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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended: December 31, 2023
OR
☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Commission File Number: 001-37527

XCEL BRANDS, INC.

(Exact name of Registrant as specified in its charter)

Delaware	76-0307819
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

550 Seventh Avenue, 11th Floor, New York, NY 10018
(Address of Principal Executive Offices)

(347) 727-2474
(Issuer's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.001 par value per share	XELB	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 past 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, 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 ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth 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 Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter was $17,934,000 based upon the closing price of such common stock on June 30, 2023.

The number of shares of the issuer's common stock issued and outstanding as of April 3, 2024 was 23,492,117 shares.

Documents Incorporated By Reference: None

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PART I

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties. All statements other than statements of historical fact contained in this Annual Report, 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 outlined under “Risk Factors” or elsewhere in this Annual Report, as well as adverse effects on us, our licensees, and customers due to natural disasters, pandemic disease, and other unexpected events, 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.

The "LOGO by Lori Goldstein™," "Halston," "Halston Heritage," "H by Halston®," "H Halston™," "Roy Frowick," "Judith Ripka LTD™," "Judith Ripka Collection™," "Judith Ripka Legacy™," "Judith Ripka®," "Judith Ripka Sterling™," "C. Wonder™," "C. Wonder Limited™," and “TowerHill by Christie Brinkley” brands and all related logos and other trademarks or service marks of the Company appearing in this Annual Report are the property of the Company. Brands and all related logos and other trademarks or service marks of other entities (for example, QVC, HSN, JTV, etc.) are the property of those respective entities.

Item 1. Business

Overview

Xcel Brands, Inc. (the “Company,” “Xcel,” “We,” “Us,” or “Our”) 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. Currently, our brand portfolio consists of the LOGO by Lori Goldstein brand (the “Lori Goldstein Brand”), the Halston brands (the "Halston Brand"), the Judith Ripka brands (the "Ripka Brand"), the C Wonder brands (the "C Wonder Brand"), the Longaberger brand (the “Longaberger Brand”), the Isaac Mizrahi brands (the "Isaac Mizrahi Brand"), the TowerHill by Christie Brinkley brand (the “CB Brand”), and other proprietary brands, including:

- the Lori Goldstein Brand, Halston Brand, Ripka Brand, and C Wonder Brand, which are wholly owned by the Company;
- the Longaberger Brand, which we manage through our 50% ownership interest in Longaberger Licensing, LLC, and the CB Brand, which is a co-owned brand between Xcel and Christie Brinkley; and
- the Isaac Mizrahi Brand, which we wholly owned and managed through May 31, 2022. On May 31, 2022, we sold a majority interest in the brand to a third party, but retained a 30% noncontrolling interest in the brand and continue to contribute to the operations of the brand through a service agreement.

We also own a 30% interest in ORME Live Inc. (“ORME”), a short-form video and social commerce marketplace that launched in the first quarter of 2024.

Xcel continues to pioneer a true omni-channel and social commerce sales strategy which includes the promotion and sale of products under its brands through interactive television, digital live-stream shopping, social commerce, traditional brick-and-mortar retailers, and e-commerce channels, to be everywhere its customers shop. Our brands have generated over $5 billion in retail sales via live streaming in interactive television and digital channels alone, and our brands collectively reach over 5 million social media followers through Facebook, Instagram, and TikTok. All of the followers may not be unique followers, as many followers may follow multiple brands and follow our brands on multiple platforms.

Our objective is to build a diversified portfolio of lifestyle consumer products brands through organic growth and the strategic acquisition of new brands. To grow our brands, we are focused on the following primary strategies:

- distribution and/or licensing our brands for sale through interactive television (e.g., QVC, HSN, The Shopping Channel, JTV, etc.);
- licensing of our brands to retailers that sell to the end consumer;
- direct-to-consumer distribution of our brands through e-commerce and live streaming;
- licensing our brands to manufacturers and retailers for promotion and distribution through e-commerce, social commerce, and traditional brick-and-mortar retail channels; and
- acquiring additional consumer brands and integrating them into our operating platform, and leveraging our operating infrastructure and distribution relationships.

We believe that Xcel offers a unique value proposition to our retail and direct-to-consumer customers and our licensees for the following reasons:

- our management team, including our officers' and directors' experience in, and relationships within the industry;
- our deep knowledge, expertise, and proprietary technology in live streaming and social commerce;
- our design, sales, marketing, and technology platform that enables us to design trend-right product; and
- our significant media and digital presence.

Recent Developments

Prior to 2023, the Company engaged in certain wholesale and direct-to-consumer sales of products under its brands. In 2023, we signed master license agreements for our Halston Brand and Judith Ripka Brand, and license agreements for the supply of products under certain on our brands to HSN, that enabled us to outsource a majority of our wholesale and direct-to-consumer operations and revert to a working capital light business model. In addition to licensing out the brands described above, we outsourced the operations of Longaberger through a license agreement with a third party to operate and manage the Longaberger e-commerce website in the fourth quarter of 2023, and have recently launched Longaberger on ORME in early 2024.

Company History and Corporate Information

The Company was incorporated on August 31, 1989 in the State of Delaware under the name Houston Operating Company. On April 19, 2005, we changed our name to NetFabric Holdings, Inc. On September 29, 2011, Xcel Brands, Inc., a privately-held Delaware corporation (which we refer to as Old Xcel), Netfabric Acquisition Corp., a Delaware corporation and wholly owned subsidiary of the Company, and certain stockholders of the Company entered into an agreement of merger and plan of reorganization pursuant to which Netfabric Acquisition Corp. was merged with and into Old Xcel, with Old Xcel surviving as a wholly owned subsidiary of the Company. On September 29, 2011, we changed our name to Xcel Brands, Inc.

Our principal office is currently located at 550 Seventh Avenue, 11th Floor, New York, NY 10018.

Our telephone number is (347) 727-2474.

Our corporate website is www.xcelbrands.com. Additionally, we maintain websites for our respective brands at www.lorigoldstein.com, www.halston.com, www.judithripka.com, www.cwonder.com, www.longaberger.com, and www.isaacmizrahi.com. None of the content on our websites is incorporated by reference into this Annual Report on Form 10-K.

Our Brand Portfolio

Currently, our brand portfolio consists of the Lori Goldstein, Halston, Judith Ripka, C Wonder, Longaberger, CB, and Isaac Mizrahi Brands, and other proprietary brands, including the various labels under these brands.

Lori Goldstein

Lori Goldstein helped the fashion industry recognize the value and influence of a visionary stylist by telling powerful, transformative, and authentic stories through the static image. After 35 years behind the camera, Lori ventured in front of it in 2009 when she launched LOGO by Lori Goldstein, an exclusive collection for QVC. LOGO was born from Lori's lifelong passion for layering clothes and her "anything goes with everything" approach to fashion, and is a sophisticated lifestyle brand that embraces Lori's aesthetic and speaks to everyday women. LOGO draws inspiration from the beauty of women of all ages and sizes and gives them the tools and fashion pieces to be their most fabulous selves. We acquired the

Lori Goldstein brands, including LOGO by Lori Goldstein, in April 2021, and the brand is currently available through the QVC channel.

Halston

The Halston brand was founded by Roy Halston Frowick in the 1960s, and quickly became one of the most important American fashion brands in the world, becoming synonymous with glamour, sophistication, and femininity. Halston's groundbreaking designs and visionary style still influence designers around the world today. We acquired the H Halston brands in December 2014, and since our acquisition of the Halston Heritage brands in February 2019, we own all Halston labels under our brands. The brand is available across various distribution channels – including premium and better department stores, e-commerce, interactive television, and national specialty retailers – through our long-term master license agreement with G-III Apparel Group.

Judith Ripka

Judith Ripka is a luxury jewelry brand founded by Judith Ripka in 1977. This brand has become known worldwide for its distinctive designs featuring intricate metalwork, vibrant colors, and distinctive use of texture. The Judith Ripka Fine Jewelry collection consists of pieces in 18 karat gold and sterling silver with precious colored jewels and diamonds, and is currently available in fine jewelry stores, luxury retailers, and via e-commerce. We acquired the Ripka brand in April 2014. In 2017 and 2018, we launched our Judith Ripka Fine Jewelry e-commerce operations and wholesale operations; these businesses were subsequently licensed to JTV in the first quarter of 2023. In 2021, we opened a retail store for Judith Ripka Fine Jewelry in Westchester, New York, which was subsequently closed in 2022.

C Wonder

The C Wonder brand was founded by J. Christopher Burch in 2011. This brand is built upon a foundation of bold, vibrant colors and exceptional, eye-catching prints that celebrate the art of everyday dressing. C Wonder offers women's clothing, footwear, jewelry and accessories, and delightful surprises at every turn. We acquired the C Wonder Brand in July 2015. The brand is currently available through HSN.

Longaberger

Longaberger is an iconic American heritage home and collectibles brand that began making baskets in 1896 and launched a direct sales company in 1973 by the Longaberger family. The brand is best known for its distinctive handwoven baskets. We acquired a 50% ownership interest in this brand through a business venture with Hilco Global in November 2019, and are actively managing this brand to build on its history and bring it into the future as a digital first live-streaming and social commerce business. We launched our Longaberger e-commerce and live-streaming operations in February 2020. In the fourth quarter of 2023, we outsourced the operations and management of the brand's e-commerce business to a third party.

TowerHill by Christie Brinkley

TowerHill by Christie Brinkley is a new brand announced December 2023 as a co-branded collaboration between Xcel Brands, Inc. and Christie Lee Brinkley, an iconic American supermodel with over one million followers on social media. The brand is scheduled to launch in May 2024 on HSN, with plans to license and launch products outside of HSN starting in 2025.

Isaac Mizrahi

Isaac Mizrahi is an iconic American brand that stands for timeless, cosmopolitan style. Isaac Mizrahi, the designer, launched his eponymous label in 1987 to critical acclaim, including four Council of Fashion Designers of America (CFDA) awards. Since then, this brand has become known and beloved around the world for its colorful and stylish designs. As a true lifestyle brand, under Xcel's ownership it has expanded into over 150 different product categories including sportswear, footwear, handbags, watches, eyewear, tech accessories, home, and other merchandise. The brand is available across various distribution channels to reach customers wherever they shop: better department stores, such as Saks and

Hudson's Bay; interactive television, including QVC and The Shopping Channel; and national specialty retailers. The brand is also sold in various global locations, including Canada, Italy, the United Kingdom, and Japan. We acquired the Isaac Mizrahi brand in September 2011, and in May 2022, we sold a majority interest in the brand to a third party, retaining a 30% noncontrolling interest in the brand.

Growth Strategy

We plan to continue to grow our brands and business through three primary strategies:

- organic growth in our existing brands;
- developing new brands that are well positioned in social commerce; and
- the acquisition of brands and businesses that fit our long-term strategy.

With respect to organic growth in our existing brands, we have recently entered into master license agreements for our Halston Brand and Judith Ripka Brand. The Halston master license agreement is with G-III Apparel Group ("G-III"), which is a publicly traded company and one of the largest designers and suppliers of wholesale apparel and accessories in the world, with annual revenues of over $3 billion. While the license provides for guaranteed minimum royalties to us during the term (which extends for 25 years, including an initial term of five years plus renewal options), G-III is expected to launch the brand through its existing distribution channels in Fall 2024, and we expect that the business and corresponding royalty revenues to Xcel will ramp up beginning with the launch. Additionally, we entered into an interactive television license and an e-commerce license in 2023 with America's Collectible Network, Inc., d/b/a JTV, for our Judith Ripka Brand, which officially launched on JTV's television channel in October 2023 and which we expect to continue to ramp up in 2024 and beyond, as JTV has expressed plans to make Judith Ripka one of the core brands on its network. Finally, the C Wonder Brand launched on HSN in mid-2023, and performed extremely well in its launch year. HSN has advised us that it has planned increases in the business in 2024, which we expect will result in increased revenues from the brand in 2024 and beyond. We are also working on licensing other categories under the C Wonder Brand for distribution both on HSN and outside of the network.

TowerHill by Christie Brinkley is a brand that we are scheduled to launch in May 2024 on HSN, and with plans to license and launch products outside of HSN starting in 2025. While this is a new brand for Xcel, it is an example of a brand that we developed with low up-front costs and that we were able to leverage our unique experience, relationships, and social commerce knowledge to launch. We are excited about launching this brand with Christie Brinkley, and expect to launch at least one other similarly-developed brand later in 2024.

We have a proven track record of acquiring brands and/or businesses that are strategically important to and synergistic with our business, and are consistently reviewing potential acquisition targets. Potential acquisitions may include established or newer brands that do or would perform well in live streaming or social commerce, direct-to-consumer brands or platforms with significant consumer following, or established media companies which could benefit from our expertise in direct-response television, live streaming, and social commerce. While our strategy is not dependent on such acquisitions, we carefully consider potential acquisitions as a means to leverage our infrastructure and expertise and accelerate our growth.

Finally, in December 2023, Xcel acquired a 30% interest in ORME, which is a brand new short-form video social commerce marketplace that launched in the first quarter of 2024. While we will not consolidate ORME's financial results of operations with our own (given our minority noncontrolling position in the company) and do not anticipate receiving regular dividends or other distributions from ORME in the near future, we believe that ORME has significant growth potential and would add significant value to Xcel, both through our equity interest in ORME as well as our ability to leverage ORME in order to grow additional direct-to-consumer brands that would perform well in social commerce pursuant to our aforementioned brand development and acquisition strategies. ORME licenses the technology utilized by its marketplace from KonnectBio Inc., of which Robert D'Loren, our Chairman of the Board, Chief Executive Officer, and President, owns an approximate 20% noncontrolling interest.

Licensing

Our working-capital-light "licensing plus" business model allows us to focus on our core competencies of design, marketing, and brand management without the investment requirements in inventory associated with traditional consumer product companies.

Qurate Agreements

Qurate Retail Group ("Qurate") is an important strategic partner in our interactive television business, and is the largest licensee for the Lori Goldstein, C Wonder, and Isaac Mizrahi brands. Qurate's business model is to promote and sell products through its interactive television programs featured on QVC and HSN and related e-commerce and mobile platforms. We employ and manage on-air spokespersons under each of these brands in order to promote products under our brands on QVC and HSN. Qurate's programming currently reaches over 200 million homes worldwide. Our agreements with Qurate allow our on-air spokespersons to promote our non-Qurate product lines and certain strategic partnerships through QVC's and HSN's programs, subject to certain parameters including, in certain cases, the payment of a portion of our non-Qurate revenues to Qurate. We believe that our ability to continue to leverage Qurate's media platform, reach, and attractive customer base to cross-promote products in and drive traffic to our other channels of distribution provides us a unique advantage.

Through our wholly owned subsidiaries, we have entered into direct-to-retail license agreements with Qurate, collectively referred to as the Qurate Agreements (individually, each a "Qurate Agreement"), pursuant to which we design, and Qurate sources and sells, various products under our LOGO by Lori Goldstein brand, the Longaberger brand, and the C Wonder brand. We were also previously party to similar agreements with Qurate related to the IsaacMizrahiLIVE brand and the Judith Ripka brand. Qurate owns the rights to all designs produced under these agreements, and the agreements include the sale of products across various categories through Qurate's television media and related internet sites.

Pursuant to these agreements, we have granted to Qurate and its affiliates the exclusive, worldwide right to promote our branded products, and the right to use and publish the related trademarks, service marks, copyrights, designs, logos, and other intellectual property rights owned, used, licensed and/or developed by us, for varying terms as set forth below. In connection with the Qurate Agreements and during the same periods, Qurate and its subsidiaries have the exclusive, worldwide right to use the names, likenesses, images, voices, and performances of our spokespersons to promote the respective products.

Agreement	Current Term Expiry	Automatic Renewal	Xcel Commenced Brand with Qurate	Qurate Product Launch
LOGO Qurate Agreement (QVC)	November 1, 2024	one-year period	April 2021	2009
Longaberger Qurate Agreement (QVC)	October 31, 2025	two-year period	November 2019	2019
C Wonder Qurate Agreement (HSN)	December 31, 2024	two-year period	March 2023	2023

- On May 31, 2022, in connection with our sale of a majority interest in the Isaac Mizrahi brand to a third party, the agreement with Qurate related to the IsaacMizrahiLIVE brand was assigned to IM Topco, LLC.

- On August 30, 2022, Qurate and Xcel amended the licensing agreement for the Judith Ripka brand to terminate the license period effective December 31, 2021. Effective January 1, 2022, the agreement entered a sell-off period, under which Qurate was allowed to continue to license the Ripka brand on a non-exclusive basis for as long as necessary to sell off any of its remaining inventory. The sell-off period ended in 2023.

Under the Qurate Agreements, Qurate is obligated to make payments to us on a quarterly basis, based upon the net retail sales of the specified branded products. Net retail sales are defined as the aggregate amount of all revenue generated through the sale of the specified branded products by Qurate and its subsidiaries under the Qurate Agreements, net of customer returns, and excluding freight, shipping and handling charges, and sales, use, or other taxes.

The Qurate Agreements generally prohibit us from selling products under the specified respective brands to a direct competitor of Qurate without Qurate's consent. Under certain of the Qurate Agreements, we may, with the permission of

Qurate, sell the respective branded products via certain specified sales channels in exchange for making reverse royalty payments to Qurate based on the net retail sales of such products through such channels. However, we are generally restricted from selling products under the specified respective brands or trademarks to certain mass merchants.

Also, under certain of the Qurate Agreements, we may be required for a period of time to pay a royalty participation fee to Qurate on revenue earned from the sale, license, consignment, or any other form of distribution of any products, bearing, marketed in connection with, or otherwise associated with the specified trademarks and brands.

For the years ended December 31, 2023 and 2022, net licensing revenue from Qurate collectively accounted for approximately 34% and 44%, respectively, of the total net revenue of the Company.

Halston Master License

On May 15, 2023, the Company, through our wholly owned subsidiaries, H Halston, LLC and H Heritage Licensing, LLC (collectively, the "Licensor"), entered into a master license agreement relating to the Halston Brand (the "Halston Master License") with G-III (as licensee) for men's and women's apparel, men's and women's fashion accessories, children's apparel and accessories, home, airline amenity and amenity kits, and such other product categories as mutually agreed upon. The Halston Master License provides for an upfront cash payment and royalties payable to the Company (including certain guaranteed minimum royalties), includes significant annual minimum net sales requirements, and has a twenty-five-year term (consisting of an initial five-year period, followed by a twenty-year period), subject to G-III's right to terminate with at least 120 days' notice prior to the end of each five-year period during the term. G-III has an option to purchase the Halston Brand for $5.0 million at the end of the twenty-five-year term, which right may be accelerated under certain conditions associated with an uncured material breach of the Halston Master License in accordance with the terms of the Halston Master License. The Licensor granted G-III a security interest in the Halston trademarks to secure the Licensor's obligations under the Halston Master License, including to honor the obligations under the purchase option.

As a result of the upfront cash payment and guaranteed minimum royalties discussed above, the Company has recognized $4.44 million of deferred revenue contract liabilities on its consolidated balance sheet as of December 31, 2023 related to this contract, of which $0.89 million was classified as a current liability and $3.55 million was classified as a long-term liability. The balance of the deferred revenue contract liabilities will be recognized ratably as revenue through December 31, 2028.

For the year ended December 31, 2023, net licensing revenue from the Halston Master License accounted for approximately 9% of the total net revenue of the Company.

Other Licensing Agreements

We have entered into numerous other licensing agreements for sales and distribution through e-commerce and traditional brick-and-mortar retailers. Authorized distribution channels include department stores, mass merchant retailers, clubs, and national specialty retailers. Under our other licenses, a supplier is granted rights, typically on an exclusive basis, to a single or small group of related product categories for sale to multiple accounts within an approved channel of distribution and territory. Our other license agreements typically provide the licensee with the exclusive rights for a certain product category in a specified territory and/or distribution channel under a specific brand or brands. Our other license agreements cover various categories, including but not limited to women's apparel, footwear, and accessories; bath and body; jewelry; home products; men's apparel and accessories; children's and infant apparel, footwear, and accessories; and electronics cases and accessories. The terms of the agreements generally range from three to six years with renewal options.

We are in discussions with other potential licensees and strategic partners to license and/or co-brand our brand portfolio for additional categories. In certain cases, we have engaged licensing agents to assist in the procurement of such licenses for which we or our licensees pay such agents' fees based upon a percentage of the net sales of licensed products by such licensees, or a percentage of the royalty payments that we receive from such licensees. While many of the new and proposed licensing agreements will likely require us to provide seasonal design services, most of our new and prospective licensing partners have their own design staff, and we therefore expect low incremental overhead costs related to expanding

our licensing business. We will endeavor, where possible, to require licensees to provide guaranteed minimum royalties under their license agreements.

Our licensees currently sell our branded licensed products through brick-and-mortar retailers, e-commerce, and in certain cases supply products to interactive television companies for sale through their television programs and/or through their internet websites. We generally recognize revenues from our other licenses based on a percentage of the sales of products under our brands, but excluding (i) sales of products to interactive television networks, where we receive a retail royalty directly from the interactive television licensee, and (ii) sales of products through e-commerce sites operated by us. Additionally, based upon guaranteed minimum royalty provisions required under many of the license agreements, we are able to recognize revenue related to certain other licenses based on the greater of the sales-based royalty or the guaranteed minimum royalty.

Collaborations

In certain cases, the Company collaborates with and provides promotional services to other brands or companies, which arrangements may include the use of our brands for the promotion of such company or brands through the internet, television, or other digital content, print media, or other marketing campaigns featuring in-person appearances by our celebrity spokespersons, the development of limited collections of products (which may include co-branded products) for such company, or other services as determined on a case-by-case basis. These have included promotions with Sesame Street, Crayola, Hewlett Packard, Revlon, Johnson & Johnson, and Kleenex.

We also provide certain technology services to our retail partners and certain of our licensees under our proprietary integrated technology platform.

Marketing

Marketing is a critical element to maximize brand value to our licensees and our Company. We employ live streaming, social media, and other marketing and public relations support for our brands.

Given our true omni-channel retail sales strategy focusing on the sale of branded products through various distribution channels (including live-streaming, e-commerce, interactive television, and traditional brick-and-mortar sales channels), our marketing efforts currently focus on leveraging micro and mega-influencers, entertainment tie-ins, PR and editorial, social media campaigns, personal appearances, and digital content in order to drive retail sales of product and consumer awareness across our various sales distribution channels. We seek to create the intersection where shopping, entertainment, and social media meet. As such, our marketing is currently conducted primarily through live-streaming and social media, videos, images, and other digital content that are all updated regularly and are amplified by micro and mega-influencers and entertainment tie-ins. Our efforts also include promoting namesakes of our brands and our personalities through various media including live-streaming, television, design for performances, and other events. We also work with our retail partners to leverage their marketing resources, including e-commerce platforms and related digital marketing campaigns, social media platforms, direct mail pieces, and public relations efforts.

We also market the Lori Goldstein brand through www.lorigoldstein.com, the Halston Brand through www.halston.com, the Judith Ripka brand through www.judithripka.com, the C Wonder brand through www.cwonder.com, and the Longaberger brand through www.longaberger.com. Through our websites, we are able to present the products under our brands to customers with branding that reflects each brand’s heritage and unique point of view.

Competition

Each of our current brands has and any future acquired brand will likely have many competitors within each of its specific distribution channels that span a broad variety of product categories, including the apparel, footwear, accessories, jewelry, home furnishings and décor, food products, and sporting goods industries. These competitors have the ability to compete with the Company and our licensees in terms of fashion, quality, price, products, and/or marketing, and ultimately retail floor space and consumer spending.

Because many of our competitors have significantly greater cash, revenues, and resources than we do, we must work to differentiate ourselves from our direct and indirect competitors to successfully compete for market share with the brands we own and for future acquisitions. We believe that the following factors help differentiate our Company in an increasingly crowded competitive landscape:

- our management team, including our officers' and directors' historical track records and relationships within the industry;
- our brand management platform, which has a strong focus on design, product, marketing, and technology; and
- our operating strategies of licensing brands with significant media presence and driving sales through our true omni-channel retail sales strategy across interactive television, live streaming, and e-commerce distribution channels.

We expect our existing and future licenses to relate to products in the apparel, footwear, accessories, jewelry, home goods, and other consumer products industries, in which our licensees face intense competition, including from our other brands and licensees. In general, competitive factors include quality, price, style, name recognition, and service. In addition, various fashion trends and the limited availability of shelf space could affect competition for our licensees' products. Many of our licensees' competitors have greater financial, distribution, marketing, and other resources than our licensees and have achieved significant name recognition for their brand names. Our licensees may be unable to successfully compete in the markets for their products, and we may not be able to continue to compete successfully with respect to our licensing arrangements.

Trademarks

The Company, through its wholly owned subsidiaries, owns and exploits the Lori Goldstein brands, which include the trademarks and brands LOGO by Lori Goldstein, LOGO, LOGO Links, LOGO Lounge, LOGO Layers, and LOGO Luna; the Halston brands, which include the trademarks and brands Halston, Halston Heritage, Roy Frowick, H by Halston, and H Halston; the Ripka brands, which include the trademarks and brands Judith Ripka LTD, Judith Ripka Collection, Judith Ripka Legacy, Judith Ripka, and Judith Ripka Sterling; and the C Wonder brands, which include the trademarks and brands C Wonder and C Wonder Limited. We manage and have a 50% ownership interest in the brands and trademarks of the Longaberger brand through our business venture with Hilco Global. We also have a 30% ownership interest in IM Topco, which owns the Mizrahi brands, including the trademarks and brands Isaac Mizrahi, Isaac Mizrahi New York, IMNYC Isaac Mizrahi, and IsaacMizrahiLIVE.

Where laws limit our ability to record in our name trademarks that we have purchased, we have obtained by way of license all necessary rights to operate our business. Certain of these trademarks and associated marks are registered or pending registration with the U.S. Patent and Trademark Office in block letter and/or logo formats, as well as in combination with a variety of ancillary designs for use in connection with a variety of product categories, such as apparel, footwear and various other goods and services including, in some cases, home furnishings and decor. The Company intends to renew and maintain registrations as appropriate prior to expiration and it makes efforts to diligently prosecute all pending applications consistent with the Company's business goals. In addition, the Company registers its trademarks in certain other countries and regions around the world as it deems appropriate.

The Company and its licensees do not presently earn a material amount of revenue from either the licensing of our trademarks internationally or the sale of products under our trademarks internationally. However, the Company has

registered its trademarks in certain territories where it expects that it may do business in the foreseeable future. If the Company or a licensee intends to make use of the trademarks in international territories, the Company will seek to register its trademarks in such international territories as it deems appropriate based upon factors including the revenue potential, prospective market, and trademark laws in such territory or territories.

Generally, the Company is primarily responsible for monitoring and protecting its trademarks around the world. The Company seeks to require its licensing partners to advise the Company of any violations of its trademark rights of which its licensing partners become aware and relies primarily upon a combination of federal, state, and local laws, as well as contractual restrictions to protect its intellectual property rights both domestically and internationally.

Human Capital

Our employees' knowledge, social, and personality attributes enable our company to achieve its goals, develop our business, and remain innovative. As of December 31, 2023, we had 34 full-time employees and 2 part-time employees. We value our employees and are committed to providing a healthy and safe work environment. For certain key employees, including our executives, brand ambassadors, and spokespersons, we typically enter into multi-year employment agreements. Overall, we believe that our relationship with our employees is good. None of our employees are represented by a labor union.

Government Regulation

We are subject to federal, state, and local laws and regulations affecting our business, including those promulgated under the Occupational Safety and Health Act, the Consumer Product Safety Act, the Flammable Fabrics Act, the Textile Fiber Product Identification Act, the rules and regulations of the Consumer Product Safety Commission, and various environmental laws and regulations. We believe that we are in compliance in all material respects with all applicable governmental regulations.

Item 1A. Risk Factors

In addition to the other information contained herein or incorporated herein by reference, the risks and uncertainties and other factors described below could have a material adverse effect on our business, financial condition, results of operations and share price and could also cause our future business, financial condition and results of operations to differ materially from the results contemplated by any forward-looking statement we may make herein, in any other document we file with the Securities and Exchange Commission ("SEC"), or in any press release or other written or oral statement we may make. Please also see "Forward-Looking Statements" on page 3 for additional information regarding Forward-Looking Statements.

Summary of Risk Factors

Our business is subject to a number of risks, which include, but are not limited to, risks related to:

- our limited amount of cash;
- our concentration of revenue with a limited number of licensees;
- restrictions related to certain key licensing agreements;
- conducting operations through joint ventures and our dependence on the joint ventures;
- our dependency upon our spokespersons;
- the operational performance and/or strategic initiatives of our licensees and retail partners;
- continued market acceptance of our brands and products;
- the use of social media and influencers to market brands and products;
- changing consumer preferences and shifting industry trends;
- execution of our growth strategy, including the acquisition of new brands;
- our dependency on our Chief Executive Officer and other key executives;
- intense competition in the apparel, fashion, and jewelry industries, and within our licensees' markets; and
- protection of our trademarks and other intellectual property rights.

An investment in our securities is subject to a number of risks, which include, but are not limited to, risks related to:

- management's significant control over matters requiring shareholder approval;
- potential difficulty in liquidating an investment in shares of our common stock;
- the potential impact of SEC "penny stock" rules on trading of our shares of our common stock;
- declines of and volatility in the market price of our common stock;
- the potential issuance of a substantial number of shares of common stock upon exercise of warrants and options;

- the potential impact of Rule 144 restrictions on our shares of common stock as a former shell company;
- our intent to not pay any cash dividends for the foreseeable future; and
- provisions of our corporate charter documents which could delay or prevent change of control.

We are also subject to general risks, which include, but are not limited to, risks related to:

- a pandemic or outbreak of disease or similar public health threat, or fear of such an event;
- supply chain disruptions;
- the Ukrainian-Russian conflict;
- a decline in general economic conditions or consumer spending levels;
- inflation and/or a potential recession;
- extreme or unseasonable weather conditions;
- potential impairment of our trademarks and other intangible assets under accounting guidelines;
- changes in our effective tax rates or adverse outcomes resulting from examination of our tax returns;
- maintenance and security of our information technology systems;
- changes in laws and regulations;
- maintaining an effective system of internal control; and
- limitations on liabilities of our directors and executive officers.

Risks Related to Our Business

We have a limited amount of cash to grow our operations. If we cannot obtain additional sources of cash, our growth prospects and future profitability may be materially adversely affected, and we may not be able to implement our business plan. Such additional financing may not be available on satisfactory terms or it may not be available when needed, or at all.

As of December 31, 2023, we had cash and cash equivalents of approximately $3.0 million, and during the year ended December 31, 2023, we used $6.5 million of cash in operating activities. On March 19, 2024, we closed on a public offering and private placement of our common stock, which resulted in aggregate net proceeds to us of approximately $2.0 million. Although we believe that our current levels of cash and our anticipated cash flow from operations will be sufficient to sustain our operations at our current expense levels for at least twelve months subsequent to the date of the filing of this Annual Report on Form 10-K, we may require significant additional cash to satisfy our working capital requirements, expand our operations, or acquire and develop additional brands. Our inability to finance our growth, either internally through our operations or externally, may limit our growth potential and our ability to execute our business strategy successfully. If we issue additional securities to raise capital to finance operations and/or pay down or restructure our debt, our existing stockholders may experience dilution. In addition, the new securities may have rights senior to those of our common stock.

A substantial portion of our revenue is concentrated with a limited number of licensees such that the loss of any of such licensees could decrease our revenue and impair our cash flows.

A substantial portion of our revenue has been paid by Qurate, through the respective agreements with Qurate through QVC and HSN. During the years ended December 31, 2023 and 2022, Qurate accounted for approximately 34% and 44%, respectively, of our total net revenue. Because we are dependent on these agreements with Qurate for a significant portion of our revenues, if Qurate were to have financial difficulties, or if Qurate decides not to renew or extend its existing agreements with us, our revenue and cash flows could be reduced substantially. Our cash flow would also be significantly impacted if there were significant delays in our collection of receivables from Qurate. Additionally, we have limited control over the programming that Qurate devotes to our brands or its promotional sales with our brands (such as "Today's Special Value" sales). If Qurate reduces or modifies its programming or promotional sales related to our brands, our revenues and cash flows could be reduced substantially. In order to increase sales of a brand through Qurate, we generally require additional television programming time dedicated to the brand by Qurate. Qurate is not required to devote any minimum amount of programming time for any of our brands.

Our Qurate revenues have declined since 2021, and there can be no guarantee that our Qurate revenues will grow in the future or that they will not decline further. Additionally, there can be no assurance that our other licensees will be able to generate sales of products under our brands or grow their existing sales of products under our brands, and if they do generate sales, there is no guarantee that they will not cause a decline in sales of products being sold through Qurate.

Our agreements with Qurate restrict us from selling products under our brands with certain retailers, or branded products we sell on Qurate to any other retailer except certain interactive television channels in other territories approved by Qurate, and provides Qurate with a right to terminate the respective agreement if we breach these provisions.

Although most of our licenses and our Qurate Agreements prohibit the sale of products under our brands to retailers who are restricted by Qurate, and our license agreements with other interactive television companies prohibit such licensees from selling products to retailers restricted by Qurate under the brands we sell on Qurate outside of certain approved territories, one or more of our licensees could sell to a restricted retailer or territory, putting us in breach of our agreements with Qurate and exposing us to potential termination by Qurate. A breach of any of these agreements could also result in Qurate seeking monetary damages, seeking an injunction against us and our other licensees, reducing the programming time allocated to our brands, and/or terminating the respective agreement, which could have a material adverse effect on our net income and cash flows.

We conduct certain of our operations through joint ventures. Joint ventures could fail to meet our expectations or cease to deliver anticipated benefits. There could also be disagreements with our joint venture partners that could adversely affect our interest a joint venture.

We hold a 30% interest in each of IM Topco, LLC and ORME. We may enter into additional joint ventures in the future. Our operating results are, in part, dependent upon the performance of IM Topco, LLC and ORME, and, in the future, could also be dependent in part upon the performance of future joint ventures. Joint ventures involve numerous risks, and could fail to meet our initial or ongoing expectations. While we provide certain services to IM Topco, LLC and may provide services to future joint ventures, we do not control the day-to-day operations of IM Topco, LLC or ORME, and may not control the day-to-day operations of future joint ventures. The anticipated synergies or other benefits of a joint venture may fail to materialize due to changing business conditions or changes in our business priorities or those of our joint venture partners. Our joint venture partners, as well as any future partners, may have interests that are different from our interests that may result in conflicting views as to the conduct of the business or future direction of the joint venture. In the event that we have a disagreement with a joint venture partner with respect to a particular issue to come before the joint venture, or as to the management or conduct of the business of the joint venture, we may not be able to resolve such disagreement in our favor. Any such disagreement could have a material adverse effect on our interest in the joint venture, the business of the joint venture, or the portion of our growth strategy related to the joint venture.

We are dependent on our joint ventures to provide timely and accurate information about their sales and operations, which we rely upon to effectively manage their brands.

IM Topco, LLC and ORME are, and we expect any future joint ventures will be, contractually obligated to provide timely and accurate information regarding their sales and operations. We rely on this information to prepare our consolidated financial statements. Any delay in reporting reduces our visibility into the results of operations for IM Topco, LLC and any future joint ventures, and our inability to collect timely and accurate information may affect our ability to timely complete our financial statements and timely file reports and other information with the SEC and may adversely affect our business and results of operations.

We are dependent upon the promotional services of Lori Goldstein and our other spokespersons as they relate to our respective brands.

If we lose the services of Lori Goldstein, we may not be able to fully comply with the terms of our agreement with Qurate, and it may result in significant reductions in the value of the LOGO by Lori Goldstein brand and our prospects, revenues, and cash flows. Lori Goldstein is a key individual in our continued promotion of the LOGO by Lori Goldstein brand and the principal salesperson of the LOGO by Lori Goldstein brand on Qurate. Failure of Lori Goldstein to provide services to Qurate could result in a termination of related agreements with Qurate, which could trigger an event of default under our credit facility. Although we have entered into an employment agreement with Ms. Goldstein, there is no guarantee that we will not lose her services. To the extent that any of Ms. Goldstein's services become unavailable to us, we will likely need to find a replacement for Ms. Goldstein to promote the LOGO by Lori Goldstein brand. Competition for skilled designers and high-profile brand promoters is intense, and compensation levels may be high, and there is no guarantee that we would be able to identify and attract a qualified replacement, or if Ms. Goldstein's services are not available to us, that we would be able to promote the LOGO by Lori Goldstein brand as well as we are able to with Ms. Goldstein. This could significantly affect the value of the LOGO by Lori Goldstein brand and our ability to market the brand, and could impede our ability to fully implement our business plan and future growth strategy, which would harm our business and prospects. Additionally, while we acquired all trademarks, image, and likeness of Lori Goldstein, pursuant to the acquisition of the LOGO by Lori Goldstein assets and her employment agreement, Ms. Goldstein has retained certain rights to participate in outside business activities, including hosting and appearing in television shows, movies and theater productions, and writing and publishing books and other publications. Ms. Goldstein's participation in these personal business ventures could limit her availability to us and affect her ability to perform under this employment agreement. Finally, there is no guarantee that Ms. Goldstein will not take an action that consumers view as negative, which may harm the LOGO by Lori Goldstein brand as well as our business and prospects.

We will also be dependent upon the services of our other spokespersons and our joint venture partner's spokesperson to promote our other brands and the brands of our joint venture. The loss of a spokesperson or a joint ventures' spokesperson could significantly affect the value of the related brand or our related joint venture interest and our or our related joint venture's ability to market the brand which would harm our business and prospects.

The company has withheld and rescheduled payment of the $963,642 earnout payment for 2023 due to a spokesperson due to alleged uncured breaches of the spokesperson's obligations under an employment agreement.

On February 16, 2024, counsel to Lori Goldstein, a brand spokesperson for the company, advised the company that the Company was in material breach of the March 31, 2021 asset purchase agreement for failure to pay the earn-out achieved for 2023 in the amount of $963,642 (the "2023 Earn-out") under the terms of the agreement, and is instead intending on paying such amount quarterly in 2024. The Company does not dispute the amount of the 2023 Earn-out and advised Ms. Goldstein that due to Ms. Goldstein's failure to make all of the QVC appearances as required by her employment agreement, the Company was not willing to pay the 2023 Earn-out in a lump sum but would make the payment in four quarterly installments. Failure to amicably resolve this dispute could adversely affect the Company's cash flow and the availability of Ms. Goldstein's services. To the extent that any of Ms. Goldstein's services become unavailable to us, we will likely need to utilize our existing back-up guest hosts in lieu of Ms. Goldstein and/or find a replacement for Ms. Goldstein to promote the LOGO by Lori Goldstein brand. Competition for skilled designers and high-profile brand promoters is intense, and compensation levels may be high, and there is no guarantee that we would be able to identify and attract a qualified replacement, or if Ms. Goldstein's services are not available to us, that we would be able to promote

the LOGO by Lori Goldstein brand on QVC and otherwise. This could significantly affect the value of the LOGO by Lori Goldstein brand and our ability to market the brand, and could impede our ability to fully implement our business plan and future growth strategy for the Lori Goldstein brands, which would harm our business and prospects and adversely impact our results of operations, financial conditions, and cash flows.

The failure of our licensees to adequately produce, market, source, and sell quality products bearing our brand names in their license categories or to pay their obligations under their license agreements could result in a decline in our results of operations.

Our revenues are dependent on payments made to us under our licensing agreements. Although the licensing agreements for our brands typically require the advance payment to us of a portion of the licensing fees and in many cases provide for guaranteed minimum royalty payments to us, the failure of our licensees to satisfy their obligations under these agreements or their inability to operate successfully or at all, could result in their breach and/or the early termination of such agreements, the non-renewal of such agreements, or our decision to amend such agreements to reduce the guaranteed minimums or sales royalties due thereunder, thereby eliminating some or all of that stream of revenue. Moreover, during the terms of the license agreements, we are substantially dependent upon the efforts and abilities of our licensees to maintain the quality and marketability of the products bearing our trademarks, as their failure to do so could materially tarnish our brands, thereby harming our future growth and prospects. In addition, the failure of our licensees to meet their production, manufacturing, sourcing, and distribution requirements or actively market the branded licensed products could cause a decline in their sales and potentially decrease the amount of royalty payments (over and above the guaranteed minimums) due to us. A weak economy or softness in the apparel and retail sectors could exacerbate this risk. This, in turn, could decrease our potential revenues. The concurrent failure by several of our material licensees to meet their financial obligations to us could adversely affect our business, results of operations, and cash flows.

If our retail customers change their buying patterns, request additional allowances, develop their own private label brands or enter into agreements with national brand manufacturers to sell their products on an exclusive basis, our sales to these customers could be materially adversely affected.

Our retail customers' buying patterns, as well as the need to provide additional allowances to customers, could have a material adverse effect on our business, results of operations and financial condition. Customers' strategic initiatives, including developing their own private labels brands, selling national brands on an exclusive basis, reducing the number of vendors they purchase from, or reducing the floor space dedicated to our brands could also impact our sales to these customers. There is a trend among major retailers to concentrate purchasing among a narrowing group of vendors. To the extent that any key customer reduces the number of its vendors or allocates less floor space for our products and, as a result, reduces or eliminates purchases from us, there could be a material adverse effect on us.

Our business is dependent on continued market acceptance of our brands, our joint venture brands, and any future brands we may acquire directly or through a joint venture, and the products of our licensees.

Although certain of our licensees guarantee minimum net sales and minimum royalties to us, some of our licensees are not yet selling licensed products or currently have limited distribution of licensed products, and a failure of our brands or of our joint venture brands or of products bearing our brands or our joint venture brands to achieve or maintain broad market acceptance could cause a reduction of our licensing revenues, diminish the value of and generally affect the operating results of our joint ventures, and could further cause existing licensees not to renew their agreements. Such failure could also cause the devaluation of our trademarks, which are our primary assets and the primary assets of our joint ventures, making it more difficult for us or our joint ventures to renew our current licenses upon their expiration or enter into new or additional licenses for such trademarks. In addition, if such devaluation of our trademarks were to occur, a material impairment in the carrying value of one or more of our trademarks, which had an aggregate carrying value of $41.5 million as of December 31, 2023, could also occur and be charged as an expense to our operating results. Continued market acceptance of our brands, our joint ventures' brands, and our licensees' products, as well as market acceptance of any future products bearing any future brands we may acquire, is subject to a high degree of uncertainty and constantly changing consumer tastes, preferences, and purchasing patterns. Creating and maintaining market acceptance of our licensees' products and creating market acceptance of new products and categories of products bearing our marks may require substantial marketing efforts, which may, from time to time, also include our expenditure of significant additional

funds to keep pace with changing consumer demands, which funds may or may not be available on a timely basis, on acceptable terms or at all. Additional marketing efforts and expenditures may not, however, result in either increased market acceptance of, or additional licenses for, our trademarks or increased market acceptance, or sales, of our licensees' products. Furthermore, we do not actually design or manufacture all of the products bearing our marks, and therefore, have less control over such products' quality and design than a traditional product manufacturer might have. The failure of our licensees and joint ventures to maintain the quality of their products could harm the reputation and marketability of our brands and our joint ventures' brands, which would adversely impact our business and the business of our joint ventures.

Negative claims or publicity regarding Xcel, IM Topco, LLC, any future joint ventures, our or their brands, or products could adversely affect our reputation and sales regardless of whether such claims are accurate. Social media, which accelerates the dissemination of information, can increase the challenges of responding to negative claims. In the past, many apparel companies have experienced periods of rapid growth in sales and earnings followed by periods of declining sales and losses. Our businesses may be similarly affected in the future.

Use of social media and influencers may materially and adversely affect our reputation or subject us to fines or other penalties.

We use and our joint ventures may use third-party social media platforms as, among other things, marketing tools. We also maintain, and our joint ventures may maintain, relationships with many social media influencers and engage in sponsorship initiatives. As existing e-commerce and social media platforms continue to rapidly evolve and new platforms develop, we and our joint ventures must continue to maintain a presence on these platforms and establish presences on new or emerging popular social media platforms. If we or our joint ventures are unable to cost-effectively use social media platforms as marketing tools or if the social media platforms we or our joint ventures use change their policies or algorithms, we or our joint ventures may not be able to fully optimize such platforms, and our and their ability to maintain and acquire customers and our financial condition may suffer.

Furthermore, as laws and regulations and public opinion rapidly evolve to govern the use of these platforms and devices, the failure by us, our employees, our network of social media influencers, our sponsors or third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms and devices or otherwise could subject us to regulatory investigations, class action lawsuits, liability, fines or other penalties and have a material adverse effect on our business, financial condition and operating results.

In addition, an increase in the use of social media for product promotion and marketing may cause an increase in the burden on us and our joint ventures to monitor compliance of such materials, and increase the risk that such materials could contain problematic product or marketing claims in violation of applicable regulations. For example, in some cases, the Federal Trade Commission has sought enforcement action where an endorsement has failed to clearly and conspicuously disclose a financial relationship or material connection between an influencer and an advertiser.

We do not prescribe what our influencers post, and if we were held responsible for the content of their posts or their actions, we could be fined or forced to alter our practices, which could have an adverse impact on our business.

Negative commentary regarding us, our joint ventures or our or their products or influencers and other third parties who are affiliated with us or our joint ventures may also be posted on social media platforms and may be adverse to our or our joint ventures' reputation or business. Influencers with whom we or our joint ventures maintain relationships could engage in behavior or use their platforms to communicate directly with our customers in a manner that reflects poorly on our or our joint ventures' brand and may be attributed to us or our joint ventures or otherwise adversely affect us or our joint ventures. It is not possible to prevent such behavior, and the precautions we and our joint ventures take to detect this activity may not be effective in all cases. Our and our joint ventures' target consumers often value readily available information and often act on such information without further investigation and without regard to its accuracy. The harm may be immediate, without affording us and our joint ventures an opportunity for redress or correction.

If we are unable to anticipate and respond to changing customer preferences and shifts in fashion and industry trends in a timely manner, our business, financial condition, and operating results could be harmed.

Our success largely depends on our ability to consistently gauge tastes and trends and provide a diverse and balanced assortment of merchandise that satisfies customer demands in a timely manner. Our ability to accurately forecast demand for our products could be affected by many factors, including an increase or decrease in demand for our products or for products of our competitors, our failure to accurately forecast acceptance of new products, product introductions by competitors, unanticipated changes in general market conditions, and weakening of economic conditions or consumer confidence in future economic conditions. We typically enter into agreements to manufacture and purchase our merchandise in advance of the applicable selling season and our failure to anticipate, identify or react appropriately, or in a timely manner to changes in customer preferences, tastes and trends or economic conditions could lead to, among other things, missed opportunities, excess inventory or inventory shortages, markdowns and write-offs, all of which could negatively impact our profitability and have a material adverse effect on our business, financial condition, and operating results. Failure to respond to changing customer preferences and fashion trends could also negatively impact the image of our brands with our customers and result in diminished brand loyalty.

If major department, mass merchant, and specialty store chains consolidate, continue to close stores, or cease to do business, our business could be negatively affected.

Certain of our licensees sell our branded products through major department, mass merchant, and specialty store chains. Continued consolidation in the retail industry, as well as store closures or retailers ceasing to do business, could negatively impact our business. Consolidation could also reduce the number of our customers and potential customers who can access our branded products. A store group could decide to close stores, decrease the amount of our branded product purchased from our licensees, modify the amount of floor space allocated to apparel in general or to our brands specifically, or focus on promoting private label products or national brand products for which it has exclusive rights rather than promoting our brands. Customers are also concentrating purchases among a narrowing group of vendors. These types of decisions could adversely affect our business.

We expect to achieve growth based upon our plans to expand our business under our existing brands and brands we may develop independently or through collaborations or acquire. If we fail to manage our expected future growth, our business and operating results could be materially harmed.

We expect to achieve growth in our existing brands and brands we may develop independently or through collaborations or acquire through expansion of our licensing activities and social media e-commerce platforms, including ORME. We continue to seek new opportunities and international expansion through interactive television and licensing arrangements, as well as joint ventures and collaborations. The success of our company, however, will remain largely dependent on our ability to build and maintain broad market acceptance of our brands, to contract with and retain key licensees and on our licensees' ability to accurately predict upcoming fashion and design trends within customer bases and fulfill the product requirements of retail channels within the global marketplace.

Our ability to compete effectively and to manage future growth, if any, will depend on the sufficiency and adequacy of our current resources and infrastructure and our ability to continue to identify, attract and retain personnel to manage our brands and integrate any brands we may acquire into our operations. There can be no assurance that our personnel, systems, procedures and controls will be adequate to support our operations and properly oversee our brands. The failure to support our operations effectively and properly oversee our brands could cause harm to our brands and have a material adverse effect on the value of such brands and on our reputation, business, financial condition and results of operations. In addition, we may be unable to leverage our core competencies in managing apparel and jewelry brands to managing brands in new product categories.

Also, there can be no assurance that we will be able to achieve and sustain meaningful growth. Our growth may be limited by a number of factors including increased competition among branded products at brick-and-mortar, internet and interactive retailers, decreased airtime on QVC, HSN, and JTV, competition for retail licenses and brand acquisitions, joint ventures and collaborations, and insufficient capitalization for future transactions.

We are dependent upon our Chief Executive Officer and other key executives. If we lose the services of these individuals, we may not be able to fully implement our business plan and future growth strategy, which would harm our business and prospects.

Our success is largely dependent upon the efforts of Robert W. D'Loren, our Chief Executive Officer and Chairman of our board of directors. Our continued success is largely dependent upon his continued efforts and those of our other key executives. Although we entered into an employment agreement with Mr. D'Loren, as well as employment agreements with other executives and key employees, such persons can terminate their employment with us at their option, and there is no guarantee that we will not lose the services of our executive officers or key employees. To the extent that any of their services become unavailable to us, we will be required to hire other qualified executives, and we may not be successful in finding or hiring adequate replacements. This could impede our ability to fully implement our business plan and future growth strategy, which would harm our business and prospects.

If we are unable to identify and successfully acquire additional trademarks or enter into joint ventures or collaborations for brands, our growth may be limited and, even if additional trademarks are acquired or joint ventures and collaborations are formed, we may not realize anticipated benefits due to integration or licensing difficulties.

While we are focused on growing our existing brands, we intend to selectively seek to acquire additional intellectual property, either directly or through the formation of joint ventures or collaborations. However, as our competitors continue to pursue a brand management model, acquisitions, joint ventures, and collaborations may become more expensive and suitable candidates could become more difficult to find. In addition, even if we successfully acquire additional intellectual property or the rights to use additional intellectual property, we may not be able to achieve or maintain profitability levels that justify our investment in, or realize planned benefits with respect to, those additional brands.

Although we will seek to temper our acquisition, joint venture, and collaboration risks by following guidelines relating to purchase price and valuation, projected returns, existing strength of the brand, its diversification benefits to us, its potential licensing scale and creditworthiness of licensee base, acquisitions, joint ventures, and collaborations, whether they be of additional intellectual property assets or of the companies that own them, entail numerous risks, any of which could detrimentally affect our reputation, our results of operations, and/or the value of our common stock. These risks include, among others:

- unanticipated costs associated with the target acquisition, joint venture, or collaboration, or its integration with our company;
- our ability to identify or consummate additional quality business opportunities, including potential licenses and new product lines and markets;
- negative effects on reported results of operations from acquisition related charges and costs, and amortization of acquired intangibles;
- diversion of management's attention from other business concerns;
- the challenges of maintaining focus on, and continuing to execute, core strategies and business plans as our brand and license portfolio grows and becomes more diversified;
- adverse effects on existing licensing and other relationships;
- potential difficulties associated with the retention of key employees, and difficulties, delays and unanticipated costs associated with the assimilation of personnel, operations, systems and cultures, which may be retained by us in connection with or as a result of our acquisitions;

- risks of entering new domestic and international markets (whether it be with respect to new licensed product categories or new licensed product distribution channels) or markets in which we have limited prior experience; and

- increased concentration in our revenues with one or more customers in the event that the brand has distribution channels in which we currently distribute products under one or more of our brands.

When we acquire intellectual property assets or the companies that own them, or enter into joint ventures or collaborations, our due diligence reviews are subject to inherent uncertainties and may not reveal all potential risks. We may therefore fail to discover or inaccurately assess undisclosed or contingent liabilities, including liabilities for which we may have responsibility as a successor to the seller or the target company. As a successor, we may be responsible for any past or continuing violations of law by the seller or the target company. Although we will generally attempt to seek contractual protections through representations, warranties and indemnities, we cannot be sure that we will obtain such provisions or that such provisions will fully protect us from all unknown, contingent or other liabilities or costs. Finally, claims against us relating to any acquisition may necessitate our seeking claims against the seller for which the seller may not, or may not be able to, indemnify us or that may exceed the scope, duration or amount of the seller's indemnification obligations.

Acquiring additional intellectual property could also have a significant effect on our financial position and could cause substantial fluctuations in our quarterly and yearly operating results. Acquisitions and joint ventures could result in the recording of significant goodwill and intangible assets on our financial statements, the amortization or impairment of which would reduce our reported earnings in subsequent years. No assurance can be given with respect to the timing, likelihood or financial or business effect of any possible transaction. Moreover, our ability to grow through the acquisition of additional intellectual property, joint ventures and collaborations will also depend on the availability of capital to complete the necessary acquisition arrangements. In the event that we are unable to obtain debt financing on acceptable terms for a particular transaction, we may elect to pursue the transaction through the issuance by us of shares of our common stock (and, in certain cases, convertible securities) as equity consideration, which could dilute our common stock and reduce our earnings per share, and any such dilution could reduce the market price of our common stock unless and until we were able to achieve revenue growth or cost savings and other business economies sufficient to offset the effect of such an issuance. Acquisitions of additional brands may also involve challenges related to integration into our existing operations, merging diverse cultures, and retaining key employees. Any failure to integrate additional brands successfully in the future may adversely impact our reputation and business.

As a result, there is no guarantee that our stockholders will achieve greater returns as a result of any future acquisitions we complete.

Intense competition in the apparel, fashion, and jewelry industries could reduce our sales and profitability.

As a fashion company, we face intense competition from other domestic and foreign apparel, footwear, accessories, and jewelry manufacturers and retailers. Competition has and may continue to result in pricing pressures, reduced profit margins, lost market share, or failure to grow our market share, any of which could substantially harm our business and results of operations. Competition is based on many factors including, without limitation, the following:

- establishing and maintaining favorable brand recognition;

- developing products that appeal to consumers;

- pricing products appropriately;

- determining and maintaining product quality;

- obtaining access to sufficient floor space in retail locations;

- providing appropriate services and support to retailers;

- maintaining and growing market share;
- developing and maintaining a competitive e-commerce site;
- hiring and retaining key employees; and
- protecting intellectual property.

Competition in the apparel, fashion and jewelry industries is intense and is dominated by a number of very large brands, many of which have longer operating histories, larger customer bases, more established relationships with a broader set of potential licensees, greater brand recognition, and greater financial, research and development, marketing, distribution, and other resources than we do. These capabilities of our competitors may allow them to better withstand downturns in the economy or apparel, fashion and jewelry industries. Any increased competition, or our failure to adequately address any of these competitive factors which we have seen from time to time, could result in reduced sales, which could adversely affect our business, financial condition, and operating results.

Competition, along with such other factors as consolidation within the retail industry and changes in consumer spending patterns, could also result in significant pricing pressure and cause the sales environment to be more promotional, as it has been in recent years, impacting our financial results. If promotional pressure remains intense, either through actions of our competitors or through customer expectations, this may cause a further reduction in our sales and gross margins and could have a material adverse effect on our business, financial condition, and operating results.

Because of the intense competition within our existing and potential wholesale licensees' markets and the strength of some of their competitors, we and our licensees may not be able to continue to compete successfully.

We expect our existing and future licenses to relate to products in the apparel, footwear, accessories, jewelry, home goods, and other consumer industries, in which our licensees face intense competition, including from our other brands and licensees. In general, competitive factors include quality, price, style, name recognition, and service. In addition, various fashion trends and the limited availability of shelf space could affect competition for our licensees' products. Many of our licensees' competitors have greater financial, distribution, marketing, and other resources than our licensees and have achieved significant name recognition for their brand names. Our licensees may be unable to successfully compete in the markets for their products, and we may not be able to continue to compete successfully with respect to our contractual arrangements.

If our competition for licenses increases, or any of our current licensees elect not to renew their licenses or renew on terms less favorable than today, our growth plans could be slowed and our business, financial condition and results of operations would be adversely affected.

To the extent we seek to acquire additional brands, we will face competition to retain licenses and to complete such acquisitions. The ownership, licensing, and management of brands is becoming a more widely utilized method of managing consumer brands as production continues to become commoditized and manufacturing capacity increases worldwide. We face competition from numerous direct competitors, both publicly and privately-held, including traditional apparel and consumer brand companies, other brand management companies and private equity groups. Companies that traditionally focused on wholesale manufacturing and sourcing models are now exploring licensing as a way of growing their businesses through strategic licensing partners and direct-to-retail contractual arrangements. Furthermore, our current or potential licensees may decide to develop or purchase brands rather than renew or enter into contractual agreements with us. In addition, this increased competition could result in lower sales of products offered by our licensees under our brands. If our competition for licenses increases, it may take us longer to procure additional licenses, which could slow our growth rate.

Difficulties with foreign sourcing may adversely affect our business.

Our licensees work with several manufacturers overseas, primarily located overseas, including in China and Thailand. A manufacturing contractor's failure to ship products to our licensees in a timely manner or to meet the required quality standards could cause the licensee to miss the delivery date requirements of its customers for those items or not have seasonal product available for a selling season. The failure to make timely deliveries may cause their customers to cancel orders, refuse to accept deliveries or demand reduced prices, any of which could reduce our licensing royalties, which could have a material adverse effect on us. As a result of the magnitude of our licensees' foreign sourcing, our business is subject to the following risks:

- political and economic instability in countries or regions, especially Asia, including heightened terrorism and other security concerns, which could subject imported or exported goods to additional or more frequent inspections, leading to delays win deliveries or impoundment of goods;
- imposition of regulations, quotas and other trade restrictions relating to imports, including quotas imposed by bilateral textile agreements between the U.S. and foreign countries;
- currency exchange rates;
- imposition of increased duties, taxes and other charges on imports;
- pandemics and disease outbreaks such as COVID-19;
- labor union strikes at ports through which our products enter the U.S.;
- labor shortages in countries where contractors and suppliers are located;
- restrictions on the transfer of funds to or from foreign countries;
- disease epidemics and health-related concerns, which could result in closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas;
- the migration and development of manufacturing contractors, which could affect where our brands are or are planned to be produced;
- increases in the costs of fuel, travel and transportation; and
- violations by foreign contractors of labor and wage standards and resulting adverse publicity.

If these risks limit or prevent our licensees from manufacturing products in any significant international market, prevent us from acquiring products from foreign suppliers, the production and sale of our brands be seriously disrupted until alternative suppliers are found or alternative markets are developed, which could negatively impact our business.

Our failure to protect our proprietary rights could compromise our competitive position and decrease the value of our brands.

We own, through our wholly owned subsidiaries, various U.S. federal trademark registrations and foreign trademark registrations for our brands, together with pending applications for registration, which are vital to the success and further growth of our business and which we believe have significant value. We rely primarily upon a combination of trademarks, copyrights, and contractual restrictions to protect and enforce our intellectual property rights domestically and internationally. We believe that such measures afford only limited protection and, accordingly, there can be no assurance that the actions taken by us to establish, protect, and enforce our trademarks and other proprietary rights will prevent

infringement of our intellectual property rights by others, or prevent the loss of licensing revenue or other damages caused therefrom.

For instance, despite our efforts to protect and enforce our intellectual property rights, unauthorized parties may attempt to copy aspects of our intellectual property, which could harm the reputation of our brands, decrease their value, and/or cause a decline in our licensees' sales and thus our revenues. Further, we and our licensees may not be able to detect infringement of our intellectual property rights quickly or at all, and at times, we or our licensees may not be successful in combating counterfeit, infringing, or knockoff products, thereby damaging our competitive position. In addition, we depend upon the laws of the countries where our licensees' products are sold to protect our intellectual property. Intellectual property rights may be unavailable or limited in some countries because standards of registration and ownership vary internationally. Consequently, in certain foreign jurisdictions, we have elected or may elect not to apply for trademark registrations.

While we generally apply for trademarks in most countries where we license or intend to license our trademarks, we may not accurately predict all of the countries where trademark protection will ultimately be desirable. If we fail to timely file a trademark application in any such country, we may be precluded from obtaining a trademark registration in such country at a later date. Failure to adequately pursue and enforce our trademark rights could damage our brands, enable others to compete with our brands and impair our ability to compete effectively.

In addition, in the future, we may be required to assert infringement claims against third parties or more third parties may assert infringement claims against us. Any resulting litigation or proceeding could result in significant expense to us and divert the efforts of our management personnel, whether or not such litigation or proceeding is determined in our favor. To the extent that any of our trademarks were ever deemed to violate the proprietary rights of others in any litigation or proceeding or as a result of any claim, we may be prevented from using them, which could cause a termination of our contractual arrangements, and thus our revenue stream, with respect to those trademarks. Litigation could also result in a judgment or monetary damages being levied against us.

Risks Related to an Investment in Our Securities

Management exercises significant control over matters requiring shareholder approval, which may result in the delay or prevention of a change in our control.

Pursuant to voting agreements, certain shareholders agreed to appoint a person designated by our board of directors as their collective irrevocable proxy and attorney-in-fact with respect to the shares of the common stock received by them. The proxy holder will vote in favor of matters recommended or approved by the board of directors. The board of directors has designated Robert W. D'Loren as proxy. Also, pursuant to separate voting agreements, certain other stockholders have agreed to appoint Mr. D'Loren as their respective irrevocable proxy and attorney-in-fact with respect to the shares of the common stock issued to them by us. The proxy holder shall vote in favor of matters recommended or approved by the board of directors.

The combined voting power of the common stock ownership of our directors and executive officers is approximately 45% of our voting securities as of March 31, 2024. As a result, our management through such stock ownership will exercise significant influence over all matters requiring shareholder approval, including the election of our directors and approval of significant corporate transactions. This concentration of ownership in management may also have the effect of delaying or preventing a change in control of us that may be otherwise viewed as beneficial by stockholders other than management. There is also a risk that our existing management and a limited number of stockholders may have interests which are different from certain stockholders and that they will pursue an agenda which is beneficial to themselves at the expense of other stockholders.

Our failure to meet the continued listing requirements of the Nasdaq Capital Market could result in a delisting of our common stock, which could negatively impact the market price and liquidity of our common stock and our ability to access the capital markets.

On April 16, 2024, we received a letter from the Listing Qualifications Department of The Nasdaq Stock Market ("Nasdaq") notifying us that the minimum bid price per share for our common stock fell below $1.00 for a period of 30 consecutive business days. Therefore, the Company did not meet the minimum bid price requirement set forth in the Nasdaq Listing Rules.

The letter also states that pursuant to Nasdaq Listing Rules 5810(c)(3)(A), we will be provided 180 calendar days to regain compliance with the minimum bid price requirement, or until October 14, 2024.

We can regain compliance if, at any time during the Tolling Period or such 180-day period, the closing bid price of our common stock is at least $1.00 for a minimum period of 10 consecutive business days. If by October 14, 2024, we do not regain compliance with the Nasdaq Listing Rules, we may be eligible for additional time to regain compliance pursuant to Nasdaq Listing Rule 5810(c)(3)(A)(ii). We would also need to provide written notice to Nasdaq of our intention to cure the minimum bid price deficiency during the second compliance period by effecting a reverse stock split, if necessary. As part of its review process, the Nasdaq staff will make a determination of whether it believes we will be able to cure this deficiency. Should the Nasdaq staff conclude that we will not be able to cure the deficiency, or should we determine not to submit a transfer application or make the required representation, Nasdaq will provide notice that our shares of common stock will be subject to delisting.

If we do not regain compliance within the allotted compliance period, including any extensions that may be granted by Nasdaq, Nasdaq will provide notice that our shares of common stock will be subject to delisting from the Nasdaq Capital Market. At such time, we may appeal the delisting determination to a hearings panel.

We intend to monitor our common stock closing bid price between now and October 14, 2024 and will consider available options to resolve the Company's noncompliance with the minimum bid price requirement, as may be necessary. There can be no assurance that the Company will be able to regain compliance with the minimum bid price requirement or will otherwise be in compliance with other Nasdaq listing criteria.

Our common stock may be subject to the penny stock rules adopted by the SEC that require brokers to provide extensive disclosure to their customers prior to executing trades in penny stocks. These disclosure requirements may cause a reduction in the trading activity of our common stock, which could make it more difficult for our stockholders to sell their securities.

Rule 3a51-1 of the Exchange Act establishes the definition of a "penny stock," for purposes relevant to us, as any equity security that has a minimum bid price of less than $5.00 per share, subject to a limited number of exceptions, including for having securities registered on certain national securities exchanges. If our common stock were delisted from the NASDAQ, market liquidity for our common stock could be severely and adversely affected.

For any transaction involving a penny stock, unless exempt, the penny stock rules require that a broker or dealer approve a person's account for transactions in penny stocks and the broker or dealer receive from the investor a written agreement to the transaction setting forth the identity and quantity of the penny stock to be purchased. In order to approve a person's account for transactions in penny stocks, the broker or dealer must obtain financial information and investment experience and objectives of the person and make a reasonable determination that the transactions in penny stocks are suitable for that person and that that person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prepared by the SEC relating to the penny stock market, which, in highlight form, sets forth:

- the basis on which the broker or dealer made the suitability determination; and
- that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and commission payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

Because of these regulations, broker-dealers may not wish to engage in the above-referenced necessary paperwork and disclosures and/or may encounter difficulties in their attempt to sell shares of our common stock, which may affect the ability of selling stockholders or other holders to sell their shares in any secondary market and have the effect of reducing the level of trading activity in any secondary market. These additional sales practice and disclosure requirements could impede the sale of our common stock even if and when our common stock becomes listed on the NASDAQ Capital Market. In addition, the liquidity for our common stock may decrease, with a corresponding decrease in the price of our common stock.

No assurance can be given that our stock will not be subject to these "penny stock" rules in the future.

Investors should be aware that, according to Commission Release No. 34-29093, the market for "penny stocks" has suffered in recent years from patterns of fraud and abuse. Such patterns include: (1) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (2) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (3) boiler room practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (4) excessive and undisclosed bid-ask differential and markups by selling broker-dealers; and (5) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. The occurrence of these patterns or practices could increase the future volatility of our share price.

Our common stock has historically been thinly traded, and you may be unable to sell at or near ask prices or at all if you need to sell or liquidate a substantial number of shares at one time.

Although our common stock is listed on the NASDAQ Capital Market, our common stock has historically been traded at relatively low volumes. As a result, the number of persons interested in purchasing our common stock at or near bid prices at any given time may be relatively small. This situation is attributable to a number of factors, including that we are currently a small company which is still relatively unknown to securities analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk-averse and reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares until such time as we become more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot provide any assurance that a broader or more active public trading market for our common stock will develop or be sustained, or that trading levels will be sustained.

The market price of our common stock has declined over the past several years and may be volatile, which could reduce the market price of our common stock.

Currently the publicly traded shares of our common stock are not widely held, and do not have significant trading volume, and, therefore, may experience significant price and volume fluctuations. Although our common stock is quoted on the NASDAQ Capital Market, this does not assure that a meaningful, consistent trading market will develop or that the volatility will decline. This market volatility could reduce the market price of the common stock, regardless of our operating performance. In addition, the trading price of the common stock has been volatile over the past several years and could change significantly over short periods of time in response to actual or anticipated variations in our quarterly operating results, announcements by us, our licensees or our respective competitors, factors affecting our licensees' markets generally and/or changes in national or regional economic conditions, making it more difficult for shares of the common stock to be sold at a favorable price or at all. The market price of the common stock could also be reduced by general market price declines or market volatility in the future or future declines or volatility in the prices of stocks for companies in the trademark licensing business or companies in the industries in which our licensees compete.

We may issue a substantial number of shares of common stock upon exercise of outstanding warrants and options.

As of December 31, 2023, we had outstanding warrants and options to purchase 6,264,605 shares of our common stock with a weighted average exercise price of $1.96. The holders of warrants and options will likely exercise such securities at a time when the market price of our common stock exceeds the exercise price. Therefore, exercises of warrants and options will result in a decrease in the net tangible book value per share of our common stock and such decrease could be material.

The issuance of shares upon exercise of outstanding warrants and options will dilute our then-existing stockholders' percentage ownership of our company, and such dilution could be substantial. In addition, our growth strategy includes the acquisition of additional brands, and we may issue shares of our common stock as consideration for acquisitions. Sales or the potential for sale of a substantial number of such shares could adversely affect the market price of our common stock, particularly if our common stock remains thinly traded at such time.

As of December 31, 2023, we had an aggregate of 3,103,941 shares of common stock available for grants under our 2021 Equity Incentive Plan (the "2021 Plan") to our directors, executive officers, employees, and consultants. Issuances of common stock pursuant to the exercise of stock options or other stock grants or awards which may be granted under our 2021 Plan will dilute your interest in us.

Holders of our common stock may be subject to restrictions on the use of Rule 144 by shell companies or former shell companies.

Historically, the SEC has taken the position that Rule 144 under the Securities Act of 1933, as amended, or the Securities Act, is not available for the resale of securities initially issued by companies that are, or previously were, shell companies (we were considered a shell company on and prior to September 29, 2011), to their promoters or affiliates despite technical compliance with the requirements of Rule 144. The SEC prohibits the use of Rule 144 for resale of securities issued by shell companies (other than business transaction related shell companies) or issuers that have been at any time previously a shell company. The SEC has provided an important exception to this prohibition, however, if the following conditions are met: the issuer of the securities that was formerly a shell company has ceased to be a shell company; the issuer of the securities is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act; the issuer of the securities has filed all Exchange Act reports and material required to be filed, as applicable, during the preceding 12 months (or such shorter period that the issuer was required to file such reports and materials), other than Form 8-K reports; and at least one year has elapsed from the time that the issuer filed current Form 10 type information with the SEC reflecting its status as an entity that is not a shell company. As such, due to the fact that we had been a shell company prior to September 2011, holders of "restricted securities" within the meaning of Rule 144, when reselling their shares pursuant to Rule 144, shall be subject to the conditions set forth herein.

We do not anticipate paying cash dividends on our common stock.

You should not rely on an investment in our common stock to provide dividend income, as we have not paid dividends on our common stock, and we do not plan to pay any dividends in the foreseeable future. Instead, we plan to retain any earnings to maintain and expand our existing licensing operations, further develop our trademarks, and finance the acquisition of additional trademarks. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any return on their investment. In addition, our credit facility limits the amount of cash dividends we may pay while amounts under the credit facility are outstanding.

Provisions of our corporate charter documents could delay or prevent change of control.

Our certificate of incorporation authorizes our board of directors to issue up to 1,000,000 shares of preferred stock without stockholder approval, in one or more series, and to fix the dividend rights, terms, conversion rights, voting rights, redemption rights and terms, liquidation preferences, and any other rights, preferences, privileges, and restrictions applicable to each new series of preferred stock. The designation of preferred stock in the future could make it difficult for third parties to gain control of our company, prevent or substantially delay a change in control, discourage bids for the common stock at a premium, or otherwise adversely affect the market price of the common stock.

General Risks

A pandemic outbreak of disease or similar public health threat, or fear of such an event, could have a material adverse impact on the Company's business, operating results and financial condition.

A pandemic or outbreak of disease or similar public health threat, such as the COVID-19 pandemic, or fear of such an event, could have a material adverse impact on our business, operating results, and financial condition. The COVID-19 pandemic caused a disruption to our business, beginning in March 2020.

The impacts of the ongoing COVID-19 pandemic (including actions taken by national, state, and local governments in response to COVID-19) negatively impacted the U.S. and global economy, disrupted consumer spending and global supply chains, and created significant volatility and disruption of financial markets. The initial onset of the pandemic in 2020 resulted in a sudden decrease in sales for many of the Company's products, from which we have yet to fully recover. The global pandemic affected the financial health of certain of our customers, and the bankruptcy of certain other customers; as a result, we may be required to make additional adjustments for doubtful accounts which would increase our operating expenses in future periods and negatively impact our operating results.

Supply chain disruptions have adversely affected, and could continue to adversely affect, our licensees' ability to import our products in a timely manner.

The effects of the COVID-19 pandemic on the shipping industry negatively impacted our and our licensees' ability to import our branded products in a manner that allows for timely delivery to customers. Congestion at ports of loading and ports of entry caused significant delays in deliveries and changes to the itineraries of steamship carriers. Use of alternate routes or delivery methods would require additional trucking for our licensees and their customers. Truck driver shortages, shortages of truck equipment and the inability of ports to provide reliable pick up times, also negatively impacted our and our licensees' ability to timely receive goods in the past. If our licensees are unable to mitigate supply chain disruptions, their ability to meet customer expectations, manage inventory and complete sales could be materially adversely affected.

Contractual shipping rates have increased as a result of increased demand for container space and the logistical delays experienced by the shipping industry. Costs have increased as a result of higher contractual shipping rates and the need to purchase additional container space on the secondary market at higher spot rates. Terminals are also now imposing additional fees on importers not picking up containers on time, even when equipment and labor shortages negatively affect the ability of importers to pick up in a timely manner.

If our licensees are unable to secure container space on a vessel for our branded product due to limited availability, they may experience delays in shipping product from overseas suppliers and ultimately to their customers. Furthermore, even if they are able to secure space, ports around the world are experiencing congestion from time to time, slowing transit times of product through ports of entry which negatively affects their ability to timely receive and deliver product to their retail partners and customers.

If our licensees are unable to mitigate these supply chain disruptions, their ability to meet customer expectations, manage inventory and complete sales could be materially adversely affected, which could adversely affect our results of operations.

The Ukrainian-Russian conflict could have a material adverse impact on our business.

The Ukrainian-Russian conflict, the responses thereto, such as sanctions imposed by the United States and other western democracies, and any expansion thereof is likely to have unpredictable and wide-ranging effects on the domestic and global economy and financial markets, which could have an adverse effect on our business and results of operations. Already the conflict has caused market volatility, a sharp increase in certain commodity prices, such as wheat and oil, and an increasing number and frequency of cybersecurity threats. So far, we have not experienced any direct impact from the conflict and, as our business is conducted exclusively in the United States, we are probably less vulnerable than companies with international operations. Nevertheless, we will continue to monitor the situation carefully and, if necessary, take action to protect our business, operations, and financial condition.

A decline in general economic conditions resulting in a decrease in consumer spending levels and an inability to access capital may adversely affect our business.

The success of our operations depends on consumer spending. Consumer spending is impacted by a number of factors which are beyond our control, including actual and perceived economic conditions affecting disposable consumer income (such as unemployment, wages, energy costs and consumer debt levels), customer traffic within shopping and selling environments, business conditions, interest rates and availability of credit and tax rates in the general economy and in the international, regional and local markets in which our products are sold and the impact of natural disasters and pandemics and disease outbreaks such as the COVID-19 pandemic. Global economic conditions historically included significant recessionary pressures and declines in employment levels, disposable income and actual and/or perceived wealth and further declines in consumer confidence and economic growth. A depressed economic environment is often characterized by a decline in consumer discretionary spending and has disproportionately affected retailers and sellers of consumer goods, particularly those whose goods are viewed as discretionary or luxury purchases, including fashion apparel and accessories such as ours. Such factors as well as another shift towards recessionary conditions have in the past, and could in the future, devalue our brands, which could result in an impairment in its carrying value, which could be material, create downward pricing pressure on the products carrying our brands, and adversely impact our sales volumes and overall profitability. Further, economic and political volatility and declines in the value of foreign currencies could negatively impact the global economy as a whole and have a material adverse effect on the profitability and liquidity of our operations, as well as hinder our ability to grow through expansion in the international markets. In addition, domestic and international political situations also affect consumer confidence, including the threat, outbreak or escalation of terrorism, military conflicts or other hostilities around the world. Furthermore, changes in the credit and capital markets, including market disruptions, limited liquidity, and interest rate fluctuations, may increase the cost of financing or restrict our access to potential sources of capital for future acquisitions.

The risks associated with our business are more acute during periods of economic slowdown or recession. Accordingly, any prolonged economic slowdown or a lengthy or severe recession with respect to either the U.S. or the global economy is likely to have a material adverse effect on our results of operations, financial condition, and business prospects.

Inflation and/or a potential recession could adversely impact our business and results of operations.

Many of the components of our cost of goods sold are subject to price increases that are attributable to factors beyond our control, including but not limited to, global economic conditions, trade barriers or restrictions, supply chain disruptions, changes in crop size, product scarcity, demand dynamics, currency rates, water supply, weather conditions, import and export requirements, and other factors. The cost of raw materials, labor, manufacturing, energy, fuel, shipping and logistics, and other inputs related to the production and distribution of our products have increased and may continue to increase unexpectedly.

In addition, poor economic and market conditions, including a potential recession, may negatively impact market sentiment, decreasing the demand for apparel, footwear, accessories, fine jewelry, home goods, and other consumer products, which would adversely affect our operating income and results of operations. If we are unable to take effective measures in a timely manner to mitigate the impact of the inflation as well as a potential recession, our business, financial condition, and results of operations could be adversely affected.

Extreme or unseasonable weather conditions could adversely affect our business.

Extreme weather events and changes in weather patterns can influence customer trends and shopping habits. Extended periods of unseasonably warm temperatures during the fall and winter seasons, or cool weather during the summer season, may diminish demand for our seasonal merchandise. Heavy snowfall, hurricanes or other severe weather events in the areas in which our retail stores and the retail stores of our wholesale customers are located may decrease customer traffic in those stores and reduce our sales and profitability. If severe weather events were to force closure of or disrupt operations at the distribution centers we use for our merchandise, we could incur higher costs and experience longer lead times to distribute our products to our retail stores, wholesale customers or digital channel customers. If prolonged, such extreme or unseasonable weather conditions could adversely affect our business, financial condition, and results of operations.

Our trademarks and other intangible assets are subject to impairment charges under accounting guidelines.

Our intangible assets including our trademarks had a net carrying value of $41.5 million as of December 31, 2023 and represent a substantial portion of our assets. Under accounting principles generally accepted in the United States of America ("GAAP"), finite-lived intangible assets are amortized over their estimated useful lives, and reviewed for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Non-renewal of license agreements or other factors affecting our market segments or brands could result in significantly reduced revenue for a brand, which could result in a devaluation of the affected trademark. If such devaluations of our trademarks were to occur, a material impairment in the carrying value of one or more of our trademarks could also occur and be charged as a non-cash expense to our operating results, which could be material. Any write-down of intangible assets resulting from future periodic evaluations would, as applicable, either decrease our net income or increase our net loss and those decreases or increases could be material.

Changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results.

Our future effective tax rates could be adversely affected by changes in the valuation of our deferred tax assets and liabilities, or by changes in tax laws or by a change in allocation of state and local jurisdictions, or interpretations thereof. The Company currently files U.S. federal tax returns and various state tax returns. Tax years that remain open for assessment for federal and state purposes include the years ended December 31, 2020 through December 31, 2023. We regularly assess the likelihood of recovering the amount of deferred tax assets recorded on the balance sheet and the likelihood of adverse outcomes resulting from examinations by various taxing authorities in order to determine the adequacy of our provision for income taxes. Although under the 2017 Tax Cuts and Jobs Act Federal tax rates are lower, certain expenses will be either reduced or eliminated, causing the Company to have increased taxable income, which may have an adverse effect on our future income tax obligations. We cannot guarantee that the outcomes of these evaluations and continuous examinations will not harm our reported operating results and financial condition.

We must successfully maintain and/or upgrade our information technology systems.

We rely on various information technology systems to manage our operations, which subject us to inherent costs and risks associated with maintaining, upgrading, replacing, and changing these systems, including impairment of our information technology, potential disruption of our internal control systems, substantial capital expenditures, demands on management time, cyber security breaches and other risks of delays or difficulties in upgrading, transitioning to new systems, or of integrating new systems into our current systems.

System security risk issues as well as other major system failures could disrupt our internal operations or information technology services, and any such disruption could negatively impact our revenues, increase our expenses, and harm our reputation.

Consumers are increasingly concerned over the security of personal information transmitted over the internet, consumer identity theft, and user privacy, and any compromise of customer information could subject us to customer or government litigation and harm our reputation, which could adversely affect our business and growth. Moreover, we could incur significant expenses or disruptions of our operations in connection with system failures or breaches. In addition, sophisticated hardware and operating system software and applications that we procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of our systems. The costs to us to eliminate or alleviate security problems, viruses, and bugs, or any problems associated with our newly transitioned systems or outsourced services could be significant, and the efforts to address these problems could result in interruptions, delays or cessation of service that may impede our sales, distribution or other critical functions. In addition to taking the necessary precautions ourselves, we require that third-party service providers implement reasonable security measures to protect our customers' identity and privacy as well as credit card information. We do not, however, control these third-party service providers and cannot guarantee that no electronic or physical computer break-ins and security breaches will occur in the future. We could also incur significant costs in complying with the multitude of state, federal, and foreign laws regarding the use and unauthorized disclosure of personal information, to the extent they are applicable. In the case of a disaster affecting our information technology systems, we may experience

delays in recovery of data, inability to perform vital corporate functions, tardiness in required reporting and compliance, failures to adequately support our operations, and other breakdowns in normal communication and operating procedures that could materially and adversely affect our financial condition and results of operations.

We rely significantly on information technology systems and any failure, inadequacy, interruption, or security lapse of that technology, including any cybersecurity incidents, could harm our ability to operate our business effectively and have a material adverse effect on our business, reputation, financial condition, and results of operations.

We rely significantly on our information technology systems to effectively manage and maintain our operations, and internal reports. Any failure, inadequacy, or interruption of that infrastructure or security lapse (whether intentional or inadvertent) of that technology, including cybersecurity incidents or attacks, could harm our ability to operate our business effectively. Our investment in ORME also leverages certain artificial intelligence (AI) technologies, which ORME's technology partner licenses from several third parties including but not limited to Amazon and ChatGPT, and which technologies are nascent and rapidly evolving.

In addition, our technology systems, including our cloud technologies, continue to increase in multitude and complexity, making them potentially vulnerable to breakdown, cyberattack, and other disruptions. Potential problems and interruptions associated with the implementation of new or upgraded technology systems or with maintenance or adequate support of existing systems could disrupt or reduce the efficiency of our operations and expose us to greater risk of security breaches. Cybersecurity incidents resulting in the failure of our enterprise resource planning system, production management, or other systems to operate effectively or to integrate with other systems, or a breach in security or other unauthorized access or unavailability of these systems or those of any third parties on whom we depend, have occurred in the past and may affect our ability in the future to manage and maintain our operations, internal reports, and result in reduced efficiency of our operations.

As part of our business, we collect, store, and transmit large amounts of confidential information, proprietary data, intellectual property, and personal data. The information and data processed and stored in our technology systems, and those of our licensees, joint ventures, and other third parties on whom we depend to operate our business, may be vulnerable to loss, damage, denial-of-service, unauthorized access, or misappropriation. Data security incidents may be the result of unauthorized or unintended activity (or lack of activity) by our employees, contractors, or others with authorized access to our network or malware, hacking, business email compromise, phishing, ransomware, or other cyberattacks directed by third parties. While we have implemented measures to protect our information and data stored in our technology systems and those of the third parties that we rely on, our efforts may not be successful. In addition, employee error, malfeasance, or other errors in the storage, use, or transmission of any such information could result in a disclosure to third parties outside of our network. As a result, we could incur significant expenses addressing problems created by any such inadvertent disclosure or any security breaches of our network.

We have experienced and may continue to experience cybersecurity incidents, including an unsuccessful ransomware attack in February 2024, although to our knowledge we have not experienced any material incident or interruption to date. If such a significant event were to occur, it could result in a material disruption of our business and commercial operations, including due to a loss, corruption, or unauthorized disclosure of our trade secrets, personal data, or other proprietary or sensitive information. Further, these cybersecurity incidents can lead to the public disclosure of personal information (including sensitive personal information) of our employees, customers, and others and result in demands for ransom or other forms of blackmail. Such attacks, including phishing attacks and attempts to misappropriate or compromise confidential or proprietary information or sabotage enterprise information technology systems, are of ever-increasing levels of sophistication and are made by groups and individuals with a wide range of motives (including industrial espionage) and expertise, including by organized criminal groups, "hacktivists," nation states, and others. Moreover, the costs to us to investigate and mitigate cybersecurity incidents could be significant. Any security breach that results in the unauthorized access, use, or disclosure of personal data may require us to notify individuals, governmental authorities, credit reporting agencies, or other parties pursuant to privacy and security laws and regulations or other obligations. Such a security compromise could harm our reputation, erode confidence in our information security measures, and lead to regulatory scrutiny. To the extent that any disruption or security breach resulted in a loss of, or damage to, our data or systems, or inappropriate disclosure of confidential, proprietary, or personal information, we could be exposed to a risk of

loss, enforcement measures, penalties, fines, indemnification claims, litigation and potential civil or criminal liability, which could materially adversely affect our business, financial condition and results of operations.

Not all our contracts contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We cannot be sure that our insurance coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our privacy and security practices, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims.

Further, the SEC has adopted new rules that require us to provide greater disclosures around proactive security protections that we employ and reactive issues (e.g., security incidents). Any such disclosures, including those under state data breach notification laws, can be costly, and the disclosures we make to comply with, or the failure to comply with, such requirements could lead to adverse consequences.

Changes in laws could make conducting our business more expensive or otherwise change the way we do business.

We are subject to numerous domestic and international regulations, including labor and employment, customs, truth-in-advertising, consumer protection, data protection, and zoning and occupancy laws and ordinances that regulate retailers generally or govern the importation, promotion and sale of merchandise and the operation of stores and warehouse facilities. If these regulations were to change or were violated by our management, employees, vendors, independent manufacturers or partners, the costs of certain goods could increase, or we could experience delays in shipments of our products, be subject to fines or penalties, or suffer reputational harm, which could reduce demand for our merchandise and hurt our business and results of operations.

In addition to increased regulatory compliance requirements, changes in laws could make ordinary conduct of business more expensive or require us to change the way we do business. Laws related to employee benefits and treatment of employees, including laws related to limitations on employee hours, supervisory status, leaves of absence, mandated health benefits, overtime pay, unemployment tax rates and citizenship requirements, could negatively impact us, by increasing compensation and benefits costs, which would in turn reduce our profitability.

Moreover, changes in product safety or other consumer protection laws could lead to increased costs to us for certain merchandise, or additional labor costs associated with readying merchandise for sale. It is often difficult for us to plan and prepare for potential changes to applicable laws and future actions or payments related to such changes could be material to us.

If we fail to maintain an effective system of internal control, we may not be able to report our financial results accurately or in a timely fashion, and we may not be able to prevent fraud. In such case, our stockholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our stock.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we are required to include in our Annual Report on Form 10-K our assessment of the effectiveness of our internal control over financial reporting. We have dedicated a significant amount of time and resources to comply with this legislation for the years ended December 31, 2023 and 2022, and will continue to do so for future fiscal periods. However, our management has concluded that our internal control over financial reporting was not effective as of December 31, 2023 due to the material weakness. We cannot be certain that our internal controls will become effective or that future material changes to our internal control over financial reporting will be effective. If we cannot adequately obtain and maintain the effectiveness of our internal control over financial reporting, we may be subject to sanctions or investigation by regulatory authorities, such as the SEC. Any such action could adversely affect our financial results and the market price of our common stock. Moreover, if we discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in our financial statements and harm our stock price.

Our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting until we are no longer a "smaller reporting company." At such time that an attestation is required,

our independent registered public accounting firm may issue a report that is adverse or qualified in the event that they are not satisfied with the level at which our controls are documented, designed or operating. Our remediation efforts may not enable us to avoid a material weakness or significant deficiency in the future.

There are limitations on the liabilities of our directors and executive officers. Under certain circumstances, we are obligated to indemnify our directors and executive officers against liability and expenses incurred by them in their service to us.

Pursuant to our amended and restated certificate of incorporation and under Delaware law, our directors are not liable to us or our stockholders for monetary damages for breach of fiduciary duty, except for liability for breach of a director's duty of loyalty, acts or omissions by a director not in good faith or which involve intentional misconduct or a knowing violation of law, dividend payments or stock repurchases that are unlawful under Delaware law or any transaction in which a director has derived an improper personal benefit. In addition, we have entered into indemnification agreements with each of our directors and executive officers. These agreements, among other things, require us to indemnify each director and executive officer for certain expenses, including attorneys' fees, judgments, fines and settlement amounts, incurred by any such person in any action or proceeding, including any action by us or in our right, arising out of the person's services as one of our directors or executive officers. The costs associated with providing indemnification under these agreements could be harmful to our business and have an adverse effect on results of operations.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

In the ordinary course of business, we receive, process, use, and store digitally large amounts of data, including customer data as well as confidential, sensitive, proprietary, and personal information. Maintaining the integrity and availability of our information technology systems and this information, as well as appropriate limitations on access and confidentiality of such information, is important to us and our business operations. To this end, we have implemented a program designed to assess, identify, and manage risks from potential unauthorized occurrences on or through our information technology systems that may result in adverse effects on the confidentiality, integrity, and availability of these systems and the data residing in them.

The program is managed by our executive management team, and includes mechanisms, controls, technologies, systems, policies, and other processes designed to prevent or mitigate data loss, theft, misuse, or other security incidents or vulnerabilities affecting the systems and data residing in them. We consult with and rely upon outside advisors and experts to assist us with assessing, identifying, and managing cybersecurity risks.

We consider cybersecurity, along with other significant risks that we face, within our overall enterprise risk management framework. Our Board of Directors has oversight for the most significant risks facing us and for our processes to identify, prioritize, assess, manage, and mitigate those risks. The Board of Directors receives periodic updates on cybersecurity and information technology matters and related risk exposures from management.

Item 2. Properties

We currently lease and maintain our corporate offices and operations facility located at 550 Seventh Avenue, 11th floor, New York, New York. We entered into a lease agreement effective February 29, 2024 for such offices of approximately 12,000 square feet of office space. This lease commenced in April 2024 and shall expire seven years from the commencement date, in 2031.

We also currently lease approximately 29,600 square feet of office space at 1333 Broadway, 10th floor, New York, New York; this location represented our former corporate offices and operations facility and shall expire on October 30, 2027. We have subleased this office space to a third-party subtenant through October 30, 2027.

Item 3. Legal Proceedings

In the ordinary course of business, from time to time we become involved in legal claims and litigation. In the opinion of management, based on consultations with legal counsel, the disposition of litigation currently pending against us is unlikely to have, individually or in the aggregate, a materially adverse effect on our business, financial position, results of operations, or cash flows.

Item 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is listed on the NASDAQ Capital Market, under the trading symbol "XELB."

Holders

As of December 31, 2023, the number of our stockholders of record was 556 (excluding beneficial owners and any shares held in street name or by nominees).

Dividends

We have never declared or paid any cash dividends on our common stock. We expect to retain future earnings to finance our operations and expansion. The payment of cash dividends in the future will be at the discretion of our board of directors and will depend upon our earnings levels, capital requirements, any restrictive loan covenants, and other factors the board of directors considers relevant.

Securities authorized for issuance under equity compensation plans

2021 Equity Incentive Plan

Our 2021 Equity Incentive Plan, which we refer to as the 2021 Plan, is designed and utilized to enable the Company to offer its employees, officers, directors, consultants, and others whose past, present, and/or potential contributions to the Company have been, are, or will be important to the success of the Company, an opportunity to acquire a proprietary interest in the Company. The following is a description of the 2021 Plan.

- The 2021 Plan provides for the grant of stock options, restricted stock, restricted stock units, performance awards, or cash awards (any grant under the 2021 Plan, an "Award"). The stock options may be incentive stock options or non-qualified stock options.

- A total of 4,000,000 shares of common stock are eligible for issuance under the 2021 Plan.

- The 2021 Plan may be administered by the Board of Directors (the "Board") or a committee consisting of two or more members of the Board of Directors appointed by the Board (for purposes of this description, any such committee, a "Committee").

- Officers and other employees of our Company or any parent or subsidiary of our Company who are at the time of the grant of an Award employed by us or any parent or subsidiary of our Company are eligible to be granted

options or other Awards under the 2021 Plan. In addition, non-qualified stock options and other Awards may be granted under the 2021 Plan to any person, including, but not limited to, directors, independent agents, consultants, and attorneys who the Board or the Committee, as the case may be, believes has contributed or will contribute to our success.

- With respect to incentive stock options granted to an eligible employee owning stock possessing more than 10% of the total combined voting power of all classes of our stock or the stock of a parent or subsidiary of our Company immediately before the grant (each, a "10% Stockholder"), such incentive stock option shall not be exercisable more than 5 years from the date of grant.

- The exercise price of a stock option will not be less than the fair market value of the shares underlying the option on the date the option is granted, provided, however, that the exercise price of a stock option granted to a 10% Stockholder may not be less than 110% of such fair market value.

- Restricted stock awards give the recipient the right to receive a specified number of shares of common stock, subject to such terms, conditions and restrictions as the Board or the Committee, as the case may be, deems appropriate. Restrictions may include limitations on the right to transfer the stock until the expiration of a specified period of time and forfeiture of the stock upon the occurrence of certain events such as the termination of employment prior to expiration of a specified period of time.

- Restricted stock unit awards will be settled in cash or shares of common stock, in an amount based on the fair market value of our common stock on the settlement date. The RSUs will be subject to forfeiture and restrictions on transferability as set forth in the 2021 Plan and the applicable award agreement and as may be otherwise determined by the Board or the Committee. There were no RSUs outstanding as of December 31, 2023.

- Certain Awards made under the Plan may be granted so that they qualify as "performance-based compensation" (as this term is used in Internal Revenue Code Section 162(m) and the regulations thereunder) and are exempt from the deduction limitation imposed by Code Section 162(m) (these Awards are referred to as "Performance-Based Awards"). Under Internal Revenue Code Section 162(m), our tax deduction may be limited to the extent total compensation paid to the chief executive officer, or any of the four most highly compensated executive officers (other than the chief executive officer) exceeds $1 million in any one tax year. In accordance with the 2017 Tax Cuts and Jobs Act, the tax deductibility for each of these executives will be limited to $1,000,000 of compensation annually, including any performance-based compensation. Among other criteria, Awards only qualify as performance-based awards if at the time of grant the compensation committee is comprised solely of two or more "outside directors" (as this term is used in Internal Revenue Code Section 162(m) and the regulations thereunder). In addition, we must obtain stockholder approval of material terms of performance goals for such "performance-based compensation."

- All stock options and certain stock awards, performance awards, and stock units granted under the Plan, and the compensation attributable to such Awards, are intended to (i) qualify as performance-based awards or (ii) be otherwise exempt from the deduction limitation imposed by Internal Revenue Code Section 162(m).

- Cash awards may be issued under the 2021 Plan either alone or in addition to or in tandem with other Awards granted under the 2021 Plan or other payments made to a participant not under the 2021 Plan. The Board or Committee shall determine the eligible persons to whom, and the time or times at which, cash awards will be made, the amount that is subject to the cash award, the circumstances and conditions under which such amount shall be paid, in whole or in part, the time of payment, and all other terms and conditions of the Awards. Each cash award shall be confirmed by, and shall be subject to the terms of, an agreement executed

- No Awards may be granted on or after the tenth anniversary of the effective date of the 2021 Plan.

2011 Equity Incentive Plan

The key terms and provisions of our Amended and Restated 2011 Equity Incentive Plan, which we refer to as the 2011 Plan, were substantially similar to the 2021 Plan described above, with the major difference being the number of shares of common stock reserved for issuance under the 2011 Plan. Stock-based awards (including options, warrants, and restricted stock) previously granted under the 2011 Plan remain outstanding, and shares of common stock may be issued to satisfy options or warrants previously granted under the 2011 Plan, although no new awards may be granted under the 2011 Plan.

Issuances

From time to time, the Company issues stock-based compensation to its officers, directors, employees, and consultants through its equity compensation plans. The maximum term of options granted is generally five years and generally options vest over a period of six months to two years. However, the Board may approve other vesting schedules. Options may be exercised in whole or in part. The exercise price of stock options granted is generally the fair market value of the Company's common stock on the date of grant.

The fair value of each stock option award is estimated using the Black-Scholes option pricing model based on certain assumptions. The assumption for expected term is based on evaluations of expected future employee exercise behavior. Because of a lack of historical information related to exercise activity, we use the simplified method to determine the expected term. The risk-free interest rate is based on the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected term at the grant date. The historical volatility of our common stock is used as the basis for the volatility assumption. The Company has never paid cash dividends, and does not currently intend to pay cash dividends, and thus assumes a 0% dividend yield.

The following table sets forth information as of December 31, 2023 regarding compensation plans under which our equity securities are authorized for issuance:

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 (1)	5,264,605	$ 2.05	3,103,941

(1) Pursuant to our 2011 and 2021 Equity Incentive Plans.

Recent Sales of Unregistered Securities

There were no sales of unregistered or registered securities during the years ended December 31, 2023 and 2022.

Purchases of equity securities by the issuer and affiliated purchasers

We did not repurchase any shares of common stock during the fourth fiscal quarter ended December 31, 2023.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read together with our consolidated financial statements and the notes thereto, included in Item 8 of this Annual Report on Form 10-K. This discussion summarizes the significant factors affecting our consolidated operating results, financial condition and liquidity and cash flows for the years ended December 31, 2023 and 2022. Except for historical information, the matters discussed in this Management's Discussion

and Analysis of Financial Condition and Results of Operations are forward-looking statements that involve risks and uncertainties and are based upon judgments concerning factors that are beyond our control.

Overview

Xcel Brands 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. Currently, Xcel's brand portfolio consists of the LOGO by Lori Goldstein Brand, the Halston Brand, the Ripka Brand, the C Wonder Brand, the Longaberger Brand, the CB Brand, the Isaac Mizrahi Brand, and other proprietary brands, including:

- the Lori Goldstein Brand, Halston Brand, Ripka Brand, and C Wonder Brand, which are wholly owned by the Company;
- the Longaberger Brand, which we manage through our 50% ownership interest in Longaberger Licensing, LLC, and the CB Brand, which is a co-owned brand between Xcel and Christie Brinkley; and
- the Isaac Mizrahi Brand, which we wholly owned and managed through May 31, 2022. On May 31, 2022, we sold a majority interest in the brand to a third party, but retained a 30% noncontrolling interest in the brand and continue to contribute to the operations of the brand through a service agreement.

We also own a 30% interest in ORME Live Inc. ("ORME"), a short-form video and social commerce marketplace that launched in the first quarter of 2024.

Xcel continues to pioneer a true omni-channel and social commerce sales strategy which includes the promotion and sale of products under its brands through interactive television, digital live-stream shopping, social commerce, traditional brick-and-mortar retailers, and e-commerce channels, to be everywhere its customers shop. Our brands have generated over $5 billion in retail sales via live streaming in interactive television and digital channels alone, and our brands collectively reach over 5 million social media followers through Facebook, Instagram, and TikTok. All of the followers may not be unique followers, as many followers may follow multiple brands and follow our brands on multiple platforms.

Our objective is to build a diversified portfolio of lifestyle consumer products brands through organic growth and the strategic acquisition of new brands. To grow our brands, we are focused on the following primary strategies:

- distribution and/or licensing our brands for sale through interactive television (e.g., QVC, HSN, The Shopping Channel, JTV, etc.);
- licensing of our brands to retailers that sell to the end consumer;
- direct-to-consumer distribution of our brands through e-commerce and live streaming;
- licensing our brands to manufacturers and retailers for promotion and distribution through e-commerce, social commerce, and traditional brick-and-mortar retail channels; and
- acquiring additional consumer brands and integrating them into our operating platform, and leveraging our operating infrastructure and distribution relationships.

We believe that Xcel offers a unique value proposition to our retail and direct-to-consumer customers and our licensees for the following reasons:

- our management team, including our officers' and directors' experience in, and relationships within the industry;

- our deep knowledge, expertise, and proprietary technology in live streaming and social commerce;
- our design, sales, marketing, and technology platform that enables us to design trend-right product; and
- our significant media and digital presence.

Business Model and Operations Restructuring

In the first quarter of 2023, we began to restructure and transition our business operations from a more capital-intensive wholesale/licensing hybrid model to a capital-light "licensing plus" model, by entering into new licensing agreements with best-in-class business partners. We entered into a new interactive television licensing agreement with America's Collectibles Network, Inc. d/b/a JTV ("JTV") for the Ripka Brand, and a separate license with JTV for the Ripka Brand's e-commerce business. For apparel, similar transactions were executed. In conjunction with the launch of the C Wonder Brand on HSN, we licensed the wholesale production operations related to that brand to One Jeanswear Group, LLC ("OJG"); this new license with OJG also includes other new celebrity brands that we plan to launch in 2024 and beyond.

In the second quarter of 2023, we entered into a new master license agreement with G-III Apparel Group, an industry-leading wholesale apparel company, for the Halston Brand, covering men's, women's, and children's apparel and accessories, and other product categories, for distribution through department stores, e-commerce, and other retailers. This master license for the Halston Brand provides for an upfront cash payment and royalties to the Company, including certain guaranteed minimum royalties, includes significant annual minimum net sales requirements, and has a twenty-five-year term (consisting of an initial five-year period, followed by a twenty-year period), subject to the licensee's right to terminate with at least 120 days' notice prior to the end of each five-year period during the term.

The transition of these operating businesses was substantially completed by the end of the second quarter of 2023.

In the third quarter of 2023, we entered into various settlements and incurred approximately $1 million of expenses to restructure certain contractual arrangements related to our former wholesale operations.

In the fourth quarter of 2023, we entered into a new term loan agreement, which provided us with approximately $5 million of additional liquidity. Additionally, Longaberger Licensing, LLC outsourced the operations of the Longaberger Brand through a license agreement with a third party to operate and manage the Longaberger e-commerce website 's e-commerce business to a third party.

Overall, we believe that this evolution of our operating model will provide significant cost savings and allow us to reduce and better manage our exposure to operating risks. As of December 31, 2023, the Company has reduced payroll costs by approximately $6 million and operating expenses (excluding non-recurring charges related to the restructuring) by approximately $9 million, on an annualized basis when compared to the corresponding periods in the prior year.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Critical accounting policies are those that are the most important to the portrayal of our financial condition and results of operations, and that require our most difficult, subjective, and complex judgments as a result of the need to make estimates about the effect of matters that are inherently uncertain. Critical accounting estimates are those that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition or results of operations. While our significant accounting policies and estimates are described in more detail in the notes to our consolidated financial statements, our most critical accounting policies and estimates, discussed below, pertain to revenue recognition, trademarks and other intangible assets, income taxes, and equity method investments. These include but are not limited to the estimation of the useful lives of our trademarks, the estimation of the future cash flows related to our trademarks, and the estimation of our incremental borrowing rate (for purposes of accounting for leases). In applying such policies, we must use some amounts that are based upon our informed judgments and best estimates.

Estimates, by their nature, are based upon judgments and available information. The estimates that we make are based upon historical factors, current circumstances, and the experience and judgment of management. We evaluate our assumptions and estimates on an ongoing basis.

Revenue Recognition

Licensing

In connection with our "licensing plus" business model, we follow Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606-10-55-65, by which we recognize licensing revenue at the later of when (1) the subsequent sale or usage occurs or (2) the performance obligation to which some or all of the sales- or usage-based royalty has been allocated is satisfied (in whole or in part). More specifically, we separately identify:

(i) Contracts for which, based on experience, royalties are expected to exceed any applicable minimum guaranteed payments, and to which an output-based measure of progress based on the "right to invoice" practical expedient is applied because the royalties due for each period correlate directly with the value to the customer of our performance in each period (this approach is identified as "View A" by the FASB Revenue Recognition Transition Resource Group, "TRG"); and

(ii) Contracts for which revenue is recognized based on minimum guaranteed payments using an appropriate measure of progress, in which minimum guaranteed payments are straight-lined over the term of the contract and recognized ratably based on the passage of time, and to which the royalty recognition constraint to the sales-based royalties in excess of minimum guaranteed is applied and such sales-based royalties are recognized to the distinct period only when the minimum guaranteed is exceeded on a cumulative basis (this approach is identified as "View C" by the TRG).

Wholesale Sales

Prior to the restructuring of our business model and operations in 2023, we generated a portion of our revenue through sale of branded jewelry and apparel to both domestic and international customers who, in turn, sold the products to their consumers. We recognized revenue from such transactions within net sales in the accompanying consolidated statements of operations when performance obligations identified under the terms of contracts with our customers were satisfied, which occurred upon the transfer of control of the merchandise in accordance with the contractual terms and conditions of the sale. Shipping to customers was accounted for as a fulfillment activity and was recorded within other selling, general and administrative expenses.

Direct-to-Consumer Sales

Our revenue associated with our e-commerce jewelry operations and the Longaberger brand (prior to the restructuring of our business model and operations in 2023) was recognized within net sales in the accompanying consolidated statements of operations at the point in time when product is shipped to the customer. Shipping to customers was accounted for as a fulfillment activity and was recorded within other selling, general and administrative expenses.

Trademarks and Other Intangible Assets

Our finite-lived intangible assets (primarily trademarks, along with other intangible assets) are amortized over their estimated useful lives, which are estimated based principally on our expected use and strategic plans for each asset, our own historical experience with similar assets, and our expectations related to demand, competition, and other economic factors.

Our finite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. To test our finite-lived intangible assets for impairment, we group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of undiscounted future cash flows. If the undiscounted cash flows

do not indicate the carrying amount of the asset is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value based on discounted cash flows analysis or appraisals.

There were no impairment charges recorded for our intangible assets for the years ended December 31, 2023 and 2022.

Income Taxes

Income tax expense is the tax payable for the period and the change during the period in deferred tax assets and liabilities. Deferred income taxes are determined based on the temporary difference between the financial reporting and tax bases of assets and liabilities using enacted rates in effect during the year in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. We consider forecasted earnings, future taxable income, and prudent and feasible tax planning strategies in determined the need for these valuation allowances.

With respect to any uncertainties in income taxes recognized in our financial statements, tax positions are initially recognized in the financial statements when it is more likely than not that the position will be sustained upon examination by the tax authorities. Such tax positions are initially and subsequently measured as the largest amount of tax benefit that has a probability of fifty percent or greater of being realized upon ultimate settlement with the tax authority, assuming full knowledge of the position and all relevant facts. Tax years that remain open for assessment for federal and state tax purposes include the years ended December 31, 2020 through December 31, 2023.

Equity Method Investments

We account for our investments in entities over which we have the ability to exercise significant influence, but do not control, under the equity method of accounting, and we recognize our proportionate share of income or losses from the entity within other operating costs and expenses (income) in the consolidated statement of operations.

We initially measure our investment in an equity method investee at cost. In cases where we retain a noncontrolling interest in an investee which we had previously consolidated, we initially measure such retained interest at fair value. In estimating fair value in such cases, we seek to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities).

Subsequent recognition of an investor’s proportionate share of income or losses of an equity method investee is generally determined based on the investor’s proportional ownership interest. However, in cases where contractual agreements specify allocation ratios for profits and losses, specified costs and expenses, and/or distributions of cash from operations, that differ from our ownership interest, we use such specified allocation ratios for purposes of determining our share of income or losses from the investee if the agreement is considered substantive.

Recently Adopted Accounting Pronouncements

We adopted the provisions of Accounting Standards Update (“ASU”) No. 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (as amended by ASU No. 2018-19 in November 2018, ASU No. 2019-05 in May 2019, ASU No. 2019-10 and 2019-11 in November 2019, ASU No. 2020-02 in February 2020, and ASU No. 2022-02 in March 2022) effective January 1, 2023. This ASU requires entities to estimate lifetime expected credit losses for financial instruments, including trade and other receivables, which generally results in earlier recognition of credit losses. The adoption of this new guidance did not have a significant impact on our results of operations, cash flows, or financial condition.

Summary of Operating Results

The consolidated financial statements and related notes included elsewhere in this Form 10-K are as of or for the years ended December 31, 2023 (the "Current Year"), and December 31, 2022 (the "Prior Year").

Revenues

Current Year net revenue decreased $8.0 million to $17.8 million from $25.8 million for the Prior Year.

Net licensing revenue decreased by approximately $5.5 million in the Current Year to approximately $9.2 million, compared with approximately $14.7 million in the Prior Year. This decrease in licensing revenue was primarily attributable to the May 31, 2022 sale of a majority interest in the Isaac Mizrahi brand through the sale of a 70% interest in IM Topco, LLC to WHP, partially offset by increased licensing revenue generated by the C Wonder brand through interactive television.

Net sales decreased by approximately $2.5 million in the Current Year to approximately $8.6 million, compared with approximately $11.1 million in the Prior Year. This decrease in net sales was primarily attributable to the exit from our wholesale apparel and fine jewelry sales operations in the Current Year as part of the restructuring and transformation of our business operating model.

Cost of Goods Sold and Gross Profit

Current Year cost of goods sold was $6.9 million, compared with $8.0 million for the Prior Year.

Gross profit margin from net product sales (net sales less cost of goods sold, divided by net sales) decreased from approximately 28% in the Prior Year to approximately 20% in the Current Year. This decrease in gross profit margin percentage was the result of selling our remaining jewelry inventory at an agreed-upon price which was less than historical margins and the sale of our remaining apparel inventory at discounted prices.

Gross profit (net revenue less cost of goods sold) decreased approximately $7.0 million to $10.8 million from $17.8 million in the Prior Year, primarily driven by the aforementioned decrease in net licensing revenue.

Direct Operating Costs and Expenses

Direct operating costs and expenses decreased approximately $9.8 million from $33.1 million in the Prior Year to $23.3 million in the Current Year. This decrease was primarily attributable to lower salaries, benefits and employment costs, driven by the combination of (i) the May 31, 2022 sale of a majority interest in the Isaac Mizrahi brand and the transfer of the employees associated with the Isaac Mizrahi brand to the IM Topco, LLC business venture, and (ii) reductions in staffing levels and other costs during 2023 related to the restructuring and transformation of our business operating model. These decreases were partially offset by $0.8 million in costs related to the restructuring of certain contractual arrangements in connection with the shift and evolution in the Company's business operations, and also by a $0.1 million impairment charge related to certain capitalized software assets.

Other Operating Costs and Expenses (Income)

Depreciation and amortization expense was approximately $7.0 million and $7.3 million in the Current Year and Prior Year, respectively.

In the Prior Year, we recognized a gain on the sale of a majority interest in the Isaac Mizrahi brand of approximately $20.6 million, which was comprised of $46.2 million of cash proceeds plus the recognition of the fair value of our retained interest in the brand of $19.8 million, less $0.9 million of fees and expenses directly related to the transaction and the derecognition of the brand trademarks previously recorded on our balance sheet of $44.5 million.

We account for our interest in the ongoing operations of IM Topco, LLC using the equity method of accounting. We recognized an equity method loss related to our investment of $2.1 million and $1.2 million for the Current Year and Prior Year, respectively, based on the distribution provisions set forth in the related business venture agreement.

Also during the Current Year, we recognized a gain of $0.36 million related to the sale of a limited partner ownership interest in an unconsolidated affiliate, which was entered into in 2016, and recognized a gain of $0.44 million related to a lease termination settlement with the landlord of our former retail store location.

In the Prior Year, we recognized a $0.9 million gain on the reduction of contingent obligations. In connection with our 2019 purchase of the Halston Heritage trademarks, we agreed to pay the seller additional consideration if certain royalty targets were met from 2019 through December 31, 2022. This potential earn-out was initially recorded as a liability of $0.9 million, based on the difference at the date of acquisition between the fair value of the acquired assets of the Halston Heritage trademarks and the total consideration paid. The final royalty target year ended on December 31, 2022, and the seller ultimately did not earn any additional consideration based on the formula set forth in the related asset purchase agreement.

Interest and Finance Expense

Interest and finance expense for the Current Year was $0.4 million, compared with $3.5 million for the Prior Year.

In the Prior Year, we incurred $1.2 million of interest expense related to term loan debt, reflecting an effective interest rate of approximately 9.8% on an average principal balance of $28.7 million from January 1, 2022 through May 31, 2022. We repaid all of such term loan debt on May 31, 2022 and recognized a loss on early extinguishment of debt of $2.3 million in the Prior Year.

In contrast, during the Current Year we did not have any outstanding debt for most of the year. In October 2023, we entered into a new term loan agreement for a borrowing of $5.0 million at a floating interest rate, incurring total interest expense of only $0.4 million during the Current Year.

Income Tax Provision (Benefit)

The effective income tax rate for the Current Year was approximately -6%, resulting in a $1.2 million income tax provision. During the Current Year, the federal statutory rate differed from the effective tax rate primarily due to the recording of a valuation allowance against the benefit that would have otherwise been recognized, as it was considered not more likely than not that the net operating losses generated during each period will be utilized in future periods.

The effective income tax rate for the Prior Year was approximately 10%, resulting in a $0.4 million income tax benefit. During the Prior Year, the effective tax rate was primarily attributable to the impacts of stock-based compensation, which decreased the effective rate by approximately 6%, and federal tax true-ups, which decreased the effective tax rate by approximately 5%. The effective tax rate was also impacted by recurring permanent differences; the largest such recurring permanent differences were state and local tax provisions, which increased the effective rate in 2022 by approximately 6%, and disallowed excess compensation, which decreased the effective rate in 2022 by approximately 5%.

Net Loss

We had a net loss of approximately $21.1 million for the Current Year, compared with a net loss of approximately $4.0 million for the Prior Year, as a result of the factors discussed above.

Non-GAAP Net Income, Non-GAAP Diluted EPS, and Adjusted EBITDA

We had a non-GAAP net loss of $12.2 million or $(0.62) per share ("non-GAAP diluted EPS") based on 19,711,637 weighted average shares outstanding for the Current Year, compared with a non-GAAP net loss of $15.0 million or $(0.77) per share based on 19,624,669 weighted average shares outstanding for the Prior Year. Non-GAAP net income is a non-GAAP unaudited term, which we define 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 and cost of licensee warrants, loss on extinguishment of debt, certain adjustments to the provision for doubtful accounts related to the bankruptcy of and economic impact on certain retail customers, gains on sales of assets and investments, gain on lease termination, gain on reduction of contingent obligation, 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.

We had Adjusted EBITDA of approximately $(5.7) million for the Current Year, compared with Adjusted EBITDA of approximately $(12.5) million for the Prior Year. 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 extinguishment of debt, if any), income taxes, other state and local franchise taxes, stock-based compensation and cost of licensee warrants, certain adjustments to the provision for doubtful accounts related to the bankruptcy of and economic impact on certain retail customers, gains on sales of assets and investments, gain on lease termination, gain on reduction of contingent obligation, and costs associated with restructuring of operations. Costs associated with restructuring of operations include the current year operating losses generated by certain of our businesses that have been restructured or discontinued (i.e., wholesale apparel and fine jewelry), as well as non-cash charges associated with the restructuring of certain contractual arrangements.

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 the Company's 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 the Company's 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 report. 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.

The following table is a reconciliation of net loss attributable to Xcel Brands, Inc. stockholders (our most directly comparable financial measure presented in accordance with GAAP) to non-GAAP net loss:

($ in thousands)	Year Ended December 31, 2023	2022
Net loss attributable to Xcel Brands, Inc. stockholders	$ (21,052)	$ (4,018)
Asset impairments	100	274
Amortization of trademarks	6,085	6,079
Proportional share of trademark amortization of equity method investee	2,060	1,202
Stock-based compensation and cost of licensee warrants	242	620
Loss on early extinguishment of debt	—	2,324
Certain adjustments to provision for doubtful accounts	—	413
Gains on sales of assets and investments	(359)	(20,586)
Gain on lease termination	(445)	—
Gain on reduction of contingent obligation	—	(900)
Income tax provision (benefit)	1,212	(431)
Non-GAAP net loss	$ (12,157)	$ (15,023)

The following table is a reconciliation of diluted loss per share to non-GAAP diluted EPS:

	Year Ended December 31, 2023	2022
Diluted net loss attributable to Xcel Brands, Inc. stockholders	$ (1.07)	$ (0.20)
Asset impairments	0.01	0.01
Amortization of trademarks	0.31	0.31
Proportional share of trademark amortization of equity method investee	0.10	0.06
Stock-based compensation and cost of licensee warrants	0.01	0.03
Loss on early extinguishment of debt	—	0.12
Certain adjustments to provision for doubtful accounts	—	0.02
Gains on sales of assets and investments	(0.02)	(1.05)
Gain on lease termination	(0.02)	—
Gain on reduction of contingent obligation	—	(0.05)
Income tax provision (benefit)	0.06	(0.02)
Non-GAAP diluted EPS	$ (0.62)	$ (0.77)
Diluted weighted average shares outstanding	19,711,637	19,624,669

The following table is a reconciliation of net loss attributable to Xcel Brands, Inc. stockholders (our most directly comparable financial measure presented in accordance with GAAP) to Adjusted EBITDA:

($ in thousands)	Year Ended December 31, 2023	2022
Net loss attributable to Xcel Brands, Inc. stockholders	$ (21,052)	$ (4,018)
Asset impairments	100	274
Depreciation and amortization	6,954	7,263
Proportional share of trademark amortization of equity method investee	2,060	1,202
Interest and finance expense	381	3,527
Income tax provision (benefit)	1,212	(431)
State and local franchise taxes	76	102
Stock-based compensation and cost of licensee warrants	242	620
Certain adjustments to provision for doubtful accounts	—	413
Gains on sales of assets and investments	(359)	(20,586)
Gain on lease termination	(445)	—
Gain on reduction of contingent obligation	—	(900)
Costs associated with restructuring of operations	5,106	—
Adjusted EBITDA	$ (5,725)	$ (12,534)

Liquidity and Capital Resources

General

As of December 31, 2023 and 2022, our cash and cash equivalents were $3.0 million and $4.6 million, respectively.

Our principal capital requirements have been to fund working capital needs, acquire new brands, and to a lesser extent, capital expenditures. Notwithstanding certain investments made in 2020 and 2021, our current "licensing plus" operating model is a working capital light business model, and generally does not require material capital expenditures. As of December 31, 2023, we have no significant commitments for future capital expenditures. Material cash requirements from known contractual and other obligations are discussed under "Obligations and Commitments" below.

Working Capital

Our working capital (current assets less current liabilities, excluding the current portion of lease obligations and any contingent liabilities payable in common stock) was $2.1 million and $8.8 million as of December 31, 2023 and 2022, respectively. Commentary on components of our cash flows for the Current Year compared with the Prior Year is set forth below.

Liquidity and Management's Plans

We incurred net losses of approximately $21.1 million and $5.4 million during the years ended December 31, 2023 and 2022, respectively (which included non-cash expenses of approximately $9.0 million and $8.2 million, respectively), and had an accumulated deficit of approximately $53.8 million and $32.8 million as of December 31, 2023 and 2022, respectively. Net cash used in operating activities was $6.5 million in 2023 and $14.2 million in 2022. These factors raise uncertainties about the Company's ability to continue as a going concern.

During the year ended December 31, 2023, management implemented a plan to mitigate an expected shortfall of capital and to support future operations by shifting its business from a wholesale/licensing hybrid model into a "licensing plus" model. In the first quarter of 2023, the Company 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 Jewelry Television ("JTV") for the Ripka Brand, and a separate license with JTV for the Ripka Brand's e-commerce business. For apparel, similar

transactions were executed. In conjunction with the launch of the C Wonder Brand on HSN, the Company licensed the wholesale operations related to the brand to One Jeanswear Group, LLC ("OJG"); this new license with OJG also includes certain other new celebrity brands that the Company plans to develop and launch in 2024 and beyond. In the second quarter of 2023, the Company entered into a new master license agreement for the Halston Brand, covering men's, women's, and children's apparel, fashion accessories, and other product categories, with an industry-leading wholesale apparel company for distribution through department stores, e-commerce, and other retailers.

These restructuring initiatives were substantially completed as of June 30, 2023.

Management believes that this evolution of the Company's operating model will provide the Company with significant cost savings and allow the Company to reduce and better manage its exposure to operating risks. As of December 31, 2023, the Company has reduced payroll costs by approximately $6 million and operating expenses (excluding non-recurring charges related to the restructuring) by approximately $9 million, on an annualized basis when compared to the corresponding periods in the prior year.

Further, in October 2023, the Company entered into a new term loan agreement in the amount of $5 million. Subsequent to year end, in January 2024, the Company entered into a sublease of its offices at 1333 Broadway in New York, NY, and in March 2024, the Company issued new shares of common stock for net proceeds of approximately $2 million.

Based on these recent events and changes, management expects that existing cash and future operating cash flows will be adequate to meet the Company's operating needs, term debt service obligations, and capital expenditure needs, for at least the twelve months subsequent to the filing date of this Annual Report on Form 10-K; therefore, such conditions and uncertainties with respect to the Company's ability to continue as a going concern as of December 31, 2023, have been alleviated.

Operating Activities

Net cash used in operating activities was approximately $6.5 million and $14.2 million in the Current Year and Prior Year, respectively.

The Current Year's cash used in operating activities was primarily attributable to the combination of the net loss of $(22.2) million, partially offset by non-cash items of approximately $10.5 million and a net change in operating assets and liabilities of approximately $5.2 million. Non-cash items were primarily comprised of, but not limited to, $7.0 million of depreciation and amortization, the $2.1 million undistributed proportional share of net loss of equity method investee, $1.1 million of deferred taxes, and $0.8 million of bad debt expense, partially offset by a $(0.4) million gain on the sale of a financial asset and a $(0.4) million gain on the settlement of a lease liability. The net change in operating assets and liabilities was primarily comprised of (i) an increase in deferred revenue of approximately $4.4 million, which was mainly attributable to the upfront payment received for the Halston Master License agreement entered into during the Current Year, (ii) a decrease in inventory of approximately $2.4 million, driven by the sale of all of our C Wonder apparel inventory to HSN and the sale of all of our Judith Ripka fine jewelry inventory to JTV, as part of the restructuring and transformation of our business operating model. Partially offsetting these net changes in operating assets and liabilities were decreases in various operating liabilities of approximately $(2.9) million.

The Prior Year's cash used in operating activities was primarily attributable to the combination of the net loss of $(5.4) million plus non-cash items of approximately $(10.2) million, partially offset by a net change in operating assets and liabilities of approximately $1.4 million. Non-cash items were primarily comprised of, but not limited to, the net gain on sale of assets of $(20.6) million, $7.3 million of depreciation and amortization, a $2.3 million loss on extinguishment of debt, and the $1.2 million undistributed proportional share of net income of equity method investee. The net change in operating assets and liabilities notably included a decrease in accounts receivable of $2.1 million, a decrease in inventory of $0.5 million, a decrease in prepaid expenses and other assets of $0.6 million, and decreases in various operating liabilities of $(1.4) million. The decrease in accounts receivable was primarily related to the Prior Year sale of a majority interest in the Isaac Mizrahi brand, resulting in lower licensing revenues and thus lower receivable balances. The decreases in inventory and other operating assets and liabilities were primarily reflective of the declines in our wholesale business due to retailers pausing or canceling orders during the Prior Year.

Investing Activities

Net cash provided by investing activities for the Current Year was approximately $0.2 million, primarily driven by $0.5 million of proceeds received from the sale of a limited partner ownership interest in an unconsolidated affiliate, partially offset by approximately $0.2 million capital contributions made to a new equity method investee.

Net cash provided by investing activities for the Prior Year was approximately $44.5 million, and was attributable to $45.4 million of net proceeds from the sale of a majority interest in the Isaac Mizrahi brand to WHP, partially offset by $0.6 million of capital contributions to our equity method investee IM Topco and approximately $0.3 million of capital expenditures.

Financing Activities

Net cash provided by financing activities for the Current Year was approximately $4.7 million, which primarily consisted of $5.0 million of proceeds from borrowings incurred under new term loan debt, partially offset by the payment of $0.3 million of debt issuance costs.

Net cash used in financing activities for the Prior Year was approximately $31.0 million, which mainly consisted of $29.0 million of repayments of our term loan debt, and, to a lesser extent, $1.5 million of prepayment and other fees associated with the early extinguishment of debt, as well as $0.4 million of shares repurchased related to withholding taxes on vested restricted stock.

Equity Transactions – Public Offering and Private Placement

On March 19, 2024, the Company closed on a public offering of 3,284,421 shares of common stock at an offering price of $0.65 per share and a private placement of 294,642 shares of common stock at an offering price of $0.98 per share. In connection with the public offering, Robert W. D'Loren, Chairman and Chief Executive Officer of the Company; an affiliate of Mark DiSanto, a director of the Company; and Seth Burroughs, Executive Vice President of Business Development and Treasury of the Company, purchased 146,250, 146,250, and 32,500 shares of common stock, respectively. Robert W. D'Loren, an affiliate of Mark DiSanto, and Seth Burroughs also purchased 132,589, 132,589, and 29,464 shares of common stock, respectively, in the private placement. The aggregate net proceeds from the equity transactions were approximately $2.0 million.

Obligations and Commitments

Term Loan Debt

On October 19, 2023, H Halston IP, LLC (the "Borrower"), a wholly owned subsidiary of Xcel Brands, Inc., entered into a term loan agreement (the "Loan Agreement") with Israel Discount Bank of New York ("IDB"). Pursuant to the Loan Agreement, IDB made a term loan in the aggregate amount of $5.0 million. The proceeds of this term loan were used to pay fees, costs, and expenses incurred in connection with entering into the Loan Agreement of approximately $0.1 million (including a commitment fee paid to IDB in the amount of $50,000 and legal fees paid to counsel of IDB in the amount of $82,000), and may be used for working capital purposes.

In connection with the Loan Agreement, the Borrower and H Licensing, LLC ("H Licensing"), another wholly owned subsidiary of Xcel, entered into a security agreement in favor of IDB, and Xcel entered into a membership interest pledge agreement in favor of IDB. Pursuant to the security agreement, the Borrower and H Licensing granted IDB a security interest in substantially all of their respective assets, other than the trademarks owned by the Borrower and H Licensing, to secure the Borrower's obligations under the Loan Agreement. Pursuant to the membership interest pledge agreement, Xcel granted IDB a security interest in its membership interests in H Licensing to secure the Borrower's obligations under the Loan Agreement.

The term loan matures on October 19, 2028. Principal on the term loan is payable in quarterly installments of $250,000 on each of January 2, April 1, July 1, and October 1 of each year, commencing on April 1, 2024. The Borrower has the right to prepay all or any portion of the term loan at any time without penalty.

Interest on the term loan accrues at Term SOFR (defined in the Loan Agreement as the forward-looking term rate based on secured overnight financing rate as administered by the Federal Reserve Bank of New York for an interest period equal to one month on the day that is two U.S. Government Securities Business Days prior to the first day of each calendar month) plus 4.25% per annum. Interest on the term loan is payable on the first day of each calendar month.

The Loan Agreement contains customary covenants, including reporting requirements, trademark preservation, and certain financial covenants including annual guaranteed minimum royalty ratio, annual fixed charge coverage ratio, and minimum cash balance levels, all as specified and defined in the Loan Agreement.

In addition, on October 19, 2023, the Borrower also entered into a swap agreement with IDB, pursuant to which IDB will pay the Borrower Term SOFR plus 4.25% per annum on the notional amount of the swap in exchange for the Borrower paying IDB 9.46% per annum on such notional amount. The term and declining notional amount of the swap agreement is aligned with the amortization of the term loan principal amount.

Contingent Obligation – Lori Goldstein Earn-Out

In connection with the April 1, 2021 purchase of the Lori Goldstein trademarks, we agreed to pay the seller additional cash consideration of up to $12.5 million, based on royalties earned during the six calendar year period commencing in 2021. The Lori Goldstein Earn-Out of was initially recorded as a liability of $6.6 million, based on the difference between the fair value of the acquired assets of the Lori Goldstein brand and the total consideration paid.

As of December 31, 2022, based on the performance of the Lori Goldstein brand to date, approximately $0.2 million of additional consideration was earned by the seller, and thus $0.2 million of the balance was recorded as a current liability and $6.4 million was recorded as a long-term liability. The $0.2 million of additional consideration was paid to the seller during 2023.

Based on the performance of the Lori Goldstein through December 31, 2023, approximately 1.0 million of incremental additional consideration was earned by the seller, which will be paid out in 2024. Accordingly, as of December 31, 2023, $1.0 million of the remaining balance was recorded as a current liability and approximately $5.4 million was recorded as a long-term liability.

Contingent Obligation – Isaac Mizrahi Transaction

In connection with the May 31, 2022 transaction related to the sale of a majority interest in the Isaac Mizrahi brand, we agreed with WHP (the buyer) that, in the event that IM Topco, LLC receives less than $13.3 million in aggregate royalties for any four consecutive calendar quarters over a three-year period ending on May 31, 2025, WHP would be entitled to receive from us up to $16 million, less all amounts of net cash flow distributed to WHP on an accumulated basis, as an adjustment to the purchase price previously paid by WHP. Such amount would be payable by us in either cash or equity interests in IM Topco, LLC held by us.

In November 2023, this agreement was amended such that the purchase price adjustment provision was waived until the measurement period ending March 31, 2024. No amount has been recorded in the Company’s consolidated balance sheets related to this contingent obligation.

Subsequently, in April 2024, the Company, WHP, and IM Topco, LLC entered into an amendment of this agreement, such that the purchase price adjustment provision within the membership purchase agreement was waived until the measurement period ending September 30, 2025. Additionally, the parties agreed that if IM Topco, LLC royalties are less than $13.5 million for the twelve-month period ending March 31, 2025 or less than $18.0 million for the year ending December 31, 2025, Xcel shall transfer equity interests in IM Topco, LLC to WHP, such that Xcel’s ownership interest in IM Topco,

LLC would decrease from 30% to 17.5%, and WHP's ownership interest in IM Topco, LLC would increase from 70% to 82.5%

Contingent Obligation – Halston Heritage Earn-Out

In connection with the February 11, 2019 purchase of the Halston Heritage trademarks, we agreed to pay the seller additional consideration of up to an aggregate of $6.0 million, based on royalties earned from 2019 through December 31, 2022. The final royalty target year ended on December 31, 2022, and the seller ultimately did not earn any additional consideration based on the formula set forth in the related asset purchase agreement. As such, during the year ended December 31, 2022, we recorded a $0.9 million gain on the reduction of contingent obligations in the accompanying consolidated statement of operations. As of December 31, 2022, there were no amounts remaining under the Halston Heritage Earn-Out.

Real Estate Leases

As described in Item 2 of this Annual Report on Form 10-K, as of December 31, 2023 we had a lease for approximately 29,600 square feet of office space at 1333 Broadway, 10th floor, New York, New York. Future payments under this lease are expected to be approximately $1.6 million for each of the years ending December 31, 2024 – 2026, and $1.3 million for the year ending December 31, 2027.

Subsequent to December 31, 2023, we entered into a new lease of office space at 550 Seventh Avenue, 11th floor, New York, New York, and a sublease of our office space at 1333 Broadway. These leasing transactions are further described in Item 8, Note 12 of this Annual Report on Form 10-K.

Employment Contracts

We have entered into contracts with certain executives and key employees. The future minimum payments under these contracts is expected to be approximately $17.7 million, of which, approximately $4.3 million is expected to be paid in 2024, approximately $2.1 million is expected to be paid for each of the years ending December 31, 2025 – 2030, and approximately $0.5 million is expected to be paid in 2031.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, results of operations or liquidity.

Other Factors

We continue to seek to expand and diversify the types of licensed products being produced under our brands. We plan to continue to diversify the distribution channels within which licensed products are sold, in an effort to reduce dependence on any particular retailer, consumer, or market sector within each of our brands. The Lori Goldstein brand, Halston brand, C Wonder brand, and TowerHill by Christie Brinkley brand have a core business in fashion apparel and accessories. The Ripka brand is a fine jewelry business, and the Longaberger brand focuses on home good products, which we believe helps diversify our industry focus while at the same time complements our business operations and relationships.

While the 2022 sale of a majority interest in the Isaac Mizrahi brand has resulted in a decrease in our revenues, as that brand represented a significant portion of our historical revenues, we are taking actions to replace those revenues in the long-term with new strategic business initiatives, as we concentrate our resources on growing our brands, launching new brands, and entering into new business partnerships. We continue to seek new opportunities, including expansion through interactive television, live streaming, and additional domestic and international licensing arrangements, and acquiring and collaborating with additional brands, launching the C Wonder by Christian Siriano business on HSN, and the planned May 2024 launch of the TowerHill by Christie Brinkley brand.

During 2023, we restructured our business operations by shifting our business from a wholesale/licensing hybrid model into a “licensing plus” business model. These efforts included entering into new structured contractual arrangements with best-in-class business partners in order to more efficiently operate our wholesale and e-commerce businesses and reduce and better manage our exposure to operating risks. These restructuring initiatives, on a go-forward basis, are expected to provide us with approximately $15 million of cost savings on an annualized basis compared to our previous operating model.

However, we continue to face a number of headwinds in the current macroeconomic environment. Poor economic and market conditions, including inflation, rising consumer debt levels, and a potential recession, may negatively impact market sentiment, decreasing the demand for apparel, footwear, accessories, fine jewelry, home goods, and other consumer products, which would adversely affect our operating income and results of operations. If we are unable to take effective measures in a timely manner to mitigate the impact of inflation and/or a potential recession, our business, financial condition, and results of operations could be adversely affected.

Our long-term success, however, will still remain largely dependent on our ability to build and maintain our brands’ awareness and continue to attract wholesale and direct-to-consumer customers, and contract with and retain key licensees and business partners, as well as our and our licensees’ ability to accurately predict upcoming fashion and design trends within their respective customer bases and fulfill the product requirements of the particular retail channels within the global marketplace. Unanticipated changes in consumer fashion preferences and purchasing patterns, slowdowns in the U.S. economy, changes in the prices of supplies, consolidation of retail establishments, and other factors noted in the section captioned “Risk Factors” could adversely affect our licensees’ ability to meet and/or exceed their contractual commitments to us and thereby adversely affect our future operating results.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of
Xcel Brands, Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Xcel Brands, Inc. and Subsidiaries (collectively, the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, stockholders' equity and cash flows for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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 audits to obtain reasonable assurance about whether the 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 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the 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 financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Liquidity and Management's Plans

Critical Audit Matter Description

As described further in Note 1 to the financial statements, the Company has incurred recurring losses from operations, has used net cash in operating activities, and has an accumulated deficit. The ability of the Company to continue as a going concern is dependent on executing its business plans and meeting its obligations as they come due within the next twelve months from the filing date of this Annual Report on Form 10-K. Accordingly, the Company has determined that these factors raise uncertainty as to the Company's ability to continue as a going concern. However, management has

implemented plans which are expected to mitigate these conditions or events, and therefore, has concluded that such conditions or events have been alleviated.

How the Critical Audit Matter was Addressed in the Audit

We determined the Company's ability to continue as a going concern is a critical audit matter due to the estimation and uncertainty regarding the Company's available capital and the risk of bias in management's judgments and assumptions in their determination. Our audit procedures related to considering whether the results of our audit procedures, when considered in the aggregate, indicate that there could be uncertainty about the Company's ability to continue as a going concern for a reasonable period of time, obtaining information about management's plans that are intended to mitigate the effect of such conditions or events, and assessing the likelihood that such plans can be effectively implemented, included the following, among others:

- We reviewed the Company's assessment and conclusions regarding their ability to generate cashflows for at least twelve months from the filing date of this Annual Report on Form 10-K.
- We inquired of Company management and reviewed Company records to assess whether there are additional factors that contribute to the uncertainties disclosed.
- We assessed whether the Company's determination that there are factors that raise such uncertainties about its ability to continue as a going concern, were adequately disclosed in the financial statements.
- We reviewed and evaluated management's plans for alleviating such conditions and uncertainties and considered whether it is likely that these conditions and uncertainties would be mitigated for a reasonable period and that such plans can be effectively implemented.
- We performed testing procedures such as reviewing; prospective financial information for the twelve-month period beginning with the filing date of this Annual Report on Form 10-K, actual operating performance for periods after December 31, 2023, other events and transactions occurring after December 31, 2023, implemented reductions in operating expenses, plans for further reductions to support expected cashflows, and implemented changes in the business.
- We performed sensitivity analysis of management's forecasts and key assumptions used in developing their prospective financial information.

Finite-Lived Trademarks and Other Intangible Assets

Critical Audit Matter Description

As described further in Note 4 to the financial statements, the carrying amount of finite-lived trademarks and other intangible assets was $41.5 million as of December 31, 2023. Under the applicable accounting guidance, these assets shall be tested for recoverability whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. Management has concluded that these assets are not impaired as of December 31, 2023.

How the Critical Audit Matter was Addressed in the Audit

We determined the Company's ability to assess if their finite-lived trademarks and other intangible assets are impaired is a critical audit matter due to the estimation and uncertainty regarding the Company's ability to generate sufficient undiscounted cash flows, to be in excess of the carrying amounts of these assets.

The Company evaluates its finite-lived trademarks and other intangible assets for impairment when events are triggered by economic conditions. These events require the Company to compare the carrying values to the undiscounted cash flows from the operation and eventual disposition of these assets over their estimated useful lives ("undiscounted cash flows").

If the carrying value of any of these assets is considered to be impaired, as described above, the amount of the impairment to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair value.

Auditing the Company's finite-lived trademarks and other intangible assets for impairment is complex and subjective due to the significant estimation required to determine the forecasted undiscounted cash flows used in the Company's evaluation. Specifically, the forecasted undiscounted cash flows are sensitive to significant assumptions such as revenue growth rates, including the terminal growth rates, margins, and expenses over the estimated useful lives of these assets, all of which are affected by expected future market or economic conditions, and other factors.

The primary procedures we performed to address this critical audit matter included the following, among others:

- We evaluated management's assessment of events and changes in circumstances, which required a more detailed evaluation of undiscounted cash flows.
- We obtained management's forecasts of undiscounted cash flows, and assumptions utilized in developing such forecasts.
- We evaluated management's forecasts and key assumptions utilized to arrive at undiscounted cash flows.
- We performed sensitivity analysis of management's forecasts and key assumptions used to arrive at undiscounted cash flows.
- We compared undiscounted cash flows to the carrying amounts of the respective assets and determined in all cases that undiscounted cash flows exceeded the carrying amounts.

/s/ Marcum LLP

Marcum LLP

We have served as the Company's auditor since 2021.

New York, NY

April 18, 2024

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

	December 31, 2023	December 31, 2022
Assets		
Current Assets:		
Cash and cash equivalents	$ 2,998	$ 4,608
Accounts receivable, net	3,454	5,110
Inventory	453	2,845
Prepaid expenses and other current assets	398	1,457
Total current assets	7,303	14,020
Non-current Assets:		
Property and equipment, net	634	1,418
Operating lease right-of-use assets	4,453	5,420
Trademarks and other intangibles, net	41,520	47,665
Equity method investment in IM Topco, LLC	17,585	19,195
Deferred tax assets, net	—	1,107
Other assets	165	110
Total non-current assets	64,357	74,915
Total Assets	**$ 71,660**	**$ 88,935**
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable, accrued expenses and other current liabilities	$ 2,127	$ 3,870
Deferred revenue	889	88
Accrued income taxes payable	372	568
Accrued payroll	109	416
Current portion of operating lease obligations	1,258	1,376
Current portion of long-term debt	750	—
Current portion of contingent obligation	964	243
Total current liabilities	6,469	6,561
Long-Term Liabilities:		
Long-term portion of operating lease obligations	4,021	5,839
Deferred revenue	3,556	—
Long-term debt, net, less current portion	3,971	—
Long-term portion of contingent obligation	5,432	6,396
Other long-term liabilities	40	—
Total long-term liabilities	17,020	12,235
Total Liabilities	23,489	18,796
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock, $.001 par value, 1,000,000 shares authorized, none issued and outstanding	—	—
Common stock, $.001 par value, 50,000,000 shares authorized, and 19,795,053 and 19,624,860 shares issued and outstanding at December 31, 2023 and 2022, respectively	20	20
Paid-in capital	103,861	103,592
Accumulated deficit	(53,849)	(32,797)
Total Xcel Brands, Inc. stockholders' equity	50,032	70,815
Noncontrolling interest	(1,861)	(676)
Total Stockholders' Equity	48,171	70,139
Total Liabilities and Stockholders' Equity	**$ 71,660**	**$ 88,935**

See accompanying Notes to Consolidated Financial Statements.

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

	For the Year Ended December 31,	
	2023	**2022**
Revenue		
Net licensing revenue	$ 9,156	$ 14,737
Net sales	8,599	11,044
Net revenue	17,755	25,781
Cost of goods sold	6,918	7,980
Gross profit	10,837	17,801
Direct operating costs and expenses		
Salaries, benefits and employment taxes	9,910	16,802
Other selling, general and administrative expenses	13,361	16,280
Total direct operating costs and expenses	23,271	33,082
Other operating costs and expenses (income)		
Depreciation and amortization	6,954	7,263
Gain on sale of majority interest in Isaac Mizrahi brand	—	(20,586)
Loss from equity method investment	2,060	1,202
Gain on sale of limited partner ownership interest	(359)	—
Gain on settlement of lease liability	(445)	—
Gain on reduction of contingent obligation	—	(900)
Operating loss	(20,644)	(2,260)
Interest and finance expense		
Interest expense	113	1,187
Other interest and finance charges, net	268	16
Loss on early extinguishment of debt	—	2,324
Total interest and finance expense	381	3,527
Loss before income taxes	(21,025)	(5,787)
Income tax provision (benefit)	1,212	(431)
Net loss	**(22,237)**	**(5,356)**
Net loss attributable to noncontrolling interest	(1,185)	(1,338)
Net loss attributable to Xcel Brands, Inc. stockholders	**$ (21,052)**	**$ (4,018)**
Loss per common share attributable to Xcel Brands, Inc. stockholders:		
Basic and diluted net loss per share	$ (1.07)	$ (0.20)
Weighted average number of common shares outstanding:		
Basic and diluted weighted average common shares outstanding	19,711,637	19,624,669

See accompanying Notes to Consolidated Financial Statements.

Xcel Brands, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(in thousands, except share data)

	Xcel Brands, Inc. Stockholders					
	Common Stock		Paid-in	Accumulated	Noncontrolling	
	Shares	Amount	Capital	Deficit	Interest	Total
Balance as of January 1, 2022	19,571,119	20	103,039	(28,779)	662	74,942
Compensation expense related to stock options and restricted stock	—	—	534	—	—	534
Shares issued to executive in connection with stock grants for bonus payments	178,727	—	281	—	—	281
Shares repurchased from executive in exchange for withholding taxes	(53,882)	—	(85)	—	—	(85)
Shares issued to directors in connection with restricted stock grants	50,000	—	—	—	—	—
Shares issued to consultants in connection with stock grants	20,064	—	33	—	—	33
Shares issued to consultant in connection with sale transaction (see Note 3 and Note 7)	65,275	—	97	—	—	97
Shares issued to key employee in connection with stock grant	33,557	—	50	—	—	50
Shares repurchased from key employee in exchange for withholding taxes related to vesting of restricted shares	(240,000)	—	(357)	—	—	(357)
Net loss for the year ended December 31, 2022	—	—	—	(4,018)	(1,338)	(5,356)
Balance as of December 31, 2022	19,624,860	20	103,592	(32,797)	(676)	70,139
Compensation expense related to stock options and restricted stock	—	—	161	—	—	161
Contra-revenue related to warrants granted to licensee	—	—	26	—	—	26
Shares issued to directors in connection with restricted stock grants	40,000	—	—	—	—	—
Forfeitures of restricted stock grants	(5,000)	—	—	—	—	—
Shares issued to consultant in connection with stock grants	66,668	—	45	—	—	45
Shares issued to employee in connection with stock grant	7,300	—	10	—	—	10
Shares issued on exercises of stock options, net of shares surrendered for cashless exercises	61,225	—	27	—	—	27
Net loss for the year ended December 31, 2023	—	—	—	(21,052)	(1,185)	(22,237)
Balance as of December 31, 2023	19,795,053	$ 20	$ 103,861	$ (53,849)	$ (1,861)	$ 48,171

See accompanying Notes to Consolidated Financial Statements.

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

	For the Year Ended December 31,	
	2023	2022
Cash flows from operating activities		
Net loss	$ (22,237)	$ (5,356)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	6,954	7,263
Asset impairment charges	100	274
Amortization of deferred finance costs included in interest expense	22	156
Stock-based compensation and cost of licensee warrants	242	620
Provision for credit losses	787	413
Undistributed proportional share of net loss of equity method investee	2,060	1,202
Loss on early extinguishment of debt	—	2,324
Deferred income tax provision (benefit)	1,107	(965)
Gain on sale of majority interest in Isaac Mizrahi brand	—	(20,586)
Gain on sale of limited partner ownership interest	(359)	—
Gain on settlement of lease liability	(445)	—
Gain on reduction of contingent obligation	—	(900)
Changes in operating assets and liabilities:		
Accounts receivable	869	2,117
Inventory	2,391	530
Prepaid expenses and other current and non-current assets	1,034	566
Deferred revenue	4,356	54
Accounts payable, accrued expenses, accrued payroll, accrued income taxes payable, and other current liabilities	(2,936)	(1,426)
Lease-related assets and liabilities	(525)	(244)
Other liabilities	35	(224)
Net cash used in operating activities	(6,545)	(14,182)
Cash flows from investing activities		
Net proceeds from sale of majority interest in Isaac Mizrahi brand	—	45,386
Capital contribution to equity method investees	(150)	(600)
Net proceeds from sale of assets	459	—
Purchase of property and equipment	(100)	(265)
Net cash provided by investing activities	209	44,521
Cash flows from financing activities		
Proceeds from exercise of stock options	27	—
Shares repurchased including vested restricted stock in exchange for withholding taxes	—	(442)
Proceeds from long-term debt	5,000	—
Payment of deferred finance costs	(301)	—
Payment of long-term debt	—	(29,000)
Payment of prepayment, breakage and other fees associated with early extinguishment of long-term debt	—	(1,511)
Net cash provided by (used in) financing activities	4,726	(30,953)
Net decrease in cash and cash equivalents	(1,610)	(614)
Cash and cash equivalents at beginning of year	4,608	5,222
Cash and cash equivalents at end of year	$ 2,998	$ 4,608
Supplemental disclosure of non-cash activities:		
Liability for equity-based bonuses and other equity-based payments	$ —	$ (283)
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 56	$ 1,032
Cash paid during the period for income taxes	$ 99	$ —

See accompanying Notes to Consolidated Financial Statements.

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

1. Nature of Operations, Background, and Basis of Presentation

Xcel Brands, Inc. ("Xcel" and, together with its subsidiaries, the "Company") 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.

Currently, the Company's brand portfolio consists of the LOGO by Lori Goldstein brand (the "Lori Goldstein Brand"), the Halston brands (the "Halston Brand"), the Judith Ripka brands (the "Ripka Brand"), the C Wonder brands (the "C Wonder Brand"), the Longaberger brand (the "Longaberger Brand"), the Isaac Mizrahi brands (the "Isaac Mizrahi Brand"), the TowerHill by Christie Brinkley brand (the "CB Brand"), and other proprietary brands.

- The Lori Goldstein Brand, Halston Brand, Ripka Brand, and C Wonder Brand are wholly owned by the Company.
- The Company manages the Longaberger Brand through its 50% ownership interest in Longaberger Licensing, LLC; the Company consolidates Longaberger Licensing, LLC and recognizes noncontrolling interest for the remaining ownership interest held by a third party (see Note 3 for additional details).
- The Company wholly owned and managed the Isaac Mizrahi Brand through May 31, 2022. On May 31, 2022, the Company sold to a third party a majority interest in a newly-created subsidiary that was formed to hold the Isaac Mizrahi Brand trademarks, but retained a noncontrolling interest in the brand through a 30% ownership interest in IM Topco, LLC and continues to participate in the operations of the business; the Company accounts for its interest in IM Topco, LLC using the equity method of accounting (see Note 3 for additional details).
- The CB Brand is a new co-branded collaboration between Xcel and Christie Brinkley, announced in 2023 and planned to launch in 2024.

The Company also owns a 30% interest in ORME Live, Inc. ("ORME"), a short-form video and social commerce marketplace that is planned to launch in 2024.

The Company primarily generates revenue through the licensing of its brands through contractual arrangements with manufacturers and retailers. The Company, through its licensees, distributes through an omni-channel and social commerce sales strategy, which includes the promotion and sale of products under its brands through interactive television, digital live-stream shopping, social commerce, traditional brick-and-mortar retailers, and e-commerce channels, to be everywhere its customers shop.

Prior to 2023, and for a portion of 2023, the Company also engaged in certain wholesale and direct-to-consumer sales of products under its brands. The Company's wholesale and direct-to-consumer operations are presented as "Net sales" and "Cost of goods sold" in the Consolidated Statements of Operations, separately from the Company's licensing revenues.

Liquidity and Management's Plans

The Company incurred a net loss attributable to Company stockholders of approximately $21.1 million and $4.0 million during the years ended December 31, 2023 and 2022, respectively (which included non-cash expenses of approximately $9.0 million and $8.2 million, respectively), and had an accumulated deficit of approximately $53.8 million and $32.8 million as of December 31, 2023 and 2022, respectively. Net cash used in operating activities was $6.5 million in 2023 and $14.2 million in 2022. The Company had working capital (current assets less current liabilities, excluding the current portion of lease obligations) of approximately $2.1 million and $8.8 million as of December 31, 2023 and 2022, respectively. The Company's cash and cash equivalents were approximately $3.0 million and $4.6 million as of December

31, 2023 and 2022, respectively. The aforementioned factors raise uncertainties about the Company's ability to continue as a going concern.

During the year ended December 31, 2023, management implemented a plan to mitigate an expected shortfall of capital and to support future operations by shifting its business from a wholesale/licensing hybrid model into a "licensing plus" model. In the first quarter of 2023, the Company 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 Jewelry Television ("JTV") for the Ripka Brand, and a separate license with JTV for the Ripka Brand's e-commerce business. For apparel, similar transactions were executed. In conjunction with the launch of the C Wonder Brand on HSN, the Company licensed the wholesale operations related to the brand to One Jeanswear Group, LLC ("OJG"); this new license with OJG also includes certain other new celebrity brands that the Company plans to develop and launch in 2024 and beyond. In the second quarter of 2023, the Company entered into a new master license agreement for the Halston Brand, covering men's, women's, and children's apparel, fashion accessories, and other product categories, with an industry-leading wholesale apparel company for distribution through department stores, e-commerce, and other retailers (see Note 5 for details).

These restructuring initiatives were substantially completed as of June 30, 2023.

Management believes that this evolution of the Company's operating model will provide the Company with significant cost savings and allow the Company to reduce and better manage its exposure to operating risks. As of December 31, 2023, the Company has reduced payroll costs by approximately $6 million and operating expenses (excluding non-recurring charges related to the restructuring) by approximately $9 million, on an annualized basis when compared to the corresponding periods in the prior year.

Further, in October 2023, the Company entered into a new term loan agreement in the amount of $5 million (see Note 6 for details). Subsequent to year end, in January 2024, the Company entered into a sublease of its offices at 1333 Broadway in New York, NY (see Note 12 for details), and in March 2024, the Company issued new shares of common stock for net proceeds of approximately $2 million (see Note 12 for details).

Based on these recent events and changes, management expects that existing cash and future operating cash flows will be adequate to meet the Company's operating needs, term debt service obligations, and capital expenditure needs, for at least the twelve months subsequent to the filing date of this Annual Report on Form 10-K; therefore, such conditions and uncertainties with respect to the Company's ability to continue as a going concern as of December 31, 2023, have been alleviated.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Xcel, its wholly owned subsidiaries, and entities in which Xcel has a controlling financial interest as of and for the years ended December 31, 2023 (the "Current Year") and 2022 (the "Prior Year"). The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and in accordance with the accounting rules under Regulation S-X, as promulgated by the Securities and Exchange Commission ("SEC"). All significant intercompany accounts and transactions have been eliminated in consolidation, and net earnings have been adjusted by the portion of operating results of consolidated entities attributable to noncontrolling interests.

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

Investments in Unconsolidated Affiliates

The Company holds a noncontrolling equity interest in IM Topco, LLC, which was entered into during the Prior Year, and a noncontrolling equity interest in ORME Live, Inc., which was entered into during the Current Year. These investments are accounted for in accordance with ASC Topic 323, "Investments – Equity Method and Joint Ventures," as the Company has the ability to exercise significant influence over their operating and financial policies of these affiliates, but does not control the affiliates.

The Company recognizes its share of the ongoing operating results of these affiliates within other operating costs and expenses (income) in the accompanying consolidated statements of operations. The Company's investments in unconsolidated affiliates are reviewed for impairment whenever there are indicators that their carrying value may not be recoverable; if a decrease in value of the investment has occurred and such decrease is determined to be other than temporary in nature, the Company shall record an impairment charge to reduce the carrying amount of the investment to its fair value.

See Note 3 for additional information related to the Company's investments in unconsolidated affiliates.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation, or set of circumstances that existed at the date of the consolidated financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from estimates.

The Company deems the following items to require significant estimates from management:

- Allowances for credit losses;
- Useful lives of trademarks;
- Assumptions used in the valuation of intangible assets, including cash flow estimates for initial determinations of fair value and/or impairment analysis; and
- Stock-based compensation.

Cash and Cash Equivalents

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents.

Accounts Receivable

Accounts receivable are reported net of an allowance for credit losses. As of December 31, 2023 and 2022, the Company had $3.5 million and $5.1 million, respectively, of accounts receivable, net of allowances of $0.8 million and $0, respectively.

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

The allowance for credit losses is determined based upon a variety of judgments and factors. Factors considered in determining the allowance include historical collection, write-off experience, and management's assessment of collectibility from customers, including current conditions, reasonable forecasts, and expectations of future collectibility and collection efforts. Management continuously assesses the collectibility of receivables and adjusts estimates based on actual experience and future expectations based on economic indicators. Management also monitors the aging analysis of receivables to determine if there are changes in the collections of accounts receivable. Receivable balances are written-off against the allowance for credit losses when such balances are deemed to be uncollectible.

A rollforward of the allowance for credit losses for the Current Year is as follows:

($ in thousands)	
Balance at December 31, 2022	$ —
Credit loss expense	787
Write-offs	—
Recoveries	—
Balance at December 31, 2023	$ 787

The Company recognized credit loss expense of $0.4 million in the Prior Year, which was related to the bankruptcy of several retail customers due to the 2020 – 2023 coronavirus disease pandemic. The Company wrote-off approximately $1.5 million of such customers' outstanding receivable balances in the Prior Year.

Additionally, on October 17, 2023, the Company and one of the licensees managed under the Halston Master License (see Note 5) entered into an amendment of their respective licensing agreement. Under this amendment, the payment terms of the $0.76 million outstanding balance due to the Company were changed such that this receivable (and collection thereof) became contractually contingent upon the licensee's future performance. The licensee is also required to pay interest to the Company on a monthly basis until the outstanding balance is paid in full. The Company recorded a non-cash charge of $0.76 million within other selling, general and administrative expenses in the Current Year related to the restructuring of this licensing arrangement, in order to write-down the previously-recorded receivable to zero, which is not included in the credit loss expense and allowance for credit losses amounts set forth above.

There is no earned revenue that has been accrued but not billed as of December 31, 2023 and 2022.

As of December 31, 2023 and 2022, approximately $0.04 million and $1.7 million, respectively, of the Company's outstanding receivables were assigned to a third-party agent pursuant to a services agreement entered into during the Prior Year, under which the Company assigned, for purposes of collection only, the right to collect certain specified receivables on the Company's behalf and solely for the Company's benefit. Under such agreement, the Company retains ownership of such assigned receivables, and receives payment from the agent (less certain fees charged by the agent) upon the agent's collection of the receivables from customers. During both the Current Year and Prior Year, the Company paid less than $0.1 million in fees to the agent under the aforementioned services agreement.

Inventory

All of the Company's inventory consists of finished goods. As of December 31, 2022, inventory was composed of jewelry, wholesale apparel, and home goods. During the Current Year, as a result of the restructuring of its business operating model, the Company sold all of its wholesale apparel inventory and substantially all of its remaining fine jewelry inventory to its new business partners and licensees. Thus, as of December 31, 2023, inventory was primarily composed of home goods and related items for the Longaberger Brand.

Inventory is recorded at the lower of cost or net realizable value, with cost determined on a weighted average basis. The Company periodically reviews the composition of its inventories in order to identify obsolete, slow-moving, or otherwise non-saleable items. If non-saleable items are observed and there are no alternate uses for the inventories, the Company

will record a write-down to net realizable value in the period that the decline in value is first recognized. Write-downs for inventory shrinkage, representing the risk of physical loss of inventory, are estimated based on historical experience and are adjusted based upon physical inventory counts.

Property and Equipment

Furniture, equipment, and software are stated at cost less accumulated depreciation and amortization, and are depreciated using the straight-line method over their estimated useful lives, generally three (3) to seven (7) years. Depreciation expense for the years ended December 31, 2023 and 2022 was approximately $0.8 million and $1.1 million, respectively.

Leasehold improvements are amortized over the shorter of their estimated useful lives or the terms of the leases. Betterments and improvements are capitalized, while repairs and maintenance are expensed as incurred.

Costs to develop or acquire software for internal use incurred during the preliminary project stage and the post implementation stage are expensed, while internal and external costs to acquire or develop software for internal use incurred during the application development stage – including design, configuration, coding, testing, and installation – are generally capitalized.

The Company's long-lived property and equipment assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. To perform such impairment testing, the Company groups assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluates the asset group against the sum of undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value based on a discounted cash flows analysis or appraisals. The inputs utilized in the impairment analysis are classified as Level 3 inputs within the fair value hierarchy as defined in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, "Fair Value Measurement."

The Company recognized impairment charges of $0.3 million in the Prior Year related to store fixtures purchased for an apparel program with one of the Company's retail partners.

Trademarks and Other Intangible Assets

The Company's finite-lived intangible assets are amortized over their estimated useful lives of three (3) to eighteen (18) years. The Company re-evaluates the remaining useful life of its finite-lived intangible assets on an annual basis, based on consideration of current events and circumstances, the expected use of the asset, and the effects of demand, competition, and other economic factors. No changes were made to the estimated useful lives of intangible assets in the Current Year or Prior Year.

The Company's finite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. To perform such impairment testing, the Company groups assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluates the asset group against the sum of undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value, based on a discounted cash flows analysis or appraisals. The inputs utilized in the finite-lived intangible assets impairment analysis are classified as Level 3 inputs within the fair value hierarchy as defined in ASC Topic 820. No impairment charges were recorded related to intangible assets for the Current Year or Prior Year.

See Note 4 for additional information related to the Company's trademarks and other intangible assets.

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Deferred Finance Costs

The Company incurred costs (primarily professional fees and lender underwriting fees) in connection with borrowings under term loans. These costs have been deferred on the consolidated balance sheet as a reduction to the carrying value of the associated borrowings, and are being amortized as interest expense over the term of the related borrowings using the effective interest method.

Contingent Obligations

When accounting for asset acquisitions, if any contingent obligations exist and the fair value of the assets acquired is greater than the consideration paid, any contingent obligations are recognized and recorded as the positive difference between the fair value of the assets acquired and the consideration paid for the acquired assets.

When accounting for asset acquisitions, if any contingent obligations exist and the fair value of the assets acquired are equal to the consideration paid, any contingent obligations are recognized based upon the Company's best estimate of the amount that will be paid to settle the liability.

Under the applicable accounting guidance, the Company is required to carry such contingent liability balances on its consolidated balance sheet until the measurement period of the earn-out expires and all related contingencies have been resolved.

The Company recorded contingent obligations in connection with the purchase of the Halston Heritage trademarks in 2019 and the purchase of the LOGO by Lori Goldstein trademarks in 2021, but no amount has been recorded for the contingent obligation related to the sale of a majority interest in the Isaac Mizrahi Brand in 2022.

See Note 9 for additional information related to the Company's contingent obligations.

Revenue Recognition

The Company applies the guidance in ASC Topic 606, "Revenue from Contracts with Customers" to recognize revenue.

Licensing

The Company recognizes revenue continuously over time as it satisfies its continuous obligation of granting access to its licensed intellectual properties, which are deemed symbolic intellectual properties under the applicable revenue accounting guidance. Payments are typically due after sales have occurred and have been reported by the licensees or, where applicable, in accordance with minimum guaranteed payment provisions. The timing of performance obligations is typically consistent with the timing of payments, though there may be differences if contracts provide for advances or significant escalations of contractually guaranteed minimum payments. With the exception of the Halston Master License agreement described in Note 5, there were no such differences that would have a material impact on the Company's consolidated balance sheets at December 31, 2023 and 2022. In accordance with ASC 606-10-55-65, the Company recognizes net licensing revenue at the later of when (1) the subsequent sale or usage occurs or (2) the performance obligation to which some or all of the sales- or usage-based royalty has been allocated is satisfied (in whole or in part). More specifically, the Company separately identifies:

(i) Contracts for which, based on experience, royalties are expected to exceed any applicable minimum guaranteed payments, and to which an output-based measure of progress based on the "right to invoice" practical expedient is applied because the royalties due for each period correlate directly with the value to the customer of the Company's performance in each period (this approach is identified as "View A" by the FASB Revenue Recognition Transition Resource Group, "TRG"); and

(ii) Contracts for which revenue is recognized based on minimum guaranteed payments using an appropriate measure of progress, in which minimum guaranteed payments are straight-lined over the term of the contract and recognized ratably based on the passage of time, and to which the royalty recognition constraint to the sales-based royalties in excess of minimum guaranteed is applied and such sales-based royalties are recognized to the distinct period only when the minimum guaranteed is exceeded on a cumulative basis (this approach is identified as "View C" by the TRG).

The Company's unconditional right to receive consideration based on the terms and conditions of licensing contracts is presented as accounts receivable on the accompanying consolidated balance sheets. The Company does not typically perform by transferring goods or services to customers before the customer pays consideration or before payment is due, thus the amounts of contract assets as defined by ASC 606-10-45-3 related to licensing contracts were not material as of December 31, 2023 and 2022. The Company typically does not receive consideration in advance of performance and, consequently, amounts of contract liabilities as defined by ASC 606-10-45-2 related to licensing contracts were not material as of December 31, 2022; however, as of December 31, 2023, the Company has recognized approximately $4.4 million of deferred revenue contract liabilities on its consolidated balance sheet related to the Halston Master License agreement (see Note 5).

The Company does not disclose the amount attributable to unsatisfied or partially satisfied performance obligations for variable revenue contracts (identified under "View A" above) in accordance with the optional exemption allowed under ASC 606. The Company did not have any revenue recognized in the reporting period from performance obligations satisfied, or partially satisfied, in previous periods. Remaining minimum guaranteed payments for active contracts as of December 31, 2023 are expected to be recognized ratably in accordance with View C over the remaining term of each contract based on the passage of time and through December 2028, subject to renewal or extension upon termination.

Wholesale Sales

Prior to the restructuring of the Company's business model and operations in the Current Year, the Company generated a portion of its revenue through the design, sourcing, and sale of branded jewelry and apparel to both domestic and international customers who, in turn, sold the products to the consumer. The Company recognized such revenue within net sales in the accompanying consolidated statements of operations when performance obligations identified under the terms of contracts with its customers were satisfied, which occurred upon the transfer of control of the merchandise in accordance with the contractual terms and conditions of the sale. Shipping to customers was accounted for as a fulfillment activity and was recorded within other selling, general and administrative expenses.

Direct-to-Consumer Sales

The Company's revenue associated with its e-commerce jewelry operations and the Longaberger Brand (prior to the restructuring of the Company's business model and operations in the Current Year) was recognized within net sales in the accompanying consolidated statements of operations at the point in time when product is shipped to the customer. Shipping to customers was accounted for as a fulfillment activity and was recorded within other selling, general and administrative expenses.

Advertising Costs

All costs associated with production for the Company's advertising, marketing, and promotion are expensed during the periods when the activities take place. All other advertising costs, such as print and online media, are expensed when the advertisement occurs. The Company incurred approximately $1.0 million and $2.6 million in advertising and marketing costs for the Current Year and Prior Year, respectively, which are included within other selling, general and administrative expenses in the accompanying consolidated statements of operations.

Leases

The Company determines if an arrangement is a lease (as defined in ASC Topic 842, "Leases") at the inception of the arrangement. The Company generally recognizes a right-of-use ("ROU") asset, representing its right to use the underlying leased asset for the lease term, and a liability for its obligation to make future lease payments (the lease liability) at commencement date (the date on which the lessor makes the underlying asset available for use) based on the present value of lease payments over the lease term. The Company does not recognize ROU assets and lease liabilities for lease terms of 12 months or less, but recognizes such lease payments in operations on a straight-line basis over the lease terms.

As the Company's leases typically do not provide an implicit rate, the Company generally uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

For real estate leases of office space, the Company accounts for the lease and non-lease components as a single lease component. Variable lease payments that do not depend on an index or rate (such as real estate taxes and building insurance and lessee's shares thereof), if any, are excluded from lease payments at lease commencement date for initial measurement. Subsequent to initial measurement, these variable payments are recognized when the event determining the amount of variable consideration to be paid occurs.

Lease expense for operating lease payments is generally recognized on a straight-line basis over the lease term. The Company recognizes income from subleases (in which the Company is the sublessor) on a straight-line basis over the term of the sublease, as a reduction to lease expense.

See Note 9 for additional information related to the Company's leases.

Stock-Based Compensation

The Company accounts for stock-based compensation by recognizing the fair value of stock-based compensation as an operating expense over the service period of the award or term of the corresponding contract, as applicable.

The fair value of stock options and warrants is estimated on the date of grant using the Black-Scholes option pricing model. The valuation determined by the Black-Scholes option pricing model is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, the expected life of the awards and the expected stock price volatility over the terms of the awards. The expected life is based on the estimated average life of options and warrants using the simplified method; the Company utilizes the simplified method to determine the expected life of the options and warrants due to insufficient exercise activity during recent years as a basis from which to estimate future exercise patterns. The risk-free rate is based on the U.S. Treasury rate for the expected term at the time of grant, volatility is based on the historical volatility of the Company's common stock, and the expected dividend assumption is based on the Company's history and expectation of dividend payouts.

Restricted stock awards are valued using the fair value of the Company's stock at the date of grant, based on the quoted market price of the Company's common shares on the NASDAQ Capital Market.

Non-employee awards are measured at the grant date fair value of the equity instruments to be issued, and the Company recognizes compensation cost for grants to non-employees on a straight-line basis over the period of the grant.

The Company accounts for forfeitures as a reduction of compensation cost in the period when such forfeitures occur.

For stock option awards for which vesting is contingent upon the achievement of certain performance targets, the timing and amount of compensation expense recognized is based upon the Company's projections and estimates of the relevant

performance metric(s) until the time the performance obligation is satisfied. Expense for such awards is recognized only to the extent that the achievement of the specified performance target(s) has been met or is considered probable.

See Note 7 for additional information related to stock-based compensation.

Income Taxes

Current income taxes are based on the respective period's taxable income for federal and state income tax reporting purposes. Deferred tax assets and liabilities are determined based on the differences between the financial statement and income tax bases of assets and liabilities, using enacted tax rates and laws that will be in effect for the year in which the differences are expected to reverse.

A valuation allowance is recognized when necessary to reduce deferred tax assets to the amount expected to be realized. In determining the need for a valuation allowance, management reviews both positive and negative evidence, including current and historical results of operations, future income projections, and the overall prospects of the Company's business. A valuation allowance is established if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company applies the FASB guidance on accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also addresses derecognition, classification, interest, and penalties related to uncertain tax positions. The Company has no unrecognized tax benefits as of December 31, 2023 and 2022. Interest and penalties related to uncertain tax positions, if any, are recorded in income tax expense. Tax years that remain open for assessment for federal and state tax purposes include the years ended December 31, 2020 through December 31, 2023.

The income tax effects of changes in tax laws are recognized in the period when enacted.

See Note 10 for additional information related to income taxes.

Fair Value

ASC Topic 820, "Fair Value Measurement," defines fair value and establishes a framework for measuring fair value under U.S. GAAP. The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of the Company's assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities).

Fair Value of Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable, the carrying amounts approximate fair value due to the short-term maturities of these instruments. The carrying value of term loan debt approximates fair value due to the floating interest rate structure of the term loan agreement.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company limits its credit risk with respect to cash and cash equivalents by maintaining such balances with high quality financial institutions. At times, the Company's cash and cash equivalents may exceed federally insured limits. Concentrations of credit risk with respect to accounts receivable are not considered

significant due to the collection history and due to the nature of the Company's royalty revenues. Generally, the Company does not require collateral or other security to support accounts receivable.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period, excluding the effects of any potentially dilutive securities. Diluted earnings (loss) per share reflect, in periods in which they have a dilutive effect, the effect of common shares issuable upon the exercise of stock options and warrants using the treasury stock method. The difference between basic and diluted weighted-average common shares results from the assumption that all dilutive stock options and warrants outstanding were exercised into common stock if the effect is not anti-dilutive. See Note 8 for additional information related to earnings (loss) per share.

Recently Adopted Accounting Pronouncements

The Company adopted the provisions of Accounting Standards Update ("ASU") No. 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (as amended by ASU No. 2018-19 in November 2018, ASU No. 2019-05 in May 2019, ASU No. 2019-10 and 2019-11 in November 2019, ASU No. 2020-02 in February 2020, and ASU No. 2022-02 in March 2022) effective January 1, 2023. This ASU requires entities to estimate lifetime expected credit losses for financial instruments, including trade and other receivables, which will generally result in earlier recognition of credit losses. The adoption of this new guidance did not have a significant impact on the Company's results of operations, cash flows, or financial condition.

Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This ASU requires disclosure of additional categories of information about federal, state, and foreign income taxes in the rate reconciliation table and requires entities to provide more details about the reconciling items in some categories if items meet a quantitative threshold. The ASU also requires entities to disclose income taxes paid, net of refunds, disaggregated by federal (national), state, and foreign taxes for annual periods and to disaggregate the information by jurisdiction based on a quantitative threshold. The guidance makes several other changes to the disclosure requirements. The ASU is required to be applied prospectively, with the option to apply it retrospectively, and is effective for fiscal years beginning after December 15, 2024. The Company does not anticipate that the adoption of this ASU will have a significant impact on its consolidated financial statements.

3. Acquisitions and Divestitures, Investments in Unconsolidated Affiliates, and Variable Interest Entities

Sale of Majority Interest in Isaac Mizrahi Brand

On May 27, 2022, Xcel (along with IM Topco, LLC ("IM Topco") and IM Brands, LLC ("IMB"), both wholly owned subsidiaries of the Company) and IM WHP, LLC ("WHP"), a subsidiary of WHP Global, a private equity-backed brand management and licensing company, entered into a membership purchase agreement. Pursuant to this agreement, on May 31, 2022, (i) the Company contributed assets owned by IMB, including the Isaac Mizrahi Brand trademarks and other intellectual property rights relating thereto into IM Topco, and (ii) the Company sold 70% of the membership interests of IM Topco to WHP.

The purchase price paid by WHP to the Company at the closing of the transaction in exchange for the 70% membership interest in IM Topco consisted of $46.2 million in cash. The Company incurred approximately $0.9 million of expenses directly related to this transaction, including legal fees and agent fees, of which $0.1 million of the agent fees were paid through the issuance of 65,275 shares of the Company's common stock, which were recognized as a reduction to the gain from the transaction. The Company recognized a net pre-tax gain from the transaction of $20.6 million, which is classified

as a component of other operating costs and expenses (income) in the consolidated statement of operations for the Prior Year.

Pursuant to the May 27, 2022 purchase agreement, the Company was also entitled to receive an "earn-out" payment in the amount of $2.0 million if, during the period from January 1, 2023 through December 31, 2023, (i) IM Topco received Net Royalty Revenue (as defined in the purchase agreement) in an amount equal to or greater than $17.5 million and (ii) IM Topco generated EBITDA (as defined in the purchase agreement) in an amount equal to or greater than $11.8 million. These conditions were not met during 2023, and ultimately the Company did not receive any additional "earn-out" payment.

Additionally, the purchase agreement provided that, in the event IM Topco receives less than $13.347 million in aggregate royalties for any four consecutive calendar quarters over a three-year period ending on the third anniversary of the closing, WHP would be entitled to receive from the Company up to $16 million, less all amounts of net cash flow distributed to WHP for such period, as an adjustment to the purchase price, payable in either cash or equity interests in IM Topco held by the Company. This provision was subsequently amended in November 2023, as described further below, and was subsequently further amended in April 2024 (see Note 12 for additional information).

In connection with the May 27, 2022 membership purchase agreement, the Company and WHP also entered into an Amended and Restated Limited Liability Company Agreement of IM Topco (the "Business Venture Agreement") governing the operation of IM Topco as a partnership between the Company and WHP following the closing. Pursuant to the Business Venture Agreement, IM Topco is managed by a single Manager appointed by the vote of a majority-in-interest of IM Topco's members, and WHP serves as the sole Manager of IM Topco. The Business Venture Agreement contains customary provisions for the governance of a partnership, including with respect to decision making, access to information, restrictions on transfer of interests, and covenants.

Pursuant to the Business Venture Agreement, IM Topco's Net Cash Flow (as defined in the agreement) shall be distributed to the members during each fiscal year no less than once per fiscal quarter, as follows:

(i) first, 100% to WHP, until WHP has received an aggregate amount during such fiscal year equal to $8,852,000 (subject to adjustment in certain circumstances as set forth in the agreement);

(ii) second, 100% to Xcel, until Xcel has received an aggregate amount during such fiscal year equal to $1,316,200 (subject to adjustment in certain circumstances as set forth in the agreement); and

(iii) thereafter, in proportion to the members' respective ownership interests.

The distribution provisions in the Business Venture Agreement were subsequently amended in April 2024 (see Note 12 for additional information).

The Company also entered into a number of other related agreements on May 31, 2022 in connection with the transaction, including a services agreement with IM Topco and a license agreement with IM Topco (see Note 11 for details), while the Company's employment agreement with Mr. Mizrahi and the Company's services agreement with Laugh Club (see Note 11) were transferred to IM Topco. Further, the Company's licensing agreement with Qurate Retail Group related to the Isaac Mizrahi Brand (see Note 5) was assigned to IM Topco as of May 31, 2022.

Management assessed and evaluated the ownership structure and other terms of the May 27, 2022 membership purchase agreement and Business Venture Agreement, as well as considered the Company's continuing involvement with the Isaac Mizrahi Brand through the aforementioned services agreement and license agreement with IM Topco, and concluded that (i) IM Topco is not a Variable Interest Entity under ASC Topic 810, and (ii) the Company has significant influence over, but does not control, IM Topco. As such, on May 31, 2022, the Company de-recognized the carrying amount of the Isaac Mizrahi Brand trademarks of $44.5 million and recognized the fair value of its retained interest in IM Topco of

approximately $19.8 million as an equity method investment. The fair value of the Company's retained interest was determined by applying the Company's ownership percentage to the implied enterprise value of IM Topco, which was calculated based on the price paid by WHP for the 70% controlling interest, as the May 31, 2022 sale transaction was considered an arms-length transaction between knowledgeable market participants and the most relevant and reasonable indication of value to utilize. The inputs and assumptions for this nonrecurring fair value measurement are classified as Level 3 within the fair value hierarchy defined in ASC Topic 820.

Investment in IM Topco, LLC

The Company accounts for its interest in the ongoing operations of IM Topco as a component of other operating costs and expenses (income) under the equity method of accounting. Based on the aforementioned distribution provisions set forth in the Business Venture Agreement, the Company recognized an equity method loss of approximately $2.1 and $1.2 million related to its investment for the years ended December 31, 2023 and 2002, respectively. For cash flow earnings (i.e., net income before intangible asset amortization expense), management allocated the amounts based on the preferences outlined above. As such, Xcel recognized no cash-based earnings for all of the periods presented. For non-cash amortization expense, management allocated the amounts based on the relative ownership of each member (i.e., 70% WHP and 30% Xcel). The equity method loss for each period presented is equal to Xcel's share of amortization expense.

Summarized financial information for IM Topco is as follows:

	For the year ended December 31,	
($ in thousands)	**2023**	**2022[1]**
Revenues	$ 12,119	$ 7,791
Gross profit	12,119	7,791
(Loss) income from continuing operations	(1,961)	316
Net (loss) income	(1,961)	316

(1) Represents financial information for the period commencing May 31, 2022 (the date of the sale of a majority interest in IM Topco) through December 31, 2022.

During the Prior Year (subsequent to the May 27, 2022 transaction), the Company made a capital contribution to IM Topco of $0.6 million in cash, which did not change the Company's noncontrolling ownership interest of 30%.

In November 2023, the Company, WHP, and IM Topco entered into an amendment of the May 27, 2022 membership purchase agreement, under which the parties agreed to waive the purchase price adjustment provision until the measurement period ending March 31, 2024. In exchange, Xcel agreed to make additional royalty payments to IM Topco totaling $0.45 million over the next 11 months. As a result of this amendment, the Company recognized a $0.45 million increase to the carrying value basis of its equity method investment and a corresponding increase in current liabilities.

The provisions of the membership purchase agreement were subsequently further amended in April 2024 (see Note 12 for additional information).

Investment in Orme Live, Inc.

In December 2023, the Company contributed $0.15 million of cash to ORME in exchange for a 30% equity ownership interest in ORME. The carrying value of this investment is included within other assets in the Company's consolidated balance sheet. The Company accounts for its interest in the operations of ORME as a component of other operating costs and expenses (income) under the equity method of accounting; the Company's proportional share of the operating results of ORME were not material in the Current Year.

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Sale of Investment in Unconsolidated Affiliate

The Company previously held a limited partner ownership interest in an unconsolidated affiliate, which was entered into in 2016. This investment did not have a readily determinable fair value and in accordance with ASC 820-10-35-59, the investment was valued at cost, less impairment, plus or minus observable price changes of an identical or similar investment of the same issuer. This investment was included within other assets on the Company's consolidated balance sheet at December 31, 2022, at a carrying value of $0.1 million. During the Current Year, the Company sold its ownership interest in this entity, and recognized a gain of $0.36 million related to the sale within other operating costs and expenses (income) on the consolidated statement of operations.

Longaberger Licensing, LLC Variable Interest Entity

Since 2019, Xcel has been party to a limited liability company agreement (the "LLC Agreement") with a subsidiary of Hilco Global related to Longaberger Licensing, LLC ("LL"). Hilco Global is the sole Class A Member of LL, and Xcel is the sole Class B Member of LL (each individually a "Member"). Each Member holds a 50% equity ownership interest in LL; however, based on an analysis of the contractual terms and rights contained in the LLC Agreement and related agreements, the Company has previously determined that under the applicable accounting standards, LL is a variable interest entity and the Company has effective control over LL. Therefore, as the primary beneficiary, the Company has consolidated LL since 2019, and has recognized the assets, liabilities, revenues, and expenses of LL as part of its consolidated financial statements, along with a noncontrolling interest which represents Hilco Global's 50% ownership share in LL.

4. Trademarks and Other Intangibles

Trademarks and other intangibles, net consist of the following:

($ in thousands)	Weighted Average Amortization Period	December 31, 2023 Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks (finite-lived)	15 years	68,880	27,431	41,449
Copyrights and other intellectual property	8 years	429	358	71
Total		**$ 69,309**	**$ 27,789**	**$ 41,520**

($ in thousands)	Weighted Average Amortization Period	December 31, 2022 Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks (finite-lived)	15 years	68,880	21,346	47,534
Copyrights and other intellectual property	8 years	429	298	131
Total		**$ 69,309**	**$ 21,644**	**$ 47,665**

During the Prior Year, the Company sold its $44.5 million of indefinite-lived trademarks related to the Isaac Mizrahi Brand (see Note 3 for details).

Amortization expense for intangible assets was approximately $6.1 million for both the Current Year and Prior Year.

Estimated future amortization expense related to finite-lived intangible assets over the remaining useful lives is as follows:

($ in thousands) Year Ending December 31,	Amortization Expense
2024	$ 6,115
2025	4,177
2026	3,506
2027	3,504
2028	3,504
Thereafter (through 2036)	20,714
Total	$ 41,520

5. Significant Contracts

Qurate Agreements

Through its wholly owned subsidiaries, the Company has entered into direct-to-retail license agreements with Qurate Retail Group ("Qurate"), collectively referred to as the Qurate Agreements (individually, each a "Qurate Agreement"), pursuant to which the Company designs, and Qurate sources and sells, various products under the LOGO by Lori Goldstein brand, the Longaberger brand, and the C Wonder brand. The Company was also previously party to similar agreements with Qurate related to the IsaacMizrahiLIVE brand and the Judith Ripka brand. Qurate owns the rights to all designs produced under these agreements, and the agreements include the sale of products across various categories through Qurate's television media (including QVC and HSN) and related internet sites.

Pursuant to these agreements, the Company has granted to Qurate and its affiliates the exclusive, worldwide right to promote the Company's branded products, and the right to use and publish the related trademarks, service marks, copyrights, designs, logos, and other intellectual property rights owned, used, licensed and/or developed by the Company, for varying terms as set forth below. In connection with the Qurate Agreements and during the same periods, Qurate and its subsidiaries have the exclusive, worldwide right to use the names, likenesses, images, voices, and performances of the Company's spokespersons to promote the respective products.

Agreement	Current Term Expiry	Automatic Renewal	Xcel Commenced Brand with Qurate	Qurate Product Launch
LOGO Qurate Agreement (QVC)	November 1, 2024	one-year period	April 2021	2009
Longaberger Qurate Agreement (QVC)	October 31, 2025	two-year period	November 2019	2019
C Wonder Qurate Agreement (HSN)	December 31, 2024	two-year period	March 2023	2023

- On May 31, 2022, in connection with the sale of a majority interest in the Isaac Mizrahi brand to a third party, the Qurate Agreement related to the IsaacMizrahiLIVE brand was assigned to IM Topco, LLC. See Note 3 for additional details.

- On August 30, 2022, Qurate and Xcel amended the licensing agreement for the Judith Ripka brand to terminate the license period effective December 31, 2021. Effective January 1, 2022, the agreement entered a sell-off period, under which Qurate was allowed to continue to license the Ripka brand on a non-exclusive basis for as long as necessary to sell off any of its remaining inventory. The sell-off period ended in 2023.

Under the Qurate Agreements, Qurate is obligated to make payments to the Company on a quarterly basis, based upon the net retail sales of the specified branded products. Net retail sales are defined as the aggregate amount of all revenue generated through the sale of the specified branded products by Qurate and its subsidiaries under the Qurate Agreements, net of customer returns, and excluding freight, shipping and handling charges, and sales, use, or other taxes.

The Qurate Agreements generally prohibit the Company from selling products under the specified respective brands to a direct competitor of Qurate without Qurate's consent. Under certain of the Qurate Agreements, the Company may, with the permission of Qurate, sell the respective branded products via certain specified sales channels in exchange for making reverse royalty payments to Qurate based on the net retail sales of such products through such channels. However, the Company is generally restricted from selling products under the specified respective brands or trademarks to certain mass merchants.

Also, under certain of the Qurate Agreements, the Company may be required for a period of time to pay a royalty participation fee to Qurate on revenue earned from the sale, license, consignment, or any other form of distribution of any products, bearing, marketed in connection with, or otherwise associated with the specified trademarks and brands.

Net licensing revenue from Qurate totaled $6.0 million and $11.4 million for the Current Year and Prior Year, respectively, representing approximately 34% and 44% of the Company's total net revenue, respectively. As of December 31, 2023 and 2022, the Company had receivables from Qurate of $1.5 million and $0.9 million, representing approximately 43% and 17% of the Company's accounts receivable, respectively. The December 31, 2023 and 2022 Qurate receivables did not include any earned revenue accrued but not yet billed as of the respective balance sheet dates.

Halston Master License

On May 15, 2023, the Company, through its subsidiaries, H Halston, LLC and H Heritage Licensing, LLC (collectively, the "Licensor"), entered into a master license agreement relating to the Halston Brand (the "Halston Master License") with G-III Apparel Group ("G-III"), an industry-leading wholesale apparel company, for men's and women's apparel, men's and women's fashion accessories, children's apparel and accessories, home, airline amenity and amenity kits, and such other product categories as mutually agreed upon. The Halston Master License provided for an upfront cash payment and royalties payable to the Company, including certain guaranteed minimum royalties, includes significant annual minimum net sales requirements, and has a twenty-five-year term (consisting of an initial five-year period, followed by a twenty-year period), subject to G-III's right to terminate with at least 120 days' notice prior to the end of each five-year period during the term. G-III has an option to purchase the Halston Brand for $5.0 million at the end of the twenty-five-year term, which right may be accelerated under certain conditions associated with an uncured material breach of the Halston Master License in accordance with the terms of the Halston Master License. The Licensor granted G-III a security interest in the Halston trademarks to secure the Licensor's obligations under the Halston Master License, including to honor the obligations under the purchase option.

As a result of the upfront cash payment and guaranteed minimum royalties discussed above, the Company has recognized $4.4 million of deferred revenue contract liabilities on its consolidated balance sheet as of December 31, 2023 related to this contract, of which $0.9 million was classified as a current liability and approximately $3.5 million was classified as a long-term liability. The balance of the deferred revenue contract liabilities will be recognized ratably as revenue over the next 5.0 years. Net licensing revenue recognized from the Halston Master License was $1.6 million for the Current Year, representing approximately 9% of the Company's total net revenue for the Current Year.

Additionally, in connection with the Halston Master License, the Company issued to G-III a ten-year warrant to purchase up to 1,000,000 shares of the Company's common stock at an exercise price of $1.50 per share, which vests based upon certain annual royalty targets being satisfied under the license agreement. The fair value of this warrant is being recognized as a reduction of revenue over the term of the related license agreement, with an offsetting increase to stockholders' equity as additional paid-in capital. The amount of contra-revenue recorded related to this warrant during the Current Year was approximately $0.03 million. As of December 31, 2023, no portion of this warrant had vested.

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6. Debt

The Company's net carrying amount of debt was comprised of the following:

($ in thousands)	December 31, 2023	2022
Term loan debt	$ 5,000	$ —
Unamortized deferred finance costs related to term loan debt	(279)	—
Total	4,721	—
Current portion of debt	750	—
Long-term debt	$ 3,971	$ —

For the Current Year and Prior Year, the Company incurred interest expense of approximately $0.4 million and $1.2 million, respectively, related to term loan debt. The effective interest rate related to term loan debt was approximately 11.6% and 9.8% for the Current Year and Prior Year, respectively.

Previous Term Loan Debt (through May 31, 2022)

On December 30, 2021, Xcel, as Borrower, and its wholly-owned subsidiaries entered into a loan and security agreement with First Eagle Alternative Credit Agent, LLC ("FEAC"), as lead arranger and as administrative agent and collateral agent, and the financial institutions party thereto as lenders. Pursuant to this loan agreement, the lenders made a term loan in the aggregate amount of $29.0 million. This term loan bore interest at "LIBOR" plus 7.5% per annum, with "LIBOR" defined as the greater of (a) the rate of interest per annum for deposits in dollars for an interest period equal to three months as published by Bloomberg or a comparable or successor quoting service at approximately 11:00 a.m. (London time) two business days prior to the last business day of each calendar month and (b) 1.0% per annum.

Upon entering into the December 2021 loan agreement, Xcel paid a 1.75% closing fee to FEAC for the benefit of the lenders; the Company also paid approximately $0.5 million of various legal and other fees in connection with the execution of the loan agreement. These fees and costs totaling approximately $0.97 million were deferred on the Company's balance sheet as a reduction of the carrying value of the term loan debt, to be subsequently amortized to interest expense over the term of the debt using the effective interest method.

The December 2021 term loan was to mature on April 14, 2025. Principal on this debt was payable in quarterly installments of $625,000 on each of March 31, June 30, September 30 and December 31 of each year, commencing on March 31, 2022 and ending on March 31, 2025, with a final payment of $20,875,000 on the maturity date of April 14, 2025.

The December 2021 term loan agreement also contained customary covenants, including reporting requirements, trademark preservation, and certain financial covenants; the Company was in compliance with all applicable covenants under the loan agreement as of and for all periods presented in the consolidated financial statements.

Extinguishment of Previous Term Loan Debt

On May 31, 2022, the Company used $30.1 million of the proceeds received from the transaction related to the Isaac Mizrahi Brand (see Note 3) to repay all amounts outstanding under the December 30, 2021 term loan agreement with FEAC, consisting of $28.4 million in principal amount, a $1.4 million prepayment fee, and approximately $0.3 million in interest and related expenses. As a result, the Company recognized a loss on early extinguishment of debt of approximately $2.3 million during the Prior Year, consisting of approximately $1.4 million of debt prepayment premium, the immediate write-off of approximately $0.8 million of unamortized deferred finance costs, and approximately $0.1 million of other costs.

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New Term Loan Debt

On October 19, 2023, H Halston IP, LLC (the "Borrower"), a wholly owned indirect subsidiary of Xcel Brands, Inc., entered into a term loan agreement with Israel Discount Bank of New York ("IDB"). Pursuant to this loan agreement, IDB made a term loan to the Company in the aggregate amount of $5.0 million. The proceeds of this term loan were used to pay fees, costs, and expenses incurred in connection with entering into the loan agreement, and may be used for working capital purposes. Such costs incurred in connection with the borrowing included a commitment fee paid to IDB, plus various legal and other fees. These fees and costs totaling $0.30 million have been deferred on the Company's balance sheet as a reduction of the carrying value of the term loan debt, and are being amortized to interest expense over the term of the debt using the effective interest method.

In connection with October 2023 loan agreement, the Borrower and H Licensing, LLC ("H Licensing"), a wholly owned subsidiary of Xcel, entered into a security agreement (the "Security Agreement") in favor of IDB, and Xcel entered into a Membership Interest Pledge Agreement (the "Pledge Agreement") in favor of IDB. Pursuant to the Security Agreement, the Borrower and H Licensing granted to IDB a security interest in substantially all of their respective assets, other than the trademarks owned by the Borrower and H Licensing, to secure the Borrower's obligations under the October 2023 loan agreement. Pursuant to the Pledge Agreement, Xcel granted to IDB a security interest in its membership interests in H Licensing to secure the Borrower's obligations under the October 2023 loan agreement.

The term loan matures on October 19, 2028. Principal on the term loan is payable in quarterly installments of $250,000 on each of January 2, April 1, July 1, and October 1 of each year, commencing on April 1, 2024. The Borrower has the right to prepay all or any portion of the term loan at any time without penalty.

As of December 31, 2023, the aggregate remaining principal payments under the October 2023 term loan were as follows:

($ in thousands) Year Ending December 31,	Amount of Principal Payment
2024	$ 750
2025	1,000
2026	1,000
2027	1,000
2028	1,250
Total	$ 5,000

Interest on the October 2023 term loan accrues at "Term SOFR" (as defined in the loan agreement as the forward-looking term rate based on secured overnight financing rate as administered by the Federal Reserve Bank of New York for an interest period equal to one month on the day that is two U.S. Government Securities Business Days prior to the first day of each calendar month) plus 4.25% per annum. Interest on the term loan is payable on the first day of each calendar month.

The October 2023 term loan agreement contains customary covenants, including reporting requirements, trademark preservation, and certain financial covenants including annual guaranteed minimum royalty ratio, annual fixed charge coverage ratio, and minimum cash balance levels, all as specified and defined in the loan agreement. The Company was in compliance with all applicable covenants under the loan agreement as of and for all periods presented in the financial statements.

In addition, on October 19, 2023, the Borrower also entered into a swap agreement with IDB, pursuant to which IDB will pay the Borrower Term SOFR plus 4.25% per annum on the notional amount of the swap in exchange for the Borrower paying IDB 9.46% per annum on such notional amount. The term and declining notional amount of the swap agreement is aligned with the amortization of the October 2023 term loan principal amount.

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7. Stockholders' Equity

The Company has authority to issue up to 51,000,000 shares, consisting of 50,000,000 shares of common stock and 1,000,000 shares of preferred stock.

Equity Incentive Plans

The Company's 2021 Equity Incentive Plan (the "2021 Plan") is designed and utilized to enable the Company to provide its employees, officers, directors, consultants, and others whose past, present, and/or potential contributions to the Company have been, are, or will be important to the success of the Company, an opportunity to acquire a proprietary interest in the Company. A total of 4,000,000 shares of common stock are eligible for issuance under the 2021 Plan. The 2021 Plan provides for the grant of any or all of the following types of awards: stock options (incentive or non-qualified), restricted stock, restricted stock units, performance awards, or cash awards. The 2021 Plan is administered by the Company's Board of Directors, or, at the Board's discretion, a committee of the Board.

In addition, stock-based awards (including options, warrants, and restricted stock) previously granted under the Company's 2011 Equity Incentive Plan (the "2011 Plan") remain outstanding and shares of common stock may be issued to satisfy options or warrants previously granted under the 2011 Plan, although no new awards may be granted under the 2011 Plan.

Stock-Based Compensation

Total expense recognized for all forms of stock-based compensation was approximately $0.22 million and $0.72 million in the Current Year and Prior Year, respectively.

Of the Current Year expense amount, approximately $0.02 related to employees and approximately $0.20 related to directors and consultants; all of this expense was recorded as a direct operating cost in the accompanying statement of operations.

Of the Prior Year expense amount, approximately $0.41 million related to employees and approximately $0.31 million related to directors and consultants; approximately $0.62 million was recorded as a direct operating cost and approximately $0.10 million was recorded within other operating costs and expenses (income).

Stock Options

Options granted under the Company's equity incentive plans expire at various times – either five, seven, or ten years from the date of grant, depending on the particular grant.

A summary of the Company's stock option activity for the Current Year is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2023	5,614,310	$ 2.12	4.76	$ —
Granted	200,000	1.51		
Exercised	(87,750)	0.80		
Expired/Forfeited	(578,020)	2.96		
Outstanding at December 31, 2023, and expected to vest	5,148,540	$ 2.03	4.26	$ —
Exercisable at December 31, 2023	1,398,540	$ 2.88	1.66	$ —

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Current Year stock option grants were as follows:

In April 2023, the Company granted options to purchase an aggregate of 100,000 shares of common stock to a key individual. The exercise price of the options is $1.50 per share, and the vesting of such options is dependent upon the achievement of certain revenue targets. None of these options were vested as of December 31, 2023.

On August 23, 2023 the Company granted options to purchase an aggregate of 100,000 shares of common stock to non-management directors. The exercise price of the options is $1.51 per share, and 50% of the options vest on each of April 1, 2024 and April 1, 2025.

Prior Year stock option grants were as follows:

On April 20, 2022, the Company granted options to purchase an aggregate of 380,850 shares of common stock to various employees. The exercise price of the options is $1.62 per share, and all options vested immediately on the date of grant.

On April 20, 2022 the Company granted options to purchase an aggregate of 125,000 shares of common stock to non-management directors. The exercise price of the options is $1.62 per share. Half of the options vested on April 20, 2023, and the remaining half of the options will vest on April 20, 2024.

On April 26, 2022, the Company granted options to purchase an aggregate of 100,000 shares of common stock to a consultant. The exercise price of the options is $1.58 per share, and all options vested immediately on the date of grant.

The fair values of the options granted were estimated at the respective dates of grant using the Black-Scholes option pricing model with the following range of assumptions:

	Year Ended December 31,	
	2023	2022
Expected Volatility	89 – 90 %	57 – 93 %
Expected Dividend Yield	— %	— %
Expected Life (Term, in years)	2.75 – 10	0.67 – 3.25
Risk-Free Interest Rate	4.0 – 4.7 %	1.6 – 2.8 %

Compensation expense related to stock options for the Current Year and Prior Year was approximately $0.1 million and $0.5 million, respectively. Total unrecognized compensation expense related to unvested stock options (excluding stock options with performance-based vesting) at December 31, 2023 amounts to approximately $0.1 million and is expected to be recognized over a weighted average period of 1.05 years.

Of the total stock options outstanding at December 31, 2023, the vesting of 3,500,000 options is contingent upon the Company's common stock achieving certain target prices as follows:

Target Prices	Number of Options Vesting
$3.00	1,000,000
$5.00	850,000
$7.00	700,000
$9.00	550,000
$11.00	400,000

As of December 31, 2023, none of these 3,500,000 performance-based stock options have vested, and no compensation expense has been recorded related to such options.

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The following table summarizes the Company's stock option activity for non-vested options for the Current Year:

	Number of Options	Weighted Average Grant Date Fair Value
Balance at January 1, 2023	3,697,500	$ 0.05
Granted	200,000	0.68
Vested	(135,000)	0.68
Forfeited or Canceled	(12,500)	0.89
Balance at December 31, 2023	3,750,000	$ 0.05

Stock Awards
A summary of the Company's restricted stock activity for the Current Year is as follows:

	Number of Restricted Shares	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2023	333,333	$ 3.71
Granted	113,968	1.01
Vested	(108,968)	1.08
Expired/Forfeited	(5,000)	1.62
Outstanding at December 31, 2023	333,333	$ 3.69

Current Year stock award grants were as follows:

On January 1, 2023, the Company issued 8,334 shares of common stock to a consultant, which vested immediately.

On April 17, 2023, the Company issued 8,334 shares of common stock to a consultant, which vested immediately.

On May 15, 2023, the Company issued 50,000 shares of common stock to a consultant, which vested immediately.

On July 20, 2023, the Company issued 7,300 shares of common stock to an employee, which vested immediately.

On August 23, 2023, the Company issued an aggregate of 40,000 shares of common stock to non-management directors, of which 50% shall vest on April 1, 2024, and 50% shall vest on April 1, 2025.

Prior Year stock award grants were as follows:

On April 20, 2022, the Company issued an aggregate of 50,000 shares of common stock to non-management directors, which vest evenly over two years. Half of these shares vested on April 20, 2023, and the remaining half shall vest on April 20, 2024.

On April 20, 2022, the Company issued 20,064 shares of common stock to a consultant, which vested immediately.

On May 31, 2022, the Company issued 65,275 shares of common stock to a consultant in connection with the transaction related to the Isaac Mizrahi Brand (see Note 3); these shares vested immediately.

On May 31, 2022, the Company issued 33,557 shares of common stock to Isaac Mizrahi, which vested immediately (see Note 11 for additional details).

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Additionally, on April 20, 2022, the Company issued 178,727 shares of common stock to a member of senior management as payment for a performance bonus earned in 2021. These shares vested immediately. The Company had previously recognized compensation expense of approximately $0.28 million in the 2021 to accrue for this performance bonus.

Notwithstanding the foregoing, each grantee may extend the first anniversary of all or a portion of the restricted stock by six months and, thereafter one or more times may further extend such date with respect to all or a portion of the restricted stock until the next following date exactly six months thereafter, by providing written notice of such election to extend such date with respect to all or a portion of the restricted stock prior to such date.

Total compensation expense related to stock awards for the Current Year and Prior Year (inclusive of the amounts detailed above) was approximately $0.1 million and $0.3 million, respectively. Total unrecognized compensation expense related to unvested restricted stock grants at December 31, 2023 amounts to $0.1 million and is expected to be recognized over a weighted average period of 1.06 years.

The following table provides information with respect to restricted stock purchased and retired by the Company during the Current Year and Prior Year:

Date	Total Number of Shares Purchased	Actual Price Paid per Share	Number of Shares Purchased as Part of Publicly Announced Plan	Fair value of Re-Purchased Shares
None	—	—	—	—
Total 2023	—	$ —	—	$ —
April 20, 2022 (i)	53,882	1.57	—	84,000
May 31, 2022 (i)	240,000	1.49	—	358,000
Total 2022	293,882	$ 1.50	—	$ 442,000

(i) The shares were exchanged from employees and directors in connection with the income tax withholding obligations on behalf of such employees and directors from the vesting of restricted stock or the receipt of stock awards. The 2011 Plan and 2021 Plan allow for award holders to surrender vested shares to cover withholding tax liabilities.

Restricted Stock Units

There were no restricted stock units outstanding as of December 31, 2023 and 2022, and no restricted stock units have been issued since the inception of the 2021 Plan.

Shares Available Under the Company's Equity Incentive Plans

At December 31, 2023, there were 3,103,941 shares of common stock available for award grants under the 2021 Plan.

Shares Reserved for Issuance

At December 31, 2023, there were 8,368,546 shares of common stock reserved for issuance, including 4,771,255 shares reserved pursuant to unexercised warrants and stock options previously granted under the 2011 Plan, 493,350 shares reserved pursuant to unexercised stock options granted under the 2021 Plan, and 3,103,941 shares available for issuance under the 2021 Plan.

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Warrants

Warrants granted by the Company expire at various times – either five, seven, or ten years from the date of grant, depending on the particular grant.

A summary of the Company's warrant activity for the Current Year is as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding and exercisable at January 1, 2023	116,065	$ 3.15	1.57	$ —
Granted	1,000,000	1.50		
Exercised	—	—		
Expired/Forfeited	—	—		
Outstanding at December 31, 2023	1,116,065	$ 1.67	8.46	$ —
Exercisable at December 31, 2023	116,065	$ 3.15	0.57	$ —

See Note 5 for information regarding the warrant to purchase 1,000,000 shares of common stock granted during the Current Year in connection with the Halston Master License; the Company recognized contra-revenue of approximately $0.03 million in the Current Year with respect to this warrant. There was no compensation expense related to other warrants recognized in the Current Year or Prior Year.

Dividends

The Company has not paid any dividends to date.

8. Earnings (Loss) Per Share

The following table is a reconciliation of the numerator and denominator of the basic and diluted net loss per share computations for the years ended December 31, 2023 and 2022:

	Year Ended December 31,	
	2023	2022
Numerator:		
Net loss attributable to Xcel Brands, Inc. stockholders (in thousands)	$ (21,052)	$ (4,018)
Denominator:		
Basic weighted average number of shares outstanding	19,711,637	19,624,669
Add: Effect of warrants	—	—
Add: Effect of stock options	—	—
Diluted weighted average number of shares outstanding	19,711,637	19,624,669
Basic net loss per share	$ (1.07)	$ (0.20)
Diluted net per share	$ (1.07)	$ (0.20)

As a result of the net loss presented for the Current Year and Prior Year, the Company calculated diluted loss per share using basic weighted-average shares outstanding for both years, as utilizing diluted shares would be anti-dilutive to loss per share.

The computation of basic and diluted loss per share excludes the common stock equivalents of the following potentially dilutive securities because their inclusion would be anti-dilutive:

	Year Ended December 31,	
	2023	2022
Stock options	5,148,540	5,614,310
Warrants	1,116,065	116,065
Total	6,264,605	5,730,375

9. Commitments and Contingencies

Leases

The Company is party to operating leases for real estate, and for certain equipment with a term of 12 months or less. The Company is currently not a party to any finance leases.

The Company's real estate leases have remaining lease terms between approximately 5 to 7 years. As of December 31, 2023, the weighted average remaining lease term was 3.83 years and the weighted average discount rate was 6.25%.

As of December 31, 2023, the Company leased approximately 29,600 square feet of office space at 1333 Broadway, 10th floor, New York, New York for its corporate offices and operations facility. This lease commenced on March 1, 2016 and expires on October 30, 2027. This lease requires the Company to pay additional rents related to increases in certain taxes and other costs on the property.

The Company previously leased approximately 1,300 square feet of retail space for its former retail store location in Westchester, New York, which was closed in the Prior Year. In the Current Year, the Company successfully negotiated a settlement with the lessor resulting in the termination of this lease, and recognized a gain related to the settlement of $0.4 million within other operating costs and expenses (income) in the consolidated statement of operations. The Company had recorded an impairment charge of $0.7 million to fully impair the right-of-use asset for this lease in the Prior Year.

The Company also previously leased certain office space in New York, New York, which was subleased to a third-party subtenant through February 27, 2022, and the Company's lease of this office space expired by its terms on February 28, 2022.

For the years ended December 31, 2023 and 2022, total lease expense included in selling, general and administrative expenses on the Company's consolidated statements of operations was approximately $1.6 million for both periods. The Company’s total lease costs for the years ended December 31, 2023 and 2022 were comprised of the following:

($ in thousands)	2023	2022
Operating lease cost	$ 1,337	$ 1,474
Short-term lease cost	62	55
Variable lease cost	233	217
Sublease income	—	(104)
Total lease cost	$ 1,632	$ 1,642

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Cash paid for amounts included in the measurement of operating lease liabilities was $1.6 million and $1.7 million in the Current Year and Prior Year, respectively. Cash received from subleasing in the Prior Year was $0.1 million.

As of December 31, 2023, the maturities of lease liabilities were as follows:

Year	Amount (in thousands)
2024	$ 1,552
2025	1,552
2026	1,552
2027	1,294
Total lease payments	5,950
Less: Discount	671
Present value of lease liabilities	5,279
Current portion of lease liabilities	1,258
Non-current portion of lease liabilities	$ 4,021

Employment Agreements

The Company has employment contracts with certain executives and key employees. The future minimum payments under these contracts are as follows:

($ in thousands) Year Ended December 31,	Employment Contract Payments
2024	$ 4,292
2025	2,150
2026	2,150
2027	2,150
2028	2,150
Thereafter	4,837
Total future minimum employment contract payments	$ 17,729

In addition to the employment contract payments stated above, the Company's employment contracts with certain executives and key employees contain performance-based bonus provisions. These provisions include bonuses based on the Company achieving revenues in excess of established targets and/or on operating results.

Certain of the employment agreements contain severance and/or change in control provisions. Aggregate potential severance compensation amounted to approximately $2.9 million as of December 31, 2023.

Contingent Obligation – Halston Heritage Earn-Out

In connection with the February 11, 2019 purchase of the Halston Heritage trademarks, the Company agreed to pay the seller additional consideration (the "Halston Heritage Earn-Out") of up to an aggregate of $6.0 million, based on royalties earned from 2019 through December 31, 2022. The final royalty target year for the Halston Heritage Earn-Out ended on December 31, 2022, and the seller ultimately did not earn any additional consideration based on the formula set forth in the related asset purchase agreement. As such, during the Prior Year, the Company recorded a $0.9 million gain on the reduction of contingent obligations in the accompanying consolidated statement of operations. As of December 31, 2022, there were no amounts remaining under the Halston Heritage Earn-Out.

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Contingent Obligation – Lori Goldstein Earn-Out

In connection with the April 1, 2021 purchase of the Lori Goldstein trademarks, the Company agreed to pay the seller additional cash consideration (the "Lori Goldstein Earn-Out") of up to $12.5 million, based on royalties earned during the six calendar year period commencing in 2021. The Lori Goldstein Earn-Out was initially recorded as a liability of $6.6 million, based on the difference between the fair value of the acquired assets of the Lori Goldstein brand and the total consideration paid, in accordance with the guidance in ASC Subtopic 805-50.

As of December 31, 2022, based on the performance of the Lori Goldstein brand to date, approximately $0.2 million of additional consideration was earned by the seller, and thus $0.2 million of the balance was recorded as a current liability and $6.4 million was recorded as a long-term liability. The $0.2 million of additional consideration was paid to the seller during the Current Year.

Based on the performance of the Lori Goldstein through December 31, 2023, approximately $1.0 million of incremental additional consideration was earned by the seller, which will be paid out in 2024. Accordingly, as of December 31, 2023, $1.0 million of the remaining balance was recorded as a current liability and $5.4 million was recorded as a long-term liability.

Contingent Obligation – Isaac Mizrahi Transaction

In connection with the May 31, 2022 transaction related to the sale of a majority interest in the Isaac Mizrahi Brand (see Note 3), the Company agreed with WHP that, in the event that IM Topco receives less than $13.3 million in aggregate royalties for any four consecutive calendar quarters over a three-year period ending on May 31, 2025, WHP would be entitled to receive from Xcel up to $16 million, less all amounts of net cash flow distributed to WHP on an accumulated basis, as an adjustment to the purchase price previously paid by WHP. Such amount would be payable by the Company in either cash or equity interests in IM Topco held by the Company. In November 2023, this agreement was amended such that the purchase price adjustment provision was waived until the measurement period ending March 31, 2024.

No amount has been recorded in the accompanying consolidated balance sheets related to this contingent obligation.

The purchase price adjustment provision was subsequently further amended in April 2024 (see Note 12 for details).

Legal Proceedings

From time to time, the Company becomes involved in legal claims and litigation in the ordinary course of business. In the opinion of management, based on consultations with legal counsel, the disposition of litigation pending against the Company as of December 31, 2023 is unlikely to have, individually or in the aggregate, a materially adverse effect on the Company's business, financial position, results of operations, or cash flows. The Company routinely assesses all its litigation and threatened litigation as to the probability of ultimately incurring a liability and records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable.

See Note 12 for information related to certain legal matters which arose subsequent to December 31, 2023.

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10. Income Taxes

The income tax provision (benefit) for income taxes in the consolidated statements of operations consists of the following:

($ in thousands)	Years Ended December 31, 2023	2022
Current:		
Federal	$ 22	$ 300
State and local	83	234
Total current	105	534
Deferred:		
Federal	727	(509)
State and local	380	(456)
Total deferred	1,107	(965)
Total provision (benefit)	$ 1,212	$ (431)

The reconciliation of the federal statutory income tax rate to the Company's effective tax rate reflected in the income tax provision (benefit) shown in the consolidated statements of operations is as follows:

	Years Ended December 31, 2023	2022
U.S. statutory federal rate	21.00 %	21.00 %
State and local rate, net of federal tax benefit	6.36	6.10
Stock compensation	(0.14)	(6.14)
Excess compensation deduction	(0.27)	(5.32)
Federal true-ups	0.18	(5.09)
Life insurance	(0.12)	(0.52)
Change in valuation allowance	(33.16)	—
Income tax (provision) benefit	(6.15)%	10.03 %

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The significant components of net deferred tax assets (liabilities) of the Company consist of the following:

($ in thousands)	December 31, 2023	2022
Deferred tax assets		
Stock-based compensation	$ 712	$ 712
Federal, state and local net operating loss carryforwards	8,127	3,175
Accrued compensation and other accrued expenses	451	748
Allowance for doubtful accounts	231	—
Basis difference arising from discounted note payable	11	11
Charitable contribution carryover	1	—
Property and equipment	169	497
Interest expense	31	—
Total deferred tax assets	9,733	5,143
Valuation allowance	(6,537)	—
Total deferred tax assets, net of valuation allowance	3,196	5,143
Deferred tax liabilities		
Basis difference arising from intangible assets of acquisition	(3,196)	(4,036)
Total deferred tax liabilities	(3,196)	(4,036)
Net deferred tax assets	$ —	$ 1,107

As of December 31, 2023 and 2022, the Company had approximately $28.6 million and $10.9 million, respectively, of federal net operating loss carryforwards ("NOLs") available to offset future taxable income. The NOL as of December 31, 2017 of $0.3 million has an expiration period through 2037. The NOL generated during tax years beginning after December 31, 2017 of $28.3 million has an indefinite life and does not expire.

As of December 31, 2023 and 2022, management does not believe the Company has any material uncertain tax positions that would require it to measure and reflect the potential lack of sustainability of a position on audit in its consolidated financial statements. The Company will continue to evaluate its uncertain tax positions in future periods to determine if measurement and recognition in its consolidated financial statements is necessary. The Company does not believe there will be any material changes in its unrecognized tax positions over the next year.

During the Current Year, the Company recognized a valuation allowance in order to reduce deferred tax assets to the amount expected to be realized. The change in the valuation allowance from December 31, 2022 to December 31, 2023 was approximately $6.5 million.

11. Related Party Transactions

IM Topco, LLC

As described in Note 3, the Company holds a noncontrolling interest in IM Topco, which is accounted for under the equity method of accounting.

Services Agreement

On May 31, 2022, the Company entered into a services agreement with IM Topco, pursuant to which the Company provides certain design and support services (including assistance with the operations of the interactive television business and related talent support) to IM Topco in exchange for payments of $300,000 per year.

In November 2023, the services agreement was amended such that the Company agreed to provide IM Topco with a $600,000 reduction of future service fees over the next eighteen months, beginning on July 1, 2023.

For the year ended December 31, 2023, the Company recognized service fee income related to this agreement of $150,000.

License Agreement

On May 31, 2022, the Company entered into a license agreement with IM Topco, pursuant to which IM Topco granted the Company a license to use certain Isaac Mizrahi trademarks on and in connection with the design, manufacture, distribution, sale, and promotion of women's sportswear products in the United States and Canada during the term of the agreement, in exchange for the payment of royalties in connection therewith. The initial term of this agreement was set to end on December 31, 2026, and provided guaranteed minimum royalties to IM Topco of $400,000 per year.

Effective December 16, 2022, the license agreement between IM Topco and Xcel was terminated in favor of a new similar license agreement between IM Topco and an unrelated third party. However, as part of the termination of the May 31, 2022 license agreement, Xcel provided a guarantee to IM Topco for the payment of any difference between (i) the royalties received by IM Topco from the unrelated third party under the new agreement and (ii) the amount of guaranteed royalties that IM Topco would have received from Xcel under the May 31, 2022 agreement. For the year ended December 31, 2023, the estimated amount of such shortfall was approximately $325,000, which the Company recognized as royalty expense in the consolidated statements of operations.

In November 2023, the Company, WHP, and IM Topco entered into an amendment of the May 27, 2022 membership purchase agreement, under which the parties agreed to waive the purchase price adjustment provision until the measurement period ending March 31, 2024 (see Note 3 for details). In exchange, Xcel agreed to make additional royalty payments to IM Topco totaling $450,000 the next 11 months. As a result of this amendment, the Company recognized a $450,000 increase to the carrying value basis of its equity method investment in IM Topco and a corresponding increase in current liabilities.

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

Isaac Mizrahi

Isaac Mizrahi is a principal stockholder and former employee of the Company.

Employment Agreement

On February 24, 2020, the Company entered into an employment agreement with Mr. Mizrahi for him to continue to serve as Chief Design Officer of the Isaac Mizrahi Brand. This employment agreement remained in effect through May 31, 2022. On May 31, 2022, this agreement was transferred to IM Topco as part of the transaction in which the Company sold a majority interest in the Isaac Mizrahi Brand trademarks to a third party (see Note 3 for details).

The employment agreement provided Mr. Mizrahi with a base salary of $1.8 million, $2.0 million, and $2.1 million per annum for 2020, 2021, and 2022, respectively. Mr. Mizrahi was also eligible to receive an annual cash bonus (the "Bonus") up to an amount equal to $2.5 million less base salary for 2020 and $3.0 million less base salary for 2021 and 2022. The Bonus consisted of the DRT Revenue, Bonus, the Brick-and-Mortar Bonus, the Endorsement Bonus and the Monday Bonus, if any, as determined in accordance with the below:

- "DRT Bonus" means for any calendar year an amount equal to 10% of the aggregate net revenue related to sales of Isaac Mizrahi Brand products through direct response television. The DRT Revenue Bonus shall be reduced by the amount of the Monday Bonus.

- "Brick-and-Mortar Bonus" means for any calendar year an amount equal to 10% of the net revenues from sales of products under the Isaac Mizrahi Brand, excluding DRT revenue and endorsement revenues.

- "Endorsement Bonus" means for any calendar year an amount equal to 40% of revenues derived from projects undertaken by the Company with one or more third parties solely for Mr. Mizrahi to endorse the third party's products through the use of Mr. Mizrahi's name, likeness, and/or image, and neither the Company nor Mr. Mizrahi provides licensing or design.

- "Monday Bonus" means $10,000 for each appearance by Mr. Mizrahi on Qurate's QVC channel on Mondays (subject to certain expectations) up to a maximum of 40 such appearances in a calendar year.

In addition, on May 31, 2022, all 522,500 unvested shares of restricted stock of the Company held by Mr. Mizrahi (for which all stock-based compensation expense had been previously recognized in prior periods) were immediately vested, with 240,000 of such shares being surrendered for cancellation in satisfaction of withholding tax obligations. Also on May 31, 2022, the Company issued 33,557 additional shares of common stock of the Company (valued at $50,000) to Mr. Mizrahi, which vested immediately, and made a $100,000 cash payment to Mr. Mizrahi

Laugh Club Services Agreement

On February 24, 2020 the Company entered into a services agreement with Laugh Club, an entity wholly-owned by Mr. Mizrahi, pursuant to which Laugh Club provided services to Mr. Mizrahi necessary for Mr. Mizrahi to perform his services pursuant to the employment agreement. The Company paid Laugh Club an annual fee of $0.72 million for such services. This services agreement remained in effect through May 31, 2022. On May 31, 2022, this agreement was transferred to IM Topco as part of the transaction in which the Company sold a majority interest in the Isaac Mizrahi Brand trademarks to a third party (see Note 3 for details).

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ORME

On December 4, 2023, the Company acquired a 30% equity ownership interest in ORME, a short-form video and social commerce marketplace that is planned to launch in 2024, for a purchase price of $150,000. ORME licenses the technology utilized by its marketplace from KonnectBio Inc., in which Robert W. D'Loren, the Company's Chairman of the Board, Chief Executive Officer, and President, owns an approximate 20% noncontrolling interest.

12. Subsequent Events

Leasing Transactions

Effective February 29, 2024, the Company entered into an operating lease for new corporate offices located at 550 Seventh Avenue, 11th floor, New York, New York. This lease commenced in April 2024 and shall expire seven years from the commencement date in 2031. The average annual lease cost over the term of this lease is approximately $0.5 million per year.

On January 26, 2024, the Company, as lessor, entered into a lease agreement for the sublease of its former corporate offices and operations facility located at 1333 Broadway, 10th floor, New York, New York to a third-party subtenant through October 30, 2027. The average annual fixed rent over the term of this sublease is approximately $0.8 million per year. As a result of entering into this sublease, the Company recognized an impairment charge of approximately $2.1 million related to the right-of-use asset. The loss recognition will coincide with the departure date. February 29, 2024 has been determined to be the date of a fundamental change to the use of the 1333 Broadway premises.

Public Offering and Private Placement

On March 15, 2024, the Company entered into an underwriting agreement with Craig-Hallum Capital Group LLC (the "Representative"), as the representative of the underwriters, relating to a firm commitment underwritten public offering (the "Offering") of 3,284,421 shares of the Company's common stock at a price to the public of $0.65 per share. In connection with the Offering, Robert W. D'Loren, Chairman and Chief Executive Officer of the Company; an affiliate of Mark DiSanto, a director of the Company; and Seth Burroughs, Executive Vice President of Business Development and Treasury of the Company, purchased 146,250, 146,250, and 32,500 shares of common stock, respectively.

The closing of the Offering occurred on March 19, 2024. The net proceeds to the Company from the sale of the shares, after deducting the underwriting discounts and commissions and other estimated offering expenses payable by the Company, were approximately $1,735,000.

Upon closing of the Offering, the Company issued the Representative certain warrants to purchase up to 178,953 shares of common stock (the "Representative's Warrants") as compensation. The Representative's Warrants will be exercisable at a per share exercise price of $0.8125. The Representative's Warrants are exercisable, in whole or in part, during the four and one-half-year period commencing 180 days from the commencement of sales of the shares of common stock in the Offering.

On March 14, 2024, the Company entered into subscription agreements with each of Robert W. D'Loren, Chairman and Chief Executive Officer of the Company; an affiliate of Mark DiSanto, a director of the Company; and Seth Burroughs, Executive Vice President of Business Development and Treasury of the Company to purchase 132,589, 132,589, and 29,464 shares, respectively (collectively, the "Private Placement Shares"), at a price of $0.98 per Private Placement Share. The total number of Private Placement Shares purchased was 294,642. Net proceeds after payment of agent fees to the Representative were approximately $265,000. The purchase of the Private Placement Shares closed concurrently with the Offering.

XCEL BRANDS, INC. AND SUBSIDIARIES
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The aggregate number of shares of common stock issued from the Offering and the Private Placement was 3,579,063 shares and the total net proceeds received was approximately $2,000,000.

IM Topco

On April 12, 2024, the Company, WHP, and IM Topco entered into amendments of the May 27, 2022 membership purchase agreement and the Business Venture Agreement. Under these amendments, the parties agreed to the following:

- The purchase price adjustment provision within the membership purchase agreement was waived until the measurement period ending September 30, 2025.

- If IM Topco royalties are less than $13.5 million for the twelve-month period ending March 31, 2025 or less than $18.0 million for the year ending December 31, 2025, Xcel shall transfer equity interests in IM Topco to WHP equal to 12.5% of the total outstanding equity interests of IM Topco, such that Xcel's ownership interest in IM Topco would decrease from 30% to 17.5%, and WHP's ownership interest in IM Topco would increase from 70% to 82.5%. In addition, Xcel shall be obligated to make such transfer to WHP if Xcel fails to make certain payments owed to IM Topco under the second amendment (which totaled $375,000 as of December 31, 2023).

- On and after January 1, 2026, WHP shall receive 50% of the Net Cash Flow which would otherwise be payable to Xcel, until WHP has received an aggregate amount of additional Net Cash Flow equal to $1.0 million.

Legal Matters

On February 16, 2024, counsel to Lori Goldstein, a brand spokesperson for the Company, advised the Company that the Company was in material breach of the March 31, 2021 asset purchase agreement for failure to pay $963,642 earned in 2023 in accordance with the provisions of the Lori Goldstein Earn-Out (as described in Note 9) under the terms of the agreement. The Company does not dispute the amount of the Lori Goldstein Earn-Out that was achieved in 2023, and advised Ms. Goldstein that due to Ms. Goldstein's failure to make all of the QVC appearances as required by her employment agreement, the Company was not willing to pay the amount due in a lump sum, but instead would make the payment in four quarterly installments. Failure to amicably resolve this dispute could adversely affect the Company's cash flows and the availability of Ms. Goldstein's services.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements with our auditors which would require disclosure under Item 304(b) of Regulation S-K.

Item 9A. Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Such controls and procedures, by their nature, can provide only reasonable assurance regarding management's control objectives.

Our Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a 15(f) and 15d 15(f) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of December 31, 2023. Based on that evaluation, our management concluded that our disclosure controls and procedures were not effective as of December 31, 2023, due to the material weakness described below.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the chief executive officer and principal financial officer and effected by our board of directors, management, and other personnel, 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.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the design and effectiveness of our internal control over financial reporting based on the criteria set forth in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our evaluation under the framework described above, our management has concluded that our internal control over financial reporting was not effective as of December 31, 2023 due to the material weakness set forth below. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The basis for the conclusion that such internal control was ineffective included the following considerations:

- The Company was unable to file its Annual Report on Form 10-K within the time specified in SEC rules and forms, due to a failure to obtain audited financial statements of the Company's investment in an equity method investee. Additional procedures were required for the Company's audit, which impacted on the resources required to timely file the Company's Form 10-K.

- During the middle of February 2024, our equity method investee engaged an independent audit accounting firm (separate from Marcum, LLP) to conduct its audit. We agreed to pay for all fees of the audit, and on February 23, 2024, paid a retainer to the audit firm, in accordance with the engagement. The audit firm was the same firm which conducted the audit for the year ended December 31, 2022 for the same equity method investee and delivered timely such audited financial statements for such prior audit. However, the audit firm for the equity method investee has not completed the 2023 audit on a timely basis. It was determined their progress was significantly deficient, and there would not be sufficient time to engage a new audit firm to receive timely, audited financial statements of the equity method investee. The determination was made to terminate this firm's 2023 engagement and have a new firm engaged to provide the 2023 audited financial statements.

Going forward, the Company will arrange for the appointment of a different auditor by the equity method investee and take a more active role in communicating with the auditor of the equity method investee, including assessing progress and timing.

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. We were not required to have, nor have we, engaged the Company's independent registered public accounting firm to perform an audit of internal control over financial reporting pursuant to the rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during our most recent completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The following table sets forth the names, ages, and positions of our executive officers and directors as of the date hereof. Executive officers are appointed by our board of directors. Each executive officer holds office until resignation, is removed by the Board, or a successor is elected and qualified. Each director holds office until a successor is elected and qualified or earlier resignation or removal.

NAME	AGE	POSITION
Robert W. D'Loren	66	Chairman of the Board of Directors and Chief Executive Officer and President
James F. Haran	63	Chief Financial Officer and Assistant Secretary, and Principal Financial and Accounting Officer
Seth Burroughs	44	Executive Vice President of Business Development and Treasury and Secretary
Mark DiSanto	62	Director
James Fielding	59	Director
Howard Liebman	81	Director
Deborah Weinswig	53	Director

Below are the biographies of each of our officers and directors as of December 31, 2023.

Robert W. D'Loren has been the Chairman of our Board and our Chief Executive Officer and President since September 2011. Mr. D'Loren has been an entrepreneur, innovator, and pioneer of the consumer branded products industry for over 35 years. Mr. D'Loren has spearheaded the Company's omni-channel platform, connecting the channels of digital, brick-and-mortar, social media, and direct-response television to create a single customer view and brand experience for Xcel's brands. He served as Chairman and CEO of IPX Capital, LLC and its subsidiaries, a consumer products investment company, from 2009 to 2011. He continues to serve as IPX Capital LLC's Chairman.

Prior to founding the Company, from June 2006 to July 2008, Mr. D'Loren was a director, President and CEO of NexCen Brands, Inc., a global brand acquisition and management company with holdings that included The Athlete's Foot,

Waverly Home, Bill Blass, MaggieMoo's, Marble Slab Creamery, Pretzel Time, Pretzelmaker, Great American Cookies, and The Shoe Box.

From 2002 to 2006, Mr. D'Loren's work among consumer brands continued as President and CEO of UCC Capital Corporation, an intellectual property investment company where he invested in the consumer branded products, media, and entertainment sectors. From 1997 to 2002, Mr. D'Loren founded and acted as President and Chief Operating Officer of CAK Universal Credit Corporation, an intellectual property finance company. Mr. D'Loren's total career debt and equity investments in over 30 entertainment and consumer branded products companies have exceeded $1.0 billion. In 1985, he founded and served as President and CEO of the D'Loren Organization, an investment and restructuring firm responsible for over $2 billion of transactions. Mr. D'Loren has also served as an asset manager for Fosterlane Management, as well as a manager with Deloitte.

Mr. D'Loren has served on the Board of Directors for Iconix Brand Group, Longaberger Company, Business Loan Center, and as a board advisor to The Athletes Foot and Bill Blass, Ltd. He also serves on the board of directors for the Achilles Track Club International. Mr. D'Loren is a Certified Public Accountant and holds an M.S. degree from Columbia University and a B.S. degree from New York University.

James F. Haran has been our Chief Financial Officer since September 2011. Mr. Haran served as CFO of IPX Capital, LLC and its related subsidiaries, from June 2008 to September 2011. Mr. Haran was the Executive Vice President, Capital Markets for NexCen Brands, Inc. from 2006 to May 2008 and Chief Financial Officer and Chief Credit Officer for UCC Capital Corporation, and its predecessor company, CAK Universal Credit Corp., from 1998 to 2006. Prior to joining UCC, Mr. Haran was a partner at Sidney Yoskowitz and Company P.C., a registered diversified certified public accounting firm. During his tenure, which began in 1987, his focus was on real estate and financial services companies. Mr. Haran is a Certified Public Accountant and holds a B.S. degree from State University of New York at Plattsburgh.

Seth Burroughs has been our Executive Vice President of Business Development and Treasury since September 2011. From June 2006 to October 2010, Mr. Burroughs served as Vice President of NexCen Brands, Inc. Prior to his role at NexCen, from 2003 to 2006, Mr. Burroughs served as Director of M&A Advisory and Investor Relations at UCC Capital Corporation, an intellectual property investment company, where he worked on $500 million in acquisitions and $300 million in specialty financing as an advisor to consumer branded products companies in the franchising and apparel industries. From 2001 to 2003, Mr. Burroughs worked as a Senior Financial Analyst at The Pullman Group where he was involved with structuring the first securitizations of music royalties, including the Bowie Bonds, and as a Financial Analyst at Merrill Lynch's private client group. Mr. Burroughs received a B.S. degree in economics from The Wharton School of Business at the University of Pennsylvania.

Mark DiSanto has served as a member of our Board since October 2011. Since 1988, Mr. DiSanto has served as the Chief Executive Officer of Triple Crown Corporation, a regional real estate development and investment company with commercial and residential development projects exceeding 1.5 million square feet. Mr. DiSanto received a degree in business administration from Villanova University's College of Commerce and Finance, a J.D. degree from the University of Toledo College of Law, and an M.S. degree in real estate development from Columbia University.

James Fielding was appointed as a member of our Board in July 2018. He is a 25-year veteran in the consumer retail space, and previously served as the Global Head of Consumer Products for Dreamworks Animation and Awesomeness TV. Prior to that, Mr. Fielding served as the CEO of Claire's Stores Inc., where he oversaw strategic growth and international development for the retail chain's 3,000-plus stores worldwide. From May 2008 to 2012 Mr. Fielding served as the President of Disney Stores Worldwide.

Howard Liebman has served as a member of our Board since October 2011. He was President, Chief Operating Officer and a director of Hobart West Group, a provider of national court reporting and litigation support services, from 2007 until the sale of the business in 2008. Mr. Liebman served as a consultant to Hobart from 2006 to 2007. Mr. Liebman was President, Chief Financial Officer, and a director of Shorewood Packaging Corporation, a multinational manufacturer of high-end value-added paper and paperboard packaging for the entertainment, tobacco, cosmetics and other consumer products markets. Mr. Liebman joined Shorewood in 1994 as Executive Vice President and Chief Financial Officer, and served as its President from 1999 until Shorewood was acquired by International Paper in 2000. Mr. Liebman continued

as Executive Vice President of Shorewood until his retirement in 2005. Mr. Liebman is a Certified Public Accountant and was an audit partner with Deloitte and Touche, LLP (and its predecessors) from 1974 to 1994.

Deborah Weinswig was appointed as a member of our Board in January 2018. She is a Managing Director of Funding Global Retail & Technology ("FGRT"), the think tank for the Hong Kong-based Fung Group, since April 2014 where she is responsible for building the team's research capabilities and providing insights into the disruptive technologies that are reshaping today's global retail landscape. Prior to leading FGRT, Weinswig served as Chief Customer Officer for Profitect Inc., a predictive analytics and big data software provider. From March 2002 to October 2013, Ms. Weinswig was employed by Citigroup, Inc., most recently where she was Managing Director and Head of the Global Staples & Consumer Discretionary team at Citi Research. Ms. Weinswig also serves as an e-commerce expert for the International Council of Shopping Centers' Research Task Force and was a founding member of the Oracle Retail Industry Strategy Council. Lastly, she is a member of the Board of Directors of Kiabi (affiliated with the Auchan Group). Ms. Weinswig is a Certified Public Accountant and holds an MBA from the University of Chicago.

Directors' Qualifications

In furtherance of our corporate governance principles, each of our directors brings unique qualities and qualifications to our Board. We believe that all of our directors have a reputation for honesty, integrity, and adherence to high ethical standards. They each have demonstrated business acumen, leadership, and an ability to exercise sound judgment, as well as a commitment to serve the Company and our Board. The following descriptions demonstrate the qualifications of each director:

Robert W. D'Loren has extensive experience in and knowledge of the licensing and commercial business industries and financial markets. This knowledge and experience, including his experience as director, president, and chief executive officer of a global brand management company, provide us with valuable insight to formulate and create our acquisition strategy and how to manage and license acquired brands.

Mark DiSanto has considerable experience in building and running businesses and brings his strong business acumen to the Board.

James Fielding brings extensive senior level experience in the consumer retail space, as well as strong relationships in the media and retail industries.

Howard Liebman brings comprehensive knowledge of accounting, the capital markets, mergers and acquisitions, financial reporting, and financial strategies from his extensive public accounting experience and prior service as Chief Financial Officer of a public company.

Deborah Weinswig brings thought leadership in the retail and licensing industries, particularly in the areas of sourcing and logistics.

Key Employees

Lori Goldstein is Chief Creative Officer and Spokeswoman for the Lori Goldstein Brands. As Chief Creative Officer, she is responsible for providing design input and guidance to Xcel Brands for all brands under her name. Ms. Goldstein's work has covered a vast range, from her collaborations with photographers Annie Leibovitz at Vanity Fair to Steven Meisel at Vogue Italia, to her styling for designers Donatella Versace and Vera Wang. Ms. Goldstein stepped in front of the camera in 2009 when she launched LOGO by Lori Goldstein, her exclusive collection for QVC. She is the author of "Style Is Instinct," which was published in 2013. In 2014, Ms. Goldstein's brand was awarded "Apparel Product Concept of the Year" and she was named QVC Ambassador.

Employment Agreements with Executives

Robert W. D'Loren

On February 28, 2019, and effective as of January 1, 2019, the Company entered into a three-year employment agreement with Robert W. D'Loren for him to continue to serve as Chief Executive Officer of the Company, referred to as the D'Loren Employment Agreement. Following the initial three-year term, the agreement automatically renewed for successive one-year terms in 2022, 2023, and 2024, and will be automatically renewed for one-year terms thereafter unless either party gives written notice of intent to terminate at least 90 days prior to the termination of the then current term. Pursuant to the D'Loren Employment Agreement, Mr. D'Loren's annual base salary is $0.89 million. The Company's board of directors or the compensation committee may approve increases (but not decreases) from time to time. Following the initial three-year term, Mr. D'Loren's base salary will be reviewed at least annually. Mr. D'Loren receives an allowance for an automobile appropriate for his level of position and the Company pays (in addition to monthly lease or other payments) all of the related expenses for gasoline, insurance, maintenance, repairs, or any other costs with Mr. D'Loren's automobile.

Bonus

Mr. D'Loren will be eligible to receive an annual cash bonus in an amount equal to (i) 2.5% of all income generated from the sales of the Company's products and by the trademarks and other intellectual property owned, operated or managed by us ("IP Income"), in excess of $8.0 million earned and received by us in such fiscal year: provided that any IP income generated through net sales shall be multiplied by (x) 7% in the case of net sales from wholesale sales, and private label sales and (y) 3% in the case of net sales from e-commerce sales through the Company's web sites and (ii) 5% of the Company's adjusted EBITDA (as defined in the D'Loren Employment Agreement) for such fiscal year. Mr. D'Loren shall have the right to elect to receive the cash bonus through the issuance of shares of the Company's common stock.

Pursuant to the D'Loren Agreement, Mr. D'Loren was granted an option to purchase up to 2,578,947 shares of the Company's common stock at an exercise price of $1.72 per share. The option is exercisable until February 28, 2029 and shall vest, subject to Mr. D'Loren remaining employed by the Company and based upon the Company's common stock achieving the following target prices:

Target Prices	Number of Option Shares Vesting
$3.00	736,842
$5.00	626,316
$7.00	515,789
$9.00	405,263
$11.00	294,737

Severance

If Mr. D'Loren's employment is terminated by the Company without cause, or if Mr. D'Loren resigns with good reason, or if the Company fails to renew the term, then Mr. D'Loren will be entitled to receive his unpaid base salary and cash bonuses through the termination date and a lump sum payment equal to the base salary in effect on the termination date for the longer of two years from the termination date or the remainder of the then-current term. Additionally, Mr. D'Loren would be entitled to two hundred times the average annual cash bonuses paid in the preceding 12 months. Mr. D'Loren would also be entitled to continue to participate in the Company's group medical plan or receive reimbursement for premiums paid for other medical insurance in an amount not to exceed the cost to participate in the Company's plan, subject to certain conditions, for a period of 36 months from the termination date.

Change of Control

In the event Mr. D'Loren's employment is terminated within 12 months following a change of control by the Company without cause or by Mr. D'Loren with good reason, he would be entitled to a lump sum payment equal to two times (i) his base salary in effect on the termination date for the longer of two years from the termination date or the remainder of the then-current term and (ii) two times the average annual cash bonuses paid in the preceding 12 months, minus $100.

"Change of control," as defined in Mr. D'Loren's employment agreement, means a merger or consolidation to which we are a party, a sale, lease or other transfer, exclusive license or other disposition of all or substantially all of our assets, a sale or transfer by our stockholders of voting control, in a single transaction or a series of transactions or, if during any twelve consecutive month period, the individuals who at the beginning of such period, constitute the board of directors of the Company (the "Incumbent Directors") cease (other than due to death) to constitute a majority of the members of the board at the end of such period; provided that directors elected by or on the recommendation of a majority of the directors who so qualify as Incumbent Directors shall be deemed to be Incumbent Directors. Upon a change of control, notwithstanding the vesting and exercisability schedule in any stock option or other grant agreement between Mr. D'Loren and the Company, all unvested stock options, shares of restricted stock and other equity awards granted by the Company to Mr. D'Loren pursuant to any such agreement shall immediately vest, and all such stock options shall become exercisable and remain exercisable for the lesser of 180 days after the date the change of control occurs or the remaining term of the applicable option.

Non-Competition and Non-Solicitation

During the term of his employment by the Company and for a one-year period after the termination of such employment (unless Mr. D'Loren's employment was terminated without cause or was terminated by him for good reason, in which case only for his term of employment and a six-month period after the termination of such employment), Mr. D'Loren may not permit his name to be used by or participate in any business or enterprise (other than the mere passive ownership of not more than 5% of the outstanding stock of any class of a publicly held corporation whose stock is traded on a national securities exchange or in the over-the-counter market) that engages or proposes to engage in our business in the United States, its territories and possessions and any foreign country in which we do business as of the date of termination of his employment. Also, during his employment and for a one-year period after the termination of such employment, Mr. D'Loren may not, directly or indirectly, solicit, induce or attempt to induce any customer, supplier, licensee, or other business relation of the Company or any of its subsidiaries to cease doing business with the Company or any of its subsidiaries; or solicit, induce or attempt to induce any person who is, or was during the then-most recent 12-month period, a corporate officer, general manager, or other employee of the Company or any of its subsidiaries, to terminate such employee's employment with the Company or any of its subsidiaries; or hire any such person unless such person's employment was terminated by the Company or any of its subsidiaries; or in any way interfere with the relationship between any such customer, supplier, licensee, employee, or business relation and the Company or any of its subsidiaries.

James Haran

On February 28, 2019, and effective as of January 1, 2019, the Company entered into a two-year employment agreement with James Haran for him to continue to serve as the Company's Chief Financial Officer, referred to as the Haran Employment Agreement. Following the initial two-year term, the agreement automatically renewed for successive one-year terms in 2021, 2022, 2023, and 2024, and will be automatically renewed for one-year terms thereafter unless either party gives written notice of intent to terminate at least 30 days prior to the expiration of the then current term. Pursuant to the Haran Employment Agreement, Mr. Haran's annual base salary is $0.37 million per annum. The board of directors or the compensation committee may approve increases (but not decreases) from time to time. Following the initial two-year term, the base salary shall be reviewed at least annually. In addition, Mr. Haran receives a car allowance of $1,500 per month.

Bonus

Mr. Haran will be eligible to receive a performance cash bonus in an amount equal to (i) 0.23% of all IP Income in excess of $12.0 million earned and received by us in such fiscal year; provided that any IP income generated through net sales shall be multiplied by (x) 7% in the case of net sales from wholesale sales, and private label sales and (y) 3% in the case of net sales from e-commerce sales through the Company's web sites plus (ii) 0.375% of the Company's adjusted EBITDA (as defined in the Haran Employment Agreement) for such fiscal year. Notwithstanding the foregoing, for (i) 2019, $0.04 million of Mr. Haran's bonus was guaranteed, of which $0.01 million was paid to Mr. Haran upon execution of the Haran Employment Agreement and $0.03 million was paid prior to June 30, 2019, and (ii) for 2020, $0.03 million of Mr. Haran's bonus was guaranteed and paid prior to June 30, 2020, in each case.

Pursuant to the Haran Employment Agreement, Mr. Haran was granted an option to purchase up to 552,632 shares of the Company's common stock at an exercise price of $1.72 per share. The option is exercisable until February 28, 2029 and shall vest, subject to Mr. Haran remaining employed with the Company and based upon the Company's common stock achieving target prices as follows:

Target Prices	Number of Option Shares Vesting
$3.00	157,895
$5.00	134,211
$7.00	110,526
$9.00	86,842
$11.00	63,158

Severance

If Mr. Haran's employment is terminated by the Company without cause, or if Mr. Haran resigns with good reason, or if the Company fails to renew the term, then Mr. Haran will be entitled to receive his unpaid base salary and cash bonuses through the termination date and a lump sum payment equal to his base salary in effect on the termination date for 12 months. Mr. Haran would also be entitled to continue to participate in our group medical plan, subject to certain conditions, for a period of 12 months from the termination date.

Change of Control

In the event Mr. Haran's employment is terminated within 12 months following a change of control by the Company without cause or by Mr. Haran with good reason, Mr. Haran would be entitled to a lump sum payment equal to his base salary in effect on the termination date for 12 months following such termination. "Change of control," as defined in Mr. Haran's employment agreement, means a merger or consolidation to which we are a party, a sale, lease or other transfer, exclusive license or other disposition of all or substantially all of our assets, or a sale or transfer by our stockholders of voting control, in a single transaction or a series of transactions. Upon a change of control, notwithstanding the vesting and exercisability schedule in any stock option or other grant agreement between Mr. Haran and us, all unvested stock options, shares of restricted stock and other equity awards granted by us to Mr. Haran pursuant to any such agreement shall immediately vest, and all such stock options shall become exercisable and remain exercisable for the lesser of 180 days after the date the change of control occurs or the remaining term of the applicable option.

Non-Competition and Non-Solicitation

During the term of his employment by the Company and for a one-year period after the termination of such employment, Mr. Haran may not permit his name to be used by or participate in any business or enterprise (other than the mere passive ownership of not more than 5% of the outstanding stock of any class of a publicly held corporation whose stock is traded on a national securities exchange or in the over-the-counter market) that engages or proposes to engage in our business in the United States, its territories and possessions and any foreign country in which we do business as of the date of termination of such employment. Also, during his employment and for a one-year period after the termination of his employment, Mr. Haran may not, directly or indirectly, solicit, induce or attempt to induce any customer, supplier, licensee, or other business relation of the Company or any of its subsidiaries to cease doing business with the Company or any of its subsidiaries; or solicit, induce or attempt to induce any person who is, or was during the then-most recent 12-month period, a corporate officer, general manager or other employee of the Company or any of its subsidiaries, to terminate such employee's employment with the Company or any of its subsidiaries; or hire any such person unless such person's employment was terminated by the Company or any of its subsidiaries; or in any way interfere with the relationship between any such customer, supplier, licensee, employee or business relation and the Company or any of its subsidiaries.

Seth Burroughs

On February 28, 2019, and effective as of January 1, 2019, the Company entered into a two-year employment agreement with Seth Burroughs for him to continue to serve as the Company's Executive Vice President – Business Development and Treasury, referred to as the Burroughs Employment Agreement. Following the initial two-year term, the agreement automatically renewed for successive one-year terms in 2021, 2022, 2023, and 2024, and will be automatically renewed for one-year terms thereafter unless either party gives written notice of intent to terminate at least 30 days prior to the expiration of the then current term. Pursuant to the Burroughs Employment Agreement, Mr. Burroughs' annual base salary is $0.34 million per annum. The board of directors or the compensation committee may approve increases (but not decreases) from time to time. Following the initial two-year term, the base salary shall be reviewed at least annually.

Bonus

Mr. Burroughs will be eligible to receive a performance cash bonus in an amount equal to (i) 0.23% of all IP Income in excess of $12.0 million earned and received by us in such fiscal year; provided that any IP income generated through net sales shall be multiplied by (x) 7% in the case of net sales from wholesale sales, and private label sales and (y) 3% in the case of net sales from e-commerce sales through the Company's web sites plus (ii) 0.375% of the Company's adjusted EBITDA (as defined in the Haran Employment Agreement) for such fiscal year.

Pursuant to the Burroughs Employment Agreement, Mr. Burroughs was granted an option to purchase up to 368,421 shares of the Company's common stock at an exercise price of $1.72 per share. The option is exercisable until February 28, 2029 and shall vest, subject to Mr. Burroughs remaining employed with the Company and based upon the Company's common stock achieving target prices as follows:

Target Prices	Number of Option Shares Vesting
$3.00	105,263
$5.00	89,474
$7.00	73,684
$9.00	57,895
$11.00	42,105

Severance

If Mr. Burrough's employment is terminated by the Company without cause, or if Mr. Burroughs resigns with good reason, or if the Company fails to renew the term, then Mr. Burroughs will be entitled to receive his unpaid base salary and cash bonuses through the termination date and a lump sum payment equal to his base salary in effect on the termination date for 12 months. Mr. Burroughs would also be entitled to continue to participate in our group medical plan, subject to certain conditions, for a period of 12 months from the termination date.

Change of Control

In the event Mr. Burroughs' employment is terminated within 12 months following a change of control by the Company without cause or by Mr. Burroughs with good reason, Mr. Burroughs would be entitled to a lump sum payment equal to his base salary in effect on the termination date for 12 months following such termination. "Change of control," as defined in Mr. Burroughs' employment agreement, means a merger or consolidation to which we are a party, a sale, lease or other transfer, exclusive license or other disposition of all or substantially all of our assets, or a sale or transfer by our stockholders of voting control, in a single transaction or a series of transactions. Upon a change of control, notwithstanding the vesting and exercisability schedule in any stock option or other grant agreement between Mr. Burroughs and us, all unvested stock options, shares of restricted stock and other equity awards granted by us to Mr. Burroughs pursuant to any such agreement shall immediately vest, and all such stock options shall become exercisable and remain exercisable for the lesser of 180 days after the date the change of control occurs or the remaining term of the applicable option.

Non-Competition and Non-Solicitation

During the term of his employment by the Company and for a one-year period after the termination of such employment, Mr. Burroughs may not permit his name to be used by or participate in any business or enterprise (other than the mere passive ownership of not more than 5% of the outstanding stock of any class of a publicly held corporation whose stock is traded on a national securities exchange or in the over-the-counter market) that engages or proposes to engage in our business in the United States, its territories and possessions and any foreign country in which we do business as of the date of termination of such employment. Also, during his employment and for a one-year period after the termination of his employment, Mr. Burroughs may not, directly or indirectly, solicit, induce or attempt to induce any customer, supplier, licensee, or other business relation of the Company or any of its subsidiaries to cease doing business with the Company or any of its subsidiaries; or solicit, induce or attempt to induce any person who is, or was during the then-most recent 12-month period, a corporate officer, general manager or other employee of the Company or any of its subsidiaries, to terminate such employee's employment with the Company or any of its subsidiaries; or hire any such person unless such person's employment was terminated by the Company or any of its subsidiaries; or in any way interfere with the relationship between any such customer, supplier, licensee, employee or business relation and the Company or any of its subsidiaries.

Family Relationships

There are no family relationships among our directors or officers.

Independence of the Board of Directors

The board has determined that Messrs. Howard Liebman, Mark DiSanto, James Fielding, and Ms. Deborah Weinswig meet the director independence requirements under the applicable listing rule of the NASDAQ Stock Market LLC ("NASDAQ"). Each current member of the Audit Committee, Compensation Committee, and Nominating Committee is independent and meets the applicable rules and regulations regarding independence for such committee, including those set forth in the applicable NASDAQ rules, and each member is free of any relationship that would interfere with his individual exercise of independent judgment.

Section 16(a) Beneficial Ownership Reporting Compliance

To our knowledge, based solely on a review of Forms 3 and 4 and any amendments thereto furnished to our Company pursuant to Rule 16a-3(e) under the Securities Exchange Act of 1934, or representations that no Forms 5 were required, all Section 16(a) filing requirements applicable to our officers, directors, and beneficial owners of more than 10% of our equity securities were timely filed, except that Deborah Weinswig filed a late Form 4 for one transaction.

Code of Ethics

On September 29, 2011, we adopted a code of ethics that applies to our officers, employees, and directors, including our Chief Executive Officer, Chief Financial Officer, and senior executives. Our Code of Ethics can be accessed on our website, www.xcelbrands.com.

Insider Trading Policy

We have adopted an insider trading policy (the "Trading Policy") that is designed to promote compliance with federal securities laws, rules, and regulations, as well as the rules and regulations of the NASDAQ Stock Market. The Trading Policy provides Xcel's standards on trading and causing the trading of our securities or securities of other publicly traded companies while in possession of confidential information. It prohibits trading in certain circumstances and applies to all of our directors, officers, and employees, as well as independent contractors or consultants who have access to material nonpublic information of Xcel. Additionally, our Trading Policy imposes special additional trading restrictions applicable to all of our directors and executive officers. The Trading Policy is annexed to this Annual Report as an exhibit and the full text of the Trading Policy is available on our website at www.xcelbrands.com.

Audit Committee and Audit Committee Financial Expert

Our board of directors has appointed an Audit Committee which consists of Mr. Liebman, Mr. DiSanto, and Ms. Weinswig. Each of such persons has been determined to be an "independent director" under the applicable NASDAQ and SEC rules, which is the independence standard that was adopted by our board of directors. The board of directors has determined that Mr. Liebman meets the requirements to serve as the Audit Committee Financial Expert by our board of directors. The Audit Committee operates under a written charter adopted by our board of directors. The Audit Committee assists the board of directors by providing oversight of our accounting and financial reporting processes, appoints the independent registered public accounting firm, reviews with the registered independent registered public accounting firm the scope and results of the audit engagement, approves professional services provided by the independent registered public accounting firm, reviews the independence of the independent registered public accounting firm, considers the range of audit and non-audit fees and reviews the adequacy of internal accounting controls.

Compensation Committee

Our board of directors has appointed a Compensation Committee consisting of Messrs. DiSanto and Fielding. Each of such persons has been determined to be an "independent director" under the applicable NASDAQ rules. Our board of directors has adopted a written Compensation Committee Charter that sets forth the committee's responsibilities. The committee is responsible for determining all forms of compensation for our executive officers, and establishing and maintaining executive compensation practices designed to enhance long-term stockholder value.

Nominating Committee

Our board of directors has appointed a Nominating Committee consisting of Messrs. DiSanto and Liebman. Each of such persons has been determined to be an "independent director" under the applicable NASDAQ rules. Our board of directors has adopted a written Nominating Committee Charter that sets forth the committee's responsibilities.

Item 11. Executive Compensation

The following table sets forth information regarding all cash and non-cash compensation earned, during the years ended December 31, 2023 and 2022, by our principal executive officer and our two other most highly compensated executive officers, which we refer to collectively as the named executive officers, for services in all capacities to the Company:

Summary Compensation Table

Name	Title	Year	Salary (1)	Bonus (2)	Stock Awards (3)	All Other Compensation	Total
Robert W. D'Loren	CEO and Chairman	2023	$ 888,500	$ 187,731	$ —	$ 1,890	$ 1,078,121
		2022	$ 888,500	$ 863,534	$ 280,601	$ 10,698	$ 2,043,333
James F. Haran	CFO	2023	$ 366,000	$ 7,896	$ —	$ 961	$ 374,857
		2022	$ 366,000	$ 139,672	$ —	$ 3,332	$ 509,004
Seth Burroughs	EVP - Business Development and Treasury	2023	$ 340,600	$ 7,896	$ —	$ 35	$ 348,531
		2022	$ 340,600	$ 154,672	$ —	$ —	$ 495,272

(1) Robert W. D'Loren's salary amount for 2022 includes a voluntary temporary deferral of salary of $178,265, which was paid to Mr. D'Loren in 2023.

(2) Bonuses in 2023 include amounts paid in accordance with the executives' respective employment agreements (see "Employment Agreements with Executives" in Item 10). Bonuses in 2022 include (i) amounts paid in accordance with the executives' respective employment agreements and (ii) amounts awarded by the board of directors as transaction bonuses related to the May 2022 sale of a majority interest in the Isaac Mizrahi brand.

(3) The amount shown represents the grant date fair value of fully-vested common stock awards issued as payment for a performance bonus earned in 2021.

Outstanding Equity Awards as of December 31, 2023

		Options and Warrant Awards				Stock Awards	
Name	Title	Number of Securities Underlying Unexercised Options & Warrants, Exercisable	Number of Securities Underlying Unexercised Options & Warrants, Unexercisable	Exercise Price	Option or Warrant Expiration Date	Number of Shares of Stock that Have Not Vested	Market Value of Shares of Stock that Have Not Vested
Robert W. D'Loren	CEO, Chairman	—	2,578,947 (1)	$ 1.72	2/28/2029	—	$ —
James F. Haran	CFO	—	552,632 (1)	$ 1.72	2/28/2029	—	$ —
Seth Burroughs	EVP - Bus. Development & Treasury	—	368,421 (1)	$ 1.72	2/28/2029	—	$ —

(1) These options shall become exercisable based upon the Company's common stock achieving specified target prices as outlined in the executive's employment agreement, and expire on February 28, 2029. See "Employment Agreements with Executives" in Item 10.

Clawback Policy

The Board has adopted a clawback policy which allows us to recover performance-based compensation, whether cash or equity, from a current or former executive officer in the event of an Accounting Restatement. The clawback policy defines an Accounting Restatement as an accounting restatement of our financial statements due to our material noncompliance with any financial reporting requirement under the securities laws. Under such policy, we may recoup incentive-based compensation previously received by an executive officer that exceeds the amount of incentive-based compensation that otherwise would have been received had it been determined based on the restated amounts in the Accounting Restatement.

The Board has the sole discretion to determine the form and timing of the recovery, which may include repayment, forfeiture, and/or an adjustment to future performance-based compensation payouts or awards. The remedies under the clawback policy are in addition to, and not in lieu of, any legal and equitable claims available to the Company. The clawback policy is annexed to this Annual Report as an exhibit.

Director Compensation

We pay our non-employee directors $3,000 for each board of directors and committee meeting attended, up to a maximum of $12,000 per year for board of directors' meetings and up to a maximum of $12,000 per year for committee meetings, except that the chairman of each committee receives $4,000 for each such committee meeting attended, up to a maximum of $16,000 per year. The following table sets forth information with respect to each non-employee director's compensation for the year ended December 31, 2023. The dollar amounts shown for Stock Awards represent the grant date fair value of the restricted stock awards or stock options granted during the fiscal year calculated in accordance with ASC Topic 718.

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards	Total
Mark DiSanto (1) (2)	$ 24,000	$ 15,100	$ 21,544	$ 60,644
Howard Liebman (1) (2)	$ 28,000	$ 15,100	$ 21,544	$ 64,644
Deborah Weinswig (1) (2)	$ 21,000	$ 15,100	$ 21,544	$ 57,644
James Fielding (1) (2)	$ 12,000	$ 15,100	$ 21,544	$ 48,644

(1) On August 23, 2023, each non-employee directory was granted 10,000 shares of restricted stock pursuant to the terms and conditions of the 2021 Equity Incentive Plan. Such shares of restricted stock will vest evenly over approximately

19 months, whereby 50% shall vest on April 1, 2024 and 50% shall vest on April 1, 2025. Notwithstanding the foregoing, each grantee may extent the vesting date of all or a portion of the restricted shares by six months and, thereafter one or more times may further extend such date with respect to all or a portion of the restricted shares until the next following October 1 or April 1, as the case may be. The grant date fair value of the shares was $1.51 per share.

(2) On August 23, 2023, each non-employee director was granted options to purchase 25,000 shares of stock pursuant to the terms and conditions of the 2021 Equity Incentive Plan. Such options will vest evenly over approximately 19 months, whereby 50% shall vest on April 1, 2024 and 50% shall vest on April 1, 2025. The exercise price of the options is $1.51 per share.

2021 Equity Incentive Plan

Our 2021 Equity Incentive Plan, which we refer to as the 2021 Plan, is designed and utilized to enable the Company to offer its employees, officers, directors, consultants, and others whose past, present, and/or potential contributions to the Company have been, are, or will be important to the success of the Company, an opportunity to acquire a proprietary interest in the Company.

The 2021 Plan provides for the grant of stock options, restricted stock, restricted stock units, performance awards, or cash awards. The stock options may be incentive stock options or non-qualified stock options. A total of 4,000,000 shares of common stock are eligible for issuance under the 2021 Plan. The 2021 Plan may be administered by the board of directors or a committee consisting of two or more members of the board of directors appointed by the board of directors.

Officers and other employees of Xcel or any parent or subsidiary of Xcel who are at the time of the grant of an award employed by us or any parent or subsidiary of Xcel are eligible to be granted options or other awards under the 2021 Plan. In addition, non-qualified stock options and other awards may be granted under the 2021 Plan to any person, including, but not limited to, directors, independent agents, consultants, and attorneys who the board of directors or the committee, as the case may be, believes has contributed or will contribute to our success.

Cash awards may be issued under the 2021 Plan either alone or in addition to or in tandem with other awards granted under the 2021 Plan or other payments made to a participant not under the 2021 Plan. The board or committee, as the case may be, shall determine the eligible persons to whom, and the time or times at which, cash awards will be made, the amount that is subject to the cash award, the circumstances and conditions under which such amount shall be paid, in whole or in part, the time of payment, and all other terms and conditions of the awards.

With respect to incentive stock options granted to an eligible employee owning stock possessing more than 10% of the total combined voting power of all classes of our stock or the stock of a parent or subsidiary of our Company immediately before the grant, such incentive stock option shall not be exercisable more than 5 years from the date of grant. The exercise price of an incentive stock option will not be less than the fair market value of the shares underlying the option on the date the option is granted, provided, however, that the exercise price of an incentive stock option granted to a 10% stockholder may not be less than 110% of such fair market value. The exercise price of a non-qualified stock option may not be less than fair market value of the shares of common stock underlying the option on the date the option is granted.

Restricted stock awards give the recipient the right to receive a specified number of shares of common stock, subject to such terms, conditions and restrictions as the board or the committee, as the case may be, deems appropriate. Restrictions may include limitations on the right to transfer the stock until the expiration of a specified period of time and forfeiture of the stock upon the occurrence of certain events such as the termination of employment prior to expiration of a specified period of time. Restricted stock unit (“RSU”) awards will be settled in cash or shares of common stock, in an amount based on the fair market value of our common stock on the settlement date. The RSUs will be subject to forfeiture and restrictions on transferability as set forth in the 2021 Plan and the applicable award agreement and as may be otherwise determined by the board or the committee. There were no RSUs outstanding as of December 31, 2022.

Certain awards made under the 2021 Plan may be granted so that they qualify as "performance-based compensation" (as this term is used in Internal Revenue Code Section 162(m) and the regulations thereunder) and are exempt from the deduction limitation imposed by Code Section 162(m). Under Internal Revenue Code Section 162(m), our tax deduction may be limited to the extent total compensation paid to the chief executive officer, or any of the four most highly compensated executive officers (other than the chief executive officer) exceeds $1 million in any one tax year. Among other criteria, awards only qualify as performance-based awards if at the time of grant the compensation committee is comprised solely of two or more "outside directors" (as this term is used in Internal Revenue Code Section 162(m) and the regulations thereunder). In addition, we must obtain stockholder approval of material terms of performance goals for such performance-based compensation.

All stock options and certain stock awards, performance awards, and stock units granted under the 2021 Plan, and the compensation attributable to such awards, are intended to (i) qualify as performance-based awards or (ii) be otherwise exempt from the deduction limitation imposed by Internal Revenue Code Section 162(m). No awards may be granted on or after the fifth anniversary of the effective date of the 2021 Plan.

The 2021 Equity Incentive Plan became effective April 19, 2022. Prior to the effectiveness of the 2021 Plan, the Company made awards under our Amended and Restated 2011 Equity Incentive Plan (the "2011 Plan"), the key terms and provisions of which were substantially similar to the 2021 Plan described above, with the major difference being the number of shares of common stock eligible for issuance. Stock-based awards (including options, warrants, and restricted stock) previously granted under our 2011 Plan remain outstanding, and shares of common stock may be issued to satisfy options or warrants previously granted under the 2011 Plan, although no new awards may be granted under the 2011 Plan.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table lists, as of April 3, 2024, the number of shares of common stock beneficially owned by (i) each person or entity known to the Company to be the beneficial owner of more than 5% of the outstanding common stock; (ii) each named executive officer and director of the Company, and (iii) all officers and directors as a group. Information relating to beneficial ownership of common stock by our principal stockholders and management is based upon information furnished by each person using "beneficial ownership" concepts under the rules of the Securities and Exchange Commission. Under these rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or direct the voting of the security, or investment power, which includes the power to dispose of or direct the disposition of the security. The person is also deemed to be a beneficial owner of any security of which that person has a right to acquire beneficial ownership within 60 days. Under the Securities and Exchange Commission rules, more than one person may be deemed to be a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which he or she may not have any pecuniary beneficial interest. Except as noted below, each person has sole voting and investment power. Unless otherwise indicated, the address for such person is c/o Xcel Brands, Inc., 550 Seventh Avenue, 11th Floor, New York, New York 10018.

The percentages below are calculated based on 23,492,117 shares of common stock issued and outstanding as of April 3, 2023:

Name and Address	Number of Shares of Common Stock Beneficially Owned	Percent Beneficially Owned
Named executive officers and directors:		
Robert W. D'Loren (1)	7,793,399	33.17 %
James F. Haran (2)	204,018	*
Seth Burroughs (3)	372,513	1.59
Howard Liebman (4)	196,165	*
Mark DiSanto (5)	1,841,915	7.81
Deborah Weinswig (6)	148,000	*
James Fielding (7)	140,000	*
All directors and executive officers as a group (7 persons) (8)	10,696,010	44.84
5% Shareholders:		
Isaac Mizrahi (9)	2,366,882	10.03

* Less than 1%.

(1) Consists of (i) 2,017,829 shares held by Mr. D'Loren, (ii) 607,317 shares owned by Irrevocable Trust of Rose Dempsey (or the Irrevocable Trust) of which Mr. D'Loren and Mr. DiSanto are the trustees and as to which Mr. D'Loren has sole voting and dispositive power, (iii) 1,988,390 shares of common stock held in the name of Isaac Mizrahi, (iv) 1,056,667 shares of common stock held in the name of Hilco Trading, LLC, and (v) 2,123,196 shares of common stock as to which holders thereof granted to Mr. D'Loren irrevocable proxy and attorney-in-fact with respect to the shares. Certain holders or grantees have entered into certain agreements, pursuant to which appoint a person designated by our board of directors as their irrevocable proxy and attorney-in-fact with respect to the shares set forth in clauses (iii), (iv), and (v). Mr. D'Loren does not have any pecuniary interest in these shares described in clauses (iii), (iv), and (v) and disclaims beneficial ownership thereof. Does not include 326,671 shares held by the D'Loren Family Trust (or the Family Trust) of which Mark DiSanto is a trustee and has sole voting and dispositive power. Does not include 2,578,947 options that are not yet exercisable.

(2) Consists of (i) 204,018 shares of common stock. Does not include 552,632 options that are not yet exercisable.

(3) Consists of (i) 372,513 shares of common stock. Does not include 368,421 options that are not yet exercisable.

(4) Consists of (i) 36,165 shares of common stock, (ii) 70,000 restricted shares, and (iii) immediately exercisable options to purchase 90,000 shares.

(5) Consists of (i) 26,500 shares of common stock, (ii) 326,671 shares held by the D'Loren Family Trust, of which Mark DiSanto is trustee and has sole voting and dispositive power over the shares held by the D'Loren Family Trust, (iii) 1,296,352 shares held by Mark X. DiSanto Investment Trust, of which Mark DiSanto is trustee and has sole voting and dispositive power over the shares held by the Trust, (iv) 20,000 restricted shares, (v) 90,000 shares issuable upon exercise of warrants and options that have vested, and (vi) 82,392 shares held by other trusts, of which Mark DiSanto is trustee and has sole voting and dispositive power over the shares held by the trusts.

(6) Consists of (i) 58,000 restricted shares and (ii) immediately exercisable options to purchase 90,000 shares.

(7) Consists of (i) 30,000 shares of common stock, (ii) 20,000 restricted shares, and (iii) immediately exercisable options to purchase 90,000 shares.

(8) Includes (i) 4,392,440 shares of common stock, (ii) 168,000 restricted shares, (iii) 360,000 shares issuable upon exercise of options that are currently exercisable, and (iv) 5,775,570 other shares of common stock as to which holders thereof granted to Mr. D'Loren irrevocable proxy and attorney-in-fact with respect to the shares.

(9) Consists of (i) 2,266,882 shares of common stock and (ii) immediately exercisable options to purchase 100,000 shares.

Item 13. Certain Relationships and Related Transactions, and Director Independence

IM Topco, LLC

The Company holds a noncontrolling interest in IM Topco, LLC ("IM Topco"), which is accounted for under the equity method of accounting.

Services Agreement

On May 31, 2022, the Company entered into a services agreement with IM Topco, pursuant to which the Company provides certain design and support services (including assistance with the operations of the interactive television business and related talent support) to IM Topco in exchange for payments of $300,000 per year.

In November 2023, the services agreement was amended such that the Company agreed to provide IM Topco with a $600,000 reduction of future service fees over the next eighteen months, beginning on July 1, 2023.

For the year ended December 31, 2023, the Company recognized service fee income related to this agreement of $150,000.

License Agreement

On May 31, 2022, the Company entered into a license agreement with IM Topco, pursuant to which IM Topco granted the Company a license to use certain Isaac Mizrahi trademarks on and in connection with the design, manufacture, distribution, sale, and promotion of women's sportswear products in the United States and Canada during the term of the agreement, in exchange for the payment of royalties in connection therewith. The initial term of this agreement was set to end on December 31, 2026, and provided guaranteed minimum royalties to IM Topco of $400,000 per year.

Effective December 16, 2022, the license agreement between IM Topco and Xcel was terminated in favor of a new similar license agreement between IM Topco and an unrelated third party. However, as part of the termination of the May 31, 2022 license agreement, Xcel provided a guarantee to IM Topco for the payment of any difference between (i) the royalties received by IM Topco from the unrelated third party under the new agreement and (ii) the amount of guaranteed royalties that IM Topco would have received from Xcel under the May 31, 2022 agreement. For the year ended December 31, 2023, the estimated amount of such shortfall was approximately $325,000, which the Company recognized as royalty expense in the consolidated statements of operations.

In November 2023, the Company, WHP, and IM Topco entered into an amendment of the May 27, 2022 membership purchase agreement, under which the parties agreed to waive the purchase price adjustment provision until the measurement period ending March 31, 2024 (see Note 3 for details). In exchange, Xcel agreed to make additional royalty payments to IM Topco totaling $450,000 the next 11 months. As a result of this amendment, the Company recognized a $450,000 increase to the carrying value basis of its equity method investment in IM Topco and a corresponding increase in current liabilities.

Isaac Mizrahi

Isaac Mizrahi is a principal stockholder and former employee of the Company.

Employment Agreement

On February 24, 2020, the Company entered into an employment agreement with Mr. Mizrahi for him to continue to serve as Chief Design Officer of the Isaac Mizrahi Brand. This employment agreement remained in effect through May 31, 2022. On May 31, 2022, this agreement was transferred to IM Topco as part of the transaction in which the Company sold a majority interest in the Isaac Mizrahi Brand trademarks to a third party (WHP).

The employment agreement provided Mr. Mizrahi with a base salary of $1.8 million, $2.0 million, and $2.1 million per annum for 2020, 2021, and 2022, respectively. Mr. Mizrahi was also eligible to receive an annual cash bonus (the "Bonus") up to an amount equal to $2.5 million less base salary for 2020 and $3.0 million less base salary for 2021 and 2022. The Bonus consisted of the DRT Revenue, Bonus, the Brick-and-Mortar Bonus, the Endorsement Bonus and the Monday Bonus, if any, as determined in accordance with the below:

- "DRT Bonus" means for any calendar year an amount equal to 10% of the aggregate net revenue related to sales of Isaac Mizrahi Brand products through direct response television. The DRT Revenue Bonus shall be reduced by the amount of the Monday Bonus.

- "Brick-and-Mortar Bonus" means for any calendar year an amount equal to 10% of the net revenues from sales of products under the Isaac Mizrahi Brand, excluding DRT revenue and endorsement revenues.

- "Endorsement Bonus" means for any calendar year an amount equal to 40% of revenues derived from projects undertaken by the Company with one or more third parties solely for Mr. Mizrahi to endorse the third party's products through the use of Mr. Mizrahi's name, likeness, and/or image, and neither the Company nor Mr. Mizrahi provides licensing or design.

- "Monday Bonus" means $10,000 for each appearance by Mr. Mizrahi on Qurate's QVC channel on Mondays (subject to certain expectations) up to a maximum of 40 such appearances in a calendar year.

In addition, on May 31, 2022, all 522,500 unvested shares of restricted stock of the Company held by Mr. Mizrahi (for which all stock-based compensation expense had been previously recognized in prior periods) were immediately vested, with 240,000 of such shares being surrendered for cancellation in satisfaction of withholding tax obligations. Also on May 31, 2022, the Company issued 33,557 additional shares of common stock of the Company (valued at $50,000) to Mr. Mizrahi, which vested immediately, and made a $100,000 cash payment to Mr. Mizrahi

Laugh Club Services Agreement

On February 24, 2020 the Company entered into a services agreement with Laugh Club, an entity wholly-owned by Mr. Mizrahi, pursuant to which Laugh Club provided services to Mr. Mizrahi necessary for Mr. Mizrahi to perform his services pursuant to the employment agreement. The Company paid Laugh Club an annual fee of $0.72 million for such services. This services agreement remained in effect through May 31, 2022. On May 31, 2022, this agreement was transferred to IM Topco as part of the transaction in which the Company sold a majority interest in the Isaac Mizrahi Brand trademarks to a third party (WHP).

ORME

On December 4, 2023, the Company acquired a 30% equity ownership interest in Orme Live, Inc. ("ORME"), a short-form video and social commerce marketplace that is planned to launch in 2024, for a purchase price of $150,000. ORME licenses the technology utilized by its marketplace from KonnectBio Inc., in which Robert W. D'Loren, the Company's Chairman of the Board, Chief Executive Officer, and President, owns an approximate 20% noncontrolling interest.

Equity Transactions

On March 15, 2024, the Company entered into an underwriting agreement with Craig-Hallum Capital Group LLC (the "Representative"), as the representative of the underwriters, relating to a firm commitment underwritten public offering (the "Offering") of 3,284,421 shares of the Company's common stock at a price to the public of $0.65 per share. In connection with the Offering, Robert W. D'Loren, Chairman and Chief Executive Officer of the Company; an affiliate of Mark DiSanto, a director of the Company; and Seth Burroughs, Executive Vice President of Business Development and Treasury of the Company, purchased 146,250, 146,250, and 32,500 shares of common stock, respectively.

The closing of the Offering occurred on March 19, 2024. The net proceeds to the Company from the sale of the shares, after deducting the underwriting discounts and commissions and other estimated offering expenses payable by the Company, are expected to be approximately $1,735,000.

Upon closing of the Offering, the Company issued the Representative certain warrants to purchase up to 178,953 shares of common stock (the "Representative's Warrants") as compensation. The Representative's Warrants will be exercisable at a per share exercise price of $0.8125. The Representative's Warrants are exercisable, in whole or in part, during the four and one-half-year period commencing 180 days from the commencement of sales of the shares of common stock in the Offering.

On March 14, 2024, the Company entered into subscription agreements with each of Robert W. D'Loren, Chairman and Chief Executive Officer of the Company; an affiliate of Mark DiSanto, a director of the Company; and Seth Burroughs, Executive Vice President of Business Development and Treasury of the Company to purchase 132,589, 132,589, and 29,464 shares, respectively (collectively, the "Private Placement Shares"), at a price of $0.98 per Private Placement Share. The total number of Private Placement Shares purchased was 294,642. Net proceeds after payment of agent fees to the Representative were approximately $265,000. The purchase of the Private Placement Shares closed concurrently with the Offering.

The aggregate number of shares of common stock issued from the Offering and the Private Placement was 3,579,063 shares and the total net proceeds received was approximately $2,000,000.

Item 14. Principal Accountant Fees and Services

Audit Fees

The aggregate fees billed or to be billed for professional services rendered by our Independent Registered Public Accounting Firm, Marcum LLP, for the audit of our annual consolidated financial statements, review of our consolidated financial statements included in our quarterly reports, and other fees that are normally provided by the accounting firm in connection with statutory and regulatory filings or engagements for the years ended December 31, 2023 and 2022 were approximately $453,000 and $353,000, respectively.

Audit-Related Fees

There were no fees billed by our Independent Registered Public Accounting Firm for audit-related services for the fiscal years ended December 31, 2023 and 2022.

Tax Fees

There were no fees billed for professional services rendered by our Independent Registered Public Accounting Firm for tax compliance, tax advice, and tax planning for the fiscal years ended December 31, 2023 and 2022.

All Other Fees

There were no fees billed for non-audit services by our Independent Registered Public Accounting Firm for the fiscal years ended December 31, 2023 and 2022.

Audit Committee Determination

The Audit Committee considered and determined that the services performed are compatible with maintaining the independence of the independent registered public accounting firm.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditor

The Audit Committee is responsible for pre-approving all audit and permitted non-audit services to be performed for us by our Independent Registered Public Accounting Firm as outlined in its Audit Committee charter. Prior to engagement of the Independent Registered Public Accounting Firm for each year's audit, management or the Independent Registered Public Accounting Firm submits to the Audit Committee for approval an aggregate request of services expected to be rendered during the year, which the Audit Committee pre-approves. During the year, circumstances may arise when it may become necessary to engage the Independent Registered Public Accounting Firm for additional services not contemplated in the original pre-approval. In those circumstances, the Audit Committee requires specific pre-approval before engaging the Independent Registered Public Accounting Firm. The engagements of our Independent Registered Public Accounting Firm were approved by the Company's Audit Committee.

PART IV

Item 15. Exhibit and Financial Statement Schedules

INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Xcel Brands, Inc. (7)
3.2	Third Restated and Amended Bylaws of Xcel Brands, Inc. (8)
4.1	Third Amended and Restated Equity Incentive Plan and Forms of Award Agreements (9)
4.2	2021 Equity Incentive Plan (11)
4.3	Description of Registrant's Securities (10)
4.4	Warrant issued to G-III Apparel Group (15)
4.5	Form of Representative's Warrant issued on March 19, 2024 (14)
9.1	Amended and Restated Voting Agreement between Xcel Brands, Inc. and IM Ready-Made, LLC, dated as of December 24, 2013 (2)
9.2	Voting Agreement between Xcel Brands, Inc. and Judith Ripka Berk, dated as of April 3, 2014 (4)
9.3	Voting Agreement dated as of December 22, 2014 by and between Xcel Brands, Inc. and H Company IP, LLC (5)
9.4	Form of Voting Agreement dated as of February 11, 2019 (1)
10.1	Employment Agreement between the Company and Robert D'Loren dated February 27, 2019 (10)
10.2	Employment Agreement between the Company and James Haran dated February 27, 2019 (10)
10.3	Employment Agreement between the Company and Seth Burroughs dated February 27, 2019 (12)

10.4	Amended and Restated Fifth Amendment, entered into as of March 14, 2014 and effective as of December 24, 2013, to the Asset Purchase Agreement filed as Exhibit 10.1 (3)
10.5	Sublease Agreement, dated as of July 8, 2015, by and between Xcel Brands, Inc. and GBG USA Inc. (6)
10.6	Membership Interest Purchase Agreement (13)
10.7	Second Amendment to Membership Interest Purchase Agreement (15)
10.8	Third Amendment to Membership Interest Purchase Agreement (15)
10.9	Term Loan Agreement between H Halston IP, LLC, as borrower, and Israel Discount Bank, as lender, dated October 19, 2023 (15)
10.10	Subscription Agreement, dated as of March 15, 2024, by and between Robert W. D'Loren and Xcel Brands, Inc. (14)
10.11	Subscription Agreement, dated as of March 15, 2024, by and between Seth Burroughs and Xcel Brands, Inc. (14)
10.12	Subscription Agreement, dated as of March 15, 2024, by and between Mark X. DiSanto Investment Trust and Xcel Brands, Inc. (14)
21.1	Subsidiaries of the Registrant (15)
23.1	Independent Registered Public Accounting Firm's Consent (16)
31(i).1	Rule 13a-14(a)/15d-14(a) Certification (CEO) (15)
31(i).2	Rule 13a-14(a)/15d-14(a) Certification (CFO) (15)
32(i).1	Section 1350 Certification (CEO) (15)
32(i).2	Section 1350 Certification (CFO) (15)
97.1	Clawback Policy (15)
99.1	IM Topco, LLC Financial Statements as of December 31, 2023 and 2022, and for the Year Ended December 31, 2023 and Period from May 11, 2022 (inception) through December 31, 2022 and Independent Auditor's Report (16)
101.INS	Inline XBRL Instance Document (15)
101.SCH	Inline XBRL Taxonomy Schema (15)
101.CAL	Inline XBRL Taxonomy Calculation Linkbase (15)
101.DEF	Inline XBRL Taxonomy Definition Linkbase (15)
101.LAB	Inline XBRL Taxonomy Label Linkbase (15)
101.PRE	Inline XBRL Taxonomy Presentation Linkbase (15)

104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	(15)

(1) This Exhibit is incorporated by reference to the appropriate exhibit to the Current Report on Form 8-K, which was filed with the SEC on February 15, 2019.

(2) This Exhibit is incorporated by reference to the appropriate Exhibit to the Current Report on Form 8-K, which was filed with the SEC on December 24, 2013.

(3) This Exhibit is incorporated by reference to the appropriate Exhibit to the Current Report on Form 8-K, which was filed with the SEC on March 20, 2014.

(4) This Exhibit is incorporated by reference to the appropriate Exhibit to the Current Report on Form 8-K, which was filed with the SEC on April 9, 2014.

(5) This Exhibit is incorporated by reference to the appropriate Exhibit to the Current Report on Form 8-K, which was filed with the SEC on December 24, 2014.

(6) This Exhibit is incorporated by reference to the appropriate Exhibit to the Current Report on Form 8-K, which was filed with the SEC on July 14, 2015.

(7) This Exhibit is incorporated by reference to the appropriate Exhibit to the Current Report on Form 8-K, which was filed with the SEC on October 24, 2017.

(8) This Exhibit is incorporated by reference to the appropriate Exhibit to the Current Report on Form 8-K, which was filed with the SEC on December 8, 2017.

(9) This Exhibit is incorporated by reference to the appropriate Exhibit to the Definitive Proxy Statement on Form DEF 14-A, which was filed with the SEC on August 15, 2016.

(10) This Exhibit is incorporated by reference to the appropriate Exhibit to the Annual Report on Form 10-K for the year ended December 31, 2020, which was filed with the SEC on April 23, 2021.

(11) This Exhibit is incorporated by reference to the appropriate Exhibit to the revised Definitive Proxy Statement on Form DEF 14-A, which was filed with the SEC on October 20, 2021.

(12) This Exhibit is incorporated by reference to the appropriate Exhibit to the Annual Report on Form 10-K for the year ended December 31, 2021, which was filed with the SEC on April 15, 2022.

(13) This Exhibit is incorporated by reference to the appropriate Exhibit to the Current Report on Form 8-K, which was filed with the SEC on June 3, 2022.

(14) This Exhibit is incorporated by reference to the appropriate Exhibit to the Current Report on Form 8-K, which was filed with the SEC on March 19, 2024.

(15) Filed herewith.

(16) To be filed by amendment.

SIGNATURES

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

Date: April 18, 2024

/s/ Robert W. D'Loren
Robert W. D'Loren, Chairman, President,
Chief Executive Officer and Director
(Principal Executive Officer)

Pursuant to the requirements of the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	
/s/ Robert W. D'Loren Robert W. D'Loren	Chief Executive Officer and Chairman (Principal Executive Officer)	April 18, 2024
/s/ James F. Haran James F. Haran	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	April 18, 2024
/s/ Mark DiSanto Mark DiSanto	Director	April 18, 2024
 James Fielding	Director	
/s/ Howard Liebman Howard Liebman	Director	April 18, 2024
/s/ Deborah Weinswig Deborah Weinswig	Director	April 18, 2024

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT WHICH SHALL BE ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

COMMON STOCK PURCHASE WARRANT

XCEL BRANDS, INC.

Warrant No.: XC-1
Warrant Shares: 1,000,000 Initial Exercise Date: May 15, 2023

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, [ ] (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after vesting and on or prior to the close of business on May 15 2033 (the "Termination Date") but not thereafter, to subscribe for and purchase from XCel Brands, Inc., a Delaware corporation (the "Company"), up to One Million (1,000,000) shares (the "Warrant Shares") of Common Stock. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b). This Warrant has been issued pursuant to that certain licenses agreement effective as of May 15, 2023, by and among the H Halston, LLC and H Heritage Licensing, LLC, subsidiaries of the Company, as licensor, and G-III Leather Fashions, Inc. and G-III Apparel Group, LLC (the "License Agreement").

Section 1. Definitions. The term "Business Day" shall mean a day, other than a Saturday, Sunday or federal holiday, on which banks in New York City are generally open for normal business. The term "Trading Day" shall mean a day on which the Common Stock is traded on any of the following markets or exchanges: the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the American Stock Exchange, the New York Stock Exchange or the OTC Bulletin Board.

Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after vesting as to the number of Warrant Shares as to which this Warrant shall vest and on or before the Termination Date by delivery to the Company (or such other office or agency of the

Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed facsimile copy of the Notice of Exercise Form annexed hereto; and, within one (1) Trading Day of the date said Notice of Exercise is delivered to the Company, the Company shall have received the original Warrant and, except as, provided for in section 2(c) below, payment of the aggregate Exercise Price of the Warrant Shares thereby purchased by wire transfer or cashier's check drawn on a United States bank. In the case of the purchase of less than all of the Warrant Shares represented by this Warrant, the Company shall, upon receipt of this Warrant, cause this Warrant to be cancelled and shall execute and deliver a new Warrant of like tenor for the remaining Warrant Shares.

b) Exercise Price. The exercise price per share of the Common Stock under this Warrant shall be $1.50, subject to adjustment hereunder (the "Exercise Price").

c) Vesting. This Warrant shall vest as to all or a portion of the Warrant Shares as set forth under the caption "Warrants" on the Schedule A to the License Agreement. To the extent this Warrant has not vested as to all or a portion of the Warrant Shares as prior to the Termination Date, this Warrant shall expire unexercised as to the Warrant Shares not so vested.

d) Mechanics of Exercise.

i. Delivery of Certificates Upon Exercise. Certificates for shares purchased hereunder shall be transmitted within five (5) Trading Days from the delivery to the Company of the Notice of Exercise Form, surrender of this Warrant and payment of the aggregate Exercise Price as set forth above (the "Warrant Share Delivery Date"). This Warrant shall be deemed to have been exercised on the date the Exercise Price is received by the Company. The Warrant Shares shall be deemed to have been issued, and Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised by payment to the Company of the Exercise Price and all taxes required to be paid by the Holder, if any, pursuant to Section 2(d)(iv) prior to the issuance of such shares, have been paid.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to Holder a new Warrant evidencing the rights of Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which Holder would otherwise be

entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

iv. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto.

v. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding whether, directly or indirectly, including, without limitation, by merger, consolidation, recapitalization or otherwise: (i) pays a stock dividend or otherwise makes a distribution or distributions to all holders of Common Stock payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Extraordinary Cash Dividend: If the Company, at any time while this Warrant is outstanding pays an Extraordinary Cash Dividend (defined below), then in each case, the Exercise Price shall be adjusted by reducing the Exercise Price in effect

immediately prior to the payment of such Extraordinary Cash Dividend by the per share amount of such Extraordinary Cash Dividend. Any adjustment made pursuant to this Section 3(b) shall become effective immediately after the payment date of such Extraordinary Cash Dividend. "Extraordinary Dividend" means a non-recurring cash dividend or cash distribution, in either case, paid to holders of Common Stock generally, and does not include any cash dividend or cash distribution which the Board establishes as a regularly scheduled cash dividend or chase distribution.

c) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

d) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly mail to the Holder a notice setting forth the Exercise Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be mailed to the Holder at its last address as it shall appear upon the Warrant Register of the Company, at least 10 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for

securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice.

Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. The Warrant, if properly assigned, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the Initial Exercise Date and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be either (i) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (ii) eligible for resale without volume or manner-of-sale restrictions pursuant to Rule 144, the Company may require, as a condition of allowing such transfer, that the Holder or transferee of this Warrant, as the

case may be, make representations set forth in Section 1 of the Subscription Agreement to the extent such representations and warranties relate to the undersigned and/or the purchase of Warrant Shares.

Section 5. Holder Representations and Warranties. By its acceptance of this Warrant, the Holder hereby represents to, and covenants with, the Company as follows:

a) The Holder or its representatives are sophisticated investors familiar with the type of risks inherent in the acquisition of securities such as the Warrant and the Warrant Shares and that, by reason of its or its representatives knowledge and experience in financial and business matters in general, and investments of this type in particular, it or its representatives are capable of evaluating the merits and risks of an investment in the Warrant and the Warrant Shares;

b) The Holder understands that the Company has determined that the exemption from the registration provisions of the Securities Act of 1933, as amended (the "Act"), for transactions not involving a public offering is applicable to the offer and sale of the Warrant (and, upon exercise of the Warrant, the Warrant Shares), based, in part, upon the representations, warranties and agreements made by the undersigned herein.

c) The Holder understands that: (A) neither the Warrants nor the Warrant Shares have been registered under the Act or the securities laws of any state, based upon an exemption from such registration requirements for non-public offerings pursuant to Regulation D under the Act; (B) the Warrant and the Warrant Shares are and will be "restricted securities", as said term is defined in Rule 144 of the Rules and Regulations promulgated under the Act; (C) neither the Warrant nor the Warrant Shares may be sold or otherwise transferred unless they have been first registered under the Act and all applicable state securities laws, or unless exemptions from such registration provisions are available with respect to said resale or transfer; (D) except as set forth in the APA, the Company is under no obligation to register the Warrant or the Warrant Shares under the Act or any state securities laws, or to take any action to make any exemption from any such registration provisions available; (E) the certificates for the Warrant and the Warrant Shares will bear a legend to the effect that the transfer of the securities represented thereby is subject to the provisions hereof; and (F) stop transfer instructions will be placed with the transfer agent for the Warrant Shares.

d) The Holder will not sell or otherwise transfer any of the Shares or any interest therein, unless and until: (A) said Warrant and/or Warrant Shares shall have first been registered under the Act and all applicable state securities laws; or (B) the undersigned shall have first delivered to the Company a written opinion of counsel (which counsel and opinion (in form and substance) shall be satisfactory to the Company), to the effect that the proposed sale or transfer is exempt from the registration provisions of the Act and all applicable state securities laws.

e) The Holder is an "accredited investor," as such term is defined in Regulation D of the Rules and Regulations promulgated under the Act.

f) The Holder is acquiring the Warrant and the Warrant Shares for its own account and for the purpose of investment and not with a view to, or for resale in connection with, any distribution within the meaning of the Act in violation of the Act.

g) The Holder has been given access to and an opportunity to examine such documents, materials and information concerning the Company as the Holder deems necessary or advisable in order to reach an informed decision as to an investment in the Warrants and Warrant Shares.

Section 6. Miscellaneous.

a) Registration Rights. The Holder shall be entitled to the benefit of the registration rights set forth in Schedule A to the License Agreement under the caption "Warrants" with respect to the Warrant Shares.

b) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(a).

c) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

d) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

e) Authorized Shares. The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock the number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such commercially reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the trading market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in

respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

f) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Subscription Agreement.

g) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, will have restrictions upon resale imposed by state and federal securities laws.

h) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice Holder's rights, powers or remedies, notwithstanding the fact that all rights hereunder terminate on the Termination Date. If the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

i) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Subscription Agreement.

j) Limitation of Liability. No provision hereof, in the absence of any affirmative action by Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of Holder, shall give rise to any liability of Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of all Holders from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and Holders holding Warrants at least equal to a majority of the Warrant Shares issuable upon exercise of all then outstanding Warrants.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

****

(Signature Pages Follow)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of February 29, 2024.

XCEL BRANDS, INC.

By: _/s/ James Haran_____
Name: James Haran
Title: Chief Financial Officer

NOTICE OF EXERCISE[1]

TO: XCEL BRANDS, INC.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

Payment shall take the form of lawful money of the United States.

(2) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

_____

The Warrant Shares shall be delivered by physical delivery of a certificate to:

_____

_____

_____

(3) Accredited Investor. The undersigned represents that the representations set forth in Section 5 of the Warrant (as such representations and warranties relate to the undersigned and/or its purchase of Warrant Shares) are true and correct as of the date of this Notice of Exercise.

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____
Signature of Authorized Signatory of Investing Entity: _____
Name of Authorized Signatory: _____
Title of Authorized Signatory: _____
Date: _____

[1] To be adjusted appropriately to the extent that the holder elects cashless exercise.

ASSIGNMENT FORM

(To assign the foregoing warrant, execute
this form and supply required information.
Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [____] all of or [_____] shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

_____.

_____

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

_____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

Second Amendment to Membership Interest Purchase Agreement

This Second Amendment to Membership Interest Purchase Agreement (this "Second Amendment") is made and entered into as of this 19th day of November, 2023, by and among IMWHP, LLC, a Delaware limited liability company ("Buyer'), XCEL BRANDS, INC., a Delaware corporation ("Xcel"), IM BRANDS LLC, a Delaware limited liability company ("IMB" and, together with Xcel "Seller") and IM TOPCO LLC, a Delaware limited liability company (the "Company"). Buyer, Seller and the Company are sometimes referred to herein individually as a "Party" and collectively as the "Parties".

WHEREAS, the Parties are parties to that certain Membership Interest Purchase Agreement dated as of May 27, 2023, as amended by that certain First Amendment to Membership Interest Purchase Agreement dated as of March 2, 2023 (together, the "Agreement");

WHEREAS, the Parties now desire to amend the Agreement, on and subject to the terms and conditions herein;

NOW, THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Capitalized Terms. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. Amendment to Section 2.S(a).

   A. Section 2.S(a) of the Agreement is hereby deleted in its entirety and replaced with the following language:

      "2(a). Subject to the provisions of this Section 2.5, Buyer shall be entitled to receive the Adjustment Amount from Seller if during any four (4) consecutive calendar quarters within the Adjustment Period, other than the Excluded Calendar Quarters the aggregate Royalties collected in respect of the Business, whether by Seller in respect of any pre-Closing periods or by the Company in respect any post-Closing periods, are less than $13,347,000 (the 'Adjustment Event"); provided, however, that the failure to have collected aggregate Royalties equal to or greater than $13,347,000 during any such four (4) consecutive calendar quarter period shall not constitute an Adjustment Event to the extent such failure is caused by a (i) Force Majeure Event or (ii) a willful and material breach by Buyer of the provisions of Section 2.S(d) that directly reduces the collected Royalties.
      For purposes of the foregoing, the term "Excluded Calendar Quarters" means (i) the four (4) consecutive calendar quarters ending September 30, 2023; and (ii) the four (4) consecutive calendar quarters ending December 31, 2023.'

   B. Additional Revenue Payments. In consideration of the amendment to Section 2.S(a) of the Agreement set forth above:

(1) Seller shall make the following payments to Buyer constituting incremental royalties:

A. Seventy Five Thousand Dollars ($75 000) on or before December 31, 2023;

B. One Hundred Thousand Dollars ($100,000) on or before April 10, 2024;

C. Thirty Seven Thousand Five Hundred ($37,500) on or before June 30, 2024;

D. One Hundred Thousand Dollars ($100,000) on or before July 10, 2024;

E. Thirty Seven Thousand Five Hundred ($37 500) on or before September 30, 2024;and

F. One Hundred Thousand Dollars ($100,000) on or before October 10 2024; and

(2) simultaneously with entry into this Second Amendment, Seller and the Company shall enter into that certain First Amendment to Design, Interactive, Television and Talent Services Agreement, in the form set fo11h at Exhibit A hereto.

3. Entire Agreement. This Second Amendment shall form part of the Agreement. Except to the extent expressly amended herein, the terms and conditions of the Agreement shall remain in full force and effect.

{Execution Page(s) Follow(s)}

IN WITNESS WHEREOF, by their signatures below, the Parties enter into this Second Amendment as of the date first set forth above.

IMWHP, LLC

By: /s/ Yehuda Shmidman

Name: Yehuda Shmidman

Title: Chairman and CEO

XCEL BRANDS, INC.

By: /s/ Seth Burroughs

Name: Seth Burroughs

Title: Executive Vice President

IM BRANDS, LLC

By: /s/ Seth Burroughs

Name: Seth Burroughs

Title: Executive Vice President

By: /s/ Yehuda Shmidman

Name: Yehuda Shmidman

Title: Chairman and CEO

First Amendment to Design. Interactive Television and Talent Services Agreement

This First Amendment to Design Interactive Television and Talent Services Agreement (this "First Amendment") is made and entered into as of this_ day of November, 2023, by and among XCEL BRANDS, INC., a Delaware corporation(' Xcel" or "Consultant"), IM BRANDS, LLC, a Delaware limited liability company ("IM") and IM TOPCO, LLC, a Delaware limited liability company (the "Company").

WHEREAS, Xcel, IM and the Company (collectively the '"Parties") are parties to that certain Design, Interactive Television and Talent Services Agreement dated as of May 31, 2022 (the "Agreement");

WHEREAS, the Parties now desire to amend the Agreement, on and subject to the terms and conditions herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Capitalized Terms. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. Service Fees. Notwithstanding anything to the contrary in the Agreement, the Consultant shall not have been and/or be entitled to any Service Fees as it relates to the period of time from July 1, 2023 through and including December 31, 2023. Within three (3) days following entry into this First Amendment, Consultant shall refund to Company the amount of One Hundred Fifty Thousand U.S. Dollars ($150,000).

3. Entire Agreement. This First Amendment shall form part of the Agreement. Except to the extent expressly amended herein, the terms and conditions of the Agreement shall remain in *full* force and effect.

{Execution Page(s) Follow(s)}

IN WITNESS WHEREOF, by their signatures below the Parties enter into this First Amendment as of the date first set forth above.

XCEL BRANDS, INC.

By: /s/ Seth Burroughs

Name: Seth Burroughs

Title: Executive Vice President

IM BRANDS, LLC

By: /s/ Seth Burroughs

Name: Seth Burroughs

Title: Executive Vice President

IM TOPCO, LLC

By: /s/ Yehuda Shmidman

Name: Yehuda Shmidman

Title: Chairman and CEO

Exhibit 10.8

4/12/24

Third Amendment to Membership Interest Purchase Agreement

This Third Amendment to Membership Interest Purchase Agreement (this "Third Amendment") is made and entered into as of this __ day of April, 2024, by and among IMWHP, LLC, a Delaware limited liability company ("Buyer"), XCEL BRANDS, INC., a Delaware corporation ("Xcel"), IM BRANDS, LLC, a Delaware limited liability company ("IMB" and, together with Xcel, "Seller"), and IM TOPCO, LLC, a Delaware limited liability company (the "Company"). Buyer, Seller and the Company are sometimes referred to herein individually as a "Party" and collectively as the "Parties".

WHEREAS, the Parties are parties to that certain Membership Interest Purchase Agreement dated as of May 27, 2023, as amended by (i) that certain First Amendment to Membership Interest Purchase Agreement dated as of March 2, 2023, and (ii) that certain Second Amendment to Membership Interest Purchase Agreement dated as of November 19, 2023 (together, the "Agreement");

WHEREAS, the Parties now desire to amend the Agreement, on and subject to the terms and conditions herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Capitalized Terms. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. Amendment to Section 2.5.

   A. Section 2.5(a) of the Agreement is hereby deleted in its entirety and replaced with the following language:

      "(a) Subject to the provisions of this Section 2.5, Buyer shall be entitled to receive the Adjustment Amount from Seller if, during any four (4) consecutive calendar quarters within the Adjustment Period, other than the Excluded Calendar Quarters, the aggregate Royalties collected in respect of the Business, whether by Seller in respect of any pre-Closing periods or by the Company in respect any post-Closing periods, are less than $13,347,000 (the "Adjustment Event"); provided, however, that the failure to have collected aggregate Royalties equal to or greater than $13,347,000 during any such four (4) consecutive calendar quarter period shall not constitute an Adjustment Event to the extent such failure is caused by a (i) Force Majeure Event or (ii) a willful and material breach by Buyer of the provisions of Section 2.5(d) that directly reduces the collected Royalties. For purposes of the foregoing, the term "Excluded Calendar Quarters" means (i) the four (4) consecutive calendar quarters ending September 30, 2023; (ii) the four (4) consecutive calendar quarters ending December 31, 2023; and (iii) the four (4) consecutive calendar quarters ending March 31, 2024."

B. Section 2.5 of the Agreement is hereby amended by adding a new Section 2.5(g) with the following language:

"(g) In addition to any Adjustment Amount to which Buyer may be entitled pursuant to the terms of this Section 2.5, Buyer shall be entitled to receive from Seller Equity Securities of the Company equal to 10.0% of the total outstanding Equity Securities of the Company (the "Equity Transfer Amount") if any of the following occur: (i) during the twelve-month period ending March 31, 2025, the aggregate Royalties collected in respect of the Business are less than $13,500,000; (ii) during the twelve-month period ending December 31, 2025, the aggregate Royalties collected in respect of the Business are less than $18,000,000; or (iii) Seller fails to make any payment to Buyer as required pursuant to Section 2(B) of that certain Second Amendment to Membership Interest Purchase Agreement dated as of November 19, 2023 (each of (i), (ii) or (iii), separately and independently, an "Equity Transfer Event"). Buyer shall promptly notify Seller if an Equity Transfer Event has occurred, and Seller shall cause the Equity Transfer Amount to be transferred to Buyer within ten (10) Business Days after Buyer has notified Seller that an Equity Transfer Event has occurred pursuant to an agreement containing such representations, warranties and covenants made by Seller as customarily are made in transactions of a similar nature.

3. Amendment to Design, Interactive Television, and Talent Services Agreement. Simultaneously with entry into this Third Amendment, Seller and the Company shall enter into that certain Second Amendment to Design, Interactive, Television and Talent Services Agreement, in the form set forth at Exhibit A hereto.

4. Amendment to LLC Agreement. Simultaneously with entry into this Third Amendment, Buyer and Seller shall enter into that certain First Amendment to Amended and Restated Limited Liability Company Agreement of the Company, dated as of May 31, 2022, in the form set forth at Exhibit B hereto.

5. Entire Agreement. This Third Amendment shall form part of the Agreement. Except to the extent expressly amended herein, the terms and conditions of the Agreement shall remain in full force and effect. None of the terms in this Third Amendment shall limit any other remedies available to Buyer under the Agreement.

{Execution Page(s) Follow(s)}

IN WITNESS WHEREOF, by their signatures below, the Parties enter into this Third Amendment as of the date first set forth above.

IMWHP, LLC

By: /s/ Yehuda Shmidman
Name: Yehuda Shmidman
Title: Chairman and CEO

XCEL BRANDS, INC.

By: /s/ Seth Burroughs
Name: Seth Burroughs
Title: Executive Vice President

IM BRANDS, LLC

By: /s/ Seth Burroughs
Name: Seth Burroughs
Title: Executive Vice President

By: /s/ Yehuda Shmidman
Name: Yehuda Shmidman
Title: Chairman and CEO

Exhibit A

See attached.

Second Amendment to Design, Interactive Television and Talent Services Agreement

This Second Amendment to Design, Interactive Television and Talent Services Agreement (this "Second Amendment") is made and entered into as of this __ day of April, 2024, by and among XCEL BRANDS, INC., a Delaware corporation ("Xcel" or "Consultant"), IM BRANDS, LLC, a Delaware limited liability company ("IM"), and IM TOPCO, LLC, a Delaware limited liability company (the "Company").

WHEREAS, Xcel, IM and the Company (collectively, the "Parties") are parties to that certain Design, Interactive Television and Talent Services Agreement dated as of May 31, 2022, as amended by that certain First Amendment to Design, Interactive Television and Talent Services Agreement dated as of November 19, 2023 (the "Agreement");

WHEREAS, the Parties now desire to amend the Agreement, on and subject to the terms and conditions herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Capitalized Terms. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. Amendment. The first sentence of Section 2.1(a) of the Agreement is hereby deleted in its entirety and replaced with the following language:

> "In consideration of the Services, Company shall pay to Consultant one hundred fifty thousand dollars ($150,000) (the "Service Fee") for each fiscal year (each a "Fiscal Year") that is the subject of an annual budget (as contemplated by the Amended and Restated Limited Liability Company Agreement of Company, dated as of May 31, 2022 (the "Operating Agreement")) beginning with the Fiscal Year ending December 31, 2024; provided, however, that prior to payment of the Service Fee, Consultant shall directly incur, and Company shall not be obligated to pay the Service Fee to Consultant until Consultant has in fact incurred, the initial fifty-two thousand dollars ($52,000) in out-of-pocket costs and expenses included in the Annual Budget for that Fiscal Year (the "Qualifying Expense Threshold")."

3. Entire Agreement. This Second Amendment shall form part of the Agreement. Except to the extent expressly amended herein, the terms and conditions of the Agreement shall remain in full force and effect.

{Execution Page(s) Follow(s)}

IN WITNESS WHEREOF, by their signatures below, the Parties enter into this Second Amendment as of the date first set forth above.

XCEL BRANDS, INC.

By: /s/ Seth Burroughs
Name: Seth Burroughs
Title: Executive Vice President

IM BRANDS, LLC

By: /s/ Seth Burroughs
Name: Seth Burroughs
Title: Executive Vice President

IM TOPCO, LLC

By: /s/ Yehuda Shmidman
Name: Yehuda Shmidman
Title: Chairman and CEO

Exhibit B

See attached.

First Amendment
to
Amended and Restated Limited Liability Company Agreement
of
IM TopCo, LLC

This First Amendment to Amended and Restated Limited Liability Company Agreement of IM TopCo, LLC (this "First Amendment") is made and entered into as of this __ day of April, 2024, by and between XCEL BRANDS, INC., a Delaware corporation (the "Xcel Member"), and IMWHP, LLC, a Delaware limited liability company (the "WHP Member").

WHEREAS, the Xcel Member and the WHP Member (collectively, the "Parties") are parties to that certain Amended and Restated Limited Liability Company Agreement of IM TopCo, LLC, dated as of May 31, 2022 (the "Agreement");

WHEREAS, the Parties now desire to amend the Agreement, on and subject to the terms and conditions herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

4. Capitalized Terms. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

5. Distributions. Notwithstanding anything to the contrary in the Agreement, on and after January 1, 2026, the WHP Member shall receive from the Company fifty percent (50%) of all amounts to be distributed to the Xcel Member pursuant to Section 4.4(a)(ii) of the Agreement until the WHP Member has received an aggregate amount pursuant to the terms of this First Amendment equal to $1,000,000.

6. Entire Agreement. This First Amendment shall form part of the Agreement. Except to the extent expressly amended herein, the terms and conditions of the Agreement shall remain in full force and effect.

{Execution Page(s) Follow(s)}

IN WITNESS WHEREOF, by their signatures below, the Parties enter into this First Amendment as of the date first set forth above.

IMWHP, LLC

By: /s/ Yehuda Shmidman
Name: Yehuda Shmidman
Title: Chairman and CEO

XCEL BRANDS, INC.

By: /s/ Seth Burroughs
Name: Seth Burroughs
Title: Executive Vice President

TERM LOAN AGREEMENT

(SOFR)

THIS TERM LOAN AGREEMENT (including all riders, annexes, exhibits and schedules hereto, this "***Agreement***") is entered into as of October 19, 2023 (the "***Closing Date***"), by and between H HALSTON IP, LLC, a Delaware limited liability company ("***Borrower***"), and ISRAEL DISCOUNT BANK OF NEW YORK ("***Bank***").

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1
DEFINITIONS

1.1 CERTAIN DEFINITIONS. The following terms will have the following meanings:

"***Affiliate***" means, as applied to any Person, any other Person who controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" means the possession, directly or indirectly through one or more intermediaries, of the power to vote for the election of directors or managers or the power to direct the management and policies of a Person, whether through the ownership of Equity Interests, by contract, or otherwise.

"***Assignment Agreement***" means the Assignment Agreement, in form and substance reasonably satisfactory to Bank, between Holdco and Borrower, pursuant to which Holdco shall have assigned to Borrower all of its right, title and interest in the Trademarks.

"***Available Tenor***" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement or (y) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to Section 2.5.

"***Bank***" has the meaning set forth in the preamble to this Agreement.

"***Bank Expenses***" has the meaning set forth in Section 8.3.

"***Bank Product Obligations***" means, collectively, all obligations and other liabilities of Borrower to Bank arising with respect to Bank Products, including, without limitation, Hedging Obligations.

"***Bank Products***" means any of the following services provided to Borrower by Bank: (a) any treasury or other cash management services, including deposit accounts, automated clearing house (ACH) origination and other funds transfer, depository (including cash vault and check deposit), zero balance accounts and sweeps, return items processing, controlled disbursement accounts, positive pay, lockboxes and lockbox accounts, account reconciliation and information reporting, payables outsourcing, payroll processing, trade finance services, investment accounts and securities accounts, (b) card services, including credit cards (including purchasing cards and commercial cards), prepaid cards, including payroll, stored value and gift cards, merchant services processing, and debit card services, and (c) Hedging Transactions.

"***Benchmark***" means, initially, the Term SOFR Reference Rate; provided that if a Benchmark Transition Event has occurred with respect to the Term SOFR Reference Rate or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 2.5(a).

"***Benchmark Replacement***" means with respect to any Benchmark Transition Event, any alternative set forth below and in such order of priority as Bank shall determine in its sole and absolute discretion:

(a) Daily Simple SOFR; or

(b) the sum of: (i) the alternate benchmark rate that has been selected by Bank and Borrower giving due consideration to (A) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (B) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark used by banks in the New York lending market for bilateral credit facilities, which is administratively feasible for Bank to establish and provide to its customers and which is generally adopted by Bank in its business; and (ii) an adjustment (which may be a positive or negative value or zero) that has been selected by Bank and Borrower, giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by the Relevant Governmental Body, for U.S. dollar-denominated bilateral facilities at such time;

provided, that in the event the Term Loan is hedged pursuant to one or more swap agreements (the "***Hedged Exposure***"), then the Benchmark Replacement for such Hedged Exposure shall have the meaning in effect from time to time ascribed to the "Floating Rate Option" under the relevant Confirmation(s) (as each such terms are defined in the related swap agreement).

"***Benchmark Transition Event***" means, with respect to the then-current Benchmark, the occurrence of a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof), by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component thereof), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component thereof) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component thereof), announcing or stating that (a) such administrator has ceased or will cease on a specified date to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or (b) all Available Tenors

of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative of the underlying market and economic reality that such Benchmark (or such component thereof) is intended to measure and that representativeness will not be restored.

"***Beneficial Ownership Certification***" means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"***Beneficial Ownership Regulation***" means 31 C.F.R. § 1010.230.

"***Borrower***" has the meaning set forth in the preamble to this Agreement.

"***Business Day***" means any day that is not a Saturday, Sunday, or other day on which banks are authorized or required to close in New York, New York under the rules and regulations of the Federal Reserve System.

"***Change in Control***" means the occurrence of any transaction by which the holders of the Equity Interests of Borrower as of the Closing Date shall cease to own, free and clear of all Liens or other encumbrances, at least a majority of the outstanding voting equity interests of Borrower on a fully diluted basis.

"***Closing Date***" has the meaning set forth in the preamble to this Agreement.

"***Code***" means the New York Uniform Commercial Code, as in effect from time to time, provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, "Code" shall mean the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority. To the extent that defined terms set forth in this Agreement have different meanings under different Articles under the Uniform Commercial Code, the meaning assigned to such defined term under Article 9 of the Uniform Commercial Code will control.

"***Collateral***" means all real and personal property in which Bank has been granted a security interest or Lien pursuant to the Security Agreement or any other Loan Document, together with any products and proceeds of the foregoing, including, without limitation, the "Collateral" as defined in the Security Agreement.

"***Compliance Certificate***" means a certificate substantially in the form of Exhibit 5.1(c) hereto, with appropriate insertions, to be submitted to Bank by Borrower pursuant to this Agreement and by a Responsible Officer of Borrower.

"***Conforming Changes***" means, with respect to either the use or administration of Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Business Day," the definition of "U.S. Government Securities Business Day," the definition of "Interest Period" or any similar or analogous definition (or the addition of a concept of "interest period"), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 2.3(b) and other technical, administrative or operational matters) that Bank decides may be appropriate to reflect

the adoption and implementation of any such rate or to permit the use and administration thereof by Bank in a manner substantially consistent with market practice (or, if Bank decides that adoption of any portion of such market practice is not administratively feasible or if Bank determines that no market practice for the administration of any such rate exists, in such other manner of administration as Bank decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

"***Daily Simple SOFR***" means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by Bank in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for bilateral business loans; provided that if Bank decides that any such convention is not administratively feasible for Bank, then Bank may establish another convention in its reasonable discretion.

"***Debtor Relief Laws***" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect.

"***Default***" means an event, condition or default that, with the giving of notice, the passage of time, or both, would be an Event of Default.

"***Default Rate***" means a rate equal to five percent (5%) per annum.

"***Dollar(s)***" and the sign "***$***" shall mean lawful money of the United States.

"***EBITDA***" means earnings before interest, taxes, depreciation and amortization.

"***Equity Interests***" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any of the foregoing.

"***Event of Default***" has the meaning set forth in Section 7.1.

"***Excluded Taxes***" means any of the following taxes imposed on or with respect to Bank or required to be withheld or deducted from a payment to Bank: (a) taxes imposed on or measured by net income (however denominated) and taxes in lieu thereof, in each case, (i) imposed as a result of Bank being organized under the laws of, or having its principal office or, its applicable lending office located in, the jurisdiction imposing such tax (or any political subdivision thereof) or (ii) that are imposed as a result of a present or former connection between Bank and the jurisdiction imposing such tax (other than connections arising from Bank having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced the Loan Documents, or sold or assigned an interest in the Term Loan or the Loan Documents), (b) withholding taxes imposed on amounts payable to or for the account of Bank with respect to an applicable interest in the Term Loan pursuant to a law in effect on the date on which (i) Bank acquires such interest in the Term Loan or (ii) Bank changes its lending office, (c) taxes attributable to Bank's failure to comply with any documentation requirement necessary to reduce or avoid taxes, which documentation the Bank is reasonably able to provide, and (d) any taxes imposed under the United States Foreign Account Tax Compliance Act.

"***Existing Liens***" shall mean, collectively, the Liens described in Section 6 of the Information Certificate.

"***Expiration Date***" has the meaning set forth in Section 2.4(c).

"***FCPA***" has the meaning set forth in Section 3.11(b).

"***Fixed Charge Coverage Ratio***" means, with respect to any fiscal period of Borrower, the ratio of (a) the sum of (i) Net Income for such period, plus (ii) depreciation expenses for such period, plus (iii) amortization expenses for such period, plus (iv) interest expense for such period, plus (v) tax expense for such period, minus (vi) dividends and distributions made during such period, minus (vii) taxes paid in cash during such period, to (b) the sum of (i) the aggregate amount of all principal payments on the Term Loan scheduled to be made during such period, plus (ii) interest paid in cash during such period on account of the Term Loan.

"***GAAP***" means United States generally accepted accounting principles, consistently applied.

"***Guaranteed Minimum Royalties***" has the meaning set forth in the License Agreement.

"***Guarantee***" means any Guaranty Agreement in favor of Bank executed and delivered by one or more Guarantors.

"***Guaranteed Minimum Royalty Ratio***" means, with respect to any fiscal period of Borrower, the ratio of (a) the sum of Guaranteed Minimum Royalties for such period, to (b) the sum of (i) the aggregate amount of all principal payments on the Term Loan scheduled to be made during such period, plus (ii) interest paid in cash during such period on account of the Term Loan.

"***Guarantor***" means any Person that has guaranteed all or any part of the Obligations, including pursuant to the Guarantee.

"***Hedging Obligations***" of any Person shall mean any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired under (i) any and all Hedging Transactions, (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Hedging Transactions and (iii) any and all renewals, extensions and modifications of any Hedging Transactions and any and all substitutions for any Hedging Transaction.

"***Hedging Transaction***" of any Person shall mean (a) any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into by such Person that is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, spot transaction, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any

International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "***Master Agreement***"), including any such obligations or liabilities under any Master Agreement.

"***Holdco***" means H Licensing, LLC, a Delaware limited liability company.

"***Indebtedness***" means the following, whether secured or unsecured, matured or unmatured, liquidated or unliquidated, joint or several: (i) all obligations for borrowed money; (ii) all obligations in respect of surety bonds and letters of credit; (iii) all obligations evidenced by notes, bonds, debentures or other similar instruments, (iv) all capital lease obligations; (v) all obligations or liabilities of others secured by a Lien on any asset of Borrower, whether or not such obligation or liability is assumed; (vi) all obligations to pay the deferred purchase price of assets (other than trade payables incurred in the ordinary course of business and repayable in accordance with customary trade practices); and (vii) all guaranties of the obligations of another Person.

"***Indemnified Parties***" and "***Indemnified Party***" have the meanings assigned to such terms in Section 8.6.

"***Information Certificate***" means any Information Certificate executed and delivered to Bank by Borrower in connection with this Agreement or the Security Agreement, the form of which is attached to the Security Agreement, as such certificate may be amended, restated, supplemented or otherwise modified from time to time.

"***Insolvency Proceeding***" means any proceeding commenced by or against any Person under any Debtor Relief Law.

"***Intellectual Property***" means any and all intellectual property, including copyrights, copyright licenses, patents, patent licenses, trademarks (including the Trademarks), trademark licenses, technology, know-how and processes, all rights therein, and all rights to sue at law or in equity for any past, present, or future infringement, violation, misuse, misappropriation or other impairment thereof, whether arising under US, multinational or foreign laws or otherwise, including the right to receive injunctive relief and all proceeds and damages therefrom.

"***Interest***" means the annual rate of interest payable on the Term Loan in accordance with Section 2.2(a).

"***Interest Period***" means, initially, the period commencing on the date the Term Loan is borrowed and ending on the last day of the calendar month in which the Term Loan is borrowed and, thereafter, the period commencing on the first day of each calendar month and ending on the last day of such calendar month; provided that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall end on the next preceding Business Day, (ii) no Interest Period shall extend beyond the Maturity Date and (iii) no tenor that has been removed from this definition pursuant to Section 2.5 shall be available.

"***Late Charge***" has the meaning given to such term in Section 2.2(e).

"***License Agreement***" means the 2023 Halston-GIII License Agreement, dated May 15, 2023, between Borrower and Licensee, as amended to and in effect on the date hereof.

"***Licensee***" means, individually and collectively, G-III Leather Fashions, Inc. and G-III Apparel Canada, ULC.

"***Lien***" means, with respect to any property, any security interest, mortgage, pledge, lien, claim, charge or other encumbrance in, of, or on such property or its income, including, without limitation, the interest of a vendor or lessor under a conditional sale agreement, capital lease or other title retention agreement, or any agreement to provide any of the above, and the filing of any financing statement or similar instrument under the Code or comparable law of any jurisdiction.

"***Loan Account***" has the meaning set forth in Section 2.1(b).

"***Loan Documents***" means this Agreement, the Note, the Security Agreement, the Payment Direction Notice, the Pledge Agreement, the Negative Pledge Agreement, each Guarantee (if any), each Information Certificate, each rider, each schedule, each exhibit, and each contract, instrument, agreement and other document that (a) are required by this Agreement, (b) are at any time entered into or delivered to Bank in connection with this Agreement or the Term Loan or (c) otherwise creates, evidences or secures any of the Obligations.

"***Margin***" means four hundred twenty-five basis points (4.25%).

"***Material Adverse Change***" means (a) any event or condition that Bank in good faith believes impairs, or is likely to impair, the prospect of payment or performance by Borrower of any of the Obligations, or any Guarantor (if any) of its obligations, (b) a material adverse change in the business, operations, results of operations, assets, liabilities or condition (financial or otherwise) of Borrower or any Guarantor (if any), (c) a material impairment of Bank's ability to enforce the Obligations, or (d) a material impairment of the enforceability or priority of Bank's Liens with respect to any of the Collateral; provided that the existence of Permitted Liens shall not be a material impairment under this clause (d).

"***Maturity Date***" means October 19, 2028.

"***Negative Pledge Agreement***" means the Negative Pledge Agreement, dated as of the date hereof, made by Borrower in favor of Bank, with respect to Borrower's Intellectual Property.

"***Net Income***" means the net income of Borrower, determined in accordance with GAAP; provided, that revenue derived from the $5,000,000 upfront payment by Licensee pursuant to the License Agreement shall be excluded from the calculation of Net Income.

"***Note***" means that certain Term Loan Promissory Note issued by Borrower in favor of Bank dated the date of this Agreement.

"***Notice Threshold Amount***" means $250,000.00.

"***Obligations***" means (a) all loans (including the Term Loan), debts, principal, interest (including any interest that accrues after the beginning of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), and any other reimbursement or indemnification obligations with respect to letters of credit issued by Bank for the account of Borrower (irrespective of whether contingent), premiums, liabilities (including all amounts charged to the Loan Account), obligations (including indemnification obligations), fees, Bank Expenses (including any fees or

expenses that accrue after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), guaranties, and all covenants and duties of any other kind and description owing by Borrower under or evidenced by this Agreement or any of the other Loan Documents, and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, liquidated or unliquidated, determined or undetermined, voluntary or involuntary, due, not due or to become due, sole, joint, several or joint and several, incurred in the past or now existing or hereafter arising, under any Loan Document, and including all interest not paid when due, and all other expenses or other amounts that Borrower is required to pay or reimburse by the Loan Documents or by law or otherwise in connection with the Loan Documents; and (b) all Bank Product Obligations, together with all renewals, extensions, modifications or refinancings of any of the foregoing. Any reference in this Agreement or in the Loan Documents to the Obligations will include all or any portion of the Obligations and any extensions, modifications, renewals, or alterations of the Obligations, both prior and subsequent to any Insolvency Proceeding.

"***OFAC***" has the meaning set forth in Section 3.11(a).

"***Parent***" means Xcel Brands, Inc., a Delaware corporation.

"***Patriot Act***" means Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA Patriot Act of 2001).

"***Payment Direction Notice***" means the Payment Direction Notice, dated as of the date hereof, from Borrower and Bank to Licensee.

"***Permitted Indebtedness***" means Indebtedness which is subordinated to Obligations upon terms satisfactory to Bank in its sole discretion as long as no Default or Event Default has then occurred and is continuing or would result from the incurrence of such Indebtedness.

"***Permitted Investments***" means investments in deposit accounts maintained with Bank or otherwise permitted hereunder in the ordinary course of business.

"***Permitted Lien***" means (a) Liens for unpaid taxes, assessments, or other governmental charges or levies that are not yet delinquent; (b) the interests of lessors under operating leases and non-exclusive licensors under license agreements; (c) purchase-money Liens or the interests of lessors under capital leases to the extent that such Liens or interests secure Permitted Indebtedness consisting of purchase-money Indebtedness and so long as (i) such Lien attaches only to the asset purchased or acquired and the cash proceeds, (ii) such Lien only secures the purchase-money Indebtedness that was incurred to acquire the asset purchased or acquired; (d) Existing Liens; and (e) other Liens which are subordinated to the Liens of Bank upon terms satisfactory to Bank in its sole discretion as long as no Default or Event Default has then occurred and is continuing or would result from the subordination of such Liens.

"***Person***" means natural persons, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, trusts, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and their political subdivisions.

"***Pledge Agreement***" means the Membership Interest Pledge Agreement, dated as of the date hereof, made by Parent and Holdco in favor of Bank with respect to the Equity Interests of Borrower and Holdco.

"***Prime Rate***" means at any time, the rate of interest most recently announced by Bank at its principal office as its "prime rate," whether or not such announced rate is the lowest rate available from Bank. Each change in the rate of interest based on the Prime Rate will become effective on the date each Prime Rate change is announced by Bank.

"***Relevant Governmental Body***" means the Federal Reserve Board or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York, or any successor thereto.

"***Responsible Officer***" means, any of the president, the chief executive officer, the chief operating officer, the chief financial officer, the treasurer or a vice president of Borrower or such other representative of Borrower as may be designated in writing by any one of the foregoing and acceptable to Bank in its sole discretion.

"***Sanctions***" has the meaning set forth in Section 3.11(a).

"***Security Agreement***" means, collectively, that certain Security Agreement, dated as of the date hereof, made by Borrower in favor of Bank, and any other security agreements executed from time to time by Borrower in favor of Bank.

"***SOFR***" means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

"***SOFR Administrator***" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"***Subsidiary***" of a Person means a corporation, partnership, limited liability company or other entity in which that Person directly or indirectly owns or controls the Equity Interests having ordinary voting power to elect a majority of the board of directors (or appoint other comparable managers) of such corporation, partnership, limited liability company or other entity. Unless the context otherwise requires, each reference to Subsidiaries herein shall be a reference to Subsidiaries of Borrower.

"***Taxes***" has the meaning set forth in Section 8.4.

"***Term Loan***" means the term loan made by Bank to Borrower on the Closing Date pursuant to Section 2.1 in the original principal amount of Five Million Dollars ($5,000,000).

"***Term SOFR***" means the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the "***Periodic Term SOFR Determination Day***") that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for

such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day.

"***Term SOFR Administrator***" means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by Bank in its reasonable discretion).

"***Term SOFR Reference Rate***" means the forward-looking term rate based on SOFR.

"***Trademarks***" has the meaning set forth in the License Agreement and shall include, without limitation, "Halston", "H Halston", "Halston Studio" and all derivatives and variations whether currently existing or hereafter developed.

"***U.S. Government Securities Business Day***" means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

1.2 TERMS GENERALLY. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), any reference herein to any Person shall be construed to include such Person's successors and assigns, the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, all references herein to Articles, Sections, Exhibits, riders, and Schedules shall be construed to refer to Articles and Sections of, and Exhibits, riders, and Schedules to, this Agreement, any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. All terms defined in Article 9 of the Code and not otherwise defined are used herein as therein defined.

1.3 ACCOUNTING TERMS; CHANGES IN GAAP.

(a) ***Accounting Terms.*** Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall be construed in conformity with GAAP. Financial statements and other information required to be delivered by Borrower to the Bank pursuant to Section 5.1 shall be prepared in accordance with GAAP as in effect at the time of such preparation. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of Borrower and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

(b) ***Changes in GAAP.*** If Borrower notifies Bank that Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if Bank notifies Borrower that Bank requests an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE 2
CREDIT TERMS

2.1 TERM LOAN.

(a) ***Term Loan***. Subject to the terms and conditions of this Agreement, Bank agrees to make a single term loan to Borrower on the Closing Date in a principal amount equal to Five Million Dollars ($5,000,000). The execution and delivery of this Agreement by Borrower and the satisfaction of all conditions precedent pursuant to Section 4.1 shall be deemed to constitute Borrower's request to borrow the Term Loan on the Closing Date. Amounts repaid in respect of the Term Loan may not be reborrowed.

(b) ***Charges to Loan Account; Clearance Charge.*** Bank will maintain an account on its books and records in the name of Borrower (the "***Loan Account***") in which will be recorded the Term Loan and all other Obligations; provided, that the failure of Bank to so record the Term Loan or any other Obligation shall not affect the obligation of Borrower to repay the Term Loan or other Obligation. Borrower unconditionally authorizes Bank to collect all principal, interest, fees, indemnification obligations, reimbursement of expenses and other Obligations or amounts due under this Agreement or any of the other Loan Documents (including, but not limited to, costs and expenses relating to Bank's attorneys' fees), in each case, as they become due from time to time, by charging the Loan Account or any deposit account maintained by Borrower with Bank. All periodic statements relating to the Loan Account (if any) will be conclusively presumed to be correct and accurate and constitute an account stated between Borrower and Bank unless Borrower delivers written objection to Bank within 30 days after receipt by Borrower.

(c) ***Interest Elections.***

(i) Upon the expiration of each Interest Period, Bank shall continue the Term Loan for a successive Interest Period.

(ii) During the existence of an Event of Default, Bank may, at its option, convert the base rate of interest on the Term Loan from Term SOFR to the Prime Rate.

2.2 INTEREST/FEES.

(a) ***Interest***. Interest shall be payable on the outstanding daily unpaid principal amount of the Term Loan from the date hereof until payment in full is made and shall accrue and be payable at the rates set forth or provided for herein, before and after default, before and after maturity, before and after judgment and before and after the commencement of any proceeding under any Debtor Relief Law. Except as otherwise provided in Section 2.2(b), below, the unpaid principal amount of the Term Loan shall bear interest at a rate per annum equal to Term SOFR for the applicable Interest Period plus the Margin.

(b) ***Default Rate***.

(i) Upon the occurrence and during the continuation of any Event of Default and at any time following the Expiration Date, at the sole discretion of Bank, the Obligations shall thereafter bear interest at the Default Rate plus the interest rate applicable immediately prior to the occurrence of such Event of Default, to the fullest extent permitted by applicable law.

(ii) Bank may assess the Default Rate commencing as of the date of the occurrence of an Event of Default or as of any date after the occurrence of an Event of Default regardless of the date of reporting or declaration of such Event of Default.

(iii) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be compounded monthly, on the last day of each calendar month, to the fullest extent permitted by applicable law.

(c) ***Payment of Interest.*** Accrued and unpaid Interest will be payable monthly on the first day of each month during the term hereof and on the Expiration Date. Any accrued interest outstanding after the Expiration Date will be payable upon demand.

(d) ***Term SOFR Conforming Changes***. In connection with the use or administration of Term SOFR, Bank will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document. Bank will promptly notify Borrower of the effectiveness of any such Conforming Changes.

(e) ***Payment of Fees.*** Borrower will pay to Bank the following fees, as and when such fees are due and payable:

(i) On the Closing Date, a commitment fee of $50,000 in immediately available funds, which documentation fee shall be fully earned as of the Closing Date and non-refundable; and

(ii) All other fees for financial services and products offered by Bank in accordance with its internal policies governing such fees.

Bank is hereby authorized to debit Borrower's deposit and/or operating account at Bank for payment of the foregoing fees.

(f) ***Late Charge.*** Borrower shall unconditionally pay to Bank a late charge (the "***Late Charge***") equal to the greater of (a) five (5%) percent of the payment then due or (b) $200.00, if any such payment in whole or in part is not received by Bank within ten (10) days after its due date. The Late Charge is in addition to the Default Rate, if applicable, and shall be payable together with the next payment due hereunder or, at Bank's option, upon demand by Bank, provided, however, that if any such late charge is not recognized as liquidated damages for such delinquency, and if deemed to be interest in excess of the amount permitted by applicable law, Bank shall be entitled to collect a late charge only at the highest rate permitted by law, and any payment actually collected by Bank in excess of such lawful amount shall be deemed a payment in reduction of the principal sum then outstanding, and shall be so applied.

(g) ***Computation of Interest and Fees.*** Interest and fees will be computed on the basis of a three hundred sixty (360)-day year (or, in connection with interest on Term Loans accruing interest at the Prime Rate, a three hundred sixty-five (365) or three hundred sixty-six (366)-day year, as applicable) for the actual number of days elapsed.

(h) ***Interest Statements***. Bank shall provide written statements to Borrower with respect to interest due and payable hereunder to the extent that Borrower is not then utilizing Bank's "Stucky Netlink" system (or any other electronic transmission system approved by Bank); provided, that any failure by Bank to provide (or timely provide) any such interest statement shall not affect Borrower's obligation hereunder to pay such interest as and when due.

2.3 ADDITIONAL COSTS.

(a) ***Increased Costs.*** Borrower will reimburse Bank, on demand, for Bank's costs or losses arising from any occurrence, after the date of this Agreement, of the adoption or taking effect of any new or changed law, rule, regulation or treaty, or the interpretation thereof, or the issuance of any request, rule, guideline or directive (whether or not having the force of law) by any governmental authority, in each case, which are allocated to this Agreement or any credit outstanding under this Agreement, provided that Borrower shall not be required to compensate Bank pursuant to this section for costs or loss incurred more than 270 days prior to the date that Lender notifies Borrower of the event giving rise to such costs or losses and of Lender's intention to claim compensation therefor; provided, further that, if such event giving rise to such costs or losses is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof. The allocation will be made as determined by Bank in good faith. Such costs or losses may include, without limitation, costs or losses arising out of any such change in law related to: any reserve or deposit requirements (excluding any reserve requirement already reflected in the calculation of the interest rate in this Agreement); and any capital requirements relating to Bank's assets and commitments for credit.

(b) ***Compensation for Losses***. In the event of (i) the payment of any principal of the Term Loan other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default), or (ii) the failure to prepay the Term Loan on the date specified in any notice delivered pursuant hereto, then, in any such event, Borrower shall compensate Bank for any loss, cost and expense attributable to such event, including any loss, cost or expense arising from the liquidation or redeployment of funds. A certificate of Bank setting forth any amount or amounts that Bank is entitled to receive pursuant to this section shall be delivered to Borrower and shall be conclusive absent manifest error. Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(c) ***Temporary Inability to Determine Rates.*** Subject to Section 2.5, if prior to the first day of any Interest Period, Bank shall have determined (which determination shall be conclusive and binding upon Borrower, absent manifest error) that Term SOFR cannot be determined pursuant to the definition thereof, but not due to any of the reasons set forth in Section 2.5, Bank shall forthwith furnish notice of such determination, confirmed in writing, to Borrower and thereafter the base rate of interest on the Term Loan shall, on the last day of the then applicable current Interest Period, be converted from Term SOFR to the Prime Rate until Bank notifies Borrower that the circumstances giving rise to such determination no longer exist.

(d) ***Illegality***. If Bank determines that any law has made it unlawful, or that any governmental authority has asserted that it is unlawful, for Bank to make, maintain or fund loans whose

interest is determined by reference to SOFR, the Term SOFR Reference Rate or Term SOFR, or to determine or charge interest rates based upon SOFR, the Term SOFR Reference Rate or Term SOFR, then, upon notice thereof to Borrower, the base rate of interest on the Term Loan shall, on the last day of the then applicable current Interest Period or, if necessary to avoid such illegality, immediately, be converted from Term SOFR to the Prime Rate until Bank notifies Borrower that the circumstances giving rise to such determination no longer exist.

2.4 REPAYMENT; TERM AND TERMINATION.

(a) ***Loan Repayment***. Borrower shall repay the aggregate outstanding principal balance of the Term Loan in quarterly installments of principal in the amount of Two Hundred Fifty Thousand Dollars ($250,000) each, together with all accrued and unpaid interest as of each such payment date, commencing on April 1, 2024 and continuing on the first day of each quarter thereafter until the Maturity Date. To the extent not previously paid, the outstanding principal balance of the Term Loan and all unpaid interest thereon shall be paid in full on the Maturity Date.

(b) The unpaid principal amount of the Term Loan may, at any time and from time to time, be voluntarily paid or prepaid in whole or in part as provided herein and subject to any additional amounts due and payable in accordance herewith. Any payment due under the Note or any other Loan Document which is paid by check or draft shall be subject to the condition that any receipt issued therefore shall be ineffective unless and until the amount due is actually received by Bank.

(c) ***Expiration Date.*** If not sooner paid, all Obligations hereunder shall be due and payable on the earliest to occur of the following (the "***Expiration Date***"): the Maturity Date; or upon acceleration following an Event of Default. No termination of the obligations of Bank will relieve or discharge Borrower of its duties, obligations, or covenants under this Agreement or under any other Loan Document.

(d) ***Time and Date of Payments***. Each payment due under the Note or any Loan Document shall be made to Bank at such bank account as Bank may designate by written notice to Borrower, in immediately available funds not later than 3:00 p.m., New York local time, on the day of payment. All payments received after such time shall be deemed received on the next succeeding Business Day. If any payment of principal or interest shall be due on a date that is not a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of the payment of interest.

(e) ***Application of Payments***. Unless otherwise specified by Borrower, each payment, other than payments made pursuant to Section 2.4(a), received by Bank shall be applied as follows: (i) first, to the payment of any and all costs, fees and expenses incurred by or payable to Bank in connection with any of the Loan Documents, including all Bank Expenses; second, to the payment of all accrued and unpaid interest hereunder; third, to the payment of the unpaid principal amount of the Term Loan; and fourth, to all other Obligations owed by Borrower or any Guarantor to Bank or (ii) in any other manner which Bank may, in its sole discretion, elect from time to time. Each prepayment of the Term Loan shall be applied to the installments of the Term Loan in inverse order of maturity and shall be accompanied by accrued and unpaid interest to the date of such prepayment on the amount prepaid.

2.5 BENCHMARK REPLACEMENT SETTING

.

(a) ***Benchmark Replacement.*** Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event has occurred prior to any setting of the then-current Benchmark, then the Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to Borrower by Bank without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document.

(b) ***Benchmark Replacement Conforming Changes***. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, Bank will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(c) ***Notices; Standards for Decisions and Determinations***. Bank will promptly notify the Borrower of (i) the implementation of any Benchmark Replacement and (ii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement; provided that any failure to so notify will not affect Bank's rights hereunder. Any determination, decision or election that may be made by Bank pursuant to this Section 2.5, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 2.5.

(d) ***Unavailability of Tenor of Benchmark***. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including the Term SOFR Reference Rate), then Bank may remove any tenor of such Benchmark that is unavailable or non-representative for Benchmark (including Benchmark Replacement) settings and (ii) Bank may reinstate any such previously removed tenor for Benchmark (including Benchmark Replacement) settings.

(e) ***Disclaimer***. The interest rate on the Term Loan may be derived from an interest rate benchmark that may be discontinued or is, or may in the future become, the subject of regulatory reform. Upon the occurrence of a Benchmark Transition Event, this Section 2.5 provides a mechanism for determining an alternative rate of interest. Bank does not warrant or accept responsibility for, and shall not have any liability with respect to (a) the administration, submission, calculation of or any other matter related to the rates in the definition of "Term SOFR" or with respect to any component definition thereof or rates referenced in the definition thereof or any alternative, comparable or successor rate thereto (including any Benchmark or any Benchmark Replacement or the effect, implementation or composition of any Benchmark Replacement Conforming Changes) and including, without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate, as it may or may not be adjusted pursuant hereto, will be similar to, or produce the same value or economic equivalence of, such Benchmark or any other Benchmark or have the same volume or liquidity as did such Benchmark or any other Benchmark prior to its discontinuance or unavailability, or (b) the impact or effect of such

alternative, successor or replacement reference rate or Benchmark Replacement Conforming Changes on any other financial products or agreements in effect or offered to any obligor or any of their respective affiliates, including, without limitation, any swap agreement or hedging agreement. Bank may select information sources or services in its reasonable discretion to ascertain any interest rate used in this Agreement, any component thereof, or rates referenced in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to Borrower or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

Borrower makes the following representations and warranties to Bank as of the date hereof, each of which representations and warranties will survive the execution of this Agreement and will continue in full force and effect until the full and final payment, and satisfaction and discharge of all Obligations:

3.1 EXISTENCE AND QUALIFICATION; POWER. Borrower is a corporation or limited liability company duly organized or formed, and validly existing. Borrower is duly qualified or registered to transact business and is in good standing in its state of organization or formation and in each other jurisdiction in which the conduct of its business or the ownership of its properties makes such qualification or registration necessary. Borrower has all requisite power and/or other authority to conduct its business, to own its properties, to execute and deliver this Agreement and each Loan Document to which it is a party, to borrow hereunder, to grant a security interest in the Collateral to Bank, and to perform its Obligations.

3.2 ENFORCEABILITY. This Agreement is, and each of the other Loan Documents when delivered to Bank will be, duly executed and delivered by Borrower or Guarantor (if any), as applicable, and constitutes the legal, valid and binding obligations of Borrower or Guarantor (if any), as applicable, enforceable against Borrower or Guarantor (if any), as applicable, in accordance with their respective terms, subject to bankruptcy, insolvency, moratorium or other laws affecting the enforceability of rights of creditors generally.

3.3 COMPLIANCE WITH LAWS. Borrower is in compliance with all laws, regulations and other legal requirements applicable to its business (including, without limitation, all applicable federal or state environmental laws), has obtained all authorizations, consents, approvals, orders, licenses and permits from all applicable governmental authorities, and has made or accomplished (or obtained exemptions from) all filings, registrations and qualifications that are necessary for the transaction of its business.

3.4 AUTHORITY; COMPLIANCE WITH OTHER AGREEMENTS. The execution, delivery and performance by Borrower of this Agreement and the other Loan Documents to which it is a party have been duly authorized by all necessary organizational action, as applicable, and do not and will not: require any consent or approval not heretofore obtained of any Person; violate or conflict with any provision of Borrower's organizational documents; or result in a breach by Borrower or constitute a default by Borrower under, or cause or permit the acceleration of any obligation owed under, any indenture or loan or credit agreement or any other contractual obligation to which Borrower is a party or by which Borrower or any of its property is bound or affected.

3.5 FINANCIAL STATEMENTS; NO MATERIAL ADVERSE CHANGE. All financial statements and information of Borrower furnished to Bank are complete and correct and fairly present the financial condition of Borrower as of the date thereof and for the applicable period then ending. No Material Adverse Change has occurred since the date of this Agreement.

3.6 NO LITIGATION. No litigation (including derivative actions), arbitration proceeding or governmental investigation or proceeding is pending or, to Borrower's knowledge, threatened in writing against Borrower or any of its Subsidiaries which could reasonably be expected to result in a Material Adverse Change.

3.7 OWNERSHIP OF PROPERTIES; LIENS. Borrower owns good title to all of its properties and assets, real and personal, tangible and intangible, of any nature whatsoever, free and clear of all Liens, charges and claims except for Permitted Liens. No financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except filings evidencing Permitted Liens.

3.8 EQUITY OWNERSHIP; SUBSIDIARIES. All issued and outstanding Equity Interests of Borrower and each of its Subsidiaries are duly authorized and validly issued and, if applicable, are fully paid and non-assessable, and free and clear of all Liens other than Permitted Liens.

3.9 SOLVENCY. Immediately prior to and after giving effect to each borrowing hereunder and the use of the proceeds thereof, and giving effect to all rights of contribution, the fair value of the assets of Borrower is and will be greater than the amount of its liabilities, as such value is established and liabilities evaluated in accordance with applicable Debtor Relief Laws.

3.10 REGULATIONS T, U AND X; INVESTMENT COMPANY ACT. No part of the proceeds of the Loan will be used to purchase or carry, or to extend credit to others for the purpose of purchasing or carrying, any margin stock within the meaning of Regulations T, U or X of the Board of Governors of the Federal Reserve System. Borrower is not or is not required to be registered as an "investment company" under the Investment Company Act of 1940.

3.11 SANCTIONS; ANTI-CORRUPTION.

(a) ***Sanctions.*** None of Borrower, any Guarantor (if any), any of their respective Subsidiaries or, to the knowledge of Borrower, any director, officer, manager, employee, agent, or affiliate of Borrower or any of their respective Subsidiaries is a Person that is, or is owned or controlled by Persons that are: the subject of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("***OFAC***"), the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, "***Sanctions***"), or located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions.

(b) ***Anti-Corruption.*** Borrower, its Subsidiaries and their respective directors, officers, managers, and employees and, to the knowledge of Borrower, the agents of Borrower and its Subsidiaries, are in compliance with all applicable Sanctions and with the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "***FCPA***") and any other applicable anti-corruption law. Borrower and its Subsidiaries have instituted and maintain policies and procedures designed to ensure continued compliance with the FCPA and all other applicable anti-corruption laws.

3.12 NO OTHER LIENS. Borrower has not granted or suffered to exist any Lien on any of its assets or properties, except in favor of Bank and except for Permitted Liens.

3.13 FULL DISCLOSURE. No representation, warranty or other statement of Borrower in any certificate or written statement given to Bank, as of the date such representation, warranty, or other statement was made, taken together with all such certificates and statements given to Bank, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not materially misleading. As of the Closing Date, the information included in the Beneficial Ownership Certification is true and correct in all respects.

3.14 INTELLECTUAL PROPERTY.

(a) Borrower owns all of its Intellectual Property free and clear of all Liens, charges and claims except for Permitted Liens.

(b) The License Agreement is in full force and effect and no material defaults currently exist thereunder.

ARTICLE 4
CONDITIONS

4.1 CONDITIONS OF INITIAL EXTENSION OF CREDIT. In addition to the discretion of Bank, the obligation of Bank to make the Term Loan under this Agreement is subject to the fulfillment to Bank's satisfaction of each of the following conditions precedent:

(a) ***Loan Documents***. All Loan Documents and all other documents relating to this Agreement will have been duly executed and delivered;

(b) ***Assignment Agreement***. Borrower and Holdco shall have entered into the Assignment Agreement and provided to Bank evidence reasonably satisfactory to Bank that the Assignment Agreement shall have been submitted to the United States Patent and Trademark Office for recordation therein.

(c) ***Secretary's Certificate***. Bank will have received a certificate of the Secretary (or the equivalent) of Borrower, attaching and certifying copies of the resolutions of its board of directors, managers, members and/or other equivalent governing body, as applicable, authorizing the execution, delivery and performance of the Loan Documents and certifying the name, title and true signature of each officer executing the Loan Documents;

(d) ***Lien Searches and Filings***. (i) Uniform Commercial Code and other searches, the results of which will be satisfactory to Bank, will have been completed and no filings describing the Collateral shall exist (unless such Liens (x) will be released or subordinated to Bank's Liens or (y) relate to Permitted Liens) and (ii) all Uniform Commercial Code and other filings deemed necessary by Bank will have been submitted for filing with the appropriate filing office;

(e) ***Financial Information and Projections***. Bank shall have received all financial information of Borrower requested by Bank, including, without limitation, all financial projections for the

current fiscal year, which reflect *pro forma* compliance with all financial covenants set forth in this Agreement;

(f) ***Licenses and Approvals***. Borrower will have received all licenses, approvals and certifications required by any governmental authority necessary in connection with the execution of this Agreement and the Loan Documents and the completion of the transactions contemplated by this Agreement;

(g) ***Fees and Expenses***. Borrower shall have paid all of Bank's fees, expenses and charges in connection with the preparation of the Loan Documents including, but not limited to, the reasonable and documented fees and expenses of Bank's attorneys;

(h) ***Deposit Accounts***. Borrower shall have opened its operating and collections accounts with Bank and after having been given access to such accounts, use "IDB Access", Bank's cash management system;

(i) ***KYC Requirements.*** Bank shall have received, at least five (5) days prior to the Closing Date, all documentation and other information required by bank regulatory authorities or reasonably requested by Bank under or in respect of applicable "know your customer" and anti-money laundering legal requirements including the Patriot Act and, if Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, a Beneficial Ownership Certification in relation to Borrower;

(j) ***Representations and Warranties.*** The representations and warranties of Borrower contained in this Agreement and in the other Loan Documents shall be true and correct on and as of the Closing Date;

(k) ***No Default or Event of Default.*** No Default or Event of Default shall have occurred and be continuing on the Closing Date, nor shall either result from the making of the Term Loan; and

(l) ***No Material Adverse Change***. There shall have been no Material Adverse Change since the date of the most recent audited financial statements provided to Bank prior to Closing Date, and there shall be no pending or threatened action, suit, investigation or proceeding that could result in a Material Adverse Change with respect to Borrower or any of its Subsidiaries (if any) or any Guarantor (if any).

ARTICLE 5
AFFIRMATIVE COVENANTS

Borrower covenants that so long as this Agreement is in effect or any Obligations remain outstanding, Borrower shall:

5.1 FINANCIAL STATEMENTS AND INFORMATION. Furnish to Bank:

(a) ***Annual Reviewed and Audited Financial Statements.*** Within one hundred twenty (120) days after the end of each of its fiscal years, (i) reviewed consolidated (if applicable) financial statements of Borrower and (ii) audited consolidated financial statements of Parent, including balance

sheets, statements of income, and statements of cash flows for such fiscal year, setting forth in each case in comparative form the figures as of the end of and for the previous fiscal year, all in reasonable detail and accompanied by a report thereon of Borrower's independent certified public accountants, which accountants shall be reasonably acceptable to Bank, together with management's discussion and analysis of the fiscal year's operating and financial results. Such accountants' report shall be unqualified as to scope of audit and shall not be qualified as to going concern, and shall state that such financial statements present fairly the financial condition as at the end of such fiscal year, and the results of operations and cash flows for such fiscal year of Borrower in accordance with GAAP consistently applied;

(b) ***Quarterly Financial Statements.*** Within ninety (90) days after the end of each of its fiscal quarters, a quarterly income statement and balance sheet as at the end of such quarter and the related statements of income and retained earnings and cash flows, and internal management reports of Borrower, Holdco and Parent for such quarter, and the portion of the fiscal year ended at the end of such quarter, all in reasonable detail and certified by the chief financial officer (or other Responsible Officer acceptable to Bank in its sole discretion) of Borrower that they are complete and correct and that they present fairly in all material respects the financial condition as at the end of such quarter, and the results of operations for such quarter and such portion of the fiscal year of Borrower in accordance with GAAP consistently applied (except for normal year-end adjustments and the absence of footnotes);

(c) ***Compliance Certificates.*** Simultaneously with the financial statements described in clauses (a) and (b) above for each fiscal year and quarter, as applicable, a Compliance Certificate demonstrating in reasonable detail compliance with the applicable financial covenants set forth in Section 5.2;

(d) ***Royalty Reports.*** Within sixty (60) days after the end of each fiscal quarter, a detailed report regarding the Guaranteed Minimum Royalties compared against actual royalty payments received in respect of the Trademarks, certified by the chief financial officer (or other Responsible Officer acceptable to Bank in its sole discretion) of Borrower that they are complete and correct, all in form and substance reasonably satisfactory to Bank;

(e) ***Projections***. On or before November 30 of each year, cash flow projections (inclusive of royalty projections) in form and substance reasonably satisfactory to Bank; and

(f) ***Additional Information***. Promptly following Bank's request therefor, such additional information regarding Borrower and its business, operations, asset and properties as Bank may reasonably request.

5.2 FINANCIAL COVENANTS. Comply with each of the following financial covenants:

(a) ***Guaranteed Minimum Royalty Ratio***. Maintain a Guaranteed Minimum Royalty Ratio as at the last day of each fiscal year set forth below shall be no less than the amount set forth below for such fiscal year:

Fiscal Year	Guaranteed Minimum Royalty Ratio
2023	1.15 to 1.0

2024	1.15 to 1.0
2025	1.20 to 1.0
2026 and thereafter	1.25 to 1.0

(b) ***Fixed Charge Coverage Ratio.*** Maintain a Fixed Charge Coverage Ratio as at the last day of each fiscal year, commencing with the fiscal year ended December 31, 2024, of no less than 1.10 to 1.0.

(c) ***Minimum Cash Balances.*** Borrower shall maintain at all times in its primary operating account at Bank a cash balance of not less than $250,000, as evidenced by the account statements provided by Bank.

5.3 EXISTENCE; CONDUCT OF BUSINESS. Do or cause to be done all things necessary to preserve, renew and maintain in full force and effect its legal existence and its respective rights, licenses, permits, privileges and franchises material to the conduct of its business.

5.4 ACCOUNTING RECORDS; INSPECTIONS; APPRAISALS. Maintain a system of accounting that enables Borrower to produce financial statements in accordance with GAAP. Borrower will permit any representative of Bank, upon reasonable prior written notice and at any reasonable time during Borrower's normal business hours, to inspect, audit and examine such books and records and to make copies of the same, provided that Bank shall not make such inspections, audits and exams more than once during any calendar year, unless an Event of Default exists.

5.5 COMPLIANCE. (a) Preserve and maintain all licenses, permits, governmental approvals, rights, privileges and franchises necessary or desirable for the conduct of its business; (b) comply with the provisions of all documents under which Borrower is organized and/or which govern Borrower's continued existence, and with the requirements of all laws, rules, regulations and orders of any governmental authority applicable to Borrower and/or its business; and (c) maintain in effect policies and procedures designed to promote compliance by Borrower, its Subsidiaries, and their respective directors, officers, managers, employees, and agents with applicable Sanctions and with the FCPA and any other applicable anti-corruption laws.

5.6 MAINTENANCE OF PROPERTIES. Keep all properties useful or necessary to Borrower's business in good repair and condition, and from time to time make necessary repairs, renewals and replacements so that such properties will be fully and efficiently preserved and maintained.

5.7 TAXES AND OTHER LIABILITIES. Pay and discharge when due any and all indebtedness, obligations, assessments and taxes, both real or personal, including without limitation federal and state income taxes and state and local property taxes and assessments, other than any of the foregoing being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as (a) adequate reserves, as shall be required in conformity with GAAP, shall have been made therefor, and in the case of any tax or claim that has or may become a Lien against any of the Collateral, such contest proceedings conclusively operate to stay the sale of any portion of the Collateral to satisfy such tax or claim or (b) the failure to so pay could not reasonably be expected, individually or in the aggregate, to constitute a Material Adverse Change.

5.8 NOTICE TO BANK. Promptly (but in no event more than five (5) days after the occurrence of each such event or matter) give written notice to Bank in reasonable detail of: (a) the occurrence of any Default or Event of Default; (b) a violation of any law, rule or regulation by Borrower; (c) any termination or cancellation of any insurance policy which Borrower is required to maintain; (d) any litigation pending or, to the knowledge of Borrower, threatened against Borrower that, if adversely determined would result in liability of Borrower in excess of the Notice Threshold Amount; (e) any dispute or claims by Licensee with respect to the License Agreement exceeding individually or in the aggregate the Notice Threshold Amount; (f) the occurrence of a Material Adverse Change; (g) any change in the name, jurisdiction of organization, or organizational structure of Borrower; or (h) any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in parts (c) or (d) of such certification.

5.9 INSURANCE. Maintain insurance customary in coverage and amounts for the business in which it is engaged, including, without limitation, general liability insurance, in each case, in form, substance, amounts, under agreements and with insurers reasonably acceptable to Bank. The insurance policies must contain endorsements acceptable to Bank naming Bank as sole lender loss payee with regard to property coverage and as additional insured with regard to liability coverage.

5.10 DEPOSITORY RELATIONSHIP; COMPENSATING BALANCE.

(a) Maintain all of its operating and collections accounts with Bank.

(b) Maintain with Bank deposit accounts (including without limitation the accounts maintained with Bank pursuant to Section 5.10(a)) having average monthly balances, in the aggregate, of no less than $1,000,000 ("***Minimum Compensating Balance***"). To the extent and for such period of time as Borrower's deposit account balances at Bank, when aggregated with Holdco's and Parent's deposit account balances at Bank, are less than the Minimum Compensating Balance (the Minimum Compensating Balance less the deposit account balances is hereinafter referred to as the "***Deficiency Amount***"), Borrower shall be subject to a deficiency charge, payable to Bank on a quarterly basis, calculated by multiplying the Deficiency Amount by an interest rate per annum equal to 4.00%.

5.11 COOPERATION. Take such actions and execute and deliver to Bank such instruments and documents as Bank may from time to time reasonably request (including obtaining agreements from third parties as Bank deems necessary) to create, maintain, preserve and protect Bank's first-priority security interest in the Collateral (subject to Permitted Liens which are expressly allowed hereby to have priority over Bank's Liens) and Bank's rights in the Collateral and to carry out the intent of this Agreement and the other Loan Documents.

5.12 INTELLECTUAL PROPERTY.

(a) With respect to any and all Intellectual Property, maintain and protect the same and take and assert any and all remedies available to Borrower to prevent any other Person from infringing upon or claiming any interest in any such Intellectual Property other than the interest of Licensee.

(b) Notify Bank promptly of (i) the filing of any patent, copyright or trademark application by Borrower; (ii) the grant of any patent, copyright or trademark to Borrower; or (iii) Borrower's intent to abandon a patent, copyright or trademark; provided, that Borrower shall not abandon any patent, copyright or trademark without Bank's prior written consent, such consent not to be unreasonably withheld,

delayed or conditioned if (x) such patent, copyright or trademark, as applicable, is not material to the conduct of Borrower's business and (y) such abandonment would not violate the terms of the License Agreement.

(c) If requested by Bank, (i) execute and deliver to Bank security agreements, financing statements, patent mortgages or such other documents, in form and substance reasonably acceptable to Bank, necessary to perfect and maintain Bank's security interest in all existing and future Intellectual Property owned by Borrower; and (ii) furnish Bank with evidence satisfactory to Bank that all actions necessary to maintain and protect all Intellectual Property owned by Borrower have been taken in a timely manner.

5.13 DIRECTION OF PROCEEDS. On or prior to October 30, 2023, direct Licensee pursuant to the Payment Direction Notice to remit directly to the account set forth on Schedule 5.13 annexed hereto or such other account as Bank shall direct all royalties and funds otherwise payable to Borrower pursuant to the License Agreement. Prior to the occurrence and continuance of an Event of Default, all such payments received by Bank (i) shall be applied to the next regularly scheduled payment of principal of and accrued interest on the Term Loan until paid in full, and (ii) the balance, if any, shall remitted to Borrower's operating account at Bank.

5.14 INTEREST RATE PROTECTION. Borrower shall enter into one or more Hedging Transactions for no less than the notional amount of $5,000,000 in respect of the Term Loan, in each case on terms and with counterparties reasonably acceptable to Bank.

5.15 Post-Closing Deliverables. Within thirty (30) days after the Closing Date, all insurance policies and other documents, agreements and actions required by this Agreement and the other Loan Documents will have been completed and will be in place with Bank named as lender's loss payee or additional insured, as applicable, on each such policy.

ARTICLE 6
NEGATIVE COVENANTS

Borrower covenants that so long as this Agreement is in effect or any Obligations remain outstanding, Borrower shall not:

6.1 USE OF PROCEEDS. Use any of the proceeds of the Term Loan for purposes other than for working capital and other general corporate purposes of Borrower (including without limitation for making cash distributions to the members of Borrower), or in contravention of any provision of this Agreement or any other Loan Document.

6.2 OTHER INDEBTEDNESS. Create, incur, assume or permit to exist any Indebtedness of Borrower, except the Obligations and Permitted Indebtedness.

6.3 MERGER, CONSOLIDATION, TRANSFER OF ASSETS, TRANSACTIONS OUTSIDE THE ORDINARY COURSE OF BUSINESS. Cause, permit, participate in or suffer to occur or exist, any of the following: (a) any merger or consolidation with any other Person; (b) any substantial change in the nature of Borrower's business as conducted as of the Closing Date; (c) any material change in the existing executive management personnel of Borrower; (d) Borrower's entry into any joint venture, partnership or limited liability company as a member or partner; (e) any acquisition of all or substantially

all of the assets of any other Person (or any division, business unit or line of business of any other entity), or any assets outside the ordinary course of Borrower's business; (f) any sale, lease, transfer or other disposition of any of Borrower's assets, except pursuant to the License Agreement; (g) the creation or acquisition of any Subsidiary; (h) entry into any other transaction outside the ordinary course of business (including any sale and leaseback transaction); or (i) any liquidation, winding-up, or dissolution of Borrower or suspension of Borrower's business or cessation of operation of a substantial portion of its business.

6.4 LOANS, ADVANCES, INVESTMENTS. Make any investment in any Person, whether in the form of loans, advances, guarantees, capital contributions, or other investment, other than Permitted Investments, or acquisition of any Equity Interests or Indebtedness of any Person.

6.5 DIVIDENDS, DISTRIBUTIONS. In any fiscal year declare or pay any dividend or distribution (either in cash or any other property in respect of any Equity Interests in Borrower) or redeem, retire, repurchase or otherwise acquire any Equity Interests of Borrower in an aggregate amount in excess of Borrower's net profit for such fiscal year, in each case so long as no Default or Event of Default has occurred and is continuing at the time thereof or would result therefrom.

6.6 LIENS. Mortgage, pledge, grant or permit to exist a security interest in, or Lien upon, all or any portion of Borrower's assets now owned or subsequently acquired, except (i) Liens in favor of Bank and (ii) Permitted Liens.

6.7 AFFILIATE TRANSACTIONS. Directly or indirectly enter into, or permit to exist, any material transaction with any Affiliate of Borrower or make any loan or advance to an officer or Affiliate of Borrower, except for transactions that are in the ordinary course of Borrower's business, and are on fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person.

6.8 ORGANIZATIONAL CHANGES. Change its name, chief executive office, principal residence, organizational documents, organizational identification number, state of organization, organizational identity or "location" as defined in Section 9-307 of the Code, in each case except with ten (10) Business Days' prior written notice to Bank.

6.9 CHANGE OF ACCOUNTING METHOD. Modify or change its fiscal year or its method of accounting (other than as may be required to conform to GAAP).

6.10 SANCTIONS; ANTI-CORRUPTION USE OF PROCEEDS. Use the proceeds of the Term Loan or any other extension of credit by Bank, directly or indirectly, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of the FCPA or any other applicable anti-corruption law, or to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, or in any other manner that would result in a violation of Sanctions by any Person.

ARTICLE 7
EVENTS OF DEFAULT

7.1 EVENTS OF DEFAULT. The occurrence of any of the following will constitute an "***Event of Default***" under this Agreement:

(a) Borrower fails to make any payment of principal or interest due and payable under this Agreement or any other Loan Document when such payment is due and payable;

(b) Borrower fails to pay any other charges, fees, expenses or other monetary obligations (other than an amount payable under clause (a) of this Section) owing to Bank arising out of or incurred in connection with any Loan Document within three (3) Business Days after the date such payment is due and payable;

(c) Borrower fails to perform, comply with or observe any covenant, agreement or undertaking contained in Section 5.1, Section 5.2, Section 5.3, clause (a) of Section 5.8, Section 5.13 or Article 6 of this Agreement;

(d) Borrower fails to perform, comply with or observe any covenant, agreement or undertaking contained in any Loan Document (other than those referred to in clause (a), (b) or (c) or elsewhere of this Section 7.1) and such failure continues for thirty (30) days after the occurrence thereof;

(e) any statement, report, financial statement, or certificate made or delivered by or on behalf of Borrower or any Guarantor (if any) to Bank is not true and correct in all material respect when made or delivered, or any warranty, representation or other statement by or on behalf of Borrower contained in or made in connection with this Agreement, the other Loan Documents or in any document, agreement or instrument furnished in compliance with, relating to, or in reference to this Agreement, is false, erroneous, or misleading in any material respect when made;

(f) Borrower shall default beyond any grace period in the payment of principal, premium or interest of any Indebtedness of Borrower (other than the Obligations), when and as the same shall become due and payable (whether at scheduled maturity, required prepayment, acceleration, demand or otherwise); or if Borrower otherwise defaults under the terms of any such Indebtedness if the effect of such default is to enable the holder of such Indebtedness to accelerate the payment of Borrower's obligations, which are the subject thereof, prior to the maturity date or prior to the regularly scheduled date of payment;

(g) any final judgment or order exceeding $250,000 for the payment of money which is not fully and unconditionally covered by insurance or for which Borrower has not established a cash or cash equivalent reserve in the full amount of such judgment, shall be rendered against Borrower and such judgment shall continue unsatisfied and in effect for a period of thirty (30) consecutive days without being vacated, discharged, satisfied or bonded pending appeal;

(h) any non-monetary judgment or order shall be rendered against Borrower that could reasonably be expected, either individually or in the aggregate, to have a Material Adverse Change, and there shall be a period of thirty (30) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;

(i) Borrower or any Guarantor (if any) makes or proposes in writing, an assignment for the benefit of creditors generally, offers a composition or extension to creditors, or makes or sends notice of an intended bulk sale of any business or assets now or hereafter owned or conducted by Borrower or any such Guarantor, an Insolvency Proceeding or any other action is commenced for the dissolution or liquidation of Borrower, or the commencement of any proceeding to avoid any transaction entered into by Borrower or any Guarantor (if any), or the commencement of any case or proceeding for reorganization or liquidation of Borrower's or any Guarantor's debts under any Debtor Relief Law, whether instituted by or against Borrower or any Guarantor; provided, however, that Borrower or such Guarantor (if any), as applicable, shall have sixty (60) days to obtain the dismissal or discharge of an Insolvency Proceeding filed against it, it being understood that during such sixty (60) day period, Bank may seek adequate protection in any Insolvency Proceeding, or a receiver, liquidator, custodian, trustee or similar official or fiduciary is appointed for Borrower or any Guarantor or for the property of Borrower or any Guarantor;

(j) any execution or distraint process is issued against any property of Borrower or any Guarantor (if any);

(k) any indication or evidence is received by Bank that reasonably leads it to believe Borrower or any Guarantor (if any) may have directly or indirectly been engaged in any type of activity which, would be reasonably likely to result in the forfeiture of any material property of Borrower or any such Guarantor to any governmental entity, federal, state or local or Borrower or any Guarantor ceases any material portion of its business operations as presently conducted;

(l) Borrower shall become unable to pay, shall admit in writing its inability to pay, or shall fail to pay, its debts as they become due;

(m) any Lien in favor of Bank shall fail or cease to be, or shall be asserted by Borrower or any Guarantor (if any) not to be, valid, enforceable and perfected and prior to all other Liens other than Permitted Liens;

(n) Borrower or any Guarantor (if any) conceals, removes or permits to be concealed or removed any part of Borrower's property with intent to hinder, delay, or defraud any of its creditors or makes or suffers to be made a transfer of any property, which is fraudulent under the law of any applicable jurisdiction;

(o) any material provision of the Security Agreement, any Guarantee or any other document relating to Collateral shall for any reason cease to be valid and binding on, or enforceable against, Borrower or any Guarantor (if any), or Borrower or any such Guarantor shall assert in writing or take any action to discontinue or to assert the invalidity or unenforceability of any Loan Document, or any material provision of any Loan Document for any reason ceases to be valid, binding and enforceable in accordance with its terms;

(p) Borrower or any officer, director or owner of any of the outstanding Equity Interests of Borrower or any Guarantor (if any) shall be indicted for a felony offense under state or federal law, including without limitation any violation of any anti-money laundering, bribery, OFAC or bank fraud, or should Borrower employ an executive officer or manager, or elect a director, who has been convicted of any such felony offense, or should any Person become an owner of any of the outstanding ownership interests of Borrower who has been indicted or convicted of any such felony offense;

(q) a Change in Control shall occur; or

(r) the License Agreement for any reason shall cease to be in full force and effect.

7.2 REMEDIES UPON DEMAND OR DEFAULT. Upon demand or following the occurrence and during the continuance of an Event of Default, Bank may, at its election, without notice of its election and without demand, do any one or more of the following, all of which are authorized by Borrower:

(a) Declare all Obligations, whether evidenced by this Agreement or by any of the other Loan Documents or by any documents evidencing Bank Product Obligations immediately due and payable (provided that upon the occurrence of an Event of Default described in Section 7.1(i), all Obligations shall become immediately due and payable without any action or declaration by Bank), at which time Borrower shall be obligated to immediately repay all of such Obligations in full, without presentment, demand, protest, notice of dishonor, or other notice of any kind or other requirement of any kind, all of which are hereby expressly waived by Borrower; and

(b) Exercise any or all other rights, powers and remedies available under the Security Agreement and each of the other Loan Documents, or accorded by law or equity.

All rights, powers and remedies of Bank may be exercised at any time by Bank and from time to time after the occurrence and during the continuation of an Event of Default, and the same are cumulative and not exclusive, and will be in addition to any other rights, powers or remedies provided by law or equity.

ARTICLE 8
MISCELLANEOUS

8.1 NO WAIVER. No delay, failure or discontinuance of Bank in exercising any right, power or remedy under, or insisting upon the strict performance of any one or more provisions of, any of the Loan Documents will affect or operate as a waiver of such right, power or remedy; nor will any single or partial exercise of any such right, power or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power or remedy. Any waiver, permit, consent or approval of any kind by Bank of any breach of or default (including any Default or Event of Default) under any of the Loan Documents must be in writing and will be effective only to the extent set forth in such writing. By accepting full or partial payment after the due date of any of the Obligations, Bank shall not be deemed to have waived the right either to require prompt payment when due and payable of all other Obligations, or to exercise any rights and remedies available to it in order to collect all such other amounts due and payable under any of the Loan Documents.

8.2 NOTICES. All notices, requests and demands which any party is required or may desire to give to any other party under any provision of this Agreement must be in writing delivered to each party at the address of such party set forth below each party's name on the signature page of this Agreement or to such other address as any party may designate by written notice to all other parties. Each such notice, request and demand will be deemed given or made as follows: if sent by hand delivery or overnight courier, upon delivery; if sent by mail, upon the earlier of the date of receipt or three (3) days after deposit in the U.S. mail, first class and postage prepaid; and if sent by email or other electronic transmission, upon receipt.

8.3 COSTS, EXPENSES AND ATTORNEYS' FEES. Borrower will pay to Bank immediately upon demand the full amount of the following (collectively, "***Bank Expenses***"): all payments, advances, charges, costs and expenses, including without limitation documented attorneys' fees (to include outside counsel fees and expenses, and all allocated costs of Bank's in-house counsel), appraisal fees, consultant fees, audit fees, and exam fees expended or incurred by Bank in connection with the negotiation and preparation of this Agreement and the other Loan Documents, perfection of Bank's Liens in the Collateral, Bank's continued administration of this Agreement and the other Loan Documents, and the preparation of any amendments, waivers or other agreements, instruments or documents relating to this Agreement or the other Loan Documents, or in connection with any "workout" or restructuring, the enforcement of Bank's rights and/or the collection of any amounts which become due to Bank under any of the Loan Documents, and the prosecution or defense of any action in any way related to Borrower or any of the Loan Documents, including without limitation, any action for declaratory relief, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the above incurred in connection with any Insolvency Proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other Person) relating to Borrower or any other Person and any of the Collateral and other examinations, appraisals, evaluations, audits and inspections. All of such Bank Expenses shall (i) be reasonable under the circumstances incurred, (ii) be documented and (iii) bear interest at the then current rate of Interest accruing with respect to the Term Loan from the date of payment by Bank until repaid in full by the Borrower. Borrower's obligations set forth in this Section 8.3 will survive any termination of this Agreement or repayment of the Obligations and will for all purposes continue in full force and effect.

8.4 TAXES. All payments made by Borrower hereunder or under any note or other Loan Document will be made without setoff, counterclaim, or other defense. In addition, all such payments will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or subsequently imposed by any jurisdiction or by any political subdivision or taxing authority and all related interest, penalties or similar liabilities (collectively, "***Taxes***"), provided that Bank shall have provided Borrower with an executed IRS Form W-9 (or other applicable tax form reasonably requested by Borrower) that indicates that Bank is exempt from U.S. federal backup withholding tax; provided, further, that, in the event any deduction or withholding of such Taxes is required, then, (i) unless such taxes are those described in clauses (b) through (d) of the definition of Excluded Taxes, the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section), Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) Borrower shall make such deductions and (iii) Borrower shall pay the full amount deducted to the relevant governmental authority in accordance with applicable law.

8.5 GENERAL. This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that Borrower may not assign or transfer any of its interests, rights or obligations under this Agreement or any other Loan Document without Bank's prior written consent. Bank reserves the right to sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in, Bank's rights and benefits under this Agreement and the other Loan Documents. This Agreement and the other Loan Documents constitute the entire agreement between Borrower and Bank with respect to each credit subject hereto and supersede all prior negotiations, communications, discussions and correspondence concerning the subject matter of this Agreement. This Agreement may be amended or modified only in writing signed by each party to this Agreement. This Agreement is made and entered into for the sole protection and benefit of the parties hereto and their

respective permitted successors and assigns, and no other Person will be a third-party beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any other of the Loan Documents to which it is not a party. If any provision of this Agreement or any other Loan Document will be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or any remaining provisions of this Agreement or the other Loan Documents. This Agreement may be executed in any number of counterparts, each of which when executed and delivered will be deemed to be an original, and all of which when taken together will constitute one and the same Agreement. If more than one, the liability of Borrower under this Agreement will be joint and several. Delivery of an executed counterpart of this Agreement by facsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement and any party's failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

8.6 INDEMNITY. Borrower indemnifies Bank and its Affiliates, Subsidiaries, directors, officers, employees, representatives, agents, and attorneys (collectively, the "***Indemnified Parties***", and each, an "***Indemnified Party***"), and holds them harmless from and against any and all claims, debts, liabilities, demands, obligations, actions, causes of action, penalties, costs and expenses (including reasonable attorneys' fees), of every kind, which any Indemnified Party may sustain or incur, or which may be asserted against any Indemnified Party by any third party, in each case, based upon or arising out of any of the Obligations, this Agreement, any of the Loan Documents, or the Collateral or any relationship or agreement between Bank and Borrower, or any other matter, relating to Borrower, the Obligations or the Collateral; provided that this indemnity will not extend to damages asserted by any Indemnified Party that a court of competent jurisdiction finally determines in a non-appealable judgment to have been caused by such Indemnified Party's own gross negligence or willful misconduct. Regardless of any provision in this Agreement to the contrary, the indemnity agreement set forth in this Section 8.6 will survive any termination of this Agreement or repayment of the Obligations and will for all purposes continue in full force and effect.

8.7 CHOICE OF LAW: FORUM SELECTION: CONSENT TO JURISDICTION. This Agreement shall be governed by, construed and interpreted in accordance with the laws of the State of New York (excluding the choice of law rules thereof). Borrower hereby irrevocably submits to the jurisdiction of any New York court or the courts of the United States District Court for the Southern District of New York sitting in the Borough of Manhattan in any action or proceeding arising out of or relating to this Agreement, and hereby irrevocably waives any objection to the laying of venue of any such action or proceeding in any such court and any claim that any such action or proceeding has been brought in an inconvenient forum. A final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

8.8 CONSEQUENTIAL DAMAGES. No claim may be made by Borrower against Bank, or any Affiliate, Subsidiary, director, officer, employee, representative, agent, attorney or attorney-in-fact of any of them for any special, indirect, consequential, or punitive damages in respect of any claim for breach of contract or other theory of liability arising out of or related to the transactions contemplated by this Agreement or any other Loan Document or any related act, omission, or event, and Borrower waives, releases, and agrees not to sue upon any claim for such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

8.9 SAVINGS CLAUSE. If at any time the interest rate set forth in any of the Loan Documents exceeds the maximum interest rate allowable under applicable law, the interest rate will be deemed to be such maximum interest rate allowable under applicable law.

8.10 RIDERS; SCHEDULES. This Agreement may be supplemented by one or more riders and/or schedules. In the event of any conflict between the terms of this Agreement and any rider or schedule, the terms of the rider or schedule, as applicable, shall control.

8.11 RIGHT OF SETOFF; DEPOSIT ACCOUNTS. Upon and after the occurrence of an Event of Default, Borrower authorizes Bank, at any time and from time to time, without notice, which is hereby expressly waived by Borrower, and whether or not Bank will have declared any extension of credit under this Agreement to be due and payable in accordance with the terms of this Agreement, to set off against, and to appropriate and apply to the payment of, the Obligations (whether matured or unmatured, fixed or contingent, liquidated or unliquidated), any and all amounts owing by Bank to Borrower (whether matured or unmatured, and in the case of deposits, whether general or special (except trust and escrow accounts), time or demand and however evidenced), and pending any such action, to the extent necessary, to hold such amounts as collateral to secure such the Obligations and to return as unpaid for insufficient funds any and all checks and other items drawn against any deposits so held as Bank, in its sole discretion, may elect. For the avoidance of doubt, Borrower acknowledges that pursuant to Security Agreement Borrower has granted to Bank a security interest in all deposits and accounts maintained with Bank to secure the payment of all Obligations.

8.12 CONFIDENTIALITY. Bank agrees that material, non-public information regarding Borrower, its operations, assets, and existing and contemplated business plans will be treated by Bank in a confidential manner, and will not be disclosed by Bank to Persons who are not parties to this Agreement, except (a) to Bank's Affiliates, and Bank's and Bank's Affiliates' respective attorneys, representatives, agents and other advisors and to officers, directors and employees, (b) as required by law, rule, regulation or by any court, governmental, regulatory or self-regulatory authority, (c) as agreed by Borrower in writing, (d) if such information becomes generally available to the public other than as a result of a breach of this Section, (e) in connection with (i) any litigation or adversary proceeding involving claims related to this Agreement, or (ii) the assignment or participation of Bank's interest in this Agreement, provided that the related assignee or participant is informed of the confidential nature of such information and agrees in writing to maintain the confidentiality thereof, (f) to equity owners of Borrower, and (g) in connection with the exercise by Bank of any right or remedy under this Agreement, any other Loan Document or at law. Bank may use the name, logos, and other insignia of Borrower and the maximum amount of the credit facilities provided under this Agreement in any "tombstone" or comparable advertising, on its website or in other marketing materials of Bank with the prior written approval of Borrower.

8.13 PATRIOT ACT NOTICE. Bank notifies Borrower that pursuant to the requirements of the Patriot Act, Bank is required to obtain, verify and record information that identifies Borrower and any Guarantor, which information includes the name and address of Borrower and each such Guarantor and other information that will allow Bank to identify Borrower and each such Guarantor in accordance with the Patriot Act. In addition, if Bank is required by law or regulation or internal policies to do so, it shall have the right to periodically conduct Patriot Act searches, OFAC/PEP searches, and customary individual background checks for Borrower and any Guarantor, and OFAC/PEP searches and customary individual background checks of Borrower's senior management and key principals, and Borrower agrees, and agrees to cause each such Guarantor, to cooperate in respect of the conduct of such searches and further agree that

the reasonable costs and charges for such searches shall constitute Bank Expenses, and pursuant to the Beneficial Ownership Regulation, it is required to obtain a Beneficial Ownership Certificate.

8.14 WAIVER OF JURY TRIAL. EACH OF BANK AND BORROWER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT IT WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. EACH PARTY ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE WAIVERS AND CERTIFICATIONS IN THIS SECTION.

8.15 NO ADVISORY OR FIDUCIARY RESPONSIBILITY. Borrower represents and warrants that (a) to the extent it has deemed appropriate, Borrower has consulted its own legal, accounting, regulatory and tax advisors, which advisors have been selected of Borrower's own free will, and (b) Borrower is capable of evaluating and understanding, and understands and accepts, the terms, risks, waivers and conditions of the transactions contemplated hereby and by the other Loan Documents.

[*Remainder of page intentionally blank; signature page follows.*]

The parties have caused this Agreement to be executed as of the date first set forth above.

BORROWER:

H HALSTON IP, LLC

By: _/s/ Robert D'Loren_____
Name: Robert D'Loren
Title: Chief Executive Officer

Address:

1333 Broadway, 10th Floor
New York, New York 10018
Attention: Robert D'Loren
Email: rdloren@xcelbrands.com

BANK:

ISRAEL DISCOUNT BANK OF NEW YORK

By: _/s/ Mitchell Barnett _____
Name: Mitchell Barnett
Title: Senior Vice President

By: _/s/ Ender Cetin_____
Name: Ender Cetin
Title: Senior Vice President

Address:

1114 Avenue of the Americas, 9th Floor
New York, New York 10036
Attention: Mitchell Barnett
Email: mbarnett@idbny.com

EXHIBIT 5.1(c)

Form of Compliance Certificate

Attached.

SCHEDULE 5.13

Account Information

ISRAEL DISCOUNT BANK (IDBBANK)
1114 Avenue of the Americas
New York, NY 10036
ABA #: 026009768

A/C Name: IDB BANK FBO H HALSTON IP LLC
A/C #: **<REDACATED>**
Ref: H Halston IP LLC

Exhibit 21.1

Subsidiaries of Xcel Brands, Inc.

Name and Jurisdiction of Incorporation

- IM Brands, LLC, a Delaware limited liability company
- JR Licensing, LLC, a Delaware limited liability company
- Judith Ripka Fine Jewelry, LLC, a Delaware limited liability company
- Judith Ripka Fine Jewelry Digital, LLC, a Delaware limited liability company
- H Licensing, LLC, a Delaware limited liability company
- H Halston IP, LLC, a Delaware limited liability company
- Halston XL MD, LLC, a Delaware limited liability company
- C Wonder Licensing, LLC, a Delaware limited liability company
- Longaberger Licensing, LLC, a Delaware limited liability company
- Gold Licensing, LLC, a Delaware limited liability company
- Xcel Design Group, LLC, a Delaware limited liability company
- XCEL-CT MFG, LLC, a Delaware limited liability company
- Q Optix, LLC, a Delaware limited liability company
- AHX Beauty, LLC, a Delaware limited liability company
- The Beauty Solution, LLC, a Delaware limited liability company
- Tribe Cosmetics, LLC, a Delaware limited liability company
- Xcel Acquisition Co., LLC, a Delaware limited liability company

EXHIBIT 31(i).1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, Robert W. D'Loren certify that:

1. I have reviewed this annual report on Form 10-K of Xcel Brands, Inc. (the "registrant") for the year ended December 31, 2023.

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 control over financial reporting.

April 18, 2024

/s/ Robert W. D'Loren
Name: Robert W. D'Loren
Title: Chairman, President, Chief Executive Officer and Director
(Principal Executive Officer)

EXHIBIT 31(i).2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, James F. Haran certify that:

1. I have reviewed this annual report on Form 10-K of Xcel Brands, Inc. (the "registrant") for the year ended December 31, 2023.

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 control over financial reporting.

April 18, 2024

/s/ James F. Haran
Name: James F. Haran
Title: Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT 32(i).1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Robert W. D'Loren, the Chairman, President, Chief Executive Officer, and Director of Xcel Brands, Inc. (the "Registrant"), certifies, under the standards set forth and solely for the purposes of 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Annual Report on Form 10-K of the Registrant for the year ended December 31, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

April 18, 2024

/s/ Robert W. D'Loren
Name: Robert W. D'Loren
Title: Chairman, President, Chief Executive Officer and Director
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Xcel Brands, Inc. and will be retained by Xcel Brands, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32(i).2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

James F. Haran, Chief Financial Officer of Xcel Brands, Inc (the "Registrant"), certifies, under the standards set forth and solely for the purposes of 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Annual Report on Form 10-K of the Registrant for the year ended December 31, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

April 18, 2024

/s/ James F. Haran
Name: James F. Haran
Title: Chief Financial Officer (Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Xcel Brands, Inc. and will be retained by Xcel Brands, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

XCEL BRANDS, INC.

CLAWBACK POLICY

The Board of Directors (the "**Board**") of Xcel Brands, Inc. (the "**Company**") has determined that it is in the best interests of the Company to adopt this Clawback Policy (this "**Policy**"), which provides for the recovery of certain incentive compensation in the event of an Accounting Restatement (as defined below). This Policy is designed to comply with, and shall be interpreted to be consistent with, Section 10D of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), Rule 10D-1 promulgated under the Exchange Act ("**Rule 10D-1**") and NASDAQ Listing Rule 5608.

1. **Definitions**

For purposes of this Policy, the following capitalized terms shall have the meanings set forth below.

"*Accounting Restatement"* means an accounting restatement of the Company's financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

"Clawback Period" means the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement, as well as any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years (except that a transition period that comprises a period of at least nine months shall count as a completed fiscal year). The *"date on which the Company is required to prepare an Accounting Restatement*" is the earlier to occur of (a) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if the Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; or (b) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

"*Erroneously Awarded Compensation*" means, in the event of an Accounting Restatement, the amount of Incentive-Based Compensation previously received that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts in such Accounting Restatement, and must be computed without regard to any taxes paid by the relevant Executive Officer; provided, however, that for Incentive-Based Compensation based on stock price or total stockholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement: (i) the amount of Erroneously Awarded Compensation must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total stockholder return upon which the Incentive-Based Compensation was received; and (ii) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to The Nasdaq Stock Market ("**NASDAQ**").

"Executive Officer" means the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. An executive officer of the Company's parent or subsidiary is deemed an "Executive Officer" if the executive officer performs such policy making functions for the Company.

"*Financial Reporting Measure*" means any measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures; provided, however, that a Financial Reporting Measure is not required to be presented within the Company's financial statements or included in a filing with the U.S. Securities and Exchange Commission ("**SEC**") to qualify as a "Financial Reporting Measure." For purposes of this Policy, Financial Reporting Measures include, but are not limited to, stock price and total stockholder return.

"*Incentive-Based Compensation*" means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive-Based Compensation is "*received*" for purposes of this Policy in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.

2. Policy Application.

This Policy applies to Incentive-Based Compensation received by an Executive Officer (a) after beginning services as an Executive Officer; (b) if that person served as an Executive Officer at any time during the performance period for such Incentive-Based Compensation; and (c) while the Company had a listed class of securities on a national securities exchange.

3. Policy Recovery Requirement.

In the event the Company is required to prepare an Accounting Restatement, the Company shall reasonably promptly recoup the amount of any Erroneously Awarded Compensation received by any Executive Officer during the Clawback Period. In the event of an Accounting Restatement, the Board shall determine, in its sole discretion, the amount of any Erroneously Awarded Compensation for each Executive Officer in connection with such Accounting Restatement.

4. Method of Recoupment.

The Board shall determine, in its sole discretion, the timing and method for promptly recouping such Erroneously Awarded Compensation, which may include without limitation: (a) seeking reimbursement of all or part of any cash or equity-based award, (b) cancelling prior cash or equity-based awards, whether vested or unvested or paid or unpaid, (c) cancelling or offsetting against any planned future cash or equity-based awards, (d) forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder and (e) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Board may affect recovery under this Policy from any amount otherwise payable to the Executive Officer, including amounts payable to such individual under any otherwise applicable Company plan or program, including base salary, bonuses or commissions and compensation previously deferred by the Executive Officer.

The Company is authorized and directed pursuant to this Policy to recoup Erroneously Awarded Compensation in compliance with this Policy unless the Compensation Committee has determined that recovery would be impracticable solely for the following limited reasons, and subject to the following procedural and disclosure requirements:

• The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover and provide that documentation to NASDAQ;

• Recovery would violate home country law of the Company where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law of the Company, the Company must obtain an opinion of home country counsel, acceptable to NASDAQ, that recovery would result in such a violation, and must provide such opinion to NASDAQ; or

• Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

5. No Indemnification of Executives Officers.

Notwithstanding the terms of any indemnification or insurance policy or any contractual arrangement with any Executive Officer that may be interpreted to the contrary, the Company shall not indemnify any Executive Officers against the loss of any Erroneously Awarded Compensation, including any payment or reimbursement for the cost of third-party insurance purchased by any Executive Officers to fund potential clawback obligations under this Policy.

6. Required Policy-Related Filings.

The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the federal securities laws, including disclosures required by SEC filings.

7. Acknowledgement.

Each Executive Officer shall sign and return to the Company within thirty (30) calendar days following the later of (i) the effective date of this Policy set forth below or (ii) the date such individual becomes an Executive Officer, the Acknowledgement Form attached hereto as Exhibit A, pursuant to which the Executive Officer agrees to be bound by, and to comply with, the terms and conditions of this Policy.

8. Administration

This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee, in which case references herein to the Board shall be deemed references to the Compensation Committee. Any determinations made by the Board shall be final and binding on all affected individuals.

9. Policy Not in Limitation

The Board intends that this Policy shall be applied to the fullest extent of the law. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company under applicable law or pursuant to the terms of any similar policy in any

employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

Nothing contained in this Policy, and no recoupment or recovery as contemplated by this Policy, shall limit any claims, damages or other legal remedies the Company or any of its affiliates may have against an Executive Officer arising out of or resulting from any actions or omissions by the Executive Officer.

10. Amendment; Termination.

The Board may amend, modify, supplement, rescind or replace all or any portion of this Policy at any time and from time to time in its discretion, and shall amend this Policy as it deems necessary to comply with applicable law or any rules or standards adopted by a national securities exchange on which the Company's securities are listed.

11. Successors.

This Policy is binding and enforceable against all Executive Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.

12. Effective Date.

This Policy shall be effective as of November 8, 2023. The terms of this Policy shall apply to any Incentive-Based Compensation that is received by Executive Officers on or after October 2, 2023, even if such Incentive-Based Compensation was approved, awarded or granted to Executive Officers prior to such date.

Approved and adopted: November 8, 2023

EXHIBIT A

XCEL BRANDS, INC.

CLAWBACK POLICY

ACKNOWLEDGEMENT FORM

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the Xcel Brands, Inc. (the "**Company**") Clawback Policy (the "**Policy**").

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment or service with the Company. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner consistent with, the Policy.

EXECUTIVE OFFICER

_____
Signature

_____
Print Name

_____
Date