

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15 (d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): August 17, 2022

**XCEL BRANDS, INC.
(Exact name of registrant as specified in its charter)**

Delaware
(State or Other Jurisdiction
of Incorporation)

001-37527
(Commission File Number)

76-0307819
(IRS Employer Identification No.)

1333 Broadway, New York, New York
(Address of Principal Executive Offices)

10018
(Zip Code)

Registrant's telephone number, including area code (347) 727-2474

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. []

Item 2.02 Results of Operations and Financial Conditions

On August 15, 2022, the Registrant issued a press release announcing its financial results for the three and six months ended June 30, 2022. As noted in the press release, the Registrant has provided certain non-U.S. generally accepted accounting principles (“GAAP”) financial measures, the reasons it provided such measures and a reconciliation of the non-U.S. GAAP measures to U.S. GAAP measures. Readers should consider non-GAAP measures in addition to, and not as a substitute for, measures of financial performance prepared in accordance with U.S. GAAP. A copy of the Registrant’s press release is being furnished hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 7.01 Results of Operations and Financial Conditions

A copy of an investor presentation is furnished herewith as Exhibit 99.2.

The information furnished pursuant to Item 7.01, including Exhibit 99.2, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Exchange Act.

The furnishing of the information under Item 7.01 in this Current Report on Form 8-K is not intended to, and does not, constitute a determination or admission by the Company (i) that the furnishing of the information in this Item 7.01 is required by Regulation FD, (ii) that the information under Item 7.01 in this Current Report on Form 8-K is material or complete, or (iii) that the investors should consider this information before making an investment decision with respect to any security of the Company.

This Form 8-K contains “forward-looking statements” within the meaning of the safe harbor provisions of the federal securities laws. It should be read in conjunction with the “Safe Harbor” statement contained in the presentation material and the risk factors included in the Company’s periodic reports filed with the Securities and Exchange Commission that discuss important factors that could cause the Company’s results to differ materially from those anticipated in such forward-looking statements.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 [Press Release of Xcel Brands, Inc. dated August 15, 2022.](#)

99.2 [Xcel Brands Investor Presentation](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

XCEL BRANDS, INC.
(Registrant)

By: /s/ James F. Haran

Name: James F. Haran

Title: Chief Financial Officer

Date: August 17, 2022



FOR IMMEDIATE RELEASE

XCEL BRANDS, INC. ANNOUNCES SECOND QUARTER 2022 RESULTS

- *Second quarter GAAP net income of \$9.5 million, or \$0.48 per diluted share;*
- *Second quarter non-GAAP net loss of \$3.6 million, or \$(0.18) per diluted share*
- *During the quarter, Xcel sold a majority interest in its Isaac Mizrahi brand and entered into a joint venture and management agreement with the buyer, recognizing a gain of \$20.6 million*
- *Approximately 65% of cash proceeds from the Isaac Mizrahi transaction used to pay off all outstanding debt, eliminating approximately \$4.5 million of annual debt service expense*
- *Strengthened balance sheet with \$10.9 million of cash and cash equivalents, no debt, and \$16.7 million of working capital at June 30, 2022*

NEW YORK, NY (August 15, 2022) – Xcel Brands, Inc. (NASDAQ: XELB) (“Xcel” or the “Company”), a media and consumer products company with significant expertise in livestream shopping, today announced its financial results for the second quarter ended June 30, 2022.

Robert W. D’Loren, Chairman and Chief Executive Officer of Xcel commented, “Our second quarter results reflect the challenges facing the global apparel industry, which includes continued supply chain issues, inflation, geopolitical events, and cancelled orders by retailers as they prudently manage inventory levels. While we expect these headwinds will continue throughout the remainder of 2022, we believe we will emerge from this period stronger and well positioned to re-accelerate growth and profitability in 2023 and beyond.”

Mr. D’Loren continued “We have developed a powerful platform and growth strategy supported by our compelling lifestyle brands, differentiated livestreaming and interactive TV capabilities, and strong balance sheet. As a result, we have the strongest pipeline of new projects and opportunities in our history, which is driving our optimism as we look forward to 2023.”

“Selling a majority interest in the Isaac Mizrahi brand was a transformative moment in Xcel’s history and represents the first time we have monetized one of our brands. We believe this transaction supports the value of our remaining brands, while significantly improving our balance sheet. With the financial flexibility to support our growth strategies, momentum in our business is expanding and we expect to announce exciting new projects and opportunities soon,” concluded Mr. D’Loren.

Second Quarter 2022 Financial Results

Total revenue was \$8.5 million, a decrease of \$2.3 million or 21% compared to the prior year quarter, primarily driven by declines in wholesale apparel sales, as well as lower licensing revenue as a result of the sale of the Isaac Mizrahi brand.

Net income attributable to Xcel Brands was approximately \$9.5 million, or \$0.48 per diluted share, compared with a net loss of \$1.6 million, or \$(0.08) per diluted share, for the prior year quarter. After adjusting for certain cash and non-cash items, results on a non-GAAP basis were a net loss of approximately \$3.6 million, or \$(0.18) per share for the quarter ended June 30, 2022, and a net loss of approximately \$0.1 million, or \$(0.01) per share, for the quarter ended June 30, 2021. Adjusted EBITDA was negative \$2.8 million for the current quarter and positive \$0.9 million for the prior year quarter.

1333 BROADWAY, 10TH FLOOR • NEW YORK, NEW YORK • 10018
PHONE: 347-727-2474 • INFO@XCELBRANDS.COM

Six Month 2022 Financial Results

Total revenue was \$17.2 million, a decrease of \$1.4 million compared with the prior year six months, driven by lower net sales of \$2.0 million, partially offset by higher licensing revenues of \$0.6 million. The decrease in net product sales for the six months ended June 30, 2022, was primarily attributable to lower apparel wholesales, driven by the temporary closing of overseas factories, causing delays in product deliveries that resulted in cancelled orders. The year-over-year increase in licensing revenue was primarily attributable to the April 1, 2021 acquisition of the LOGO Lori Goldstein brand, partially offset by declines in due to the sale of the Isaac Mizrahi brand.

Net income attributable to Xcel Brands shareholders for the current six-month period was approximately \$6.0 million, or \$0.30 per diluted share, compared with a net loss of \$4.1 million, or \$(0.21) per diluted share, for the prior year six months. After adjusting for certain cash and non-cash items, results on a non-GAAP basis were a net loss of approximately \$5.5 million, or \$(0.28) per diluted share for the six months ended June 30, 2022, and a net loss of approximately \$1.6 million, or \$(0.09) per diluted share, for the six months ended June 30, 2021. Adjusted EBITDA was negative \$3.7 million and approximately \$0.0 million for the current year six months and prior year comparable period, respectively.

Balance Sheet

The Company's balance sheet at June 30, 2022, reflected stockholders' equity of approximately \$81 million, cash and cash equivalents of approximately \$10.9 million, and working capital, exclusive of the current portion of lease obligations, of approximately \$16.7 million.

Conference Call and Webcast

The Company will host a conference call with members of the executive management team to discuss these results with additional comments and details at 11:00 a.m. Eastern Time on August 15, 2022. A webcast of the conference call will be available live on the Investor Relations section of Xcel's website at www.xcelbrands.com. Interested parties unable to access the conference call via the webcast may dial 1-877-407-3982. A replay of the conference call will be available until August 29, 2022 and can be accessed at 1-844-512-2921 using the replay pin number 13732023.

1333 BROADWAY, 10TH FLOOR • NEW YORK, NEW YORK • 10018
PHONE: 347-727-2474 • INFO@XCELBRANDS.COM

About Xcel Brands

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

Forward Looking Statements

This press release contains forward-looking statements. All statements other than statements of historical fact contained in this press release, including statements regarding future events, our future financial performance, business strategy and plans and objectives of management for future operations, are forward-looking statements. We have attempted to identify forward-looking statements by terminology including "anticipates," "believes," "can," "continue," "ongoing," "could," "estimates," "expects," "intends," "may," "appears," "suggests," "future," "likely," "goal," "plans," "potential," "projects," "predicts," "seeks," "should," "would," "guidance," "confident" or "will" or the negative of these terms or other comparable terminology. These forward-looking statements include, but are not limited to, statements regarding our anticipated revenue, expenses, profitability, strategic plans and capital needs. These statements are based on information available to us on the date hereof and our current expectations, estimates and projections and are not guarantees of future performance. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors, including, without limitation, the risks discussed in the "Risk Factors" section and elsewhere in the Company's Annual Report on form 10-K for the year ended December 31, 2021 and its other filings with the SEC, which may cause our or our industry's actual results, levels of activity, performance or achievements to differ materially from those expressed or implied by these forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time and it is not possible for us to predict all risk factors, nor can we address the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause our actual results to differ materially from those contained in any forward-looking statements. You should not place undue reliance on any forward-looking statements. Except as expressly required by the federal securities laws, we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

For further information please contact:

Andrew Berger
SM Berger & Company, Inc.
216-464-6400
andrew@smberger.com

1333 BROADWAY, 10TH FLOOR • NEW YORK, NEW YORK • 10018
PHONE: 347-727-2474 • INFO@XCELBRANDS.COM

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

	For the Three Months Ended June 30,		For the Six Months Ended June	
	2022	2021	2022	2021
Revenues				
Net licensing revenue	\$ 5,175	\$ 6,224	\$ 11,136	\$ 10,531
Net sales	3,292	4,540	6,078	8,042
Net revenue	8,467	10,764	17,214	18,573
Cost of goods sold	2,570	3,063	4,250	4,898
Gross profit	5,897	7,701	12,964	13,675
Operating costs and expenses				
Salaries, benefits and employment taxes	5,236	4,049	10,089	8,101
Other selling, general and administrative expenses	3,803	3,090	7,195	6,128
Stock-based compensation	485	431	517	591
Depreciation and amortization	1,812	1,848	3,632	3,058
Total operating costs and expenses	11,336	9,418	21,433	17,878
Other Income				
Gain on sale of assets	20,608	-	20,608	-
Total other income	20,608	20,608		
Operating income (loss)	15,169	(1,717)	12,139	(4,203)
Interest and finance expense				
Interest expense - term loan debt	479	522	1,187	798
Other interest and finance charges (income), net	(1)	100	-	104
Loss on extinguishment of debt	2,324	821	2,324	821
Total interest and finance expense	2,802	1,443	3,511	1,723
Income (Loss) before income taxes	12,367	(3,160)	8,628	(5,926)
Income tax provision (benefit)	3,178	(1,346)	3,178	(1,484)
Net income (loss)	9,189	(1,814)	5,450	(4,442)
Net loss attributable to noncontrolling interest	(301)	(256)	(553)	(337)
Net income (loss) attributable to Xcel Brands, Inc. stockholders	\$ 9,490	\$ (1,558)	\$ 6,003	\$ (4,105)
Loss per share attributed to Xcel Brands, Inc. common stockholders:				
Basic and diluted net loss per share	\$ 0.48	\$ (0.08)	\$ 0.31	\$ (0.21)
Weighted average number of common shares outstanding:				
Basic and diluted weighted average common shares outstanding	19,677,243	19,449,116	19,624,474	19,355,795

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
	<u>(Unaudited)</u>	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 10,873	\$ 4,483
Accounts receivable, net	9,291	7,640
Inventory	3,475	3,375
Prepaid expenses and other current assets	1,975	1,681
Total current assets	<u>25,614</u>	<u>17,179</u>
Non-Current Assets:		
Property and equipment, net	2,070	2,549
Operating lease right-of-use assets	5,876	6,314
Trademarks and other intangibles, net	50,735	98,304
Equity method investment	19,797	-
Restricted cash	-	739
Deferred tax assets, net	-	141
Other assets	147	555
Total non-current assets	<u>78,625</u>	<u>108,602</u>
Total Assets	<u>\$ 104,239</u>	<u>\$ 125,781</u>
Liabilities and Equity		
Current Liabilities:		
Accounts payable, accrued expenses and other current liabilities	\$ 4,759	\$ 6,169
Accrued income taxes payable	1,823	64
Accrued payroll	276	577
Current portion of contingent obligations	2,800	-
Current portion of operating lease obligations	1,094	1,207
Current portion of long-term debt	-	2,500
Total current liabilities	<u>10,752</u>	<u>10,517</u>
Long-Term Liabilities:		
Long-term portion of operating lease obligations	6,661	7,252
Long-term debt, less current portion	-	25,531
Contingent obligations, net of short term portion	4,739	7,539
Deferred tax liabilities, net	1,244	-
Total long-term liabilities	<u>12,644</u>	<u>40,322</u>
Total Liabilities	<u>23,396</u>	<u>50,839</u>
Commitments and Contingencies		
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 19,571,119 shares issued and outstanding at March 31, 2022 and December 31, 2021.	20	20
Paid-in capital	103,490	103,039
Accumulated deficit	(22,776)	(28,779)
Total Xcel Brands, Inc. stockholders' equity	<u>80,734</u>	<u>74,280</u>
Noncontrolling interest	109	662
Total Equity	<u>80,843</u>	<u>74,942</u>
Total Liabilities and Equity	<u>\$ 104,239</u>	<u>\$ 125,781</u>

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

	For the Six Months Ended June 30,	
	2022	2021
Cash flows from operating activities		
Net income (loss)	\$ 5,450	\$ (4,442)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	3,632	3,058
Amortization of deferred finance costs included in interest expense	156	109
Stock-based compensation	517	591
Allowance for doubtful accounts	90	132
Loss on extinguishment of debt	2,324	821
Income tax provision (benefit)	1,384	(1,484)
Net gain on sale of assets	(20,608)	-
Changes in operating assets and liabilities:		
Accounts receivable	(1,741)	(2,392)
Inventory	(100)	(1,930)
Prepaid expenses and other assets	8	(174)
Accounts payable, accrued expenses and other current liabilities	328	192
Cash paid in excess of rent expense	(159)	(225)
Net cash used in by operating activities	<u>(8,719)</u>	<u>(5,744)</u>
Cash flows from investing activities		
Net proceeds from sale of majority interest in Isaac Mizrahi brand	45,408	-
Cash consideration for acquisition of Lori Goldstein assets	-	(1,616)
Purchase of other intangible assets	-	(37)
Purchase of property and equipment	(85)	(747)
Net cash used in investing activities	<u>45,323</u>	<u>(2,400)</u>
Cash flows from financing activities		
Proceeds from long-term debt	-	5
Shares repurchased including vested restricted stock in exchange for withholding taxes	(442)	-
Proceeds from revolving loan debt	-	1,500
Proceeds from long-term debt	-	25,000
Payment of deferred finance costs	-	(1,131)
Payment of long-term debt	(29,000)	(17,375)
Payment of breakage fees associated with extinguishment of long-term debt	(1,511)	(367)
Net cash used in financing activities	<u>(30,953)</u>	<u>7,632</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash	5,651	(512)
Cash, cash equivalents, and restricted cash at beginning of period	5,222	6,066
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 10,873</u>	<u>\$ 5,554</u>
Reconciliation to amounts on consolidated balance sheets:		
Cash and cash equivalents	10,873	\$ 4,815
Restricted cash	-	739
Total cash, cash equivalents, and restricted cash	<u>\$ 10,873</u>	<u>\$ 5,554</u>
Supplemental disclosure of non-cash activities:		
Consideration payable to seller of Lori Goldstein assets	\$ -	\$ 2,045
Contingent obligation related to acquisition of Lori Goldstein assets at fair value	-	6,639
Liability for equity-based bonuses	(283)	62
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ 1,032	\$ 852
Cash paid during the period for income taxes	-	15

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

Adjusted EBITDA is a non-GAAP unaudited measure, which we define as net income (loss) attributable to Xcel Brands, Inc. stockholders, before depreciation and amortization, interest and finance expenses (including loss on extinguishment of debt, if any), income taxes, other state and local franchise taxes, gain on the sale of assets and stock-based compensation.

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

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

(Sin thousands)	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net income (loss) attributable to Xcel Brands, Inc. stockholders	\$ 9,490	(1,558)	\$ 6,003	(4,105)
Amortization of trademarks	1,525	1,520	3,039	2,396
Stock-based compensation	485	431	517	591
Loss on extinguishment of debt	2,324	821	2,324	821
Certain adjustments to provision for doubtful accounts	-	-	-	132
Gain on the sale of assets	(20,608)	-	(20,608)	-
Income tax provision (benefit)	3,178	(1,346)	3,178	(1,484)
Non-GAAP net loss	<u>\$ (3,606)</u>	<u>\$ (132)</u>	<u>\$ (5,547)</u>	<u>\$ (1,649)</u>

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Diluted earnings (loss) per share	\$ 0.48	\$ (0.08)	\$ 0.31	\$ (0.22)
Amortization of trademarks	0.08	0.08	0.16	0.12
Stock-based compensation	0.02	0.02	0.03	0.03
Loss on extinguishment of debt	0.12	0.04	0.12	0.04
Certain adjustments to provision for doubtful accounts	-	-	-	0.01
Gain on the sale of assets	(1.05)	-	(1.05)	-
Income tax provision (benefit)	0.16	(0.07)	0.16	(0.08)
Non-GAAP diluted EPS	<u>\$ (0.18)</u>	<u>\$ (0.01)</u>	<u>\$ (0.28)</u>	<u>\$ (0.09)</u>
Non-GAAP weighted average diluted shares	<u>19,571,119</u>	<u>19,261,436</u>	<u>19,418,469</u>	<u>19,092,828</u>

(Sin thousands)	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net income (loss) attributable to Xcel Brands, Inc. stockholders	\$ 9,490	\$ (1,558)	\$ 6,003	\$ (4,105)
Depreciation and amortization	1,812	1,848	3,632	3,058
Interest and finance expense	478	622	1,187	902
Income tax provision (benefit)	3,178	(1,346)	3,178	(1,484)
State and local franchise taxes	-	33	36	72
Stock-based compensation	485	431	517	591
Loss on extinguishment of debt	2,324	821	2,324	821
Certain adjustments to provision for doubtful accounts	-	-	-	132
Gain on the sale of assets	(20,608)	-	(20,608)	-
Adjusted EBITDA	<u>\$ (2,841)</u>	<u>\$ 851</u>	<u>\$ (3,731)</u>	<u>\$ (13)</u>

XCEL

INVESTOR PRESENTATION

Second Quarter 2022

NASDAQ: XELB

Xcel Brands (8/17/22)



HALSTON

SAFE HARBOR STATEMENT

FORWARD LOOKING STATEMENTS

Certain statements in this presentation, as well as certain oral statements made by management during the presentation, constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. These statements include, without limitation, statements expressed or implied regarding our plans and milestones, plans to fund our current activities, statements concerning our strategic relationships and activities, strategy, future operations and expansion, future financial position, future sales and revenues, projected costs, and market penetration. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "expects," "seeks," "plans," "goals," "anticipates," "believes," "estimates," "predicts," "potential," "projects," "continue," "intends," "could," "opportunity," or negative of such terms or other comparable terminology. These statements are based on our current expectations and assumptions and are not guarantees of future performance. You should not place undue reliance on our forward-looking statements, which are subject to a multitude of known and unknown risks and uncertainties that could cause actual results, future circumstance or events to differ materially from those stated in or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to, the ability of our licensees to produce, market and sell quality products bearing our brand names, continued market acceptance of our brands and any future brands we acquire, our ability to service our significant debt obligations, our ability to raise capital for any future acquisitions, concentration of a substantial portion of our licensing revenue from a limited number licensees, our dependence on QVC, restrictions in our agreements with QVC and other licensees on our ability to sell products with certain retailers, our dependence on promotional services of our spokesperson, limitations on our ownership of the H Halston brands, our ability to manage expected future growth, our ability to identify and acquire additional trademarks, competition for licensees, competition in our licensee's markets, our ability to protect our intellectual property, our dependence on our CEO and other key executive officers, the success of our e-commerce strategy, supply chain disruptions, operating in high inflation environment and potential recession and other risks and uncertainties detailed from time to time in our public disclosure documents or other filings with the Securities and Exchange Commission. Additional risks and uncertainties relating to us, and our business can be found in the "Risk Factors" section of our latest annual report on Form 10-K as well as in our other public filings. The forward-looking statements are made as of the date hereof, and we disclaim any intention and have no obligation or responsibility, except as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This Presentation contains projected financial information and goals with respect to Xcel Brands, Inc. Such projected financial information and goals constitute forward-looking information, and is for illustrative purposes only and should not be relied upon as necessarily being indicative of future results. The assumptions and estimates underlying such financial forecast information are inherently uncertain and are subject to a wide variety of significant business, economic, competitive, and other risks and uncertainties that could cause actual results to differ materially from those contained in the prospective financial information. See "Forward-Looking Statements" above. Actual results may differ materially from the results contemplated by the financial forecast information contained in this Presentation, and the inclusion of such information in this Presentation should not be regarded as a representation by any person that the results reflected in such forecasts will be achieved.

NON-GAAP FINANCIAL MEASURES

In addition to financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP), we use certain non-GAAP financial measures in this presentation. Adjusted EBITDA is a non-GAAP unaudited measure, which we define as net income (loss) before depreciation and amortization, interest and finance expenses (including loss on extinguishment of debt, if any), income taxes, other state and local franchise taxes, stock-based compensation and costs in connection with potential acquisitions certain adjustments to allowances for doubtful accounts, property and equipment impairment, gain on sale of assets and gain on the reduction of contingent obligation. We use Adjusted EBITDA as a measure of operating performance to assist in comparing performance from period to period on a consistent basis and to identify business trends relating to Xcel's results of operations. We believe Adjusted EBITDA is also useful because it provides supplemental information to assist investors in evaluating Xcel's financial results. Adjusted EBITDA adds back to net (loss) income certain adjustments to allowances for doubtful accounts for account debtors that have filed for bankruptcy protection triggered by the impact of COVID-19.

Adjusted EBITDA should not be considered in isolation or as an alternative to net income or any other measure of financial performance calculated and presented in accordance with GAAP. Given that Adjusted EBITDA is a financial measure not deemed to be in accordance with GAAP and is susceptible to varying calculations, our Adjusted EBITDA may not be comparable to similarly titled measures of other companies, including companies in our industry, because other companies may calculate Adjusted EBITDA in a different manner than we calculate this measure.

In evaluating Adjusted EBITDA, you should be aware that in the future we may or may not incur expenses similar to some of the adjustments in this report. Our presentation of Adjusted EBITDA does not imply that our future results will be unaffected by these expenses or any unusual or non-recurring items. When evaluating our performance, you should consider Adjusted EBITDA alongside other financial performance measures, including our net income (loss) and other GAAP results, and not rely on any single financial measure.

Xcel Brands (8/17/22)

TABLE OF CONTENTS

OVERVIEW	Page 4
HIGHLIGHTS	Page 6
PLATFORM	Page 11
GROWTH STRATEGY	Page 16
FINANCIAL OVERVIEW	Page 26
SUMMARY	Page 29



OVERVIEW

XCEL IS A CONSUMER PRODUCTS
AND LIVE STREAMING MEDIA
COMPANY GENERATING OVER
\$500 MILLION ANNUAL
RETAIL SALES IN 2021

“We imagine shopping, entertainment and
social media as one thing”

– ROBERT D’LOREN, CEO

Xcel Brands (8/17/22)



HIGHLIGHTS

Market leading position in Live Stream and social commerce shopping with nearly \$4BB in cumulative retail sales in Live Streaming and 10,000 hours of show programming

Industry-leading technology platform designed to drive audience, engagement and sales of products through Live Stream shopping and social commerce

Responsive fast-to-market design, supply chain capabilities, and duty-free DTC warehousing to drive social commerce sales and maximize operating margins

Historical track record of Revenue and Adjusted EBITDA growth, strong consumer demand for brands, significant investments in infrastructure in 2019-2022 poised to generate strong contribution in 2023 and beyond

Strong balance sheet with significant working capital and cash position

Significant growth opportunities across existing brand portfolio, new businesses driven by Live Stream and Social Shopping, and future acquisitions to accelerate growth into a market that we believe is a multibillion-dollar opportunity



OUR EVOLUTION



2011-2016

2017-2022

2022 FORWARD

BUILDING THE FOUNDATION

Acquired Isaac Mizrahi, Judith Ripka, Halston and C. Wonder

Significant growth across our brands in Direct-Response Television and licensing

Over \$1BB of Live Stream Shopping sales at retail

EXPANDING INFRASTRUCTURE

Acquired Longaberger, Lori Goldstein

Over \$5MM of infrastructure investments for wholesale, direct-to-consumer, and Live Stream Shopping

Partial divestiture of Isaac Mizrahi at a \$70MM valuation and 99%+ annual Return on Equity

Approaching \$4BB of cumulative Live Stream Shopping sales at retail

LEADING LIVE STREAM PLATFORM

New brands added to our platform through incubation, partnerships, and future acquisitions

Development and expansion of new and existing brands across all channels of distribution through Live Stream Shopping, Wholesale, and DTC divisions

Xcel Brands (8/17/22)

OUR BRANDS

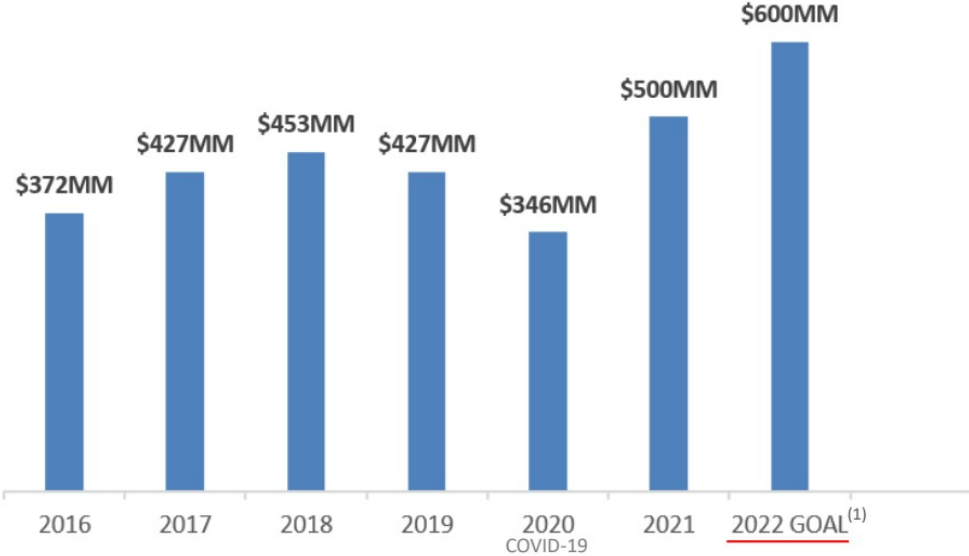


Note: All brands are fully owned by Xcel Brands Inc. other than (i) Isaac Mizrahi which represents a minority interest retained ownership and (ii) Longaberger which represents a 50% ownership position in the business by Xcel.

EST. RETAIL SALES OF OUR BRANDS

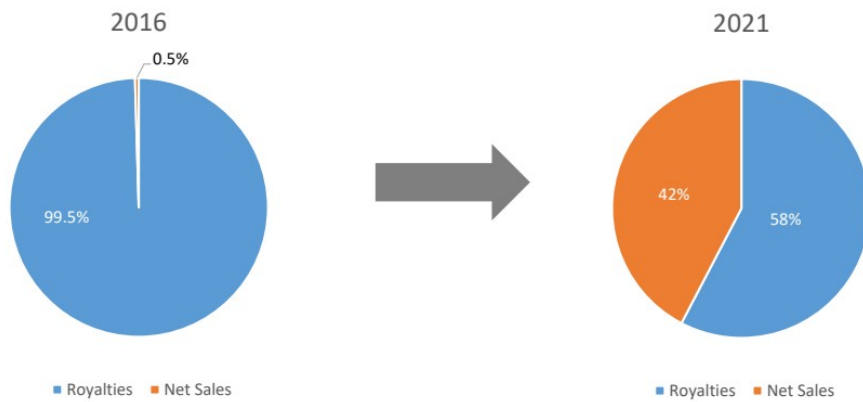
STRONG CONSUMER DEMAND

8.3% CAGR



(1) 2022 Goal includes the Isaac Mizrahi Brand Xcel Brands (8/17/22)

SIGNIFICANT REVENUE GROWTH FROM INVESTMENTS IN TECHNOLOGY, WHOLESALE AND DTC BUSINESSES



Diversification of revenue by distribution channel, category and seasonality

THE PLATFORM

XCEL HAS BUILT AN OPERATING PLATFORM DESIGNED TO DRIVE SALES THROUGH SOCIAL COMMERCE



BRAND DEVELOPMENT AND
MARKETING



WHOLESALE AND SUPPLY CHAIN AND RELATED
TECHNOLOGIES



LICENSING IN
NON-CORE CATEGORIES



DESIGN AND CREATIVE



LIVE STREAM TECHNOLOGY, MEDIA AND
INFLUENCER MARKETING



DTC WITH DUTY-FREE WAREHOUSING

Xcel Brands (8/17/22)

INDUSTRY-LEADING TECHNOLOGY AND LIVE STREAM MEDIA PLATFORM

Product sales driven by a targeted digital and traditional media strategy and the use of brand ambassadors and influencers, with conversions driven through Live Stream events. **Harness the power of the many to many social commerce**

DRIVES SALES AND ENGAGEMENT
ACROSS ALL CHANNELS



Xcel Brands (8/17/22)

A MODEL FOR THE FUTURE OF RETAILING

Xcel has developed a fast-to-market, technology driven “vertical” design and sourcing platform for its wholesale and DTC business, designed to create clear advantages over competition, including the ability to:

Disintermediate the traditional wholesaler by connecting the retailers directly to the factory

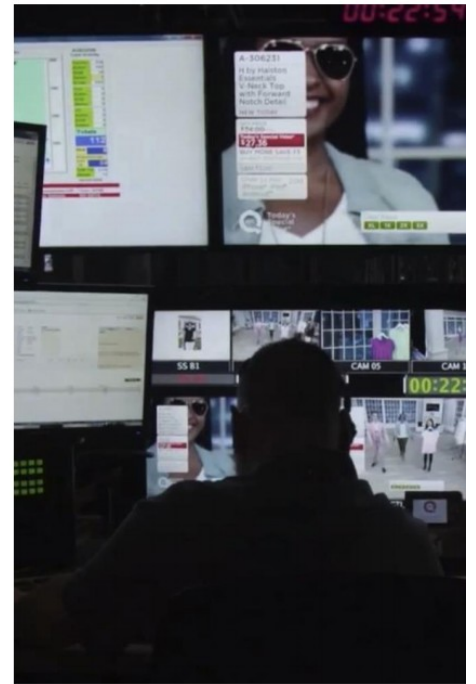
Operates section 321 A duty free DTC warehouse

Reduce margin compression through exclusive brands and duty and warehouse cost savings

Develop intelligent, trend-right products, based upon an integrated technology platform including consumer insight testing, trend analytics, data science, and 3D design eco-system

Operate end to end Live Stream platform through proprietary technology

Xcel Brands (8/17/22)



A MODEL FOR THE FUTURE OF RETAILING

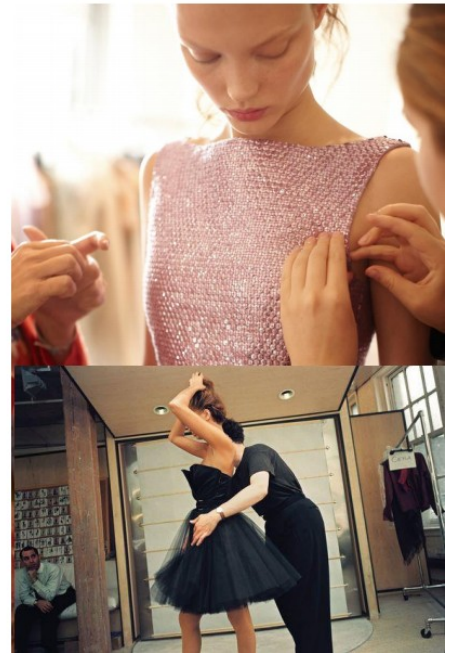
Significant investments in design and supply chain technologies including advanced ERP, PLM, 3D Design, Trend Analytics, and other supply chain investments to react quickly to customer demand and maximize operating margins

Highly responsive design, development, and supply chain designed to maximize margins

Design teams with nearly \$4BB in experience designing products that engage customers and work well in Live Stream shopping

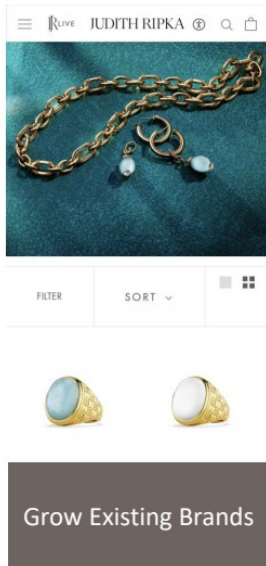
Multi category supply chain designed to provide high-quality products while maintaining strong margins

Xcel Brands (8/17/22)



GROWTH STRATEGY

KEY GROWTH STRATEGIES: 2023-2025



Grow Existing Brands



New Live Stream Driven Businesses



Accelerate Wholesale Transformation



Pursue Accretive Acquisitions

STRONG POTENTIAL IN EXISTING BRANDS



HALSTON

Growth Opportunities:

- Significant expansion in DTC and Live Stream
- New Creative Director to drive development of new collections and build community around brand and drive Live Stream sales
- New product in development for all channels of distribution
- International distribution agreements
- Men's launch



JUDITH RIPKA

Growth Opportunities:

- 900% growth in revenues from 2019-2021 driven by continued growth of independent jeweler distribution
- Strong potential in DTC and Live Streaming sales
- International Opportunities



LORI GOLDSTEIN

Growth Opportunities:

- QVC business back on a strong growth trajectory for 2023 with regular shows in primetime
- New collection for better retailers developed and ready to launch in 2023
- Expansion through licensing, DTC and Live Streaming
- Brand collaborations

STRONG POTENTIAL IN EXISTING BRANDS



C. WONDER

Growth Opportunities:

- Significant expansion in DTC and Live Stream
- New Creative Director to drive development of new collections and build community around brand category
- Expansion into significant ITV business
- International distribution agreements



LONGABERGER

Growth Opportunities:

- Premium social commerce and Live Streaming home products company with over 5,000 nano influencers as stylists and 250,000 customers
- Significant growth potential through digital marketing efforts, stylist recruiting, and expansion of vendors
- Additional growth opportunities through licensing and international expansion
- **Technology that can be utilized with other Xcel brands**

CASE STUDY – ISAAC MIZRAHI

Xcel sold 70% position in the Isaac Mizrahi band in May 2022 to WHP Global

- Significant increase in value since Xcel acquired the brand in 2011
- Return on Equity of approximately 99% per annum under Xcel's ownership
- Retained interest allows Xcel to participate in continued growth under new owners
- Xcel to continue to service Direct-Response Television business
- New DTC Website launching under WHP for Fall 2022
- New sportswear licensee under the brand launching in 2022 with US production capabilities for fast replenishment
- New categories and international expansion in progress

Xcel Brands (8/17/22)

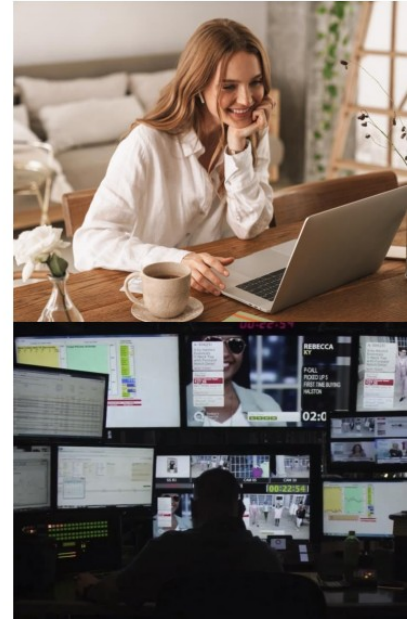


LIVE STREAM SHOPPING REPRESENTS A SIGNIFICANT GROWTH OPPORTUNITY FOR XCEL

Live Stream Shopping combines the best features of Direct-Response Television and social commerce to drive high customer acquisition, engagement, and conversion

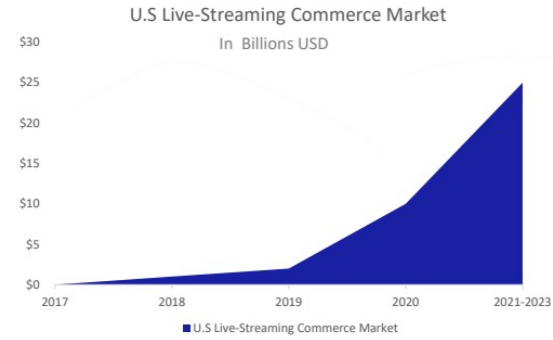
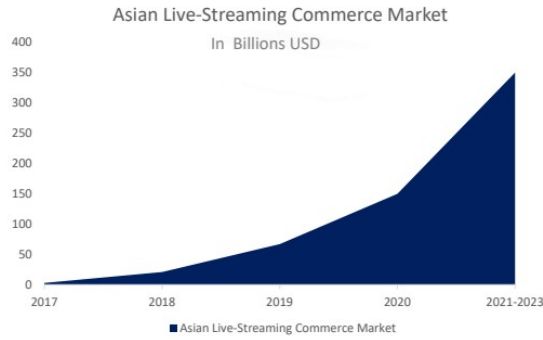
Live Stream represents the convergence between shopping, entertainment, and social media, and we believe it will be a primary driver of e-commerce sales within the next five years

Xcel Brands (8/17/22)



THE U.S. LIVE STREAM MARKET IS POISED FOR SIGNIFICANT GROWTH

Billions are up for grabs



In 2021 the Live Streaming social commerce market in China reached over \$300B up from \$3B in 2017 ⁽²⁾

Social Commerce via Live Streaming is estimated to be \$25BB in the U.S. by 2023 ⁽²⁾

(2) Coresight Research, McKinsey and other reports
Xcel Brands (8/17/22)

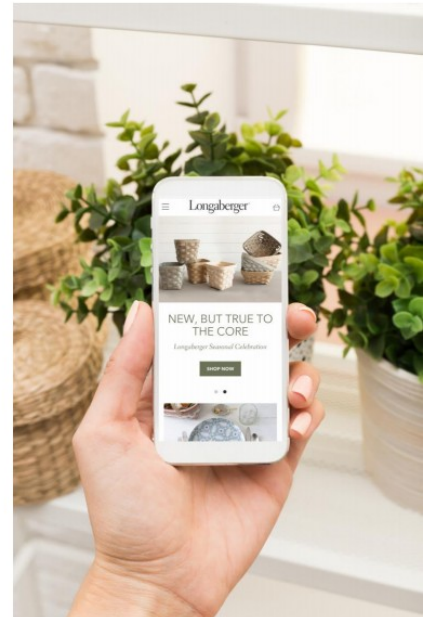
XCEL IS WELL POSITIONED TO GROW AS LIVE STREAM SHOPPING AND SOCIAL COMMERCE ACCELERATE

With nearly \$4BB of Live Stream sales and 10,000 hours of show programming, Xcel is well positioned to grow its existing brands, partner with third parties, and acquire brands that the company can accelerate through Live Stream shopping and social commerce

The company has the strongest pipeline in our history of new brands and channel launches of existing brands that are slated to launch in 2023, all driven by Live Stream shopping through our DTC platforms and retail partners

Xcel's platform including technology, marketing, design and supply chain are all built to support D2C Live Stream and social shopping with a duty-free advantage

Xcel Brands (8/17/22)



WHOLESALE AND DTC TRANSFORMATION

Since 2016, Xcel has invested over \$5MM in infrastructure to drive its wholesale and direct-to-consumer businesses, all designed around Live Stream and social shopping

We plan to accelerate the growth of these divisions in 2023 as we scale our existing brands and add new brands to our portfolio through partnerships and acquisition

We plan to leverage our duty-free warehouse operation to drive wholesale sales in retail partners with D2C sales to their customers

Xcel Brands (8/17/22)



ACQUISITIONS

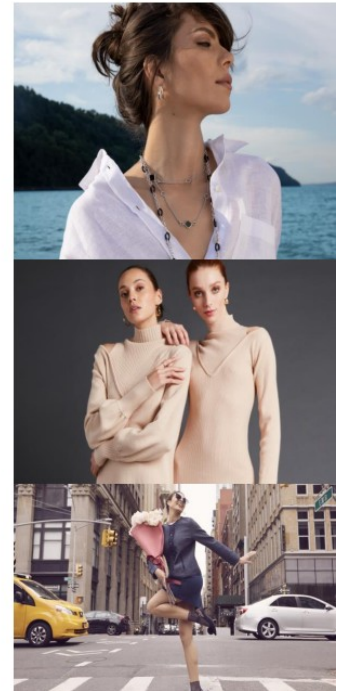
Since 2011 we have sought the acquisition of brands and businesses that we believe we can drive through Live Stream and social shopping, with an average of one acquisition every two years

We continue to seek acquisitions of brands and businesses that we believe we can integrate into our existing platform and either significantly improve our technological or operating capabilities and/or that we can significantly scale through Live Stream and social shopping

Finally, we seek category acquisitions that can balance seasonality and consumer trends

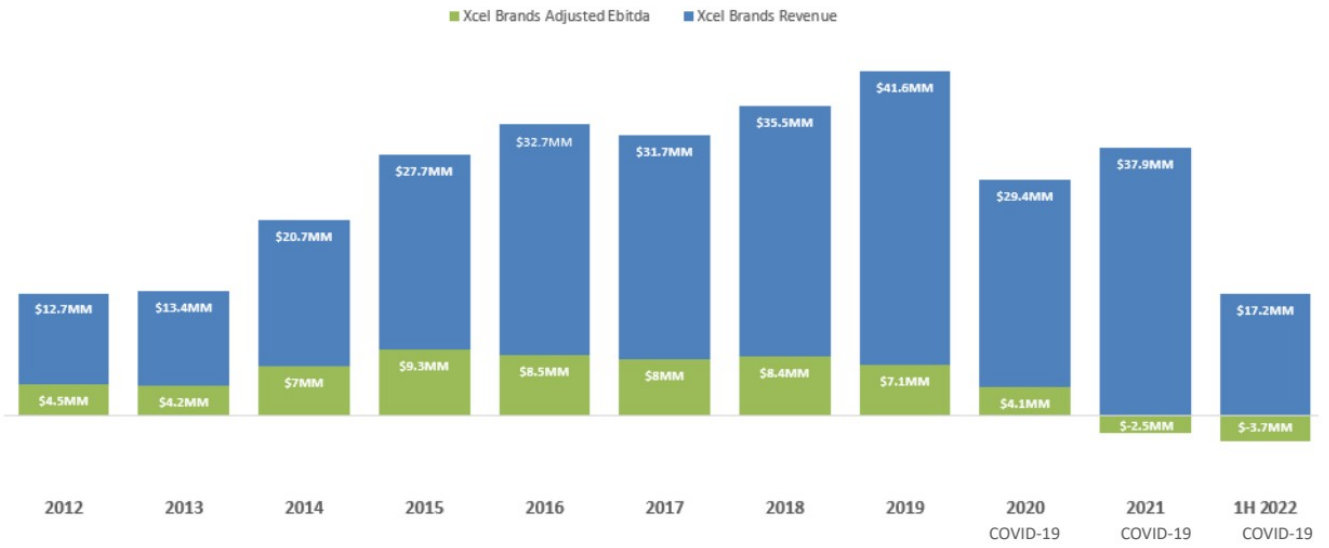


Xcel Brands (8/17/22)



FINANCIAL OVERVIEW

REVENUE AND ADJ. EBITDA GROWTH



Xcel Brands (8/17/22)

BALANCE SHEET HIGHLIGHTS

	2019	2020	2021	2022 1H
CASH	\$4,641	\$4,957	\$4,483	\$10,873
NET WORKING CAPITAL (exclusive of cash)	\$4,840	\$2,975	\$3,386	\$5,983
WORKING CAPITAL	\$9,481	\$7,932	\$7,869	\$16,856
DEBT	\$19,721	\$16,638	\$28,031	\$0

Xcel Brands (8/17/22)

SUMMARY

SUMMARY

Market leading position in Live Stream and social commerce shopping with nearly \$4BB in retail sales in Live Streaming and 10,000 hours of show programming

Industry-leading technology platform designed to drive audience, engagement and sales of products through Live Stream shopping and social commerce

Responsive fast-to-market design, supply chain capabilities, and duty-free DTC warehousing to drive social commerce sales and maximize margins

Historical track record of Revenue and Adjusted EBITDA growth, strong consumer demand for brands, significant investments in infrastructure in 2019-2022 poised to generate strong contribution in 2023 and beyond

Strong balance sheet with significant working capital and cash position

Significant growth opportunities across existing brand portfolio, new businesses driven by Live Stream and Social Shopping, and future acquisitions to accelerate growth into a market that we believe is a multibillion-dollar opportunity



XCEL

NASDAQ: XELB

Xcel Brands (8/17/22)



HALSTON

EXHIBIT A

Xcel Brands, Inc. and Subsidiaries Reconciliation of Adjusted EBITDA For the Year Ended December 31, (Unaudited)

(amounts in thousands)	2017	2018	2019	2020	2021	1H 2022
Net Income (loss)	(\$10,122)	\$1,088	(\$3,445)	(\$12,936)	(\$12,184)	\$6,003
Depreciation and amortization	1,562	1,780	3,902	5,497	6,830	3,632
Interest and finance expense	1,347	1,011	1,285	1,193	3,579	1,187
Income tax provision (benefit)	(447)	1,831	(642)	(4,518)	(3,106)	3,178
State and local franchise taxes	107	113	197	145	142	36
Stock-based compensation	3,184	1,788	976	850	720	517
Loss on extinguishment of debt	-	-	189	-	-	2,324
Gain on reduction of contingent obligations	-	-	(2,850)	-	-	-
Costs in connection with potential business combination	-	-	1,290	(158)	-	-
Non-recurring facility exit charges	-	799	-	-	-	-
Certain adjustments to allowance for doubtful accounts	-	-	-	971	132	-
Goodwill & other impairment	12,371	-	6,200	13,113	1,372	-
Gain on the sale of assets	-	-	-	(46)	-	(20,608)
Adjusted EBITDA	\$8,002	\$8,410	\$7,102	\$4,111	(\$2,515)	(\$3,731)

Adjusted EBITDA is a non-GAAP unaudited measure, which we define as net income (loss) before depreciation and amortization, interest and finance expenses (including loss on extinguishment of debt, if any), income taxes, other state and local franchise taxes, stock-based compensation and costs in connection with potential acquisitions certain adjustments to allowances for doubtful accounts, property and equipment impairment and gain on the reduction of contingent obligation. Adjusted EBITDA adds back to net (loss) income certain adjustments to allowances for doubtful accounts for account debtors that have filed for bankruptcy protection triggered by the impact of COVID-19.

Management uses non-GAAP net income, non-GAAP diluted EPS, and Adjusted EBITDA as measures of operating performance to assist in comparing performance from period to period on a consistent basis and to identify business trends relating to our results of operations. Management believes non-GAAP net income, non-GAAP diluted EPS, and Adjusted EBITDA are also useful because they provide supplemental information to assist investors in evaluating our financial results. Non-GAAP net income, non-GAAP diluted EPS, and Adjusted EBITDA should not be considered in isolation or as alternatives to net income, earnings per share, or any other measure of financial performance calculated and presented in accordance with GAAP. Given that non-GAAP net income, non-GAAP diluted EPS, and Adjusted EBITDA are financial measures not deemed to be in accordance with GAAP and are susceptible to varying calculations, our non-GAAP net income, non-GAAP diluted EPS, and Adjusted EBITDA may not be comparable to similarly titled measures of other companies, including companies in our industry, because other companies may calculate non-GAAP net income, non-GAAP diluted EPS, and Adjusted EBITDA in a different manner than we calculate these measures. In evaluating non-GAAP net income, non-GAAP diluted EPS, and Adjusted EBITDA, you should be aware that in the future we may or may not incur expenses similar to some of the adjustments in this document. Our presentation of non-GAAP net income, non-GAAP diluted EPS, and Adjusted EBITDA does not imply that our future results will be unaffected by these expenses or any unusual or non-recurring items. When evaluating our performance, you should consider non-GAAP net income, non-GAAP diluted EPS, and Adjusted EBITDA alongside other financial performance measures, including our net income and other GAAP results, and not rely on any single financial measure.