XCEL
BRANDS

Differentiate By Design

(NASDAQ:XELB)

Investor Presentation

B. Riley & Co. 17th Annual Investor Conference

May 25, 2016

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Agenda

- INDUSTRY UPDATE
- COMPANY OVERVIEW

  Working Capital Light, Owned Dynamic Brands, Virtual Vertical, Highly Scalable, Strong Growth
- OUR BRANDS

  Dynamic Brands, Omni-Channel Distribution
- HISTORICAL PERFORMANCE

  Consistent Growth of Revenues and Earnings, Strong Balance Sheet
- FUTURE GROWTH OPPORTUNITIES

  Organic and Acquisitions

The Retail Industry is Being Disrupted

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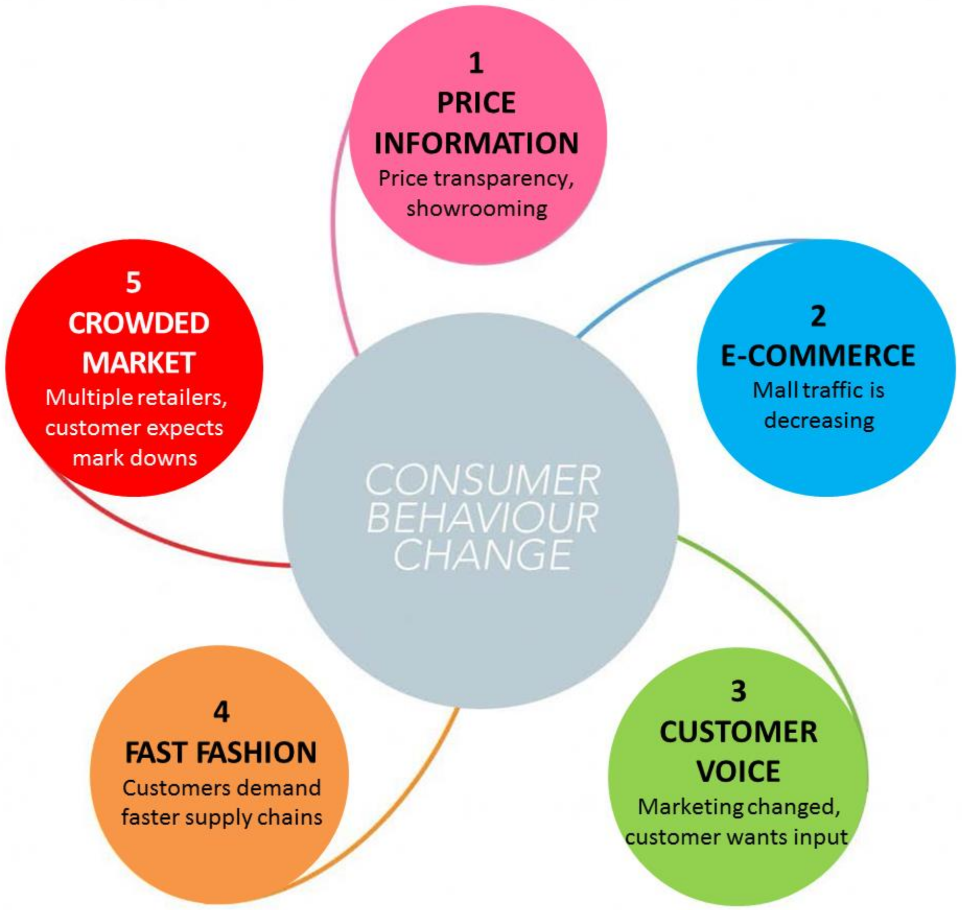
FLIPBOARD UPDATE

- Disruptive forces are impacting all sectors
- The Way People Shop Will Continue to Change
- Companies Must Move Toward Where Things Are Going
- Sales and Follower Satisfaction Are Achieved Through responsive delivery of great Products

Disruptive Forces Effecting our Industry

The way customers shop is rapidly changing, primarily caused by the following five disruptive forces:



Xcel Brands - Innovation for the Retail Industry

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Xcel Brands Inc. (NASDAQ:XELB) is a media and brand management platform company that owns, licenses, designs, manages production of products, generates media content and markets a portfolio of dynamic consumer brands that engage our customers and followers

ISAAC MIZRAHI

JUDITH RIPKA

C WONDER

H HALSTON

Mission, Vision & Core Values

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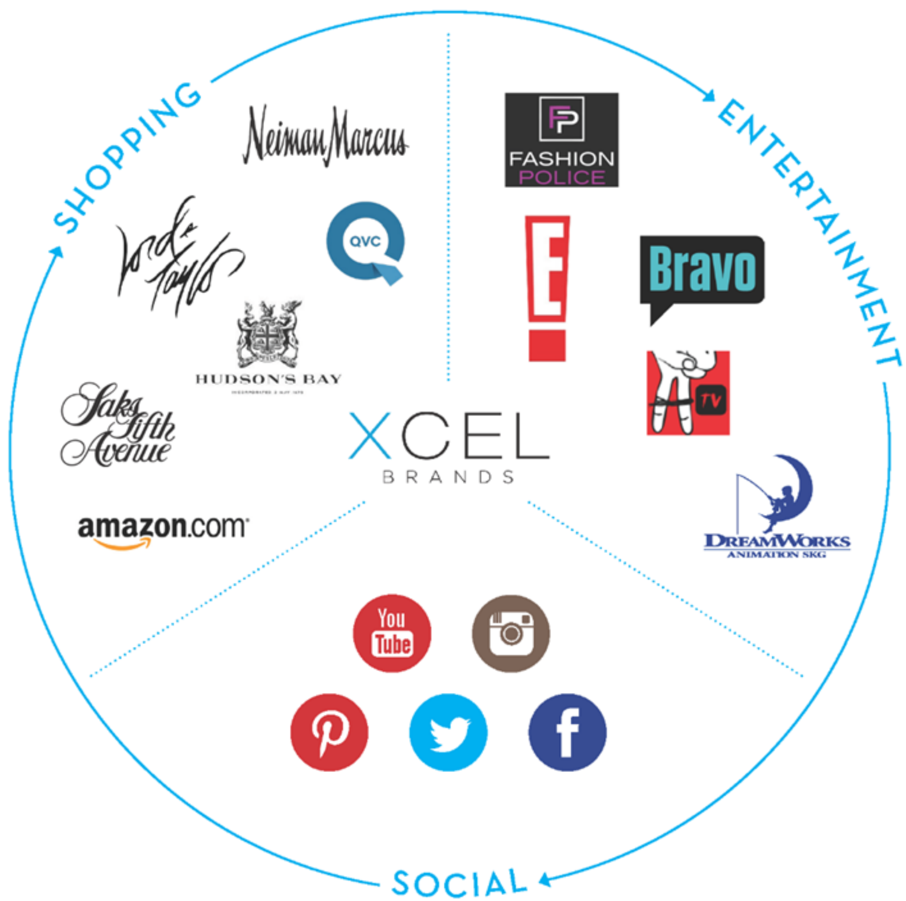
THE VISION

To re-imagine shopping, entertainment and social as one

THE MISSION

To design and produce the best products for our followers and partners



CORE VALUES

Be open and honest

Listen to our followers

Collaborate fairly to win

Grow through the two-second advantage

Foster the team

Strategy

Xcel's strategy is to monetize the convergence of shopping, entertainment and social

We accomplish this through four key tactics:

- We own and license dynamic brands featuring designers and creative directors who have significant media presence

- We develop captivating media content and engage in conversations with customers

- We design products through a quick-time response (QTR) (short lead production) model that reacts to both qualitative and quantitative customer feedback. We act as a virtual vertical for our retail partners without taking inventory risk.

- We collaborate with media companies QVC, The Shopping Channel, and DreamWorks (Awesomeness TV) collectively reaching 350 million households, 100 million social media followers and 1 billion YouTube views per month.

Highly Differentiated Business Model

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	TRADITIONAL WHOLESALE LICENSED BRANDS	TRADITIONAL WHOLESALE OWNED BRANDS	FAST-FASHION	
	GIII, GLOBAL BRANDS GROUP, KELLWOOD COMPANY	MICHAEL KORS, kate spade NEW YORK, Calvin Klein, TOMMY HILFIGER	H&M, ZARA, FOREVER 21	XCEL BRANDS
Inventory Position	●	●	◖	-
Inventory Turnover	◖	◖	●	-
Supply Chain Management	●	●	●	●
Responsiveness / Lead Time	Long Lead	Long Lead	Fast	Fast
Design	●	●	●	●
Distribution Channels	Retail, E-Comm	Retail, E-Comm	Retail, E-Comm	Omni (All)
Media Content	Print / Social	Print/ Social	Print / Social	Print / Social / TV
Organic Growth	●	●	●	●

Omni-Channel Distribution

Interactive Television

- QVC, Inc.
- The Shopping Channel (Canada)
- CJo Shopping (Korea)

Wholesale

- Hudson Bay Company
- Lord & Taylor
- Better Dept Stores

Specialty

- Michael’s
- 1800 Flowers
- Hewlett Packard
- Best Buy
- Johnson & Johnson

Our Brands

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Interactive Television	Wholesale	Specialty
ISAAC MIZRAHI LIVE	IMNYC ISAAC MIZRAHI	ISAAC MIZRAHI NEW YORK
H BY HALSTON	H HALSTON	Michaels, Johnson & Johnson
JUDITH RIPKA	JUDITH RIPKA LTD	hp, BEST BUY
C WONDER	C WONDER LIMITED	Kleenex, 1-800 flowers.com
	HIGHLINE COLLECTIVE (1)	

(1) Highline Collective is a new brand projected to be launched at Lord & Taylor and The Bay in 2016.

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IMNYC
ISAAC MIZRAHI

ISAACMIZRAHILIVE™

ISAAC MIZRAHI
NEW YORK™


JUDITH RIPKA®
JUDITH RIPKA™ LTD


H BY HALSTON
H HALSTON


WONDER
WONDER
LIMITED


HIGHLINE
COLLECTIVE

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Interactive Television

ISAAC MIZRAHI LIVE

H BY HALSTON

C. WONDER

JUDITH RIPKA

Wholesale

IMNYC
ISAAC MIZRAHI

H HALSTON

HIGHLINE COLLECTIVE

JUDITH RIPKA LTD

C. WONDER LIMITED

Specialty

MICHAELS

JOHNSON & JOHNSON

HEWLETT PACKARD(1)

BEST BUY

KLEENEX

1800 FLOWERS

(1) Isaac Mizrahi x Hewlett Packard SmartWatch projected to launch in Spring 2016.

Best In Class Retail Partners

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Our brands are distributed through an Omni-Channel Sales strategy through best-in-class retail partners across Direct-Response Television, Bricks-and-Mortar, and Digital channels including:

Saks Fifth Avenue

QVC

Lord & Taylor

TSC

CJ O SHOPPING

amazon.com

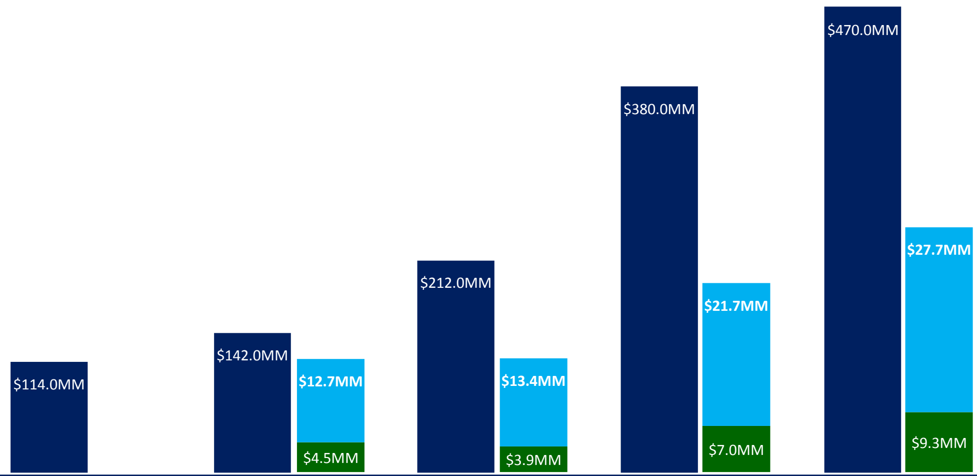
macy's

HUDSON'S BAY

NORDSTROM

Zappos.com

Retail Sales and EBITDA Scorecard

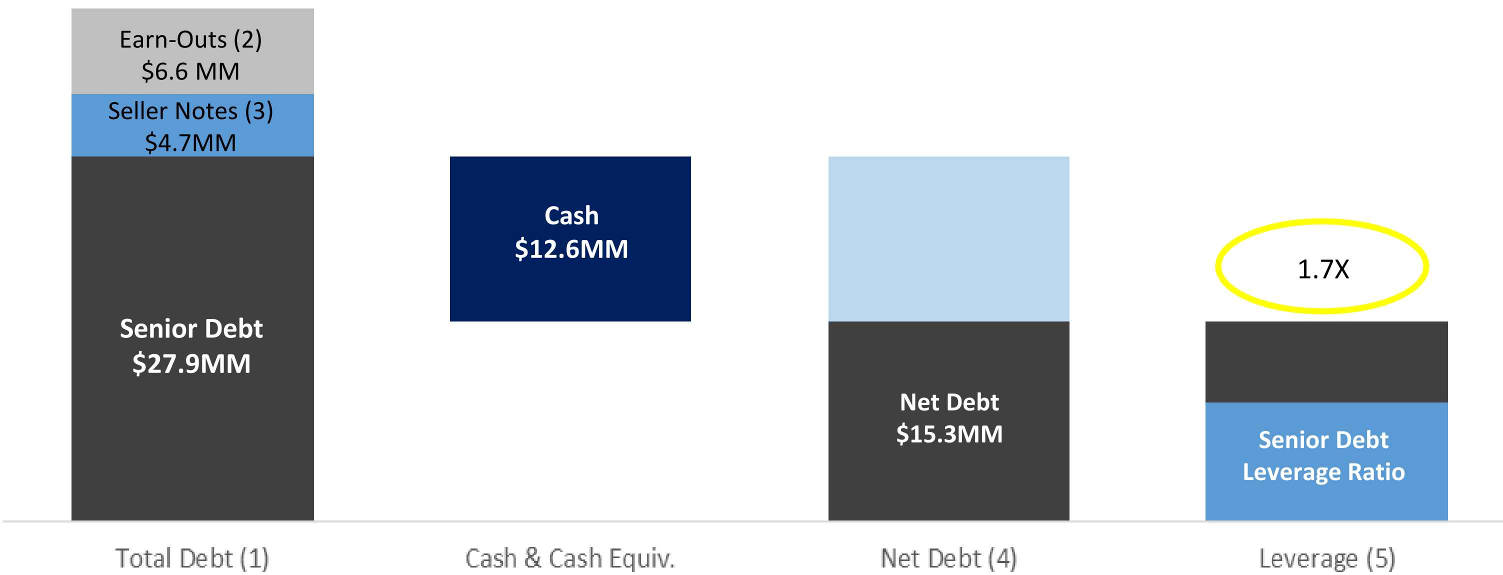


	2011 (pro-forma)	2012	2013	2014	2015
EST. SALES AT RETAIL	**$114MM**	**$142MM**	**$212MM**	**$380MM**	**$470MM**
Xcel Brands Revenue	-	$12.7MM	$13.4MM	$20.7MM	$27.7MM
Xcel Brands Adjusted EBITDA[1]	-	$4.5MM	$4.2MM	$7.0MM	$9.3MM

(1) Adjusted EBITDA is a non-GAAP unaudited term. See Exhibit I for the definition of Adjusted EBITDA and a reconciliation to net income (loss).

Strong Balance Sheet

As of March 31, 2016, Xcel had \$12.6MM of cash against \$27.9MM of Senior Debt, which results in Net Debt[4] of \$15.3MM.



(1) Total Debt is based on Senior Term Debt with Bank Hapoalim, Seller Note and Contingent Obligations. It does not include the unamortized discount of deferred finance costs related to the senior term debt of \$0.56MM.
(2) Earn-Outs based upon achieving certain targets as disclosed in the Company's latest financial filings, payable in cash or stock at the Company's option.
(3) Seller Notes are payable in cash or stock at the Company's option.
(4) Net Debt is calculated as Senior Debt less Cash and Cash Equivalents.
(5) Based upon Net Debt divided by Adjusted EBITDA for the trailing 12 months ended March 31, 2016.

Organic Growth Opportunities

Built-In Growth	Category Growth	Geographic Growth
• **H by Halston** – Full Year of performance in 2016 • **C. Wonder** – Launched Spring 2016	• Additional categories to launch in 2016 including **Beauty**, **Home**, and additional **Accessories** categories	• Launched brands on QVC in **UK**, **Italy**, **Germany**, **France**, and **Japan** in 2014/2015 • Launched Isaac Mizrahi on Cjo in **Korea** in 2015 • Expected opportunities in **China** and other countries
• **IMNYC, H Halston, C. Wonder and Highline Collective -** On track to launch in Spring/Fall 2016	• New licenses for **Footwear**, **Handbags**, and other **Accessories** to launch at department stores • **Mens'** collections in development • Continued expansion of licenses in ancillary categories	• Ability to expand domestically to **Dillard's, Bloomingdale's, Nordstrom, Macy's and Belk** • Opportunity to expand to **Galleria Kaufoff** in Germany (HBC owned) • Department stores in other countries (**Liverpool**, **El Corte**, and others)
• Expansion of our **Michaels** and **1800 Flowers** partnerships	• New specialty opportunities including for **Home Improvement**, **Crafts**, **Fabrics**, Smart Technology, and others.	• Opportunities with specialty retailers in Canada, Mexico, and globally

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Acquisition Strategy and Brand Development

Xcel is seeking to acquire brands that are:

- ✓ Strategic
- ✓ Synergistic
- ✓ Accretive

Summary

- Xcel Brands is built to develop innovative solutions to address the changes in our industry.
- Xcel's "Virtual Vertical" business model is working capital light but its design, sourcing, and marketing infrastructure provides a highly scalable platform for strong organic growth.
- We own dynamic, iconic brands that engage customers through media and an Omni-Channel sales strategy.
- We have a strong track record of growth in both revenues and net income, and a strong and stable balance sheet.
- We are well-positioned to continue to grow through built-in growth from launches of brands that have been acquired and/or developed in 2015 AND 2016, organic growth of our existing brands, and acquisitions of new brands in the future.

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Exhibit I
Reconciliation of Net Income (loss) to Adjusted EBITDA

Exhibit I

Reconciliation of Net Income (Loss) to Adjusted EBITDA

(amounts in thousands)	Quarter Ended March 31, 2016	Quarter Ended March 31, 2015	Year End 12/31/2015	12 months ended 3/31/16
Net loss	$ (45)	$ (331)	2,574	2,860
Depreciation and amortization	426	262	1,379	1,543
Interest and finance expense	357	351	1,389	1,395
Non-cash interest expense from discounted debt related to asset acquisitions	78	160	415	333
Income tax benefit	(51)	(106)	156	211
State and local franchise taxes	25	29	108	104
Stock-based compensation	1,212	1,013	4,640	4,839
Loss on extinguishment of debt	-	611	1,371	760
Gain on reduction of contingent obligations	-	-	(3,000)	(3,000)
Loss from discontinued operations, net	-	213	272	59
Other non-cash adjustments	-	1	-	(1)
Adjusted EBITDA	$ 2,002	$ 2,203	9,304	9,103

Adjusted EBITDA is a non-GAAP unaudited term, which we define as net income (loss), exclusive of stock-based compensation, interest and finance expense, loss on extinguishment of debt, gain on reduction of contingent obligations, other non-cash adjustments, loss from discontinued operations, net, depreciation and amortization, income taxes and other state and local franchise taxes.

Management uses 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 the Company's results of operations. Management believes this financial performance measurement is also useful because it provides supplemental information to assist investors in evaluating the Company's financial results. This measure should not be considered in isolation or as alternatives to net income (loss) or any other measure of financial performance calculated and presented in accordance with U.S. GAAP. Given that Adjusted EBITDA is not deemed to be in accordance with U.S. GAAP and is susceptible to varying calculations, our Adjusted EBITDA may not be comparable to similarly titled measures of other companies, including companies in our industry, because other companies may calculate Adjusted EBITDA in a different manner than we calculate Adjusted EBITDA. In evaluating 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 presentation. Our presentation of 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 Adjusted EBITDA alongside other financial performance measures, including our net income (loss) and other U.S. GAAP measurements.