

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2025

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____ to ____

Commission File Number: 001-37527

XCEL BRANDS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

76-0307819
(I.R.S. Employer
Identification No.)

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

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	XELB	NASDAQ Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☒

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 30, 2025, there were 4,806,776 shares of common stock, \$.001 par value per share, of the issuer outstanding.

XCEL BRANDS, INC.

INDEX

	<u>Page</u>
PART I - FINANCIAL INFORMATION	3
Item 1. Financial Statements	3
Unaudited Condensed Consolidated Balance Sheets	3
Unaudited Condensed Consolidated Statements of Operations	4
Unaudited Condensed Consolidated Statements of Stockholders' Equity	5
Unaudited Condensed Consolidated Statements of Cash Flows	6
Notes to Unaudited Condensed Consolidated Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	28
Item 3. Quantitative and Qualitative Disclosures About Market Risk	39
Item 4. Controls and Procedures	39
PART II - OTHER INFORMATION	41
Item 1. Legal Proceedings	41
Item 1A. Risk Factors	41
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	42
Item 3. Defaults Upon Senior Securities	43
Item 4. Mine Safety Disclosures	43
Item 5. Other Information	43
Item 6. Exhibits	44
Signatures	44

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 2025 (Unaudited)	December 31, 2024 (Note 1)
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,494	\$ 1,254
Accounts receivable, net of allowances for credit losses of \$30 and \$0, respectively	1,403	2,269
Prepaid expenses and other current assets	1,201	520
Total current assets	4,098	4,043
Non-current Assets:		
Property and equipment, net	145	182
Operating lease right-of-use assets	3,196	3,751
Trademarks and other intangibles, net	32,111	34,759
Investments in unconsolidated affiliates	—	10,110
Other assets	912	911
Total non-current assets	36,364	49,713
Total Assets	\$ 40,462	\$ 53,756
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable, accrued expenses and other current liabilities	\$ 1,371	\$ 2,734
Deferred revenue	1,362	1,380
Accrued income taxes payable	113	554
Current portion of operating lease obligations	1,655	1,513
Current portion of long-term debt	3,500	—
Contingent obligation	—	4,213
Total current liabilities	8,001	10,394
Long-Term Liabilities:		
Deferred revenue	2,000	2,667
Long-term portion of operating lease obligations	4,111	5,297
Long-term debt, net, less current portion	9,038	6,569
Other long-term liabilities	732	431
Total long-term liabilities	15,881	14,964
Total Liabilities	23,882	25,358
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock, \$.001 par value, 1,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$.001 par value, 50,000,000 shares authorized, and 4,806,776 and 2,368,072 shares issued and outstanding at September 30, 2025 and December 31, 2024, respectively	5	2
Paid-in capital	109,622	106,666
Accumulated deficit	(90,928)	(76,244)
Total Xcel Brands, Inc. stockholders' equity	18,699	30,424
Noncontrolling interest	(2,119)	(2,026)
Total Stockholders' Equity	16,580	28,398
Total Liabilities and Stockholders' Equity	\$ 40,462	\$ 53,756

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenues				
Net licensing revenue	\$ 1,118	\$ 1,505	\$ 3,771	\$ 6,515
Net sales	—	407	—	535
Net revenue	1,118	1,912	3,771	7,050
Cost of goods sold	—	407	—	445
Gross profit	1,118	1,505	3,771	6,605
Direct operating costs and expenses				
Salaries, benefits and employment taxes	956	1,208	3,026	4,771
Other selling, general and administrative expenses	1,214	1,618	3,323	5,137
Total direct operating costs and expenses	2,170	2,826	6,349	9,908
Operating loss before other operating costs and expenses (income)	(1,052)	(1,321)	(2,578)	(3,303)
Other operating costs and expenses (income)				
Depreciation and amortization	896	910	2,695	4,044
Asset impairment charges	—	—	—	3,483
Loss from equity investments	5,494	6,847	6,010	7,937
Gain on divestiture of Lori Goldstein Brand	—	—	—	(3,801)
Operating loss	(7,442)	(9,078)	(11,283)	(14,966)
Interest and finance expense (income)				
Interest expense	470	133	1,400	418
Other interest and finance charges (income), net	52	9	169	20
Loss on early extinguishment of debt	—	—	1,850	—
Interest and finance expense (income), net	522	142	3,419	438
Loss before income taxes	(7,964)	(9,220)	(14,702)	(15,404)
Income tax provision (benefit)	25	—	75	—
Net loss	(7,989)	(9,220)	(14,777)	(15,404)
Net loss attributable to noncontrolling interest	(90)	(7)	(93)	(92)
Net loss attributable to Xcel Brands, Inc. stockholders	\$ (7,899)	\$ (9,213)	\$ (14,684)	\$ (15,312)
Earnings (loss) per common share attributable to Xcel Brands, Inc. stockholders:				
Basic earnings (loss) per share ⁽¹⁾	\$ (2.02)	\$ (3.92)	\$ (5.06)	\$ (6.82)
Diluted earnings (loss) per share ⁽¹⁾	\$ (2.02)	\$ (3.92)	\$ (5.06)	\$ (6.82)
Weighted average number of common shares outstanding:				
Basic weighted average common shares outstanding ⁽¹⁾	3,918,993	2,352,135	2,904,399	2,246,569
Diluted weighted average common shares outstanding ⁽¹⁾	3,918,993	2,352,135	2,904,399	2,246,569

(1) Amounts presented for 2024, including the weighted average number of shares outstanding and the resulting loss per share information have been retroactively adjusted in order to give effect to the Company's March 24, 2025 1-for-10 reverse stock split. See Note 1 and Note 7.

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

[Table of Contents](#)

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

	Xcel Brands, Inc. Stockholders						Total
	Common Stock		Paid-In Capital	Accumulated Deficit	Noncontrolling Interest		
	Number of Shares	Amount					
Balance as of December 31, 2023	1,979,413	\$ 2	\$ 103,879	\$ (53,849)	\$ (1,861)	\$ 48,171	
Compensation expense related to stock options and restricted stock	—	—	36	—	—	36	
Contra-revenue related to warrants held by licensee	—	—	10	—	—	10	
Shares issued to consultant in connection with stock grant	7,800	—	98	—	—	98	
Shares issued in connection with public offering and private placement transactions, net of transaction costs	357,889	—	1,902	—	—	1,902	
Net loss	—	—	—	(6,294)	(51)	(6,345)	
Balance as of March 31, 2024	2,345,102	2	105,925	(60,143)	(1,912)	43,872	
Compensation expense related to stock options and restricted stock	—	—	32	—	—	32	
Contra-revenue related to warrants held by licensee	—	—	10	—	—	10	
Shares issued to directors in connection with restricted stock grants	4,000	—	—	—	—	—	
Net income (loss)	—	—	—	195	(34)	161	
Balance as of June 30, 2024	2,349,102	2	105,967	(59,948)	(1,946)	44,075	
Compensation expense related to stock options and restricted stock	—	—	37	—	—	37	
Contra-revenue related to warrants held by licensee	—	—	9	—	—	9	
Shares issued to employee in connection with stock grant	1,468	—	10	—	—	10	
Shares issued to executives for pro rata portion of base salaries, net of withholding taxes	7,448	—	55	—	—	55	
Net loss	—	—	—	(9,213)	(7)	(9,220)	
Balance as of September 30, 2024	2,358,018	2	106,078	(69,161)	(1,953)	34,966	
Balance as of December 31, 2024	2,368,072	\$ 2	\$ 106,666	\$ (76,244)	\$ (2,026)	\$ 28,398	
Additional impact related to fractional shares from reverse stock split	(57)	—	—	—	—	—	
Compensation expense related to stock options and restricted stock	—	—	33	—	—	33	
Contra-revenue related to warrants held by licensee	—	—	10	—	—	10	
Shares issued to executives for pro rata portion of base salaries, net of withholding taxes	18,310	—	66	—	—	66	
Net loss	—	—	—	(2,797)	—	(2,797)	
Balance as of March 31, 2025	2,386,325	2	106,775	(79,041)	(2,026)	25,710	
Compensation expense related to stock options and restricted stock	—	—	54	—	—	54	
Contra-revenue related to warrants held by licensee	—	—	9	—	—	9	
Warrants issued and amended in connection with refinancing of term loan debt	—	—	648	—	—	648	
Shares issued to management and directors in connection with restricted stock grants	21,500	—	—	—	—	—	
Shares issued to executives for pro rata portion of base salaries, net of withholding taxes	29,675	—	66	—	—	66	
Net loss	—	—	—	(3,988)	(3)	(3,991)	
Balance as of June 30, 2025	2,437,500	2	107,552	(83,029)	(2,029)	22,496	
Compensation expense related to stock options and restricted stock	—	—	40	—	—	40	
Contra-revenue related to warrants granted to licensee	—	—	9	—	—	9	
Shares issued to executives for pro rata portion of base salaries, net of withholding taxes	44,416	—	59	—	—	59	
Shares issued in connection with public offering and private placement transactions, net of transaction costs	2,324,860	3	1,962	—	—	1,965	
Net loss	—	—	—	(7,899)	(90)	(7,989)	
Balance as of September 30, 2025	4,806,776	5	109,622	(90,928)	(2,119)	16,580	

The values of Common stock and Paid-in capital, as well as the number of shares issued and outstanding, have been retroactively adjusted in order to give effect to the Company's March 24, 2025 1-for-10 reverse stock split. See Note 1 and Note 7.

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements .

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

	For the Nine Months Ended September 30,	
	2025	2024
Cash flows from operating activities		
Net loss	\$ (14,777)	\$ (15,404)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	2,695	4,044
Asset impairment charges	—	3,483
Paid in-kind interest expense	452	—
Amortization of deferred finance costs and other non-cash interest expense	238	76
Stock-based compensation and cost of licensee warrants	346	296
Provision for (recovery of) credit losses	30	(45)
Loss from equity method investments	6,010	7,937
Loss on early extinguishment of debt	1,850	—
Gain on divestiture of Lori Goldstein brand	—	(3,801)
Changes in operating assets and liabilities:		
Accounts receivable	836	591
Inventory	—	453
Prepaid expenses and other current and non-current assets	319	(134)
Deferred revenue	(685)	(180)
Accounts payable, accrued expenses, accrued income taxes payable, and other current liabilities	(2,046)	(304)
Lease-related assets and liabilities	(489)	(710)
Other long-term liabilities	25	391
Net cash used in operating activities	(5,196)	(3,307)
Cash flows from investing activities		
Purchase of property and equipment	(10)	(112)
Net cash used in investing activities	(10)	(112)
Cash flows from financing activities		
Proceeds from public offering and private placement transactions, net of transaction costs	1,965	1,902
Proceeds from long-term debt	5,670	—
Payment of deferred finance costs	(567)	—
Shares repurchased including vested restricted stock in exchange for withholding taxes	(122)	—
Payment of long-term debt	(500)	(500)
Net cash provided by financing activities	6,446	1,402
Net increase (decrease) in cash, cash equivalents, and restricted cash	1,240	(2,017)
Cash, cash equivalents, and restricted cash at beginning of period	1,993	2,998
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 3,233</u>	<u>\$ 981</u>
Reconciliation to amounts on consolidated balance sheets:		
Cash and cash equivalents	\$ 1,494	\$ 242
Restricted cash (reported in prepaid expenses and other current assets)	1,000	—
Restricted cash (reported in other non-current assets)	739	739
Total cash, cash equivalents, and restricted cash	<u>\$ 3,233</u>	<u>\$ 981</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	<u>\$ 607</u>	<u>\$ 344</u>
Cash paid during the period for income taxes	<u>\$ 515</u>	<u>\$ —</u>

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

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

The accompanying condensed consolidated balance sheet as of December 31, 2024 (which has been derived from audited financial statements) and the unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and pursuant to the instructions to Form 10-Q and Article 8 of Regulation S-X promulgated by the United States Securities and Exchange Commission ("SEC"). Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of financial position, results of operations, or cash flows.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements were prepared following the same policies and procedures used in the preparation of the audited consolidated financial statements and reflect all adjustments (consisting of normal recurring adjustments) necessary to present fairly the results of operations, financial position, and cash flows of Xcel Brands, Inc. and its subsidiaries (the "Company" or "Xcel"). The results of operations for the interim periods presented herein are not necessarily indicative of the results for the entire fiscal year or for any future interim periods. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the SEC on May 28, 2025.

Xcel is a media and consumer products company engaged in the design, licensing, marketing, live streaming, and social commerce sales of branded apparel, footwear, accessories, fine jewelry, home goods and other consumer products, and the acquisition of dynamic consumer lifestyle brands. The Company primarily generates revenue through the licensing of its brands through contractual arrangements with manufacturers and retailers. The Company, through its licensees, distributes through a 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 retailers, and e-commerce channels, to be everywhere its customers shop.

Currently, the Company's brand portfolio consists of the following:

- the Halston, Judith Ripka, and C Wonder brands, which are wholly owned by Xcel;
- the TowerHill by Christie Brinkley brand, which is a new co-branded collaboration between Xcel and Christie Brinkley that launched in May 2024;
- the LB70 by Lloyd Boston brand, which is a new co-branded collaboration between Xcel and Lloyd Boston that launched in August 2024;
- the Trust, Respect, Love by Cesar Millan brand, which is a new co-branded collaboration between Xcel and Cesar Millan that is planned to launch in the fourth quarter of 2025;
- the Longaberger brand, which Xcel manages through its 50% ownership interest in Longaberger Licensing, LLC; the Company consolidates Longaberger Licensing, LLC and recognizes noncontrolling interest for the remaining ownership interest held by a third party (see Note 2 for additional details);
- GemmaMade, which is a co-branded collaboration between Xcel and baking influencer Gemma Stafford which is planned to launch in the fourth quarter of 2025; and

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

- Mesa Mia, which is a brand owned by Mexican home influencer Jenny Martinez, and for which Xcel holds the television rights through a long-term license agreement and expects to launch in the fourth quarter of 2025.

Additionally, through October 1, 2025, the Company held a noncontrolling interest in the Isaac Mizrahi brand (see Note 2 and Note 12 for additional details).

The Company also holds a 19% noncontrolling interest in ORME Live, Inc. ("ORME"), a short-form video and social commerce marketplace that launched in April 2024.

Change in Capital Structure

As described more fully in Note 7, effective March 24, 2025, the Company effected a 1-for-10 reverse stock split for all of its issued and outstanding common stock. All share and per share amounts presented in these condensed consolidated financial statements and accompanying notes, including but not limited to shares issued and outstanding, earnings/(loss) per share, and warrants and options, as well as the dollar amounts of common stock and paid-in capital, have been retroactively adjusted for all periods presented in order to reflect this change in capital structure. There were no changes to the total number of authorized common shares or par value per common share as a result of this reverse stock split.

Segment Reporting Information

The Company has a single reportable segment, which generates revenue from the design and licensing of branded apparel, jewelry, and similar consumer products. The Company derives revenue in North America and manages its business activities on a consolidated basis. The accounting policies of the Company's single reportable segment are the same as those for the Company as a whole.

The Company's chief operating decision maker, as such term is defined under GAAP, is its Chief Executive Officer. The chief operating decision maker assesses performance for the single reportable segment and decides how to allocate resources based on net income that also is reported on the income statement as consolidated net income. The chief operating decision maker analyzes and reviews business performance based on available sales data from key licensees and quarterly sales and royalty reports provided by its licensees in addition to assessing the overall operating results on a monthly basis. The measure of segment assets is reported on the balance sheet as total consolidated assets, and, as the Company has a single reportable segment, the Company's resources are applicable to the business as a whole. The Company does not have intra-entity sales or transfers.

Restricted Cash

Restricted cash at September 30, 2025 consisted of \$0.7 million of cash deposited as collateral for a standby letter of credit associated with a real estate lease (reflected within other non-current assets in the condensed consolidated balance sheets) and \$1.0 million of cash deposited in a bank account to satisfy a liquidity covenant in the Company's term loan debt agreement (reflected within prepaid expenses and other current assets in the condensed consolidated balance sheets).

Restricted cash at December 31, 2024 consisted of \$0.7 million of cash deposited as collateral for a standby letter of credit associated with a real estate lease (reflected within other non-current assets in the condensed consolidated balance sheets).

Going Concern

The unaudited condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern.

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

As of September 30, 2025, the Company has incurred recurring losses, a history of cash flows used in operating activities, and an accumulated deficit. While the Company has undertaken significant restructuring efforts during 2023 and 2024, and implemented additional measures during 2025 to further optimize its cost structure, management has determined that, absent additional funding, there is substantial doubt about the Company's ability to meet its financial obligations as they become due within twelve months from the date these financial statements are issued.

In April 2025, the Company restructured its outstanding debt and received net proceeds from financing activities. In August 2025, the Company closed on a public offering and private placement of its common stock, which provided the Company with additional net proceeds. While these transactions have significantly improved the Company's liquidity position, the proceeds received may still be insufficient to fully address the Company's liquidity needs.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management intends to continue exploring strategic financing alternatives and operational efficiencies to improve liquidity. The unaudited condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Recently Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This ASU requires disclosure of additional categories of information about federal, state, and foreign income taxes in the rate reconciliation table and requires entities to provide more details about the reconciling items in some categories if items meet a quantitative threshold. The ASU also requires entities to disclose income taxes paid, net of refunds, disaggregated by federal (national), state, and foreign taxes for annual periods and to disaggregate the information by jurisdiction based on a quantitative threshold. The guidance makes several other changes to the disclosure requirements. The ASU is required to be applied prospectively, with the option to apply it retrospectively, and is effective for fiscal years beginning after December 15, 2024. The required disclosures will be included in the Company's Form 10-K for the year ending December 31, 2025. As the requirements of this ASU relate to disclosure only, the Company does not anticipate that the adoption of this ASU will have a significant impact on its consolidated financial statements.

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses." This ASU requires public business entities to disclose specified information about certain costs and expenses, including but not limited to purchases of inventory, employee compensation, depreciation, and intangible asset amortization, in a tabular format within the notes to their financial statements, as well as provide additional disclosures related to certain other specified expenses. The ASU may be applied on either a prospective or retrospective basis, and is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. The Company is currently evaluating the ASU to determine its impact on the Company's disclosures.

2. Investments in Unconsolidated Affiliates and Variable Interest Entities

Investment in IM Topco, LLC

On May 31, 2022, Xcel sold 70% of the membership interests of IM Topco, LLC ("IM Topco"), a former subsidiary which holds the trademarks and other intellectual property rights relating to the Isaac Mizrahi brand, to a subsidiary of WHP Global ("WHP"), a private equity-backed brand management and licensing company. From June 1, 2022 through April 15, 2025, the Company accounted for its 30% retained interest in the ongoing operations of IM Topco as a component of other operating costs and expenses under the equity method of accounting, using the distribution provisions set forth in the governing business venture agreement between the Company and WHP.

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

On and effective April 15, 2025, pursuant to certain provisions contained in the May 31, 2022 membership interest purchase agreement between Xcel and WHP (as amended), the Company and two subsidiaries of WHP entered into a membership interest transfer agreement, under which Xcel transferred to WHP equity interests equal to 12.5% of the outstanding equity interests of IM Topco. As a result of the transfer, Xcel's interest in IM Topco was reduced from a 30% equity interest to a 17.5% equity interest.

Accordingly, as of and effective April 15, 2025, the Company concluded that as it no longer held significant influence over IM Topco, and discontinued the application of the equity method of accounting. In accordance with relevant GAAP guidance, the Company remeasured its retained investment in IM Topco as of the date of discontinuance of the equity method, which was not significantly different from the value reflected on the Company's condensed consolidated balance sheet at March 31, 2025. From April 15, 2025, as the equity securities of IM Topco are not publicly traded and do not have readily determinable fair values, the Company elected to measure its investment in IM Topco in accordance with ASC 321-10-35-2: at adjusted cost, less impairment, plus or minus observable price changes of an identical or similar investment of the same issuer.

On and effective September 26, 2025, the Company, IM Topco, and two subsidiaries of WHP entered into a settlement agreement, pursuant to which the Company agreed to transfer all of its remaining equity interests in IM Topco to WHP, in exchange for (i) the release of the Company's liability under a license agreement with IM Topco (see Note 10) and (ii) a capital appreciation right for the Company to receive 15% of the net consideration received by IM Topco and/or WHP in excess of \$46 million in connection with any potential future capital transaction involving IM Topco which occurs on or before September 1, 2032. The equity interests were transferred on October 1, 2025.

Based on consideration of the above along with other relevant facts and circumstances, the Company determined that there were indicators of impairment with respect to its investment in IM Topco, and that the estimated fair value of its investment in IM Topco as well as the estimated fair value of the capital appreciation right as of September 30, 2025 was effectively zero. As such, the Company recognized a non-cash impairment charge to reduce the carrying value of its investment to zero.

Thus, for the three months ended September 30, 2025, the Company recognized a \$5.49 million loss related to its investment in IM Topco, comprised of (i) a \$5.53 million impairment charge, and (ii) a \$(0.04) million adjustment related to the settlement of certain net receivables and payables between Xcel and IM Topco.

For the nine months ended September 30, 2025, the Company recognized a \$6.01 million loss related to its investment in IM Topco, comprised of (i) a \$5.53 million impairment charge, (ii) a \$0.21 million equity method loss, (ii) a \$(0.24) million adjustment to the carrying value of a contingent contractual obligation related to IM Topco (see Note 11 for additional information), and (iii) other related costs and adjustments totaling \$0.51 million.

For the three and nine months ended September 30, 2024, the Company recognized equity method losses related to its investment in IM Topco of \$0.52 million and \$1.55 million, respectively, and also recognized a \$6.25 million non-cash charge to recognize a contingent contractual obligation related to IM Topco (see Note 11 for additional information).

Investment in Orme Live, Inc.

During 2024, the Company accounted for its investment in ORME under the equity method of accounting. The Company's proportional share of the operating results of ORME for the three and nine months ended September 30, 2024 was a loss of approximately \$0.08 million and \$0.14 million, respectively.

Effective January 2025, the Company no longer applies the equity method of accounting to its investment in ORME. Instead, the Company currently accounts for its investment in ORME in accordance with ASC 321-10-35-2: at adjusted

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

cost, less impairment, plus or minus observable price changes of an identical or similar investment of the same issuer. There were no amounts recognized in the condensed consolidated statement of operations related to ORME for the three and nine months ended September 30, 2025. The carrying value of the Company's investment in ORME as of September 30, 2025 and December 31, 2024 was zero.

Longaberger Licensing, LLC Variable Interest Entity

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

The amount of LL's losses attributed to Hilco Global's non-controlling interest for the three months ended September 30, 2025 and 2024 was \$0.09 million and \$0.01 million, respectively. The amount of LL's losses attributed to Hilco Global's non-controlling interest for the nine months ended September 30, 2025 and 2024 was \$0.09 million and \$0.09 million, respectively.

3. Trademarks and Other Intangibles

Trademarks and other intangibles, net consist of the following:

(\$ in thousands)	Weighted Average Amortization Period	September 30, 2025		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks (finite-lived)	15 years	58,580	26,479	32,101
Copyrights and other intellectual property	8 years	429	419	10
Total		\$ 59,009	\$ 26,898	\$ 32,111

(\$ in thousands)	Weighted Average Amortization Period	December 31, 2024		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks (finite-lived)	15 years	58,580	23,852	34,728
Copyrights and other intellectual property	8 years	429	398	31
Total		\$ 59,009	\$ 24,250	\$ 34,759

Amortization expense for intangible assets was approximately \$0.88 million for the three-month period ended September 30, 2025 (the "current quarter") and approximately \$0.89 million for the three-month period ended September 30, 2024 (the "prior year quarter").

Amortization expense intangible assets was approximately \$2.65 million for the nine-month period ended September 30, 2025 (the "current nine months") and approximately \$3.95 million for the nine-month period ended September 30, 2024 (the "prior year nine months").

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

4. Significant Contracts and Concentrations

Qurate Agreements

Under the Company's agreements with Qurate Retail Group ("Qurate"), collectively referred to as the Qurate Agreements, Qurate is obligated to make payments to the Company on a quarterly basis, based primarily upon a percentage of net retail sales of certain specified branded merchandise. Net retail sales are defined as the aggregate amount of all revenue generated through the sale of the specified branded products by Qurate and its subsidiaries under the Qurate Agreements, net of customer returns, and excluding freight, shipping and handling charges, and sales, use, or other taxes. Net licensing revenue from the Qurate Agreements represents a significant portion of the Company's total net revenue.

Net licensing revenue from the Qurate Agreements totaled \$0.24 million and \$0.26 million for the current quarter and prior year quarter, respectively, representing approximately 21% and 14% of the Company's total net revenue for the current quarter and prior year quarter, respectively.

Net licensing revenue from the Qurate Agreements totaled \$0.81 million and \$3.27 million for the current nine months and prior year nine months, respectively, representing approximately 22% and 46% of the Company's total net revenue for the current nine months and prior year nine months, respectively.

As of September 30, 2025 and December 31, 2024, the Company had receivables from Qurate of \$0.25 million and \$0.40 million, respectively, representing approximately 18% and 18% of the Company's total net accounts receivable, respectively.

Halston Master License

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

As a result of the upfront cash payment and guaranteed minimum royalties discussed above, the Company has recognized \$2.89 million and \$3.56 million of deferred revenue contract liabilities on its condensed consolidated balance sheets as of September 30, 2025 and December 31, 2024, respectively. As of December 31, 2024, approximately \$0.89 million of the contract liability balance was classified as a current liability and approximately \$2.67 million was classified as a long-term liability. As of September 30, 2025, approximately \$0.89 million of the contract liability balance was classified as a current liability and approximately \$2.00 million was classified as a long-term liability; the balance of the deferred revenue contract liabilities will be recognized ratably as revenue over the next 3.25 years.

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

Net licensing revenue recognized from the Halston Master License was \$0.64 million for both the current quarter and prior year quarter, representing approximately 57% and 33% of the Company's total net revenue for the current quarter and prior year quarter, respectively. Net licensing revenue recognized from the Halston Master License was \$1.91 million and \$1.93 million for the current nine months and prior year nine months, respectively, representing approximately 51% and 27% of the Company's total net revenue for the current nine months and prior year nine months, respectively.

JTV / America's Collectibles Network, Inc.

The Company has a license agreement with America's Collectibles Network, Inc. (d/b/a JTV) ("JTV") that obligates JTV to pay the Company royalties based on product sales of Judith Ripka brand merchandise. In addition, the Company has outstanding receivables from prior product sales of fine jewelry made to JTV. As of September 30, 2025 and December 31, 2024, the Company had receivables from JTV of \$0.20 million and \$1.06 million, respectively, representing approximately 14% and 47% of the Company's total net accounts receivable, respectively.

5. Leases

The Company is party to operating leases for real estate, and for certain equipment and storage space with a term of 12 months or less. The Company is currently not a party to any finance leases. As of September 30, 2025, the Company's real estate leases have a weighted-average remaining lease term of approximately 4.22 years, and the lease liabilities are measured using a weighted-average discount rate of 8.05%.

Total lease expense (net of sublease income) included in selling, general and administrative expenses on the Company's unaudited condensed consolidated statements of operations was approximately \$0.1 million for the current quarter, \$0.3 million for the prior year quarter, \$0.5 million for the current nine months, and \$0.7 million for the prior year nine months. Cash paid for amounts included in the measurement of operating lease liabilities was approximately \$0.5 million for the current quarter, \$0.4 million for the prior year quarter, \$1.4 million for the current nine months, and \$1.2 million for the prior year nine months.

During the prior year nine months, as a result of entering into an agreement (as sublessor) in January 2024 for the sublease of offices located at 1333 Broadway to a third-party subtenant, the Company recognized non-cash impairment charges related to the right-of-use asset for this location and associated leasehold improvement assets at this location. These impairment charges amounted to approximately \$3.1 million for the right-of-use asset and approximately \$0.4 million for the leasehold improvements during the nine month period ended September 30, 2024.

As of September 30, 2025, the maturities of future lease obligations were as follows:

Year	Amount (in thousands)
2025 (October 1 through December 31)	\$ 512
2026	2,060
2027	1,841
2028	570
2029	585
Thereafter	1,420
Total lease payments	6,988
Less: Discount	1,222
Present value of lease liabilities	5,766
Current portion of lease liabilities (October 1, 2025 through September 30, 2026)	1,655
Non-current portion of lease liabilities	\$ 4,111

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

6. Debt

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

(\$ in thousands)	September 30, 2025	December 31, 2024
Term loan debt	\$ 13,120	\$ 7,950
Accumulated paid in-kind interest	452	—
Unamortized deferred finance costs and other reductions to carrying value	(1,034)	(1,381)
Total	12,538	6,569
Current portion of debt	3,500	—
Long-term debt	<u>\$ 9,038</u>	<u>\$ 6,569</u>

General

On December 12, 2024, the Company and certain of its subsidiaries entered into a loan and security agreement with FEAC Agent, LLC ("FEAC"), as administrative agent and collateral agent, FEF Distributors, LLC, as lead arranger, and Restore Capital, LLC ("Restore"), as agent for certain lenders, pursuant to which the lenders made term loans to the Company and agreed to make additional term loans to the Company upon the satisfaction of a condition precedent described in the loan agreement. The term loans under the loan agreement are as follows: (1) a term loan in the amount of \$3.95 million ("Term Loan A") was made on the closing date, (2) a term loan in the amount of \$4.0 million ("Term Loan B") was made on the closing date, and (3) a term loan in the amount of \$2.05 million ("Delayed Draw Term Loan"); Term Loan A, Term Loan B and Delayed Draw Term Loan are referred to as "Term Loans") was made in March 2025. The proceeds from Term Loan A and Term Loan B were used to repay the remaining balance of the Company's previous term loan debt with Israel Discount Bank of New York, as well as to pay fees, costs, and expenses incurred in connection with entering into the new loan agreement, and the balance may be used for working capital purposes. Approximately \$1.5 million of the proceeds from the Delayed Draw Term Loan were deposited in a bank account to satisfy a liquidity covenant in the loan agreement.

On April 21, 2025, the Company and certain of its subsidiaries and its lenders and FEAC Agent, LLC entered into an amendment of the December 12, 2024 loan and security agreement, which provided for \$1.5 million repayment of the \$3.95 million Term Loan A and an additional Term Loan B in the amount of \$5.12 million. The term loans outstanding after giving effect to the April 21, 2025 amendment and the application of the proceeds of the additional Term Loan B are as follows: (1) Term Loan A in the amount of \$4.50 million, and (2) Term Loan B in the amount of \$9.12 million. The proceeds from the additional Term Loan B were used to repay a portion of Term Loan A, as well as to pay fees, costs, and expenses incurred in connection with entering into the April 21, 2025 amendment, and the balance will be used for working capital purposes.

In connection with the April 21, 2025 amendment and refinancing transaction, UTG Capital, Inc., a Delaware corporation (UTG"), purchased a 100% undivided, participation interest in Term Loan B for a purchase price of \$9.12 million. Also in connection with the refinancing, the Company issued certain warrants to UTG and Restore, and amended certain warrants that had been previously issued on December 12, 2024 (see Note 7 for additional details).

On May 15, 2025, the Company repaid \$0.50 million of the outstanding principal amount of Term Loan A.

The Term Loans are guaranteed by certain direct and indirect subsidiaries of the Company, and are secured by all of the assets of the Company and such subsidiaries. The loan agreement contains various customary financial covenants and reporting requirements, as specified and defined therein. The Company was in compliance with all applicable covenants.

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

under the loan agreement, or if not in compliance with certain covenants had obtained a waiver from the lenders with respect to such covenants, as of and for all periods presented in the condensed consolidated financial statements.

Principal

As of September 30, 2025, principal on Term Loan A was payable on a pro rata basis in quarterly installments of \$250,000 on each of March 31, June 30, September 30, and December 31 of each year, commencing on March 31, 2026, with the unpaid balance due on the maturity date of December 12, 2028. Principal on Term Loan B is payable on the maturity date of December 12, 2028.

However, as a result of the October 2025 and November 2025 amendments to the Company's term loan debt (see Note 12), the Company became obligated to make a prepayment of \$250,000 on Term Loan A in October 2025 and to make a prepayment of \$3,250,000 on Term Loan A in February 2026, with the remaining principal balance on Term Loan A of \$500,000 due on December 31, 2026. These amendments are reflected in the table below.

Thus, the aggregate future principal payments due under the Term Loans are as follows:

(\$ in thousands) Year	Amount of Principal Payment
2025 (October 1 through December 31)	\$ 250
2026	3,750
2027	—
2028	9,572
Total	<u>\$ 13,572</u>

Interest and Exit Fees

From December 12, 2024 through April 20, 2025, interest on Term Loans accrued at an annual rate equal to the secured overnight financing rate as administered by the Federal Reserve Bank of New York for an interest period equal to three months (the "3-month SOFR rate"), subject to a 2.0% floor, plus (i) 8.5% for Term Loan A and Delayed Draw Term Loan and (ii) 13.5% for Term Loan B. From and after April 21, 2025, interest on the Term Loans accrues at an annual rate equal to the 3-month SOFR rate, subject to a 2.0% floor, plus (i) 8.5% for Term Loan A and (ii) 6.5% for Term Loan B.

Interest on amounts outstanding under the Term Loans accrues daily and is payable at the end of each calendar month, except that from April 21, 2025 through March 31, 2027, interest on the Term Loan B will be paid in-kind ("PIK") by being capitalized and added to the principal amount of the Term Loan B at the end of each calendar month. For the current quarter and current nine months, the Company recognized approximately \$0.26 million and \$0.45 million, respectively, of PIK interest.

For the current quarter and current nine months, the Company incurred interest expense (including interest paid in cash, PIK, and the amortization of deferred finance costs) related to term loan debt of approximately \$0.39 million and \$1.32 million, respectively, reflecting an effective interest rate of approximately 13.4% and 15.6%, respectively.

For the prior year quarter and prior year nine months, the Company incurred interest expense (including both interest paid in cash and the amortization of deferred finance costs) related to term loan debt of approximately \$0.14 million and \$0.42 million, respectively, reflecting an effective interest rate of approximately 11.6%.

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

The amended loan agreement also requires that the Company pay an exit fee of \$175,000 to FEAC related to Term Loan A and an exit fee of \$400,000 to Restore related to Term Loan B upon the maturity or full payment of the Term Loans. The Company is accruing the cost of the Term Loan A exit fee over the term of the related debt, while the net present value of the Term Loan B exit fee on April 21, 2025 was recognized as part of the loss on early extinguishment of debt.

Deferred Finance Costs and Other Reductions to Carrying Value of Debt

In connection with entering into the Term Loans in December 2024, the Company incurred loan origination fees, plus various legal and other fees; these fees and costs totaling \$0.92 million were deferred on the Company's balance sheet as a reduction of the carrying value of the term loan debt. Also in connection with entering into the Term Loans in December 2024, the Company issued certain warrants to the lenders to purchase shares of the Company's common stock. In accordance with applicable GAAP, the Company allocated the value of the total proceeds of \$10.0 million between the term loan debt and the warrants, based on the relative fair values of each; as a result, the Company recognized a \$0.48 million increase to stockholders' equity as additional paid-in capital for the allocated fair value of the warrants, and an offsetting decrease to the net carrying value of the term loan debt. From December 12, 2024 through April 20, 2025, these reductions to the carrying value of the term loan debt totaling \$1.40 million were being amortized to interest expense over the term of the debt using the effective interest method. The \$1.26 million remaining unamortized balance of such amounts was written-off as part of the loss on early extinguishment of debt upon the closing of the April 21, 2025 debt refinancing.

In connection with the debt refinancing transaction on April 21, 2025 as described above, the Company incurred certain legal costs and other fees; these fees and costs totaling \$0.53 million were deferred on the Company's balance sheet as a reduction of the carrying value of the term loan debt. Also in connection with the April 21, 2025 debt refinancing transaction, the Company issued certain warrants to UTG to purchase shares of the Company's common stock. In accordance with GAAP, the Company allocated the value of the total proceeds of \$13.62 million between the term loan debt and the warrants, based on the relative fair values of each; as a result, the Company recognized a \$0.58 million increase to stockholders' equity as additional paid-in capital for the allocated fair value of the warrants, and an offsetting decrease to the net carrying value of the term loan debt. These reductions to the carrying value of the term loan debt totaling \$1.11 million are being amortized to interest expense over the term of the debt using the effective interest method.

Loss on Early Extinguishment of Debt

As a result of the April 21, 2025 debt refinancing transaction as described above, the Company recognized a loss on extinguishment of debt of \$0 and approximately \$1.85 million for the current quarter and current nine months, respectively. This loss was comprised of the write-off of \$1.26 million of remaining unamortized deferred finance costs related to the December 2024 term loan, \$0.25 million for a termination fee paid in cash to Restore at closing, \$0.27 million for the net present value of the Term Loan B exit fee which will be paid to in cash to Restore upon the maturity or full payment of the Term Loans, and \$0.07 million related to the new warrants granted to Restore and the amendment of certain warrants previously granted in December 2024. The \$0.07 million amount related to the warrants was recorded with an offsetting increase to stockholders' equity as additional paid-in capital.

7. Stockholders' Equity

Reverse Stock Split

At a special meeting of the Company's stockholders on March 12, 2025, the stockholders approved a proposal granting the Company's Board of Directors the discretion to effect a reverse stock split of the Company's issued and outstanding common stock at a ratio in the range of 1-for-2 to 1-for-10, with such ratio to be determined by the Chairman of the Company's Board of Directors. Following the special meeting, the Chairman of the Company's Board of Directors approved a final split ratio of 1-for-10 (the "Reverse Stock Split").

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

Subsequently, the Company filed with the Delaware Secretary of State a Certificate of Amendment to the Company's Amended and Restated Certificate of Incorporation, which became effective at 5:00 p.m. on March 24, 2025, to effect such Reverse Stock Split. As a result of the Reverse Stock Split, every ten (10) shares (the "Reverse Stock Split Number") of issued and outstanding Common Stock was automatically combined into one (1) issued and outstanding share of common stock, without any change in the par value per share. No fractional shares were issued as a result of the Reverse Stock Split. Instead, stockholders who otherwise would have been entitled to receive fractional shares were entitled to receive a cash payment (without interest and subject to applicable withholding taxes) in lieu of such fractional shares equal to the fraction of a share of common stock to which such stockholder would otherwise be entitled multiplied by (i) the closing price per share of the common stock on the Nasdaq Capital Market at the close of business on the trading day preceding the date of the Certificate of Amendment, multiplied by (ii) the Reverse Stock Split Number. The aggregate number of fractional shares resulting from the Reverse Stock Split was 1,120 shares of common stock (or 112 shares on a pre-Reverse Stock Split basis); the aggregate cash payments made to stockholders in lieu of fractional shares was less than \$1,000. Immediately prior to the Reverse Stock Split there were 23,796,200 shares of common stock outstanding; immediately following the Reverse Stock Split there were 2,379,508 shares of common stock outstanding.

The shares of common stock underlying the Company's outstanding stock options and warrants were also proportionately adjusted along with corresponding adjustments to their exercise prices.

All share and per share amounts presented in these condensed consolidated financial statements and accompanying notes, including but not limited to shares issued and outstanding, earnings/(loss) per share, and warrants and options, as well as the dollar amounts of common stock and paid-in capital, have been retroactively adjusted for all periods presented in order to reflect this change in capital structure.

2025 Public Offering and Private Placement Transactions

On August 1, 2025, the Company entered into a placement agency agreement with Maxim Group LLC (the "Placement Agent"), as lead placement agent, relating to a best efforts public offering (the "2025 Offering") of 2,181,818 shares of the Company's common stock at a price to the public of \$1.10 per share.

The closing of the 2025 Offering occurred on August 4, 2025. The net proceeds to the Company from the sale of the shares, after deducting the underwriting discounts and commissions and other estimated offering expenses payable by the Company, were approximately \$1.8 million.

In connection with the 2025 Offering, on August 1, 2025, the Company entered into subscription agreements with each of Robert W. D'Loren, Chairman and Chief Executive Officer of the Company, and Mark DiSanto, a director of the Company, to purchase 82,159 and 60,883 shares, respectively, at a price of \$1.38 per share. The total number of shares purchased was 143,042. Net proceeds after payment of agent fees were approximately \$0.2 million. The purchase of such shares closed concurrently with the 2025 Offering.

The aggregate number of shares of common stock issued in the 2025 Public Offering and Private Placement Transactions was 2,324,860 shares and the total net proceeds received were approximately \$2.0 million.

Upon the closing of these transactions, the Company issued the Placement Agent certain warrants to purchase up to 80,791 shares of common stock. Such warrants will be exercisable at an exercise price of \$1.10 per share, in whole or in part, during the four and one-half year period that commenced 180 days after August 1, 2025.

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

2024 Public Offering and Private Placement Transactions

On March 15, 2024, the Company entered into an underwriting agreement with Craig-Hallum Capital Group LLC (the “Representative”), as the representative of the underwriters, relating to a firm commitment underwritten public offering (the “2024 Offering”) of 328,427 shares of the Company’s common stock at a price to the public of \$6.50 per share.

The closing of the 2024 Offering occurred on March 19, 2024. The net proceeds to the Company from the sale of the shares, after deducting the underwriting discounts and commissions and other estimated offering expenses payable by the Company, were approximately \$1.7 million.

In connection with the 2024 Offering, on March 14, 2024, the Company entered into subscription agreements with each of Robert W. D’Loren, Chairman and Chief Executive Officer of the Company; Mark DiSanto, a director of the Company; and Seth Burroughs, Executive Vice President of Business Development and Treasury of the Company to purchase 13,258, 13,258, and 2,946 shares, respectively, at a price of \$9.80 per share. The total number of shares purchased was 29,462. Net proceeds after payment of agent fees were approximately \$0.3 million. The purchase of such shares closed concurrently with the 2024 Offering.

The aggregate number of shares of common stock issued in the 2024 Public Offering and Private Placement Transactions was 357,889 shares and the total net proceeds received were approximately \$1.9 million.

Upon the closing of these transactions, the Company issued the Representative certain warrants to purchase up to 18,293 shares of common stock. Such warrants are exercisable at an exercise price of \$8.125 per share, in whole or in part, during the four and one-half year period that commenced 180 days after March 15, 2024.

Equity Incentive Plans

A total of 400,000 shares of common stock are eligible for issuance under the Company’s 2021 Equity Incentive Plan (the “2021 Plan”). The 2021 Plan provides for the grant of any or all of the following types of awards: stock options (incentive or non-qualified), restricted stock, restricted stock units, performance awards, or cash awards. The 2021 Plan is administered by the Company’s Board of Directors, or, at the Board’s discretion, a committee of the Board.

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

Stock-based Compensation

Total expense recognized for all forms of stock-based compensation was approximately \$0.15 million and \$0.15 million for the current quarter and prior year quarter, respectively. Of the current quarter expense amount, approximately \$0.13 million related to employees and approximately \$0.02 million related to directors and consultants. Of the prior year quarter expense amount, approximately \$0.11 million related to employees and approximately \$0.04 million related to directors and consultants.

Total expense recognized for all forms of stock-based compensation was approximately \$0.48 million and \$0.32 million for the current nine months and prior year nine months, respectively. Of the current nine months expense amount, approximately \$0.40 million related to employees and approximately \$0.08 million related to directors and consultants. Of the prior year nine months expense amount, approximately \$0.11 million related to employees and approximately \$0.21 million related to directors and consultants.

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

Stock-based compensation expense is recorded as a component of Other selling, general and administrative expenses in the condensed consolidated statements of operations.

Stock Options

A summary of the Company's stock options activity for the current nine months is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2025	472,392	\$ 19.01	3.65	\$ —
Granted	97,500	2.02		
Exercised	—	—		
Expired/Forfeited	(45,898)	24.22		
Outstanding at September 30, 2025, and expected to vest	523,994	\$ 15.39	3.12	\$ —
Exercisable at September 30, 2025	83,994	\$ 20.44	3.32	\$ —

On April 7, 2025, the Company granted options to purchase an aggregate of 10,000 shares of common stock to certain key individuals. The exercise price of the options is \$2.91316 per share, and the vesting of such options is contingent upon the achievement of certain revenue targets.

On May 28, 2025, the Company granted options to purchase an aggregate of 10,000 shares of common stock to non-management directors. The exercise price of the options is \$2.6321 per share; 50% of the options vested on May 28, 2025 and the remaining 50% will vest on May 1, 2026.

On May 28, 2025, the Company granted options to purchase an aggregate of 17,500 shares of common stock to Messrs. D'Loren, DiSanto, and Burroughs. The exercise price of the options is \$2.6321 per share, and the options vested immediately upon grant.

On September 24, 2025, the Company granted options to purchase an aggregate of 60,000 shares of common stock to a member of management. The exercise price of the options is \$1.585 per share, and the vesting of such options is contingent upon the Company's common stock achieving certain target prices or the Company achieving certain financial performance targets.

Compensation expense related to stock options for the current quarter and the prior year quarter was approximately \$0.01 million and \$0.02 million, respectively. Compensation expense related to stock options for the current nine months and the prior year nine months was approximately \$0.07 million and \$0.06 million, respectively. Total unrecognized compensation expense related to unvested stock options at September 30, 2025 was approximately \$0.01 million and is expected to be recognized over a weighted average period of approximately 0.51 years.

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

A summary of the Company's non-vested stock options activity for the current nine months is as follows:

	Number of Options	Weighted Average Grant Date Fair Value
Balance at January 1, 2025	375,000	\$ 0.24
Granted	97,500	0.39
Vested	(32,500)	3.09
Forfeited or Canceled	—	—
Balance at September 30, 2025	<u>440,000</u>	<u>\$ 0.06</u>

Of the total stock options outstanding at September 30, 2025, the vesting of 350,000 options is contingent upon the Company's common stock achieving certain target prices, the vesting of 20,000 options is contingent upon the achievement of certain revenue targets, and the vesting of 60,000 options is contingent upon the Company's common stock achieving certain target prices or the Company achieving certain financial performance targets. None of these 430,000 performance-based stock options have vested, and no compensation expense has been recorded related to such options.

Stock Awards

A summary of the Company's restricted stock activity for the current nine months is as follows:

	Number of Restricted Shares	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2025	35,333	\$ 34.80
Granted	113,901	2.09
Vested	(92,401)	1.96
Expired/Forfeited	—	—
Outstanding at September 30, 2025	<u>56,833</u>	<u>\$ 22.63</u>

On May 28, 2025, the Company issued an aggregate of 4,000 shares of common stock to non-management directors, of which 50% vests on each of April 1, 2026 and April 1, 2027.

On May 28, 2025, the Company issued an aggregate of 17,500 shares of common stock to Messrs. D'Loren, DiSanto, and Burroughs, which vest on November 1, 2025.

In accordance with the amended employment agreements with each of Mr. D'Loren and Mr. Burroughs, effective July 16, 2024 and through December 31, 2025, the Company is paying 40% of each such executive officer's base salary via the issuance of shares of the Company's common stock, issued on the last day of each month. Each of Mr. D'Loren and Mr. Burroughs are permitted to pay the withholding tax through the exchange of a portion of the shares. Under the terms of these amended agreements, the Company issued an aggregate of 92,401 shares of common stock (which vested immediately) to executives for the current nine months.

Compensation expense related to stock awards was approximately \$0.14 million for the current quarter and approximately \$0.13 million for the prior year quarter. Compensation expense related to stock awards was approximately \$0.41 million for the current nine months and approximately \$0.26 million for the prior year nine months. Total unrecognized compensation expense related to unvested restricted stock grants at September 30, 2025 was approximately \$0.03 million.

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

and is expected to be recognized over a weighted average period of approximately 0.68 years.

Restricted Stock Units

There were no restricted stock units outstanding as of September 30, 2025 and December 31, 2024, and no restricted stock units have been issued since the inception of the 2021 Plan.

Shares Available Under the Company's Equity Incentive Plans

At September 30, 2025, there were 72,559 shares of common stock available for future award grants under the 2021 Plan.

Shares Reserved for Issuance

As of September 30, 2025, there were 596,553 shares of common stock reserved for issuance under the Company's Equity Incentive Plans, including 381,494 shares reserved pursuant to unexercised warrants and stock options previously granted under the 2011 Plan, 142,500 shares reserved pursuant to unexercised stock options granted under the 2021 Plan, and 72,559 shares available for issuance under the 2021 Plan.

As of September 30, 2025, there were also 1,476,455 shares of common stock reserved for issuance that were unrelated to the Company's Equity Incentive Plans, including 100,000 shares reserved pursuant to unexercised warrants related to the Halston Master License (as described below), 18,293 shares reserved pursuant to unexercised Representative warrants related to the 2024 Offering (as described above), 80,791 shares reserved pursuant to unexercised Placement Agent warrants related to the 2025 Offering (as described above), 139,916 shares reserved pursuant to unexercised warrants related to the December 12, 2024 debt refinancing transaction (see Note 6), and 1,137,455 shares reserved pursuant to unexercised warrants related to the April 21, 2025 debt refinancing transaction (see Note 6).

Warrants

A summary of the Company's warrants activity for the current nine months is as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding and exercisable at January 1, 2025	263,957	\$ 9.73	8.96	\$ —
Issued	1,218,246	10.97		
Amended	(5,748)	4.38		
Exercised	—	—		
Expired/Forfeited	—	—		
Outstanding at September 30, 2025	1,476,455	\$ 10.43	6.75	\$ —
Exercisable at September 30, 2025	1,295,673	\$ 10.66	6.80	\$ —

In connection with the April 21, 2025 refinancing of the Company's term loan debt (see Note 6), the Company issued an aggregate of 1,107,455 shares of the common stock to UTG and warrants to purchase 30,000 shares of common stock to Restore Capital (EQ-W), LLC. The warrants issued to UTG are exercisable for a period of seven years from the date of issuance at the following exercise prices: 131,100 shares at \$6.60 per share, and 195,271 shares at each of \$7.50, \$10.00, \$12.50, \$15.00, and \$17.50 per share. The warrants issued to Restore Capital (EQ-W), LLC are exercisable for a period of seven years from the date of issuance at an exercise price of \$6.67 per share.

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

Also in connection with the April 21, 2025 refinancing, the Company and certain holders amended certain warrants that had been previously issued on December 12, 2024: (i) the exercise price of previously outstanding warrants to purchase 107,333 shares of common stock was reduced from \$6.315 per share to \$2.2477 per share, and (ii) the number of shares issuable under previously outstanding warrants to purchase an aggregate of 22,998 shares of common stock was reduced to 17,250 shares of common stock, and the exercise price of such warrants was reduced from \$6.315 per share to \$3.00 per share.

In connection with the 2025 Offering (the details of which are disclosed above), the Company issued the Placement Agent certain warrants to purchase up to 80,791 shares of common stock. Such warrants will be exercisable at an exercise price of \$1.10 per share, in whole or in part, during the four and one-half year period that commenced 180 days after August 1, 2025.

In connection with the entrance into the Halston Master License in 2023 (see Note 4), the Company issued to G-III a ten-year warrant to purchase up to 100,000 shares of the Company's common stock at an exercise price of \$15.00 per share, which vests based upon certain annual royalty targets being satisfied under the license agreement. The fair value of this warrant is being recognized as a reduction of revenue over the term of the related license agreement, with an offsetting increase to stockholders' equity as additional paid-in capital. The amount of contra-revenue recognized related to this warrant during the current quarter and prior year quarter was approximately \$0.01 million in each period, and the amount of contra-revenue recognized was during the current nine months end prior year nine months was approximately \$0.03 million in each period. As of September 30, 2025, no portion of this warrant had vested.

8. Earnings (Loss) Per Share

Basic earnings (loss) per share ("EPS") is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period, excluding the effects of any potentially dilutive securities. Diluted EPS reflects, in periods in which they have a dilutive effect, the effect of common shares issuable upon the exercise of stock options and warrants, using the treasury stock method. Diluted EPS excludes all potentially dilutive shares of common stock if their effect is anti-dilutive.

The following table is a reconciliation of the numerator and denominator of the basic and diluted earnings (loss) per share computations for the three and nine months ended September 30, 2025 and 2024:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Numerator:				
Net loss attributable to Xcel Brands, Inc. stockholders (in thousands)	\$ (7,899)	\$ (9,213)	\$ (14,684)	\$ (15,312)
Denominator:				
Basic weighted average number of shares outstanding	3,918,993	2,352,135	2,904,399	2,246,569
Add: Effect of warrants	—	—	—	—
Add: Effect of stock options	—	—	—	—
Diluted weighted average number of shares outstanding	3,918,993	2,352,135	2,904,399	2,246,569
Basic earnings (loss) per share	\$ (2.02)	\$ (3.92)	\$ (5.06)	\$ (6.82)
Diluted earnings (loss) per share	\$ (2.02)	\$ (3.92)	\$ (5.06)	\$ (6.82)

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

As a result of the net loss for all periods presented, the Company calculated diluted EPS using basic weighted average shares outstanding for all such periods, as utilizing diluted shares would be anti-dilutive to loss per share.
The computation of diluted EPS excludes the following potentially dilutive securities because their inclusion would be anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Stock options	523,994	477,576	523,994	477,576
Warrants	1,476,455	129,899	1,476,455	129,899
Total	2,000,449	607,475	2,000,449	607,475

9. Income Taxes

The estimated annual effective income tax rate was for the current quarter and the prior year quarter was approximately -0.3% and 0%, resulting in an income tax provision (benefit) of \$0.03 million and \$0, respectively. The estimated annual effective income tax rate for the current nine months and the prior year nine months was approximately -0.5% and 0% respectively, resulting in an income tax provision (benefit) of \$0.08 million and \$0, respectively.

For all periods presented, the federal statutory rate differed from the effective tax rate due to the recording of a valuation allowance against the benefit that would have otherwise been recognized, as it was considered not more likely than not that the net operating losses generated during each period will be utilized in future periods.

10. Related Party Transactions

IM Topco, LLC

As described in Note 2, the Company held a noncontrolling interest in IM Topco as of September 30, 2025.

Service Agreement

The Company is party to a services agreement with IM Topco that has been amended from time to time, pursuant to which the Company agreed to provide certain design and support services (including assistance with the operations of the interactive television business and related talent support) to IM Topco in exchange for a service fee. In April 2024, the services agreement was amended to set the service fees at \$150,000 per year.

In accordance with the terms of this services agreement, the Company recognized service fee income of \$0 and \$37,500, respectively, within net licensing revenue in the condensed consolidated statements of operations for the three months ended September 30, 2025 and 2024, respectively. The Company recognized service fee income related to this services agreement of \$112,500 for both the nine months ended September 30, 2025 and 2024.

License Agreement

The Company was previously party to a license agreement with IM Topco, pursuant to which IM Topco granted the Company a license to use certain Isaac Mizrahi trademarks related to women's sportswear products in exchange for the payment of royalties to IM Topco. This license agreement was later terminated in favor of a new similar license agreement between IM Topco and an unrelated third party; however, as part of such termination, Xcel had provided a guarantee to IM Topco for the payment of any difference between (i) the royalties received by IM Topco under the new agreement and (ii) the amount of royalties that IM Topco would have received under the original license agreement with Xcel. For all

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

periods presented in these condensed consolidated financial statements, royalties received by IM Topco from the third-party agreement were expected to exceed the guaranteed royalties that IM Topco would have received under the original license agreement with Xcel, and thus no royalty expense for any shortfall was recognized for such periods.

Additionally, pursuant to the terms of a 2023 amendment to the May 2022 membership purchase agreement, Xcel had agreed to make additional royalty payments to IM Topco totaling \$450,000, of which \$75,000 was paid during the year ended December 31, 2023, and \$237,500 was paid during the year ended December 31, 2024. No payments of these additional royalties were made during the nine months ended September 30, 2025.

Effective September 26, 2025, pursuant to the terms of a settlement agreement entered into with IM Topco and WHP (see Note 2 for additional details), the Company was released from any current or future liability related to the aforementioned guarantee to IM Topco and the aforementioned additional royalty payments.

Financing Transactions

2025 Public Offering and Private Placement Transactions

In connection with the 2025 Offering of 2,181,818 shares of the Company's common stock at a price to the public of \$1.10 per share which was consummated on August 4, 2025 (see Note 7 for additional details), Robert W. D'Loren, Chairman and Chief Executive Officer of the Company, and Mark DiSanto, a director of the Company, purchased 124,200 and 91,800 shares, respectively, at \$1.10 per share, the same price at which the shares were sold to other purchasers in the Offering.

In connection with the 2025 Offering, on August 1, 2025, the Company entered into subscription agreements with each of Mr. D'Loren and Mr. DiSanto, to purchase 82,159 and 60,883 shares, respectively, at a price of \$1.38 per share. The purchase of such shares closed concurrently with the 2025 Offering.

2024 Public Offering and Private Placement Transactions

In connection with the 2024 Offering of 328,427 shares of the Company's common stock at a price to the public of \$6.50 per share which was consummated on March 19, 2024 (see Note 7 for additional details), Robert W. D'Loren, Chairman and Chief Executive Officer of the Company; an affiliate of Mark DiSanto, a director of the Company; and Seth Burroughs, Executive Vice President of Business Development and Treasury of the Company, purchased 14,625, 14,625, and 3,250 shares, respectively, at \$6.50 per share, the same price at which the shares were sold to other purchasers in the Offering.

In connection with the 2024 Offering, on March 14, 2024, the Company entered into subscription agreements with each of Mr. D'Loren, Mr. DiSanto, and Mr. Burroughs to purchase 13,258, 13,258, and 2,946 shares, respectively, at a price of \$9.80 per share. The purchase of such shares closed concurrently with the 2024 Offering.

Debt Financing

In connection with the December 12, 2024 term loan debt transaction (see Note 6 for additional details), IPX Capital, LLC ("IPX"), a company controlled by Mr. D'Loren, made a \$250,000 advance to one of the Company's subsidiaries. Of this amount, \$200,000 was repaid to IPX upon the closing of the December 12, 2024 debt transaction, and was subsequently returned by IPX to the Company during the three months ended March 31, 2025 for repayment by the Company at a later date. From time to time, Mr. D'Loren may advance funds to the Company on a short-term basis as necessary.

Additionally, IPX purchased a 12.5% undivided, last-out, subordinated participation interest in a portion of the December 2024 Term Loan B debt for a purchase price of \$500,000, and received a pro rata share of warrants received by the Term

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

Loan B Lenders to purchase shares of the Company's common stock. In connection with the April 21, 2025 refinancing of the Company's term loan debt (see Note 6 for additional details), IPX's participation in Term Loan B was repaid and IPX purchased a \$500,000 undivided, last-out, subordinated participation interest in Term Loan A.

Guarantee

Since October 2024, in connection with a required standby letter of credit associated with the Company's real estate lease for offices located at 1333 Broadway (see Note 5), Mr. D'Loren has provided and continues to provide a personal guarantee to the financial institution providing such letter of credit, in order to satisfy a portion of the associated collateral requirements for the letter of credit.

11. Commitments and Contingencies

Contingent Obligation – Isaac Mizrahi Transaction

Under the terms of the May 31, 2022 transaction related to the sale of a majority interest in the Isaac Mizrahi brand (as subsequently amended in 2023 and 2024), the Company had agreed with WHP that, in the event that the aggregate royalties received by IM Topco were less than \$13.5 million for the twelve-month period ending March 31, 2025 or less than \$18.0 million for the year ending December 31, 2025, Xcel was obligated to transfer equity interests in IM Topco to WHP equal to 12.5% of the total outstanding equity interests of IM Topco, such that Xcel's ownership interest in IM Topco would decrease from 30% to 17.5%, and WHP's ownership interest in IM Topco would increase from 70% to 82.5%.

During 2024, management concluded that, based on current trends in and projections of IM Topco's royalty revenues as well as the Company's decision to not make the remaining additional royalty payments to IM Topco (see Note 10), it was virtually certain that the Company would be required to make such transfer of equity interests to WHP in 2025. As such, the Company estimated and recorded a contingent obligation of approximately \$6.25 million as of September 30, 2024, and recognized a corresponding non-cash charge in the statement of operations for the prior year quarter and prior year nine months. During the three months ended December 31, 2024, the Company recorded an adjustment to this contingent obligation of approximately \$(2.04) million, resulting in a \$4.21 million contingent obligation reflected on the condensed consolidated balance sheet as of December 31, 2024.

As of March 31, 2025, in accordance with the terms of the amended membership purchase agreement between Xcel and WHP, WHP became contractually entitled to receive from Xcel equity interests in IM Topco equal to 12.5% of the total outstanding equity interests of IM Topco. Also during the three months ended March 31, 2025, the Company adjusted the carrying value of the contingent obligation to its estimated fair value of \$3.97 million as of March 31, 2025 in the condensed consolidated balance sheets, and recognized a \$(0.24) million credit in the condensed consolidated statements of operations.

On and effective April 15, 2025, such equity interests were transferred to WHP in full satisfaction and settlement of this contractual obligation, and the previously recorded liability was de-recognized by reducing the value of the asset for the investment in IM Topco.

Contractual Commitment – Disposition of IM Topco Equity Interests

On and effective September 26, 2025, the Company, IM Topco, and two subsidiaries of WHP entered into a settlement agreement, pursuant to which the Company agreed to transfer all of its remaining equity interests in IM Topco to WHP, in exchange for (i) the release of the Company's liability under a license agreement with IM Topco (see Note 10) and (ii) a capital appreciation right for the Company to receive 15% of the net consideration received by IM Topco and/or WHP

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

in excess of \$46 million in connection with any potential future capital transaction involving IM Topco which occurs on or before September 1, 2032. The equity interests were transferred on October 1, 2025.

Legal Matters

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

12. Subsequent Events

IM Topco Equity Interest Transfer

On October 1, 2025, in accordance with the settlement agreement described in Note 2 and Note 11, Xcel transferred to WHP equity interests equal to 17.5% of the outstanding equity interests of IM Topco (which represented all of Xcel's remaining equity interest in IM Topco) in exchange for (i) the release of the Company's liability under a license agreement with IM Topco (see Note 10) and (ii) a capital appreciation right for the Company to receive 15% of the net consideration received by IM Topco and/or WHP in excess of \$46 million in connection with any potential future capital transaction involving IM Topco which occurs on or before September 1, 2032.

Term Loan Debt Amendments

On October 7, 2025, the Company and certain of its subsidiaries and its lenders and FEAC Agent, LLC entered into a further amendment of the December 12, 2024 loan and security agreement, pursuant to which the (i) the agents and lenders (as defined in the loan and security agreement) consented to the transfer and the release of the termination of the pledge agreement and the release of the agents' liens on the equity interests of IM Topco, LLC; (ii) the liquid asset covenant requirement was reduced to \$1,000,000; and (iii) Xcel made a prepayment of \$250,000 against the outstanding principal amount of Term Loan A, of which \$140,000 was paid from the blocked account.

On November 18, 2025, the Company and certain of its subsidiaries and its lenders and FEAC Agent, LLC entered into the fourth amendment of the December 12, 2024 loan and security agreement, pursuant to which (i) the agents and lenders (as defined in the loan and security agreement) provided the Company with a limited waiver with respect to certain specified events of default, and also amended certain financial covenants related to the term loan agreement; (ii) the Company committed to make a prepayment of \$3,250,000 on Term Loan A by February 20, 2026, along with the payment of an amendment fee of \$450,000 (of which \$125,000 is payable on December 5, 2025 and the remaining \$325,000 will be due if the \$3,250,000 principal amount of Term Loan A is not repaid on or prior to February 20, 2026); and (iii) the payment of the remaining principal balance on Term Loan A of \$500,000 was changed to be due on December 31, 2026 which shall be held by IPX (See Note 10). In addition, upon the repayment of the \$3.25 million of Term Loan A, the Company will have revised financial covenants. The minimum revenue requirement for the rolling 12 months ending December 31, 2025 will be \$3.9 million and \$1.7 million for the Included Subsidiaries and Halston, respectively, each as defined in the loan agreements. And after the Term Loan A payment is made, the minimum revenue requirement covenants shall remain at these levels for the duration of the loans and the minimum liquidity requirement shall be zero, which includes the lenders' release of \$1.0 million of restricted cash within the blocked account back to the Company.

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2025
(Unaudited)

Stock-based Awards

On October 30, 2025, the Company's Board of Directors resolved that the Company shall grant of the following stock-based awards, subject to and conditioned upon stockholder approval of the proposal to increase the number of shares of common stock authorized for issuance under the 2021 Plan at the annual stockholder meeting scheduled to be held on December 3, 2025:

- options to purchase an aggregate of 113,500 shares of common stock to non-management directors, with exercise price to be equal to the last sale price of the common stock on the grant date and vesting determined by the Board of Directors or the Compensation Committee on the grant date;
- an aggregate of 39,583 shares of common stock to non-management directors, with vesting determined by the Board of Directors or the Compensation Committee on the grant date;
- 25,000 and 20,000 shares of common stock to Mr. D'Loren and Mr. DiSanto, respectively, which shall be fully vested immediately upon grant; and
- options to purchase an aggregate of 340,200 shares of common stock to senior management, with vesting contingent upon the Company's common stock achieving certain specified target prices and the exercise price to be equal to the last sale price of the common stock on the grant date. The vesting of 97,500 options shall occur if the stock price reaches \$3.00 per share; 81,500 options shall vest if the stock price reaches \$5.00 per share; 67,000 options shall vest if the stock price reaches \$7.00 per share; 54,200 options shall vest if the stock price reaches \$9.00 per share; and 40,000 options shall vest if the stock price reaches \$11.00 per share.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995. The statements that are not historical facts contained in this report are forward-looking statements that involve a number of known and unknown risks, uncertainties and other factors, all of which are difficult or impossible to predict and many of which are beyond our control, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks are detailed in the Risk Factors section of our Form 10-K for the fiscal year ended December 31, 2024, as filed with the SEC on May 28, 2025. The words "believe," "anticipate," "expect," "continue," "estimate," "appear," "suggest," "goal," "potential," "predicts," "seek," "will," "confident," "project," "provide," "plan," "likely," "future," "ongoing," "intend," "may," "should," "would," "could," "guidance," and similar expressions identify forward-looking statements.

Overview

Xcel Brands, Inc. ("Xcel," the "Company," "we," "us," or "our") is a media and consumer products company engaged in the design, licensing, marketing, live streaming, and social commerce sales of branded apparel, footwear, accessories, fine jewelry, home goods and other consumer products, and the acquisition of dynamic consumer lifestyle brands. Xcel was founded in 2011 with a vision to reimagine shopping, entertainment, and social media as social commerce.

Currently, our brand portfolio consists of the following:

- the Halston, Judith Ripka, and C Wonder brands, which are wholly owned by Xcel;
- the TowerHill by Christie Brinkley brand, which is a new co-branded collaboration between Xcel and Christie Brinkley that launched in May 2024;
- the LB70 by Lloyd Boston brand, which is a new co-branded collaboration between Xcel and Lloyd Boston that launched in August 2024;
- the Trust, Respect, Love by Cesar Millan brand, which is a new co-branded collaboration between Xcel and Cesar Millan that is planned to launch in the fourth quarter of 2025;
- the Longaberger brand, which Xcel manages through its 50% ownership interest in Longaberger Licensing, LLC;
- GemmaMade, which is a co-branded collaboration between Xcel and baking influencer Gemma Stafford which is planned to launch in the fourth quarter of 2025; and
- Mesa Mia, which is a brand owned by Mexican home influencer Jenny Martinez, and for which Xcel holds the television rights through a long-term license agreement and expects to launch in the fourth quarter of 2025.

Additionally, through October 1, 2025, we held a noncontrolling interest in the Isaac Mizrahi brand.

The Company also holds a 19% noncontrolling interest in ORME Live, Inc. ("ORME"), a short-form video and social commerce marketplace that launched in April 2024.

Xcel is pioneering a true omni-channel and social commerce sales strategy which includes the promotion and sale of products under its brands through interactive television, digital live-stream shopping, social commerce, brick-and-mortar retailers, and e-commerce channels. Xcel currently operates in a working-capital light model, with our licensees and/or retail partners responsible for the procurement and sale of inventory. As such, our revenues primarily consist of royalty revenues, and we do not have risk of carrying aged inventory. As a result, fluctuations in product costs and tariffs do not

have a direct impact on us, but do impact us indirectly as our royalty revenues are typically based on the net sales and success of our licensees.

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

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

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

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

Summary of Operating Results

Three months ended September 30, 2025 (the "current quarter") compared with the three months ended September 30, 2024 (the "prior year quarter")

Revenues

Current quarter net revenue decreased by \$0.79 million to \$1.12 million from \$1.91 million for the prior year quarter. This decrease was driven by the combination of (i) the fact that in the prior year quarter, we recognized \$0.41 million of net product sales from the sale of all remaining inventory of the Longaberger Brand to a third party at cost, and (ii) declines in our licensing revenues. The declines in licensing revenue were primarily attributable to (i) lower service fees related to IM Topco (see Note 10 to the financial statements for additional details related to the services agreement with IM Topco) and (ii) lower sales of branded products by our licensees mainly due to more cautious consumer spending in the current economic environment.

Direct Operating Costs and Expenses

Direct operating costs and expenses decreased approximately \$0.66 million, from \$2.83 million in the prior year quarter to \$2.17 million in the current quarter. This decrease was primarily attributable to the 2023 restructuring and transformation of our business operating model, along with additional cost reduction actions taken by management in 2024, which significantly reduced the Company's payroll, operating, and overhead costs.

Management has continued to implement additional cost cutting measures throughout 2025 to further optimize the Company's cost structure. Currently, the Company has reduced its direct operating expenses to an expected run rate of less than \$10 million per annum.

Other Operating Costs and Expenses (Income)

Depreciation and amortization expense was reasonably consistent with the prior year, approximating \$0.90 million in the current quarter and \$0.91 million in the prior year quarter.

We recognized losses related to our equity investments in unconsolidated affiliates (IM Topco, LLC and ORME Live Inc.) of approximately \$5.49 million and \$6.85 million for the current quarter and prior year quarter, respectively. The current quarter loss was primarily attributable to a non-cash impairment charge related to the disposition of our remaining equity interest in IM Topco, which closed in October 2025. The prior year quarter amount was primarily attributable to the combination of (i) \$0.60 million of equity method losses and (ii) a \$6.25 million non-cash charge to recognize a contractual contingent obligation related to IM Topco, which was subsequently satisfied and discharged in April 2025.

Interest and Finance Expense

Interest and finance expense was approximately \$0.52 million for the current quarter, compared with approximately \$0.14 million for the prior year quarter. This increase was primarily attributable to the higher interest rate and higher principal balance on outstanding term loan debt in the current quarter as compared to the prior year quarter.

Income Taxes

The estimated annual effective income tax rate for the current quarter and the prior year quarter was approximately -0.3% and 0% respectively, resulting in an income tax provision (benefit) of \$0.03 million and \$0, respectively. The federal statutory rate differed from the effective tax rate due to the recording of a valuation allowance against the benefit that would have otherwise been recognized, as it was considered not more likely than not that the net operating losses generated during each period will be utilized in future periods.

Net Loss Attributable to Xcel Brands, Inc. Stockholders

We had a net loss of \$7.90 million for the current quarter, compared with a net loss of \$9.21 million for the prior year quarter, due to the combination of the factors outlined above.

Non-GAAP Net Income (Loss), Non-GAAP Diluted EPS, and Adjusted EBITDA

We had a non-GAAP net loss of approximately \$1.34 million, or \$(0.34) per diluted share ("non-GAAP diluted EPS"), for the current quarter and a non-GAAP net loss of \$1.33 million, or \$(0.57) per diluted share, for the prior year quarter. Non-GAAP net income (loss) is a non-GAAP unaudited term, which we define as net income (loss) attributable to Xcel Brands, Inc. stockholders, exclusive of amortization of trademarks, income (loss) from equity method investments, stock-based compensation and cost of licensee warrants, loss on early extinguishment of debt (if any), gains on sales of assets and investments (if any), asset impairment charges (if any), and income taxes (if any). Non-GAAP net income (loss) and non-GAAP diluted EPS measures do not include the tax effect of the aforementioned adjusting items, due to the nature of these items and the Company's tax strategy.

We had Adjusted EBITDA of approximately \$(0.65) million for the current quarter, compared with approximately \$(1.05) million for the prior year quarter. Adjusted EBITDA is a non-GAAP unaudited measure, which we define as net income (loss) attributable to Xcel Brands, Inc. stockholders before interest and finance expense (including loss on extinguishment of debt, if any), accretion of lease liability for exited leases, income taxes, other state and local franchise taxes, depreciation and amortization, income (loss) from equity method investments, asset impairment charges (if any), stock-based compensation and cost of licensee warrants, gains on sales of assets and investments (if any), and costs associated with restructuring of operations.

Management uses non-GAAP net income (loss), non-GAAP diluted EPS, and Adjusted EBITDA as measures of operating performance to assist in comparing performance from period to period on a consistent basis and to identify business trends relating to the Company's results of operations. Management believes non-GAAP net income (loss), non-GAAP diluted EPS, and Adjusted EBITDA are also useful because these measures adjust for certain costs and other events that

management believes are not representative of our core business operating results, and thus, these non-GAAP measures provide supplemental information to assist investors in evaluating the Company's financial results.

Non-GAAP net income (loss), 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 (loss), 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 (loss), 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 (loss), non-GAAP diluted EPS, and Adjusted EBITDA in a different manner than we calculate these measures.

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

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

(\$ in thousands)	Three Months Ended September 30,	
	2025	2024
Net loss attributable to Xcel Brands, Inc. stockholders	\$ (7,899)	\$ (9,213)
Amortization of trademarks	876	875
Loss from equity method investments	5,494	6,847
Stock-based compensation and cost of licensee warrants	161	158
Income tax provision (benefit)	25	—
Non-GAAP net loss	<u>\$ (1,343)</u>	<u>\$ (1,333)</u>

The following table is a reconciliation of diluted loss per share (our most directly comparable financial measure presented in accordance with GAAP) to non-GAAP diluted EPS:

	Three Months Ended September 30,	
	2025	2024
Diluted loss per share	\$ (2.02)	\$ (3.92)
Amortization of trademarks	0.23	0.37
Loss from equity method investments	1.40	2.91
Stock-based compensation and cost of licensee warrants	0.04	0.07
Income tax provision (benefit)	0.01	—
Non-GAAP diluted EPS	<u>\$ (0.34)</u>	<u>\$ (0.57)</u>
Non-GAAP weighted average diluted shares	<u>3,918,993</u>	<u>2,352,135</u>

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

(\$ in thousands)	Three Months Ended September 30,	
	2025	2024
Net loss attributable to Xcel Brands, Inc. stockholders	\$ (7,899)	\$ (9,213)
Interest and finance expense	522	142
Accretion of lease liability for exited lease	48	98
Income tax provision (benefit)	25	—
State and local franchise taxes	10	9
Depreciation and amortization	896	910
Loss from equity method investments	5,494	6,847
Stock-based compensation and cost of licensee warrants	161	158
Costs associated with restructuring of operations	90	—
Adjusted EBITDA	\$ (653)	\$ (1,049)

Nine months ended September 30, 2025 (the “current nine months”) compared with the nine months ended September 30, 2024 (the “prior year nine months”)

Revenues

Current nine months net revenue decreased \$3.28 million to \$3.77 million from \$7.05 million for the prior year nine months. This decrease was primarily attributable to the June 30, 2024 divestiture of the Lori Goldstein brand and the loss of the licensing revenues associated with that brand. This decrease was also partially driven by the fact that in the prior year nine months we recognized \$0.54 million of net product sales from the final sale of certain residual jewelry inventories and the sale of all remaining inventory related to the Longaberger brand.

Direct Operating Costs and Expenses

Direct operating costs and expenses decreased approximately \$3.56 million, from \$9.91 million in the prior year nine months to \$6.35 million in the current nine months. This decrease was primarily attributable to the combination of (i) the 2023 restructuring and transformation of our business operating model, along with additional cost reduction actions taken by management in 2024, which significantly reduced the Company’s payroll, operating, and overhead costs, and (ii) the impact of the employee retention tax credit recognized in the current nine months.

Management has continued to implement additional cost cutting measures throughout 2025 to further optimize the Company’s cost structure. Currently, the Company has reduced its direct operating expenses to an expected run rate of less than \$10 million per annum.

Other Operating Costs and Expenses (Income)

Depreciation and amortization expense decreased approximately \$1.34 million, from \$4.04 million in the prior year nine months to \$2.70 million in the current nine months. This decrease is primarily attributable to the June 30, 2024 divestiture of the Lori Goldstein brand, which included trademarks related to that brand with a net book value of approximately \$1.93 million at the time of the divestiture.

We recognized losses related to our equity investments in unconsolidated affiliates (IM Topco, LLC and ORME Live Inc.) of \$6.01 million and \$7.94 million for the current nine months and prior year nine months, respectively. The current nine months loss was primarily attributable to a \$5.53 million non-cash impairment charge related to the disposition of our remaining equity interest in IM Topco, which closed in October 2025. The prior year nine months amount was composed of (i) \$1.69 million of equity method losses and (ii) a \$6.25 million non-cash charge to recognize a contractual contingent obligation related to IM Topco, which was subsequently satisfied and discharged in April 2025.

During the prior year nine months we recognized asset impairment charges of \$3.48 million related to our exit from and sublease of our office space at 1333 Broadway, of which approximately \$3.1 million related to the operating lease right-of-use asset and approximately \$0.4 million related to leasehold improvements at that location. There were no similar asset impairment charges recognized during the current nine months.

Also during the prior year nine months, we recognized a \$3.80 million gain on the divestiture of the Lori Goldstein Brand. The consideration received from this transaction was non-cash in nature, and consisted of approximately \$6.08 million of relief from certain accrued earn-out payments and the release of contingent obligations under contractual agreements with the buyer. The net book value of the intangible assets sold was approximately \$1.93 million, and we also incurred approximately \$0.35 million of legal fees in connection with the sale.

Interest and Finance Expense

Interest and finance expense was approximately \$3.42 million for the current nine months, representing an increase of approximately \$2.98 million compared with interest and finance expense of approximately \$0.44 million for the prior year nine months. This increase was primarily attributable to the combination of (i) the \$1.85 million loss on early extinguishment of debt recognized during the current nine months as a result of the April 2025 refinancing of our term loan debt, and (ii) the higher interest rates and higher principal balance on outstanding term loan debt in the current nine months as compared to the prior year nine months.

Income Taxes

The estimated annual effective income tax rate for the current nine months and the prior year nine months was approximately -0.5% and 0% respectively, resulting in an income tax provision (benefit) of \$0.08 million and \$0, respectively. The federal statutory rate differed from the effective tax rate due to the recording of a valuation allowance against the benefit that would have otherwise been recognized, as it was considered not more likely than not that the net operating losses generated during each period will be utilized in future periods.

Net Loss Attributable to Xcel Brands, Inc. Stockholders

We had a net loss of \$14.68 million for the current nine months, compared with a net loss of \$15.31 million for the prior year nine months, due to the combination of the factors outlined above.

Non-GAAP Net Income (Loss), Non-GAAP Diluted EPS, and Adjusted EBITDA

We had a non-GAAP net loss of approximately \$3.61 million, or \$(1.24) per diluted share ("non-GAAP diluted EPS"), for the current nine months and a non-GAAP net loss of approximately \$3.44 million, or \$(1.53) per diluted share, for the prior year nine months.

We had Adjusted EBITDA of approximately \$(1.65) million for the current nine months, compared with approximately \$(2.66) million for the prior year nine months.

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

(\$ in thousands)	Nine Months Ended September 30,	
	2025	2024
Net loss attributable to Xcel Brands, Inc. stockholders	\$ (14,684)	\$ (15,312)
Amortization of trademarks	2,627	3,914
Loss from equity method investments	6,010	7,937
Stock-based compensation and cost of licensee warrants	513	344
Loss on early extinguishment of debt	1,850	—
Gains on sales of assets and investments	—	(3,801)
Asset impairment charges	—	3,483
Income tax provision (benefit)	75	—
Non-GAAP net loss	\$ (3,609)	\$ (3,435)

The following table is a reconciliation of diluted loss per share (our most directly comparable financial measure presented in accordance with GAAP) to non-GAAP diluted EPS:

	Nine Months Ended September 30,	
	2025	2024
Diluted loss per share	\$ (5.06)	\$ (6.82)
Amortization of trademarks	0.90	1.74
Loss from equity method investments	2.07	3.54
Stock-based compensation and cost of licensee warrants	0.18	0.15
Loss on early extinguishment of debt	0.64	—
Gains on sales of assets and investments	—	(1.69)
Asset impairment charges	—	1.55
Income tax provision	0.03	—
Non-GAAP diluted EPS	\$ (1.24)	\$ (1.53)
Non-GAAP weighted average diluted shares	2,904,399	2,246,569

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

(\$ in thousands)	Nine Months Ended September 30,	
	2025	2024
Net loss attributable to Xcel Brands, Inc. stockholders	\$ (14,684)	\$ (15,312)
Interest and finance expense	3,419	438
Accretion of lease liability for exited lease	168	174
Income tax provision (benefit)	75	—
State and local franchise taxes	24	33
Depreciation and amortization	2,695	4,044
Loss from equity method investments	6,010	7,937
Asset impairment charges	—	3,483
Stock-based compensation and cost of licensee warrants	513	344
Gains on sales of assets and investments	—	(3,801)
Costs associated with restructuring of operations	129	—
Adjusted EBITDA	\$ (1,651)	\$ (2,660)

Liquidity and Capital Resources

General

As of September 30, 2025 and December 31, 2024, our unrestricted cash and cash equivalents were approximately \$1.5 million and \$1.3 million, respectively.

Restricted cash at September 30, 2025 consisted of \$0.7 million of cash deposited as collateral for a standby letter of credit associated with a real estate lease and \$1.0 million of cash deposited in a bank account to satisfy a liquidity covenant in the Company's term loan debt agreement. Restricted cash at December 31, 2024 consisted of \$0.7 million of cash deposited as collateral for a standby letter of credit associated with a real estate lease.

Our principal capital requirements have generally been to fund working capital needs and acquire new brands. Our current "licensing plus" operating model is a working capital light business model, and generally does not require material capital expenditures. As of September 30, 2025, we have no significant commitments for future capital expenditures.

Working Capital

We had a working capital deficit (which we calculate in a non-GAAP manner as current assets less current liabilities, excluding the current portions of lease obligations, deferred revenue, and any contingent obligations payable in shares or via other non-cash means) of approximately \$0.89 million as of September 30, 2025. This working capital deficit includes and is primarily reflective of the November 2025 amendment to our term loan debt, which resulted in the accelerated maturity of a significant portion of our Term Loan A debt and the associated reclassification of \$1.0 million of restricted cash from non-current assets to current assets; absent these impacts of this amendment, our working capital at September 30, 2025 would have been approximately \$0.61 million. We had working capital of approximately \$0.76 million as of December 31, 2024.

Going Concern

The accompanying unaudited condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern.

As of September 30, 2025, we have incurred recurring losses, a history of cash flows used in operating activities, and an accumulated deficit. While we have undertaken significant restructuring efforts during 2023 and 2024, and have implemented additional measures during 2025 to further optimize its cost structure, management has determined that, absent additional funding, there is substantial doubt about the Company's ability to meet its financial obligations as they become due within twelve months from the date these accompanying unaudited condensed consolidated financial statements are issued.

In April 2025, we restructured our outstanding debt and received net proceeds from financing activities. In August 2025, we closed on a public offering and private placement of our common stock, which provided us with additional net proceeds. While these transactions have significantly improved our liquidity position, the proceeds received may still be insufficient to fully address our liquidity needs.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management intends to continue exploring strategic financing alternatives and operational efficiencies to improve liquidity. The accompanying unaudited condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Commentary on the components of our cash flows for the current nine months as compared with the prior year nine months is set forth below.

Operating Activities

Net cash used in operating activities was approximately \$5.20 million in the current nine months, compared with approximately \$3.31 million in the prior year nine months.

The current nine months net cash used in operating activities was primarily attributable to the combination of the net loss of \$(14.78) million plus non-cash items of approximately \$11.62 million and the net change in operating assets and liabilities of approximately \$(2.04) million. Non-cash items were primarily comprised of \$6.01 million of losses and impairment charges related to our equity method investments, \$1.85 million from the loss on early extinguishment of debt, \$2.70 million of depreciation and amortization expense, and \$0.69 million of aggregate non-cash interest expenses. The net change in operating assets and liabilities was primarily driven by approximately \$(2.05) million of payments of accounts payable, accrued expenses, accrued income taxes payable, and other current liabilities.

The prior year nine months net cash used in operating activities was primarily attributable to the combination of the net loss of \$(15.40) million plus non-cash items of approximately \$11.99 million and the net change in operating assets and liabilities of approximately \$0.11 million. Non-cash items were primarily comprised of approximately \$6.25 million for the change in value of contingent obligations related to our equity method investments, our \$1.68 million undistributed proportional share of net losses from equity method investees, \$4.04 million of depreciation and amortization expense, and \$3.48 million of asset impairment charges, partially offset by a \$(3.80) million gain on the divestiture of the Lori Goldstein Brand. The net change in operating assets and liabilities was primarily comprised of decreases in accounts receivable and inventory of approximately \$0.59 million and \$0.45 million, respectively, partially offset by a decrease in lease-related assets and liabilities of \$(0.71) million.

Investing Activities

Net cash used in investing activities in the current nine months was comprised of purchases of equipment totaling approximately \$0.01 million. Net cash used in investing activities in the prior year nine months was comprised of purchases of furniture and fixtures totaling approximately \$0.11 million.

Financing Activities

Net cash provided by financing activities in the current nine months was primarily attributable to \$2.05 million of proceeds received from the delayed draw portion of the Company's December 2024 term loan agreement, \$3.62 million of proceeds received from the April 2025 refinancing of our term loan debt, and \$1.97 million of proceeds generated by equity offerings undertaken in August 2025. These items were partially offset by \$0.57 million of deferred finance costs paid in connection with debt refinancing, and \$0.50 million of principal payments made on the Company's term loan debt.

Net cash provided by financing activities in the prior year nine months was primarily attributable to \$1.90 million of net proceeds generated by equity offerings undertaken during the first quarter of 2024, partially offset by \$0.50 million of scheduled principal payments made on our term loan debt.

April 2025 Debt Refinancing

On April 21, 2025, the Company and its lenders and FEAC Agent, LLC entered into an amendment of the December 12, 2024 loan and security agreement, which provided for \$1.5 million repayment of the \$3.95 million Term Loan A and an additional Term Loan B in the amount of \$5.12 million. The term loans outstanding after giving effect to the April 21, 2025 amendment and the application of the proceeds of the additional Term Loan B are as follows: (1) Term Loan A in the amount of \$4.50 million, and (2) Term Loan B in the amount of \$9.12 million. The proceeds from the additional Term Loan B were used to repay a portion of Term Loan A, as well as to pay fees, costs, and expenses incurred in connection with entering into the April 21, 2025 amendment, and the balance will be used for working capital purposes.

In connection with the April 21, 2025 amendment and refinancing transaction, UTG Capital, Inc., a Delaware corporation ("UTG"), purchased a 100% undivided, participation interest in Term Loan B for a purchase price of \$9.12 million. Also

in connection with this refinancing transaction, IPX's participation in Term Loan B was repaid and IPX purchased a \$0.50 million undivided, last-out, subordinated participation interest in Term Loan A.

On May 15, 2025, the Company repaid \$0.50 million of the outstanding principal amount of Term Loan A.

Principal on the Term Loan A is payable on a pro rata basis in quarterly installments of \$250,000 on each of March 31, June 30, September 30, and December 31 of each year, commencing on March 31, 2026, with the unpaid balance due on the maturity date of December 12, 2028. Principal on the Term Loan B is payable on the maturity date of December 12, 2028.

From and after April 21, 2025, interest on each Term Loan A accrues at an annual rate equal to the secured overnight financing rate as administered by the Federal Reserve Bank of New York for an interest period equal to three months, subject to a 2.0% floor, plus 8.5%. From and after April 21, 2025, interest on each Term Loan B accrues at an annual rate equal to the secured overnight financing rate as administered by the Federal Reserve Bank of New York for an interest period equal to three months, subject to a 2.0% floor, plus 6.5%. From and after April 21, 2025 through March 31, 2027, interest on the Term Loan B will be paid in-kind by being capitalized and added to the principal amount of the Term Loan B at the end of each calendar month.

The Term Loans are guaranteed by certain direct and indirect subsidiaries of the Company, and are secured by all of the assets of the Company and such subsidiaries. The April 21, 2025 amendment contains various customary financial covenants and reporting requirements, as specified and defined therein; the Company is currently in compliance with all applicable covenants.

On October 7, 2025, the Company and certain of its subsidiaries and its lenders and FEAC Agent, LLC entered into a further amendment of the December 12, 2024 loan and security agreement, pursuant to which the (i) the agents and lenders (as defined in the loan and security agreement) consented to the transfer and the release of the termination of the pledge agreement and the release of the agents' liens on the equity interests of IM Topco, LLC; (ii) the liquid asset covenant requirement was reduced to \$1,000,000; and (iii) Xcel made a prepayment of \$250,000 against the outstanding principal amount of Term Loan A, of which \$140,000 was paid from the blocked account.

On November 18, 2025, the Company and certain of its subsidiaries and its lenders and FEAC Agent, LLC entered into the fourth amendment of the December 12, 2024 loan and security agreement, pursuant to which (i) the agents and lenders (as defined in the loan and security agreement) provided the Company with a limited waiver with respect to certain specified events of default, and also amended certain financial covenants related to the term loan agreement; (ii) the Company committed to make a prepayment of \$3,250,000 on Term Loan A by February 20, 2026, along with the payment of an amendment fee of \$450,000 (of which \$125,000 is payable on December 5, 2025 and the remaining \$325,000 will be due if the \$3,250,000 principal amount of Term Loan A is not repaid on or prior to February 20, 2026); and (iii) the payment of the remaining principal balance on Term Loan A of \$500,000 was changed to be due on December 31, 2026 which shall be held by a related party. In addition, upon the repayment of the \$3.25 million of Term Loan A, the Company will have revised financial covenants. The minimum revenue requirement for the rolling 12 months ending December 31, 2025 will be \$3.9 million and \$1.7 million for the Included Subsidiaries and Halston, respectively, each as defined in the loan agreements. And after the Term Loan A payment is made, the minimum revenue requirement covenants shall remain at these levels for the duration of the loans and the minimum liquidity requirement shall be zero, which includes the lenders' release of \$1.0 million of restricted cash within the blocked account back to the Company.

August 2025 Public Offering and Private Placement Transactions

On August 1, 2025, the Company entered into a placement agency agreement with Maxim Group LLC (the “Placement Agent”), as lead placement agent, relating to a best efforts public offering (the “2025 Offering”) of 2,181,818 shares of the Company’s common stock at a price to the public of \$1.10 per share.

The closing of the 2025 Offering occurred on August 4, 2025. The net proceeds to the Company from the sale of the shares, after deducting the underwriting discounts and commissions and other estimated offering expenses payable by the Company, were approximately \$1.8 million.

In connection with the 2025 Offering, on August 1, 2025, the Company entered into subscription agreements with each of Robert W. D’Loren, Chairman and Chief Executive Officer of the Company, and Mark DiSanto, a director of the Company, to purchase 82,159 and 60,883 shares, respectively, at a price of \$1.38 per share. The total number of shares purchased was 143,042. Net proceeds after payment of agent fees were approximately \$0.2 million. The purchase of such shares closed concurrently with the 2025 Offering.

The aggregate number of shares of common stock issued from the 2025 Public Offering and Private Placement Transactions was 2,324,860 shares and the total net proceeds received was approximately \$2.0 million.

Other Factors

We continue to seek to expand and diversify the types of licensed products being produced under our brands. We plan to continue to diversify the distribution channels and product categories within which licensed products are sold, in an effort to reduce dependence on any particular retailer, consumer, or market sector within each of our brands. The Halston brand, C Wonder brand, TowerHill by Christie Brinkley brand, and the LB70 by Lloyd Boston brand, which together currently represent a majority of our revenues, have a core business in fashion apparel and accessories. Our other brands – including the Judith Ripka brand, which is a fine jewelry brand; the Longaberger brand, which focuses on home good products; GemmaMade and Mesa Mia, which focus on cooking and baking related products; and Trust, Respect, Love, which focuses on pet-related products – help to diversify our industry focus while at the same time complement our business operations and relationships.

While the 2022 sale of a majority interest in the Isaac Mizrahi brand and the 2024 divestiture of the LOGO by Lori Goldstein brand resulted in significant decreases in our licensing revenues, we have taken and continue to take actions to replace those revenues with new strategic business initiatives, as we concentrate our resources on growing our brands, launching new brands, and entering into new business partnerships. We continue to seek new opportunities, including expansion through interactive television, live streaming, and additional domestic and international licensing arrangements, and acquiring and collaborating with additional brands, including the TowerHill by Christie Brinkley brand and LB70 by Lloyd Boston brand, both of which launched in 2024. We plan to launch three new brands in the fourth quarter of 2025, including Trust, Respect, Love by Cesar Millan, GemmaMade, and Mesa Mia.

During 2023 and throughout 2024, we have restructured our business operations into a leaner, more focused “licensing plus” business model. We have entered into structured contractual arrangements with best-in-class business partners in order to more efficiently operate our former wholesale and e-commerce businesses while reducing and better managing our exposure to operating risks, and taken additional actions to generate cost savings. Based on all of these actions taken to date, plus additional measures implemented during the current year to further optimize the Company’s cost structure, the Company’s direct operating costs on an annualized basis have been reduced from approximately \$8 million per quarter under our previous operating model to less than \$2.5 million per quarter on a going-forward basis. This represents more than \$22 million of cost savings on an annualized basis compared to our cost structure in 2022.

In April 2025, we restructured our outstanding term debt and received additional net proceeds, which improved our liquidity position. The higher outstanding principal balance under our refinanced term loan debt will result in higher interest payments over the term of the debt, although a substantial portion of that interest will be paid in-kind through March 2027 by being capitalized and added to the principal amount of the debt.

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

Our long-term success, however, will still remain largely dependent on our ability to build and maintain our brands' awareness and continue to attract wholesale and direct-to-consumer customers, and contract with and retain key licensees and business partners, as well as our and our licensees' ability to accurately predict upcoming fashion and design trends within their respective customer bases and fulfill the product requirements of the particular retail channels within the global marketplace. Unanticipated changes in consumer fashion preferences and purchasing patterns, slowdowns in the U.S. economy, changes in the prices of supplies, consolidation of retail establishments, and other factors noted in Item 1A of our most recent Annual Report on Form 10-K could adversely affect our licensees' ability to meet and/or exceed their contractual commitments to us and thereby adversely affect our future operating results.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies and Estimates

The preparation of our unaudited condensed consolidated financial statements in conformity with GAAP requires management to exercise judgment. We exercise considerable judgment with respect to establishing sound accounting policies and in making estimates and assumptions that affect the reported amounts of our assets and liabilities, our recognition of revenues and expenses, and disclosure of commitments and contingencies at the date of the financial statements. We evaluate our estimates and judgments on an on-going basis. We base our estimates and judgments on a variety of factors, including our historical experience, knowledge of our business and industry, and current and expected economic conditions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We periodically re-evaluate our estimates and assumptions with respect to these judgments and modify our approach when circumstances indicate that modifications are necessary. While we believe that the factors we evaluate provide us with a meaningful basis for establishing and applying sound accounting policies, we cannot guarantee that the results will always be accurate. Because the determination of these estimates requires the exercise of judgment, actual results could differ from such estimates.

Please refer to our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on May 28, 2025, for a discussion of our critical accounting policies and estimates. During the three months ended September 30, 2025, there were no material changes to our critical accounting policies or estimates.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

A. EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES:

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of September 30, 2025, the end of the period covered by this report. Based on, and as of the date of such evaluation, the Chief Executive

Officer and the Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of September 30, 2025, due to the material weakness described below.

The basis for the conclusion that such internal control was ineffective principally included consideration of the fact that the Company was unable to file its Annual Report on Form 10-K for the year ended December 31, 2024 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 within the time specified in SEC rules and forms, as management did not maintain appropriately designed entity-level controls impacting Information and Communication and Monitoring, related to a material asset. The Company was dependent on a third party to report financial information related to an investment in an unconsolidated affiliate. The timing of the receipt of information from the third party did not permit adequate time to meet SEC deadlines for the Company's required filings.

In response to the material weaknesses noted above, the Company is no longer reliant on a third party reporting financial information related to an investment in an unconsolidated affiliate (as discussed in Note 2 and Note 12 to these financial statements), as there was a divestiture of the unconsolidated affiliate during the current year. The Company's management believes that the identified material weaknesses in internal control over financial reporting will not recur, and does not expect to report such material weaknesses for the year ended December 31, 2025.

B. CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING:

There have not been any changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

We operate in a highly competitive industry that involves numerous known and unknown risks and uncertainties that could impact our operations. The risks described in Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2024 are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our financial condition and/or operating results.

Our debt obligations could impair our liquidity and financial condition, and in the event we are unable to meet our debt obligations, we could lose ownership of our trademarks and/or other assets.

On December 12, 2024, we and certain of our subsidiaries entered into a loan and security agreement with FEAC Agent, LLC, as administrative agent and collateral agent, pursuant to which the lenders made term loans to the Company and agreed to make additional term loans to the Company upon the satisfaction of a condition precedent described in the loan agreement. The current outstanding loan balances are as follows: (1) Term Loan A in the amount of \$3.75 million and (2) Term Loan B in the amount of \$9.66 million.

These term loans are guaranteed by certain direct and indirect subsidiaries of the Company, and are secured by all of the assets of the Company and such subsidiaries. The April 21, 2025 amendment also contains various financial covenants, including minimum liquid asset, minimum revenues, and minimum unrestricted cash covenants, and reporting requirements, as specified and defined therein.

As a result of our failure to satisfy the minimum revenues covenant for the three month periods ended June 30, 2025 and September 30, 2025, on November 18, 2025, we entered into a further amendment to the loan and security agreement to (i) amend certain financial covenants, (ii) waive our failure to satisfy the minimum revenues covenant for the three months ended June 30, 2025 and September 30, 2025, (iii) require a payment of \$3.25 million of principal amount of Term Loan A by February 20, 2026, (iv) after such payment of Term Loan A, defer the quarterly installment payments of Term Loan A until December 31, 2026 and require a \$500,000 principal payment of Term Loan A on that date, and (v) require us to pay an amendment fee of \$450,000 (of which \$125,000 is payable on December 5, 2025 and the remaining \$325,000 will be due if the \$3.25 million principal amount of Term Loan A is not repaid on or prior to February 20, 2026). Upon the payment of \$3.25 million of principal of Term Loan A, \$1.0 million of restricted cash shall be released from the blocked account, which would result in the Company funding a net amount of \$2.25 million, together with the release of the \$1.0 million from the restricted cash account to satisfy the repayment. The Company would also be required to fund all other obligations to FEAC Agent, LLC, including accrued interest, fees, and out-of-pocket costs.

Principal on the Term Loan B is payable on the maturity date of December 12, 2028.

Our debt obligations:

- could impair our liquidity;
- could make it more difficult for us to satisfy our other obligations;

- require us to dedicate a substantial portion of our cash flow to payments on our debt obligations, which reduces the availability of our cash flow to fund working capital, capital expenditures, and other corporate requirements;
- could impede us from obtaining additional financing in the future;
- impose restrictions on us with respect to the use of our available cash, including in connection with future transactions;
- could limit our ability to execute on any potential acquisitions in the future; and
- make us more vulnerable in the event of a downturn in our business prospects and could limit our flexibility to plan for, or react to, changes in our sales and licensing channels.

In the event that we fail in the future to satisfy other obligations under the agreements governing our indebtedness, including meeting milestone obligations towards selling a portion of our assets or completing an alternative transaction to repay \$3.25 million principal amount of Term Loan A (collectively, a “Refinancing Event”) by February 20, 2026, or complying with the minimum revenue covenant, the minimum liquid asset covenant, or the minimum unrestricted cash covenants, or if we have additional failures to comply with other covenants contained in those agreements, we would be in default with respect to that indebtedness and the lenders could declare such indebtedness to be immediately due and payable. Certain of the milestone obligations, such as entering into an engagement letter with an investment banker and receiving a letter of intent and completing a Refinancing Event are not within our control and there can be no assurance that we will be able to satisfy such milestone obligations. Moreover, the revenue targets for 2026 and thereafter will be significantly in excess of our current revenues if we do not make the \$3.25 million Term Loan A repayment and we cannot assure you the lenders will amend or grant waivers to the loan agreement to adjust or eliminate covenants or waive our future non-compliance or breach of a financial or other covenant in the future. Failure to maintain our listing on Nasdaq would also result in a default under our term loan debt agreements. A debt default could significantly diminish the market value and marketability of our common stock and could result in the acceleration of the payment obligations under all or a portion of our indebtedness, or a renegotiation of our loan agreement with more onerous terms and/or additional equity dilution.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information with respect to stock purchased and retired by the Company during the nine months ended September 30, 2025.

Period	Total Number of Shares of Common Stock Purchased	Average Price per Share	Total Number of Shares of Common Stock Purchased as Part of a Publicly Announced Plan or Program	Maximum Number (or Approximate Dollar Value) of Common Stock That May Yet Be Purchased Under the Plan or Program
January 1, 2025 to January 30, 2025 (i)	51,022	\$ 0.42	—	—
February 1, 2025 to February 28, 2025 (i)	76,290	0.28	—	—
March 1, 2025 to March 31, 2025 (i)	7,654	2.82	—	—
April 1, 2025 to April 30, 2025 (i)	8,297	2.38	—	—
May 1, 2025 to May 31, 2025 (i)	8,403	2.35	—	—
June 1, 2025 to June 30, 2025 (i)	10,909	1.81	—	—
July 1, 2025 to July 31, 2025 (i)	17,973	1.08	—	—
August 1, 2025 to August 31, 2025 (i)	13,865	1.40	—	—
September 1, 2025 to September 30, 2025 (i)	7,774	1.76	—	—
Total	202,187	\$ 0.87	—	—

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On December 12, 2024, we and certain of our subsidiaries entered into a loan and security agreement with FEAC Agent, LLC, as administrative agent and collateral agent, pursuant to which the lenders made term loans to the Company and agreed to make additional term loans to the Company upon the satisfaction of a condition precedent described in the loan agreement. The current outstanding balances are as follows: (i) Term Loan A in the amount of \$3.75 million and (ii) Term Loan B in the amount of \$9.66 million.

As a result of our failure to satisfy the minimum revenues covenant for the three month periods ended June 30, 2025 and September 30, 2025, on November 18, 2025, we entered into a further amendment to the loan and security agreement to (i) amend certain financial covenants, including eliminate the minimum liquidity covenant if a payment of \$3.25 million principal amount of Term Loan A is made on or prior to February 20, 2026, (ii) waive our failure to satisfy the minimum revenues covenant for the three months ended June 30, 2025 and September 30, 2025, (iii) require a payment of \$3.25 million principal amount of Term Loan A on February 20, 2026, (iv) after such payment of Term Loan A, defer the quarterly installment payments of Term Loan A until December 31, 2026 and require a \$500,000 principal payment of Term Loan A on that date, and (v) require us to pay an amendment fee of \$450,000 (of which \$125,000 is payable on December 5, 2025 and the remaining \$325,000 will be due if \$3.25 million principal amount of Term Loan A is not repaid on or prior to February 20, 2026). Additionally, the minimum actual revenues covenant was revised as follows:

Minimum Quarterly Revenues:		
Quarter Ending	Period	Revenue Minimums
3/31/2025	Trailing 3 Mo.	-
6/30/2025	Trailing 3 Mo.	Waived
9/30/2025	Trailing 3 Mo.	Waived
12/31/2025	Trailing 12 Mo.	\$3,900,000
3/31/2026	Trailing 12 Mo.	\$8,000,000
6/30/2026	Trailing 12 Mo.	\$9,500,000
9/30/2026	Trailing 12 Mo.	\$11,000,000
12/31/2026	Trailing 12 Mo.	\$13,000,000
3/31/2027	Trailing 12 Mo.	\$14,000,000
6/30/2027	Trailing 12 Mo.	\$14,000,000
9/30/2027	Trailing 12 Mo.	\$14,000,000
12/31/2027	Trailing 12 Mo.	\$14,000,000
3/31/2028	Trailing 12 Mo.	\$14,500,000
6/30/2028	Trailing 12 Mo.	\$14,500,000
9/30/2028	Trailing 12 Mo.	\$14,500,000
12/31/2028	Trailing 12 Mo.	\$14,500,000

Minimum Quarterly Revenues - Halston:		
Quarter Ending	Period	Revenue Minimums
3/31/2025	Trailing 3 Mo.	-
6/30/2025	Trailing 6 Mo.	Waived
9/30/2025	Trailing 9 Mo.	Waived
12/31/2025	Trailing 12 Mo.	\$1,700,000
3/31/2026	Trailing 12 Mo.	\$3,238,200
6/30/2026	Trailing 12 Mo.	\$3,524,400
9/30/2026	Trailing 12 Mo.	\$3,572,438
12/31/2026	Trailing 12 Mo.	\$3,840,750
3/31/2027	Trailing 12 Mo.	\$4,280,091
6/30/2027	Trailing 12 Mo.	\$4,719,431
9/30/2027	Trailing 12 Mo.	\$5,158,772
12/31/2027	Trailing 12 Mo.	\$5,598,113
3/31/2028	Trailing 12 Mo.	\$5,871,323
6/30/2028	Trailing 12 Mo.	\$6,144,533
9/30/2028	Trailing 12 Mo.	\$6,417,744
12/31/2028	Trailing 12 Mo.	\$6,417,744

The milestone obligations are as follows:

1. Engagement of an investment banker on or before December 1, 2025.
2. Distribution of marketing materials on or before December 23, 2025 to assist with the investment banker.
3. Receipt of written indication of interest on or before January 16, 2026, with indication of interest in a transaction.
4. Receipt of at least one fully executed letter of intent on or before January 30, 2026.
5. Deposit of an additional \$175,000 into the blocked account on February 10, 2026.
6. Closing of a transaction by February 20, 2026.

For avoidance of doubt, the amount of proceeds from any such transaction referred to in the milestones above must be sufficient to repay the First Out Obligations, which include \$3.25 million of the outstanding balance of the Term Loan A and all accrued interest thereon, plus fees.

ITEM 6. EXHIBITS

The following exhibits are filed herewith:

[31.1 Rule 13a-14\(a\)/15d-14\(a\) Certification \(CEO\)](#)

[31.2 Rule 13a-14\(a\)/15d-14\(a\) Certification \(CFO\)](#)

[32.1 Section 1350 Certification \(CEO\) *](#)

[32.2 Section 1350 Certification \(CFO\) *](#)

101.INS Inline XBRL Instance Document

101.SCH Inline XBRL Taxonomy Extension Schema Document

101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF Inline XBRL Taxonomy Extension Definitions Linkbase Document

101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document

101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document

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

* Furnished herewith.

SIGNATURES

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

Date: November 19, 2025

By: /s/ Robert W. D'Loren

Name: Robert W. D'Loren

Title: Chairman and Chief Executive Officer

By: /s/ James F. Haran

Name: James F. Haran

Title: Chief Financial Officer and Vice President

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert W. D'Loren, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2025 of Xcel Brands, Inc. (the "Company").
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 19, 2025

By: /s/ Robert W. D'Loren

Name: Robert W. D'Loren

Title: Chairman and Chief Executive Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, James F. Haran, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2025 of Xcel Brands, Inc. (the “Company”).
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

November 19, 2025

By: /s/ James F. Haran

Name: James F. Haran

Title: Chief Financial Officer and Vice President

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Xcel Brands, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert W. D'Loren, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 19, 2025

By: /s/ Robert W. D'Loren
Name: Robert W. D'Loren
Title: Chairman and Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Xcel Brands, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James F. Haran, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 19, 2025

By: /s/ James F. Haran
Name: James F. Haran
Title: Chief Financial Officer and Vice President
