



Second Quarter 2018 Earnings Presentation

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 guidance, industry prospects, or future results of operations or financial position are forward-looking. We often use words such as anticipates, believes, estimates, expects, intends, 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; 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 our programming and the associated fees or estimated cost savings from contract renegotiations; our ability to establish and maintain acceptable commercial terms with third-party vendors and other third parties with whom we have contractual relationships, and to successfully manage key vendor and shipping relationships and develop key partnerships and proprietary and exclusive brands; our ability to manage our operating expenses successfully and our working capital levels; our ability to remain compliant with our credit facilities covenants; customer acceptance of our branding strategy and our repositioning as a video commerce company; our ability to respond to changes in consumer shopping patterns and preferences, and changes in technology and consumer viewing patterns; changes to our management and information systems infrastructure; challenges to our 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 our 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 our programming; disruptions in our distribution of our network broadcast to our customers; our ability to protect our intellectual property rights; our ability to obtain and retain key executives and employees; our ability to attract new customers and retain existing customers; changes in shipping costs; expenses related to the actions of activist or hostile shareholders; our 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 our recently filed Form 10-K and any additional risk factors identified in our periodic reports since the date of such Form 10-K. More detailed information about those factors is set forth in our filings with the Securities and Exchange Commission, including our annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this announcement. We are under no obligation (and expressly disclaim any such obligation) to update or alter our forward-looking statements whether as a result of new information, future events or otherwise.

Adjusted EBITDA

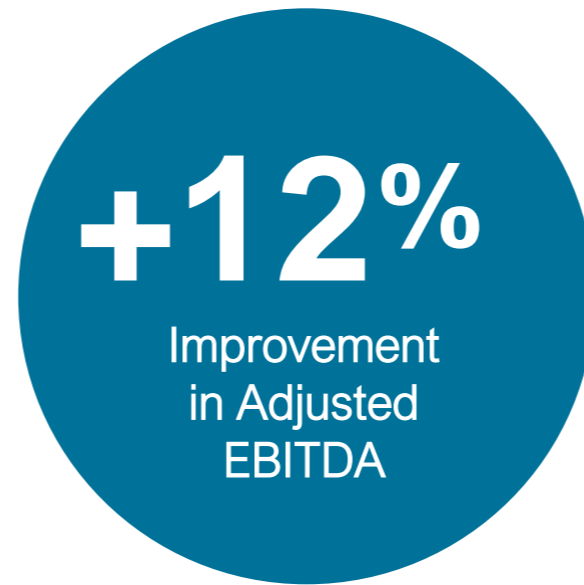
EBITDA represents net income (loss) for the respective periods excluding depreciation and amortization expense, interest income (expense) and income taxes. The Company defines Adjusted EBITDA as EBITDA excluding non-operating gains (losses); executive and management transition costs; loss on debt extinguishment; distribution facility consolidation and technology upgrade costs; gain on sale of television station; contract termination costs; activist shareholder response costs and non-cash share-based compensation expense. The Company has included the term “Adjusted EBITDA” in our EBITDA reconciliation in order to adequately assess the operating performance of our television and online businesses and in order to maintain comparability to our analyst's coverage and financial guidance, when given. Management believes that the term Adjusted EBITDA allows investors to make a meaningful comparison between our 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.

What Went Well in Q2

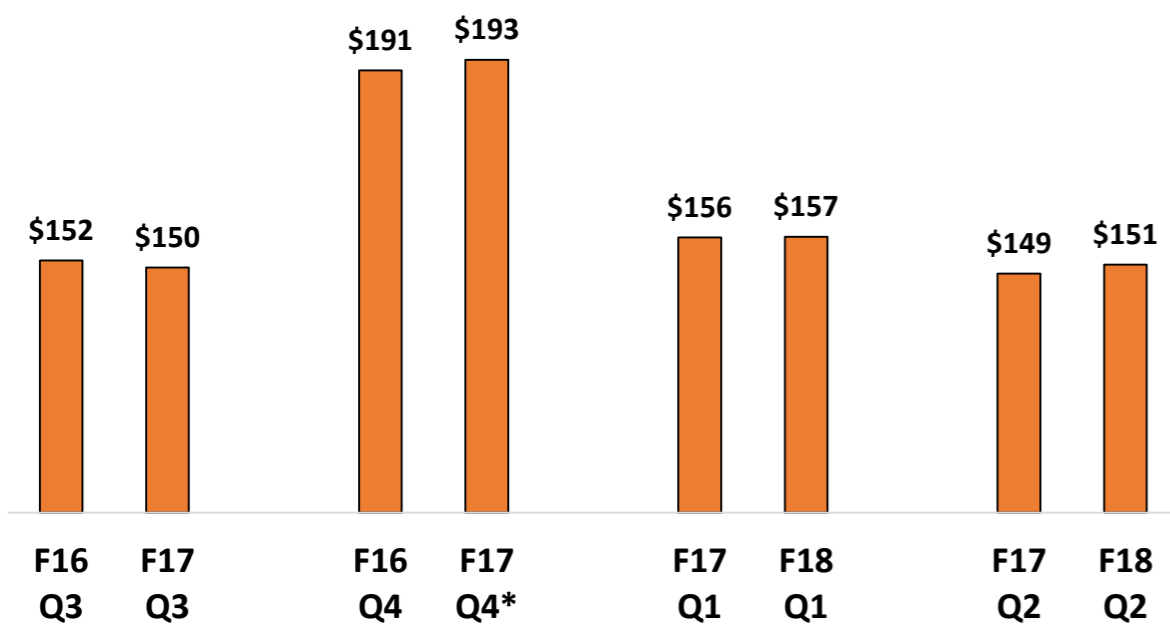


- Achieved comparable revenue growth of 1.2% compared to last year.
- Introduced 17 new brands during the quarter including strong launches from Ready to Wear Beauty, Nutritionary, and Fig & Vine
- Achieved strong growth in our subscription business of 61%, which helped to drive a 27% net sales increase in our Beauty & Wellness category compared to last year.
- Improved our net loss by \$2.0 million, EPS by \$0.03 and Adjusted EBITDA by 12% compared to last year.
- Grew digital sales penetration 450 bps compared to last year to 52.6%.
- Grew mobile sales penetration as a percentage of digital sales 630 bps to 55.7%.
- Strengthened our balance sheet and our overall liquidity with an amendment of our credit facility.

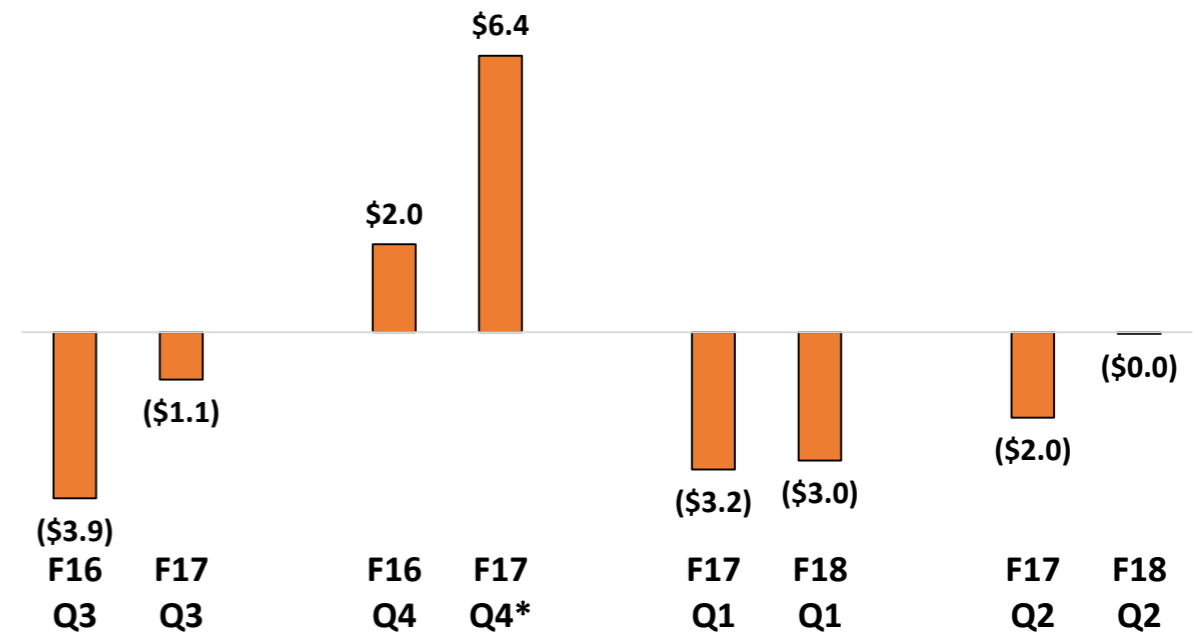
Q2 '18 Financial Report Card



Net Sales (\$ Millions)



Net Income/(Loss) (\$ Millions)



*Includes a 14th week in Q4 of F17

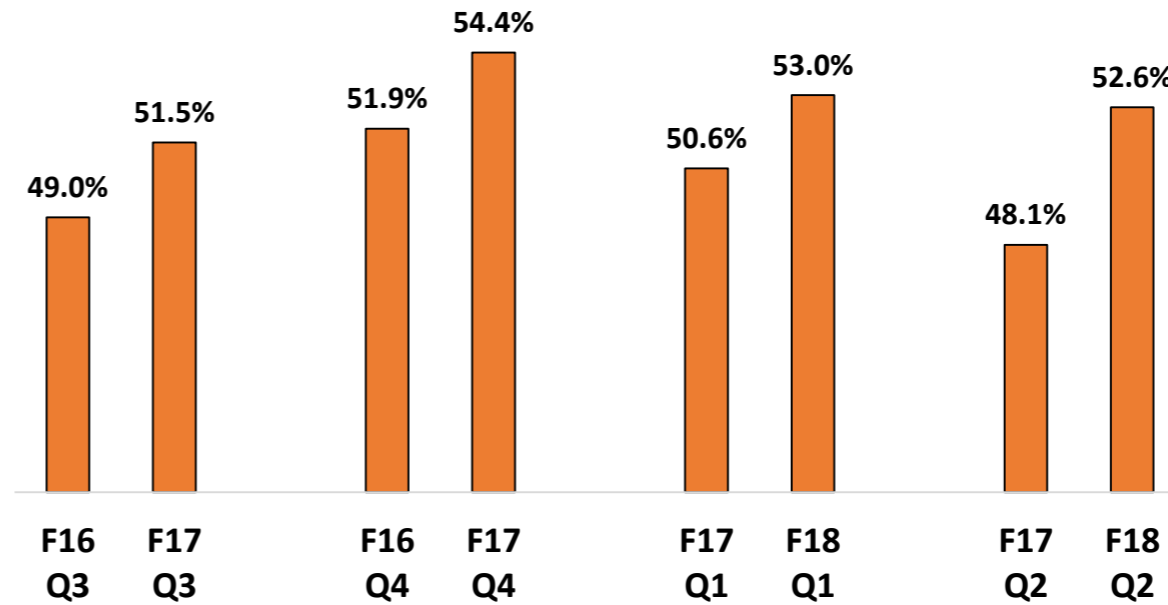
Percentage changes represent Q2 2018 as compared to Q2 2017.

Q2 '18 Digital Report Card



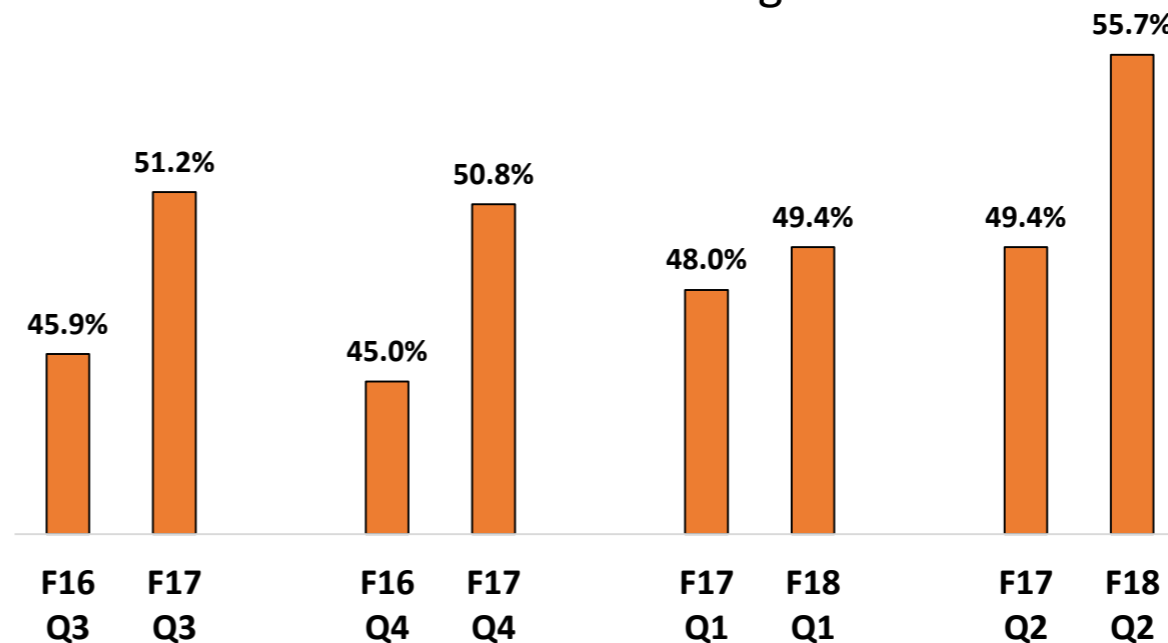
53%
Digital Sales % of
Total Net Sales

Digital Net Sales % of Total Net Sales



56%
Mobile Sales % of
Digital Sales

Mobile Net Sales % of Digital Sales



2018 Guidance Affirmed



Year 3 2018: Begin growth phase by increasing revenue and building market share.

Our 2018 financial plan expectations (Fiscal 2018 has 52 weeks compared to 53 weeks in Fiscal 2017):

- Normalized sales growth on a 52-week over 52-week basis in the 2% to 5% range, which equates to 0% to 3% on a reported basis.
- Adjusted EBITDA to be in the \$19 to \$21 million range.¹

(1) In accordance with SEC Guidance for Item 10(e)(1)(i)(A) of Regulation S-K, we have not provided a reconciliation of our expected Adjusted EBITDA range to expected net income range in this press release due to the uncertainty and inherent difficulty predicting the occurrence, the financial impact and the periods in which certain GAAP to non-GAAP adjustments may be recognized. These adjustments may include the impact of such items as loss on debt extinguishment, gain on sale of assets, executive and management transition costs, restructuring charges, the effect of other certain one-time items, and the income tax effect of such items. We are unable to quantify these types of adjustments that would be required to be included in the GAAP measure without unreasonable efforts. In addition, we believe such a reconciliation would imply a degree of precision on inherently unpredictable events in our outlook that could be confusing to investors.



Appendices

Summary P&L



(In thousands, except per share data)

	<u>F16 FY</u>	<u>F17 Q1</u>	<u>F17 Q2</u>	<u>F17 Q3</u>	<u>F17 Q4*</u>	<u>F17 FY*</u>	<u>F18 Q1</u>	<u>F18 Q2</u>
	<u>1/28/2017</u>	<u>4/29/2017</u>	<u>7/29/2017</u>	<u>10/28/2017</u>	<u>2/3/2018</u>	<u>2/3/2018</u>	<u>5/5/2018</u>	<u>8/4/2018</u>
Net Sales	\$ 666,213	\$ 156,343	\$ 148,949	\$ 150,212	\$ 192,716	\$ 648,220	\$ 156,505	\$ 150,799
Cost of Sales	424,686	100,057	92,469	92,918	127,664	413,108	100,250	93,929
Gross Profit	241,527	56,286	56,480	57,294	65,052	235,112	56,255	56,870
Gross Profit %	36.3%	36.0%	37.9%	38.1%	33.8%	36.3%	35.9%	37.7%
Operating Expenses:								
Distribution and selling	207,030	48,730	48,687	48,501	53,566	199,484	48,887	47,958
General and administrative	23,386	5,995	6,012	6,779	5,656	24,442	6,719	6,521
Depreciation and amortization	8,041	1,636	1,680	1,475	1,579	6,370	1,572	1,522
Executive & Mgmt transition costs	4,411	506	572	893	174	2,145	1,024	-
Distribution facility consolidation and technology upgrade costs	677	-	-	-	-	-	-	-
Gain on sale of television station	-	-	-	-	(551)	(551)	-	-
Total operating expense	243,545	56,867	56,951	57,648	60,424	231,890	58,202	56,001
Operating income/(loss)	(2,018)	(581)	(471)	(354)	4,628	3,222	(1,947)	869
Other income (expense):								
Interest income/(expense)	(5,926)	(1,493)	(1,311)	(1,152)	(1,111)	(5,067)	(1,019)	(889)
Loss on Debt extinguishment	-	(913)	-	(221)	(323)	(1,457)	-	-
Total other income/(expense)	(5,926)	(2,406)	(1,311)	(1,373)	(1,434)	(6,524)	(1,019)	(889)
Income tax benefit (provision)	(801)	(209)	(209)	624	3,239	3,445	(20)	(20)
Total Net Income/(Loss)	\$ (8,745)	\$ (3,196)	\$ (1,991)	\$ (1,103)	\$ 6,433	\$ 143	\$ (2,986)	\$ (40)
EBITDA, as adjusted	\$ 16,225	\$ 3,050	\$ 3,502	\$ 3,780	\$ 7,679	\$ 18,011	\$ 3,270	\$ 3,922
Weighted average number of common shares outstanding (000's)	59,785	60,919	64,091	65,191	65,672	63,968	65,361	66,009
Net income/(loss) per common share	\$ (0.15)	\$ (0.05)	\$ (0.03)	\$ (0.02)	\$ 0.10	\$ 0.00	\$ (0.05)	\$ (0.00)

*Includes a 14th week in Q4 and 53rd week in fiscal year

Summary Balance Sheet



(In thousands)

	F16	F17	F18 Q1	F18 Q2
	01/28/17	02/03/18	05/05/18	08/04/18
Current assets:				
Cash & restricted cash and equivalents	\$ 33,097	\$ 24,390	\$ 30,527	\$ 28,592
Accounts receivable, net	99,062	96,559	85,060	82,611
Inventories	70,192	68,811	73,058	65,392
Prepaid expenses and other	5,510	5,344	9,142	11,043
Total current assets	<u>207,861</u>	<u>195,104</u>	<u>197,787</u>	<u>187,638</u>
Property and equipment, net	52,715	52,048	51,434	51,070
FCC broadcasting license	12,000	-	-	-
Other assets	2,204	2,106	2,027	2,017
	<u>\$ 274,780</u>	<u>\$ 249,258</u>	<u>\$ 251,248</u>	<u>\$ 240,725</u>
Current liabilities:				
Accounts payable	\$ 65,796	\$ 55,614	\$ 59,067	\$ 52,344
Accrued liabilities and other	41,185	38,007	42,188	39,951
Total current liabilities	<u>106,981</u>	<u>93,621</u>	<u>101,255</u>	<u>92,295</u>
Other long term liabilities	428	68	59	50
Deferred tax liability	3,522	-	-	-
Long term debt	<u>82,146</u>	<u>71,573</u>	<u>68,204</u>	<u>66,042</u>
Total liabilities	193,077	165,262	169,518	158,387
Common stock, preferred stock and warrants	652	653	656	663
Additional paid-in capital	436,962	439,111	439,828	440,469
Accumulated deficit	<u>(355,911)</u>	<u>(355,768)</u>	<u>(358,754)</u>	<u>(358,794)</u>
Total shareholders' equity	<u>81,703</u>	<u>83,996</u>	<u>81,730</u>	<u>82,338</u>
	<u>\$ 274,780</u>	<u>\$ 249,258</u>	<u>\$ 251,248</u>	<u>\$ 240,725</u>

Adjusted EBITDA Reconciliation



(In thousands)

	F16 FY	F17				F18			
		Q1	Q2	Q3	Q4*	FY*	Q1	Q2	
Net income (loss)	\$ (8,745)	\$ (3,196)	\$ (1,991)	\$ (1,103)	\$ 6,433	\$ 143	\$ (2,986)	\$ (40)	
Adjustments:									
Depreciation and amortization	11,209	2,604	2,655	2,451	2,597	10,307	2,620	2,515	
Interest income	(11)	(2)	(2)	(6)	(7)	(17)	(7)	(9)	
Interest expense	5,937	1,495	1,313	1,158	1,118	5,084	1,026	898	
Income taxes	801	209	209	(624)	(3,239)	(3,445)	20	20	
EBITDA (as defined)	9,191	1,110	2,184	1,876	6,902	12,072	673	3,384	
A reconciliation of EBITDA to Adjusted EBITDA is as follows:									
EBITDA (as defined)	9,191	1,110	2,184	1,876	6,902	12,072	673	3,384	
Less:									
Executive and management transition costs	4,411	506	572	893	174	2,145	1,024	-	
Distribution facility consolidation and technology upgrade costs	677	-	-	-	-	-	-	-	
Loss on debt extinguishment	-	913	-	221	323	1,457	-	-	
Gain on sale of television station	-	-	-	-	(551)	(551)	-	-	
Contract termination costs	-	-	-	-	-	-	753	-	
Non-cash share-based compensation expense	1,946	521	746	790	831	2,888	820	538	
Adjusted EBITDA	\$ 16,225	\$ 3,050	\$ 3,502	\$ 3,780	\$ 7,679	\$ 18,011	\$ 3,270	\$ 3,922	

*Includes a 14th week in Q4 and 53rd week in fiscal year

Cash Flow



(In thousands)	<u>Year Ending</u> <u>January 28,</u> <u>2017</u>	<u>Year Ending</u> <u>February 3,</u> <u>2018*</u>	<u>Year-to-date</u> <u>August 4,</u> <u>2018</u>
OPERATING ACTIVITIES:			
Net income/(loss)	\$ (8,745)	\$ 143	\$ (3,026)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities-			
Depreciation and amortization	11,209	10,307	5,135
Share-based payment compensation	1,946	2,888	1,358
Gain from disposal of assets	-	(551)	-
Amortization of deferred revenue	(86)	(60)	(17)
Amortization of debt discount & deferred financing costs	558	366	104
Loss on Debt extinguishment	-	1,457	-
Deferred Income Taxes	788	(3,522)	-
Changes in operating assets and liabilities:			
Accounts receivable, net	15,978	2,503	13,948
Inventories, net	(3,181)	1,381	3,419
Prepaid expenses and other	423	166	(5,676)
Accounts payable and accrued liabilities	(11,606)	(11,800)	(1,750)
Net cash provided by (used for) operating activities	<u>7,284</u>	<u>3,278</u>	<u>13,495</u>
INVESTING ACTIVITIES:			
Property and equipment additions, net or proceeds from sale of	(10,261)	(10,499)	(4,071)
Cash paid for acquisition	(508)	-	-
Proceeds from the sale of assets	-	12,738	-
Net cash used for investing activities	<u>(10,769)</u>	<u>2,239</u>	<u>(4,071)</u>
FINANCING ACTIVITIES:			
Proceeds from issuance of revolving loans	-	96,800	111,400
Proceeds from issuance of term loans	17,000	6,000	5,821
Proceeds from issuance of common stock and warrants	12,470	4,628	-
Proceeds from exercise of stock options, net	-	79	111
Payments on revolving loan	-	(96,800)	(121,400)
Payments on term loans	(2,852)	(18,780)	(969)
Payments for repurchases of common stock	-	(5,055)	-
Payments for common stock issuance costs	(786)	(452)	-
Payments for debt extinguishment costs	-	(334)	-
Payments for deferred financing costs	(1,512)	(265)	(58)
Payments for restricted stock issuance costs	(46)	(45)	(127)
Payments on capital lease	(39)	-	-
Net cash provided by (used for) financing activities	<u>24,235</u>	<u>(14,224)</u>	<u>(5,222)</u>
Net increase (decrease) in cash	20,750	(8,707)	4,202
BEGINNING CASH AND RESTRICTED CASH EQUIVALENTS	<u>12,347</u>	<u>33,097</u>	<u>24,390</u>
ENDING CASH AND RESTRICTED CASH EQUIVALENTS	<u>33,097</u>	<u>24,390</u>	<u>28,592</u>

*Includes a 53rd week in fiscal year

Key Operating Metrics



	<u>F16 FY</u>	<u>F17 Q1</u>	<u>F17 Q2</u>	<u>F17 Q3</u>	<u>F17 Q4**</u>	<u>F17 FY**</u>	<u>F18 Q1</u>	<u>F18 Q2</u>
Net Shipped Units (000s)	10,263	2,580	2,423	2,342	3,052	10,397	2,472	2,462
Average Selling Price	\$ 57	\$ 54	\$ 55	\$ 58	\$ 57	\$ 56	\$ 57	\$ 55
Return Rate %	19.4%	18.8%	19.1%	19.1%	19.0%	19.0%	18.9%	18.7%
Digital Sales %	49.5%	50.6%	48.1%	51.5%	54.4%	51.9%	53.0%	52.6%
Transaction Costs per Unit	\$ 2.81	\$ 2.68	\$ 2.62	\$ 2.68	\$ 2.44	\$ 2.58	\$ 2.56	\$ 2.58
Total Variable Costs % of Net Sales	9.9%	9.6%	9.8%	9.3%	8.7%	9.3%	9.3%	8.9%
Mobile % of Digital Sales	45.4%	48.0%	49.4%	51.2%	50.8%	49.9%	49.4%	55.7%
Interactive Voice Response %	24%	24%	23%	23%	20%	23%	22%	22%
Total Customers (000s)*	1,429	602	573	553	687	1,295	559	556
Average Purchase Frequency - Items	8.2	4.8	4.7	4.7	4.9	8.9	4.9	4.9
<u>% of Net Merchandise Sales by Category</u>								
Jewelry & Watches	41%	41%	40%	39%	37%	39%	40%	40%
Home & Consumer Electronics	25%	21%	22%	25%	31%	26%	22%	21%
Beauty & Wellness	16%	16%	17%	16%	19%	17%	19%	21%
Fashion & Accessories	<u>18%</u>	<u>22%</u>	<u>21%</u>	<u>20%</u>	<u>13%</u>	<u>18%</u>	<u>19%</u>	<u>18%</u>
	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 14th week in Q4 and 53rd week in fiscal year



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