



Xcel Brands, Inc. Announces Fourth Quarter And Fiscal Year 2022 Results

April 17, 2023

- **Company provides update on strategic transformation to pursue live streaming and social commerce across all digital channels.**
- **Transition creates an asset light business model and is expected to produce over \$10 million in operating cost savings on an annualized basis starting in Q2 2023.**

NEW YORK, April 17, 2023 (GLOBE NEWSWIRE) -- Xcel Brands, Inc. (NASDAQ: XELB) ("Xcel" or the "Company"), a media and consumer products company with over \$4 billion in retail sales under its brands and 10,000 hours of livestream programming time, today announced its financial results for the fourth quarter and fiscal year ended December 31, 2022. The Company also announced that it has finalized licensing and joint venture agreements to reduce operating costs by over \$10 million annualized, while creating a highly profitable and asset light business model. As a result, the Company plans to update shareholders via a live conference call and webcast. Details of the conference call and webcast will be provided in the coming weeks.

Robert W. D'Loren, Chairman and Chief Executive Officer of Xcel commented, "We appreciate shareholders patience as we work on transforming the Company into a modern, asset light and highly profitable media and consumer products business. Over the past several months we have pursued best-in-class business partners that we believe will significantly improve our cost structure and operations, while providing our customers with exceptional quality at attractive prices. With these new licensing and JV agreements in place we have created immediate operating cost savings of over \$10 million on an annualized basis. I believe that the significant investments that we have made in our brands and new technologies have positioned us well for this change, while allowing us to focus on driving profitable growth opportunities. The majority of these savings are expected to begin in the second quarter of 2023. I look forward to updating shareholders in the coming weeks on our fourth quarter performance and the meaningful benefits of our new operating model."

Strategic Transformation

In the first quarter of 2023, Xcel began to restructure its business operations by entering into new licensing agreements and joint venture arrangements with best-in-class business partners. The Company entered into a new interactive television licensing agreement with America's Collectibles Network, Inc. d/b/a JTV ("JTV") for the Judith Ripka Brand and another license with JTV for the Judith Ripka e-commerce business.

Within its apparel business, similar transactions have recently been executed. In conjunction with the launch of the C Wonder Brand on HSN, Xcel licensed the wholesale production operations related to the brand to One Jeanswear Group, LLC ("OJG"). This new license with OJG also includes other new celebrity brands that Xcel plans to launch in 2023 and beyond all for distribution through Interactive TV and Xcel's livestreaming and social commerce platform. OJG currently produces all apparel for Xcel's LOGO by Lori Goldstein brand.

For its Halston Brand, Xcel plans to enter into a joint venture related to the brand's wholesale apparel business with another leading apparel manufacturer (the "Halston JV"). The Halston JV will develop an apparel business under the H Halston brand through department stores, e-commerce, and other retailers. The Company expects the transition of these operating businesses to be completed by the second quarter of 2023.

Fourth Quarter 2022 Financial Results

Total revenue was \$4.1 million, a decrease of \$4.0 million or 50% compared to the prior year quarter, primarily driven by lower licensing revenue as a result of the sale of the Isaac Mizrahi brand in the second quarter of 2022, as well as declines in wholesale apparel sales related to industry-wide headwinds.

Net loss attributable to Xcel Brands was approximately \$6.0 million, or \$(0.30) per basic and diluted share, compared with a net loss of \$6.9 million, or \$(0.35) per basic and diluted share, for the prior year quarter. After adjusting for certain cash and non-cash items, results on a non-GAAP basis were a net loss of approximately \$6.2 million, or \$(0.32) per share for the quarter ended December 31, 2022, and a net loss of approximately \$4.6 million, or \$(0.22) per share, for the quarter ended December 31, 2021. Adjusted EBITDA was negative \$5.9 million for the current quarter and negative \$3.5 million for the prior year quarter.

Full Year 2022 Financial Results

Total revenue was \$25.8 million, a decrease of \$12.1 million or 32% compared with the prior year, driven by lower licensing revenues of \$7.1 million and lower net sales of \$5.0 million. The year-over-year decrease in licensing revenue was primarily attributable to May 2022 sale of the Isaac Mizrahi brand, partially offset by revenues related to the April 2021 acquisition of the LOGO by Lori Goldstein brand. The decrease in net product sales for the year ended December 31, 2022 was primarily attributable to lower apparel wholesales, driven by the temporary closing of overseas factories, causing delays in product deliveries that resulted in cancelled orders, as well as retailers more recently pausing or reducing orders due to industry-wide excess inventory levels.

Net loss attributable to Xcel Brands shareholders for the current year was approximately \$4.0 million, or \$0.20 per basic and diluted share, compared with a net loss of \$12.2 million, or \$(0.63) per basic and diluted share, for the prior year. After adjusting for certain cash and non-cash items, results on a non-GAAP basis were a net loss of approximately \$15.0 million, or \$(0.77) per share for the year ended December 31, 2022, and a net loss of approximately \$6.2 million, or \$(0.32) per share, for the year ended December 31, 2021. Adjusted EBITDA was negative \$12.5 million and negative

\$2.5 million for the current year and prior year, respectively.

Balance Sheet

The Company's balance sheet at December 31, 2022 reflected stockholders' equity of approximately \$70 million, cash and cash equivalents of approximately \$4.6 million, and working capital, exclusive of the current portion of lease obligations and contingent obligations payable in stock, of approximately \$8.8 million.

About Xcel Brands

Xcel Brands, Inc. (NASDAQ:XELB) is a media and consumer products company engaged in the design, production, marketing, live streaming, wholesale distribution, and direct-to-consumer sales of branded apparel, footwear, accessories, fine jewelry, home goods and other consumer products, and the acquisition of dynamic consumer lifestyle brands. Xcel was founded in 2011 with a vision to reimagine shopping, entertainment, and social media as one thing. Xcel owns the Judith Ripka, Halston, LOGO by Lori Goldstein, and C. Wonder brands and a minority stake in the Isaac Mizrahi brand. It also owns and manages the Longaberger brand and the Q Optix brand through its controlling interests in Longaberger Licensing LLC and Q Optix, LLC. Xcel is pioneering a true omni-channel sales strategy which includes the promotion and sale of products under its brands through interactive television, digital live-stream shopping, brick-and-mortar retail, wholesale, and e-commerce channels to be everywhere its customers shop. The company's brands have generated in excess of \$3 billion in retail sales via livestreaming in interactive television and digital channels alone. Headquartered in New York City, Xcel Brands is led by an executive team with significant live streaming, production, merchandising, design, marketing, retailing, and licensing experience, and a proven track record of success in elevating branded consumer products companies. With an experienced team of professionals focused on design, production, and digital marketing, Xcel maintains control of product quality and promotion across all of its product categories and distribution channels. Xcel differentiates by design. www.xcelbrands.com

Forward Looking Statements

This press release contains forward-looking statements. All statements other than statements of historical fact contained in this press release, including statements regarding future events, our future financial performance, business strategy and plans and objectives of management for future operations, are forward-looking statements. We have attempted to identify forward-looking statements by terminology including "anticipates," "believes," "can," "continue," "ongoing," "could," "estimates," "expects," "intends," "may," "appears," "suggests," "future," "likely," "goal," "plans," "potential," "projects," "predicts," "seeks," "should," "would," "guidance," "confident" or "will" or the negative of these terms or other comparable terminology. These forward-looking statements include, but are not limited to, statements regarding our anticipated revenue, expenses, profitability, strategic plans, and capital needs. These statements are based on information available to us on the date hereof and our current expectations, estimates and projections and are not guarantees of future performance. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors, including, without limitation, the risks discussed in the "Risk Factors" section and elsewhere in the Company's Annual Report on form 10-K for the year ended December 31, 2022 and its other filings with the SEC, which may cause our or our industry's actual results, levels of activity, performance, or achievements to differ materially from those expressed or implied by these forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time and it is not possible for us to predict all risk factors, nor can we address the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause our actual results to differ materially from those contained in any forward-looking statements. You should not place undue reliance on any forward-looking statements. Except as expressly required by the federal securities laws, we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events, changed circumstances, or any other reason.

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Xcel Brands, Inc. and Subsidiaries
Unaudited Consolidated Statements of Operations
(in thousands, except share and per share data)

| | For the Three Months Ended | | For the Twelve Months Ended | |
|--|----------------------------|----------|-----------------------------|-----------|
| | December 31, | | December 31, | |
| | 2022 | 2021 | 2022 | 2021 |
| Revenues | | | | |
| Net licensing revenue | \$ 1,435 | \$ 4,491 | \$ 14,737 | \$ 21,876 |
| Net sales | 2,631 | 3,607 | 11,044 | 16,056 |
| Net revenue | 4,066 | 8,098 | 25,781 | 37,932 |
| Cost of goods sold (sales) | 2,265 | 2,904 | 7,980 | 10,667 |
| Gross profit | 1,801 | 5,194 | 17,801 | 27,265 |
| Operating costs and expenses | | | | |
| Salaries, benefits and employment taxes | 3,412 | 4,249 | 16,802 | 16,535 |
| Other selling, general and administrative expenses | 4,624 | 4,773 | 15,386 | 14,364 |
| Stock-based compensation | 52 | (34) | 620 | 720 |
| Depreciation and amortization | 1,816 | 1,881 | 7,263 | 6,830 |
| Asset impairment charges | 274 | 1,372 | 274 | 1,372 |
| Total operating costs and expenses | 10,178 | 12,241 | 40,345 | 39,821 |

Other Income

| | | | | |
|--|---------|---|---------|---|
| Gain on Reduction of Contingent Obligation | 900 | - | 900 | - |
| Income/(Loss) on Equity invest | (925) | - | (1,202) | - |
| Gain on sale of assets | (22.00) | - | 20,586 | - |
| Total other income | (47) | | 20,284 | - |

| | | | | |
|----------------|---------|---------|---------|----------|
| Operating loss | (8,424) | (7,047) | (2,260) | (12,556) |
|----------------|---------|---------|---------|----------|

Interest and finance expense

| | | | | |
|--|----|-------|-------|-------|
| Interest expense - term loan debt | - | 553 | 1,187 | 1,916 |
| Other interest and finance charges (income), net | 22 | 20 | 16 | 147 |
| Loss on extinguishment of debt | - | 695 | 2,324 | 1,516 |
| Total interest and finance expense | 22 | 1,268 | 3,527 | 3,579 |

Loss before income taxes

| | | | | |
|--|---------|---------|---------|----------|
| | (8,446) | (8,315) | (5,787) | (16,135) |
|--|---------|---------|---------|----------|

Income tax benefit

| | | | | |
|--|---------|---------|-------|---------|
| | (2,070) | (1,087) | (431) | (3,106) |
|--|---------|---------|-------|---------|

Net loss

| | | | | |
|--|---------|---------|---------|----------|
| | (6,376) | (7,228) | (5,356) | (13,029) |
|--|---------|---------|---------|----------|

Less: Net loss attributable to noncontrolling interest

| | | | | |
|--|-------|-------|---------|-------|
| | (397) | (285) | (1,338) | (845) |
|--|-------|-------|---------|-------|

Net loss attributable to Xcel Brands, Inc. stockholders

| | | | | |
|--|------------|------------|------------|-------------|
| | \$ (5,979) | \$ (6,943) | \$ (4,018) | \$ (12,184) |
|--|------------|------------|------------|-------------|

Loss per common share attributed to Xcel Brands, Inc. stockholders:

| | | | | |
|--------------------------|-----------|-----------|-----------|-----------|
| Basic net loss per share | \$ (0.30) | \$ (0.35) | \$ (0.20) | \$ (0.63) |
|--------------------------|-----------|-----------|-----------|-----------|

Weighted average number of common shares outstanding:

| | | | | |
|--|------------|------------|------------|------------|
| Basic and diluted weighted average common shares outstanding | 19,624,860 | 19,567,318 | 19,624,669 | 19,455,987 |
|--|------------|------------|------------|------------|

Xcel Brands, Inc. and Subsidiaries
Unaudited Consolidated Balance Sheets
(in thousands, except share and per share data)

| | December 31, 2022 | December 31, 2021 |
|--|----------------------|----------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 4,608 | \$ 4,483 |
| Accounts receivable, net | 5,110 | 7,640 |
| Inventory | 2,845 | 3,375 |
| Prepaid expenses and other current assets | 1,457 | 1,681 |
| Total current assets | <u>14,020</u> | <u>17,179</u> |
| Property and equipment, net | 1,418 | 2,549 |
| Operating lease right-of-use assets | 5,420 | 6,314 |
| Trademarks and other intangibles, net | 47,665 | 98,304 |
| Equity method investment | 19,195 | - |
| Restricted cash | - | 739 |
| Deferred tax assets, net | 1,107 | 141 |
| Other assets | 110 | 555 |
| Total non-current assets | <u>74,915</u> | <u>108,602</u> |
| Total Assets | \$ 88,935 | \$ 125,781 |
| Liabilities and Stockholders' Equity | | |
| Current Liabilities: | | |
| Accounts payable, accrued expenses and other current liabilities | \$ 3,958 | \$ 6,233 |
| Accrued income taxes payable | 568 | - |
| Accrued payroll | 416 | 577 |
| Accrued consideration payable | - | - |

| | | |
|---|------------------|-------------------|
| Current portion of operating lease obligation | 1,376 | 1,207 |
| Current portion of long-term debt | - | 2,500 |
| Current portion of contingent obligations | 243 | |
| Total current liabilities | <u>6,561</u> | <u>10,517</u> |
| Long-Term Liabilities: | | |
| Long-term portion of operating lease obligation | 5,839 | 7,252 |
| Long-term debt, net, less current portion | - | 25,531 |
| Contingent obligations | 6,396 | 7,539 |
| Total long-term liabilities | <u>12,235</u> | <u>40,322</u> |
| Total Liabilities | <u>18,796</u> | <u>50,839</u> |
| Commitments and Contingencies | | |
| Stockholders' Equity: | | |
| Preferred stock, \$.001 par value, 1,000,000 shares authorized, none issued and outstanding | - | - |
| Common stock, \$.001 par value, 50,000,000 shares authorized, and 19,624,860 and 19,571,119 shares issued and outstanding at December 31,, 2022 and December 31, 2021, respectively | 20 | 20 |
| Paid-in capital | 103,592 | 103,039 |
| Accumulated deficit | <u>(32,797)</u> | <u>(28,779)</u> |
| Total Xcel Brands, Inc. stockholders' equity | 70,815 | 74,280 |
| Noncontrolling interest | <u>(676)</u> | <u>662</u> |
| Total Stockholders' Equity | <u>70,139</u> | <u>74,942</u> |
| Total Liabilities and Stockholders' Equity | \$ 88,935 | \$ 125,781 |

Xcel Brands, Inc. and Subsidiaries
Unaudited Consolidated Statements of Cash Flows
(in thousands)

| | For the Twelve Months Ended | |
|---|------------------------------------|----------------|
| | December 31, | |
| | 2022 | 2021 |
| | <u>2022</u> | <u>2021</u> |
| Cash flows from operating activities | | |
| Net loss | \$ (5,356) | \$ (13,029) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 7,263 | 6,830 |
| Asset impairment charges | 274 | 1,372 |
| Amortization of deferred finance costs | 156 | 308 |
| Stock-based compensation | 620 | 720 |
| Allowance for doubtful accounts | 413 | 102 |
| Undistributed proportional share of net income of equity method investee | 1,202 | - |
| Loss on early extinguishment of debt | 2,324 | 1,516 |
| Deferred income tax benefit | (965) | (3,192) |
| Gain on sale of majority interest in Isaac Mizrahi brand | (20,586) | - |
| Gain on reduction of contingent obligation | (900) | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 2,117 | 1,147 |
| Inventory | 530 | (2,159) |
| Prepaid expenses and other assets | 566 | (818) |
| Accounts payable, accrued expenses and other current liabilities | (1,596) | 1,228 |
| Lease-related assets and liabilities | <u>(244)</u> | <u>(581)</u> |
| Net cash used in operating activities | <u>(14,182)</u> | <u>(6,556)</u> |
| Cash flows from investing activities | | |
| Net proceeds from sale of majority interest in Isaac Mizrahi brand | 45,386 | - |
| Capital contribution to equity method investee | (600) | - |
| Cash consideration for acquisition of Lori Goldstein assets | - | (3,661) |

| | | |
|--|-----------------|----------------|
| Purchase of other intangible assets | - | (39) |
| Purchase of property and equipment | (265) | (1,095) |
| Net cash provided by (used in) investing activities | 44,521 | (4,795) |
| Cash flows from financing activities | | |
| Proceeds from exercise of stock options | - | 5 |
| Shares repurchased including vested restricted stock in exchange for withholding taxes | (442) | (16) |
| Cash contribution from non-controlling interest | - | 1,000 |
| Proceeds from revolving loan debt | - | - |
| Proceeds from long-term debt | - | 54,000 |
| Payment of deferred finance costs | - | (2,173) |
| Payment of long-term debt | (29,000) | (41,750) |
| Payment of breakage fees associated with extinguishment of long-term debt | (1,511) | (559) |
| Net cash (used in) provided by financing activities | (30,953) | 10,507 |
| Net decrease in cash, cash equivalents, and restricted cash | (614) | (844) |
| Cash, cash equivalents, and restricted cash at beginning of period | 5,222 | 6,066 |
| Cash, cash equivalents, and restricted cash at end of period | \$ 4,608 | \$ 5,222 |
| Reconciliation to amounts on consolidated balance sheets: | | |
| Cash and cash equivalents | 4,608 | \$ 4,483 |
| Restricted cash | - | 739 |
| Total cash, cash equivalents, and restricted cash | \$ 4,608 | \$ 5,222 |
| Supplemental disclosure of non-cash activities: | | |
| Contingent obligation related to acquisition of Lori Goldstein assets at fair value | \$ - | \$ 6,639 |
| Liability for equity-based bonuses | \$ (283) | \$ (13) |
| Supplemental disclosure of cash flow information: | | |
| Cash paid during the year for income taxes | \$ 1,032 | \$ 1,799 |
| Cash paid during the year for interest | \$ - | \$ 91 |

Non-GAAP net income and non-GAAP diluted EPS are non-GAAP unaudited terms. We define non-GAAP net income as net income (loss) attributable to Xcel Brands, Inc. stockholders, exclusive of asset impairments, amortization of trademarks, our proportional share of trademark amortization of equity method investees, stock-based compensation, loss on early extinguishment of debt, certain adjustments to the provision for doubtful accounts related to the bankruptcy of and economic impact on certain retail customers due to the COVID-19 pandemic, gain on sale of assets, gain on reduction of contingent obligations, and income taxes. Non-GAAP net income and non-GAAP diluted EPS measures do not include the tax effect of the aforementioned adjusting items, due to the nature of these items and the Company's tax strategy.

Adjusted EBITDA is a non-GAAP unaudited measure, which we define as net income (loss) attributable to Xcel Brands, Inc. stockholders before asset impairments, depreciation and amortization, our proportional share of trademark amortization of equity method investees, interest and finance expenses (including loss on early extinguishment of debt, if any), income taxes, other state and local franchise taxes, stock-based compensation, certain adjustments to the provision for doubtful accounts related to the bankruptcy of and economic impact on certain retail customers due to the COVID-19 pandemic, gain on sale of assets, and gain on reduction of contingent obligation.

Management uses non-GAAP net income, non-GAAP diluted EPS, and Adjusted EBITDA as measures of operating performance to assist in comparing performance from period to period on a consistent basis and to identify business trends relating to our results of operations. Management believes non-GAAP net income, non-GAAP diluted EPS, and Adjusted EBITDA are also useful because these measures adjust for certain costs and other events that management believes are not representative of our core business operating results, and thus these non-GAAP measures provide supplemental information to assist investors in evaluating our financial results.

Non-GAAP net income, non-GAAP diluted EPS, and Adjusted EBITDA should not be considered in isolation or as alternatives to net income, earnings per share, or any other measure of financial performance calculated and presented in accordance with GAAP. Given that non-GAAP net income, non-GAAP diluted EPS, and Adjusted EBITDA are financial measures not deemed to be in accordance with GAAP and are susceptible to varying calculations, our non-GAAP net income, non-GAAP diluted EPS, and Adjusted EBITDA may not be comparable to similarly titled measures of other companies, including companies in our industry, because other companies may calculate these measures in a different manner than we do. In evaluating non-GAAP net income, non-GAAP diluted EPS, and Adjusted EBITDA, you should be aware that in the future we may or may not incur expenses similar to some of the adjustments in this document. Our presentation of non-GAAP net income, non-GAAP diluted EPS, and Adjusted EBITDA does not imply that our future results will be unaffected by these expenses or any unusual or non-recurring items. When evaluating our performance, you should consider non-GAAP net income, non-GAAP diluted EPS, and Adjusted EBITDA alongside other financial performance measures, including our net income and other GAAP results, and not rely on any single financial measure.

Three Months Ended

For the Twelve Months Ended

| (\$ in thousands) | December 31, | December 31, | December 31, | December 31, |
|--|--------------|--------------|--------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Net loss attributable to Xcel Brands, Inc. stockholders | \$ (5,979) | (6,943) | \$ (4,018) | (12,184) |
| Amortization of trademarks | 1,520 | 1,520 | 6,079 | 5,435 |
| Proportional share of amortization of equity method investee | 460 | - | 1,202 | - |
| Stock-based compensation | 52 | (34) | 620 | 720 |
| Loss on early extinguishment of debt | - | 695 | 2,324 | 1,516 |
| Gain on reduction of contingent obligations | (900) | - | (900) | - |
| Certain adjustments to allowance for doubtful accounts | 413 | - | 413 | 132 |
| Asset impairment | 274 | 1,372 | 274 | 1,372 |
| Gain on the sale of assets | 22 | - | (20,586) | - |
| Deferred income tax benefit | (2,070) | (1,173) | (431) | (3,192) |
| Non-GAAP net (loss) | \$ (6,208) | \$ (4,563) | \$ (15,023) | \$ (6,201) |

| | Three Months Ended | | For the Twelve Months Ended | |
|---|--------------------|--------------|-----------------------------|--------------|
| | December 31, | December 31, | December 31, | December 31, |
| | 2022 | 2021 | 2022 | 2021 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Diluted loss per share attributable to Xcel Brand Inc. stockholders | \$ (0.30) | \$ (0.35) | \$ (0.20) | \$ (0.63) |
| Amortization of trademarks | 0.08 | 0.08 | 0.31 | 0.28 |
| Proportional share of amortization of equity method investee | 0.02 | - | 0.06 | - |
| Stock-based compensation | - | - | 0.03 | 0.04 |
| Loss on early extinguishment of debt | - | 0.04 | 0.12 | 0.08 |
| Gain on reduction of contingent obligations | (0.04) | - | (0.05) | - |
| Certain adjustments to allowance for doubtful accounts | 0.02 | - | 0.02 | 0.01 |
| Asset impairment | 0.01 | 0.07 | 0.01 | 0.07 |
| Gain on the sale of assets | - | - | (1.05) | - |
| Deferred income tax benefit | (0.11) | (0.06) | (0.02) | (0.17) |
| Non-GAAP diluted EPS | \$ (0.32) | \$ (0.22) | \$ (0.77) | \$ (0.32) |
| Non-GAAP weighted average diluted shares | 19,624,860 | 19,567,318 | 19,624,669 | 19,455,987 |

| (\$ in thousands) | Three Months Ended | | For the Twelve Months Ended | |
|--|--------------------|--------------|-----------------------------|--------------|
| | December 31, | December 31, | December 31, | December 31, |
| | 2022 | 2021 | 2022 | 2021 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Net loss attributable to Xcel Brands, Inc. stockholders | \$ (5,979) | \$ (6,943) | \$ (4,018) | \$ (12,184) |
| Depreciation and amortization | 1,816 | 1,881 | 7,263 | 6,830 |
| Proportional share of amortization of equity method investee | 460 | - | 1,202 | - |
| Interest and finance expense | 22 | 1,268 | 3,527 | 3,579 |
| Income tax benefit | (2,070) | (1,087) | (431) | (3,106) |
| State and local franchise taxes | (19) | 37 | 102 | 142 |
| Stock-based compensation | 52 | (34) | 620 | 720 |
| Gain on reduction of contingent obligations | (900) | - | (900) | - |
| Certain adjustments to allowance for doubtful accounts | 413 | - | 413 | 132 |
| Gain on the sale of assets | 22 | - | (20,586) | - |
| Asset impairment | 274 | 1,372 | 274 | 1,372 |
| Adjusted EBITDA | \$ (5,909) | \$ (3,506) | \$ (12,534) | \$ (2,515) |



Source: Xcel Brands, Inc