



VISION • AGILITY • SCALE

CHEROKEE
GLOBAL
BRANDS

THIRD QUARTER FISCAL YEAR 2017

EARNINGS CALL

December 8, 2016

This presentation may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. When used, the words “anticipates”, “believes”, “estimates”, “plans”, “expects”, “objectives”, “goals”, “aims”, “hopes”, “may”, “might”, “will”, “likely”, “should” and similar expressions are intended to identify such forward-looking statements. Forward-looking statements in this presentation include, among others: statements regarding our goals or expectations for our future performance; expected trends in the retail licensing industry, including apparent trends around direct to retail licensing; the likelihood of sustained retail sales by our current licensees, such as Target Corporation (“Target”) and Kohl’s Illinois, Inc. (“Kohl’s”); the likelihood that our licensees will achieve royalty rate reductions; our ability to integrate the franchise operations of the Flip Flop Shops brand into our business; our ability to manage our direct to retail licensing business, wholesale licensing business and franchising business; our prospects for obtaining new licensees and franchisees; and our prospects for obtaining new brands to acquire or represent and our ability to integrate such brands into our business and achieve the expected benefits of any such acquisitions or representations. Forward-looking statements are based on our current views, expectations and assumptions and involve known and unknown risks and uncertainties that may cause actual results, performance, achievements or share prices to be materially different from any future results, performance, achievements or share prices expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others: the effect of global economic conditions; the financial condition of the apparel industry and the retail industry; adverse changes in licensee or consumer acceptance of products bearing our brands; our dependence on Target for a substantial portion of our revenues and our ability to replace these revenues when our arrangement with Target expires in January 2017; our dependence on our key management personnel; the effect of intense competition we face from other brands; our ability to protect our intellectual property rights; risks associated with our international licensees; the benefits to us of our recently acquired assets related to the Everyday California and Flip Flop Shops brands; our indebtedness and other requirements under our credit facility with JPMorgan Chase (“JPMorgan”); our future capital needs and our ability to raise funds in future periods if necessary; and the volatility in the trading price and the relative illiquidity of our common stock. These and other risks and uncertainties are discussed in more detail under Item 1A, “Risk Factors”. You should not place undue reliance on the forward-looking statements we make because some or all of them may turn out to be wrong. Forward-looking statements speak only as of the date they are made and except as required by law, we undertake no obligation to update any of the forward-looking statements we make to reflect future events and developments.

Note Regarding Use of Non-GAAP Financial Measures

Certain of the information set forth herein, including non-GAAP SG&A, non-GAAP operating income and non-GAAP net income, may be considered non-GAAP financial measures. Cherokee believes this information is useful to investors because it provides a basis for measuring the company’s available capital resources, the operating performance of its business and its cash flow, excluding expenses relating to professional fees from legal and due diligence for potential acquisitions and business development related to the identification and establishment of new brand licensees that would normally be included in the most directly comparable measures calculated and presented in accordance with Generally Accepted Accounting Principles (“GAAP”). In addition, the company’s management uses these non-GAAP financial measures along with the most directly comparable GAAP financial measures in evaluating the company’s operating performance, capital resources and cash flow. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-financial measures as reported by the company may not be comparable to similarly titled amounts reported by other companies. The non-GAAP measures are described above and are reconciled to the corresponding GAAP measure in the unaudited condensed consolidated financial statements portion of this release under the headings “Non-GAAP Financial Information Reconciliation.”

HI-TEC ACQUISITION OVERVIEW



HENRY STUPP | CHIEF EXECUTIVE OFFICER

HI-TEC SPORTS INTERNATIONAL HOLDINGS B.V

AMSTERDAM



OVERVIEW & RATIONALE

- ❑ Closed December 7, 2016; sales and marketing and licensing integration expected to take three to six months
- ❑ Global leader in footwear market; designs, markets and sells footwear globally, primarily under the Hi-Tec (Outdoor/Active Consumer) and Magnum (Tactical/Uniform Professionals) brands
- ❑ Sold in over 110 countries throughout the U.K., Continental Europe, U.S., Canada, South and Central America and Asia, through major retailers, independent distributors, licensees and direct to consumers
- ❑ FY 2015 wholesale revenue of \$288 million
- ❑ Converted business to a branded licensing model, eliminating inventory and manufacturing risk and accelerating opportunities into new markets and product categories
- ❑ Builds presence in active outdoor markets and provides for expansion into new categories and new markets
- ❑ Executed license agreements for the core Hi-Tec, Magnum and related brands for the footwear category that will strengthen and expand our presence in the United Kingdom, Continental Europe, the United States, Canada and Africa
- ❑ Entered a master license agreement for the United Kingdom and select countries in Continental Europe for apparel and accessories



OVERVIEW & RATIONALE

WHOLESALE OPERATING MODEL

Retain Key Management

Sales

Distribution

Financing

Inventory



BRANDED LICENSING MODEL

Product Design

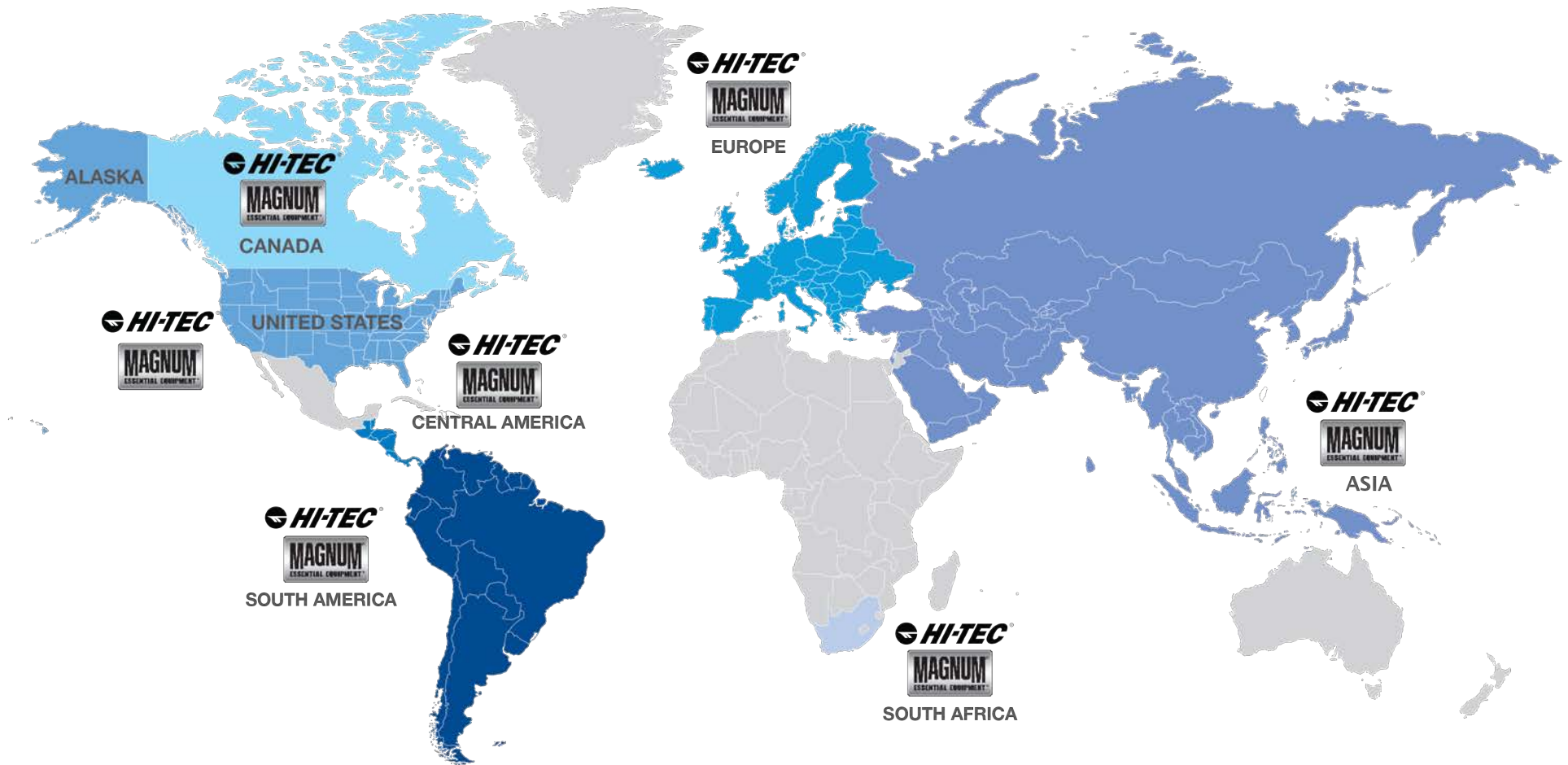
Marketing

Supply Chain

Distribution

Government Contracts

HI-TEC & MAGNUM GLOBAL DISTRIBUTION 110 COUNTRIES



HI-TEC MANAGEMENT TEAM



Ed Van Wezel
CEO



Patrick Boom
Global Marketing Director

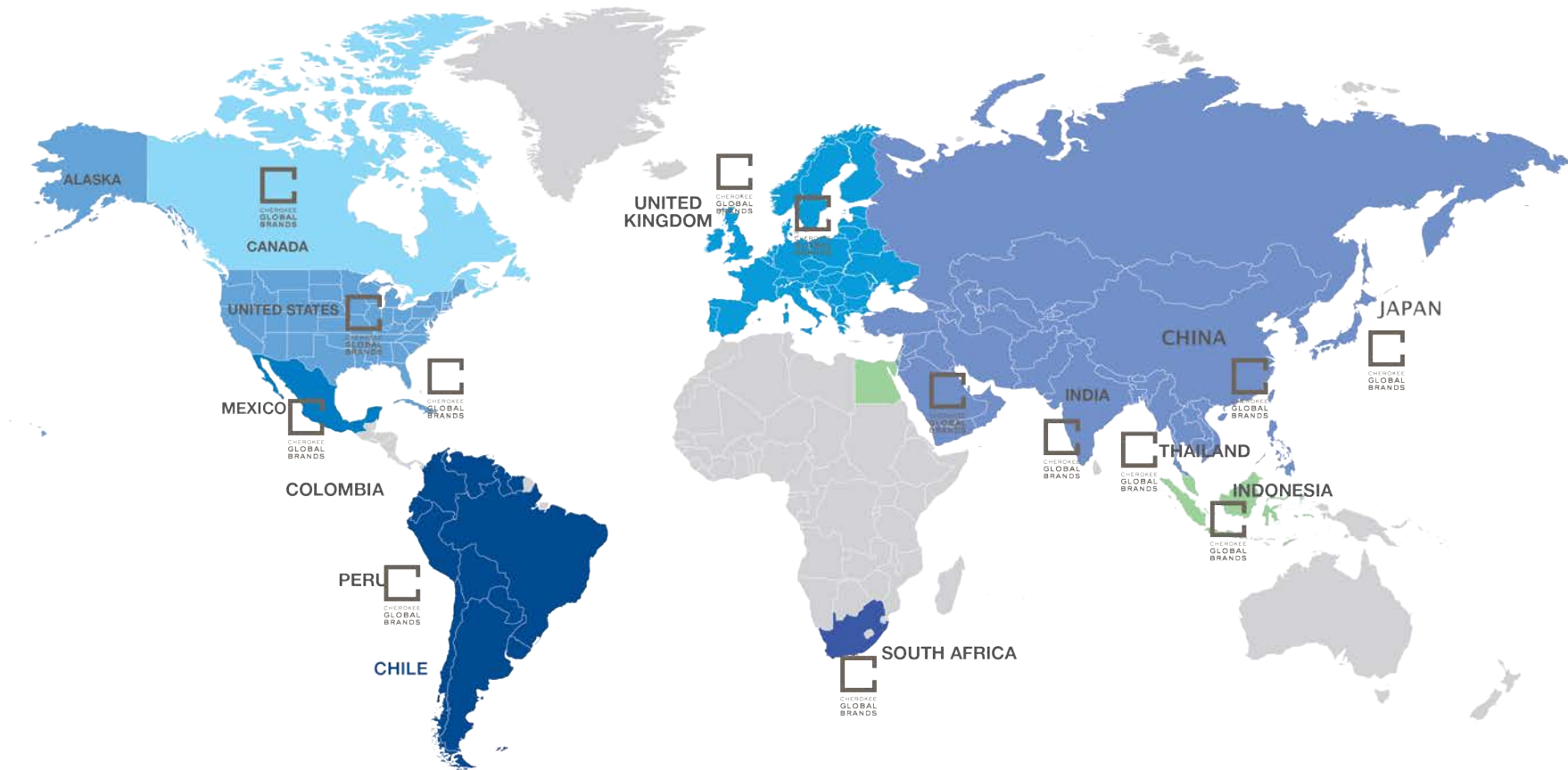


Martin Binnendijk
Group CFO/COO



Jan Geert Boeve
Group Finance Director

POST TRANSACTION GLOBAL DISTRIBUTION FROM 50 TO OVER 100 COUNTRIES



110 Countries

PRE & POST ACQUISITION BRAND PORTFOLIO

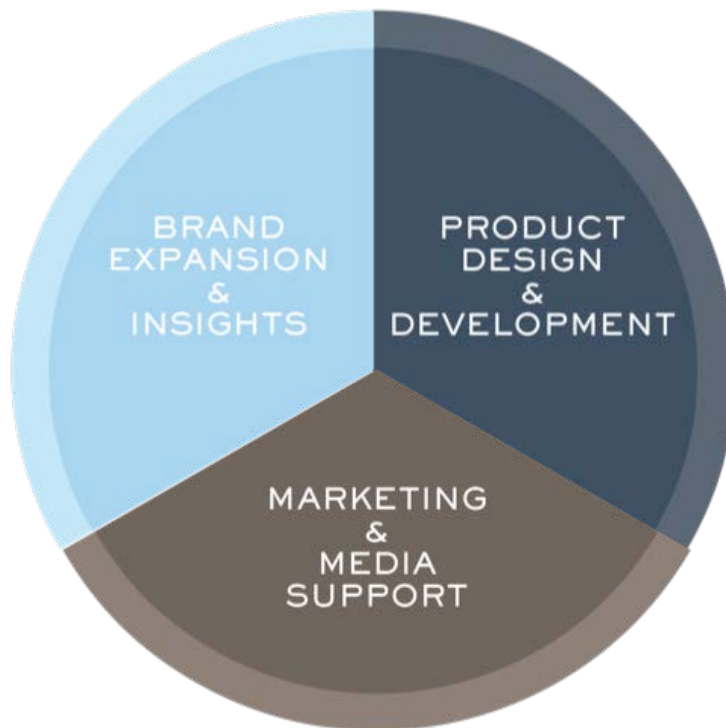


POST ACQUISITION RETAIL SNAPSHOT



POST ACQUISITION RETAIL SNAPSHOT

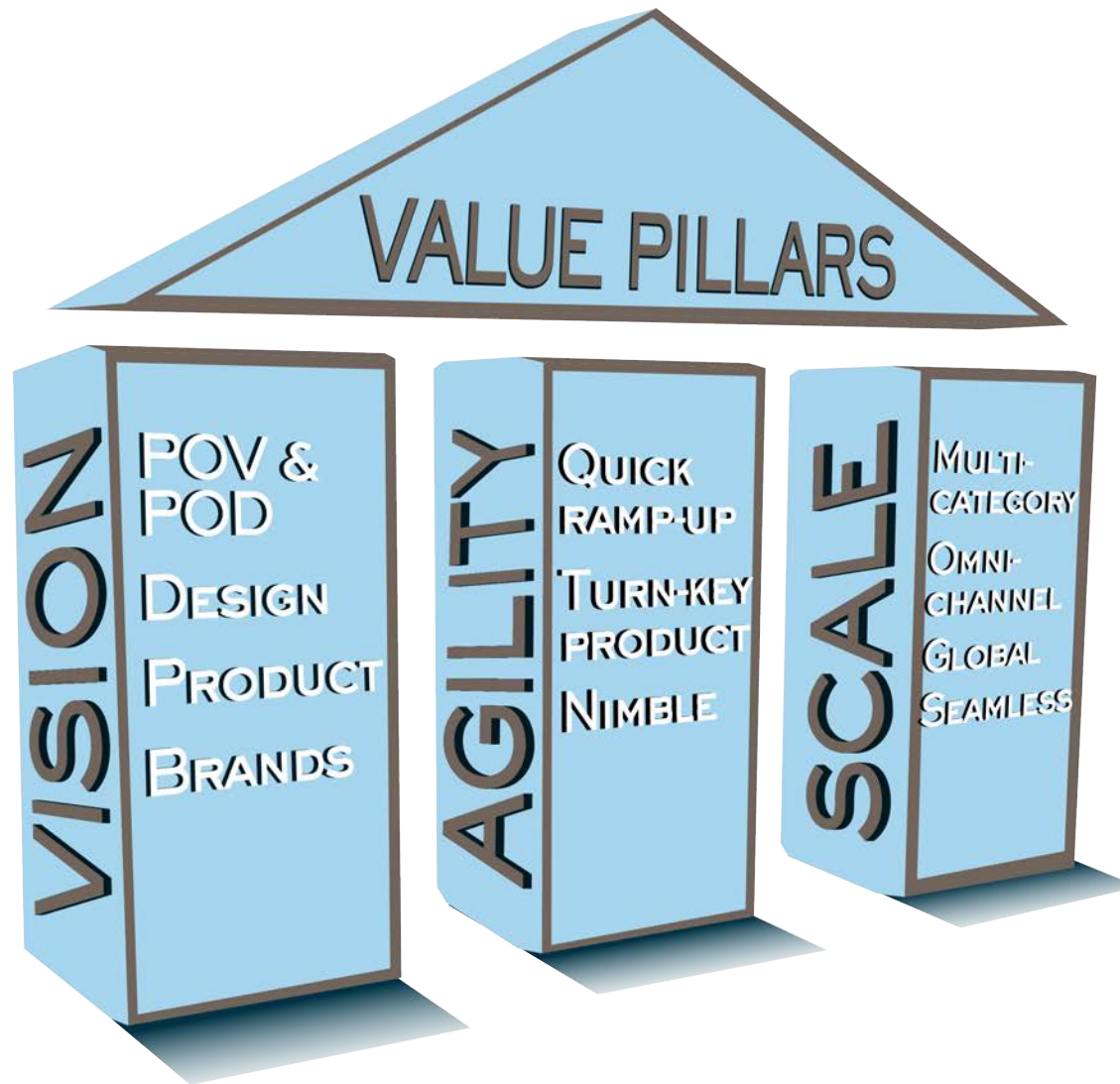
Account management
Joint business planning
Shopper insights
Retail analytics
Organic growth roadmap



Design & product
management
Category expansion
Supply chain
Full-family lifestyle
assortment
Pricing & line
architecture

In-store experience
Multi-touch point integration & support
Retail marketing
Social media marketing
Strategic planning

VALUE PILLARS



FAVORABLE ECONOMICS

- ❑ Hi-Tec to contribute approximately \$19 million of revenue and \$7 million in EBITDA , respectively, in first fiscal year post transaction
- ❑ Funded through a combination of cash on hand, debt, equity, proceeds from the sale of certain operating assets and the pre-payment of minimum guarantees
- ❑ Favorable tax advantages and increased shareholder liquidity
- ❑ Strong balance sheet and healthy capital structure post-transaction
- ❑ Performance in fiscal 2018 expected to be more balanced across geographies, retailers, brands and product categories
- ❑ Including Hi-Tec, over the last five years have grown from:
 - ❑ Approximately 20 countries to over 110
 - ❑ Approximately 5,000 doors to over 12,000



- ❑ High-equity brands
- ❑ Broader geographies
- ❑ New retail relationships
- ❑ Global distributors
- ❑ Expanded product offering
- ❑ Focus on organic growth
- ❑ From 5,000 doors to over 12,000 doors
- ❑ In over 100 countries



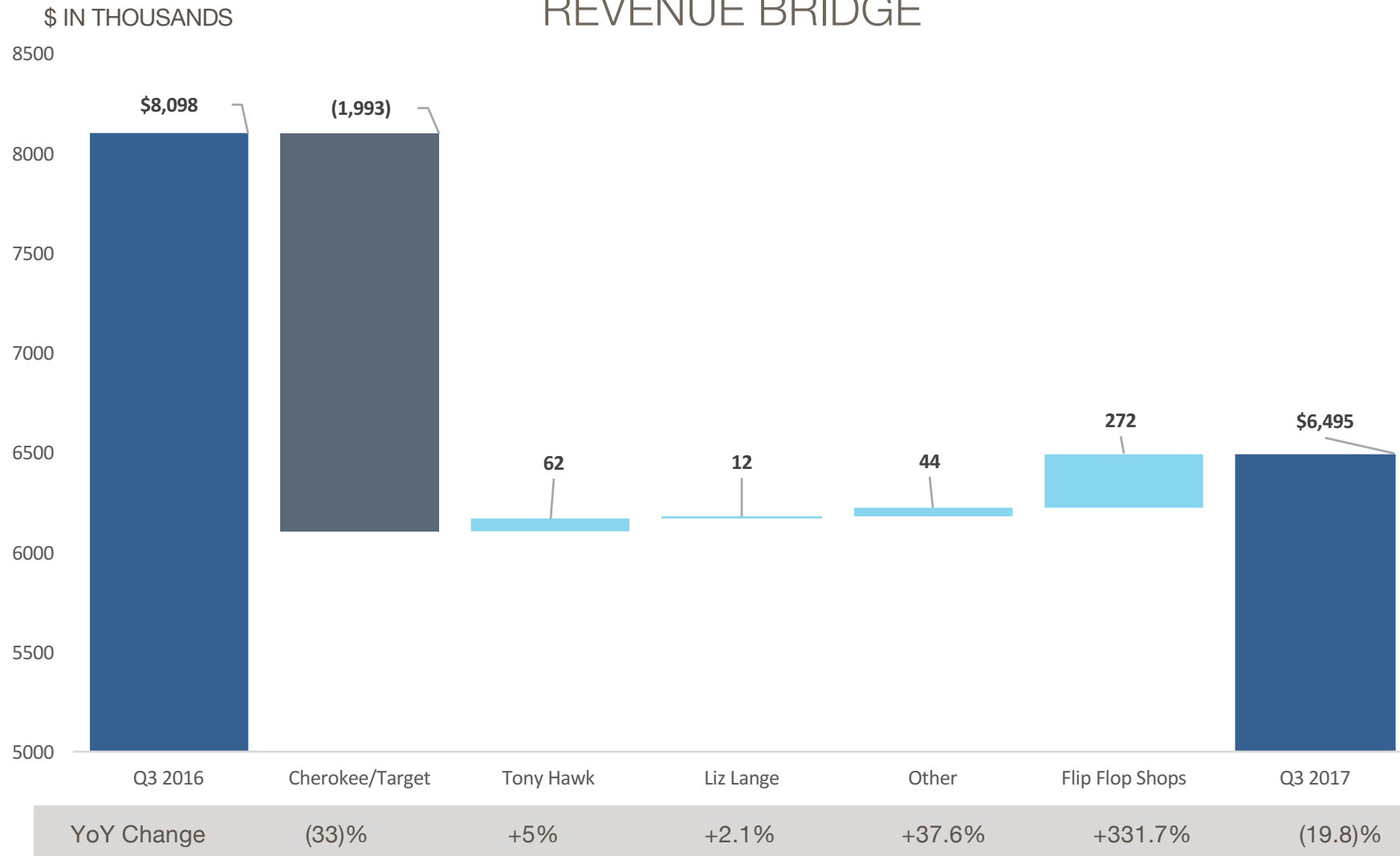
VISION • AGILITY • SCALE

CHEROKEE
**GLOBAL
BRANDS**



JASON BOLING | CHIEF FINANCIAL OFFICER

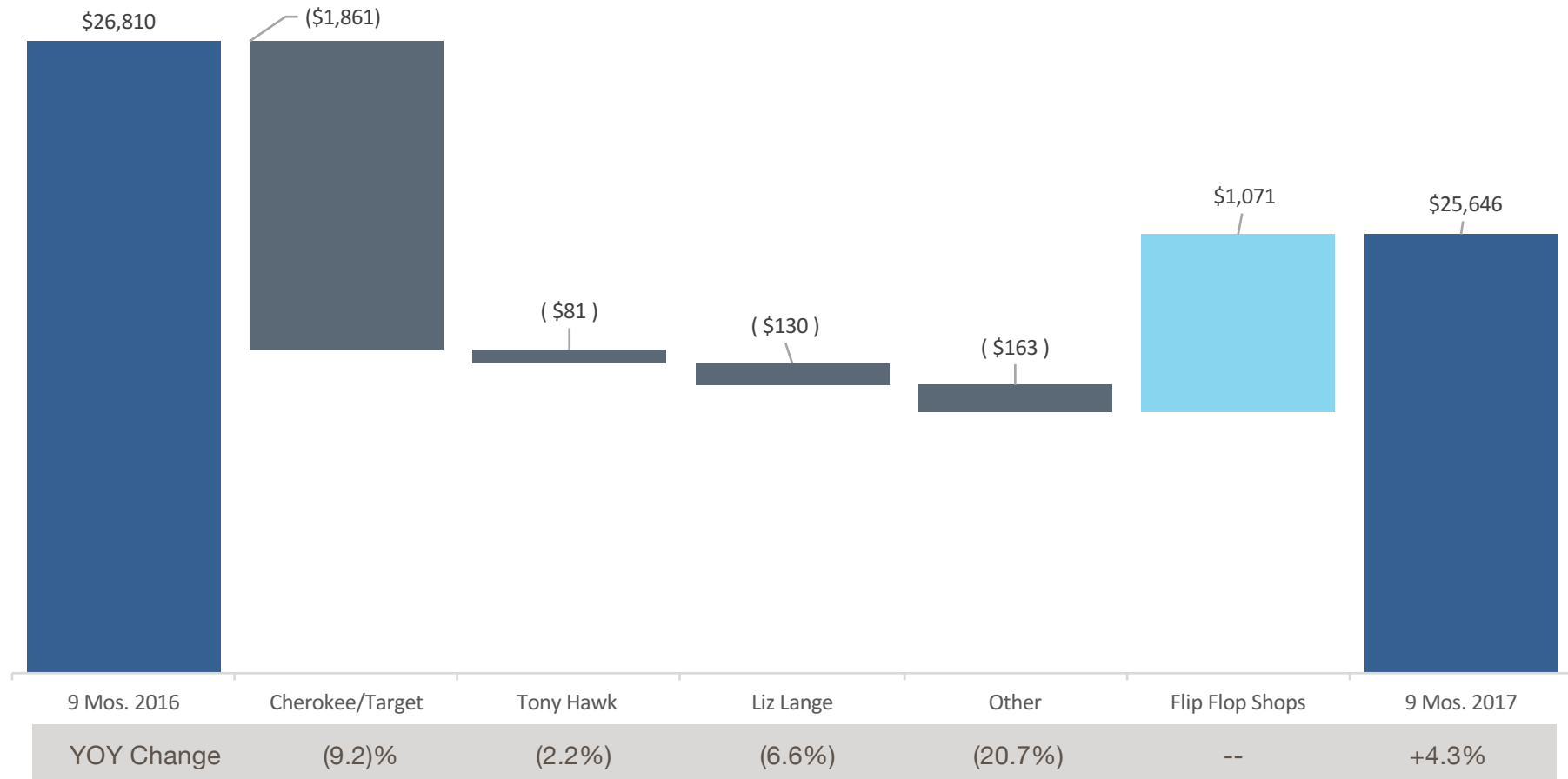
Q3 2017 REVENUE BRIDGE



- GAAP revenues for the third quarter were \$6.5 million compared with \$8.1 million in the prior year period. The decrease was largely due to the expected decrease in North America revenues relating to the Cherokee Brand as we continue to transition away from Target and to our new wholesale licensees.
- During the quarter, the decrease was partially offset by revenue increases globally, particularly in South America, India, the Middle East, South Africa and Asia as the demand for Cherokee-branded product continues to grow.

9 MONTHS 2017 REVENUE BRIDGE

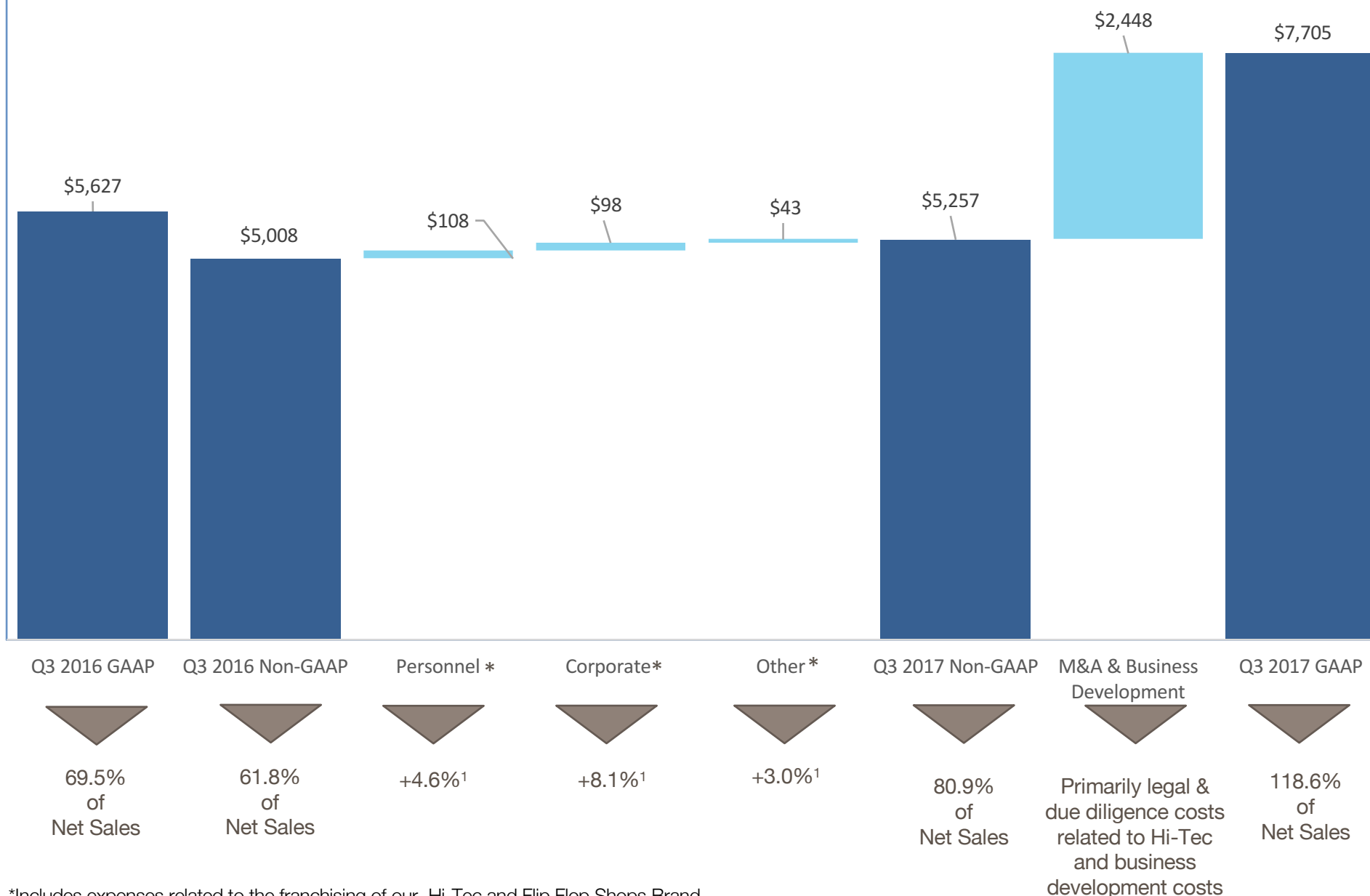
\$ IN THOUSANDS



- Cherokee-brand royalties earned by Target during the nine-month period were \$9.4 million versus \$12.5 for the same period last year with an annual minimum guarantee of \$10.5 million. The balance of \$1.1 million of minimum royalty guarantees will be recorded during the fourth quarter of Fiscal 2017.

Q3 2017 SG&A BRIDGE

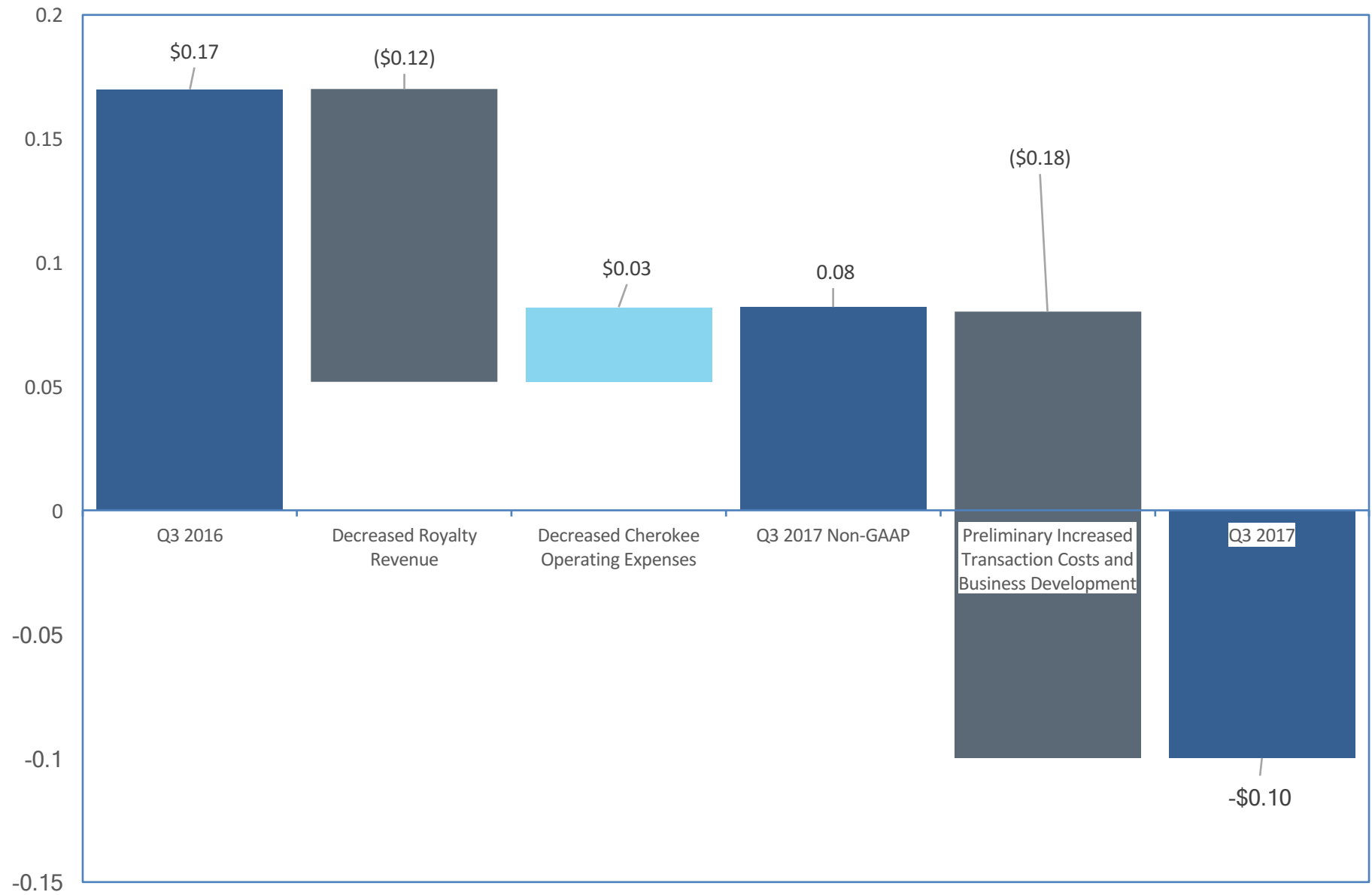
\$ IN THOUSANDS



*Includes expenses related to the franchising of our Hi-Tec and Flip Flop Shops Brand

1. Year over year percentage change.

Q3 2017 EPS BRIDGE



GAAP TO NON-GAAP INCOME STATEMENT



(amounts in thousands, except percentages and per share amounts)

	Three months ended		Nine months ended	
	October 29, 2016	October 31, 2015	October 29, 2016	October 31, 2015
GAAP Royalty revenues	\$ 6,495	\$ 8,098	\$ 25,646	\$ 26,810
Selling, general and administrative expenses:				
GAAP Selling, general and administrative expenses	7,705	5,627	20,049	15,409
Professional fees	2,448	619	3,813	802
Non-GAAP selling, general and administrative expenses	\$ 5,257	\$ 5,008	\$ 16,236	\$ 14,607
Operating income:				
GAAP Operating income	(1,210)	2,471	5,597	11,401
Professional fees	2,448	619	3,813	802
Non-GAAP Operating income	\$ 1,238	\$ 3,090	\$ 9,410	\$ 12,203
Net income:				
GAAP Net income	(873)	1,546	3,225	7,048
Professional fees	2,448	619	3,813	802
Tax	(879)	(212)	(1,430)	(285)
Non-GAAP Net income	\$ 696	\$ 1,953	\$ 5,608	\$ 7,565
GAAP Diluted earnings per share	\$ (0.10)	\$ 0.17	\$ 0.37	\$ 0.79
Non-GAAP Diluted earnings per share	\$ 0.08	\$ 0.22	\$ 0.64	\$ 0.85
Weighted average diluted shares outstanding:	8,713	8,891	8,759	8,876
EBITDA:				
GAAP Net Income	(873)	1,546	3,225	7,048
Interest and other expense	152	123	436	464
Tax	(489)	802	1,936	3,889
Depreciation and amortization	366	327	1,076	955
Adjusted EBITDA	(844)	2,798	6,673	12,356
Professional fees	2,448	619	3,813	802
Non-GAAP EBITDA	\$ 1,604	\$ 3,417	\$ 10,486	\$ 13,158

BALANCE SHEET



\$ IN THOUSANDS

	OCTOBER 29, 2016	JAN. 30, 2016
ASSETS		
CASH AND CASH EQUIVALENTS	7,457	6,534
RECEIVABLES	6,702	7,365
GOODWILL & INTANGIBLES	52,559	53,195
OTHER ASSETS	3,479	3,454
TOTAL ASSETS	70,197	70,548
LIABILITIES AND STOCKHOLDER EQUITY		
ACCOUNTS PAYABLE	5,074	2,195
TOTAL DEBT	17,153	23,524
OTHER LIABILITIES	2,039	2,758
TOTAL LIABILITIES	24,387	28,477
STOCKHOLDER EQUITY	45,810	42,071
TOTAL LIABILITIES AND STOCKHOLDER EQUITY	70,179	70,548
NET DEBT (TOTAL DEBT – CASH)	\$9,696	\$16,990
LEVERAGE RATIO (TOTAL DEBT/EBITDA TTM)	1.9	1.6

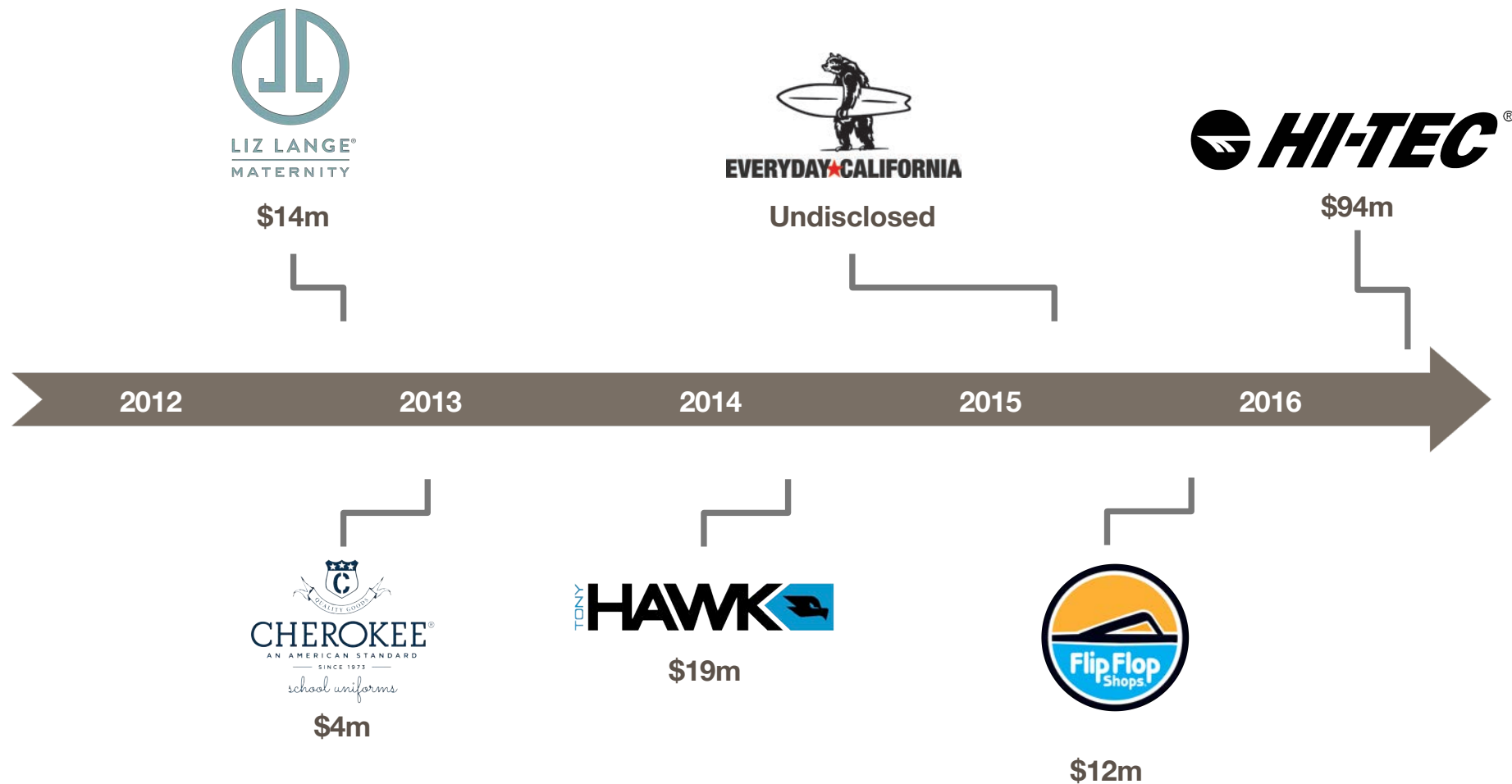
HI-TEC ACQUISITION

- Definitive agreement to acquire all issued and outstanding share capital of Hi-Tec Sports International Holdings B.V., for an aggregate cash purchase price of approximately **\$94.0** million on a cash-free debt-free basis, based on normalized working capital.
- **Closed December 7, 2016**
- Company has sold substantially all of the assets related to Hi-Tec's wholesale operations to new operating partners with the proceeds of **\$28** million funding a portion of the Hi-Tec acquisition purchase price
- Net of these proceeds, and other post-closing adjustments of **\$4.9** million, we expect that the purchase price for the Hi-Tec intellectual property assets to be approximately **\$61.1** million
- Expected to contribute approximately **\$19** million and **\$7** million of revenue and EBITDA, respectively, in the first year post-acquisition
- Acquisition multiple of approximately **3.2x** revenue and **8.7x** using the estimated value of the IP purchase
- Hi-Tec's operating partners have guaranteed **\$5.5** million in annual minimum royalties in the first five years post-acquisition which equates to over **\$27** million
- Fund the purchase price through cash on hand, proceeds from the asset sale transactions, the prepayment of the first year of guaranteed minimum royalties under license agreements with certain operating partners and/or distributors of Hi-Tec, net proceeds of a public offering of the Company's common stock, proceeds from a new credit facility with Cerberus, and proceeds from a receivables funding loan extended by one of the Company's directors



SUCCESSFUL ACQUISITION HISTORY

- Cherokee has made six acquisitions since 2011 to expand its brand portfolio – Liz Lange™, Cherokee School Uniforms™, Tony Hawk Signature™, Everyday California™, Flip Flop Shops™ and Hi-Tec Sports International Holdings™



GUIDANCE

FY 2017 & FY 2018

Fiscal 2017:

- The guidance does not include any potential impact of the Hi-Tec Acquisition for the remainder of this fiscal year nor do they include the additional shares issues related to the equity raise
- These Non-GAAP measures exclude any transaction and integration costs associated with the Hi-Tec acquisition
- Revenues are anticipated to be approximately **\$32.0** million
- Non-GAAP EBITDA is anticipated to be approximately **\$12.5** million
- Non-GAAP EPS is anticipated to be approximately \$0.76

Fiscal 2018:

- Transaction and integration costs related to Hi-Tec are not reflected in the FY2018 non-GAAP EBITDA guidance
- Revenues are anticipated to be in the range of **\$49.0 - \$50.0** million
- Non-GAAP EBITDA is anticipated to be in the range of **\$19.0 - \$20.0** million

Conclusion:

- The Company will be more diversified than ever before – across geographies, retailers, brands and product categories
- Performance in fiscal 2018 will be more balanced across each of these facets and we expect to see strong contribution from both our organic and acquired growth initiatives

PARTNER & BRAND UPDATE



HENRY STUPP | CHIEF EXECUTIVE OFFICER

CHEROKEE®

AN AMERICAN STANDARD

— SINCE 1973 —

UNITED STATES

- ❑ Multi-category launch across major apparel, accessory and home categories
- ❑ 800 – 1,200 brick & mortar retailers including:
 - ❑ Specialty distribution with Babies R' Us and Buy Buy Baby
 - ❑ Regional department store distribution
 - ❑ National and regional grocery with Meijers
 - ❑ Off-price and Club retailers
- ❑ Digital launch with Amazon.com
- ❑ New capsule collections to offer customized merchandising programs for specific retailers



CHEROKEE®
AN AMERICAN STANDARD
— SINCE 1973 —

MEXICO

NINE MONTH 2017 RETAIL SALES INCREASED +5.6% YOY

Transition from Comercial Mexicana to Soriana resulted in a short-term store count reduction from 154 to 131 store locations during Q2 2017

Store count to increase to 600 locations in 1-2 years



(in local currency)

SOUTH AMERICA

CHILE - NINE MONTH 2017 RETAIL SALES INCREASED +22.3% YOY
PERU - NINE MONTH 2017 RETAIL SALES INCREASED +7.8% YOY



(in local currency)

 **TOTTUS** *falabella.*

CHEROKEE®
AN AMERICAN STANDARD
— SINCE 1973 —

CZECH REPUBLIC

- ❑ Continued strong post launch performance at Ahold's Albert Stores
- ❑ Holiday traffic strong, particularly around Black Friday promotion
- ❑ Traffic increase of 3X and 2X increase in retail sales



UK AND IRELAND



Argos

CHEROKEE®
AN AMERICAN STANDARD
— SINCE 1973 —

Q3 2017 RETAIL SALES INCREASE +12% YOY



(in USD)



CHEROKEE®
AN AMERICAN STANDARD
— SINCE 1973 —

Q3 2017 RETAIL SALES INCREASE +43% YOY



MEGA MART

**UN
LIMIT
ED**

CHEROKEE®
AN AMERICAN STANDARD
— SINCE 1973 —

(in USD)

Q3 2017 RETAIL SALES INCREASE +22% YOY



(in USD)

Pick n Pay

CHEROKEE®
AN AMERICAN STANDARD
— SINCE 1973 —

TONY HAWK



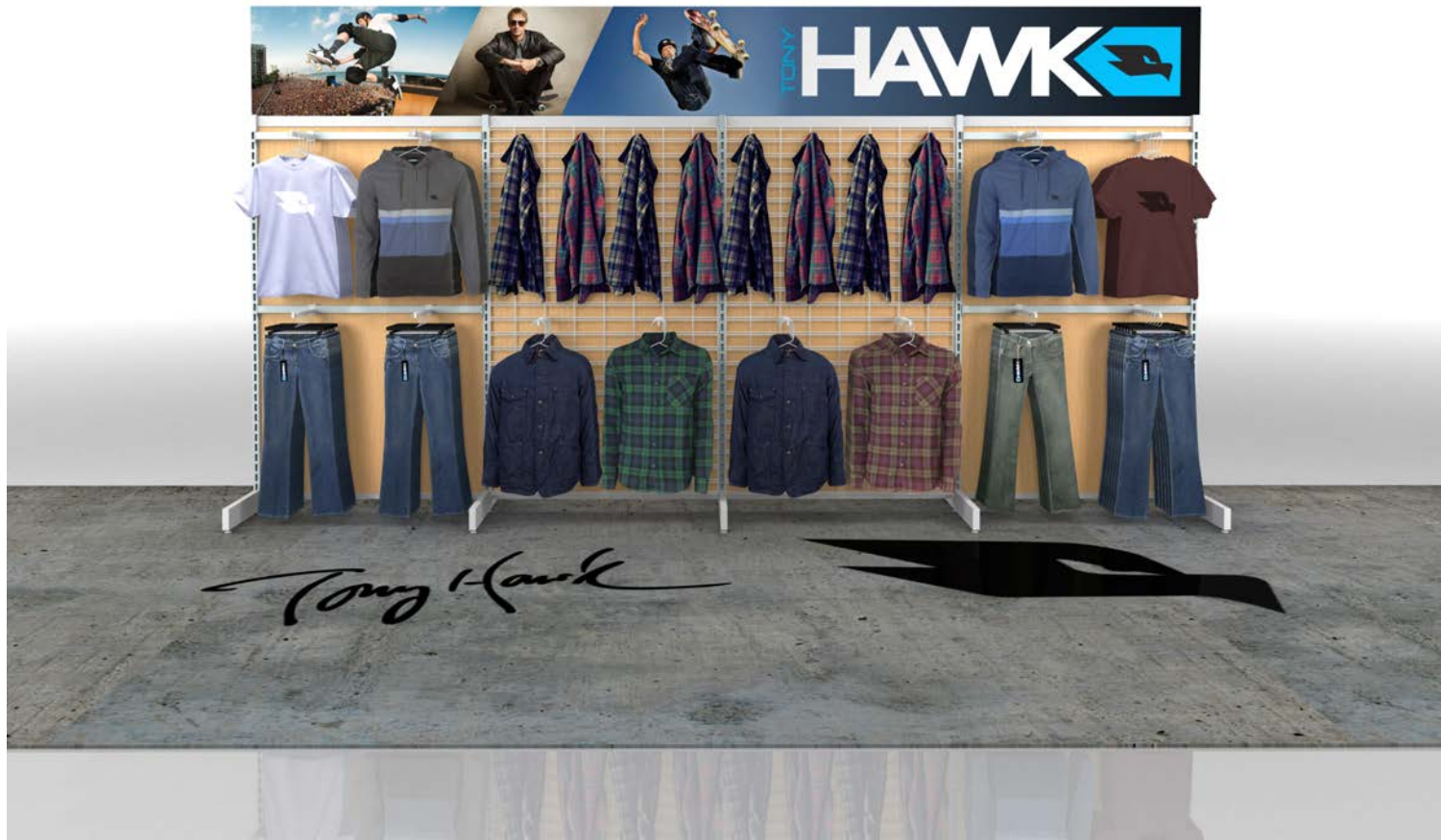
CANADA

- ❑ Launched Fall 2016 in over 400 Walmart Canada locations
- ❑ Post-launch sell-through strong and outperforming initial expectations

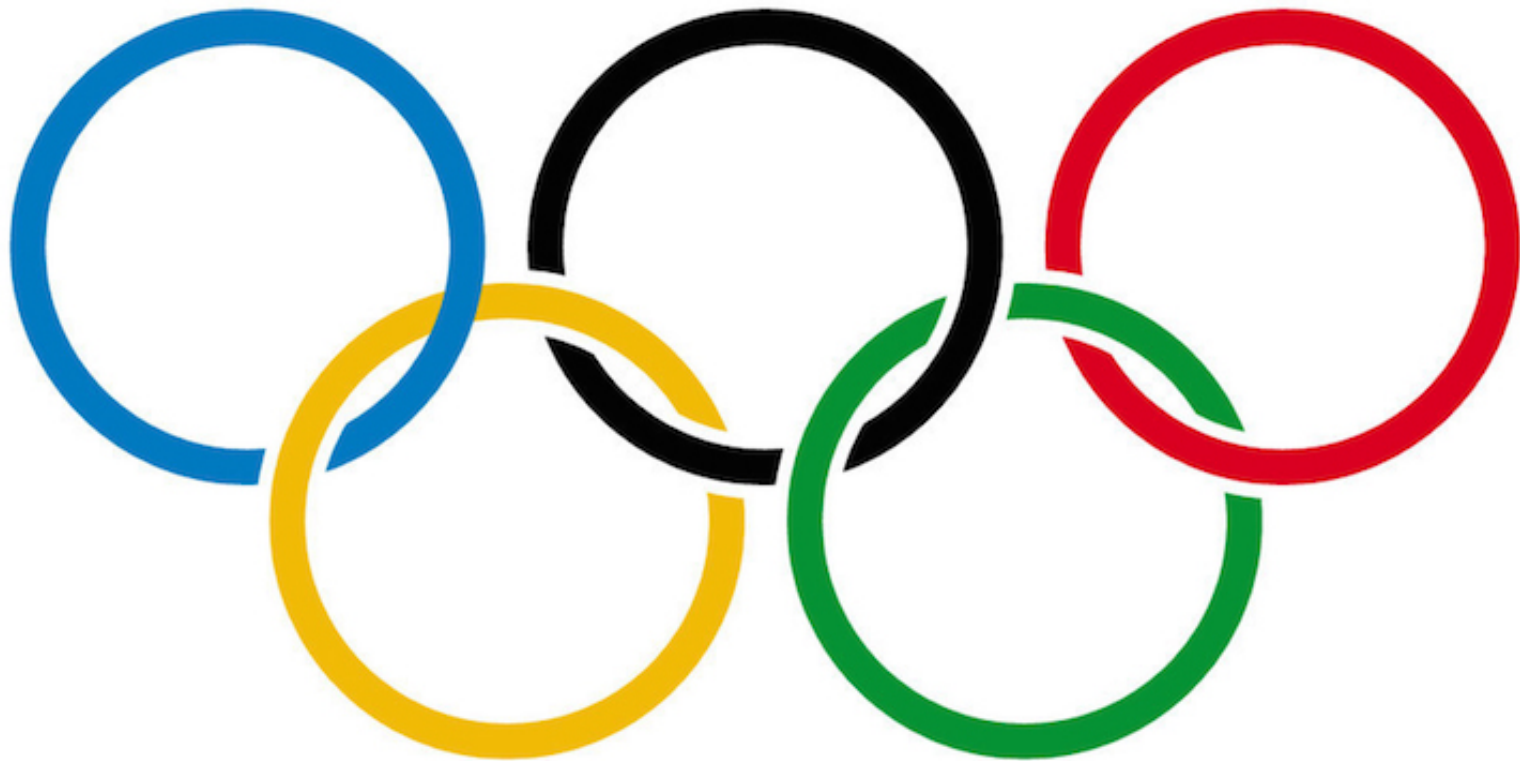


ARGENTINA & CHILE

- Launching Spring/Summer 2017 in 460 Walmart Argentina & Chile locations
- Comprehensive assortment of boy's and young men's apparel, accessories and footwear



- ❑ 2020 Summer Olympics in Tokyo, Japan
- ❑ Skateboarding to be introduced as medal sport



SKATEBOARDING

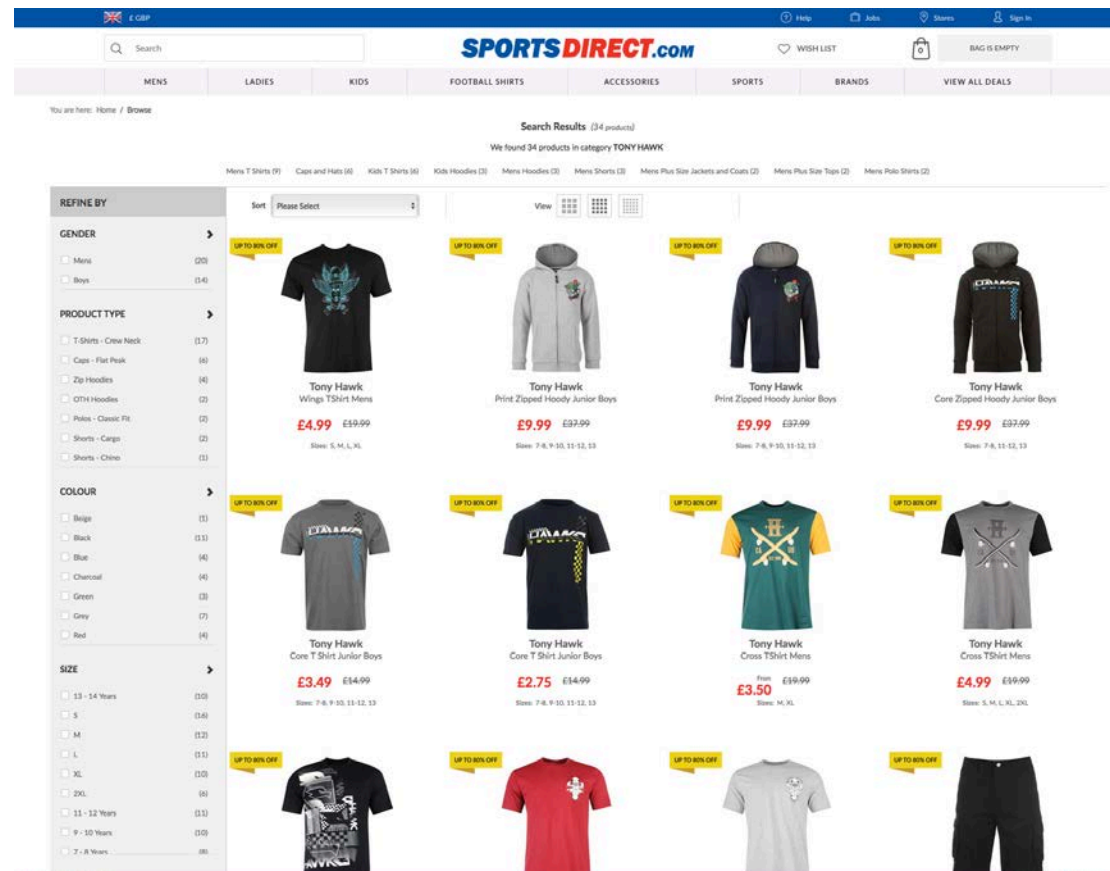
CONTINENTAL EUROPE

- ❑ Leicester, Fashion UK is an established apparel company over 19 years of experience
- ❑ Will supply multi-product categories across continental Europe and the UK with a strong focus on product design, quality and speed to market.
- ❑ Initial focus will be featured in over 900 C&A Stores throughout
 - ❑ Germany (486)
 - ❑ France (169)
 - ❑ Belgium (138)
 - ❑ Luxemburg (8)
 - ❑ The Netherlands (133)
- ❑ Option to extend into other territories
- ❑ The new licensee builds upon our presence in the U.K with Sports Direct.



UNITED KINGDOM

- ❑ Product sell-through at Sports Direct tracking positively
- ❑ Renewed contract to extend and expand scope of product availability
- ❑ Strong platform to build Tony Hawk presence in U.K. and Europe

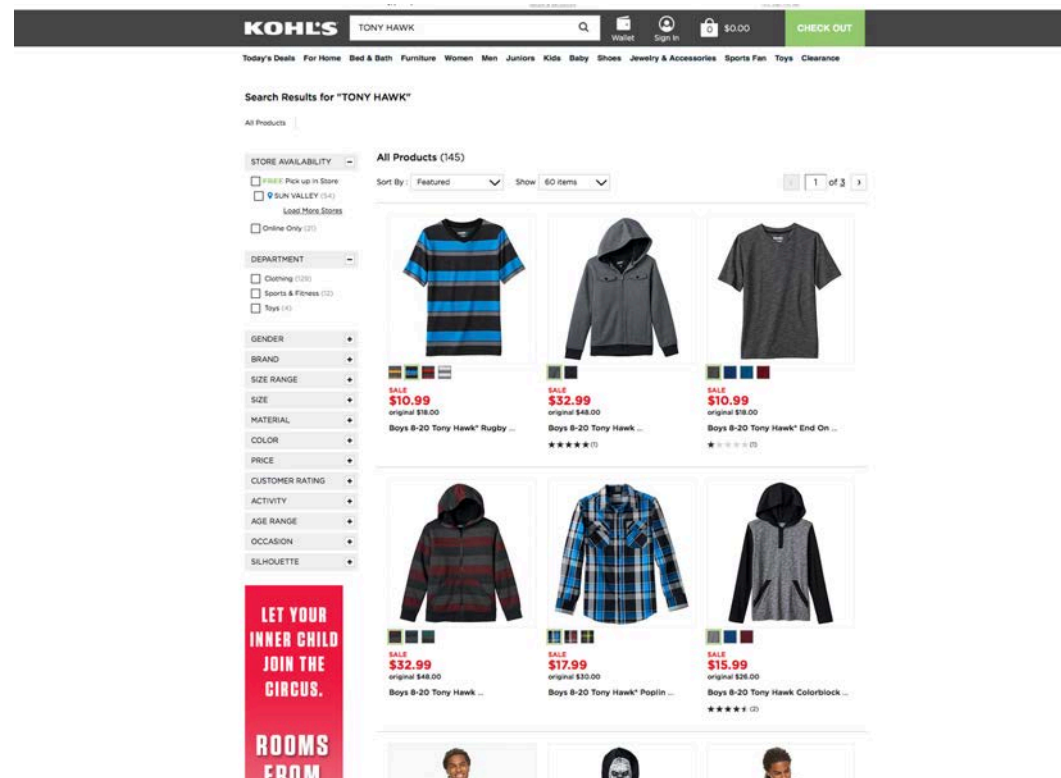


**SPORTS
DIRECT.com**

TONY HAWK

UNITED STATES

- Q3 2017 royalty revenues of \$1.2 million
- Evaluating additional avenues for growth, including expansion into new channels





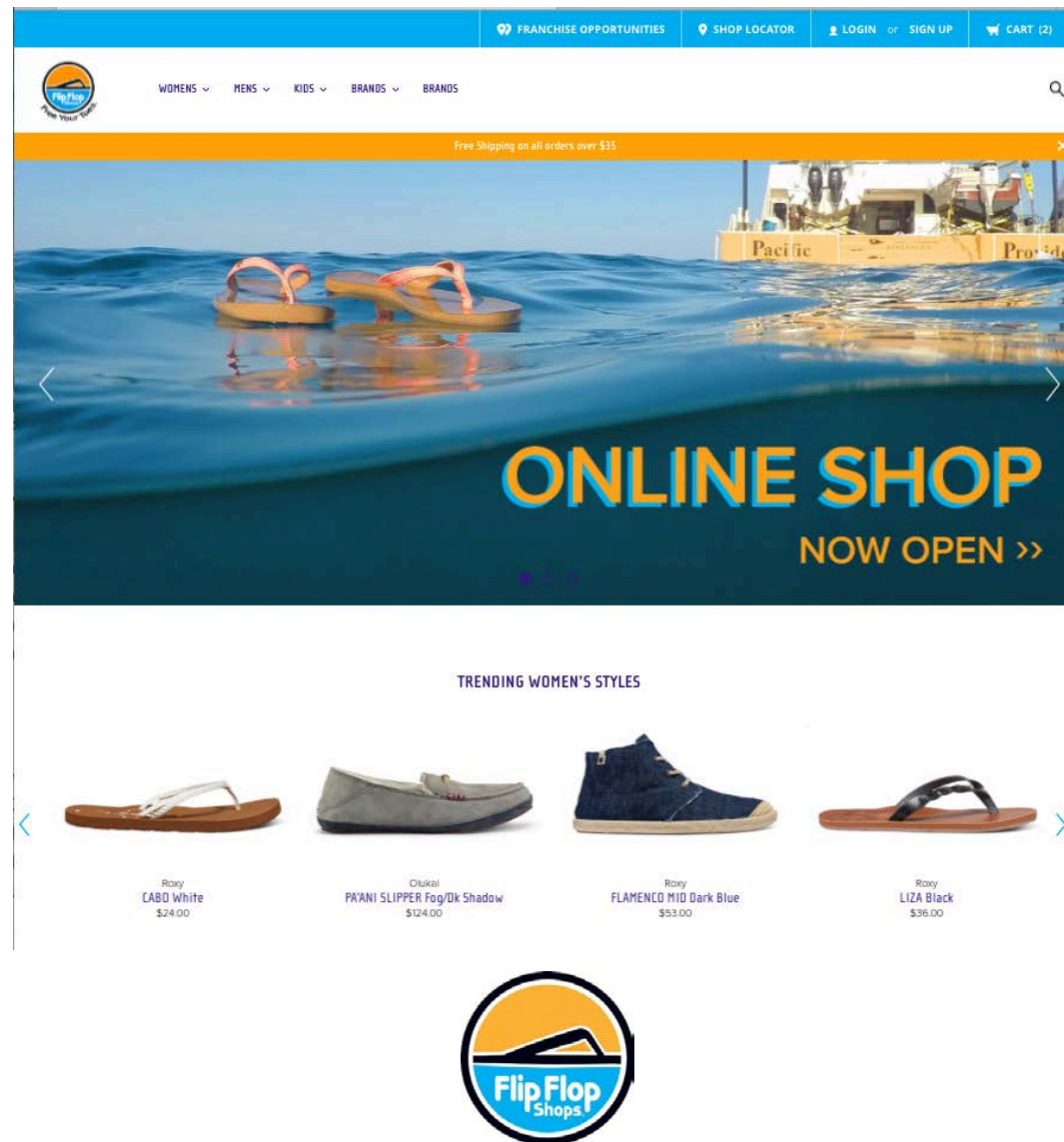
FLIP FLOP SHOPS AUSTRALIA & NEW ZEALAND

- ❑ Master franchise agreement with The Product Group
- ❑ Strategically important market for casual footwear
- ❑ 30 new locations
- ❑ Expected to begin opening Spring 2017



FLIP FLOP SHOPS

- ❑ Launching www.flipflopshops.com in December
- ❑ Test-and-learn approach with limited product assortment offered initially





EVERYDAY CALIFORNIA

- ▣ Debuting full assortment of branded products at Flip Flop Shops Spring 2017
- ▣ Advanced discussions to extend the brand into new product categories including wearables, electronics and skin care products



EVERYDAY★CALIFORNIA®



POINT COVE™

CALIFORNIA CLOTHING COMPANY

POINT COVE



Reliance
trends

POINT COVE
CALIFORNIA CLOTHING COMPANY

THINK LIKE
A
RETAILER

BRAND PORTFOLIO





THANK YOU

CHEROKEE
GLOBAL
BRANDS

Q & A