

**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 June 30, 2026

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:

Trading Symbol		
Title of each class		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 August 2, 2026, there were 6,560,274 shares of common stock, \$.001 par value per share, of the issuer outstanding.

XCEL BRANDS, INC.

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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)

	June 30, 2026 (Unaudited)	December 31, 2025 (Note 1)
Assets		
Current Assets:		
Cash and cash equivalents	\$ 399	\$ 1,150
Accounts receivable, net	623	956
Prepaid expenses and other current assets	502	1,564
Total current assets	1,524	3,670
Non-current Assets:		
Property and equipment, net	103	130
Operating lease right-of-use assets	2,609	3,005
Trademarks and other intangibles, net	26,946	31,229
Other assets	1,291	912
Total non-current assets	30,949	35,276
Total Assets	\$ 32,473	\$ 38,946
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 532	\$ 621
Accrued expenses and other current liabilities	404	600
Deferred revenue	976	1,330
Current portion of operating lease obligations	1,760	1,687
Current portion of long-term debt	1,865	3,250
Total current liabilities	5,537	7,488
Long-Term Liabilities:		
Deferred revenue	1,333	1,778
Long-term portion of operating lease obligations	2,777	3,678
Long-term debt, net, less current portion	10,227	9,456
Other long-term liabilities	877	722
Total long-term liabilities	15,214	15,634
Total Liabilities	20,751	23,122
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 6,475,182 and 5,880,757 shares issued and outstanding at June 30, 2026 and December 31, 2025, respectively	6	6
Paid-in capital	112,523	111,660
Accumulated deficit	(98,670)	(93,705)
Total Xcel Brands, Inc. stockholders' equity	13,859	17,961
Noncontrolling interest	(2,137)	(2,137)
Total Stockholders' Equity	11,722	15,824
Total Liabilities and Stockholders' Equity	\$ 32,473	\$ 38,946

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 June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
Revenues				
Net licensing revenue	\$ 1,121	\$ 1,321	\$ 2,265	\$ 2,653
Direct operating costs and expenses				
Salaries, benefits and employment taxes	842	984	1,714	2,070
Other selling, general and administrative expenses	1,016	912	2,218	2,109
Total direct operating costs and expenses	1,858	1,896	3,932	4,179
Operating loss before other operating costs and expenses	(737)	(575)	(1,667)	(1,526)
Other operating costs and expenses				
Depreciation and amortization	813	899	1,706	1,799
Charges related to the sale of the Judith Ripka brand	35	—	96	—
Loss from equity investments	—	180	—	516
Operating loss	(1,585)	(1,654)	(3,469)	(3,841)
Interest and finance expense (income)				
Interest expense	640	457	1,202	930
Other finance charges (income), net	81	30	112	117
Loss on early extinguishment of debt	151	1,850	151	1,850
Interest and finance expense (income), net	872	2,337	1,465	2,897
Loss before income taxes	(2,457)	(3,991)	(4,934)	(6,738)
Income tax provision (benefit)	19	—	31	50
Net loss	(2,476)	(3,991)	(4,965)	(6,788)
Net loss attributable to noncontrolling interest	—	(3)	—	(3)
Net loss attributable to Xcel Brands, Inc. stockholders	<u>\$ (2,476)</u>	<u>\$ (3,988)</u>	<u>\$ (4,965)</u>	<u>\$ (6,785)</u>
Loss per common share attributable to Xcel Brands, Inc. stockholders:				
Basic and diluted net loss per share	<u>\$ (0.40)</u>	<u>\$ (1.66)</u>	<u>\$ (0.82)</u>	<u>\$ (2.84)</u>
Weighted average number of common shares outstanding:				
Basic and diluted weighted average common shares outstanding	<u>6,159,232</u>	<u>2,403,639</u>	<u>6,032,122</u>	<u>2,388,694</u>

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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

Xcel Brands, Inc. Stockholders						
	Common Stock		Paid-In Capital	Accumulated Deficit	Noncontrolling Interest	Total
	Number of Shares	Amount				
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
Balance as of December 31, 2025	5,880,757	\$ 6	\$ 111,660	\$ (93,705)	\$ (2,137)	\$ 15,824
Compensation expense related to stock options and restricted stock	—	—	51	—	—	51
Contra-revenue related to warrants held by licensee	—	—	10	—	—	10
Shares issued to executive for pro rata portion of base salary, net of withholding taxes	32,735	—	43	—	—	43
Costs incurred related to equity line facility	—	—	(258)	—	—	(258)
Net loss	—	—	—	(2,489)	—	(2,489)
Balance as of March 31, 2026	5,913,492	6	111,506	(96,194)	(2,137)	13,181
Compensation expense related to stock options and restricted stock	—	—	15	—	—	15
Contra-revenue related to warrants held by licensee	—	—	9	—	—	9
Shares issued in connection with issuance of Senior Secured Notes	100,579	—	121	—	—	121
Shares issued as consideration for entry into equity line facility	16,094	—	—	—	—	—
Shares issued under equity line facility, net	348,000	—	673	—	—	673
Shares issued to service provider under marketing agreement	62,112	—	137	—	—	137
Shares issued to directors in connection with restricted stock grants	5,000	—	—	—	—	—
Shares issued to executive for pro rata portion of base salary, net of withholding taxes	29,905	—	62	—	—	62
Net loss	—	—	—	(2,476)	—	(2,476)
Balance as of June 30, 2026	6,475,182	\$ 6	\$ 112,523	\$ (98,670)	\$ (2,137)	\$ 11,722

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 Six Months Ended June 30,	
	2026	2025
Cash flows from operating activities		
Net loss	\$ (4,965)	\$ (6,788)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	1,706	1,799
Asset impairment and other charges related to sale of Judith Ripka brand	96	—
Paid in-kind interest expense	515	192
Amortization of deferred finance costs and other non-cash interest expense	491	176
Stock-based compensation and cost of licensee warrants	327	238
Loss from equity investments	—	516
Loss on early extinguishment of debt	—	1,850
Changes in operating assets and liabilities:		
Accounts receivable	333	446
Prepaid expenses and other current and non-current assets	167	104
Deferred revenue	(799)	(497)
Accounts payable, accrued expenses, accrued income taxes payable, and other current liabilities	(171)	(1,560)
Lease-related assets and liabilities	(432)	(282)
Other long-term liabilities	—	8
Net cash used in operating activities	(2,732)	(3,798)
Cash flows from investing activities		
Cash consideration received from sale of Judith Ripka brand assets, net of transaction fees	2,000	—
Purchase of property and equipment	—	(10)
Net cash provided by (used in) investing activities	2,000	(10)
Cash flows from financing activities		
Proceeds from issuance of shares through equity line facility, net of transaction costs	415	—
Proceeds from long-term debt	3,006	5,670
Payment of deferred finance costs	(350)	(530)
Shares repurchased including vested restricted stock in exchange for withholding taxes	(102)	(116)
Payment of long-term debt	(4,110)	(500)
Net cash (used in) provided by financing activities	(1,141)	4,524
Net (decrease) increase in cash, cash equivalents, and restricted cash	(1,873)	716
Cash, cash equivalents, and restricted cash at beginning of period	2,889	1,993
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 1,016</u>	<u>\$ 2,709</u>
Reconciliation to amounts on condensed consolidated balance sheets:		
Cash and cash equivalents	\$ 399	\$ 970
Restricted cash (reported in other non-current assets)	617	1,739
Total cash, cash equivalents, and restricted cash	<u>\$ 1,016</u>	<u>\$ 2,709</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ 196	\$ 476
Cash paid during the period for income taxes	<u>\$ 50</u>	<u>\$ —</u>

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
June 30, 2026
(Unaudited)

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

Xcel Brands, Inc. (“Xcel” and, together with its subsidiaries, the “Company”) is a media and consumer products company engaged in the design, licensing, marketing, live streaming, and social commerce sales of branded apparel, footwear, accessories, home goods and other consumer products, and the development of influencer led brands 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 an omni-channel and social commerce sales strategy which includes the promotion and sale of products under its brands through interactive television, digital live-stream shopping, social commerce, brick-and-mortar retailers, and e-commerce channels.

Brand Portfolio

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

- the Halston and C Wonder brands, which are wholly owned by Xcel;
- the Longaberger by Shannon Doherty 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)
- the TowerHill by Christie Brinkley brand, which is a co-branded collaboration between Xcel and Christie Brinkley that launched in 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 Fall 2026;
- the GemmaMade by Gemma Stafford brand, which is a new co-branded collaboration between Xcel and Gemma Stafford that launched in April 2026;
- the Off/Duty by Coco Rocha brand, which is a new co-branded collaboration between Xcel and Coco Rocha, which is planned to launch in Fall 2026; and
- Mesa Mia by Jenny Martinez, 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, that launched in April 2026.

Also, through April 27, 2026, the Company’s brand portfolio included the Judith Ripka brand, which was wholly owned by Xcel; this brand was sold to a third party in April 2026 (see Note 2 for additional details).

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

Basis of Presentation

The accompanying condensed consolidated balance sheet as of December 31, 2025 (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

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
June 30, 2026
(Unaudited)

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 the Company. 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, 2025, as filed with the SEC on April 15, 2026.

Going Concern

The unaudited condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has incurred recurring losses, a history of cash flows used in operating activities, and an accumulated deficit. Although the Company has undertaken significant restructuring and cost reduction efforts, obtained additional funding through a combination of equity and debt financing transactions, and continues to explore strategic financing alternatives and operational efficiencies to improve liquidity, management has determined that there is nonetheless 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 2026, the Company refinanced a portion of its term loan debt, and also sold intangible assets related to one of its brands in exchange for cash. 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.

The unaudited condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Restricted Cash

Restricted cash at June 30, 2026 consisted of \$0.62 million of cash deposited as collateral for a standby letter of credit associated with a real estate lease (reported in other non-current assets).

Restricted cash at December 31, 2025 consisted of \$0.74 million of cash deposited as collateral for a standby letter of credit associated with a real estate lease (reported in other non-current assets) and \$1.00 million of cash deposited in a bank account to satisfy a liquidity covenant in the Company's term loan debt agreement (reported in other current assets).

Segment Reporting Information

The Company has a single reportable segment, which generates revenue from the design and licensing of branded apparel 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

XCEL BRANDS, INC. AND SUBSIDIARIES
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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.

2. Divestitures, Investments in Unconsolidated Affiliates, and Variable Interest Entities

Investment in IM Topco, LLC

From May 31, 2022 through October 1, 2025, the Company held a noncontrolling equity ownership interest IM Topco, LLC ("IM Topco"), a former subsidiary which holds the trademarks and other intellectual property rights relating to the Isaac Mizrahi brand.

From June 1, 2022 through April 15, 2025, the Company accounted for its noncontrolling interest in the ongoing operations of IM Topco as a component of other operating costs and expenses (income) under the equity method of accounting, using the distribution provisions set forth in the governing business venture agreement. On April 15, 2025, the Company discontinued the application of the equity method of accounting, and from April 15, 2025 through October 1, 2025, the Company measured its investment in IM Topco 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 the other owners of IM Topco entered into a settlement agreement, pursuant to which the Company agreed to transfer all of its remaining equity interests in IM Topco to the other owners, in exchange for (i) the release of the Company's liability under certain agreements with IM Topco and (ii) a capital appreciation right for the Company to receive 15% of the net consideration received by IM Topco and/or the other owners in excess of \$46 million in connection with any potential future capital transaction involving IM Topco which occurs on or before September 1, 2032. All remaining IM Topco equity interests were transferred to WHP on October 1, 2025.

For the three months ended June 30, 2025, the Company recognized a \$0.18 million loss related to its investment in IM Topco, comprised of (i) a \$0.03 million equity method loss, and (ii) other related costs and adjustments totaling \$0.15 million.

For the six months ended June 30, 2025, the Company recognized a \$0.52 million loss related to its investment in IM Topco, comprised of (i) 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, and (iii) other related costs and adjustments totaling \$0.55 million.

Sale of Judith Ripka Brand

On April 24, 2026, the Company and certain of its wholly owned subsidiaries entered into an asset purchase agreement with a third-party buyer ("the Buyer"), pursuant to which the Company sold to the Buyer substantially all of the assets of the Judith Ripka brand, including the "Judith Ripka" brand name and trademarks, and assigned all licenses associated with the trademarks to the Buyer. As consideration for the sale, the asset purchase agreement provided for a \$2.30 million cash payment to the Company at closing, plus additional earn-out contingent consideration. The earn-out contingent consideration is payable to the Company if certain specified license agreements related to the Judith Ripka brand are renewed following the expiration of their current term (which expire October 31, 2027) for a period of five years; in such event, the Buyer shall be obligated to make quarterly payments to the Company over a three-year period in the amount of 50% of the revenue earned by the Buyer from such licenses, subject to such payments not being less than \$250,000 per year.

XCEL BRANDS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
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This transaction closed on April 27, 2026. Costs associated with the transaction were \$0.44 million, of which \$0.04 million was paid prior to closing, \$0.30 million was paid at closing, and \$0.10 million will be paid in future periods.

For the three and six months ended June 30, 2026, the Company recognized net charges related to the sale of the Judith Ripka brand (consisting of impairment charges to write-down the carrying value of the Judith Ripka trademarks prior to their sale, and costs of the sale) of \$0.04 million and \$0.10 million, respectively.

Upon the sale of the Judith Ripka brand, the Company recognized \$0.64 million of earn-out consideration receivable from the Buyer, based on the Company's estimate of probable future payments to be received under the terms of the asset purchase agreement; as of June 30, 2026, \$0.14 million of this amount was recorded within prepaid expenses and other current assets in the condensed consolidated balance sheet, and \$0.50 million was recorded within other assets (non-current) in the condensed consolidated balance sheet. The Company also recognized a liability of \$0.10 million related to remaining commission payments due, which is included within accrued expenses and other current liabilities in the condensed consolidated balance sheet as of June 30, 2026.

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 and six months ending June 30, 2026 was \$0 for each period. The amount of LL's losses attributed to Hilco Global's non-controlling interest for the three and six months ending June 30, 2025 was approximately \$3,000 for each period.

3. Trademarks and Other Intangibles

Trademarks and other intangibles, net consist of the following:

(\$ in thousands)	Weighted Average Amortization Period	June 30, 2026		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks (finite-lived)	15 years	54,408	27,462	26,946
Copyrights and other intellectual property	8 years	239	239	—
Total		\$ 54,647	\$ 27,701	\$ 26,946

(\$ in thousands)	Weighted Average Amortization Period	December 31, 2025		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks (finite-lived)	15 years	58,580	27,354	31,226
Copyrights and other intellectual property	8 years	429	426	3
Total		\$ 59,009	\$ 27,780	\$ 31,229

XCEL BRANDS, INC. AND SUBSIDIARIES
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Amortization expense for intangible assets was approximately \$0.80 million for the three-month period ended June 30, 2026 (the "current quarter") and approximately \$0.88 million for the three-month period ended June 30, 2025 (the "prior year quarter").

Amortization expense for intangible assets was approximately \$1.68 million for the six-month period ended June 30, 2026 (the "current six months") and approximately \$1.77 million for the six-month period ended June 30, 2025 (the "prior year six months").

As of March 31, 2026, the intangible assets related to the Judith Ripka brand – which included trademarks with a gross carrying value of approximately \$4.17 million and accumulated amortization of \$1.57 million, and copyrights with a gross carrying value of \$0.19 million and accumulated amortization of \$0.19 million – were reclassified to "assets held for sale," and were subsequently sold in April 2026 (see Note 2 for additional details). Upon reclassification to "assets held for sale," the assets were remeasured at the lower of (i) their carrying amount or (ii) estimated fair value less cost to sell; accordingly, the Company recognized an impairment charge during the current six months of approximately \$0.06 million.

4. Significant Contracts and Concentrations

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 under this agreement, the Company has recognized \$2.22 million and \$3.09 million of deferred revenue contract liabilities on its condensed consolidated balance sheets as of June 30, 2026 and December 31, 2025, respectively. As of December 31, 2025, approximately \$1.31 million of the contract liability balance was classified as a current liability and approximately \$1.78 million was classified as a long-term liability. As of June 30, 2026, approximately \$0.89 million of the contract liability balance was classified as a current liability and approximately \$1.33 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 2.50 years.

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 48% 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 \$1.28 million for both the current six months and prior year six months, representing approximately 56% and 48% of the Company's total net revenue for the current six months and prior year six months, respectively.

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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 \$0.30 million and \$0.24 million for the current quarter and prior year quarter, respectively, representing approximately 27% and 18% of the Company's total net revenue for the current quarter and prior year quarter, respectively.

Net licensing revenue from the Qurate Agreements totaled \$0.49 million and \$0.58 million for the current six months and prior year six months, respectively, representing approximately 21% and 22% of the Company's total net revenue for the current six months and prior year six months, respectively.

As of June 30, 2026 and December 31, 2025, the Company had receivables from Qurate of \$0.30 million and \$0.21 million, respectively, representing approximately 48% and 22% 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 June 30, 2026, the Company's real estate leases have a weighted-average remaining lease term of approximately 3.87 years, and the lease liabilities are measured using a weighted-average discount rate of 8.33%.

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 \$0.2 million for both the current quarter and prior year quarter, and approximately \$0.4 million for both the current six months and prior year six months.

Cash paid for amounts included in the measurement of operating lease liabilities was approximately \$0.5 million both for the current quarter and for the prior year quarter, \$1.0 million for the current six months, and \$0.9 million for the prior year six months.

As of June 30, 2026, the maturities of future lease obligations were as follows:

Year	Amount (in thousands)
2026 (July 1 through December 31)	\$ 1,032
2027	1,841
2028	570
2029	585
2030	599
Thereafter (through 2032)	820
Total lease payments	5,447
Less: Discount to present value	910
Present value of lease liabilities	4,537
Current portion of lease liabilities (July 1, 2026 through June 30, 2027)	1,760
Non-current portion of lease liabilities	\$ 2,777

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6. Debt

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

(\$ in thousands)	June 30, 2026	December 31, 2025
Term loan debt (including accumulated unpaid PIK interest)	\$ 10,845	\$ 13,581
Unamortized deferred finance costs & other reductions to carrying value of term loan debt	(618)	(875)
Senior secured notes	2,552	—
Unamortized deferred finance costs & other reductions to carrying value of senior secured notes	(687)	—
Total	12,092	12,706
Current portion of debt	1,865	3,250
Long-term debt	\$ 10,227	\$ 9,456

Term Loan Debt

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 subsequently made in March 2025. A portion of the proceeds from the Delayed Draw Term Loan were deposited in a bank account to satisfy a liquidity covenant in the loan agreement.

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 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.

On April 21, 2025, the Company and certain of its subsidiaries and its lenders and FEAC entered into an amendment of the December 2024 loan and security agreement, which provided for a \$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 were 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.

In connection with the April 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 in December 2024.

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

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On October 7, 2025, the Company and certain of its subsidiaries and its lenders and FEAC entered into a further amendment of the December 2024 loan and security agreement, pursuant to which (i) the agents and lenders (as defined in the loan and security agreement) consented to the transfer and the release of the agents' liens on the equity interests of IM Topco, LLC; (ii) the liquid asset covenant requirement was reduced to \$1.0 million; and (iii) Xcel made a prepayment of \$0.25 million against the outstanding principal amount of Term Loan A, of which \$0.14 million was paid from the blocked account.

On November 18, 2025, the Company and certain of its subsidiaries and its lenders and FEAC entered into the fourth amendment of the December 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 \$3.25 million on Term Loan A by February 20, 2026, along with the payment of an amendment fee of \$0.45 million (of which \$0.125 million was payable on December 5, 2025 and the remaining \$0.325 million would be due only if the \$3.25 million principal amount of Term Loan A was not repaid on or prior to February 20, 2026); and (iii) the payment of the remaining principal balance on Term Loan A of \$0.50 million was changed to be due on December 31, 2026 which shall be held by IPX Capital, LLC ("IPX"), 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. Further, 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.

On February 20, 2026 and March 20, 2026, the Company entered into the fifth and sixth amendments to the loan and security agreement with the term loan debt lenders and FEAC. Pursuant to such amendments, (i) the Company prepaid \$0.50 million on Term Loan A (paid from the blocked account, as defined in the loan and security agreement) in connection with the fifth amendment and irrevocably authorized FEAC (as the administrative agent) to transfer up to \$0.50 million (the "Sixth Amendment Cash Collateral") from the blocked account to an account maintained by the Administrative Agent to be held as cash collateral securing the Obligations (as defined in the loan and security agreement); (ii) the Company irrevocably authorized the administrative agent to: (a) apply all or any portion of the Sixth Amendment Cash Collateral to repay the Term Loan A, or (b) return all or any portion of the Sixth Amendment Cash Collateral to the Company, in each case at the lenders' sole discretion; (iii) the liquid asset covenant requirement was reduced to: (a) at all times prior to the repayment in full of the First Out Obligations (as defined in the loan and security agreement), \$0.50 million minus that amount of Sixth Amendment Cash Collateral used to repay Term Loan A, and (b) at all times after the repayment in full of the First Out Obligations, \$0; and (iv) the transaction closing date was extended to March 24, 2026.

On April 13, 2026, the Company entered into the seventh amendment to the loan and security agreement with the term loan debt lenders and FEAC, which provided for, among other things: the ability of the Company to consummate the issuance of certain senior secured notes (as described below); the ability for IPX to convert its \$0.50 million Term Loan A to common shares of the Company at the price per share equal to \$1.35, subject to adjustment; modifications to certain payment terms; modifications to certain financial covenants; modifications to certain financial reporting requirements; and the amendment of the FEAC's role to include certain limitations. In connection with the seventh amendment, FEAC's affiliated lenders entered into agreements whereby a \$0.50 million portion of Term Loan A was sold and assigned to IPX, and the entirety of Term Loan B was sold and assigned to UTG. Additionally, the Company was relieved of its obligation to pay the remaining \$0.325 million amendment fee as specified in the fourth amendment.

With respect to the April 13, 2026 changes in terms related to the \$0.50 million of Term Loan A debt held by IPX, and considering that IPX was a common lender for both a portion of the Term Loan A debt and a portion of the new senior secured notes (as described below), the Company evaluated and determined that the changes related to the debt held by

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IPX represented an extinguishment under ASC 470-50. Accordingly, the Company recognized a \$0.01 million loss on early extinguishment of debt for the three and six months ended June 30, 2026, due to the write-off of unamortized deferred finance costs related to such debt. The Company also evaluated the aforementioned conversion feature that was added to the Term Loan A debt held by IPX, and determined that it is not required to be separated and accounted for as a derivative under ASC 815; the Term Loan A debt is being accounted for as a single liability under ASC 470-20.

Also on April 13, 2026, the Company repaid a total of \$3.25 million of Term Loan A debt – of which, \$2.25 million was repaid using the net proceeds received from the issuance of the senior secured notes (as described below) and \$1.00 million was paid with the Company's restricted cash. This resulted in the repayment of all remaining principal owed to FEAC under the term loans; in connection with this repayment, the Company paid \$0.14 million of fees to FEAC, which were recorded as loss on early extinguishment of debt for the three and six months ended June 30, 2026.

Principal

As of June 30, 2026, the remaining principal balance of Term Loan A was \$0.50 million and is due on September 20, 2027.

As of June 30, 2026, the remaining principal balance of Term Loan B was \$10.35 million (which includes \$9.12 million of original proceeds borrowed plus \$1.23 million of accumulated paid in-kind ("PIK") interest, as discussed below) and is due at the maturity date of December 12, 2028.

Interest

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 six months, the Company recognized PIK interest approximately \$0.26 million and \$0.52 million, respectively. For the prior year quarter and prior year six months, the Company recognized approximately \$0.19 million of PIK interest.

For the current quarter and current six 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 \$0.42 million and \$0.91 million, respectively.

For the prior year quarter and prior year six months, the Company incurred total interest expense (including interest paid in cash, PIK, and the amortization of deferred finance costs) related to term loan debt of approximately \$0.46 million and \$0.93 million, respectively.

Exit Fees

The amended loan agreement also requires that the Company pay an exit fee of \$0.175 million to FEAC related to Term Loan A and an exit fee of \$0.40 million to Restore related to Term Loan B upon the maturity or full payment of the Term Loans. The Company recognized the cost of the Term Loan A exit fee over the remaining term of the related debt, while

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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 recorded in the second quarter of 2025. As of June 30, 2026, the amount of accrued exit fees with respect to Term Loan A was \$0.13 million, while the amount of accrued exit fees with respect to Term Loan B was \$0.32 million; both amounts are presented within Other long-term liabilities on the condensed consolidated balance sheet as of June 30, 2026.

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, and 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, 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.

Senior Secured Notes

On April 13, 2026, the Company entered into certain agreements with Smithline Family Trust II ("SFT"), Quick Capital, LLC ("Quick"), and IPX (collectively, the "Purchasers"), pursuant to which the Company issued and sold to the Purchasers 12.5% Senior Secured Notes due April 13, 2027 in the original principal amount of \$3,005,780 (the "Secured Notes") and 100,579 shares of the Company's common stock. The Secured Notes were issued with an original issue discount, such that the net cash proceeds received by the Company after the discount were \$2.60 million. The Company's obligations under the Secured Notes are guaranteed by certain direct and indirect subsidiaries of the Company pursuant to a subsidiary guarantee, and are secured by the assets of the Company and the subsidiary guarantors pursuant to a security agreement.

At any time after the occurrence of an event of default under the Secured Notes and for so long as such event of default is continuing, the Secured Notes are convertible into shares of common stock of the Company (i) initially at a fixed conversion price equal to \$1.165 per share in the case of SFT and Quick or \$1.435 per share in the case of IPX, and (ii) after May 17, 2026, at a price equal to the lesser of (a) 85% multiplied by the lowest volume weighted average price of the common stock during the 10-trading day period prior to conversion and (b) \$1.165 in the case of SFT and Quick or \$1.435 per share in the case of IPX. In addition, to the extent that Company is listed on the Nasdaq Capital Market, the aggregate number of shares of common stock issuable to the Purchasers and any subsequent holder of the Secured Note shall not exceed 19.99% of the total number of shares of common stock outstanding or of the voting power of the common

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stock as of April 13, 2026 less the shares issued pursuant to the securities purchase agreement unless the Company has obtained stockholder approval in compliance with Nasdaq Listing Rule 5635(d) to authorize the issuance of shares of common stock in connection with the conversion or exchange of all Secured Notes.

Under the conversion feature described above, because the post-May 17, 2026 conversion price varies with the market price of the Company's common stock, this feature is not considered indexed to the Company's own stock under ASC 815-40 and therefore represents an embedded derivative. As the feature is exercisable only upon an event of default, and management considers the likelihood of such an occurrence to be remote, the Company concluded that the fair value of the embedded derivative was not material and has therefore not recorded a separate liability. The Company will reassess this conclusion each reporting period.

Fees incurred in connection with the transactions described above were approximately \$0.1 million.

As part of the transactions described above, IPX (a related party) purchased \$57,803 original principal amount of the Secured Notes and purchased 1,742 shares of common stock, on the same terms as the other Purchasers, except that the shares of common stock purchased by IPX were priced at current market value.

Principal

The Company is required to make \$0.10 million monthly payments on the Secured Notes commencing October 13, 2026, with the balance due at maturity. In addition, the terms of the Secured Notes require mandatory prepayments in certain specified situations, including the sale of any brand or license, or the sale of any debt or equity securities by the Company.

The Company made additional principal payments to the lenders during the current quarter and current six months totaling \$0.45 million. The remaining principal balance due under the Secured Notes at June 30, 2026 was \$2.55 million.

Interest

Interest is payable monthly, on the thirteenth day of each calendar month, beginning on May 13, 2026 and on the maturity date, at a rate of 12.5% per annum.

For the current quarter and current six months, the Company incurred interest expense (including interest paid in cash, and the amortization of deferred finance costs and OID) related to the Secured Notes of approximately \$0.25 million.

Deferred Finance Costs and Other Reductions to Carrying Value of Debt

In connection with the issuance of the Secured Notes in April 2026, the Company incurred various fees and costs totaling \$0.35 million, which were deferred on the Company's balance sheet as a reduction of the carrying value of the related debt. Also in connection with the issuance of the Secured Notes in April 2026, the Company issued shares of common stock as described above. In accordance with applicable GAAP, the Company allocated the value of the total proceeds between the debt and the shares of common stock, based on the relative fair values of each; as a result, the Company recognized a \$0.12 million increase to stockholders' equity as additional paid-in capital for the allocated fair value of the shares, and an offsetting decrease to the net carrying value of the debt. These reductions to the carrying value of the Secured Notes (plus the impact of the original issue discount of \$0.41 million) totaling \$0.88 million are being amortized to interest expense over the term of the debt using the effective interest method.

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7. Stockholders' Equity

Equity Line Facility

On January 21, 2026, the Company entered into a common stock purchase agreement with White Lion Capital, LLC ("White Lion"), pursuant to which White Lion has committed to purchase up to \$15.0 million of the Company's common stock. Under the terms and conditions of this agreement, the Company has the right, but not the obligation, to sell to White Lion, and White Lion is obligated to purchase, up to \$15.0 million of the Company's common stock. The actual amount and timing of any sales of Common Stock will be determined by the Company at its discretion.

The aggregate number of shares that the Company can sell White Lion under this agreement is limited to and may not exceed 1,178,173 shares (subject to adjustment for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split, or other similar transaction), which is equal to 19.99% of the total shares of the Company's common stock outstanding immediately prior to the execution of the agreement, unless (i) the Company obtains stockholder approval to issue additional shares in excess of this amount, or (ii) the average price paid for all shares of Common Stock issued under the agreement equals or exceeds certain levels as specified in the agreement.

In consideration for White Lion's execution and entry into such arrangement, the Company agreed to issue White Lion \$37,500 worth of common stock, with the number of shares issued determined based on the closing price of the Company's stock on the business day immediately preceding the day on which the related registration statement is declared effective by the SEC; accordingly, the Company issued 16,094 shares to White Lion on May 6, 2026. Additionally, pursuant to the terms of an advisory agreement between the Company and Maxim Group LLC, the Company agreed to pay Maxim Group LLC a cash fee equal to 4.0% of the gross proceeds received from any sales of securities to White Lion under this arrangement.

For the three and six months ended June 30, 2026, the Company issued an aggregate of 348,000 shares under the equity line facility arrangement and received aggregate net proceeds of approximately \$0.67 million.

Also, during the current six months, the Company incurred approximately \$0.26 million of fees and expenses (consisting of legal and accounting fees) associated with the equity line arrangement and related registration statement, which were recorded as a reduction to additional paid-in capital.

Equity Incentive Plans

A total of 1,150,000 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, 10,000 stock options 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 previously granted under the 2011 Plan, although no new awards may be granted under the 2011 Plan.

Stock-based Compensation

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

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Total expense recognized for all forms of stock-based compensation was approximately \$0.17 million and \$0.18 million for the current quarter and prior year quarter, respectively. Of the current quarter expense amount, approximately \$0.10 million related to employees and approximately \$0.07 million related to directors and consultants. Of the prior year quarter expense amount, approximately \$0.15 million related to employees and approximately \$0.03 million related to directors and consultants.

Total expense recognized for all forms of stock-based compensation was approximately \$0.31 million and \$0.33 million for the current six months and prior year six months, respectively. Of the current six months expense amount, approximately \$0.20 million related to employees and approximately \$0.11 million related to directors and consultants. Of the prior year six months expense amount, approximately \$0.27 million related to employees and approximately \$0.06 million related to directors and consultants.

Stock Options

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

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2025	977,695	\$ 8.69	3.98	\$ —
Granted	14,000	2.24		
Exercised	—	—		
Expired/Forfeited	(373,994)	(18.13)		
Outstanding at June 30, 2026, and expected to vest	617,701	\$ 2.82	4.12	\$ —
Exercisable at June 30, 2026	183,500	\$ 6.09	4.13	\$ —

Effective January 21, 2026, certain stock options originally issued in 2019 to executive management (including the Company's Chief Executive Officer, Chief Financial Officer, and Executive Vice President of Business Development and Treasury) to purchase an aggregate of 350,000 shares of common stock, were cancelled through mutual agreement between the Company and the respective executives. None of these options had vested, and no compensation was paid to the executives in exchange for such cancellation.

On April 20, 2026, the Company granted options to purchase an aggregate of 14,000 shares of common stock to non-management directors. The exercise price of the options is \$2.24 per share; 50% of the options will vest on April 1, 2027 and the remaining 50% will vest on April 1, 2028.

Compensation expense related to stock options for the current quarter and the prior year quarter was approximately \$0.01 million and \$0.04 million, respectively. Compensation expense related to stock options for the current six months and the prior year six months was approximately \$0.03 million and \$0.06 million, respectively. Total unrecognized compensation expense related to unvested stock options at June 30, 2026 was approximately \$0.18 million and is expected to be recognized over a weighted average period of approximately 3.74 years.

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

	Number of Options	Weighted Average Grant Date Fair Value
Balance at December 31, 2025	780,201	\$ 0.31
Granted	14,000	1.46
Vested	(10,000)	2.76
Forfeited or Canceled	(350,000)	—
Balance at June 30, 2026	434,201	\$ 0.54

Of the non-vested stock options outstanding at June 30, 2026, the vesting of 340,201 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, 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, and the vesting of 14,000 options is subject to service-based criteria.

Stock Awards

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

	Number of Restricted Shares	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2025	96,417	\$ 13.73
Granted	129,752	1.95
Vested	(124,752)	1.94
Expired/Forfeited	—	—
Outstanding at June 30, 2026	101,417	\$ 13.16

On April 20 2026, the Company issued an aggregate of 5,000 shares of common stock to non-management directors, of which 50% vests on each of April 1, 2026 and April 1, 2027.

On April 24, 2026, the Company issued 62,112 shares of common stock to a consultant, which vested immediately.

In accordance with the amended employment agreement with Mr. D'Loren, the Company is paying 40% of such executive officer's base salary via the issuance of shares of the Company's common stock. Mr. D'Loren is permitted to pay the withholding tax through the exchange of a portion of the shares. Under the terms of this amended agreement, the Company issued 29,905 and 62,640 shares of common stock (net of shares exchanged for withholding taxes) to Mr. D'Loren for the current quarter and current six months, respectively, all of which vested immediately.

Compensation expense related to stock awards was approximately \$0.16 million for the current quarter and approximately \$0.14 million for the prior year quarter. Compensation expense related to stock awards was approximately \$0.28 million for the current six months and approximately \$0.27 million for the prior year six months. Total unrecognized compensation expense related to unvested restricted stock grants at June 30, 2026 was approximately \$0.01 million and is expected to be recognized over a weighted average period of approximately 1.45 years.

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Restricted Stock Units

There were no restricted stock units outstanding as of June 30, 2026 and December 31, 2025, 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 June 30, 2026, there were 111,863 shares of common stock available for future award grants under the 2021 Plan.

Shares Reserved for Issuance

As of June 30, 2026, there were 729,564 shares of common stock reserved for issuance under the Company's Equity Incentive Plans, including 10,000 shares reserved pursuant to unexercised stock options previously granted under the 2011 Plan, 607,701 shares reserved pursuant to unexercised stock options granted under the 2021 Plan, and 111,863 shares available for issuance under the 2021 Plan.

As of June 30, 2026, there were also the following shares of common stock reserved for issuance that were unrelated to the Company's Equity Incentive Plans:

- 100,000 shares reserved pursuant to unexercised warrants related to the Halston Master License (as described below);
- 3,052,209 shares reserved pursuant to unexercised warrants issued through various corporate transactions in 2024 and 2025, including equity offerings and debt financing transactions; and
- 7,712,199 shares reserved related to the conversion feature upon an event of default contained within the terms of the new Senior Secured Notes issued on April 13, 2026 (see Note 6 for additional details).

Warrants

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

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2025	3,152,209	\$ 5.70	4.47	\$ —
Issued	—	—		
Exercised	—	—		
Expired/Forfeited	—	—		
Outstanding at June 30, 2026	3,152,209	\$ 5.70	4.09	\$ —
Exercisable at June 30, 2026	3,052,209	\$ 5.40	4.00	\$ —

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

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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 six months end prior year six months was approximately \$0.02 million in each period. As of June 30, 2026, 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 six months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Numerator:				
Net loss attributable to Xcel Brands, Inc. stockholders (in thousands)	\$ (2,476)	\$ (3,988)	\$ (4,965)	\$ (6,785)
Denominator:				
Basic weighted average number of shares outstanding	6,159,232	2,403,639	6,032,122	2,388,694
Add: Effect of warrants	—	—	—	—
Add: Effect of stock options	—	—	—	—
Diluted weighted average number of shares outstanding	6,159,232	2,403,639	6,032,122	2,388,694
Basic earnings (loss) per share	\$ (0.40)	\$ (1.66)	\$ (0.82)	\$ (2.84)
Diluted earnings (loss) per share	\$ (0.40)	\$ (1.66)	\$ (0.82)	\$ (2.84)

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 June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Stock options	617,701	463,994	617,701	463,994
Warrants	3,152,209	1,395,664	3,152,209	1,395,664
Total	3,769,910	1,859,658	3,769,910	1,859,658

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9. Income Taxes

The estimated annual effective income tax rate for the current quarter and the prior year quarter was approximately -0.8% and 0.0%, respectively, resulting in an income tax provision (benefit) of \$0.02 million and \$0, respectively.

The estimated annual effective income tax rate for the current six months and the prior year six months was approximately -0.6% and -0.7%, respectively, resulting in an income tax provision (benefit) of \$0.03 million and \$0.05 million, respectively.

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

10. Related Party Transactions

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.

Debt

As of December 31, 2025, IPX Capital, LLC ("IPX"), a company controlled by Robert W. D'Loren, Chairman and Chief Executive Officer of the Company, held a \$0.50 million undivided, last-out, subordinated participation interest in Term Loan A (see Note 6). In April 2026, a \$0.50 million portion of Term Loan A was sold and assigned by FEAC to IPX in connection with the refinancing of the Company's term loan debt, and continues to be held by IPX as of June 30, 2026.

Additionally, in April 2026, IPX participated in the Company's issuance of new 12.5% Senior Secured Notes due April 13, 2027. As part of this transaction, IPX purchased \$57,803 original principal amount of the Senior Secured Notes and purchased 1,742 shares of common stock, on the same terms as the other purchasers participating the issuance, except that the shares of common stock purchased by IPX were priced at the then current market value. See Note 6 for additional details related to this debt issuance.

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 (the buyer) 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 it was virtually certain that the Company would be required to make

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such transfer of equity interests to WHP in 2025. As such, the Company recognized a contingent obligation of approximately \$4.21 million 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 statement 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.

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

Shares Issued to Chief Executive Officer

In accordance with the terms of the amended employment agreement with Mr. D'Loren (see Note 7 for details), the Company issued 13,279 shares of common stock to Mr. D'Loren on July 31, 2026.

Shares Issued Under Equity Line of Credit

During the month of July 2026, the Company issued an aggregate of 34,500 shares to White Lion under the terms of the equity line of credit facility (see Note 7 for details) for which it received net proceeds of approximately \$0.04 million.

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, home goods and other consumer products, and the development of influencer led brands 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.

Xcel owns the Halston and C Wonder brands, as well as the co-branded collaboration brands Tower Hill by Christie Brinkley, Trust. Respect. Love by Cesar Millan, GemmaMade by Gemma Stafford, and Off/Duty by Coco Rocha brand, and holds the television rights through a long-term license agreement with Mesa Mia by Jenny Martinez. Xcel also owns and manages the Longaberger by Shannon Doherty brand through its controlling interest in Longaberger Licensing, LLC.

Our brand portfolio also previously included the Judith Ripka brand (through April 27, 2026) and a noncontrolling ownership interest in the Isaac Mizrahi brand (through October 1, 2025).

Xcel is pioneering 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. The Company’s previously owned and current brands have generated more than \$5 billion in retail sales via livestreaming in interactive television and digital channels alone and have over 20,000 hours of content production time in live-stream and social commerce. The Company’s brand portfolio reaches more than 46 million social media followers with broadcast reaching 200 million households.

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, 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 June 30, 2026 (the "current quarter") compared with the three months ended June 30, 2025 (the "prior year quarter")

Revenues

Current quarter net revenue decreased by \$0.20 million to \$1.12 million from \$1.32 million for the prior year quarter. This decrease was primarily driven by the loss of licensing revenue as a result of the sale of the Judith Ripka brand in April 2026.

Direct Operating Costs and Expenses

Our total direct operating costs and expenses declined approximately 2% to \$1.86 million in the current quarter compared to \$1.90 million in the prior year quarter, as reductions in the Company's payroll and benefits costs were partially offset by a net increase in other selling, general and administrative expenses. The decrease in payroll and benefits costs was due to cost reduction actions taken by management in 2025, while the year-over-year increase in other selling, general and administrative expenses was primarily attributable to the one-time impact of the employee retention credit recognized in the prior year quarter.

Other Operating Costs and Expenses (Income)

Depreciation and amortization expense decreased to \$0.81 million in the current quarter from \$0.90 million in the prior year quarter; this decline was primarily attributable to the sale of the Judith Ripka brand trademarks in April 2026.

For the prior year quarter, we recognized a \$0.18 million loss related to our equity investment in IM Topco. However, as the remaining IM Topco equity interest was transferred to WHP on October 1, 2025, there were no earnings or losses from equity investments for the current quarter.

Interest and Finance Expense

Interest and finance expense was approximately \$0.87 million for the current quarter, compared with approximately \$2.34 million for the prior year quarter. This decrease was primarily attributable to the \$1.85 million loss on early extinguishment of debt recognized in the prior year quarter related to the April 2025 refinancing of our term loan debt, compared with a much smaller comparable loss of \$0.15 million recognized in the current quarter related to the April 2026 debt refinancing. This decrease was partially offset by higher interest expense and other finance charges, primarily driven by higher overall outstanding debt balances in the current quarter.

Income Taxes

The estimated annual effective income tax rate for the current quarter and the prior year quarter was approximately -0.8% and 0.0%, respectively, resulting in an income tax provision (benefit) of \$0.02 million and \$0, respectively. For both periods, the federal statutory rate differed from the effective tax rate primarily due to the recording of a valuation allowance against the benefit that would have otherwise been recognized, as it was considered not more likely than not that the net operating losses generated during each period will be utilized in future periods.

Net Loss Attributable to Xcel Brands, Inc. Stockholders

We had a net loss of \$2.48 million for the current quarter, compared with a net loss of \$3.99 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 \$1.29 million, or \$(0.21) per diluted share (“non-GAAP diluted EPS”), for the current quarter and a non-GAAP net loss of \$0.90 million, or \$(0.37) 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 investments, stock-based compensation and cost of licensee warrants, loss on early extinguishment of debt (if any), charges related to the sale of the Judith Ripka brand, 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 \$(0.48) million for the current quarter, compared with approximately \$(0.30) 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 investments, charges related to the sale of the Judith Ripka brand, stock-based compensation and cost of licensee warrants, 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 June 30,	
	2026	2025
Net loss attributable to Xcel Brands, Inc. stockholders	\$ (2,476)	\$ (3,988)
Amortization of trademarks	801	876
Loss from equity investments	—	180
Stock-based compensation and cost of licensee warrants	182	186
Loss on early extinguishment of debt	151	1,850
Charges related to the sale of the Judith Ripka brand	35	—
Income tax provision (benefit)	19	—
Non-GAAP net loss	<u>\$ (1,288)</u>	<u>\$ (896)</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 June 30,	
	2026	2025
Diluted loss per share	\$ (0.40)	\$ (1.66)
Amortization of trademarks	0.13	0.36
Loss from equity investments	—	0.08
Stock-based compensation and cost of licensee warrants	0.03	0.08
Loss on early extinguishment of debt	0.02	0.77
Charges related to the sale of the Judith Ripka brand	0.01	—
Income tax provision (benefit)	0.00	—
Non-GAAP diluted EPS	<u>\$ (0.21)</u>	<u>\$ (0.37)</u>
Non-GAAP weighted average diluted shares	<u>6,159,232</u>	<u>2,403,639</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 June 30,	
	2026	2025
Net loss attributable to Xcel Brands, Inc. stockholders	\$ (2,476)	\$ (3,988)
Interest and finance expense	872	2,337
Accretion of lease liability for exited lease	35	59
Income tax provision (benefit)	19	—
State and local franchise taxes	24	6
Depreciation and amortization	813	899
Loss from equity investments	—	180
Charges related to the sale of the Judith Ripka brand	35	—
Stock-based compensation and cost of licensee warrants	182	186
Costs associated with restructuring of operations	17	22
Adjusted EBITDA	<u>\$ (479)</u>	<u>\$ (299)</u>

Six months ended June 30, 2026 (the “current six months”) compared with the six months ended June 30, 2025 (the “prior year six months”)

Revenues

Current six months net revenue decreased by approximately \$0.39 million to \$2.27 million from \$2.65 million for the prior year six months. This decrease was primarily driven by the combination of (i) Qurate’s transition to a new apparel supplier for the C Wonder brand in December 2025, which negatively impacted Qurate sales for this brand and our associated licensing revenues during the first quarter of 2026, and (ii) the loss of licensing revenues related to the Judith Ripka brand as a result of the sale of this brand in April 2026.

Direct Operating Costs and Expenses

Overall direct operating costs and expenses declined approximately 5% to \$3.93 million in the current six months compared to \$4.18 million in the prior year six months, as reductions in the Company’s payroll and benefits costs were partially offset by a net increase in other selling, general and administrative expenses. The decrease in payroll and benefits costs was due to cost reduction actions taken by management in 2025, while the year-over-year increase in other selling, general and administrative expenses was primarily attributable to the one-time impact of the employee retention credit recognized in the prior year six months.

Other Operating Costs and Expenses (Income)

Depreciation and amortization expense decreased to \$1.71 million in the current six months from \$1.80 million in the prior year six months; this decline was primarily attributable to the sale of the Judith Ripka brand trademarks in April 2026.

During the current year six months, we also recognized approximately \$0.10 million of charges related to the sale of the Judith Ripak trademarks.

For the prior year six months, we recognized a \$0.52 million loss related to our equity investment in IM Topco. However, as the remaining IM Topco equity interest was transferred to WHP on October 1, 2025, there were no earnings or losses from equity investments for the current six months.

Interest and Finance Expense

Interest and finance expense was approximately \$1.47 million for the current six months, compared with approximately \$2.90 million for the prior year quarter. This \$1.43 million decrease was primarily attributable to the \$1.85 million loss on early extinguishment of debt recognized in the prior year six months related to the April 2025 refinancing of our term loan debt, compared with a much smaller comparable loss of \$0.15 million recognized in the current six months related to the April 2026 debt refinancing. This decrease was partially offset by higher interest expense and other finance charges, primarily driven by higher average overall outstanding debt balances in the current year period.

Income Taxes

The estimated annual effective income tax rate for the current six months and the prior year six months was approximately -0.6% and -0.7%, respectively, resulting in an income tax provision (benefit) of \$0.03 million and \$0.05 million, respectively. For both periods, the federal statutory rate differed from the effective tax rate primarily due to the recording of a valuation allowance against the benefit that would have otherwise been recognized, as it was considered not more likely than not that the net operating losses generated during each period will be utilized in future periods

Net Loss Attributable to Xcel Brands, Inc. Stockholders

We had a net loss of \$4.97 million for the current six months, compared with a net loss of \$6.79 million for the prior year six 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 \$2.68 million, or \$(0.44) per diluted share (“non-GAAP diluted EPS”), for the current six months and a non-GAAP net loss of \$2.27 million, or \$(0.95) per diluted share, for the prior year six months. We had Adjusted EBITDA of approximately \$(1.18) million for the current six months, compared with approximately \$(1.00) million for the prior year six 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)	Six Months Ended June 30,	
	2026	2025
Net loss attributable to Xcel Brands, Inc. stockholders	\$ (4,965)	\$ (6,785)
Amortization of trademarks	1,677	1,751
Loss from equity investments	—	516
Stock-based compensation and cost of licensee warrants	332	352
Loss on early extinguishment of debt	151	1,850
Charges related to the sale of the Judith Ripka brand	96	—
Income tax provision (benefit)	31	50
Non-GAAP net loss	<u>\$ (2,678)</u>	<u>\$ (2,266)</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:

	Six Months Ended June 30,	
	2026	2025
Diluted loss per share	\$ (0.82)	\$ (2.84)
Amortization of trademarks	0.28	0.73
Loss from equity method investments	—	0.22
Stock-based compensation and cost of licensee warrants	0.06	0.15
Loss on early extinguishment of debt	0.03	0.77
Charges related to the sale of the Judith Ripka brand	0.01	—
Income tax provision	0.00	0.02
Non-GAAP diluted EPS	<u>\$ (0.44)</u>	<u>\$ (0.95)</u>
Non-GAAP weighted average diluted shares	<u>6,032,122</u>	<u>2,388,694</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)	Six Months Ended June 30,	
	2026	2025
Net loss attributable to Xcel Brands, Inc. stockholders	\$ (4,965)	\$ (6,785)
Interest and finance expense	1,465	2,897
Accretion of lease liability for exited lease	75	120
Income tax provision (benefit)	31	50
State and local franchise taxes	60	14
Depreciation and amortization	1,706	1,799
Loss from equity investments	—	516
Charges related to the sale of the Judith Ripka brand	96	—
Stock-based compensation and cost of licensee warrants	332	352
Costs associated with restructuring of operations	17	39
Adjusted EBITDA	<u>\$ (1,183)</u>	<u>\$ (998)</u>

Liquidity and Capital Resources

General

As of June 30, 2026 and December 31, 2025, our unrestricted cash and cash equivalents were approximately \$0.40 million and \$1.15 million, respectively.

Restricted cash at June 30, 2026 consisted of \$0.62 million of cash deposited as collateral for a standby letter of credit associated with a real estate lease. Restricted cash at December 31, 2025 consisted of \$0.74 million of cash deposited as collateral for a standby letter of credit associated with a real estate lease and \$1.00 million of cash deposited in a bank account to satisfy a liquidity covenant in the Company's term loan debt agreement.

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 June 30, 2026, we had no significant commitments for future capital expenditures.

Working Capital

Our working capital (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) deficit was approximately \$(1.28) million and \$(0.80) million as of June 30, 2026 and December 31, 2025, respectively. Our working capital deficit as of June 30, 2026 notably includes \$1.87 million of liabilities for our Senior Secured Notes, which were recently issued in April 2026 and have a maturity date of in April 2027 (see below for additional details related to this refinancing transaction).

Going Concern

The accompanying unaudited condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As of June 30, 2026 we have incurred recurring losses, a history of cash flows used in operating activities, and an accumulated deficit. While we have undertaken significant restructuring and cost reduction efforts, obtained additional funding through a combination of equity issuances and debt financing, and continue to explore strategic financing alternatives and operational efficiencies to improve liquidity, management has determined that there is nonetheless 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 2026, we refinanced a portion of our term loan debt, and also sold intangible assets related to one of our brands in exchange for cash. 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 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 quarter as compared with the prior year quarter is set forth below.

Operating Activities

Net cash used in operating activities was approximately \$2.73 million in the current six months, compared with approximately \$3.80 million in the prior year six months.

The current six months net cash used in operating activities was primarily attributable to the combination of the net loss of \$(4.97) million plus non-cash items of approximately \$3.14 million and the net change in operating assets and liabilities of approximately \$(0.90) million. Non-cash items were primarily comprised of \$1.71 million of depreciation and amortization expense, and \$1.01 million of aggregate non-cash interest expenses. The net change in operating assets and liabilities was primarily driven by changes in deferred revenue balances of \$(0.80) million.

The prior year six months net cash used in operating activities was primarily attributable to the combination of the net loss of \$(6.79) million plus non-cash items of approximately \$4.77 million and the net change in operating assets and liabilities of approximately \$(1.78) million. Non-cash items were primarily comprised of \$0.52 million of losses related to our equity method investments, \$1.85 million from the loss on early extinguishment of debt, \$1.80 million of depreciation and amortization expense, and \$0.37 million of various non-cash interest expenses. The net change in operating assets and liabilities was primarily comprised of (i) approximately \$(1.56) million of payments of accounts payable, accrued expenses, accrued income taxes payable, and other current liabilities, plus (ii) a decrease in deferred revenue of \$(0.50) million.

Investing Activities

The current six months cash provided by investing activities of \$2.00 million was attributable to net proceeds received from the sale of the Judith Ripka brand trademarks in April 2026.

Net cash used in investing activities in the prior year six months was comprised of purchases of equipment totaling approximately \$0.01 million.

Financing Activities

Net cash used in financing activities in the current six months was predominantly related to the debt financing and refinancing transactions executed in April 2026 (as described further below), including (i) repayment of \$(3.25) million of principal under our Term Loan A debt, (ii) \$3.01 million of gross proceeds received from the issuance of our new Senior Secured Notes, (iii) total payments made under the Senior Secured Notes (inclusive of original issue discount) of \$(0.86) million, and (iv) payment of deferred finance costs of \$(0.35) million related to the issuance of the Senior Secured Notes. In addition, we received proceeds of approximately \$0.42 million (net of related fees and expenses) during the current six months from the issuance of shares of common stock under our equity line of credit facility (as described further below).

Net cash provided by financing activities in the prior year six 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, and \$3.62 million of proceeds received from the Company's April 2025 refinancing of its term loan debt. This was partially offset by \$(0.53) million of deferred finance costs paid in connection with the April 2025 refinancing, and \$(0.50) million of principal payments made on the Company's term loan debt.

Equity Line Facility

On January 21, 2026, the Company entered into a common stock purchase agreement with White Lion Capital, LLC ("White Lion"), pursuant to which White Lion has committed to purchase up to \$15.0 million of the Company's common stock. Under the terms and conditions of this agreement, the Company has the right, but not the obligation, to sell to White Lion, and White Lion is obligated to purchase, up to \$15.0 million of the Company's common stock. The actual amount and timing of any sales of Common Stock will be determined by the Company at its discretion.

The aggregate number of shares that the Company can sell White Lion under this agreement is limited to and may not exceed 1,178,173 shares (subject to adjustment for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split, or other similar transaction), which is equal to 19.99% of the total shares of the Company's common stock outstanding immediately prior to the execution of the agreement, unless (i) the Company obtains stockholder approval to issue additional shares in excess of this amount, or (ii) the average price paid for all shares of Common Stock issued under the agreement equals or exceeds certain levels as specified in the agreement. Through July 31, 2026, we issued 382,500 shares under the equity line.

In consideration for White Lion's execution and entry into such arrangement, the Company agreed to issue White Lion \$37,500 worth of common stock, with the number of shares issued determined based on the closing price of the Company's stock on the business day immediately preceding the day on which the related registration statement is declared effective by the SEC; accordingly, the Company issued 16,094 shares to White Lion on May 6, 2026. Additionally, pursuant to the terms of an advisory agreement between the Company and Maxim Group LLC, the Company agreed to pay Maxim Group LLC a cash fee equal to 4.0% of the gross proceeds received from any sales of securities to White Lion under this arrangement.

For the three and six months ended June 30, 2026, the Company issued an aggregate of 348,000 shares under the equity line facility arrangement and received aggregate net proceeds of approximately \$0.67 million. Through July 31, 2026, the Company issued 382,500 shares under the equity line facility arrangement and received aggregate net proceeds of approximately \$0.71 million.

Also, during the current six months, the Company incurred approximately \$0.26 million of fees and expenses (consisting of legal and accounting fees) associated with the equity line arrangement and related registration statement, which were recorded as a reduction to additional paid-in capital.

Debt Transactions and Refinancings

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 subsequently made in March 2025. A portion 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 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.

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 \$1.00 million; and (iii) Xcel made a prepayment of \$0.25 million against the outstanding principal amount of Term Loan A, of which \$0.14 million 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 \$3.25 million on Term Loan A by February 20, 2026, along with the payment of an amendment fee of \$0.45 million (of which \$0.125 million was payable on December 5, 2025 and the remaining \$0.325 million would be due only if the \$3.25 million principal amount of Term Loan A was not repaid on or prior to February 20, 2026); and (iii) the payment of the remaining principal balance on Term Loan A of \$0.50 million 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 would have revised financial covenants.

On February 20, 2026 and March 20, 2026, the Company entered into the fifth and sixth amendments to the loan and security agreement with the term loan debt lenders and FEAC Agent, LLC. Pursuant to such amendments, (i) the Company prepaid \$0.50 million on Term Loan A (paid from the blocked account, as defined in the loan and security agreement) in connection with the fifth amendment and irrevocably authorized FAEC Agent, LLC, as the administrative agent to transfer up to \$0.50 million (the “Sixth Amendment Cash Collateral”) from the blocked account to an account maintained by the Administrative Agent to be held as cash collateral securing the Obligations (as defined in the loan and security agreement); (ii) the Company irrevocably authorized the administrative agent to: (a) apply all or any portion of the Sixth Amendment Cash Collateral to repay the Term Loan A, or (b) return all or any portion of the Sixth Amendment Cash Collateral to the Company, in each case at the lenders’ sole discretion; (iii) the liquid asset covenant requirement was reduced to: (a) at all times prior to the repayment in full of the First Out Obligations (as defined in the loan and security agreement), \$0.50 million minus that amount of Sixth Amendment Cash Collateral used to repay Term Loan A, and (b) at all times after the repayment in full of the First Out Obligations, \$0; and (iv) the transaction closing date was extended to March 24, 2026.

On April 13, 2026, the Company entered into the seventh amendment to the loan and security agreement with the term loan debt lenders and FEAC Agent, LLC, which provided for, among other things: the ability of the Company to consummate the issuance of certain senior secured notes (as described below); the ability for IPX to convert its \$0.50 million Term Loan A to common shares of the Company at the price per share equal to \$1.35, subject to adjustment; modifications to certain payment terms; modifications to certain financial covenants; modifications to certain financial reporting requirements; and the amendment of the FEAC Agent, LLC’s role to include certain limitations. In connection with the seventh amendment, FEAC Agent LLC’s affiliated lenders entered into agreements whereby a \$0.50 million portion of Term Loan A was sold and assigned to IPX, and the entirety of Term Loan B was sold and assigned to UTG. Additionally, the Company was relieved of its obligation to pay the remaining \$325,000 amendment fee as specified in the fourth amendment.

Also on April 13, 2026, the Company entered into certain agreements with Smithline Family Trust II (“SFT”), Quick Capital, LLC (“Quick”), and IPX (collectively, the “Purchasers”), pursuant to which the Company issued and sold to the Purchasers 12.5% Senior Secured Notes due April 13, 2027 in the original principal amount of \$3,005,780 (the “Secured Notes”) and 100,579 shares of the Company’s common stock. The Secured Notes were issued with an original issue discount, such that the cash proceeds received by the Company were \$2,600,000. The Company is required to make \$100,000 monthly payments on the Secured Notes commencing October 13, 2026, with the balance due at maturity. The Company’s obligations under the Secured Notes are guaranteed by certain direct and indirect subsidiaries of the Company pursuant to a subsidiary guarantee, and are secured by the assets of the Company and the subsidiary guarantors pursuant to a security agreement.

At any time after the occurrence of an event of default under the Secured Notes and for so long as such event of default is continuing, the Secured Notes are convertible into shares of common stock of the Company (i) initially at a fixed conversion price equal to \$1.165 per share in the case of SFT and Quick or \$1.435 per share in the case of IPX and (ii) after May 17, 2026, at a price equal to the lesser of (a) 85% multiplied by the lowest volume weighted average price of the common stock during the 10-trading day period prior to conversion and (b) \$1.165 in the case of SFT and Quick or \$1.435 per share in the case of IPX. In addition, to the extent that Company is listed on the Nasdaq Capital Market, the aggregate number of shares of common stock issuable to the Purchasers and any subsequent holder of the Secured Note shall not exceed 19.9% of the total number of shares of common stock outstanding or of the voting power of the common stock as of April 13, 2026 less the shares issued pursuant to the securities purchase agreement unless the Company has obtained stockholder approval in compliance with Nasdaq Listing Rule 5635(d) to authorize the issuance of shares of common stock in connection with the conversion or exchange of all Secured Notes.

As part of the transactions described above, IPX purchased \$57,803 original principal amount of the Secured Notes and purchased 1,742 shares of common stock, on the same terms as the other Purchasers, except that the shares of common stock purchased by IPX were priced at current market value.

The net proceeds received from the April 13, 2026 issuance of the Secured Notes and shares as described above were used to repay \$2.25 million of the Term Loan A debt, and an additional \$0.50 million of the Term Loan A debt was paid with the Company's restricted cash. As such, immediately following the funding and completion of the transactions described above, the Company's debt obligations were as follows: (1) Senior Secured Notes in the principal amount of \$2.6 million, with payments commencing October 13, 2026 and a maturity date of April 13, 2027, (2) Term Loan A in the principal amount of \$0.50 million, payable on the maturity date of September 20, 2027, and (3) Term Loan B in the amount of \$9.9 million, payable on the maturity date of December 12, 2028.

Other Factors

We continue to seek to expand and diversify the types of licensed products being produced under our brands. We plan to continue to diversify the distribution channels within which licensed products are sold, in an effort to reduce dependence on any particular retailer, consumer, or market sector within each of our brands. The Halston brand, C Wonder brand, and TowerHill by Christie Brinkley brand, which together currently represent a majority of our revenues, have a core business in fashion apparel and accessories, as will the Off/Duty by Coco Rocha brand when it launches later this year. Our other brands – including the Longaberger by Shannon Doherty brand, which focuses on home good products; GemmaMade by Gemma Stafford and Mesa Mia by Jenny Martinez, which focus on cooking and baking related products; and Trust.Respect.Love by Cesar Millan brand, 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 (and, to a lesser extent, the April 2026 sale of the Judith Ripka 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. The successful launch of the TowerHill by Christie Brinkley brand in 2024 is an example of this. We recently launched two new cobranded collaborations in April 2026, and plan to launch two more before the end of the year.

Additionally, during 2023 and 2024, we restructured our business by shifting from a wholesale/licensing hybrid model to a “licensing plus” business model, divesting certain brands, and undertaking various cost-cutting measures to more efficiently operate our business and reduce and better manage our exposure to operating risks. During 2025, we continued to implement additional measures to further optimize our cost structure. As a result, we have reduced our direct operating expenses to an expected run rate of less than \$10 million per annum, which represents approximately \$21 million of cost savings on an annualized basis compared to our cost structure in 2022.

Nonetheless, we continue to face a number of headwinds in the current macroeconomic environment. Poor economic and market conditions, including the cumulative impacts of inflation and rising consumer debt levels, along with the impact of tariffs on goods imported into the U.S., may negatively impact consumer sentiment, decreasing the demand for apparel, footwear, accessories, 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 these conditions 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 attract 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, 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, 2025, filed with the SEC on April 15, 2026, for a discussion of our critical accounting policies and estimates. During the three months ended June 30, 2026, 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 June 30, 2026, 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 effective as of June 30, 2026 such that the information required to be disclosed in our SEC reports is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures.

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 June 30, 2026 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 below and in Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2025 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.

We have experienced continued declines in revenue over the past few years as a result of the sale and divestiture of our largest revenue-producing brands, and our current level of revenue does not support our operations.

The 2022 sale of a majority interest in the Isaac Mizrahi brand and the 2024 divestiture of the LOGO by Lori Goldstein brand (and, to a lesser extent, the April 2026 sale of the Judith Ripka brand) resulted in significant decreases in our licensing revenue. As a result of our declining revenue and despite various cost-cutting measures to more efficiently operate our business and reduce and better manage our exposure to operating risks, and additional measures to further optimize our cost structure, our current revenue level does not support our operations, as our current revenue level is below our current level of direct operating expenses. If we are unable to significantly increase our revenue, we will continue to incur significant losses and may not be able to continue operations.

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 three months ended June 30, 2026.

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
April 1, 2026 to April 30, 2026 (i)	13,671	\$ 2.18	—	—
May 1, 2026 to May 31, 2026 (i)	6,168	2.18	—	—
June 1, 2026 to June 30, 2026 (i)	7,602	1.80	—	—
Total	27,441	\$ 2.07	—	—

(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

None.

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: August 13, 2026

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 June 30, 2026 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.

August 13, 2026

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 June 30, 2026 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.

August 13, 2026

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 June 30, 2026 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.

August 13, 2026

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 June 30, 2026 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.

August 13, 2026

By: /s/ James F. Haran

Name: James F. Haran

Title: Chief Financial Officer and Vice President
