

**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 10, 2023

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

Delaware
(State or Other Jurisdiction
of Incorporation)

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

001-37527
(Commission
File Number)

76-0307819
(IRS Employer
Identification No.)

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.

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, par value \$0.001 per share	XELB	NASDAQ Global Select Market

Item 2.02 Results of Operations and Financial Conditions

On August 10, 2023, the Registrant issued a press release announcing its financial results for the three and six months ended June 30, 2023. 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 10, 2023.](#)
 - 99.2 [Xcel Brands Investor Presentation](#)
 - 104 Cover Page Interactive Data File (embedded within the inline XBRL document).
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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 15, 2023

XCEL

FOR IMMEDIATE RELEASE

XCEL BRANDS, INC. ANNOUNCES SECOND QUARTER 2023 RESULTS

- *Successful restructuring plan transforms Xcel Brands into a modern, asset light consumer products and livestream/social commerce platform, realizing \$13 million in annualized cost savings.*
- *Executed Master licenses for Judith Ripka, Halston and C Wonder brands with Jewelry TV (JTV), G-III Apparel Group and One Jeanswear Group, respectively.*
- *Revenues of \$6.8 million for the quarter, an increase of \$0.7 million (+12.1%) and \$2.7 million (+66.8%) as compared to the quarters ended March 31, 2023, and December 31, 2022, respectively.*
- *GAAP net loss of \$3.5 million for the quarter, compared with GAAP net loss of \$5.6 million and \$6.0 million in the quarters ended March 31, 2023, and December 31, 2022, respectively.*
- *Adjusted EBITDA of (\$0.9) million for the quarter, compared with Adjusted EBITDA of (\$2.0) million and (\$5.9) million in the quarters ended March 31, 2023, and December 31, 2022, respectively.*

NEW YORK, NY (August 10, 2023) – Xcel Brands, Inc. (NASDAQ: XELB) (“Xcel” or the “Company”), a media and consumer products company with significant expertise in livestream shopping and social commerce, today announced its financial results for the quarter ended June 30, 2023.

Robert W. D’Loren, Chairman and Chief Executive Officer of Xcel commented, “Our second quarter financial results reflect the initial success of our restructuring efforts. As a result of these near-term actions, we have transformed Xcel Brands into a modern, asset-light, and highly profitable social commerce media and consumer products company. During the second quarter, we announced exciting, new master licensing agreements with Jewelry TV for our Judith Ripka brand, G-III Apparel Group for our Halston brand, and One Jeanswear Group for our C Wonder brand. These licenses are a tremendous opportunity to grow our brands in the future, and will allow us to focus on developing, acquiring, and growing brands that have dedicated social audiences, as well as the upcoming roll-out of our groundbreaking social commerce marketplace.”

Mr. D’Loren continued, “We have created a powerful platform supported by compelling brands and partners that will elevate our brands and drive highly profitable licensing revenue for the Company. During the 2023 second quarter, we significantly improved our operating results. In addition, we believe we are well positioned to achieve positive monthly EBITDA in the fourth quarter, while we have also de-risked the business in a challenging retail environment and ended the second quarter with no debt, \$3.5 million in cash. This provides us with significant flexibility to invest in our brands, support new growth initiatives, including the upcoming release of our social commerce marketplace, and drive meaningful value for our shareholders in 2023 and beyond.”

Second Quarter 2023 Financial Results

Total revenue for the second quarter of 2023 was \$6.8 million, representing a decrease of approximately \$1.7 million (-20%) from the second quarter of 2022, but an increase of approximately \$0.7 million (+12.1%) from the first quarter of 2023. The year-over-year revenue decline in the second quarter of 2023 was driven by a \$2.7 million decrease in licensing revenue, primarily attributable to the sale of a majority interest in the Isaac Mizrahi brand in May 2022, partially offset by an increase of approximately \$1.1 million in net sales, largely due to the sale of the Company’s Judith Ripka fine jewelry inventory to JTV in connection with new contractual arrangements with JTV.

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Net loss attributable to Xcel Brands for the quarter was approximately \$3.5 million, or (\$0.18) per share, compared with net income of \$9.5 million, or \$0.48 per diluted share, for the prior year quarter, which included a \$20.6 million gain on the sale of a majority interest in the Isaac Mizrahi brand.

After adjusting for certain cash and non-cash items, results on a non-GAAP basis were a net loss of approximately \$1.7 million, or (\$0.09) per share for the quarter ended June 30, 2023, and a net loss of approximately \$3.6 million, or (\$0.18) per share, for the prior year quarter. Adjusted EBITDA improved significantly on a year-over-year basis to negative \$0.9 million for the current quarter as compared with negative \$2.8 million for the prior year quarter. Adjusted EBITDA also improved by \$1.1 million and \$5.0 million as compared with the quarters ending March 31, 2023, and December 31, 2022, respectively, primarily as a result of the restructuring of our business and entry into the new long-term license agreements for our Judith Ripka, Halston, and C Wonder brands.

Six Month 2023 Financial Results

Total revenue for the current six-month period was \$12.8 million, representing a decrease of approximately \$4.4 million from the prior year period of 2022. The year-over-year revenue decline from the prior six-month period compared with the current six-month period was driven by a \$6.5 million decrease in licensing revenue, primarily attributable to the sale of a majority interest in the Isaac Mizrahi brand in May 2022, partially offset by an increase of approximately \$2.1 million in net sales.

Net loss attributable to Xcel Brands for the current six-month period was approximately \$9.1 million, or (\$0.46) per share, compared with net income of \$6.0 million, or \$0.31 per diluted share, for the prior year six months, which included a \$20.6 million gain on the sale of a majority interest in the Isaac Mizrahi brand.

After adjusting for certain cash and non-cash items, results on a non-GAAP basis were a net loss of approximately \$5.3 million, or \$(0.27) per share for the six months ended June 30, 2023, compared with a net loss of approximately \$5.5 million, or \$(0.28) per share, for the six months ended June 30, 2022. Adjusted EBITDA was negative \$2.9 million, as compared with approximately \$3.7 million for the current year six months and prior year comparable period, respectively, and represents an increase of \$5.9 million as compared with Adjusted EBITDA for the prior six-month period ending December 31, 2022.

Balance Sheet

The Company's balance sheet at June 30, 2023, reflected stockholders' equity of approximately \$61 million, cash and cash equivalents of approximately \$3.5 million, and working capital, exclusive of the current portion of lease obligations, of approximately \$6.0 million. The Company did not have any short-term or long-term debt as of June 30, 2023.

Conference Call and Webcast

The Company will host a conference call with members of the executive management team to discuss these results with additional comments and details at 5:00 p.m. Eastern Time on August 10, 2023. 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 800-715-9871 or 646-307-1963 and use the passcode 1869992 and pin 2453. A replay of the webcast will be available on Xcel's website.

About Xcel Brands

Xcel Brands, Inc. (NASDAQ: XELB) is a media and consumer products company engaged in the design, production, marketing, live streaming, social commerce and direct-to-consumer sales of branded apparel, footwear, accessories, fine jewelry, home goods and other consumer products, and the acquisition of dynamic consumer lifestyle brands. Xcel was founded in 2011 with a vision to reimagine shopping, entertainment, and social media as one thing. Xcel owns the Judith Ripka, Halston, LOGO by Lori Goldstein, and C. Wonder brands and a minority stake in the Isaac Mizrahi brand. It also owns and manages the Longaberger brand through its controlling interest in Longaberger Licensing LLC. Xcel is pioneering a true modern consumer products sales strategy which includes the promotion and sale of products under its brands through interactive television, digital live-stream shopping, social commerce, brick-and-mortar retail, and e-commerce channels to be everywhere its customers shop. The company's brands have generated in excess of \$4 billion in retail sales via livestreaming in interactive television and digital channels alone. Headquartered in New York City, Xcel Brands is led by an executive team with significant live streaming, production, merchandising, design, marketing, retailing, and licensing experience, and a proven track record of success in elevating branded consumer products companies. 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:

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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 30,	
	2023	2022	2023	2022
Revenues				
Net licensing revenue	\$ 2,428	\$ 5,175	\$ 4,650	\$ 11,136
Net sales	4,353	3,292	8,181	6,078
Net revenue	6,781	8,467	12,831	17,214
Cost of goods sold	3,800	2,570	6,493	4,250
Gross profit	2,981	5,897	6,338	12,964
Operating costs and expenses				
Salaries, benefits and employment taxes	2,241	5,236	5,706	10,089
Other selling, general and administrative expenses	2,943	4,288	6,436	7,712
Total operating costs and expenses	5,184	9,524	12,142	17,801
Operating loss before other expenses, including non-cash expenses	(2,203)	(3,627)	(5,804)	(4,837)
Other expense, including non-cash expenses				
Depreciation and amortization	1,786	1,812	3,583	3,632
Gain on sale of assets	-	(20,608)	-	(20,608)
Loss from equity method investment	515	-	1,030	-
Gain on sale of limited partner ownership	(351)	-	(351)	-
Loss on Lease Liability	(445)	-	(445)	-
Other expense, including non-cash expenses	1,505	(18,796)	3,817	(16,976)
Operating (loss) income	(3,708)	15,169	(9,621)	12,139
Interest and finance expense				
Interest expense - term loan debt	-	479	-	1,187
Other interest and finance charges (income), net	(7)	(1)	18	-
Loss on early extinguishment of debt	-	2,324	-	2,324
Total interest and finance expense	(7)	2,802	18	3,511
(loss) income before income taxes	(3,701)	12,367	(9,639)	8,628
Income tax benefit	-	3,178	-	3,178
Net (loss) income	(3,701)	9,189	(9,639)	5,450
Less: Net loss attributable to noncontrolling interest	(233)	(301)	(528)	(553)
Net (loss) income attributable to Xcel Brands, Inc. stockholders	\$ (3,468)	\$ 9,490	\$ (9,111)	\$ 6,003
(Loss) earnings per share attributed to Xcel Brands, Inc. common stockholders:				
Diluted net (loss) income per share	\$ (0.18)	\$ 0.48	\$ (0.46)	\$ 0.31
Basic net (loss) income per share	\$ (0.18)	\$ 0.48	\$ (0.46)	\$ 0.31
Basic weighted average common shares outstanding	19,735,500	19,677,243	19,684,630	19,624,474
Diluted weighted average common shares outstanding	19,735,500	19,814,448	19,684,630	19,756,775

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

	June 30, 2023 (Unaudited)	December 31, 2022
Assets		
Current Assets:		
Cash and cash equivalents	\$ 3,507	\$ 4,608
Accounts receivable, net	6,878	5,110
Inventory	798	2,845
Prepaid expenses and other current assets	554	1,457
Total current assets	11,737	14,020
Non-Current Assets:		
Property and equipment, net	916	1,418
Operating lease right-of-use assets	4,946	5,420
Trademarks and other intangibles, net	44,590	47,665
Equity method investment	18,165	19,195
Deferred tax assets, net	1,107	1,107
Other assets	25	110
Total non-current assets	69,749	74,915
Total Assets	\$ 81,486	\$ 88,935
Liabilities and Equity		
Current Liabilities:		
Accounts payable, accrued expenses and other current liabilities	\$ 2,750	\$ 3,870
Deferred revenue	922	88
Accrued income taxes payable	555	568
Accrued payroll	154	416
Current portion of operating lease obligations	1,219	1,376
Current portion of contingent obligations	1,400	243
Total current liabilities	7,000	6,561
Long-Term Liabilities:		
Long-term portion of operating lease obligations	4,660	5,839
Long-term Deferred revenue	4,207	-
Contingent obligations	4,996	6,396
Total long-term liabilities	13,863	12,235
Total Liabilities	20,863	18,796
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 19,700,656 and 19,624,860 shares issued and outstanding at June 30, 2023 and December 31, 2022.	20	20
Paid-in capital	103,715	103,592
Accumulated deficit	(41,908)	(32,797)
Total Xcel Brands, Inc. stockholders' equity	61,827	70,815
Noncontrolling interest	(1,204)	(676)
Total Equity	60,623	70,139
Total Liabilities and Equity	\$ 81,486	\$ 88,935

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

	For the Six Months Ended	
	2023	2022
Cash flows from operating activities		
Net (loss) income	\$ (9,639)	\$ 5,450
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization expense	3,583	3,632
Asset impairment charges	100	-
Amortization of deferred finance costs	-	156
Stock-based compensation	122	517
Allowance for doubtful accounts	-	90
Proportional share of trademark amortization of equity method investee	1,030	-
Loss on extinguishment of debt	-	2,324
Deferred income tax benefit	-	1,384
Net gain on sale of assets	-	(20,608)
Gain on sale of limited partner ownership interest	(351)	-
Gain on settlement of lease liability	(445)	-
Changes in operating assets and liabilities:		
Accounts receivable	(1,768)	(1,741)
Inventory	2,047	(100)
Prepaid expenses and other assets	863	8
Deferred revenue	5,041	347
Accounts payable, accrued expenses and other current liabilities	(1,637)	205
Lease-related assets and liabilities	(417)	(159)
Other Liabilities	-	(224)
Net cash used in by operating activities	(1,471)	(8,719)
Cash flows from investing activities		
Net proceeds from sale of majority interest in Isaac Mizrahi brand	-	45,408
Net proceeds from sale of assets	451	-
Purchase of property and equipment	(81)	(85)
Net cash provided by investing activities	370	45,323
Cash flows from financing activities		
Shares repurchased including vested restricted stock in exchange for withholding taxes	-	(442)
Payment of long-term debt	-	(29,000)
Payment of breakage fees associated with extinguishment of long-term debt	-	(1,511)
Net cash used in financing activities	-	(30,953)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(1,101)	5,651
Cash, cash equivalents, and restricted cash at beginning of period	4,608	5,222
Cash, cash equivalents, and restricted cash at end of period	\$ 3,507	\$ 10,873
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ -	\$ 1,032
Cash paid during the period for income taxes	\$ 16	-

Non-GAAP net income and non-GAAP diluted EPS are non-GAAP unaudited terms. We define non-GAAP net income as net income (loss) attributable to Xcel Brands, Inc. stockholders, exclusive of amortization of trademarks, proportional share of trademark amortization of equity method investee, stock-based compensation, loss on extinguishment of debt, gain on the sale of assets, gain on lease termination, asset impairment 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), proportional share of trademark amortization of equity method investee, stock-based compensation, gain on the sale of assets, gain on lease termination, asset impairment, losses from discontinued businesses and income taxes, other state and local franchise taxes.

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

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

(\$ in thousands)	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net (loss) income attributable to Xcel Brands, Inc. stockholders	\$ (3,468)	\$ 9,490	\$ (9,111)	\$ 6,003
Amortization of trademarks	1,525	1,525	3,045	3,039
Proportional share of trademark amortization of equity method investee	515	-	1,030	-
Stock-based compensation	65	485	122	517
Loss on extinguishment of debt	-	2,324	-	2,324
Gain on the sale of assets	-	(20,608)	-	(20,608)
Gain on lease termination	(445)	-	(445)	-
Asset impairment	100	-	100	-
Income tax benefit	-	3,178	-	3,178
Non-GAAP net loss	\$ (1,708)	\$ (3,606)	\$ (5,259)	\$ (5,547)

(\$ in thousands)	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Diluted loss per share	\$ (0.18)	\$ 0.48	\$ (0.46)	\$ 0.30
Amortization of trademarks	0.08	0.08	0.15	0.16
Proportional share of trademark amortization of equity method investee	0.03	-	0.05	-
Stock-based compensation	-	0.03	0.01	0.03
Loss on extinguishment of debt	-	0.12	-	0.12
Gain on the sale of assets	-	(1.05)	-	(1.05)
Gain on lease termination	(0.02)	-	(0.02)	-
Asset Impairment	-	-	-	-
Income tax benefit	-	0.16	-	0.16
Non-GAAP diluted EPS	\$ (0.09)	\$ (0.18)	\$ (0.27)	\$ (0.28)
Non-GAAP weighted average diluted shares	19,735,500	19,677,243	19,684,630	19,624,474

(\$ in thousands)	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net loss attributable to Xcel Brands, Inc. stockholders	\$ (3,468)	\$ 9,490	\$ (9,111)	\$ 6,003
Depreciation and amortization	1,786	1,812	3,583	3,632
Proportional share of trademark amortization of equity method investee	515	-	1,030	-
Interest and finance expense	(7)	2,802	18	3,511
Income tax provision	-	3,178	-	3,178
State and local franchise taxes	23	-	44	36
Stock-based compensation	65	485	122	517
Gain on the sale of assets	-	(20,608)	-	(20,608)
Gain on lease termination	(445)	-	(445)	-
Asset impairment	100	-	100	-
Losses from discontinued businesses	495	-	1,728	-
Adjusted EBITDA	\$ (936)	\$ (2,841)	\$ (2,931)	\$ (3,731)



XCEL

INVESTOR PRESENTATION

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NASDAQ: XELB

FORWARD LOOKING STATEMENTS

Certain statements in this presentation, as well as certain oral statements made by management during the presentation, constitute "forward-looking" statements of the United States Private Securities Litigation Reform Act of 1995. These statements include, without limitation, statements expressed or implied that we intend to fund our current activities, statements concerning our strategic relationships and activities, strategy, future operations and expansion, future revenues, projected costs, and market penetration. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "anticipates," "believes," "estimates," "predicts," "potential," "projects," "continue," "intends," "could," "opportunity," or negative of such terms. These forward looking statements include, but are not limited to statements regarding estimates and forecasts of financial and other performance. These statements are based on the current expectations and forecasts of Xcel Brands, Inc.'s management and are not predictions or guarantees of future performance. There is no assurance that our actual results will be in accordance with our forward-looking statements, which are subject to a multitude of known and unknown risks and uncertainties that could cause actual results to differ materially from those stated in or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to: changes in demand, production, market and sell quality products bearing our brand names, continued market acceptance of our brands and any future brands we acquire, our obligations, our ability to raise capital for any future acquisitions, concentration of a substantial portion of our licensing revenue from a limited number of retailers, restrictions in our agreements with QVC and other licensees on our ability to sell products with certain retailers, our dependence on promotional activities, our ownership of the H Halston brands, our ability to manage expected future growth, our ability to identify and acquire additional trademarks, 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 operations, disruptions, operating in high inflation environment and potential recession and other risks and uncertainties detailed from time to time in our 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 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 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 are for illustrative purposes only and should not be relied upon as necessarily being indicative of future results. The assumptions and estimates used in the financial information are inherently uncertain and are subject to a wide variety of significant business, economic, competitive, and other risks and uncertainties that could differ materially from those contained in the prospective financial information. See "Forward-Looking Statements" above. Actual results may differ from the financial forecast information contained in this Presentation, and the inclusion of such information in this Presentation should not be regarded as a guarantee 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. 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, proportional share of trademark amortization of equity method investee, interest and finance expenses (including loss on extinguishment of debt), local franchise taxes, stock-based compensation and costs in connection with potential acquisitions, certain adjustments to allowances for doubtful accounts, impairment of property and equipment, gain on sale of assets, loss on wholesale apparel, jewelry and Longaberger operations, and other adjustments. We use Adjusted EBITDA as a measure of operating performance to assist in comparing performance from period to period on a consistent basis relating to Xcel's results of operations. We believe Adjusted EBITDA is also useful because it provides supplemental information to assist investors in evaluating our performance.

Adjusted EBITDA should not be considered in isolation or as an alternative to net income or any other measure of financial performance calculated 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, it is not necessarily comparable to similarly titled measures of other companies, including companies in our industry, because other companies may calculate Adjusted EBITDA differently than we do.

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 the calculation of Adjusted EBITDA. 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.

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OUR OVERVIEW



ROBERT D'LOREN, CEO

XCE
CONSUMER
AND S
COMMERC
GENE
APPROX
\$600 M
ANN
RETAIL



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

- ROBERT D'LOREN, CEO



EXECUTIVE S

LEADER IN S COMMERCE

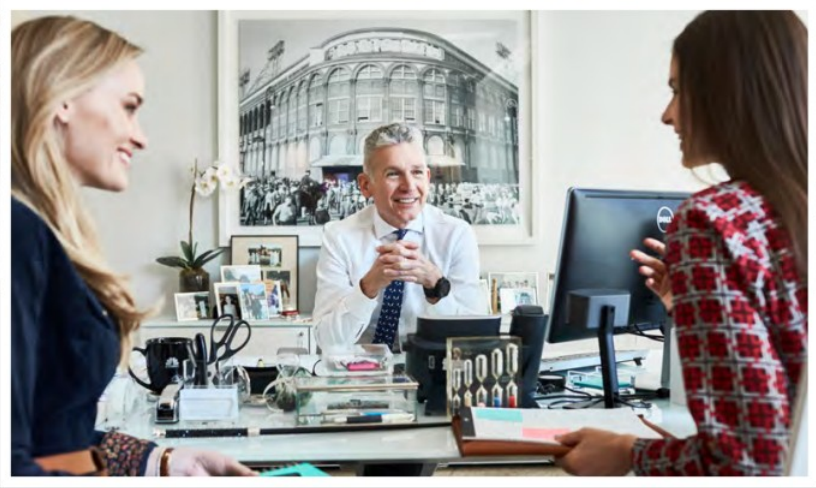
\$ 4 BB in cumulative reta
and Social Commerce, a
annual retail sales in 202:
over 10,000 hours of Liv

PROPRIETAR' TECHNOLOG'

Industry-leading proprie
technology designed to
engagement and sales o

CREATIVE PC

Highly experienced crea
expertise in Concept De
Merchandising, Marketin
Social Media content pr



FINANCIAL STRENGTH

Working capital light business model, and a historical track record of revenue and Adjusted EBITDA growth, which has enabled investments in our brands and technology

PROFITABLE BUSINESS MODEL

Strong cash flow generation beginning 2H'23 and beyond

SIGNIFICANT OPPORTUNITIES

Significant growth opportunities across existing brand portfolio fueled by new partnerships with dominant market players, new businesses driven by Live Stream and Social Commerce, and future acquisitions to further our prominence in the quickly growing Social Commerce channel



OUR EVOLUTION



2011 - 2016 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



2017 - 2022 EXPANDING INFRASTRUCTURE

Acquired Longaberger, Lori Goldstein

Winner QVC Apparel Vendor of the Year

Over \$5MM of infrastructure investment in direct-to-consumer, and Social Commerce

Partial divestiture of Isaac Mizrahi at a \$70MM valuation

Equity

Approaching \$4BB of cumulative Social Commerce sales



2011

2012

2014

2015

2016

2017

2018

2019

20

OUR EVOLUTION

2023 - FORWARD

LEADING SOCIAL COMMERCE PLATFORM

Planned launch of Social Commerce marketplace adding new brands to our platform through incubation, partner

Development and expansion of new and existing brands across all channels of distribution through L
Social Commerce



2023 - FORWARD

OUR CORE BRANDS

JUDITH RIPKA



LORI GOLDSTEIN

HA

ISAAC MIZRAHI

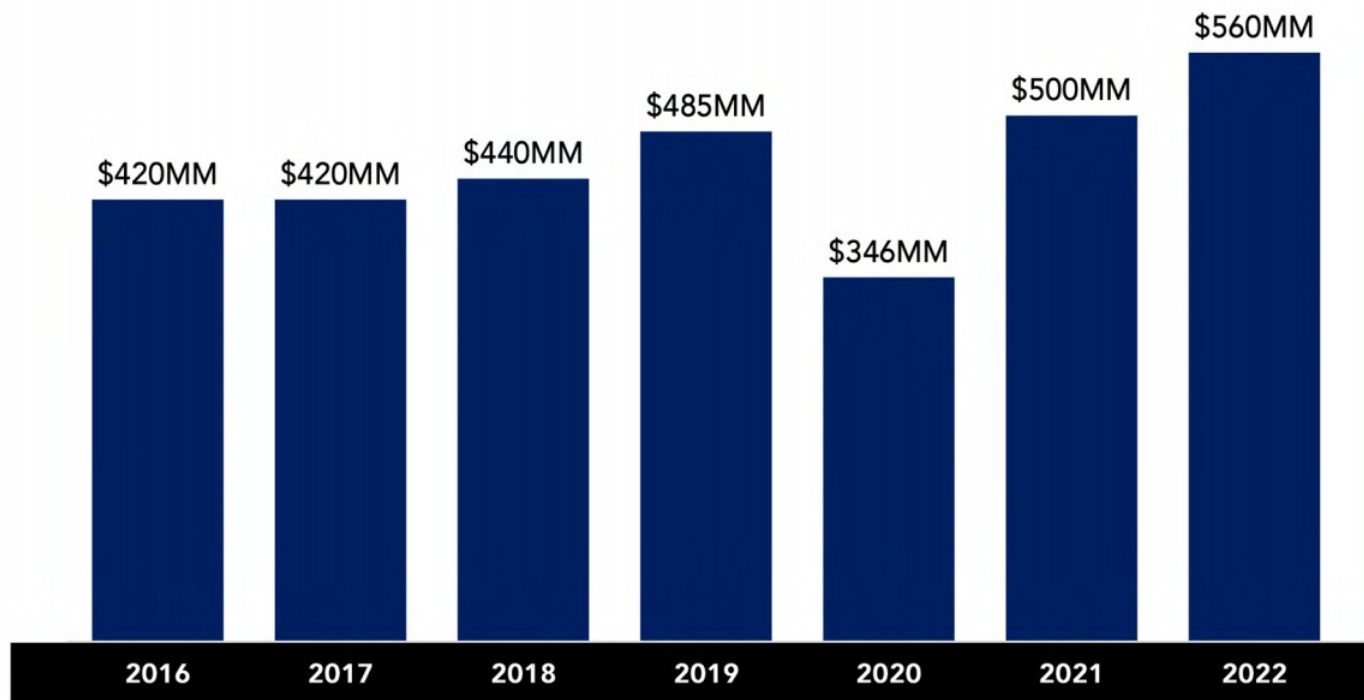


Lor

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

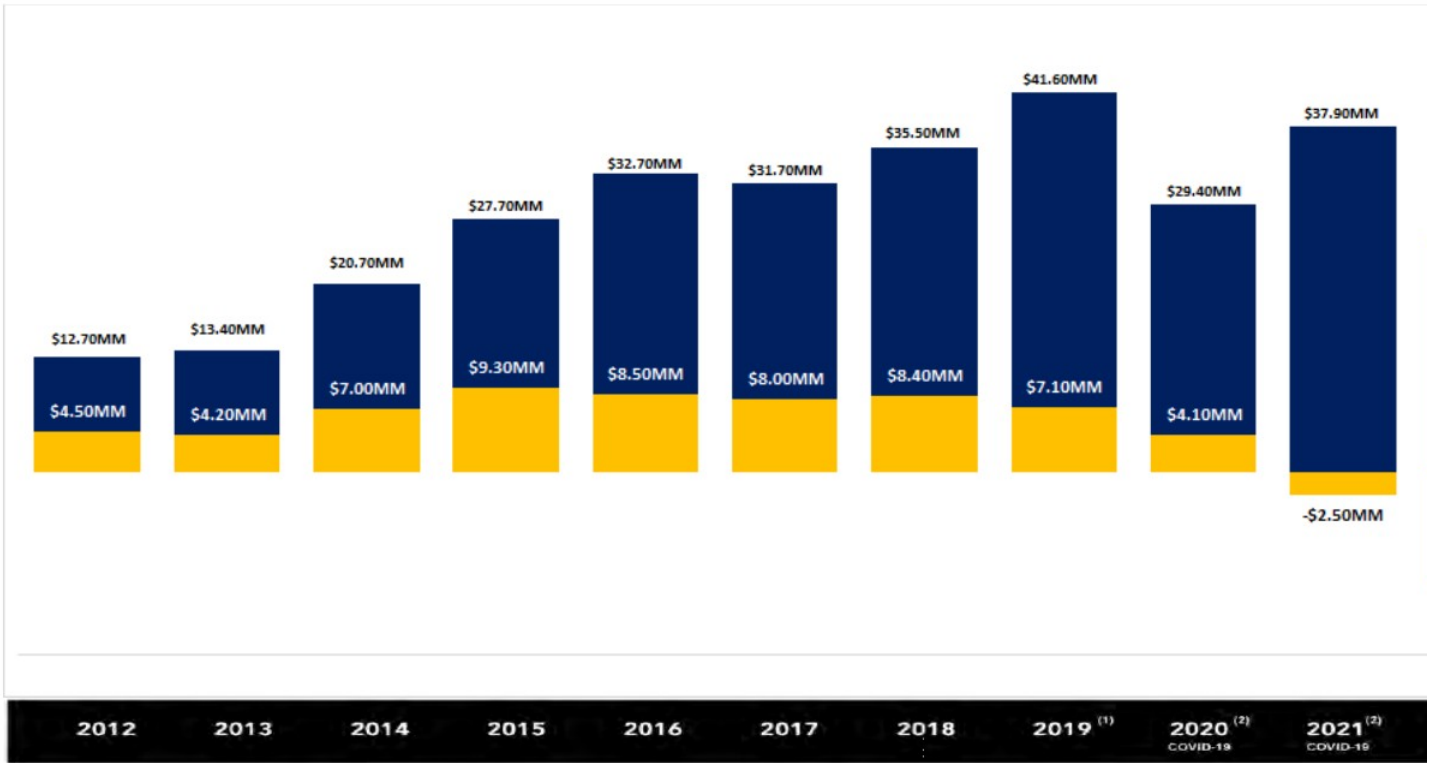
SALES AT RETAIL

WE OWN STRONG BRANDS THAT RESONATE WITH CONSUMERS



Retail Sales include actual retail sales where reported, as well as estimates based on a combination of our net wholesales and reported net wholesales of sales applying a reasonable mark-up rate. Estimated retail sales of our brands does not reflect the Company's revenues and Adjusted EBITDA for these years. Retail sales is a key consumer demand indicator for our brands. Refer to Slide 13 for detail on the Company's revenues and Adjusted EBITDA.

REVENUE AND ADJUSTED EBITDA



(1) Launched wholesale divisions in jewelry and apparel to enhance brands

(2) Invested over \$5MM in technology and systems from 2020-2022

(3) Sold Isaac Mizrahi in May 2022, resulted in revenue reduction of \$16MM and EBITDA reduction of approximately \$6.8MM, reduced debt from \$25MM to \$0.

(4) Restructure resulted in \$13MM annual decrease in operating expenses. For 2023 year end forecast, there is an adjustment to add back to Adjusted EBITDA operating contribution from jewelry businesses, and the costs associated with the transition of these businesses to our new licensing partners. There were no adjustments presented for periods prior to 2023.

BALANCE SHEET HIGHLIGHTS

	FISCAL YEAR ENDING				QUARTER ENDING
	2019	2020	2021	2022	2Q'23
Cash	\$ 4,641	\$ 4,957	\$ 4,483	\$ 4,608	\$ 3,507
Current Assets	17,566	16,147	17,179	14,020	11,737
TOTAL Assets	\$ 143,191	\$ 123,054	\$ 125,781	\$ 88,935	\$ 81,486
Current Liabilities ⁽¹⁾	\$ 8,085	\$ 8,215	\$ 9,310	\$ 5,097	\$ 4,855
Operating Lease Obligations	11,525	10,570	8,459	7,215	5,875
Total Term Debt ⁽²⁾	18,821	16,638	28,031	-	-
TOTAL Liabilities⁽³⁾	\$ 32,314	\$ 25,329	\$ 34,841	\$ 11,493	\$ 9,855
Working Capital incl. Cash ⁽⁴⁾	\$ 9,481	\$ 7,932	\$ 7,869	\$ 8,923	\$ 6,878
Working Capital excl. Cash	4,840	2,975	3,386	4,315	3,371
Current Ratio	2.2x	2.0x	1.8x	2.8x	2.4

Figures other than Current Ratio in \$,000's U.S.

⁽¹⁾ Current liabilities are presented exclusive of the current portion of operating lease obligations.

⁽²⁾ Term Debt represents total loans outstanding and excludes contingent obligations.

⁽³⁾ Total liabilities are presented exclusive of operating lease obligations, deferred revenues related to the G-III Master License, and certain contingent obligations. Operating lease obligations are reduced and expensed in the ordinary course of business through rent payments. Certain contingent obligations are payable only upon achieving specific financial targets, whereby there is an option to pay the obligation. It should be noted that contingent obligations prior to 12/31/2021 were not achieved and have been written off.

⁽⁴⁾ Working Capital represents Current Assets less Current Liabilities as defined in this presentation.

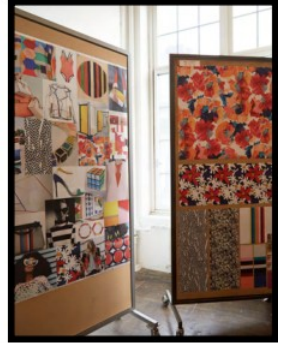
THE BUSINESS MODE

BUSINESS MODEL OVERVIEW

XCEL has built
a working capital
light operating and
technology platform
designed to build brands
and drive sales through
Live Streaming and
Social Commerce

OUR P

BRAND
DEVELOPMENT



DESIGN AND
CREATIVE



MAR
AND C
PROD

THE RISE OF SOCIAL COMMERCE

Billions are now up for grabs as ecommerce, live streaming, and social media are evolving into Social Commerce marketplaces powered by short form video content, with an estimated 20% of all online sales expected to be driven by social commerce by 2026⁽¹⁾

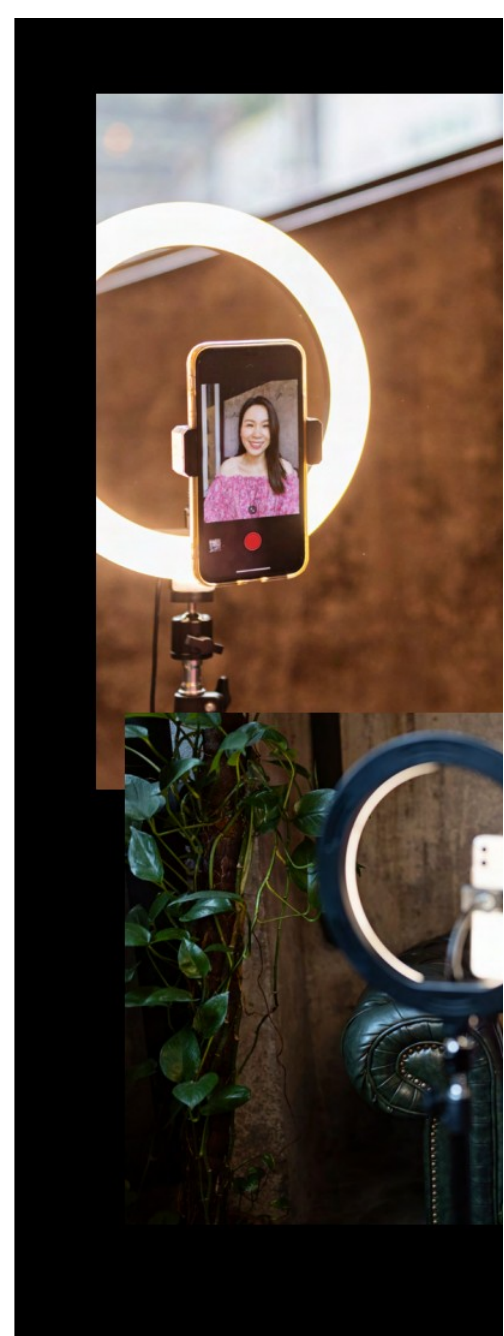
As compared with traditional digital marketing where customer acquisition has become increasingly expensive, companies who have successfully implemented Social Commerce have reported an increase in **conversion rates of 10X**

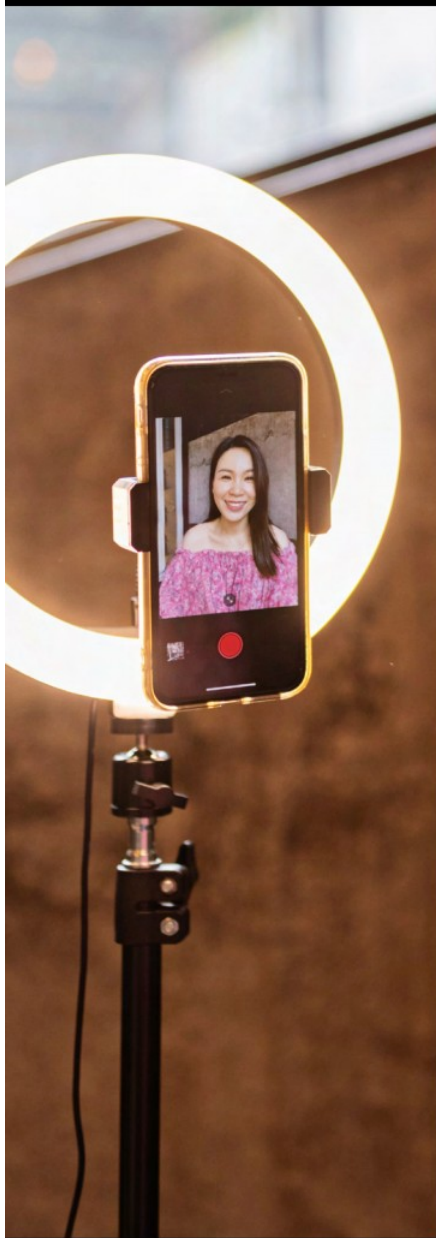
84% of consumers report being convinced to buy a product or service by watching a brand's video, and 93% of brands report they've acquired new users via video on social media⁽²⁾

Coresight Research estimates the U.S. Live Stream and Social Commerce market will reach **\$35 billion in sales by next year (2024)**, representing 3.3% of all ecommerce and a CAGR of 78%⁽²⁾

(1) Source: eMarketer, E-Commerce Strategy

(2) Source: Coresight





66%

OF USERS ARE MORE LIKELY
TO BUY FROM A BRAND
IF THEY CAN ACCESS
A COMMUNITY BUILT
AROUND IT

43%

OF USERS ARE MORE LIKELY
TO TRY SOMETHING
NEW AFTER SEEING IT
DEMONSTRATED LIVE
AT LEAST ONCE ON A
PLATFORM

Source: Essence, Social Commerce Report, Nov 2021

SOCIAL COMMERCE

We have created a new
video content platform for
shoppers, creators, and
brands with transaction
fees based on conversion

It combines live streaming
and social media in a
complete commerce platform for
product discovery

A complete in-app experience
from the purchase intent to the
purchase journey

GROWTH OPPORTUNIT

KEY GROWTH STRATEGIES

GROW EXISTING BRANDS

SOCIAL COMMERCE
OPPORTUNITIES

PURSUE AQUISITIONS



HALSTON

June 2023, new partnership announced with GIII Apparel Group

An industry-leading public company with sales over \$2BB annually, is expected to grow the brand over the next several years with substantial investments and brand marketing

Ken Downing as Creative Director, relaunching the brand in premium distribution(i.e., Neiman Marcus, Saks) for Spring 2024

Men's collection planned for 2025 Significant expansion in DTC and Social Commerce





JUDITH

New partnership with JT
in jewelry Live Stream
\$500MM of annual retail :
the Live Stream, wholes:

900% growth in revenues
by continued growth of
distribution and Liv

Growing licensing ca
fragrance and home frag
additional roy.

LOGO

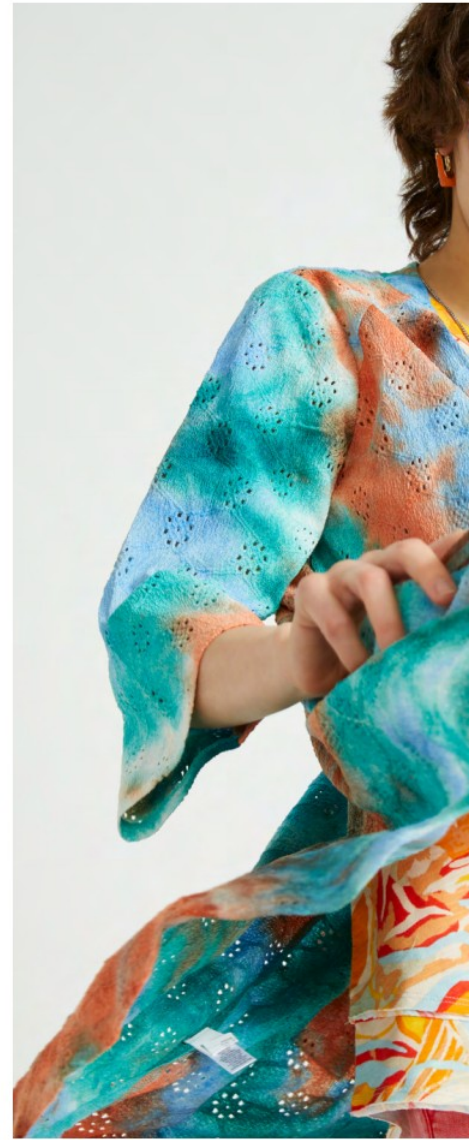
LORI GOLDSTEIN

QVC business back on a strong growth trajectory
for 2023 with regular shows in primetime

New collection for better retailers in
development

Expansion through licensing, DTC and Social
Commerce

Raising brand awareness through collaborations,
most recently with AnaOno and Smiley



WONDER by **CHRISTIAN SIRIANO**

Announced Christian Siriano as new Creative
Director in 1Q'23

Launched a new collection on HSN in 2Q'23 with
extremely high engagement and aggressive growth
planned

New categories planned to launch in 2024 including
handbags, footwear, jewelry, seasonal accessories
and travel





ISAAC M

New D2C website l
boasts high e

New sportswear licen
for distribution out
through DTC

International par
categories in

Remains top perfo
apparel brand in Dire
Television

Xcel owns 30% interest in a joint ve
the Isaac Mizi



Longa

Premium social commerce
home products company
influencers as stylists a

Significant growth potential
marketing efforts, store
expansion (

Additional growth opportunities
licensing and international

Xcel owns 50% interest in a joint
the Longaberger



SOCIAL COMMERCE OPPORTUNITIES

NEW SOCIAL-COMMERCE DRIVEN BRANDS

We are currently developing a collaboration with designer influencers who have millions of followers, well-positioned to succeed in Live Commerce. We plan to launch this platform in the next 12 to 18 months.

SOCIAL COMMERCE

We expect to launch a social commerce marketplace and app in 10-15 months. This marketplace will harness the power of social commerce technology to create an engaging platform for shoppers.

AQUISITIONS

Since 2011 we have sought the acquisition of brands and businesses that we believe Social Commerce, with an average of one acquisition every two years

We seek to divest and/or harvest our brands where we can generate significant return for our shareholders, with our 2022 sale of a majority stake in Isaac Mizrahi generating an 8x multiple on Equity



SEPTEMBER 2011

ISAAC MIZRAHI
NEW YORK™

DECEMBER 2014

HALSTON

FEBRUARY 2019

HALSTON
HERITAGE

APRIL 2014

JUDITH RIPKA

JUNE 2015

 **WONDER**
by CHRISTIAN SIRIANO

LO
L O

XCEL

NASDAQ: XELB

INVESTOR RELATIONS CONTACT:
IR@XCELBRANDS.COM

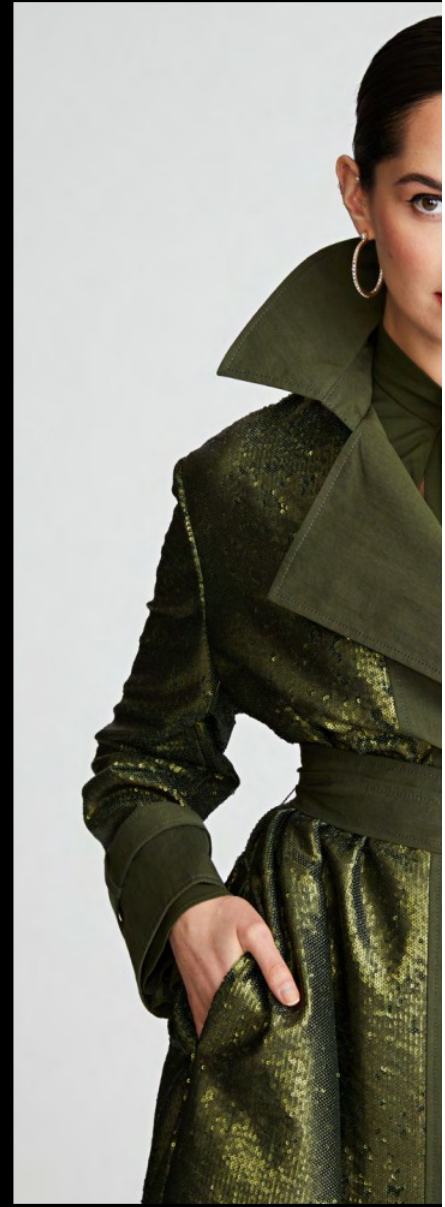


EXHIBIT A RECONCILIATION OF ADJUSTED EBITDA

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

(amounts in thousands)	Fiscal Year					
	2017	2018	2019	2020	2021	2022
Net Income (loss)	#####	\$1,088	(\$3,445)	#####	#####	(\$4,018)
Depreciation and amortization	1,562	1,780	3,902	5,497	6,830	7,263
Proportional share of trademark amortization of equity method investee	-	-	-	-	-	1,202
Interest and finance expense	1,347	1,011	1,285	1,193	3,579	1,203
Income tax provision (benefit) ¹	(447)	1,831	(642)	(4,518)	(3,106)	(431)
State and local franchise taxes	107	113	197	145	142	102
Stock-based compensation	3,184	1,788	976	850	720	620
Loss on extinguishment of debt	-	-	189	-	-	2,324
Gain on reduction of contingent obligations	-	-	(2,850)	-	-	(900)
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	413
Goodwill & other impairment	12,371	-	6,200	13,113	1,372	274
Gain on the sale of assets	-	-	-	(46)	-	(20,586)
Gain on lease settlement	-	-	-	-	-	-
Loss on wholesale apparel, jewelry ²	-	-	-	-	-	-
Adjusted EBITDA	\$8,002	\$8,410	\$7,102	\$4,111	(\$2,515)	(\$12,534)

(1) For 2023 and 2024 the company has taken a reserve against the period tax benefit. This increases the forecasted net loss for each of these

(2) For Q2 2023 & YE 2023, there is an adjustment to add back to Adjusted EBITDA from the wholesale apparel and jewelry businesses, and t of these businesses to our new licensing partners. There were no adjustments for periods prior to 2023.