



Fourth Quarter 2019 Supplemental Financial Data

Safe Harbor Statement



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; rebranding costs; non-cash impairment charges and write downs; transaction, settlement, and integration costs, net; gain on sale of television station 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. Adjusted EBITDA 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 entitled 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.

Data in this presentation may be unaudited.

Summary P&L



(In thousands, except per share data)

	F17 FY*	F18 Q1	F18 Q2	F18 Q3	F18 Q4	F18 FY	F19 Q1	F19 Q2	F19 Q3	F19 Q4	F19 FY
	<u>2/3/2018</u>	<u>5/5/2018</u>	<u>8/4/2018</u>	<u>11/3/2018</u>	<u>2/2/2019</u>	<u>2/2/2019</u>	<u>5/4/2019</u>	<u>8/3/2019</u>	<u>11/2/2019</u>	<u>2/1/2020</u>	<u>2/1/2020</u>
Net Sales	\$ 648,220	\$ 156,505	\$ 150,799	\$ 131,714	\$ 157,619	\$ 596,637	\$ 131,521	\$ 131,503	\$ 115,159	\$ 123,639	\$ 501,822
Cost of Sales	413,108	100,250	93,929	84,559	111,052	389,790	94,228	83,777	73,573	86,607	338,185
Gross Profit	235,112	56,255	56,870	47,155	46,567	206,847	37,293	47,726	41,586	37,032	163,637
Gross Profit %	36.3%	35.9%	37.7%	35.8%	29.5%	34.7%	28.4%	36.3%	36.1%	30.0%	32.6%
Operating Expenses:											
Distribution and selling	199,484	48,887	47,958	47,328	47,744	191,917	46,864	43,521	38,332	41,870	170,587
General and administrative	24,442	6,719	6,521	6,214	6,429	25,883	6,869	5,532	5,415	7,795	25,611
Depreciation and amortization	6,370	1,572	1,522	1,587	1,562	6,243	1,679	2,502	2,053	1,823	8,057
Executive & Mgmt transition costs	2,145	1,024	-	408	661	2,093	2,031	310	87	313	2,741
Restructuring costs	-	-	-	-	-	-	-	5,165	1,516	2,485	9,166
Gain on sale of television station	(551)	-	-	-	(665)	(665)	-	-	-	-	-
Total operating expense	231,890	58,202	56,001	55,537	55,731	225,471	57,443	57,030	47,403	54,286	216,162
Operating income/(loss)	3,222	(1,947)	869	(8,382)	(9,164)	(18,624)	(20,150)	(9,304)	(5,817)	(17,254)	(52,525)
Other income (expense):											
Interest income/(expense)	(5,067)	(1,019)	(889)	(755)	(805)	(3,468)	(825)	(858)	(910)	(1,167)	(3,760)
Loss on Debt extinguishment	(1,457)	-	-	-	-	-	-	-	-	-	-
Total other income/(expense)	(6,524)	(1,019)	(889)	(755)	(805)	(3,468)	(825)	(858)	(910)	(1,167)	(3,760)
Income tax benefit (provision)	3,445	(20)	(20)	(20)	(5)	(65)	(15)	(15)	(14)	33	(11)
Total Net Income/(Loss)	\$ 143	\$ (2,986)	\$ (40)	\$ (9,157)	\$ (9,974)	\$ (22,157)	\$ (20,990)	\$ (10,177)	\$ (6,741)	\$ (18,388)	\$ (56,296)
EBITDA, as adjusted	\$ 18,011	\$ 3,270	\$ 3,922	\$ (4,225)	\$ (5,386)	\$ (2,419)	\$ (8,474)	\$ 211	\$ (986)	\$ (9,142)	\$ (18,391)
Weighted average number of common shares outstanding (000's)	6,387	6,536	6,601	6,635	6,657	6,607	6,732	7,550	7,577	7,990	7,462
Net income/(loss) per common share	\$ 0.02	\$ (0.46)	\$ (0.01)	\$ (1.38)	\$ (1.50)	\$ (3.35)	\$ (3.12)	\$ (1.35)	\$ (0.89)	\$ (2.30)	\$ (7.54)

*Includes a 53rd week in fiscal year

Summary Balance Sheet



(In thousands)

	F17 02/03/18	F18 02/02/19	F19 Q1 05/04/19	F19 Q2 08/03/19	F19 Q3 11/02/19	F19 Q4 02/01/20
Current assets:						
Cash & restricted cash equivalents	\$ 24,390	\$ 20,935	\$ 29,189	\$ 22,069	\$ 16,602	\$ 10,287
Accounts receivable, net	96,559	81,763	72,181	70,269	63,729	63,594
Inventories	68,811	65,272	57,168	62,409	82,799	78,863
Prepaid expenses and other	5,344	9,053	8,112	9,154	7,491	8,196
Total current assets	195,104	177,023	166,650	163,901	170,621	160,940
Property and equipment, net	52,048	51,118	49,950	49,294	48,698	47,616
Other assets	2,106	1,846	3,179	2,087	2,397	4,187
	<u>\$ 249,258</u>	<u>\$ 229,987</u>	<u>\$ 219,779</u>	<u>\$ 215,282</u>	<u>\$ 221,716</u>	<u>\$ 212,743</u>
Current liabilities:						
Accounts payable	\$ 55,614	\$ 56,157	\$ 59,875	\$ 62,457	\$ 76,950	\$ 83,659
Accrued liabilities and other	38,007	39,897	40,554	43,929	43,002	43,809
Total current liabilities	93,621	96,054	100,429	106,386	119,952	127,468
Other long term liabilities	68	50	376	264	117	335
Long term debt	71,573	68,932	68,037	67,594	66,924	66,246
Total liabilities	165,262	165,036	168,842	174,244	186,993	194,049
Common stock, preferred stock and warrants	65	68	76	77	77	82
Additional paid-in capital	439,699	442,808	449,776	450,053	450,479	452,833
Accumulated deficit	(355,768)	(377,925)	(398,915)	(409,092)	(415,833)	(434,221)
Total shareholders' equity	83,996	64,951	50,937	41,038	34,723	18,694
	<u>\$ 249,258</u>	<u>\$ 229,987</u>	<u>\$ 219,779</u>	<u>\$ 215,282</u>	<u>\$ 221,716</u>	<u>\$ 212,743</u>

Adjusted EBITDA Reconciliation



(In thousands)

	F17	F18				F19					
	FY*	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Net income (loss)	\$ 143	\$ (2,986)	\$ (40)	\$ (9,157)	\$ (9,974)	\$ (22,157)	\$ (20,990)	\$ (10,177)	\$ (6,741)	\$ (18,388)	\$ (56,296)
Adjustments:											
Depreciation and amortization	10,307	2,620	2,515	2,532	2,497	10,164	2,629	3,511	3,052	2,822	12,014
Interest income	(17)	(7)	(9)	(12)	(6)	(34)	(5)	(6)	(4)	(2)	(17)
Interest expense	5,084	1,026	898	767	811	3,502	830	864	914	1,169	3,777
Income taxes	(3,445)	20	20	20	5	65	15	15	14	(33)	11
EBITDA (as defined)	12,072	673	3,384	(5,850)	(6,667)	(8,460)	(17,521)	(5,793)	(2,765)	(14,432)	(40,511)
A reconciliation of EBITDA to Adjusted EBITDA is as follows:											
EBITDA (as defined)	12,072	673	3,384	(5,850)	(6,667)	(8,460)	(17,521)	(5,793)	(2,765)	(14,432)	(40,511)
Less:											
Executive and management transition costs	2,145	1,024	-	408	661	2,093	2,031	310	87	313	2,741
Inventory impairment write down	-	-	-	-	-	-	6,050	-	-	-	6,050
Loss on debt extinguishment	1,457	-	-	-	-	-	-	-	-	-	-
Restructuring costs	-	-	-	-	-	-	-	5,165	1,516	2,485	9,166
Rebranding costs	-	-	-	-	-	-	-	238	554	473	1,265
Gain on sale of television station	(551)	-	-	-	(665)	(665)	-	-	-	-	-
Transaction, settlement and integration costs, net	-	753	-	395	401	1,549	-	-	(804)	1,498	694
Non-cash share-based compensation expense	2,888	820	538	822	884	3,064	966	291	426	521	2,204
Adjusted EBITDA	\$ 18,011	\$ 3,270	\$ 3,922	\$ (4,225)	\$ (5,386)	\$ (2,419)	\$ (8,474)	\$ 211	\$ (986)	\$ (9,142)	\$ (18,391)

*Includes a 53rd week in fiscal year

Cash Flow



(In thousands)	<u>Year Ending</u> <u>February 3,</u> <u>2018*</u>	<u>Year Ending</u> <u>February 2,</u> <u>2019</u>	<u>Year Ending</u> <u>February 1,</u> <u>2020</u>
OPERATING ACTIVITIES:			
Net income/(loss)	\$ 143	\$ (22,157)	\$ (56,296)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities-			
Depreciation and amortization	10,307	10,164	12,014
Share-based payment compensation	2,888	3,064	2,204
Inventory impairment write down	-	-	6,050
Gain on sale of television station	(551)	(665)	-
Amortization of deferred financing costs	366	215	201
Loss on Debt extinguishment	1,457	-	-
Deferred Income Taxes	(3,522)	-	-
Changes in operating assets and liabilities:			
Accounts receivable, net	2,503	14,796	18,285
Inventories, net	1,381	3,539	(18,816)
Deferred revenue	(60)	(35)	58
Prepaid expenses and other	166	905	776
Accounts payable and accrued liabilities	(11,800)	(2,614)	29,367
Net cash provided by (used for) operating activities	<u>3,278</u>	<u>7,212</u>	<u>(6,157)</u>
INVESTING ACTIVITIES:			
Property and equipment additions	(10,499)	(8,768)	(7,146)
Cash paid for business acquisitions	-	-	(638)
Proceeds from the sale of assets	12,738	665	-
Net cash provided by (used for) investing activities	<u>2,239</u>	<u>(8,103)</u>	<u>(7,784)</u>
FINANCING ACTIVITIES:			
Proceeds from issuance of revolving loans	96,800	239,300	188,100
Proceeds from issuance of term loans	6,000	5,821	-
Proceeds from issuance of common stock and warrants	4,628	-	6,000
Proceeds from exercise of stock options	79	181	-
Payments on revolving loan	(96,800)	(245,300)	(188,100)
Payments on term loans	(18,780)	(2,325)	(2,488)
Payments for repurchases of common stock	(5,055)	-	-
Payments for common stock issuance costs	(452)	-	(109)
Payments for debt extinguishment costs	(334)	-	-
Payments for deferred financing costs	(265)	(96)	-
Payments for restricted stock issuance	(45)	(133)	(39)
Payments for finance leases	-	(12)	(71)
Net cash provided by (used for) financing activities	<u>(14,224)</u>	<u>(2,564)</u>	<u>3,293</u>
Net decrease in cash	(8,707)	(3,455)	(10,648)
BEGINNING CASH AND RESTRICTED CASH EQUIVALENTS	<u>33,097</u>	<u>24,390</u>	<u>20,935</u>
ENDING CASH AND RESTRICTED CASH EQUIVALENTS	<u>24,390</u>	<u>20,935</u>	<u>10,287</u>

*Includes a 53rd week in fiscal year

Key Operating Metrics



	<u>F17 FY**</u>	<u>F18 Q1</u>	<u>F18 Q2</u>	<u>F18 Q3</u>	<u>F18 Q4</u>	<u>F18 FY</u>	<u>F19 Q1</u>	<u>F19 Q2</u>	<u>F19 Q3</u>	<u>F19 Q4</u>	<u>F19 FY</u>
Net Shipped Units (000s)	10,397	2,472	2,462	1,893	2,408	9,235	1,899	1,750	1,578	1,645	6,872
Average Selling Price	\$ 56	\$ 57	\$ 55	\$ 63	\$ 60	\$ 58	\$ 63	\$ 68	\$ 66	\$ 67	\$ 65
Return Rate %	19.0%	18.9%	18.7%	19.9%	18.4%	19.0%	20.2%	19.8%	19.0%	18.4%	19.4%
Digital Sales %	51.9%	53.0%	52.6%	51.9%	54.9%	53.1%	52.8%	52.8%	51.6%	53.9%	52.8%
Transaction Costs per Unit	\$ 2.58	\$ 2.56	\$ 2.58	\$ 3.19	\$ 2.59	\$ 2.70	\$ 3.12	\$ 3.08	\$ 3.36	\$ 3.44	\$ 3.24
Total Variable Costs % of Net Sales	9.3%	9.3%	8.9%	10.3%	8.9%	9.3%	9.8%	9.5%	9.8%	8.9%	9.5%
Mobile % of Digital Sales	49.9%	49.4%	55.7%	55.4%	55.7%	54.0%	58.7%	58.5%	57.7%	54.2%	57.3%
Interactive Voice Response %	23%	22%	22%	20%	20%	21%	20%	19%	19%	17%	19%
Total Customers (000s)*	1,295	559	556	497	604	1,205	496	484	426	470	1,041
Average Purchase Frequency - Items	8.9	4.9	4.9	4.2	4.4	8.5	4.2	4.0	4.1	3.9	7.4
<u>% of ShopHQ Net Merchandise Sales by Category</u>											
Jewelry & Watches	38%	39%	39%	41%	35%	38%	43%	48%	45%	41%	44%
Home & Consumer Electronics	26%	22%	22%	23%	33%	25%	20%	19%	23%	32%	23%
Beauty & Wellness	17%	20%	21%	18%	17%	19%	18%	19%	18%	15%	18%
Fashion & Accessories	<u>19%</u>	<u>19%</u>	<u>18%</u>	<u>18%</u>	<u>15%</u>	<u>18%</u>	<u>19%</u>	<u>14%</u>	<u>14%</u>	<u>12%</u>	<u>15%</u>
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

*Customers can be active within one to four quarters per year and therefore quarterly active customer counts are not additive.

**Includes a 53rd week in fiscal year

iMEDIA
BRANDS

SHOP
HQ

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WEB SERVICES



BULLDOG
SHOPPING
NETWORK

SHOPLAVENTA