



## Xcel Brands, Inc. Announces First Quarter 2024 Results

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- **Net Licensing Revenues flat year-over-year at \$2.2 million for the quarter.**
- **Direct Operating Costs and Expenses of \$4.0 million for the quarter, a reduction of \$3.0 million or 43% from the prior year quarter.**
- **GAAP net loss of \$6.3 million for the quarter, compared with GAAP net loss of \$6.0 million in the prior year quarter.**
- **Adjusted EBITDA of (\$1.6) million for the quarter, compared with Adjusted EBITDA of (\$3.0) million for the prior year quarter, an improvement of \$1.4 million.**

NEW YORK, May 20, 2024 (GLOBE NEWSWIRE) -- Xcel Brands, Inc. (NASDAQ: XELB) ("Xcel" or the "Company"), a media and consumer products company with significant expertise in livestream shopping and social commerce, today announced its financial results for the first quarter ended March 31, 2024.

Robert W. D'Loren, Chairman and Chief Executive Officer of Xcel commented, "I am very pleased with our completion of Project Fundamentals which significantly reduced our overhead and operating risk returning us to a working capital light business that made us so successful over the years. The company is now poised for strong growth in our core licensing business and our investment in Orme the video and social commerce marketplace is extremely exciting based upon its potential."

### First Quarter 2024 Financial Results

Net revenue for the first quarter of 2024 was \$2.2 million, representing a decrease of approximately \$3.9 million (-44%) from the first quarter of 2023. This decline was almost entirely driven by the decrease in net product sales to zero, due to the Company's discontinuance of all of its wholesale businesses as part of its Project Fundamentals plan in 2023. Licensing revenue was essentially flat year-over-year at \$2.2 million for the quarter.

Net loss attributable to Xcel Brands for the quarter was approximately \$6.3 million, or (\$0.31) per share, compared with a net loss of \$5.6 million, or (\$0.30) per diluted share, for the prior year quarter. The current quarter includes a non-cash charge of \$2.3 million related to the exit and subleasing of our prior office space which was completed in the current quarter.

After adjusting for certain cash and non-cash items, results on a non-GAAP basis were a net loss of approximately \$1.8 million, or (\$0.09) per share for the current quarter and a net loss of approximately \$3.6 million, or (\$0.18) per share, for the prior year quarter.

Adjusted EBITDA improved significantly on a year-over-year basis to negative \$1.6 million for the current quarter as compared with negative \$3.0 million for the prior year quarter, primarily as a result of the restructuring of our business and entry into the new long-term license agreements for the Company's Halston, Judith Ripka, C Wonder and Longaberger brands.

### Balance Sheet

The Company's balance sheet at December 31, 2023, reflected stockholders' equity of approximately \$44 million, cash and cash equivalents of approximately \$1.6 million, and working capital, exclusive of the current portion of lease obligations and deferred revenue, of approximately \$2.1 million.

As of March 31, 2024, the Company recorded \$4.7 million of term debt, net of deferred finance costs of \$0.3 million, of which \$1.0 million is recorded as short-term debt.

### Conference Call and Webcast

The Company will host a conference call with members of the executive management team to discuss these results with additional comments and details at 5:00 p.m. Eastern Time on May 20, 2024. A webcast of the conference call will be available live on the Investor Relations section of Xcel's website at [www.xcelbrands.com](http://www.xcelbrands.com). Interested parties unable to access the conference call via the webcast may dial 800-715-9871 or 646-307-1963 and use the conference ID 3975904. A replay of the webcast will be available on Xcel's website.

### About Xcel Brands

Xcel Brands, Inc. (NASDAQ: XELB) is a media and consumer products company engaged in the design, licensing, marketing, live streaming, and social commerce 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 social commerce. Xcel owns the Judith Ripka, Halston, LOGO by Lori Goldstein, C. Wonder and Tower Hill by Christie Brinkley brands and a minority stake in the Isaac Mizrahi brand. It also owns and manages the Longaberger brand through its controlling interest in Longaberger Licensing LLC. Xcel is pioneering a true modern consumer products sales strategy which includes the promotion and sale of products under its brands through interactive television, digital live-stream shopping, social commerce, brick-and-mortar retail, and e-commerce channels to be everywhere its customers shop. The company's brands have generated in excess of \$5 billion in retail sales via livestreaming in interactive television and digital channels alone, and over 20,000 hours of live-stream and social commerce. 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. [www.xcelbrands.com](http://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, 2023 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.

### For further information please contact:

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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 amortization of trademarks, proportional share of trademark amortization of equity method investee, stock-based compensation and cost of licensee warrants and asset impairment, 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, exclusive of amortization of trademarks, proportional share of trademark amortization of equity method investee, stock-based compensation and cost of licensee warrants, interest and finance, asset impairment and other state and local franchise taxes.

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. Adjusted EBITDA is the measure used to calculate compliance with the EBITDA covenant under our term loan agreement.

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.

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

	<b>For the Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Revenues</b>		
Net licensing revenue	\$ 2,184	\$ 2,222
Net sales	0	3,828
Net revenue	2,184	6,050
Cost of goods sold (sales)	-	2,693
Gross profit	2,184	3,357
<b>Operating costs and expenses</b>		
Salaries, benefits and employment taxes	1,933	3,465
Other selling, general and administrative expenses	2,029	3,493

Total direct operating costs and expenses	3,962	6,958
Operating loss before other operating costs and expenses	(1,778)	(3,601)
<b>Other expense, including non-cash expenses</b>		
Depreciation and amortization	1,589	1,797
Asset Impairment Charges	2,295	-
Loss from equity method investment	533	515
Operating loss	(6,195)	(5,913)
<b>Interest and finance expense</b>		
Interest expense - term loan debt	146	-
Other interest and finance charges (income), net	4	25
Total interest and finance expense	150	25
<b>Loss before income taxes</b>	(6,345)	(5,938)
Income tax provision (benefit)	-	-
<b>Net loss</b>	(6,345)	(5,938)
Less: Net loss attributable to noncontrolling interest	(51)	(295)
<b>Net loss attributable to Xcel Brands, Inc. stockholders</b>	\$ (6,294)	\$ (5,643)
Loss per common share attributed to Xcel Brands, Inc. stockholders:		
Basic and diluted net loss per share	\$ (0.31)	\$ (0.29)
Weighted average number of common shares outstanding:		
Basic and diluted weighted average common shares outstanding	20,374,920	19,633,194

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
	(unaudited)	
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1,552	\$ 2,998
Accounts receivable, net	3,603	3,454
Inventory	445	453
Prepaid expenses and other current assets	471	398
Total current assets	6,071	7,303
Property and equipment, net	133	634
Operating lease right-of-use assets	2,535	4,453
Trademarks and other intangibles, net	39,986	41,520
Equity method investment	17,070	17,585
Other assets	969	165
Total non-current assets	60,693	64,357
<b>Total Assets</b>	<b>\$ 66,764</b>	<b>\$ 71,660</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities:</b>		
Accounts payable, accrued expenses and other current liabilities	\$ 1,918	\$ 2,236
Deferred revenue	889	889
Accrued income taxes payable	372	372
Current portion of operating lease obligation	1,278	1,258
Current portion of long-term debt	1,000	750
Current portion of contingent obligations	723	964

Total current liabilities	6,180	6,469
<b>Long-Term Liabilities:</b>		
Deferred revenue	3,333	3,556
Long-term portion of operating lease obligation	3,694	4,021
Long-term debt, net, less current portion	3,747	3,971
Current portion of contingent obligations	5,432	5,432
Other long-term liabilities	506	40
Total long-term liabilities	16,712	17,020
Total Liabilities	22,892	23,489

#### 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 23,452,117 and 19,795,053 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	23	20
Paid-in capital	105,904	103,861
Accumulated deficit	(60,143)	(53,849)
Total Xcel Brands, Inc. stockholders' equity	45,784	50,032
Noncontrolling interest	(1,912)	(1,861)
Total Stockholders' Equity	43,872	48,171
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 66,764</b>	<b>\$ 71,660</b>

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

	For the Three Months Ended	
	2024	2023
<b>Cash flows from operating activities</b>		
Net loss	\$ (6,345)	\$ (5,938)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization expense	1,589	1,797
Asset impairment charges	2,295	-
Amortization of deferred finance costs	26	-
Stock-based compensation	144	57
Undistributed proportional share of net income of equity method investee	533	515
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	(149)	(859)
Inventory	8	(254)
Prepaid expenses and other assets	(156)	425
Deferred revenue	(223)	240
Accounts payable, accrued expenses and other current liabilities	(560)	1,156
Lease-related assets and liabilities	(237)	(54)
Other Liabilities	466	-
<b>Net cash used in operating activities</b>	<b>(2,609)</b>	<b>(2,915)</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	-	(81)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(81)</b>
<b>Cash flows from financing activities</b>		
Proceeds from public offering and private placement transactions, net of transaction costs	1,902	-
<b>Net cash provided by financing activities</b>	<b>1,902</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(707)</b>	<b>(2,996)</b>

Cash, cash equivalents and restricted cash at beginning of period	2,998	4,608
Cash, cash equivalents and restricted cash at end of period	\$ 2,291	\$ 1,612
Cash and cash equivalents	\$ 1,552	\$ 1,612
Restricted cash (reported in other non-current assets)	739	-
Cash, cash equivalents, and restricted cash at end of period	\$ 2,291	\$ 1,612

**Supplemental disclosure of cash flow information:**

Cash paid during the year for interest	\$ 119	\$ -
Cash paid during the year for income taxes	\$ -	\$ 16

**(\$ in thousands)**

	Three Months Ended March 31,	
	2024	2023
	(Unaudited)	(Unaudited)
Net loss attributable to Xcel Brands, Inc. stockholders	\$ (6,294)	(5,643)
Amortization of trademarks	1,519	1,520
Proportional share of amortization of equity method investee	515	515
Stock-based compensation and cost of licensee warrants	144	57
Asset impairment	2,295	-
Non-GAAP net loss	\$ (1,821)	\$ (3,551)

	Three Months Ended March 31,	
	2024	2023
	(Unaudited)	(Unaudited)
Diluted loss per share attributable to Xcel Brand Inc. stockholders	\$ (0.31)	\$ (0.29)
Amortization of trademarks	0.07	0.08
Proportional share of amortization of equity method investee	0.03	0.03
Stock-based compensation and cost of licensee warrants	0.01	0.00
Asset impairment	0.11	-
Non-GAAP diluted EPS	\$ (0.09)	\$ (0.18)
Non-GAAP weighted average diluted shares	20,374,920	19,633,194

**(\$ in thousands)**

	Three Months Ended March 31,	
	2024	2023
	(Unaudited)	(Unaudited)
Net loss attributable to Xcel Brands, Inc. stockholders	\$ (6,294)	\$ (5,643)
Asset impairment	2,295	-
Depreciation and amortization	1,589	1,797
Proportional share of amortization of equity method investee	515	515
Interest and finance expense	150	25
State and local franchise taxes	12	21
Stock-based compensation and cost of licensee warrants	144	57
Adjusted EBITDA	\$ (1,589)	\$ (3,228)

# XCEL