



Third Quarter 2022 Supplemental Financial Data



Safe Harbor

This document may contain certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements contained herein that are not statements of historical fact, including statements regarding rebranding, savings from cost reductions, expected changes in the merchandise mix and its impact, expectations arising from our partnership with Shaquille O’Neal, plans for LaVenta, expected advantages to pursue restructuring and operational changes, guidance, industry prospects, or future results of operations or financial position are forward-looking. The Company often use words such as anticipates, believes, estimates, expects, intends, seeks, predicts, hopes, should, plans, will and similar expressions to identify forward-looking statements. These statements are based on management's current expectations and accordingly are subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained herein due to various important factors, including (but not limited to): variability in consumer preferences, shopping behaviors, spending and debt levels; the general economic and credit environment, including COVID-19; interest rates; seasonal variations in consumer purchasing activities; the ability to achieve the most effective product category mixes to maximize sales and margin objectives; competitive pressures on sales and sales promotions; pricing and gross sales margins; the level of cable and satellite distribution for the Company's programming and the associated fees or estimated cost savings from contract renegotiations; the Company's ability to establish and maintain acceptable commercial terms with third-party vendors and other third parties with whom the Company has contractual relationships, and to successfully manage key vendor and shipping relationships and develop key partnerships and proprietary and exclusive brands; the ability to manage operating expenses successfully and the Company's working capital levels; the ability to remain compliant with the Company's credit facilities covenants; customer acceptance of the Company's branding strategy and its repositioning as a video commerce company; the ability to respond to changes in consumer shopping patterns and preferences, and changes in technology and consumer viewing patterns; changes to the Company's management and information systems infrastructure; challenges to the Company's data and information security; changes in governmental or regulatory requirements; including without limitation, regulations of the Federal Communications Commission and Federal Trade Commission, and adverse outcomes from regulatory proceedings; litigation or governmental proceedings affecting the Company's operations; significant events (including disasters, weather events or events attracting significant television coverage) that either cause an interruption of television coverage or that divert viewership from its programming; disruptions in the Company's distribution of its network broadcast to customers; the Company's ability to protect its intellectual property rights; our ability to obtain and retain key executives and employees; the Company's ability to attract new customers and retain existing customers; changes in shipping costs; expenses related to the actions of activist or hostile shareholders; the Company's ability to offer new or innovative products and customer acceptance of the same; changes in customer viewing habits of television programming; and the risks identified under Item 1A(Risk Factors) in the Company's most recently filed Form 10-K and any additional risk factors identified in its periodic reports since the date of such Form 10-K. More detailed information about those factors is set forth in the Company's filings with the Securities and Exchange Commission, including its annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K. Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this announcement. the Company's is under no obligation (and expressly disclaim any such obligation) to update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

Adjusted EBITDA

EBITDA represents net income (loss) for the respective periods excluding depreciation and amortization expense, interest income (expense) and income taxes. The Company defines Adjusted EBITDA as EBITDA excluding non-operating gains (losses); executive and management transition costs; restructuring costs; cost related to the Kentucky tornado; non-cash impairment charges and write downs; transaction, settlement, and integration costs, net; rebranding costs; and non-cash share-based compensation expense. The Company has included the “Adjusted EBITDA” measure in its EBITDA reconciliation in order to adequately assess the operating performance of its television and online businesses and in order to maintain comparability to its analyst's coverage and financial guidance, when given. Management believes that the Adjusted EBITDA measure allows investors to make a meaningful comparison between its business operating results over different periods of time with those of other similar companies. In addition, management uses Adjusted EBITDA as a metric to evaluate operating performance under the Company's management and executive incentive compensation programs. EBITDA and Adjusted EBITDA are both non-GAAP measures and should not be construed as an alternative to operating income (loss), net income (loss) or to cash flows from operating activities as determined in accordance with generally accepted accounting principles (“GAAP”) and should not be construed as a measure of liquidity. Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies. The Company has included a reconciliation of the comparable GAAP measure, net income (loss) to Adjusted EBITDA in this presentation.

Consolidated Income Statement

(In thousands, except per share data)

	Total 2022	Q3 2022	Q2 2022	Q1 2022	Total 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Total 2020
Net Sales	\$ 411,042	\$ 123,264	\$ 133,233	\$ 154,544	\$ 551,134	\$ 193,809	\$ 130,681	\$ 113,442	\$ 113,203	\$ 454,171
Cost of Sales	249,782	71,754	84,820	93,207	328,518	119,607	76,260	65,456	67,196	287,118
Gross Profit	161,260	51,510	48,413	61,337	222,616	74,202	54,421	47,986	46,007	167,053
Gross Margin %	39.2%	41.8%	36.3%	39.7%	40.4%	38.3%	41.6%	42.3%	40.6%	36.8%
Operating Expenses:										
Distribution and selling	115,150	35,261	36,740	43,149	158,512	49,606	39,302	35,357	34,247	129,920
General and administrative	44,818	21,185	9,986	13,650	38,589	14,019	10,747	7,387	6,435	20,336
Depreciation and amortization	27,421	8,778	7,749	10,893	35,606	10,879	9,740	7,611	7,375	24,022
Restructuring costs	4,490	1,551	2,779	157	634	-	634	-	-	715
Total operating expense	191,879	66,775	57,254	67,850	233,341	74,504	60,423	50,355	48,057	174,993
Operating income/(loss)	(30,619)	(15,265)	(8,841)	(6,513)	(10,725)	(302)	(6,002)	(2,369)	(2,050)	(7,940)
Other income (expense):										
Interest income/(expense)	(15,701)	(6,018)	(3,997)	(5,686)	(11,528)	(5,407)	(3,466)	(1,342)	(1,312)	(5,234)
Change in fair value of warrant liability	1,937	-	1,937	-	-	-	-	-	-	-
Loss on divestiture	(985)	-	(985)	-	-	-	-	-	-	-
Loss on debt extinguishment	(884)	-	(884)	-	(663)	-	(9)	(654)	-	-
Total other income/(expense)	(15,633)	(6,018)	(3,930)	(5,686)	(12,191)	(5,407)	(3,475)	(1,996)	(1,312)	(5,234)
Income tax benefit (provision)	(47)	(15)	(16)	(16)	(110)	(64)	(15)	(15)	(15)	(60)
Net income/(loss)	(46,299)	(21,298)	(12,787)	(12,215)	(23,026)	(5,773)	(9,492)	(4,380)	(3,377)	(13,234)
Less: Net loss attributable to non-controlling interest	(415)	-	(96)	(319)	(1,018)	(735)	-	(131)	(150)	-
Net income/(loss) attributable to shareholders	\$ (45,884)	\$ (21,298)	\$ (12,691)	\$ (11,896)	\$ (22,008)	\$ (5,038)	\$ (9,492)	\$ (4,249)	\$ (3,227)	\$ (13,234)
EBITDA, as adjusted	\$ 22,917	\$ 8,647	\$ 5,082	\$ 9,188	\$ 41,647	\$ 15,107	\$ 10,093	\$ 8,312	\$ 8,136	\$ 23,913
Weighted average number of common shares outstanding ('000's)	25,932	29,416	26,662	21,742	19,362	21,564	21,503	19,102	15,621	10,746
Net income/(loss) per common share	\$ (1.77)	\$ (0.72)	\$ (0.48)	\$ (0.55)	\$ (1.14)	\$ (0.23)	\$ (0.44)	\$ (0.22)	\$ (0.21)	\$ (1.23)

Consolidated Balance Sheet

(In thousands)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Current assets:								
Cash & restricted cash equivalents	\$ 10,571	\$ 21,477	\$ 13,942	\$ 13,187	\$ 53,519	\$ 23,110	\$ 14,946	\$ 15,485
Accounts receivable, net	55,351	65,577	76,166	78,947	66,948	64,324	56,601	61,951
Inventories	119,687	104,978	115,300	116,256	92,001	76,735	74,522	68,715
Current portion of television broadcast rights, net	21,016	22,797	24,723	27,521	21,349	24,972	17,364	19,725
Prepaid expenses and other	11,424	17,741	21,484	18,340	15,922	15,027	11,722	7,853
Total current assets	218,049	232,570	251,615	254,252	249,739	204,168	175,155	173,729
Property and equipment, net	46,910	47,074	47,405	48,225	44,932	44,593	43,441	41,988
Long Term Television broadcast rights, net	62,090	66,852	69,698	74,821	41,865	46,234	4,230	7,028
Intangible assets and goodwill, net	115,616	116,398	121,883	126,990	35,769	36,915	-	-
Other assets	19,379	19,928	17,457	18,359	13,161	12,937	8,975	3,892
	<u>\$ 462,044</u>	<u>\$ 482,822</u>	<u>\$ 508,058</u>	<u>\$ 522,647</u>	<u>\$ 385,467</u>	<u>\$ 344,847</u>	<u>\$ 231,801</u>	<u>\$ 226,637</u>
Current liabilities:								
Accounts payable	\$ 87,168	\$ 81,358	\$ 85,666	\$ 89,046	\$ 62,234	\$ 58,536	\$ 54,941	\$ 77,995
Accrued liabilities and other	46,711	54,855	60,374	61,177	41,179	33,531	45,177	62,071
Current portion of television broadcast rights obligation	30,296	34,254	31,868	31,921	25,937	29,441	26,141	-
Total current liabilities	164,175	170,467	177,908	182,144	129,350	121,508	126,259	140,066
Other long term liabilities	74,844	80,829	91,262	94,708	59,146	64,157	6,814	8,855
Long term debt, net	186,399	176,477	185,241	176,432	120,418	73,919	49,995	50,666
	<u>425,418</u>	<u>427,773</u>	<u>454,411</u>	<u>453,284</u>	<u>308,914</u>	<u>259,584</u>	<u>183,068</u>	<u>199,587</u>
Total liabilities	425,418	427,773	454,411	453,284	308,914	259,584	183,068	199,587
Common stock, preferred stock and warrants	256	255	218	216	213	212	164	130
Additional paid-in capital	561,710	558,948	539,398	538,628	537,987	536,835	495,972	474,375
Accumulated deficit	(515,347)	(494,050)	(481,359)	(469,463)	(464,424)	(454,932)	(450,683)	(447,455)
Accumulated other comprehensive loss	(9,993)	(10,104)	(6,703)	(2,429)	(371)	-	-	-
Total shareholders' equity	36,626	55,049	51,554	66,951	73,405	82,115	45,453	27,050
Equity of the Non-Controlling Interest	-	-	2,093	2,412	3,148	3,148	3,280	-
Total Equity	36,626	55,049	53,647	69,363	76,553	85,263	48,733	27,050
Total Liabilities and Shareholders' Equity	<u>\$ 462,044</u>	<u>\$ 482,822</u>	<u>\$ 508,058</u>	<u>\$ 522,647</u>	<u>\$ 385,467</u>	<u>\$ 344,847</u>	<u>\$ 231,801</u>	<u>\$ 226,637</u>

Consolidated Adjusted EBITDA Reconciliation

	Total 2022	Q3 2022	Q2 2022	Q1 2022	Total 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Total 2020
<i>(In thousands)</i>										
Net income (loss) attributable to shareholders	\$ (45,884)	\$ (21,298)	\$ (12,691)	\$ (11,896)	\$ (22,008)	\$ (5,038)	\$ (9,492)	\$ (4,249)	\$ (3,227)	\$ (13,234)
Adjustments:										
Depreciation and amortization	30,047	9,616	8,700	11,731	39,361	11,797	10,677	8,562	8,317	27,978
Interest income	(230)	(20)	(42)	(168)	(199)	(75)	(85)	(39)	(1)	(3)
Interest expense	15,931	6,038	4,040	5,854	11,727	5,482	3,551	1,381	1,313	5,237
Income taxes	47	15	16	16	110	64	15	15	15	60
EBITDA (as defined)	(89)	(5,649)	23	5,537	28,991	12,231	4,666	5,670	6,417	20,038
A reconciliation of EBITDA to Adjusted EBITDA is as follows:										
EBITDA (as defined)	(89)	(5,649)	23	5,537	28,991	12,231	4,666	5,670	6,417	20,038
Less:										
Executive and management transition costs	-	-	-	-	-	-	-	-	-	-
Other	618	-	228	390	-	-	-	-	-	-
Restructuring costs	4,490	1,551	2,779	157	634	-	634	-	-	715
Loss on divestiture	985	-	985	-	-	-	-	-	-	-
Change in fair value of warrant liability	(1,937)	-	(1,937)	-	-	-	-	-	-	-
Rebranding costs	-	-	-	-	-	-	-	-	-	-
One-time customer concessions	-	-	-	-	341	-	-	-	341	-
Loss on debt extinguishment	884	-	884	-	663	-	9	654	-	-
Costs related to Kentucky Tornado	-	-	-	-	429	429	-	-	-	-
Transaction, settlement and integration costs, net	14,905	11,793	996	2,119	7,269	1,512	3,837	1,220	700	1,200
Non-cash share-based compensation expense	3,061	952	1,124	985	3,320	935	949	758	678	1,960
Adjusted EBITDA	\$ 22,917	\$ 8,647	\$ 5,082	\$ 9,188	\$ 41,647	\$ 15,107	\$ 10,093	\$ 8,312	\$ 8,136	\$ 23,913

Consolidated Cash Flow

	Nine-Month Period Ended		Fiscal Year Ended	
	October 29, 2022	October 30, 2021	FY 2021	FY 2020
<i>(In thousands)</i>				
OPERATING ACTIVITIES:				
Net loss	\$ (46,300)	\$ (17,252)	\$ (23,025)	\$ (13,234)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities-				
Depreciation and amortization	30,047	27,565	39,361	27,978
Share-based payment compensation	3,205	2,385	3,320	1,960
Contract separation charge	9,941	-	-	-
Change in fair value of warrant liability	(1,937)	-	-	-
Amortization of deferred financing costs	2,072	556	1,046	196
Loss on divestiture	985	-	-	-
Loss on debt extinguishment	884	663	663	-
Payments for TV distribution rights	(21,093)	(21,926)	(28,969)	(8,567)
Changes in operating assets and liabilities:				
Accounts receivable, net	20,089	3,453	(2,192)	1,643
Inventories, net	(5,026)	(17,996)	(23,777)	10,148
Deferred revenue	654	10	(75)	98
Prepaid expenses and other	(1,883)	(8,269)	(13,110)	1,360
Accounts payable and accrued liabilities	(10,325)	(18,046)	(4,949)	(15,351)
Net cash provided by (used for) operating activities	(18,687)	(48,857)	(51,707)	6,231
INVESTING ACTIVITIES:				
Property and equipment additions	(7,147)	(7,247)	(9,976)	(4,892)
Acquisitions	-	(23,500)	(97,066)	-
Investment in Vendor Note	-	(6,000)	(6,000)	-
Net cash used for investing activities	(7,147)	(36,747)	(113,042)	(4,892)
FINANCING ACTIVITIES:				
Proceeds from issuance of revolving loans	3,570	56,736	97,093	26,400
Proceeds from issuance of common stock	20,785	61,368	60,712	20,043
Proceeds from issuance of convertible note / term loan	9,980	28,500	28,500	-
Proceeds from issuance of long term bonds	-	80,000	80,000	-
Payments on revolving loan	-	(77,736)	(77,726)	(39,300)
Payments on term loans	(7,500)	(12,440)	(12,440)	(2,714)
Payments for common stock issuance costs	-	-	-	(216)
Payments for deferred financing costs	(580)	(11,180)	(11,180)	-
Payments for restricted stock issuance	(224)	(134)	(200)	(13)
Payments for finance leases	(7)	(70)	(70)	(103)
Payments on sellers note	(3,000)	(1,000)	(1,833)	-
Payments for business acquisition	-	-	-	(238)
Payments for debt extinguishment costs	-	(405)	(405)	-
Net cash provided by (used for) financing activities	23,024	123,639	162,451	3,859
Net increase in cash	(2,810)	38,035	(2,298)	5,198
Effect of exchange rate changes on cash	193	-	-	-
BEGINNING CASH AND RESTRICTED CASH EQUIVALENTS	13,188	15,485	15,485	10,287
ENDING CASH AND RESTRICTED CASH EQUIVALENTS	\$ 10,571	\$ 53,520	\$ 13,187	\$ 15,485