \$1.8 million (the "Sub PPP Loan") from Amegy Bank. The Sub PPP Loan was obtained pursuant to the federal Paycheck Protection Program (the "PPP"). The Sub PPP Loan originally matured on April 13, 2022 and bore interest at a rate of 1.00% per annum. As allowed under the Paycheck Protection Flexibility Act, the Sub PPP Loan was extended to mature on April 13, 2025. On March 27, 2021, the Company received notice from the SBA that the Sub PPP loan, including \$17 thousand accrued interest, had been fully forgiven, resulting in \$1.9 million of gain on forgiveness of loan recorded within other (income) expenses during the quarter ended March 31, 2021.

On April 18, 2020, the Company executed a Business Loan Agreement and a Promissory Note each dated April 17, 2020 (collectively, the "Parent PPP Loan Documents"), with respect to a loan in the amount of \$128 thousand (the "Parent PPP Loan") from Amegy Bank. The Parent PPP Loan was also obtained pursuant to the PPP. The Parent PPP Loan originally matured on April 17, 2022 and bore interest at a rate of 1.00% per annum. As allowed under the Paycheck Protection Flexibility Act, the Parent PPP Loan was extended to mature on April 17, 2025. On April 3, 2021, the Company received notice from the SBA that the Parent PPP Loan, including \$1 thousand accrued interest, had been fully forgiven, resulting in \$0.1 million of gain on forgiveness of loan recorded within other (income) expense during the quarter ended June 30, 2021. Under the PPP, the SBA reserves the right to audit any PPP loan forgiveness application for a period of six years from the date of loan forgiveness.

Important Information Regarding Non-GAAP Financial Measures

The Company reports its financial results in accordance with GAAP. However, management believes that certain non-GAAP financial measures provide users of the Company's financial information with additional useful information in evaluating operating performance. The Company considers Gross Billings, EBITDA, Adjusted EBITDA and Pre-Corporate EBITDA to be important measures of performance because they are key operating metrics of the Company's business, are used by management in its planning and budgeting processes and to monitor and evaluate its financial and operating results and provide stockholders and potential investors with a means to evaluate the Company's financial and operating results against other companies within the Company's industry.

Gross Billings represents the gross amount billed to customers on behalf of its models and talent for services performed. The Company calculates Gross Billings as total revenue plus model costs, which includes amounts owed to talent, including taxes required to be withheld and remitted directly to taxing authorities, commissions owed to other agencies, and related costs such as those paid for photography. The Company calculates EBITDA as net income plus interest expense, income tax expense, and depreciation and amortization expense. The Company calculates "Adjusted EBITDA" as EBITDA plus foreign exchange gain/loss, share-based payment expense and certain significant non-recurring items that the Company may include from time to time. For 2021, these non-recurring items represented gain on forgiveness of PPP loans, employee retention payroll tax credit, and cybersecurity incident expenses. The Company calculates "Pre-Corporate EBITDA" as Adjusted EBITDA plus corporate overhead expense, which includes director compensation, securities laws compliance costs, audit and professional fees, and other public company costs.

Non-GAAP financial measures should be viewed as supplementing, and not as an alternative or substitute for, the Company's financial results prepared in accordance with GAAP. Certain of the items that may be excluded or included in non-GAAP financial measures may be significant items that could impact the Company's financial position, results of operations or cash flows and should therefore be considered in assessing the Company's actual and future financial condition and performance. The methods used by the Company to calculate its non-GAAP financial measures may differ significantly from methods used by other companies to compute similar measures. As a result, any non-GAAP financial measures presented herein may not be comparable to similar measures provided by other companies.

Gross Billings

The following is a tabular reconciliation of the non-GAAP financial measure Gross Billings to GAAP total revenues, which the Company believes to be the most comparable GAAP measure

(in thousands)	2022	2021
Total revenues	17,780	16,102
Model costs	49,204	40,711
Gross Billings	66,984	56,813

Model costs include amounts owed to talent, including taxes required to be withheld and remitted directly to taxing authorities, commissions owed to other agencies, and related costs such as those paid for photography.

EBITDA, Adjusted EBITDA, and Pre-Corporate EBITDA

The following is a tabular reconciliation of the non-GAAP financial measures EBITDA, Adjusted EBITDA, and Pre-Corporate EBITDA to GAAP net income, which the Company believes to be the most comparable GAAP measure

(in thousands)	2022	2021
Net income	\$ 3,529	4,518
Interest expense	8	51
Income tax (benefit) expense	(954)	823
Amortization and depreciation	193	855
EBITDA	\$ 2,776	\$ 6,247
Foreign exchange (gain) loss	(164)	80
Non-recurring items (1)	-	(2,739)
Share based payment expense	190	61
Adjusted EBITDA	\$ 2,802	\$ 3,649
Corporate overhead	1,093	897
Pre-Corporate EBITDA	\$ 3,895	\$ 4,546

(1) Non-recurring items include gain on forgiveness of loans, employee retention credit and cybersecurity incident expenses during 2021

Critical Accounting Policies and Estimates

The consolidated financial statements of the Company are prepared in accordance with generally accepted accounting practices in the United States of America ("U.S. GAAP"). The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs, and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. In many instances, we could have reasonably used different accounting estimates, and in other instances, changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from the estimates made by our management. To the extent that there are material differences between these estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows may be affected.

The following items require significant estimation or judgement. For additional information about our accounting policies, refer to "Note 2, Summary of Significant Accounting Policies" in the audited consolidated financial statements included herewith.

Revenue Recognition

The Company has adopted the requirements of Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASC 606”). ASC 606 establishes a principle for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services.

Our revenues are derived primarily from fashion model bookings, and representation of social media influencers and actors for commercials, film, and television. Our performance obligations are primarily satisfied at a point in time when the talent has completed the contractual requirements.

A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The performance obligations for most of the Company’s core modeling bookings are satisfied on the day of the event, and the “day rate” total fee is agreed in advance when the customer books the model for a particular date. For contracts with multiple performance obligations, we allocate the contract’s transaction price to each performance obligation based on the estimated relative standalone selling price.

We report service revenues on a net basis, which represents gross amounts billed net of amounts owed to talent, including taxes required to be withheld and remitted directly to taxing authorities, commissions owed to other agencies, and related costs such as those paid for photography. The Company typically enters into contractual agreements with models under which the Company is obligated to pay talent upon collection of fees from the customer.

Although service revenues are reported on a net basis, accounts receivable are recorded at the amount of gross amounts billed to customers, inclusive of model costs. As a result, both accounts receivable and amounts due to models appear large relative to total revenue.

Amounts billed that have not yet met the applicable revenue recognition criteria are recorded as deferred revenue within accrued expenses and the related talent costs are recorded as contract liability.

Share Based Compensation

Share-based compensation expense is estimated at the grant date based on the award’s fair value as calculated by the Black-Scholes option pricing model and is recognized on a straight line basis as an expense over the requisite service period, which is generally the vesting period. The determination of the fair value of share-based awards on the date of grant using an option pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include the estimated volatility over the expected term of the awards, actual and projected employee stock option exercise behaviors, risk-free interest rates, estimated forfeitures and expected dividends.

Income Taxes

We are subject to income taxes in the United States, the United Kingdom, and numerous local jurisdictions.

Deferred tax assets are recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unused tax loss carry-forwards are reviewed at each reporting date and a valuation allowance is established if it is doubtful we will generate sufficient future taxable income to utilize the loss carry-forwards.

In determining the amount of current and deferred income tax, we take into account whether additional taxes, interest, or penalties may be due. Although we believe that we have adequately reserved for our income taxes, we can provide no assurance that the final tax outcome will not be materially different. To the extent that the final tax outcome is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on our financial condition and operating results.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are accounted for at net realizable value, do not bear interest and are short-term in nature. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability to collect on accounts receivable. Based on management’s assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to the allowance. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. The Company generally does not require collateral.

Although service revenues are reported on a basis net of model costs, accounts receivable are recorded at the amount of gross amounts billed to customers inclusive of model costs. As a result, both accounts receivable and amounts due to models appear large relative to total revenue.

Goodwill and Intangible Asset Impairment Testing

The Company performs impairment testing at least annually and more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the reporting unit's fair value. The Company sometimes utilizes an independent valuation specialist to assist with the determination of fair value. In accordance with ASU 2017-03, effective January 1, 2020, only a one-step quantitative impairment test is performed, whereby a goodwill impairment loss will be measured as the excess of a reporting unit's carrying amount over its fair value. If the carrying amount of the reporting unit's goodwill exceeds its fair value, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill.

Whenever events or circumstances change, entities have the option to first make a qualitative evaluation about the likelihood of goodwill impairment. If impairment is deemed more likely than not, management would perform the goodwill impairment test. Otherwise, the goodwill impairment test is not required. In assessing the qualitative factors, the Company assesses relevant events and circumstances that may impact the fair value and the carrying amount of the reporting unit. The identification of relevant events and circumstances and how these may impact a reporting unit's fair value or carrying amount involve significant judgments and assumptions. The judgment and assumptions include the identification of macroeconomic conditions, industry and market considerations, overall financial performance, Company specific events and share price trends, an assessment of whether each relevant factor will impact the impairment test positively or negatively, and the magnitude of any such impact.

The Company evaluates indefinite lived trademark and trade name intangible assets for impairment using the relief from royalty method. This valuation approach requires that the Company make a number of assumptions to estimate fair value, including projections of future revenues, royalty rates, tax rates, discount rates, and other relevant variables. The projections in this model are updated annually and will change over time based on historical performance and changing business conditions. If the carrying value exceeded the estimated fair value, an impairment charge would be recognized for the excess amount.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to smaller reporting company.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of the Company and the related report of the Company's independent registered public accounting firm thereon are included in this report at the pages indicated.

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	2
Consolidated Balance Sheets as of December 31, 2022 and 2021	5
Consolidated Statements of Income and Comprehensive Income for the Years Ended December 31, 2022 and 2021	6
Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2022 and 2021	7
Consolidated Statements of Cash Flows for the Years Ended December 31, 2022 and 2021	8
Notes to the consolidated Financial Statements	9

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company's principal executive officer and principal financial officer evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on their evaluation of the Company's disclosure controls and procedures, the Company's principal executive officer and principal financial officer, with the participation of the Company's management, have concluded that the Company's disclosure controls and procedures were effective as of December 31, 2022, to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is (a) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (b) accumulated and communicated to management, including the Company's principal executive officer and principal financial officer, as appropriate to allow for timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of the Company's management, including the Company's principal executive officer and principal financial officer, the Company conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2021 based on the framework in *Internal Control - Integrated Framework 2013* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, the Company's management concluded that the Company's internal control over financial reporting was effective as of December 31, 2022.

Remediation of Material Weakness

As discussed in the Company's restated Annual Report on Form 10-K/A (Amendment No. 1) for the period ended December 31, 2021 and restated Quarterly Report on Form 10-Q/A (Amendment No. 1) for the period ended September 30, 2022, the Company's management previously determined that a material weakness existed in its internal control over financial reporting relating to the prior interpretation of GAAP that service revenues should be reported on a gross basis rather than a net basis.

During the fourth quarter of 2022, management addressed the control deficiency by implementing a remediation plan, including new training of key accounting staff on technical accounting topics, updated documentation requirements, and increased review of new and changes in accounting standards between the Company's management and the audit committee of the Board of Directors. As a result of these changes and subsequent review and testing, management has concluded that the previously reported material weakness has been remediated.

ITEM 9B. *OTHER INFORMATION*

None.

ITEM 9C. *DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS*

None.

PART III

ITEM 10.*DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

The information required by Item 10 is incorporated by reference from the Company's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

ITEM 11.*EXECUTIVE COMPENSATION*

The information required by Item 11 is incorporated by reference from the Company's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

ITEM 12.*SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS*

The information required by Item 12 is incorporated by reference from the Company's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

ITEM 13.*CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE*

The information required by Item 13 is incorporated by reference from the Company's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

ITEM 14.*PRINCIPAL ACCOUNTANT FEES AND SERVICES*

The information required by Item 14 is incorporated by reference from the Company's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

PART IV

ITEM 15.*EXHIBITS AND FINANCIAL STATEMENT SCHEDULES*

(a) Documents Filed as Part of Report

1. Financial Statements:

The consolidated financial statements of the Company and the related report of the Company's independent public accountants thereon have been filed under Item 8 hereof.

2. Financial Statement Schedules:

The information required by this item is not applicable.

3. Exhibits:

The exhibits listed below are filed as part of or incorporated by reference in this report.

Description of Exhibits

- [3.1](#) [Restated Certificate of Incorporation of Wilhelmina International, Inc. \(incorporated by reference from Exhibit 3.1 to Form S-1/A, filed January 30, 2012\).](#)
- [3.2](#) [Certificate of Amendment of the Restated Certificate of Incorporation of Wilhelmina International, Inc. \(incorporated by reference from Exhibit 3.1 to the Form 8-K, filed July 15, 2014\).](#)
- [3.3](#) [Certificate of Amendment of the Restated Certificate of Incorporation of Wilhelmina International, Inc. \(incorporated by reference from Exhibit 3.1 to Form 8-K filed July 12, 2017\).](#)
- [3.4](#) [Amended and Restated Bylaws of Wilhelmina International, Inc. \(incorporated by reference from Exhibit 3.2 to Form 8-K, filed May 24, 2011\).](#)
- [4.1](#) [Form of Stock Certificate of Common Stock of Billing Concepts Corp. \(incorporated by reference from Exhibit 4.1 to Form 10-Q, filed May 15, 1998\).](#)
- [10.1](#) [Credit Agreement, dated as of April 20, 2011, by and between Wilhelmina International, Inc. and Amegy Bank National Association \(incorporated by reference from Exhibit 10.1 to Form 8-K filed May 5, 2011\).](#)
- [10.2](#) [Promissory Note, dated as of April 20, 2011, by and between Wilhelmina International, Inc. for the benefit of Amegy Bank National Association \(incorporated by reference from Exhibit 10.2 to Form 8-K filed May 5, 2011\).](#)
- [10.3](#) [Pledge and Security Agreement, dated as of April 20, 2011, by and between Wilhelmina International, Inc., the guarantor signatories thereto and Amegy Bank National Association \(incorporated by reference from Exhibit 10.3 to Form 8-K filed May 5, 2011\).](#)
- [10.4](#) [Guaranty, dated as of April 20, 2011, by the guarantor signatories thereto for the benefit of Amegy Bank National Association \(incorporated by reference from Exhibit 10.4 to Form 8-K filed May 5, 2011\).](#)
- [10.5](#) [First Amendment to Credit Agreement, dated January 1, 2012, by and among Wilhelmina International, Inc., the guarantor signatories thereto and Amegy Bank National Association \(incorporated by reference from Exhibit 10.1 to Form 8-K filed January 19, 2012\).](#)
- [10.6](#) [Amended and Restated Line of Credit Promissory Note, dated as of January 1, 2012, by Wilhelmina International, Inc. for the benefit of Amegy Bank National Association \(incorporated by reference from Exhibit 10.2 to Form 8-K filed January 19, 2012\).](#)
- [10.7](#) [First Amendment to Pledge and Security Agreement, dated as of January 1, 2012, by and among Wilhelmina International, Inc., the guarantor signatories thereto and Amegy Bank National Association \(incorporated by reference from Exhibit 10.3 to Form 8-K filed January 19, 2012\).](#)
- [10.8](#) [Second Amendment to Credit Agreement, dated as of October 24, 2012, by and between Wilhelmina International, Inc. and Amegy Bank National Association \(incorporated by reference from Exhibit 10.1 to Form 8-K filed October 30, 2012\).](#)
- [10.9](#) [Second Amended and Restated Line of Credit Promissory Note, dated as of October 24, 2012, by Wilhelmina International, Inc. for the benefit of Amegy Bank National Association \(incorporated by reference from Exhibit 10.2 to Form 8-K filed October 30, 2012\).](#)
- [10.10](#) [Second Amendment to Pledge and Security Agreement, dated as of October 24, 2012, by and among Wilhelmina International, Inc., the guarantor signatories thereto and Amegy Bank National Association \(incorporated by reference from Exhibit 10.3 to Form 8-K filed October 30, 2012\).](#)
- [10.11](#) [Third Amendment to Pledge and Security Agreement, dated as of July 31, 2014, by and among Wilhelmina International, Inc., the guarantor signatories thereto and Amegy Bank National Association \(incorporated by reference from Exhibit 10.30 to Form 10-K filed March 27, 2015\).](#)

- [10.12](#) [Fourth Amendment to Credit Agreement, dated November 10, 2015, by and among Wilhelmina International, Inc., the guarantor signatories thereto and Amegy Bank National Association \(incorporated by reference from Exhibit 10.32 to Form 10-Q filed November 16, 2015\).](#)
- [10.13](#) [Third Amended and Restated Line of Credit Promissory Note, dated November 10, 2015, by and among Wilhelmina International, Inc., the guarantor signatories thereto and Amegy Bank National Association \(incorporated by reference from Exhibit 10.33 to Form 10-Q filed November 16, 2015\).](#)
- [10.14](#) [Term Loan Promissory Note, dated November 10, 2015, by and among Wilhelmina International, Inc., the guarantor signatories thereto and Amegy Bank National Association \(incorporated by reference from Exhibit 10.34 to Form 10-Q filed November 16, 2015\).](#)
- [10.15](#) [Third Amendment to Pledge and Security Agreement, dated November 10, 2015, by and among Wilhelmina International, Inc., the guarantor signatories thereto and Amegy Bank National Association \(incorporated by reference from Exhibit 10.35 to Form 10-Q filed November 16, 2015\).](#)
- [10.16](#) [Fifth Amendment to Credit Agreement dated May 13, 2016, by and among Wilhelmina International, Inc., Amegy Bank National Association and the guarantors signatory thereto \(incorporated by reference from Exhibit 10.1 to Form 8-K filed May 17, 2016\).](#)
- [10.17](#) [Sixth Amendment to Credit Agreement and First Amendment to Line of Credit Note dated November 9, 2016, between Wilhelmina International, Inc. and Amegy Bank \(incorporated by reference from Exhibit 10.2 to Form 10-Q filed November 14, 2016\).](#)
- [10.18](#) [Seventh Amendment to Credit Agreement dated May 4, 2017, by and among Wilhelmina International, Inc., the guarantor signatories thereto, and Amegy Bank \(incorporated by reference from Exhibit 10.1 to Form 8-K filed May 8, 2017\).](#)
- [10.19](#) [Eighth Amendment to Credit Agreement and Waiver dated August 1, 2017, by and among Wilhelmina International, Inc., the guarantor signatories thereto, and Amegy Bank \(incorporated by reference from Exhibit 10.1 to Form 8-K filed August 4, 2017\).](#)
- [10.20](#) [Ninth Amendment to Credit Agreement and Second Amendment to Line of Credit Note dated October 24, 2017, by and among Wilhelmina International, Inc., the guarantor signatories thereto, and Amegy Bank \(incorporated by reference from Exhibit 10.2 to Form 10-Q filed November 9, 2017\).](#)
- [10.21](#) [Tenth Amendment to Credit Agreement dated July 12, 2018, by and among Wilhelmina International, Inc., ZB, N.A. dba Amegy Bank and the guarantors signatory thereto \(incorporated by reference to Exhibit 10.1 to Form 8-K filed July 17, 2018\).](#)
- [10.22](#) [Promissory Note dated July 12, 2018, by and between Wilhelmina International, Inc. and ZB, N.A. dba Amegy Bank \(incorporated by reference to Exhibit 10.2 to Form 8-K files July 17, 2018\).](#)
- [10.23](#) [Eleventh Amendment to Credit Agreement and Third Amendment to Line of Credit Note dated October 24, 2018, by and among Wilhelmina International, Inc., ZB, N.A. dba Amegy Bank and the guarantors signatory thereto \(incorporated by reference to Exhibit 10.3 to Form 10-Q filed November 9, 2018\).](#)
- [10.24](#) [Twelfth Amendment to Credit Agreement and Fourth Amendment to Line of Credit Note dated October 24, 2019, by and among Wilhelmina International, Inc., ZB, N.A. dba Amegy Bank and the guarantors signatory thereto \(incorporated by reference to Exhibit 10.1 to Form 10-Q filed November 12, 2019\).](#)
- [10.25](#) [Thirteenth Amendment to Credit Agreement dated March 26, 2020, by and among Wilhelmina International, Inc., ZB, N.A. dba Amegy Bank and the guarantors signatory thereto \(incorporated by reference to Exhibit 10.27 to Form 10-K filed March 30, 2020\)](#)
- [10.26](#) [Fourteenth Amendment to Credit Agreement and Fourth Amendment to Line of Credit Note dated May 12, 2020, by and among Wilhelmina International, Inc., ZB, N.A. dba Amegy Bank and the guarantors signatory thereto \(incorporated by reference to Exhibit 10.1 to Form 10-Q filed May 14, 2020\).](#)
- [10.27](#) [Fifteenth Amendment to Credit Agreement and Fourth Amendment to Line of Credit Note dated November 10, 2020, by and among Wilhelmina International, Inc., ZB, N.A. dba Amegy Bank and the guarantors signatory thereto \(incorporated by reference to Exhibit 10.1 to Form 10-Q filed November 12, 2020\).](#)

- [*10.28](#) [Wilhelmina International, Inc. 2015 Incentive Plan \(incorporated by reference from Exhibit 10.1 to Form 8-K filed June 16, 2015\).](#)
- [*10.29](#) [Form of Stock Option Grant Agreement \(incorporated by reference from Exhibit 10.21 to Form 10-K filed March 23, 2017\).](#)
- [*10.30](#) [Letter agreement dated April 4, 2016 between Wilhelmina International, Inc. and James McCarthy \(incorporated by reference from Exhibit 10.1 to Form 8-K filed April 25, 2016\).](#)
- [14.1](#) [Registrant's Code of Ethics \(filed herewith\).](#)
- [21.1](#) [List of Subsidiaries \(filed as Exhibit 21.1 to the Form 10-K filed on March 16, 2022\).](#)
- [31.1](#) [Certification of Principal Executive Officer in Accordance with Section 302 of the Sarbanes-Oxley Act \(filed herewith\).](#)
- [31.2](#) [Certification of Principal Financial Officer in Accordance with Section 302 of the Sarbanes-Oxley Act \(filed herewith\).](#)
- [32.1](#) [Certification of Principal Executive Officer in Accordance with Section 906 of the Sarbanes-Oxley Act \(filed herewith\).](#)
- [32.2](#) [Certification of Principal Financial Officer in Accordance with Section 906 of the Sarbanes-Oxley Act \(filed herewith\).](#)
- 101.INS Inline XBRL Instance Document (filed herewith)
- 101.SCH Inline XBRL Taxonomy Extension Schema Document (filed herewith)
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith)
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document (filed herewith)
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document (filed herewith)
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith)
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)
- * Includes compensatory plan or arrangement.

ITEM 16. *FORM 10-K SUMMARY*

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WILHELMINA INTERNATIONAL, INC.
(Registrant)

Date: March 22, 2023

By: /s/ Mark E. Schwarz
Name: Mark E. Schwarz
Title: Executive Chairman
(principal executive officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 22nd day of March, 2023.

/s/ Mark E. Schwarz
Mark E. Schwarz

Director and
Executive Chairman
(principal executive officer)

/s/ James A. McCarthy
James A. McCarthy

Chief Financial Officer
(principal financial officer)

/s/ Clinton J. Coleman
Clinton J. Coleman

Director

/s/ James A. Dvorak
James A. Dvorak

Director

/s/ Maya Burkenroad
Maya Burkenroad

Director

/s/ Mark E. Pape
Mark E. Pape

Director

/s/ Aimee J. Nelson
Aimee J. Nelson

Director

/s/ Alexander F. Mehr
Alexander F. Mehr

Director

WILHELMINA INTERNATIONAL, INC. AND SUBSIDIARIES

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and board of directors
of Wilhelmina International, Inc. and Subsidiaries:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Wilhelmina International, Inc. and Subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations and comprehensive income, shareholders' equity, and cash flows, for the years ended December 31, 2022 and 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

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

Trademarks and Trade Name Impairment Assessment - Refer to Note 2 to the Consolidated Financial Statements

Critical Audit Matter Description

As described in Note 2 to the consolidated financial statements, the Company's trademarks and trade name are tested for impairment at least annually. The Company elected not to perform the qualitative assessment (Step 0) in connection with testing its trademarks and trade name for impairment. Instead, a quantitative assessment (Step 1) was performed using the royalty-relief method, which is based upon projected revenues and estimated royalty and discount rates. The determination of the fair value of the trademarks and trade name requires management to make significant estimates and assumptions related to forecasts of future revenues and royalty and discount rates. As disclosed by management, changes in these assumptions could have a significant impact on the fair value of the trademarks and trade name and the amount of any impairment expense recognized.

We identified the Step 1 trademarks and trade name impairment assessment as a critical audit matter, as auditing management's judgments regarding forecasts for future revenue and royalty and discount rates involve a high degree of subjectivity and an increased extent of audit effort, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the critical audit matter included the following:

- We obtained an understanding and evaluated the design and implementation of internal controls over the estimates and assumptions used by management in the determination of the fair value of the trademarks and trade name including controls addressing:
 - Management's review and approval of key assumptions and inputs, including financial projections, projected growth rates of revenues, capitalization, royalty and discount rates and peer information used in the model.
 - The completeness and accuracy of the model.

- We performed, with the assistance of an auditor employed valuation specialist, substantive procedures on management's estimates and assumptions used in determining the fair value of the trademarks and trade name including:
 - We evaluated the reasonableness of management's forecasts of future revenues by comparing these forecasts to historical operating results and industry growth, and considered whether such assumptions were consistent with evidence obtained in other areas of the audit.
 - We tested the mathematical accuracy of the model, as well as the completeness and accuracy of the information used in it.
 - We evaluated the appropriateness of the methodology used, as well as the capitalization, royalty and discount rate assumptions.
 - We prepared a benchmarking analysis comparing the royalty rate used in the model with third party licensing transactions and developed an independent estimate using an implied royalty rate based on a profit split method.
 - We performed sensitivity analysis of the significant assumptions (i.e. projected revenues, royalty and discount rates) to evaluate the changes in the fair value of the trademarks and trade name that would result from such changes in the assumptions.

We have served as the Company's auditor since 2012.

Baker Tilly US, LLP
New York, New York

March 22, 2023

WILHELMINA INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2022 and 2021
(In thousands, except share data)

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,998	\$ 10,251
Accounts receivable, net of allowance for doubtful accounts of \$1,664 and \$1,580, respectively	9,467	8,858
Prepaid expenses and other current assets	181	91
Total current assets	21,646	19,200
Property and equipment, net of accumulated depreciation of \$1,216 and \$4,094, respectively	307	168
Right of use assets-operating	3,565	1,745
Right of use assets-finance	138	199
Trademarks and trade names with indefinite lives	8,467	8,467
Goodwill	7,547	7,547
Other assets	322	98
TOTAL ASSETS	\$ 41,992	\$ 37,424
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,306	\$ 3,761
Due to models	8,378	8,090
Contract liabilities	270	481
Lease liabilities – operating, current	385	463
Lease liabilities – finance, current	62	64
Total current liabilities	13,401	12,859
Long term liabilities:		
Deferred income tax, net	985	2,048
Lease liabilities – operating, non-current	3,310	1,361
Lease liabilities – finance, non-current	85	143
Total long-term liabilities	4,380	3,552
Total liabilities	17,781	16,411
Shareholders' equity:		
Common stock, \$0.01 par value, 9,000,000 shares authorized; 6,472,038 shares issued at December 31, 2022 and December 31, 2021	65	65
Treasury stock, 1,314,694 shares at December 31, 2022 and December 31, 2021, at cost	(6,371)	(6,371)
Additional paid-in capital	88,770	88,580
Accumulated deficit	(57,709)	(61,238)
Accumulated other comprehensive loss	(544)	(23)
Total shareholders' equity	24,211	21,013
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 41,992	\$ 37,424

The accompanying notes are an integral part of these consolidated financial statements

WILHELMINA INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the Years Ended December 31, 2022 and 2021
(In thousands, except per share data)

	2022	2021
Revenues:		
Service revenues	\$ 17,750	\$ 16,069
License fees	30	33
Total revenues	17,780	16,102
Operating expenses:		
Salaries and service costs	10,907	8,644
Office and general expenses	3,168	2,973
Amortization and depreciation	193	855
Cybersecurity incident expenses	-	575
Corporate overhead	1,093	897
Total operating expenses	15,361	13,944
Operating income	2,419	2,158
Other (income) expense:		
Foreign exchange (gain) loss	(164)	80
Gain on forgiveness of loan	-	(1,994)
Employee retention payroll tax credit	-	(1,320)
Interest expense	8	51
Total other income, net	(156)	(3,183)
Income before provision for income taxes	2,575	5,341
Benefit (provision) for income taxes:		
Current	(109)	(224)
Deferred	1,063	(599)
Benefit (provision) for income taxes, net	954	(823)
Net income	\$ 3,529	\$ 4,518
Other comprehensive loss:		
Foreign currency translation adjustment	(521)	(104)
Total comprehensive income	\$ 3,008	\$ 4,414
Basic net income per common share	\$ 0.68	\$ 0.88
Diluted net income per common share	\$ 0.68	\$ 0.88
Weighted average common shares outstanding-basic	5,157	5,157
Weighted average common shares outstanding-diluted	5,157	5,157

The accompanying notes are an integral part of these consolidated financial statements.

WILHELMINA INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Years Ended December 31, 2022 and 2021
(In thousands)

	Common Shares	Stock Amount	Treasury Shares	Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balances at December 31, 2020	6,472	\$ 65	(1,315)	\$ (6,371)	\$ 88,487	\$ (65,756)	\$ 81	\$ 16,506
Share-based payment expense	-	-	-	-	61	-	-	61
Net income to common shareholders	-	-	-	-	-	4,518	-	4,518
Short swing profit disgorgement	-	-	-	-	32	-	-	32
Foreign currency translation	-	-	-	-	-	-	(104)	(104)
Balances at December 31, 2021	6,472	\$ 65	(1,315)	\$ (6,371)	\$ 88,580	\$ (61,238)	\$ (23)	\$ 21,013
Share-based payment expense	-	-	-	-	190	-	-	190
Net income to common shareholders	-	-	-	-	-	3,529	-	3,529
Foreign currency translation	-	-	-	-	-	-	(521)	(521)
Balances at December 31, 2022	6,472	\$ 65	(1,315)	\$ (6,371)	\$ 88,770	\$ (57,709)	\$ (544)	\$ 24,211

The accompanying notes are an integral part of these consolidated financial statements.

WILHELMINA INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021
(In thousands)

	Year Ended	
	2022	2021
Cash flows from operating activities:		
Net income:	\$ 3,529	\$ 4,518
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and depreciation	193	855
Share based payment expense	190	61
Gain on forgiveness of loan	-	(1,994)
(Gain) loss on foreign exchange rates	(164)	80
Deferred income taxes	(1,063)	599
Bad debt expense	174	168
Changes in operating assets and liabilities:		
Accounts receivable	(747)	(1,961)
Prepaid expenses and other current assets	(98)	16
Right of use assets-operating	500	375
Other assets	(227)	(6)
Due to models	398	1,753
Lease liabilities-operating	(470)	(326)
Contract liabilities	(211)	481
Accounts payable and accrued liabilities	515	917
Net cash provided by operating activities	2,519	5,536
Cash flows from investing activities:		
Purchases of property and equipment	(268)	(19)
Net cash used in investing activities	(268)	(19)
Cash flows from financing activities:		
Shareholder short swing profit disgorgement	-	32
Payments on finance leases	(62)	(76)
Repayment of term loan	-	(743)
Net cash used in financing activities	(62)	(787)
Foreign currency effect on cash flows:	(442)	(35)
Net change in cash and cash equivalents:	1,747	4,695
Cash and cash equivalents, beginning of year	10,251	5,556
Cash and cash equivalents, end of year	\$ 11,998	\$ 10,251
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ -	\$ 23
Cash paid for income taxes	\$ 268	\$ 198
Noncash investing and financing activities		
Gain on forgiveness of loan	\$ -	1,994

The accompanying notes are an integral part of these consolidated financial statements

WILHELMINA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2022 and 2021

Note 1. Business Activity

Overview

The primary business of Wilhelmina International, Inc. and its subsidiaries (collectively, “Wilhelmina” or the “Company”) is fashion model management. These business operations are headquartered in New York City. The Company’s predecessor was founded in 1967 by Wilhelmina Cooper, a renowned fashion model, and became one of the oldest, best known and largest fashion model management companies in the world. Since its founding, Wilhelmina has grown to include operations located in Los Angeles, Miami, and London, as well as a network of licensees. Wilhelmina provides traditional, full-service fashion model and talent management services, specializing in the representation and management of models, entertainers, athletes and other talent, to various clients, including retailers, designers, advertising agencies, print and electronic media and catalog companies.

Note 2. Summary of Significant Accounting Policies

The consolidated financial statements are prepared in conformity with generally accepted accounting principles in the United States of America (“GAAP”). The following is a summary of significant policies used in the preparation of the accompanying financial statements.

Principles of Consolidation and Basis of Presentation

The financial statements include the consolidated accounts of Wilhelmina and its wholly-owned subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation. Certain prior period amounts on the Consolidated Balance Sheets and Consolidated Statement of Cash Flows have been reclassified to conform to the current period presentation.

Revenue Recognition

The Company has adopted the requirements of Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASC 606”). ASC 606 establishes a principle for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services.

Under the revenue standard, the Company recognizes revenues when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. The Company recognizes revenues following the five-step model prescribed under ASU No. 2014-09: (i) identify contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenues when (or as) the Company satisfies the performance obligation.

Service Revenues

Our service revenues are derived primarily from fashion model bookings and representation of social media influencers and actors for commercials, film, and television. Revenues from services are recognized net of amounts owed to model talent, including taxes required to be withheld and remitted directly to taxing authorities, commissions owed to other agencies, and related costs such as those paid for photography, when the customer obtains control of the Company’s product, which occurs at a point in time, typically when the talent has completed the contractual requirement. The Company expenses incremental costs of obtaining a contract as and when incurred because the expected amortization period of the asset that it would have recognized is one year or less or the amount is immaterial. Our performance obligations are primarily satisfied at a point in time when the talent has completed the contractual requirements.

A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The performance obligations for most of the Company’s core modeling bookings are satisfied on the day of the event, and the “day rate” total fee is agreed in advance, when the customer books the model for a particular date. For contracts with multiple performance obligations (which are typically all satisfied within 1 to 3 days), we allocate the contract’s transaction price to each performance obligation based on the estimated relative standalone selling price.

Wilhelmina operates broadly as a modeling and talent agency. The models and talent represented by the Company have discretion in agreeing to the price for a photoshoot or other service and may decline any job opportunity for any reason. After bookings are arranged by the Company, models and talent provide their personal services directly to the Company's clients. The Company charges commissions to both models/talent and customers, which is a fixed percentage of the billing rate for the model or talent. Based on these and other factors, the Company acts as an agent in the service transaction and, therefore, reports service revenues on a basis net of pass-through model or talent cost.

Although service revenues are reported on a net basis, accounts receivable are recorded at the amount of gross amounts billed to customers, inclusive of model costs. As a result, both accounts receivable and amounts due to models appear large relative to total revenue.

Service revenues from international sales accounted for 7.8% and 12.1% of the Company's consolidated services revenues for the years ended December 31, 2022 and 2021, respectively.

License Fees

License fees, in connection with the licensing of the "Wilhelmina" name, are collected on a quarterly basis under the terms of Wilhelmina's agreements with licensees. The Company recognizes revenue relating to license fees where payment is deemed to be probable, over the license period.

Contract Assets

Contract assets, which primarily relate to the Company's right to consideration for work completed but not billed at the reporting date are included within accounts receivable and approximated \$1.9 million and \$0.8 million at December 31, 2022 and 2021, respectively.

Advances to Models

Advances to models for the cost of initial portfolios and other out-of-pocket costs, which are reimbursable only from collections from the Company's clients as a result of future work, are expensed to model costs as incurred net of such costs that are expected to be recouped.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates that affect the amounts reported in the consolidated financial statements and the accompanying notes. Accounting estimates and assumptions discussed herein are those that management considers to be the most critical to an understanding of the consolidated financial statements because they inherently involve significant judgments and uncertainties. Estimates are used for, but not limited to revenue recognition, allowance for doubtful accounts, useful lives for depreciation and amortization, income taxes, the assumptions used for share-based compensation, and impairments of goodwill and intangible assets. All of these estimates reflect management's judgment about current economic and market conditions and their effects based on information available as of the date of these consolidated financial statements. If such conditions persist longer or deteriorate further than expected, it is reasonably possible that the judgments and estimates could change, which may result in future impairments of assets among other effects.

Cash and Cash Equivalents

As of December 31, 2022, the Company held cash in banks of \$12.0 million. The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2022 and 2021.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are accounted for at net realizable value, do not bear interest and are short-term in nature. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability to collect on accounts receivable. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to the allowance. At December 31, 2022, the Company had an allowance of \$1.7 million, and recorded a \$0.2 million bad debt charge to earnings. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. The Company generally does not require collateral.

Although service revenues are reported on a basis net of model costs, accounts receivable are recorded at the amount of gross amounts billed to customers inclusive of model costs. As a result, both accounts receivable and amounts due to models appear large relative to total revenue.

Concentrations of Credit Risk

The balance sheet items that potentially subject the Company to concentrations of credit risk are primarily cash and cash equivalents and accounts receivable. The Company maintains its cash balances in several different financial institutions in New York, Los Angeles, Miami, and London. Balances in accounts other than “noninterest-bearing transaction accounts” are insured up to Federal Deposit Insurance Corporation (“FDIC”) limits of \$250 thousand per institution. At December 31, 2022, the Company had cash balances in excess of FDIC insurance coverage of approximately \$7.1 million. Balances in London accounts are covered by Financial Services Compensation Scheme (“FSCS”) limits of £75 thousand or approximately \$0.1 million per institution. At December 31, 2022, the Company had cash balances in excess of FSCS coverage of approximately \$3.7 million. Concentrations of credit risk with accounts receivable are mitigated by the Company’s large number of clients and their dispersion across different industries and geographical areas. The Company performs ongoing credit evaluations of its clients and maintains an allowance for doubtful accounts based upon the expected collectability of all accounts receivable.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization, based upon the shorter of the estimated useful lives (ranging from two to seven years) of the assets or terms of the leases, are computed by use of the straight-line method. Leasehold improvements are amortized based upon the shorter of the terms of the leases or asset lives. When property and equipment are retired or sold, the cost and accumulated depreciation and amortization are eliminated from the related accounts and gains or losses, if any, are reflected in the consolidated statement of operations.

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If it is determined that impairment has occurred, the amount of the impairment is charged to operations. No such events or changes in circumstances were noted for the years ended December 31, 2022 and 2021.

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price in a business combination over the fair value of the tangible and intangible assets acquired and the liabilities assumed. The Company’s intangible assets other than goodwill consist of trademarks and trade name. Goodwill and intangible assets with indefinite lives are not subject to amortization, but rather to an annual assessment of impairment by applying a fair-value based test. A significant amount of judgment is required in estimating fair value and performing goodwill impairment tests.

There were no changes to the \$7.5 million carrying amount of goodwill during 2021 or 2022. There were no changes to the carrying amount of \$8.5 million trademarks and trade names intangible assets during 2021 or 2022.

No asset impairment charges were incurred relating to the Company’s goodwill or intangible assets during 2021 and 2022.

The process of estimating the fair value of goodwill is subjective and requires the Company to make estimates that may significantly impact the outcome of the analysis. A qualitative assessment considers events and circumstances such as macroeconomic conditions, industry and market conditions, cost factors, and overall financial performance. If after performing this assessment, the Company concludes it is more likely than not that the fair value of the reporting unit is less than its carrying amount, then the Company performs the quantitative test. Under the quantitative test, a goodwill impairment is identified by comparing the fair value to the carrying amount, including goodwill. If the carrying amount exceeds the fair value, goodwill is considered impaired and an impairment charge is recognized in an amount equal to the excess, not to exceed the carrying amount of goodwill.

At least annually, the Company assesses whether the carrying value of its goodwill and intangible assets exceeds their fair value and, if necessary, records an impairment loss equal to any such excess. Declines in the Company’s stock price could result in future goodwill impairment charges. The Company sometimes utilizes an independent valuation specialist to assist with the determination of fair value. Each interim reporting period, the Company assesses whether events or circumstances have occurred which indicate that the carrying amount of an intangible asset exceeds its fair value. If the carrying amount of the intangible asset exceeds its fair value, an asset impairment charge will be recognized in an amount equal to that excess. No such events or changes in circumstances were noted for the year ended December 31, 2022.

Due to Models

Due to models represents the liability for amounts owed to talent for jobs that have taken place, but where the model or talent fee has not yet been paid, typically due to the Company awaiting receipt of payment from the customer. The due to model liabilities are accrued in the period in which the event takes place consistent with when the revenue is recognized. The Company’s contractual agreements with models typically condition payment to talent after the collection of fees from the customer.

Although service revenues are reported on a basis net of model costs, accounts receivable are recorded at the amount of gross amounts billed to customers inclusive of model costs. As a result, both accounts receivable and amounts due to models appear large relative to total revenue.

Contract Liabilities

We record deferred revenue, which is a contract liability, when we have entered into a contract with a customer and cash payments are received prior to satisfaction of the related performance obligation.

Advertising

The Company expenses all advertising costs as incurred. Advertising expense, included in office and general expense in the consolidated statements of operations and comprehensive income, was \$22 thousand and \$11 thousand in the years ended December 31, 2022 and 2021, respectively.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax base and operating loss and tax credit carryforwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company continually assesses the need for a tax valuation allowance based on all available information.

Accounting for uncertainty in income taxes recognized in an enterprise's financial statements requires a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Also, consideration should be given to de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Tax positions are subject to change in the future, as a number of years may elapse before a particular matter for which an established reserve is audited and finally resolved. Federal tax returns for tax years 2019 through 2021 remained open for examination as of December 31, 2022.

Share-Based Compensation

The Company utilizes share-based awards as a form of compensation for certain officers. The Company records compensation expense for all awards granted. The Company uses the Black-Scholes valuation model and straight-line amortization of compensation expense over the requisite service period for each separately vesting portion of the grants.

Fair Value Measurements

The Company has adopted the provisions of ASC 820, "Fair Value Measurements" ("ASC 820"), for financial assets and financial liabilities. ASC 820 defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosure about fair value measurements. ASC 820 applies to all financial instruments that are being measured and reported on a fair value basis. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs-Unadjusted: quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs-Observable: inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Inputs-Unobservable: inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13 “*Financial Instruments -Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*”. ASU 2016-13 replaces the incurred loss impairment model with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. The Company believes the primary impact of ASU 2016-13 will relate to the Company’s assessment of its allowance of doubtful accounts on trade receivables. The guidance was effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The Company adopted this standard in the first quarter of 2023, and does not expect the adoption to have a material impact on the Company’s consolidated financial statements.

Note 3. Debt

The Company previously had a credit agreement with Amegy Bank which provided a \$3.0 million revolving line of credit, subject to a borrowing base derived from 80% of eligible accounts receivable (as defined) and the Company’s minimum net worth covenant. The revolving line of credit bore interest at prime plus 0.50% payable monthly. The revolving line of credit expired October 24, 2022.

On July 16, 2018, the Company amended its credit agreement with Amegy Bank to provide for a term loan of up to \$1.0 million that could be drawn by the Company through July 12, 2019, for the purpose of repurchases of its common stock. On August 1, 2018, the Company drew \$0.7 million of the additional term loan and used the proceeds to fund the purchase of 100,000 shares of its common stock in a private transaction. On December 12, 2018, the Company drew \$0.3 million of the additional term loan and used the proceeds to partially fund a purchase of 50,000 shares of its common stock in a private transaction. On August 31, 2021, the Company prepaid, without penalty, the \$0.6 million remaining balance of the additional term loan. As of December 31, 2022, there was no outstanding balance on the term loan.

On April 15, 2020, Wilhelmina International, Ltd. (the “Borrower”), a wholly-owned subsidiary of the Company, executed a Business Loan Agreement and a Promissory Note each dated April 13, 2020 (collectively, the “Sub PPP Loan Documents”), with respect to a loan in the amount of \$1.8 million (the “Sub PPP Loan”) from Amegy Bank. The Sub PPP Loan was obtained pursuant to the federal Paycheck Protection Program (the “PPP”). The Sub PPP Loan originally matured on April 13, 2022 and bore interest at a rate of 1.00% per annum. As allowed under the Paycheck Protection Flexibility Act, the Sub PPP Loan was extended to mature on April 13, 2025. On March 27, 2021, the Company received notice from the SBA that the Sub PPP loan, including \$17 thousand accrued interest, had been fully forgiven, resulting in \$1.9 million of gain on forgiveness of loan recorded within other (income) expenses during the quarter ended March 31, 2021.

On April 18, 2020, the Company executed a Business Loan Agreement and a Promissory Note each dated April 17, 2020 (collectively, the “Parent PPP Loan Documents”), with respect to a loan in the amount of \$128 thousand (the “Parent PPP Loan”) from Amegy Bank. The Parent PPP Loan was also obtained pursuant to the PPP. The Parent PPP Loan originally matured on April 17, 2022 and bore interest at a rate of 1.00% per annum. As allowed under the Paycheck Protection Flexibility Act, the Parent PPP Loan was extended to mature on April 17, 2025. On April 3, 2021, the Company received notice from the SBA that the Parent PPP Loan, including \$1 thousand accrued interest, had been fully forgiven, resulting in \$0.1 million of gain on forgiveness of loan recorded within other (income) expense during the quarter ended June 30, 2021. Under the PPP, the SBA reserves the right to audit any PPP loan forgiveness application for a period of six years from the date of loan forgiveness.

Note 4. Property and Equipment

Property and equipment at December 31, 2022 and 2021 was comprised of the following (in thousands):

	December 31, 2022	December 31, 2021
Furniture and fixtures	\$ 422	\$ 392
Software and software development costs	-	2,944
Computer and equipment	1,033	890
Leasehold improvements	68	36
Total	1,523	4,262
Less: Accumulated depreciation	(1,216)	(4,094)
Property and equipment, net	\$ 307	\$ 168

During 2022, \$3.0 million of fully depreciated assets were disposed compared to \$2.1 million during 2021. For the years ended December 31, 2022 and 2021, depreciation expense totaled \$0.1 million and \$0.8 million, respectively. Depreciation expense decreased primarily due to reduced depreciation of assets that became fully amortized in 2021.

Note 5. Leases

The Company is obligated under non-cancelable lease agreements for the rental of office space and various other lease agreements for the leasing of office equipment. These operating leases expire at various dates through 2030. In addition to the minimum base rent, the office space lease agreements provide that the Company shall pay its pro-rata share of real estate taxes and operating costs as defined in the lease agreements. The Company also leases certain corporate office facilities from an affiliate.

During 2022, \$0.1 million of lease payments were classified as amortization expense, and included within cash used in financing activities on the Company's statement of cash flows. At December 31, 2022, the weighted-average remaining lease term was 6.1 years for operating leases and 2.5 years for finance type leases. At December 31, 2022, the weighted average discount rate was 5.6% for operating leases and 4.8% for finance type leases.

The following table presents additional information regarding the Company's financing and operating leases for the years ended December 31, 2022 and 2021 (in thousands):

	Year ended December 31, 2022	Year ended December 31, 2021
Finance lease expense		
Amortization of ROU assets	\$ 64	\$ 77
Interest on lease liabilities	8	9
Operating lease expense	608	629
Short term lease expense	353	279
Cash paid for amounts included in the measurement of lease liabilities for finance leases		
Financing cash flows	68	87
Cash paid for amounts included in the measurement of lease liabilities for operating leases		
Operating cash flows	523	580
ROU assets obtained in exchange for lease liabilities		
Finance leases	-	58
Operating leases	2,341	1,749

As of December 31, 2022, future maturities of lease liabilities were as follows (in thousands):

	Operating	Finance
2023	\$ 586	\$ 68
2024	723	63
2025	801	13
2026	813	11
2027	478	-
Thereafter	1,081	-
Total	4,482	155
Less: Present value discount	(767)	(8)
Lease liability	\$ 3,715	\$ 147

The following table summarizes future minimum payments under the current lease agreements:

Years Ending December 31	Amount (in thousands)
2023	\$ 803
2024	818
2025	814
2026	825
2027	479
Thereafter	1,081
Total	\$ 4,820

Rent expense totaled approximately \$1.0 million and \$0.9 million for the years ended December 31, 2022 and 2021.

Note 6. Commitments and Contingencies

On October 24, 2013, a putative class action lawsuit was brought against the Company by former Wilhelmina model Alex Shanklin and others, including Louisa Raske, Carina Vretman, Grecia Palomares and Michelle Griffin Trotter (the “Shanklin Litigation”), in New York State Supreme Court (New York County) by the same lead counsel who represented plaintiffs in a prior, now-dismissed action brought by Louisa Raske (the “Raske Litigation”). The claims in the Shanklin Litigation initially included breach of contract and unjust enrichment allegations arising out of matters similar to the Raske Litigation, such as the handling and reporting of funds on behalf of models and the use of model images. Other parties named as defendants in the Shanklin Litigation included other model management companies, advertising firms, and certain advertisers. On January 6, 2014, the Company moved to dismiss the Amended Complaint in the Shanklin Litigation for failure to state a claim upon which relief can be granted and other grounds, and other defendants also filed motions to dismiss. On August 11, 2014, the court denied the motion to dismiss as to Wilhelmina and other of the model management defendants. Separately, on March 3, 2014, the judge assigned to the Shanklin Litigation wrote the Office of the New York Attorney General bringing the case to its attention, generally describing the claims asserted therein against the model management defendants, and stating that the case “may involve matters in the public interest.” The judge’s letter also enclosed a copy of his decision in the Raske Litigation, which dismissed that case.

Plaintiffs retained substitute counsel, who filed a Second and then Third Amended Complaint. Plaintiffs’ Third Amended Complaint asserts causes of action for alleged breaches of the plaintiffs’ management contracts with the defendants, conversion, breach of the duty of good faith and fair dealing, and unjust enrichment. The Third Amended Complaint also alleges that the plaintiff models were at all relevant times employees, and not independent contractors, of the model management defendants, and that defendants violated the New York Labor Law in several respects, including, among other things, by allegedly failing to pay the models the minimum wages and overtime pay required thereunder, not maintaining accurate payroll records, and not providing plaintiffs with full explanations of how their wages and deductions therefrom were computed. The Third Amended Complaint seeks certification of the action as a class action, damages in an amount to be determined at trial, plus interest, costs, attorneys’ fees, and such other relief as the court deems proper. On October 6, 2015, Wilhelmina filed a motion to dismiss as to most of the plaintiffs’ claims. The Court entered a decision granting in part and denying in part Wilhelmina’s motion to dismiss on May 26, 2017. The Court (i) dismissed three of the five New York Labor Law causes of action, along with the conversion, breach of the duty of good faith and fair dealing and unjust enrichment causes of action, in their entirety, and (ii) permitted only the breach of contract causes of action, and some plaintiffs’ remaining two New York Labor Law causes of action to continue, within a limited time frame. The plaintiffs and Wilhelmina each appealed, and the decision was affirmed on May 24, 2018. On August 16, 2017, Wilhelmina timely filed its Answer to the Third Amended Complaint.

On June 6, 2016, another putative class action lawsuit was brought against the Company by former Wilhelmina model Shawn Pressley and others, including Roberta Little (the “Pressley Litigation”), in New York State Supreme Court (New York County) by the same counsel representing the plaintiffs in the Shanklin Litigation, and asserting identical, although more recent, claims as those in the Shanklin Litigation. The Amended Complaint, asserting essentially the same types of claims as in the Shanklin action, was filed on August 16, 2017. Wilhelmina filed a motion to dismiss the Amended Complaint on September 29, 2017, which was granted in part and denied in part on May 10, 2018. Some New York Labor Law and contract claims remain in the case. Pressley has withdrawn from the case, leaving Roberta Little as the sole remaining named plaintiff in the Pressley Litigation. On July 12, 2019, the Company filed its Answer and Counterclaim against Little.

On May 1, 2019, the Plaintiffs in the Shanklin Litigation (except Raske) and the Pressley Litigation filed motions for class certification on their contract claims and the remaining New York Labor Law Claims. On July 12, 2019, Wilhelmina filed its opposition to the motions for class certification and filed a cross-motion for summary judgment against Shanklin, Vretman, Palomares, Trotter and Little, and a motion for summary judgment against Raske.

By Order dated May 8, 2020 (the “Class Certification Order”), the Court denied class certification in the Pressley case, denied class certification with respect to the breach of contract and alleged unpaid usage claims, granted class certification as to the New York Labor Law causes of action asserted by Vretman, Palomares and Trotter, and declined to rule on Wilhelmina’s motions for summary judgment, denying them without prejudice to be re-filed at a later date. Currently the parties are engaging in merits discovery.

The Company believes the claims asserted in the Shanklin Litigation and Pressley Litigation are without merit and intends to continue to vigorously defend the actions. Nonetheless, an adverse outcome in either case is at least reasonably possible. However, the Company is presently unable to reasonably estimate the amount or range of possible loss in either case. Therefore, no amount has been accrued as of December 31, 2022 related to these matters.

In addition to the legal proceedings disclosed herein, the Company is also engaged in various legal proceedings that are routine in nature and incidental to its business. None of these routine proceedings, either individually or in the aggregate, are believed likely, in the Company's opinion, to have a material adverse effect on its consolidated financial position or its results of operations.

Note 7. Income Taxes

The following table summarizes the income tax benefit (expense) for the years ended December 31, 2022 and 2021 (in thousands):

	2022	2021
Current:		
Federal	\$ (62)	\$ -
State	(47)	(34)
Foreign	-	(190)
Current Total	<u>(109)</u>	<u>(224)</u>
Deferred:		
Federal	1,057	(552)
State	6	(47)
Deferred Total	<u>1,063</u>	<u>(599)</u>
Total	<u>\$ 954</u>	<u>\$ (823)</u>

The income tax benefit (expense) differs from the amount computed by applying the statutory federal and state income tax rates to the net income before income tax. The following table shows the reasons for these differences (in thousands):

	2022	2021
Computed income tax expense at statutory rate	\$ (540)	\$ (1,122)
Decrease (increase) in taxes resulting from:		
Permanent and other deductions, net	(12)	419
Global intangible low-taxed income	(80)	(204)
Foreign income taxes	196	156
State income taxes, net of federal benefit	(104)	(119)
Deferred tax effects	-	55
Valuation allowance	1,494	(8)
Total income tax benefit (expense)	<u>\$ 954</u>	<u>\$ (823)</u>
Effective tax rate	<u>(34.9%)</u>	<u>15.4%</u>

The Company's effective tax rate was -34.9% and 15.4% for the years ended December 31, 2022 and 2021. The income tax benefit in 2022 and low effective tax rate was primarily the result of the full release of a previous \$1.5 million valuation allowance against deferred tax assets. In 2021, the effective tax rate was primarily driven by \$2.0 million non-taxable gain on forgiveness of PPP loans, which was the result of governmental actions to mitigate the impacts of the COVID-19 pandemic.

Generally, the Company's combined effective tax rate is high relative to reported income before taxes as a result of valuation allowances on deferred tax assets, certain amortization expense, stock based compensation, and corporate overhead not being deductible and income being attributable to certain states in which it operates. In recent years, the majority of taxes paid by the Company were state and foreign taxes, not U.S. federal taxes. The Company operates in three states which have relatively high tax rates: California, New York, and Florida. In 2021, the effective tax rate was lower than in typical years due to PPP loan forgiveness, which was not subject to income tax. Realization of net operating loss carryforwards, foreign tax credits, and other deferred tax temporary differences are contingent upon future taxable earnings. The Company's deferred tax assets are reviewed for expected utilization by assessing the available positive and negative factors surrounding recoverability, including projected future taxable income, reversal of existing taxable temporary differences, tax-planning strategies, and results of recent operations. A valuation allowance is recorded when it is more likely than not that a deferred tax asset will not be realized.

For the year ended December 31, 2021, Wilhelmina maintained a full \$1.5 million valuation allowance against its deferred tax assets. As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. In connection with its assessment for the third quarter of 2022, management determined that there was sufficient evidence to conclude that it was more likely than not that all deferred tax assets were realizable. This evidence included three years of cumulative pretax income, excluding nonrecurring items, and expected reversal of existing taxable temporary differences. Consequently, the full valuation allowance against our deferred tax assets was released in 2022, resulting in a \$1.5 million income tax benefit. The Company will continue to assess the evidence used to determine the need for a valuation allowance and may reinstate the valuation allowance in future periods if warranted by changes in estimated future income and other factors.

As of December 31, 2022, the Company had no federal income tax loss carryforwards.

The following table shows the tax effect of significant temporary differences, which comprise the deferred tax asset and liability (in thousands):

	2022	2021
Deferred tax asset:		
Net operating loss carryforward	\$ 63	\$ 293
Foreign tax credits	474	495
Accrued expenses	573	552
Allowance for doubtful accounts	82	78
Lease liability	1,008	493
Share-based compensation	117	66
Other intangible assets	11	20
Less: Valuation allowance	-	(1,494)
Total deferred income tax asset	2,328	503
Deferred tax liability:		
Property and equipment	(77)	(39)
Right of use asset	(971)	(469)
Intangible assets-brand name	(1,183)	(1,183)
Goodwill	(395)	(340)
Other intangible assets	(687)	(520)
Total deferred income tax liability	(3,313)	(2,551)
Deferred income tax, net	\$ (985)	\$ (2,048)

Net deferred tax assets and liabilities are presented as noncurrent within the Company's consolidated balance sheets. Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases and are stated at enacted tax rates expected to be in effect when the taxes are actually paid or recovered. The Company recognizes a valuation allowance for deferred tax assets when it is more likely than not that these assets will not be realized. In making this determination, all positive and negative evidence is considered, including future reversals of existing taxable temporary differences, tax planning strategies, future taxable income, and taxable income in prior carryback years.

At December 31, 2021, the Company had \$1.1 million of U.S. federal net operating loss carryforwards. At December 31, 2022, the Company had no U.S. federal net operating loss carryforwards and has \$0.5 million of foreign tax credit carryforwards which expire between 2023 and 2031.

The Company does not believe that it had any significant uncertain tax positions at December 31, 2022 and December 31, 2021, nor is this expected to change within the next twelve months due to the settlement and expiration of statutes of limitation.

The U.S. Tax Cuts and Jobs Act (the "Tax Act") was enacted on December 22, 2017 and introduced significant changes to U.S. income tax law. Effective in 2018, the Tax Act reduced the U.S. statutory tax rate from 35% to 21% and created new taxes on certain foreign-sourced earnings and certain related-party payments, which are referred to as the global intangible low-taxed income tax and base erosion tax, respectively. In January 2018, the FASB released guidance on the accounting for tax on the global intangible low-taxed income ("GILTI") provisions of the Tax Act. The GILTI provisions impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. The Company elected to treat any potential GILTI inclusions as a period cost.

Note 8. Treasury Stock

During 2012, the Board of Directors authorized a stock repurchase program whereby the Company could repurchase up to 500,000 shares of its outstanding common stock. During 2013, the Board of Directors renewed and extended the Company's share repurchase authority to enable it to repurchase up to an aggregate of 1,000,000 shares of common stock. In 2016, the Board of Directors increased by an additional 500,000 shares the number of shares of the Company's common stock, which may be repurchased under its stock repurchase program to an aggregate of 1,500,000 shares. The shares may be repurchased from time to time in the open market or through privately negotiated transactions at prices the Company deems appropriate. The program does not obligate the Company to acquire any particular amount of common stock and may be modified or suspended at any time at the Company's discretion.

From 2012 through December 31, 2022, the Company repurchased an aggregate of 1,314,694 shares of common stock at an average price of approximately \$4.85 per share, for a total of approximately \$6.4 million in repurchases under the stock repurchase program. During the year ended December 31, 2022, no shares were repurchased. The repurchase of an additional 185,306 shares is presently authorized under the stock repurchase program.

Note 9. Related Parties

The Executive Chairman of the Company, Mark E. Schwarz, is also the chairman, chief executive officer and portfolio manager of Newcastle Capital Management, L.P. ("NCM"). NCM is the general partner of Newcastle Partners L.P. ("Newcastle"), which is the largest shareholder of the Company.

The Company's corporate headquarters are located at the offices of NCM. The Company utilizes NCM facilities on a month-to-month basis at \$2.5 thousand per month, pursuant to a services agreement entered into between the parties. The Company incurred expenses pursuant to the services agreement totaling \$30 thousand for each of the years ended December 31, 2022 and 2021. The Company did not owe NCM any amounts under the services agreement as of December 31, 2022.

In the second quarter of 2021, the Company recorded \$32 thousand related to the recovery of short-swing profits disgorged from one of the Company's shareholders under Section 16(b) of the Securities Exchange Act of 1934, as amended. The Company recognized these related party proceeds as an increase to additional paid-in capital in the accompanying consolidated balance sheet, as well as cash provided by financing activities in the accompanying consolidated statement of cash flows for 2021.

Note 10. Stock Options and Stock Purchase Warrants

During 2015, shareholders of the Company approved the 2015 Incentive Plan which authorized the issuance of up to 500,000 shares of the common stock pursuant to stock options, restricted stock, stock appreciation rights and other equity incentives awarded to directors, officers, consultants, advisors and employees of the Company. Stock option awards under the 2015 Incentive Plan are granted at the market value of the common stock on the date of grant, vest over service periods of one to five years and terminate not more than ten years from the date of grant.

Under the 2015 Incentive Plan, no stock option awards were granted during 2022. Stock option awards covering 120,000 shares of the common stock were granted during 2021. No stock options were exercised during either 2022 or 2021.

The following table shows a summary of stock option transactions under the 2015 Incentive Plan during 2022 and 2021:

	Number of Shares	Weighted Average Exercise Price
Outstanding, January 1, 2021	60,000	\$ 6.93
Granted	120,000	5.43
Exercised	-	-
Forfeited or expired	-	-
Outstanding, December 31, 2021	180,000	\$ 5.93
Granted	-	-
Exercised	-	-
Forfeited or expired	-	-
Outstanding, December 31, 2022	180,000	\$ 5.93

Weighted average remaining contractual life was 5.85 years at December 31, 2022 and 6.85 years at December 31, 2021. The exercise price of all stock options was below the market value at both December 31, 2022 and 2021. Therefore, there is no intrinsic value at December 31, 2022 and 2021. Total unrecognized compensation expense on options outstanding as of December 31, 2022 was \$0.1 million. Options to purchase 98,500 shares of common stock were exercisable as of December 31, 2022.

The Company estimates the fair value of each stock option granted on the date of grant using the Black-Scholes option pricing model. Expected volatilities are based on the historical volatility of Wilhelmina's and similar companies' common stock for a period equal to the expected term. The risk-free interest rates for periods within the contractual term of the options are based on rates for U.S. Treasury Notes with maturity dates corresponding to the options' expected lives on the dates of grant. Expected term is determined based on the option term.

The following table lists the inputs to the Black-Scholes model used for the fair value measurement of the stock options granted during 2021. No stock options were granted during 2022.

Year Ended
December 31, 2021

Weighted average fair value at the measurement date (\$)	3.1
Dividend yield (%)	0
Expected volatility of the share prices (%)	68.9
Risk-free interest rate (%)	1.3
Expected life of share options (years)	4.0 to 6.3
Weighted average share price (\$)	5.4

Note 11. Benefit Plans

The Company has established a 401(k) Plan for eligible employees of the Company. Generally, all employees of the Company who are at least twenty-one years of age are eligible to participate in the 401(k) Plan. The 401(k) Plan is a defined contribution plan, which provides that participants may make voluntary salary deferral contributions, on a pretax basis, between 1% and 100% of their compensation in the form of voluntary payroll deductions, up to a maximum amount as indexed for cost-of-living adjustments. The Company may make discretionary contributions. No discretionary contributions were made during the years ended December 31, 2022 and 2021.

Note 12. Cybersecurity Incident

In November 2021, the Company determined that it had recently been the victim of criminal fraud known to law enforcement authorities as “business e-mail compromise fraud” which involved employee e-mail impersonation and fraudulent payment requests targeting the finance department of a division of the Company. The fraud resulted in unauthorized transfers of funds aggregating approximately \$0.7 million, as well as approximately \$10 thousand of professional service fees to address the fraud. The Company recovered \$0.2 million. As a result, the Company recorded a charge of \$0.6 million in 2021 within operating expenses on the consolidated statements of operations.

The Company is continuing to pursue the recovery of the remaining \$0.6 million and is cooperating with U.S. federal law enforcement authorities who are actively pursuing an investigation. It is presently unclear whether or to what extent any additional amounts will be recovered. Any additional recoveries will be recognized as a gain on recovery in the period that the funds are received.

**WILHELMINA INTERNATIONAL INC.
CODE OF BUSINESS CONDUCT AND ETHICS**

This Code of Business Conduct and Ethics (the “Code”) sets forth legal and ethical standards of conduct for directors, officers and employees of Wilhelmina International, Inc. (the “Company”). This Code is intended to deter wrongdoing and to promote the conduct of all Company business in accordance with high standards of integrity and in compliance with all applicable laws and regulations. This Code applies to the Company and all of its subsidiaries and other business entities controlled by it worldwide.

If you have any questions regarding this Code or its application to you in any situation, you should contact your supervisor or the Company’s Corporate Secretary.

Compliance with Laws, Rules and Regulations

The Company requires that all employees, officers and directors comply with all laws, rules and regulations applicable to the Company wherever it does business. You are expected to use good judgment and common sense in seeking to comply with all applicable laws, rules and regulations and to ask for advice when you are uncertain about them.

If you become aware of the violation of any law, rule or regulation by the Company, whether by its officers, employees, directors, or any third party doing business on behalf of the Company, it is your responsibility to promptly report the matter to your supervisor or the Corporate Secretary. While it is the Company’s desire to address matters internally, nothing in this Code should discourage you from reporting any illegal activity, including any violation of the securities laws, antitrust laws, and environmental laws or any other federal, state or foreign law, rule or regulation, to the appropriate regulatory authority. Employees, officers and directors shall not discharge, demote, suspend, threaten, harass or in any other manner discriminate or retaliate against an employee because he or she reports any such violation, unless it is determined that the report was made with knowledge that it was false. This Code should not be construed to prohibit you from testifying, participating or otherwise assisting in any state or federal administrative, judicial or legislative proceeding or investigation.

Conflicts of Interest

Employees, officers and directors must act in the best interests of the Company. You must refrain from engaging in any activity or having a personal interest that presents a “conflict of interest.” A conflict of interest occurs when your personal interest interferes, or appears to interfere, with the interests of the Company. A conflict of interest can arise whenever you, as an officer, director or employee, take action or have an interest that prevents you from performing your Company duties and responsibilities honestly, objectively and effectively.

For example:

- No employee, officer or director shall perform services as a consultant, employee, officer, director, advisor or in any other capacity for, or have a financial interest in, a direct competitor of the Company, other than services performed at the request of the Company and other than a financial interest representing less than one percent (1%) of the outstanding shares of a publicly-held company; and
- No employee, officer or director shall use his or her position with the Company to influence a transaction with a supplier or customer in which such person has any personal interest, other than a financial interest representing less than one percent (1%) of the outstanding shares of a publicly-held company.

It is your responsibility to disclose any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest to the Corporate Secretary or, if you are an executive officer or director, to the Board of Directors, who shall be responsible for determining whether such transaction or relationship constitutes a conflict of interest.

Insider Trading

Employees, officers and directors who have material non-public information about the Company or other companies, including our suppliers and customers, as a result of their relationship with the Company are prohibited by law and Company policy from trading in securities of the Company or such other companies, as well as from communicating such information to others who might trade on the basis of that information.

If you are uncertain about the constraints on your purchase or sale of any Company securities or the securities of any other company that you are familiar with by virtue of your relationship with the Company, you should consult with the Corporate Secretary before making any such purchase or sale.

Confidentiality

Employees, officers and directors must maintain the confidentiality of confidential information entrusted to them by the Company or other companies, including our suppliers and customers, except when disclosure is authorized by a supervisor or legally mandated. Unauthorized disclosure of any confidential information is prohibited. Additionally, employees should take appropriate precautions to ensure that confidential or sensitive business information, whether it is proprietary to the Company or another company, is not communicated within the Company except to employees who have a need to know such information to perform their responsibilities for the Company.

Third parties may ask you for information concerning the Company. Employees, officers and directors (other than the Company's authorized spokespersons) must not discuss internal Company matters with, or disseminate internal Company information to, anyone outside the Company, except as required in the performance of their Company duties and after an appropriate confidentiality agreement is in place. This prohibition applies particularly to inquiries concerning the Company from the media, market professionals (such as securities analysts, institutional investors, investment advisers, brokers and dealers) and security holders. All responses to inquiries on behalf of the Company must be made only by the Company's authorized spokespersons. If you receive any inquiries of this nature, you must decline to comment and refer the inquirer to your supervisor or one of the Company's authorized spokespersons.

You also must abide by any lawful obligations that you have to your former employer. These obligations may include restrictions on the use and disclosure of confidential information, restrictions on the solicitation of former colleagues to work at the Company and non-competition obligations.

Honest and Ethical Conduct and Fair Dealing

Employees, officers and directors should endeavor to deal honestly, ethically and fairly with the Company's suppliers, customers, competitors and employees. Statements regarding the Company's products and services must not be untrue, misleading, deceptive or fraudulent. You must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

Protection and Proper Use of Corporate Assets

Employees, officers and directors should seek to protect the Company's assets. Theft, carelessness and waste have a direct impact on the Company's financial performance. Employees, officers and directors must use the Company's assets and services solely for legitimate business purposes of the Company and not for any personal benefit or the personal benefit of anyone else.

Employees, officers and directors must advance the Company's legitimate interests when the opportunity to do so arises. You must not take for yourself personal opportunities that are discovered through your position with the Company or the use of property or information of the Company.

Gifts and Gratuities

The use of Company funds or assets for gifts, gratuities or other favors to employees or government officials is prohibited, except to the extent such gifts are in compliance with applicable law, nominal in amount and not given in consideration or expectation of any action by the recipient. Employees, officers and directors must not accept, or permit any member of his or her immediate family to accept, any gifts, gratuities or other favors from any customer, supplier or other person doing or seeking to do business with the Company, other than items of nominal value. Any promotional items or gifts with a reasonably estimated value in excess of \$50 should be returned immediately and reported to the Corporate Secretary. If immediate return is not practical, they should be given to the Company for charitable disposition or such other disposition as the Company believes appropriate in its sole discretion.

Common sense and moderation should prevail in business entertainment engaged in on behalf of the Company. Employees, officers and directors should provide, or accept, business entertainment to or from anyone doing business with the Company only if the entertainment is infrequent, modest and intended to serve legitimate business goals.

Bribes and kickbacks are criminal acts, strictly prohibited by law. You must not offer, give, solicit or receive any form of bribe or kickback anywhere in the world.

Accuracy of Books and Records and Public Reports

Employees, officers and directors must honestly and accurately report all business transactions. You are responsible for the accuracy of your records and reports. Accurate information is essential to the Company's ability to meet legal and regulatory obligations.

All Company books, records and accounts shall be maintained in accordance with all applicable regulations and standards and accurately reflect the true nature of the transactions they record. The financial statements of the Company shall conform to generally accepted accounting rules and the Company's accounting policies. No undisclosed or unrecorded account or fund shall be established for any purpose. No false or misleading entries shall be made in the Company's books or records for any reason, and no disbursement of corporate funds or other corporate property shall be made without adequate supporting documentation.

It is the policy of the Company to provide full, fair, accurate, timely and understandable disclosure in reports and documents filed with, or submitted to, the Securities and Exchange Commission and in other public communications.

Concerns Regarding Accounting or Auditing Matters

Employees with concerns regarding questionable accounting or auditing matters or complaints regarding accounting, internal accounting controls or auditing matters may confidentially, and anonymously if they wish, submit such concerns or complaints in writing to the Company's Chief Financial Officer at the Company's corporate office at 192 Lexington Avenue, 15th Floor, New York, NY 10016. See "Reporting and Compliance Procedures." All such concerns and complaints will be forwarded to the Audit Committee of the Board of Directors, unless they are determined to be without merit by the Chief Financial Officer of the Company. In any event, a record of all complaints and concerns received will be provided to the Audit Committee each fiscal quarter. Any such concerns or complaints may also be communicated, confidentially and, if you desire, anonymously, directly to the Chairman of the Audit Committee of the Board of Directors at the Company's corporate general offices at 5420 Lyndon B Johnson Freeway, Box #25, Dallas TX 75240.

The Audit Committee will evaluate the merits of any concerns or complaints received by it and authorize such follow-up actions, if any, as it deems necessary or appropriate to address the substance of the concern or complaint. The Company will not discipline, discriminate against or retaliate against any employee who reports a complaint or concern, unless it is determined that the report was made with knowledge that it was false.

Dealings with Independent Auditors

No employee, officer or director shall, directly or indirectly, make or cause to be made a materially false or misleading statement to an accountant in connection with (or omit to state, or cause another person to omit to state, any material fact necessary in order to make statements made, in light of the circumstances under which such statements were made, not misleading to, an accountant in connection with) any audit, review or examination of the Company's financial statements or the preparation or filing of any document or report with the SEC. No employee, officer or director shall, directly or indirectly, take any action to coerce, manipulate, mislead or fraudulently influence any independent public or certified public accountant engaged in the performance of an audit or review of the Company's financial statements.

Waivers of this Code of Business Conduct and Ethics

While some of the policies contained in this Code must be strictly adhered to and no exceptions can be allowed, in other cases exceptions may be appropriate. Any employee or officer who believes that an exception to any of these policies is appropriate in his or her case should first contact his or her immediate supervisor. If the supervisor agrees that an exception is appropriate, the approval of the Chief Financial Officer must be obtained. The Corporate Secretary shall be responsible for maintaining a complete record of all requests for exceptions to any of these policies and the disposition of such requests.

Any executive officer or director who seeks an exception to any of these policies should contact the Corporate Secretary. Any waiver of this Code for executive officers or directors or any change to this Code that applies to executive officers or directors may be made only by the Board of Directors of the Company and will be disclosed as required by law or stock exchange regulation.

Reporting and Compliance Procedures

Every employee, officer and director has the responsibility to ask questions, seek guidance, report suspected violations and express concerns regarding compliance with this Code. Any employee, officer or director who knows or believes that any other employee or representative of the Company has engaged or is engaging in Company-related conduct that violates applicable law or this Code should report such information to his or her supervisor or to the Corporate Secretary, as described below. You may report such conduct openly or anonymously without fear of retaliation. The Company will not discipline, discriminate against or retaliate against any employee who reports such conduct, unless it is determined that the report was made with knowledge that it was false, or who cooperates in any investigation or inquiry regarding such conduct. Any supervisor who receives a report of a violation of this Code must immediately inform the Corporate Secretary, who shall in turn promptly inform the Company's Board of Directors.

You may report violations of this Code, on a confidential or anonymous basis, by calling the Company's hotline telephone number, 1-855-662-SAFE (1-855-662-7233) and entering Wilhelmina's company code 2483734429, where you can leave a recorded message about any violation or suspected violation of this Code.

While we prefer that you identify yourself when reporting violations so that we may follow up with you, as necessary, for additional information, you may leave messages anonymously if you wish.

If the Corporate Secretary receives information regarding an alleged violation of this Code, he or she shall, as appropriate, (a) evaluate such information, (b) if the alleged violation involves an executive officer or a director, inform the Board of Directors of the alleged violation, (c) determine whether it is necessary to conduct an informal inquiry or a formal investigation and, if so, initiate such inquiry or investigation and (d) report the results of any such inquiry or investigation, together with a recommendation as to disposition of the matter, to the Chief Financial Officer for action, or if the alleged violation involves an executive officer or a director, report the results of any such inquiry or investigation to the Board of Directors. Employees, officers and directors are expected to cooperate fully with any inquiry or investigation by the Company regarding an alleged violation of this Code. Failure to cooperate with any such inquiry or investigation may result in disciplinary action, up to and including discharge.

The Company shall determine whether violations of this Code have occurred and, if so, shall determine the disciplinary measures to be taken against any employee who has violated this Code. In the event that the alleged violation involves an executive officer or a director, the Board of Directors, shall determine whether a violation of this Code has occurred and, if so, shall determine the disciplinary measures to be taken against such executive officer or director.

Failure to comply with the standards outlined in this Code will result in disciplinary action including, but not limited to, reprimands, warnings, probation or suspension without pay, demotions, reductions in salary, discharge and restitution. Certain violations of this Code may require the Company to refer the matter to the appropriate governmental or regulatory authorities for investigation or prosecution. Moreover, any supervisor who directs or approves of any conduct in violation of this Code, or who has knowledge of such conduct and does not immediately report it, also will be subject to disciplinary action, up to and including discharge.

Dissemination and Amendment

This Code shall be distributed to each new employee, officer and director of the Company upon commencement of his or her employment or other relationship with the Company and shall also be distributed annually to each officer and director of the Company, and each employee, officer and director shall certify that he or she has received, read and understood the Code and has complied with its terms.

The Company reserves the right to amend, alter or terminate this Code at any time for any reason. This document is not an employment contract between the Company and any of its employees, officers or directors and does not alter the Company's at-will employment policy.

Certification

I, _____, do hereby certify that:
(Print Name Above)

1. I have received and carefully read the Code of Business Conduct and Ethics of Wilhelmina International, Inc.
2. I understand the Code of Business Conduct and Ethics.
3. I have complied and will continue to comply with the terms of the Code of Business Conduct and Ethics.

Date: _____
(Signature)

CERTIFICATION

I, Mark E. Schwarz, certify that:

1. I have reviewed this annual report on Form 10-K of Wilhelmina International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 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 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 controls over financial reporting.

Date: March 22, 2023

By: /s/ Mark E. Schwarz

Name: Mark E. Schwarz
Title: Executive Chairman
(principal executive officer)

CERTIFICATION

I, James A. McCarthy, certify that:

1. I have reviewed this annual report on Form 10-K of Wilhelmina International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 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 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 controls over financial reporting.

Date: March 22, 2023

By: /s/ James A. McCarthy

Name: James A. McCarthy

Title: Chief Financial Officer

(principal financial officer)

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Wilhelmina International, Inc. (the "Company") on Form 10-K for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark E. Schwarz, Executive Chairman 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 my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 22, 2023

By:

/s/ Mark E. Schwarz

Name: Mark E. Schwarz

Title: Executive Chairman

(principal executive officer)

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Wilhelmina International, Inc. (the "Company") on Form 10-K for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James A. McCarthy, 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 my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 22, 2023

By:

/s/ James A. McCarthy

Name: James A. McCarthy

Title: Chief Financial Officer
(principal financial officer)