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 November 2, 2019

Commission File Number 001-37495

iMedia Brands, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Minnesota	**41-1673770**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*

6740 Shady Oak Road, Eden Prairie, MN 55344-3433
(Address of Principal Executive Offices, including Zip Code)

952-943-6000
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	**IMBI**	**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, a 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 check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of December 5, 2019, there were 82,080,548 shares of the registrant's common stock, $0.01 par value per share, outstanding.

iMEDIA BRANDS, INC. AND SUBSIDIARIES

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PART I — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

iMEDIA BRANDS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	November 2, 2019	February 2, 2019
	(In thousands, except share and per share data)	
ASSETS		
Current assets:		
Cash	$ 16,602	$ 20,485
Restricted cash equivalents	—	450
Accounts receivable, net	63,729	81,763
Inventories	82,799	65,272
Prepaid expenses and other	7,491	9,053
Total current assets	170,621	177,023
Property and equipment, net	48,698	51,118
Other assets	2,397	1,846
TOTAL ASSETS	$ 221,716	$ 229,987
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 76,950	$ 56,157
Accrued liabilities	39,643	37,374
Current portion of long term credit facility	2,488	2,488
Current portion of operating lease liabilities	836	—
Deferred revenue	35	35
Total current liabilities	119,952	96,054
Other long term liabilities	117	50
Long term credit facility	66,924	68,932
Total liabilities	186,993	165,036
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $0.01 per share par value, 400,000 shares authorized; zero shares issued and outstanding	—	—
Common stock, $0.01 per share par value, 99,600,000 shares authorized; 76,770,354 and 67,919,349 shares issued and outstanding	768	679
Additional paid-in capital	449,788	442,197
Accumulated deficit	(415,833)	(377,925)
Total shareholders' equity	34,723	64,951
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 221,716	$ 229,987

The accompanying notes are an integral part of these condensed consolidated financial statements.

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iMEDIA BRANDS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three-Month Periods Ended		For the Nine-Month Periods Ended	
	November 2, 2019	November 3, 2018	November 2, 2019	November 3, 2018
	(In thousands, except share and per share data)			
Net sales	$ 115,159	$ 131,714	$ 378,183	$ 439,018
Cost of sales	73,573	84,559	251,578	278,738
Gross profit	41,586	47,155	126,605	160,280
Operating expense:				
Distribution and selling	38,332	47,328	128,717	144,173
General and administrative	5,415	6,214	17,816	19,454
Depreciation and amortization	2,053	1,587	6,234	4,681
Restructuring costs	1,516	—	6,681	—
Executive and management transition costs	87	408	2,428	1,432
Total operating expense	47,403	55,537	161,876	169,740
Operating loss	(5,817)	(8,382)	(35,271)	(9,460)
Other income (expense):				
Interest income	4	12	15	28
Interest expense	(914)	(767)	(2,608)	(2,691)
Total other expense, net	(910)	(755)	(2,593)	(2,663)
Loss before income taxes	(6,727)	(9,137)	(37,864)	(12,123)
Income tax provision	(14)	(20)	(44)	(60)
Net loss	$ (6,741)	$ (9,157)	$ (37,908)	$ (12,183)
Net loss per common share	$ (0.09)	$ (0.14)	$ (0.52)	$ (0.18)
Net loss per common share — assuming dilution	$ (0.09)	$ (0.14)	$ (0.52)	$ (0.18)
Weighted average number of common shares outstanding:				
Basic	75,770,277	66,351,835	72,863,795	65,907,301
Diluted	75,770,277	66,351,835	72,863,795	65,907,301

The accompanying notes are an integral part of these condensed consolidated financial statements.

iMEDIA BRANDS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

	Common Stock								
	Number of Shares		Par Value		Additional Paid-In Capital		Accumulated Deficit		Total Shareholders' Equity
For the Nine-Month Period Ended November 2, 2019	(In thousands, except share data)								
BALANCE, February 2, 2019	67,919,349	$	679	$	442,197	$	(377,925)	$	64,951
Net loss	—		—		—		(20,990)		(20,990)
Common stock issuances pursuant to equity compensation awards	311,636		3		(11)		—		(8)
Share-based payment compensation	—		—		966		—		966
Common stock and warrant issuance	8,000,000		80		5,938		—		6,018
BALANCE, May 4, 2019	76,230,985		762		449,090	$	(398,915)		50,937
Net loss	—		—		—		(10,177)		(10,177)
Common stock issuances pursuant to equity compensation awards	538,369		6		(19)		—		(13)
Share-based payment compensation	—		—		291		—		291
BALANCE, August 3, 2019	76,769,354		768		449,362	$	(409,092)		41,038
Net loss	—		—		—		(6,741)		(6,741)
Common stock issuances pursuant to equity compensation awards	1,000		—		—		—		—
Share-based payment compensation	—		—		426		—		426
BALANCE, November 2, 2019	76,770,354	$	768	$	449,788	$	(415,833)	$	34,723

	Common Stock								
	Number of Shares		Par Value		Additional Paid-In Capital		Accumulated Deficit		Total Shareholders' Equity
For the Nine-Month Period Ended November 3, 2018	(In thousands, except share data)								
BALANCE, February 3, 2018	65,290,458	$	653	$	439,111	$	(355,768)	$	83,996
Net loss	—		—		—		(2,986)		(2,986)
Common stock issuances pursuant to equity compensation awards	297,879		3		(103)		—		(100)
Share-based payment compensation	—		—		820		—		820
BALANCE, May 5, 2018	65,588,337		656		439,828	$	(358,754)		81,730
Net loss	—		—		—		(40)		(40)
Common stock issuances pursuant to equity compensation awards	699,449		7		77		—		84
Share-based payment compensation	—		—		564		—		564
BALANCE, August 4, 2018	66,287,786		663		440,469	$	(358,794)		82,338
Net loss	—		—		—		(9,157)		(9,157)
Common stock issuances pursuant to equity compensation awards	76,059		1		66		—		67
Share-based payment compensation	—		—		822		—		822
BALANCE, November 3, 2018	66,363,845	$	664	$	441,357	$	(367,951)	$	74,070

The accompanying notes are an integral part of these condensed consolidated financial statements.

iMEDIA BRANDS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine-Month Periods Ended	
	November 2, 2019	November 3, 2018
	(in thousands)	
OPERATING ACTIVITIES:		
Net loss	$ (37,908)	$ (12,183)
Adjustments to reconcile net loss to net cash (used for) provided by operating activities:		
Depreciation and amortization	9,192	7,667
Share-based payment compensation	1,683	2,180
Inventory impairment write-down	6,050	—
Amortization of deferred revenue	(27)	(27)
Amortization of deferred financing costs	152	159
Changes in operating assets and liabilities:		
Accounts receivable, net	18,034	22,417
Inventories	(23,577)	(17,197)
Prepaid expenses and other	640	(2,841)
Accounts payable and accrued liabilities	23,006	10,969
Net cash (used for) provided by operating activities	(2,755)	11,144
INVESTING ACTIVITIES:		
Property and equipment additions	(5,367)	(6,681)
Net cash used for investing activities	(5,367)	(6,681)
FINANCING ACTIVITIES:		
Proceeds from issuance of revolving loan	160,400	177,100
Proceeds from issuance of common stock and warrants	6,000	—
Proceeds of term loan	—	5,821
Proceeds from exercise of stock options	—	181
Payments on revolving loan	(160,400)	(186,100)
Payments on term loan	(2,035)	(1,647)
Payments for common stock issuance costs	(109)	—
Payments on finance leases	(46)	(4)
Payments for restricted stock issuance	(21)	(130)
Payments for deferred financing costs	—	(96)
Net cash provided by (used for) financing activities	3,789	(4,875)
Net decrease in cash and restricted cash equivalents	(4,333)	(412)
BEGINNING CASH AND RESTRICTED CASH EQUIVALENTS	20,935	24,390
ENDING CASH AND RESTRICTED CASH EQUIVALENTS	$ 16,602	$ 23,978
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 2,288	$ 2,386
Income taxes paid	$ 31	$ 14
SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Property and equipment purchases included in accounts payable	$ 387	$ 1,026
Equipment acquired through finance lease obligations	$ 188	$ 30
Issuance of warrants	$ 193	$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
November 2, 2019
(Unaudited)

(1) General

iMedia Brands, Inc. (formerly EVINE Live Inc.) and its subsidiaries ("we," "our," "us," or the "Company") are collectively an interactive media company that manages ShopHQ, our nationally distributed shopping entertainment network, Bulldog Shopping Network and iMedia Web Services. ShopHQ offers a mix of proprietary, exclusive and name-brand merchandise in the categories of jewelry & watches, home & consumer electronics, beauty & wellness, and fashion & accessories directly to consumers 24 hours a day in an engaging and informative shopping experience via television, online and mobile devices. ShopHQ programming is distributed in more than 87 million homes through cable and satellite distribution agreements, agreements with telecommunications companies and arrangements with over-the-air broadcast television stations. ShopHQ programming is also streamed live online at shophq.com, a comprehensive digital commerce platform that sells products which appear on its television shopping network as well as an extended assortment of online-only merchandise, and is available on mobile channels and over-the-top platforms. Our programming and products are also marketed via mobile devices, including smartphones and tablets, and through the leading social media channels. The Company's nascent, but growing iMedia Web Services offers creative and interactive advertising and third-party logistics. On November 22, 2019, the Company launched the Bulldog Shopping Network, a niche television shopping network geared towards male consumers.

On July 16, 2019, the Company changed its corporate name to iMedia Brands, Inc. from EVINE Live Inc. Effective July 17, 2019, the Company's Nasdaq trading symbol also changed from EVLV to IMBI. On August 21, 2019, the Company changed the name of its primary network, Evine, back to ShopHQ, which was the name of the network in 2014.

(2) Basis of Financial Statement Presentation

Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America have been condensed or omitted in accordance with these rules and regulations. The accompanying condensed consolidated balance sheet as of February 2, 2019 has been derived from the Company's audited financial statements for the fiscal year ended February 2, 2019. The information furnished in the interim condensed consolidated financial statements includes normal recurring adjustments and reflects all adjustments which, in the opinion of management, are necessary for a fair presentation of these financial statements. Although management believes the disclosures and information presented are adequate, these interim condensed consolidated financial statements should be read in conjunction with the Company’s most recent audited financial statements and notes thereto included in its annual report on Form 10-K for the fiscal year ended February 2, 2019. Operating results for the nine-month period ended November 2, 2019 are not necessarily indicative of the results that may be expected for the fiscal year ending February 1, 2020.

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Year

The Company's fiscal year ends on the Saturday nearest to January 31 and results in either a 52-week or 53-week fiscal year. References to years in this report relate to fiscal years, rather than to calendar years. The Company’s most recently completed fiscal year, fiscal 2018, ended on February 2, 2019, and consisted of 52 weeks. Fiscal 2019 will end February 1, 2020 and will contain 52 weeks. The three and nine-month periods ended November 2, 2019 and November 3, 2018 each consisted of 13 and 39 weeks.

Recently Adopted Accounting Standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued Leases, Topic 842 (ASU 2016-02). ASU 2016-02 establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The Company adopted this standard in the first quarter of fiscal 2019 using the "Comparatives Under 840 Option" transition approach. Under this transition approach, comparative prior

periods, including disclosures, were not restated. See Note 3 - "Leases" for information on the impact of adopting ASU 2016-02 on the Company's condensed consolidated financial statements.

Recently Issued Accounting Pronouncements

In August 2018, the FASB issued Intangibles—Goodwill and Other—Internal-Use Software, Subtopic 350-40 (ASU 2018-15), which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The new standard is effective for the Company for fiscal years and interim periods beginning after December 15, 2019, with early adoption permitted. The new standard can be applied retrospectively or prospectively to all implementation costs incurred after the date of adoption. The Company is currently assessing the impact that adopting the new accounting standard will have on its consolidated financial statements.

(3) Leases

Adoption of Leases, Topic 842

On February 3, 2019, the Company adopted ASU No. 2016-02, "Leases", and all related amendments using the "Comparatives Under 840 Option" transition approach. Under this transition approach, comparative prior periods, including disclosures, were not restated. The Company elected the transition package of practical expedients which, among other things, allowed the Company to carry forward historical lease classification. The Company chose not to elect the hindsight practical expedient. The adoption of the standard did not have an impact on the Company's condensed consolidated statements of operations and there was no adjustment to its retained earnings opening balance sheet. The Company does not expect the adoption of the new standard to have a material impact on the Company's operating results on an ongoing basis.

The most significant impact of the new leases standard was the recognition of right-of-use assets and lease liabilities for operating leases, while the Company's accounting for finance leases remained substantially unchanged. On February 3, 2019, the adoption of the new standard resulted in the recognition of a right-of-use asset of $1,474,000 and a lease liability of $1,407,000, and a reduction to prepaid expenses and other of $67,000.

The Company leases certain property and equipment, such as transmission and production equipment, satellite transponder and office equipment. The Company determines if an arrangement is a lease at inception. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease right-of-use assets are recognized at commencement date based on the present value of lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Some of the Company's leases include options to extend the term, which is only included in the lease liability and right-of-use assets calculation when it is reasonably certain the Company will exercise that option. As of November 2, 2019, the lease liability and right-of-use assets did not include any lease extension options.

The Company has lease agreements with lease and non-lease components, and has elected to account for these as a single lease component. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The components of lease expense were as follows:

	For the Three-Month Period Ended November 2, 2019	For the Nine-Month Period Ended November 2, 2019
Operating lease cost	$ 240,000	$ 763,000
Short-term lease cost	16,000	126,000
Variable lease cost (a)	21,000	71,000

(a) Includes variable costs of finance leases.

For the three and nine-month periods ended November 2, 2019, finance lease costs included amortization of right-of-use assets of $24,000 and $48,000 and interest on lease liabilities of $2,000 and $5,000.

The Company obtained $188,000 and $180,000 right-of-use assets in exchange for finance and operating leases, respectively, during the nine-month period ended November 2, 2019. Supplemental cash flow information related to leases were as follows:

	For the Nine-Month Period Ended November 2, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows used for operating leases	$ 769,000
Operating cash flows used for finance leases	5,000
Financing cash flows used for finance leases	46,000

The weighted average remaining lease term and weighted average discount rates related to leases were as follows:

	November 2, 2019
Weighted average remaining lease term:	
Operating leases	1.1 years
Finance leases	2.1 years
Weighted average discount rate:	
Operating leases	5.5%
Finance leases	5.3%

Supplemental balance sheet information related to leases is as follows:

Leases	Classification	November 2, 2019
Assets		
Operating lease right-of-use assets	Other assets	$ 927,000
Finance lease right-of-use assets	Property and equipment, net	167,000
Total lease right-of-use assets		$ 1,094,000
Operating lease liabilities		
Current portion of operating lease liabilities	Current portion of operating lease liabilities	$ 836,000
Operating lease liabilities, excluding current portion	Other long term liabilities	28,000
Total operating lease liabilities		864,000
Finance lease liabilities		
Current portion of finance lease liabilities	Current liabilities: Accrued liabilities	87,000
Finance lease liabilities, excluding current portion	Other long term liabilities	83,000
Total finance lease liabilities		170,000
Total lease liabilities		$ 1,034,000

Future maturities of lease liabilities as of November 2, 2019 are as follows:

Fiscal year	Operating Leases	Finance Leases	Total
2019	$ 237,000	$ 27,000	$ 264,000
2020	628,000	85,000	713,000
2021	11,000	60,000	71,000
2022	11,000	8,000	19,000
2023	3,000	—	3,000
Thereafter	—	—	—
Total lease payments	890,000	180,000	1,070,000
Less imputed interest	(26,000)	(10,000)	(36,000)
Total lease liabilities	$ 864,000	$ 170,000	$ 1,034,000

As of November 2, 2019, the Company had no operating and finance leases that had not yet commenced.

Disclosures Related to Periods Prior to Adoption of Leases, Topic 842

Future minimum lease payments for assets under capital and operating leases at February 2, 2019 are as follows:

Future Minimum Lease Payments:	Capital Leases	Operating Leases
2019	$ 13,000	$ 1,005,000
2020	8,000	604,000
2021	8,000	—
2022	2,000	—
2023 and thereafter	—	—
Total minimum lease payments	31,000	$ 1,609,000
Less: Amounts representing interest	(2,000)	
	29,000	
Less: Current portion	(12,000)	
Long-term capital lease obligation	$ 17,000	

(4) Revenue

Revenue Recognition

Revenue is recognized when control of the promised merchandise is transferred to customers in an amount that reflects the consideration the Company expects to receive in exchange for the merchandise, which is upon shipment. Revenue is reported net of estimated sales returns, credits and incentives, and excludes sales taxes. Sales returns are estimated and provided for at the time of sale based on historical experience. As of November 2, 2019 and February 2, 2019, the Company recorded a merchandise return liability of $5,791,000 and $8,097,000, included in accrued liabilities, and a right of return asset of $3,163,000 and $4,410,000, included in other current assets.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in Accounting Standards Codification ("ASC") 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Substantially all of the Company's sales are single performance obligation arrangements for transferring control of merchandise to customers.

In accordance with ASC 606, the Company disaggregates revenue from contracts with customers by significant product groups and timing of when the performance obligations are satisfied. A reconciliation of disaggregated revenue by significant product group is provided in Note 10 - "Business Segments and Sales by Product Group."

As of November 2, 2019, approximately $41,000 is expected to be recognized from remaining performance obligations over the next 1.2 years. The Company has applied the practical expedient to exclude the value of remaining performance obligations for contracts with an original expected term of one year or less. Revenue recognized over time was $9,000 for the three-month

periods ended November 2, 2019 and November 3, 2018 and $27,000 for the nine-month periods ended November 2, 2019 and November 3, 2018.

Accounts Receivable

The Company utilizes an installment payment program called ValuePay that entitles customers to purchase merchandise and generally pay for the merchandise in two or more equal monthly credit card installments. The Company has elected the practical expedient to not adjust the promised amount of consideration for the effects of a significant financing component when the payment terms are less than one year. Accounts receivable consist primarily of amounts due from customers for merchandise sales and from credit card companies and are reflected net of reserves for estimated uncollectible amounts. As of November 2, 2019 and February 2, 2019, the Company had approximately $55,513,000 and $74,787,000 of net receivables due from customers under the ValuePay installment program and total reserves for estimated uncollectible amounts of $7,430,000 and $8,533,000.

(5) Fair Value Measurements

GAAP utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to observable quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1 measurement), then priority to quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market (Level 2 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

As of November 2, 2019 and February 2, 2019, the Company had $0 and $450,000 in Level 2 investments in the form of bank certificates of deposit, which are included in restricted cash equivalents in the condensed consolidated balance sheets. The Company's investments in certificates of deposits were measured using inputs based upon quoted prices for similar instruments in active markets and, therefore, were classified as Level 2 investments. As of November 2, 2019 and February 2, 2019, the Company also had a long-term variable rate PNC Credit Facility (as defined below), classified as Level 2, with carrying values of $69,412,000 and $71,420,000. As of November 2, 2019 and February 2, 2019, $2,488,000 of the long-term variable rate PNC Credit Facility was classified as current. The fair value of the PNC Credit Facility approximates, and is based on, its carrying value due to the variable rate nature of the financial instrument. The Company has no Level 3 investments that use significant unobservable inputs.

(6) Intangible Assets

Intangible assets in the accompanying condensed consolidated balance sheets consisted of the following:

	November 2, 2019		February 2, 2019	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Finite-lived intangible assets	$ 1,979,000	$ (1,806,000)	$ 1,786,000	$ (502,000)

Finite-lived Intangible Assets

The finite-lived intangible assets are included in Other Assets in the accompanying balance sheets and consist of the Evine trademark, a vendor exclusivity agreement (as further described below), and the Princeton Watches trade name and customer list. Amortization expense related to the finite-lived intangible assets was $318,000 and $41,000 for the three-month periods ended November 2, 2019 and November 3, 2018 and $1,304,000 and $124,000 for the nine-month periods ended November 2, 2019 and November 3, 2018. Estimated amortization expense is $1,313,000 for fiscal 2019, and $39,000 for fiscal 2020 and each fiscal year through fiscal 2023.

On May 29, 2019, the Company announced the decision to change the name of the Evine network back to ShopHQ, which was the name of the network in 2014. The remaining carrying amount of the Evine trademark was amortized prospectively over the revised remaining useful life through August 21, 2019, the date of the network name change.

On May 2, 2019, we entered into a five-year vendor exclusivity agreement with Sterling Time, LLC ("Sterling Time") and Invicta Watch Company of America, Inc. ("IWCA") in connection with the closing under the private placement securities purchase agreement described in Note 8 below. The vendor exclusivity agreement grants the Company the exclusive right in television shopping to market, promote and sell the products from IWCA. The Company issued five-year warrants to purchase 3,500,000 shares of our common stock in connection with and as consideration for primarily entering into a vendor exclusivity agreement

with the Company, which represented an aggregate value of $193,000. The vendor exclusivity agreement is being amortized as cost of sales over the five-year agreement term. See Note 8 - "Shareholders' Equity" for additional information.

(7) Credit Agreements

The Company's long-term credit facility consists of:

	November 2, 2019	February 2, 2019
PNC revolving loan due July 27, 2023, principal amount	$ 53,900,000	$ 53,900,000
PNC term loan due July 27, 2023, principal amount	15,607,000	17,643,000
Less unamortized debt issuance costs	(95,000)	(123,000)
PNC term loan due July 27, 2023, carrying amount	15,512,000	17,520,000
Total long-term credit facility	69,412,000	71,420,000
Less current portion of long-term credit facility	(2,488,000)	(2,488,000)
Long-term credit facility, excluding current portion	$ 66,924,000	$ 68,932,000

PNC Credit Facility

On February 9, 2012, the Company entered into a credit and security agreement (as amended through November 25, 2019, the "PNC Credit Facility") with PNC Bank, N.A. ("PNC"), a member of The PNC Financial Services Group, Inc., as lender and agent. The PNC Credit Facility, which includes CIBC Bank USA (formerly known as The Private Bank) as part of the facility, provides a revolving line of credit of $90.0 million and provides for a term loan on which the Company had originally drawn to fund improvements at the Company's distribution facility in Bowling Green, Kentucky and subsequently to pay down the Company's previously outstanding term loan with GACP Finance Co., LLC. The PNC Credit Facility also provides an accordion feature that would allow the Company to expand the size of the revolving line of credit by another $25.0 million at the discretion of the lenders and upon certain conditions being met. On November 25, 2019, the Company entered into the Eleventh Amendment to the PNC Credit Facility, as described in Note 18 - "Subsequent Events". The Eleventh Amendment, among other things, increased the interest rate margins on both the revolving line of credit and term loan.

All borrowings under the PNC Credit Facility mature and are payable on July 27, 2023. Subject to certain conditions, the PNC Credit Facility also provides for the issuance of letters of credit in an aggregate amount up to $6.0 million which, upon issuance, would be deemed advances under the PNC Credit Facility. Maximum borrowings and available capacity under the revolving line of credit under the PNC Credit Facility are equal to the lesser of $90.0 million or a calculated borrowing base comprised of eligible accounts receivable and eligible inventory. The PNC Credit Facility is secured by a first security interest in substantially all of the Company’s personal property, as well as the Company’s real properties located in Eden Prairie, Minnesota and Bowling Green, Kentucky. Under certain circumstances, the borrowing base may be adjusted if there were to be a significant deterioration in value of the Company’s accounts receivable and inventory.

The revolving line of credit under the PNC Credit Facility bears interest at either a Base Rate or LIBOR plus a margin consisting of between 2% and 3% on Base Rate advances and 3% and 4.5% on LIBOR advances based on the Company's trailing twelve-month reported leverage ratio (as defined in the PNC Credit Facility) measured semi-annually as demonstrated in its financial statements. The term loan bears interest at either a Base Rate or LIBOR plus a margin consisting of between 4% and 5% on Base Rate term loans and 5% to 6% on LIBOR Rate term loans based on the Company’s leverage ratio measured annually as demonstrated in its audited financial statements.

As of November 2, 2019, the Company had borrowings of $53.9 million under its revolving credit facility. Remaining available capacity under the revolving credit facility as of November 2, 2019 was approximately $6.3 million, which provided liquidity for working capital and general corporate purposes. The PNC Credit Facility also provides for a term loan on which the Company had originally drawn to fund an expansion and improvements at the Company's distribution facility in Bowling Green, Kentucky and subsequently to partially pay down the Company's previously outstanding term loan with GACP Finance Co., LLC and reduce its revolving credit facility borrowings. As of November 2, 2019, there was approximately $15.6 million outstanding under the PNC Credit Facility term loan of which $2.5 million was classified as current in the accompanying balance sheet.

Principal borrowings under the term loan are to be payable in monthly installments over an 84-month amortization period commencing on September 1, 2018 and are also subject to mandatory prepayment in certain circumstances, including, but not limited to, upon receipt of certain proceeds from dispositions of collateral. Borrowings under the term loan are also subject to mandatory prepayment in an amount equal to fifty percent (50%) of excess cash flow for such fiscal year, with any such payment

not to exceed $2.0 million in any such fiscal year. The PNC Credit Facility is also subject to other mandatory prepayment in certain circumstances. In addition, if the total PNC Credit Facility is terminated prior to maturity, the Company would be required to pay an early termination fee of 1.0% if terminated on or before July 27, 2020, 0.5% if terminated on or before July 27, 2021, and no fee if terminated after July 27, 2021. As of November 2, 2019, the imputed effective interest rate on the PNC term loan was 6.0%.

Interest expense recorded under the PNC Credit Facility was $904,000 and $2,593,000 for the three and nine-month periods ended November 2, 2019 and $766,000 and $2,688,000 for the three and nine-month periods ended November 3, 2018.

The PNC Credit Facility contains customary covenants and conditions, including, among other things, maintaining a minimum of unrestricted cash plus unused line availability of $10.0 million at all times and limiting annual capital expenditures. Certain financial covenants, including minimum EBITDA levels (as defined in the PNC Credit Facility) and a minimum fixed charge coverage ratio of 1.1 to 1.0, become applicable only if unrestricted cash plus unused line availability falls below $10.8 million. As of November 2, 2019, the Company's unrestricted cash plus unused line availability was $22.9 million and the Company was in compliance with applicable financial covenants of the PNC Credit Facility and expects to be in compliance with applicable financial covenants over the next twelve months. In addition, the PNC Credit Facility places restrictions on the Company's ability to incur additional indebtedness or prepay existing indebtedness, to create liens or other encumbrances, to sell or otherwise dispose of assets, to merge or consolidate with other entities, and to make certain restricted payments, including payments of dividends to common shareholders.

Deferred financing costs, net of amortization, relating to the revolving line of credit were $437,000 and $561,000 as of November 2, 2019 and February 2, 2019 and are included within other assets within the accompanying balance sheet. These costs are being expensed as additional interest over the five-year term of the PNC Credit Facility.

The aggregate maturities of the Company's long-term credit facility as of November 2, 2019 are as follows:

	PNC Credit Facility		
Fiscal year	**Term loan**	**Revolving loan**	**Total**
2019	$ 452,000	$ —	$ 452,000
2020	2,714,000	—	2,714,000
2021	2,714,000	—	2,714,000
2022	2,714,000	—	2,714,000
2023	7,013,000	53,900,000	60,913,000
	$ 15,607,000	$ 53,900,000	$ 69,507,000

Cash Requirements

The Company has significant future commitments for its cash, primarily payments for cable and satellite program distribution obligations and the eventual repayment of the Company's credit facility. During fiscal 2018 and fiscal 2019, the Company experienced a decline in customers and lost a significant brand which contributed to a decrease in its consolidated net sales and corresponding decrease in profitability. The Company has taken or is taking the following steps to enhance its operations and liquidity position: entered into a private placement securities purchase agreement in which it received gross proceeds of $6.0 million during the first quarter of fiscal 2019, implemented a reduction in overhead costs with $17 million in expected annualized savings, primarily driven by a 20% reduction in the Company's non-variable work force; planned a reduction in capital expenditures compared to prior years; managed its inventory levels commensurate with sales; launched a new marquee beauty brand in January 2019; launched the Company's ShopHQ VIP customer program; entered into an agreement with Shaquille O'Neal, which includes the launch of a new live televised program in 2020, "In the Kitchen with Shaq" and the development of a Shaq branded collection of kitchenware, cookware and grill products; launched Bulldog Shopping Network, a niche television shopping network geared towards male consumers in November 2019; partnered with well-known personalities to develop and market exclusive lifestyle brands; and acquired Float Left Interactive, Inc. ("Float Left") and J.W. Hulme Company ("J.W. Hulme"). Float Left is a business comprised of connected TVs, video-based content, application development and distribution, including technical consulting services, software development and maintenance related to video distribution. The Company plans to utilize Float Left's team and technology platform to further grow its content delivery capabilities in OTT platforms while providing new revenue opportunities. J.W. Hulme is a business specializing in artisan-crafted leather products, including handbags and luggage. The Company plans to accelerate J.W. Hulme's revenue growth by creating its own programming on ShopHQ. Additionally, the Company plans to utilize J.W. Hulme to craft private-label accessories for the Company's existing owned and operated fashion brands. The Company's ability to fund operations and capital expenditures in the future will be dependent on its ability to generate cash flow from operations, maintain or improve margins, decrease the rate of decline in its sales and to use available funds from the Company's PNC Credit Facility. The Company's ability to borrow funds is dependent on its ability to maintain an adequate borrowing base and its ability to meet its credit facility's covenants, which requires, among other things, maintaining a minimum of $10.0 million of unrestricted

cash plus facility availability at all times. Accordingly, if the Company does not generate sufficient cash flow from operations to fund its working capital needs and planned capital expenditures, and its cash reserves are depleted, the Company may need to take further actions, such as reducing or delaying capital investments, strategic investments or other actions. The Company believes that its existing cash balances, together with its availability under the PNC Credit Facility, will be sufficient to fund its normal business operations over the next twelve months from the issuance of this report. However, there can be no assurance that the Company will be able to achieve its strategic initiatives or obtain additional funding on favorable terms in the future which could have a significant adverse effect on its operations.

(8) Shareholders' Equity

Private Placement Securities Purchase Agreement

On May 2, 2019, the Company entered into a private placement securities purchase agreement ("Purchase Agreement") with certain accredited investors pursuant to which the Company: (a) sold, in the aggregate, 8,000,000 shares of the Company's common stock at a price of $0.75 per share and (b) issued five-year warrants ("5-year Warrants") to purchase 3,500,000 shares of the Company's common stock at an exercise price of $1.50 per share. The 5-year Warrants are exercisable in whole or in part from time to time through the expiration date of May 2, 2024. The purchasers included Invicta Media Investments, LLC, Michael and Leah Friedman, Timothy Peterman and certain other private investors. Invicta Media Investments, LLC is owned by IWCA, which is the designer and manufacturer of Invicta-branded watches and watch accessories, one of the Company’s largest and longest tenured brands. Michael and Leah Friedman are owners and officers of Sterling Time, which is the exclusive distributor of IWCA’s watches and watch accessories for television home shopping and our long-time vendor. A description of the relationship between the Company, IWCA and Sterling Time is contained in Note 15 - “Related Party Transactions”. Under the Purchase Agreement, the purchasers agreed to customary standstill provisions related to the Company for a period of two years, as well as to vote their shares in favor of matters recommended by the Company’s board of directors for approval by our shareholders. In addition, the Company agreed in the Purchase Agreement to appoint Eyal Lalo, an owner of IWCA, as vice chair of the Company’s board of directors, Michael Friedman to the Company’s board of directors and Timothy Peterman as the Company’s chief executive officer.

In connection with the closing under the Purchase Agreement, the Company entered into certain other agreements with IWCA, Sterling Time and the purchasers, including a five-year vendor exclusivity agreement with Sterling Time and IWCA. The vendor exclusivity agreement grants the Company the exclusive right in television shopping to market, promote and sell the products from IWCA.

The Company received gross proceeds of $6.0 million and incurred approximately $175,000 of issuance costs. The Company allocated the proceeds of the stock offering to the shares of common stock issued. The par value of the shares issued was recorded within common stock, with the remainder of the proceeds, less issuance costs, recorded as additional paid in capital in the Company's balance sheet. The Company has used the proceeds for general working capital purposes. The 5-year Warrants were issued primarily as consideration for a five-year vendor exclusivity agreement with IWCA and Sterling Time. The aggregate market value of the 5-year Warrants on the grant date was $193,000, which was recorded as an intangible asset and is being amortized as cost of sales over the agreement term. The 5-year Warrants are indexed to the Company's publicly traded stock and were classified as equity. As a result, the fair value of the 5-year Warrants was recorded as an increase to additional paid-in capital.

Warrants

As of November 2, 2019, the Company had outstanding warrants to purchase 7,349,365 shares of the Company’s common stock, of which 7,349,365 are fully exercisable. The warrants expire five years from the date of grant. The following table summarizes information regarding warrants outstanding at November 2, 2019:

Grant Date	Warrants Outstanding	Warrants Exercisable	Exercise Price (Per Share)	Expiration Date
September 19, 2016	2,976,190	2,976,190	$2.90	September 19, 2021
November 10, 2016	333,873	333,873	$3.00	November 10, 2021
January 23, 2017	489,302	489,302	$1.76	January 23, 2022
March 16, 2017	50,000	50,000	$1.92	March 16, 2022
May 2, 2019	3,500,000	3,500,000	$1.50	May 2, 2024

On November 27, 2018, the Company issued warrants to Fonda, Inc. for 1,500,000 shares of our common stock in connection with and as consideration for entering into a services and trademark licensing agreement between the companies. The aggregate market value on the date of the award was $441,000 and was being amortized as cost of sales over the three-year services and

trademark licensing agreement term. On July 29, 2019, the Company and Fonda, Inc. agreed to terminate the services and trademark licensing agreement and the warrants for 1,500,000 shares were forfeited.

Restricted Stock Award

On November 23, 2018, the Company entered into a restricted stock award agreement with Flageoli Classic Limited, LLC ("FCL") granting FCL 1,500,000 restricted shares of the Company's common stock in connection with and as consideration for entering into a vendor exclusivity agreement with the Company. The vendor exclusivity agreement grants us the exclusive right in television shopping to market, promote and sell products under the trademark of Serious Skincare, a skin-care brand that launched on the Company's television network on January 3, 2019. Additionally, the agreement identifies Jennifer Flavin-Stallone as the primary spokesperson for the brand on the Company's television network. The restricted shares will vest in three tranches. Of the restricted shares granted, 500,000 vested on January 4, 2019, which was the first business day following the initial appearance of the Serious Skincare brand on the Company's television network. The remaining restricted shares will vest in equal amounts on January 4, 2020 and January 4, 2021. The aggregate market value on the date of the award was $1,408,000 and is being amortized as cost of sales over the three-year vendor exclusivity agreement term. The estimated fair value of the restricted stock is based on the grant date closing price of the Company's stock for time-based vesting awards.

Compensation expense relating to the restricted stock award was $117,000 and $352,000 for the third quarter and first nine months of fiscal 2019. As of November 2, 2019, there was $967,000 of total unrecognized compensation cost related to non-vested restricted stock unit grants. That cost is expected to be recognized over a weighted average period of 2.1 years.

A summary of the status of the Company's non-vested restricted stock award activity as of November 2, 2019 and changes during the nine months then ended is as follows:

	Restricted Stock	
	Shares	Weighted Average Grant Date Fair Value
Non-vested outstanding, February 2, 2019	1,000,000	$ 0.94
Granted	—	$ —
Vested	—	$ —
Non-vested outstanding, November 2, 2019	1,000,000	$ 0.94

Stock-Based Compensation - Stock Options

Compensation is recognized for all stock-based compensation arrangements by the Company. Stock-based compensation expense related to stock option awards was $79,000 and $315,000 for the third quarters of fiscal 2019 and fiscal 2018 and $593,000 and $857,000 for the first nine months of fiscal 2019 and fiscal 2018. The Company has not recorded any income tax benefit from the exercise of stock options due to the uncertainty of realizing income tax benefits in the future.

As of November 2, 2019, the Company had one omnibus stock plan for which stock awards can be currently granted: the 2011 Omnibus Incentive Plan that provides for the issuance of up to 13,000,000 shares of the Company's stock. The 2004 Omnibus Stock Plan expired on June 22, 2014. No further awards may be made under the 2004 Omnibus Plan, but any award granted under the 2004 Omnibus Plan and outstanding on June 22, 2014 will remain outstanding in accordance with its terms. The 2011 plan is administered by the human resources and compensation committee of the board of directors and provides for awards for employees, directors and consultants. All employees and directors of the Company and its affiliates are eligible to receive awards under the plan. The types of awards that may be granted under this plan include restricted and unrestricted stock, restricted stock units, incentive and nonstatutory stock options, stock appreciation rights, performance units, and other stock-based awards. Incentive stock options may be granted to employees at such exercise prices as the human resources and compensation committee may determine but not less than 100% of the fair market value of the underlying stock as of the date of grant. No incentive stock option may be granted more than 10 years after the effective date of the respective plan's inception or be exercisable more than 10 years after the date of grant. Options granted to outside directors are nonstatutory stock options with an exercise price equal to 100% of the fair market value of the underlying stock as of the date of grant. Except for market-based options, options granted generally vest over three years in the case of employee stock options and vest immediately on the date of grant in the case of director options, and have contractual terms of 10 years from the date of grant.

The fair value of each time-based vesting option award is estimated on the date of grant using the Black-Scholes option pricing model that uses assumptions noted in the following table. Expected volatilities are based on the historical volatility of the Company's stock. Expected term is calculated using the simplified method taking into consideration the option's contractual life and vesting terms. The Company uses the simplified method in estimating its expected option term because it believes that historical

exercise data cannot be accurately relied upon at this time to provide a reasonable basis for estimating an expected term due to the extreme volatility of its stock price and the resulting unpredictability of its stock option exercises. The risk-free interest rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. Expected dividend yields were not used in the fair value computations as the Company has never declared or paid dividends on its common stock and currently intends to retain earnings for use in operations.

	Fiscal 2019	Fiscal 2018
Expected volatility:	75% - 82%	72%
Expected term (in years):	6 years	6 years
Risk-free interest rate:	1.4% - 2.6%	2.8% - 3.0%

A summary of the status of the Company's stock option activity as of November 2, 2019 and changes during the nine months then ended is as follows:

	2011 Incentive Stock Option Plan	Weighted Average Exercise Price	2004 Incentive Stock Option Plan	Weighted Average Exercise Price
Balance outstanding, February 2, 2019	4,759,000	$ 1.36	107,000	$ 4.87
Granted	329,000	$ 0.46	—	$ —
Exercised	—	$ —	—	$ —
Forfeited or canceled	(2,316,000)	$ 1.24	(40,000)	$ 4.47
Balance outstanding, November 2, 2019	2,772,000	$ 1.35	67,000	$ 5.11
Options exercisable at November 2, 2019	1,692,000	$ 1.60	67,000	$ 5.11

The following table summarizes information regarding stock options outstanding at November 2, 2019:

	Options Outstanding				Options Vested or Expected to Vest			
Option Type	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
2011 Incentive:	2,772,000	$ 1.35	7.0	$ 20,000	2,669,000	$ 1.37	6.9	$ 17,000
2004 Incentive:	67,000	$ 5.11	4.2	$ —	67,000	$ 5.11	4.2	$ —

The weighted average grant-date fair value of options granted in the first nine months of fiscal 2019 and fiscal 2018 was $0.31 and $0.74. The total intrinsic value of options exercised during the first nine months of fiscal 2019 and fiscal 2018 was $0 and $26,000. As of November 2, 2019, total unrecognized compensation cost related to stock options was $368,000 and is expected to be recognized over a weighted average period of approximately 1.4 years.

Stock-Based Compensation - Restricted Stock Units

Compensation expense relating to restricted stock unit grants was $229,000 and $507,000 for the third quarters of fiscal 2019 and fiscal 2018 and $715,000 and $1,323,000 for the first nine months of fiscal 2019 and fiscal 2018. As of November 2, 2019, there was $1,034,000 of total unrecognized compensation cost related to non-vested restricted stock unit grants. That cost is expected to be recognized over a weighted average expected life of 1.7 years. The total fair value of restricted stock units vested during the first nine months of fiscal 2019 and fiscal 2018 was $383,000 and $1,189,000. The estimated fair value of restricted stock units is based on the grant date closing price of the Company's stock for time-based vesting awards and a Monte Carlo valuation model for market-based vesting awards.

The Company has granted time-based restricted stock units to certain key employees as part of the Company's long-term incentive program. The restricted stock units generally vest in three equal annual installments beginning one year from the grant date and are being amortized as compensation expense over the three-year vesting period. The Company has also granted restricted stock units to non-employee directors as part of the Company's annual director compensation program. Each restricted stock unit grant vests or vested on the day immediately preceding the next annual meeting of shareholders following the date of grant. The grants are amortized as director compensation expense over the twelve-month vesting period.

The Company granted no market-based restricted stock performance units to executives and key employees as part of the Company's long-term incentive program during the third quarters of fiscal 2019 and fiscal 2018 and 941,000 and 747,000 market-based restricted stock performance units during the first nine months of fiscal 2019 and fiscal 2018. The number of restricted stock units earned is based on the Company's total shareholder return ("TSR") relative to a group of industry peers over a three-year performance measurement period. Grant date fair values were determined using a Monte Carlo valuation model based on assumptions as follows:

	Fiscal 2019	Fiscal 2018
Total grant date fair value	$482,000	$859,000
Total grant date fair value per share	$0.51	$1.07 - $1.30
Expected volatility	74% - 82%	73% - 76%
Weighted average expected life (in years)	3 years	3 years
Risk-free interest rate	1.7% - 2.3%	2.4% - 2.7%

The percent of the target market-based performance restricted stock unit award that will be earned based on the Company's TSR relative to the peer group is as follows:

Percentile Rank	Percentage of Units Vested
< 33%	0%
33%	50%
50%	100%
100%	150%

On May 2, 2019, Timothy A. Peterman was appointed as Chief Executive Officer and entered into an executive employment agreement. In conjunction with the employment agreement, the Company granted 680,000 restricted stock units to Mr. Peterman. The restricted stock units vest in three tranches, each tranche consisting of one-third of the units subject to the award. Tranche 1 will vest upon the one-year anniversary of the grant date. Tranche 2 will vest on the date the Company's average closing stock price for 20 consecutive trading days equals or exceeds $2.00 per share and the executive has been continuously employed at least one year. Tranche 3 will vest on the date the Company's average closing stock price for 20 consecutive trading days equals or exceeds $4.00 per share and the executive has been continuously employed at least two years. The vesting of the second and third tranches can occur any time on or before May 1, 2029. The total grant date fair value was estimated to be $220,000 and is being amortized over the derived service periods for each tranche.

Grant date fair values and derived service periods for each tranche were determined using a Monte Carlo valuation model based on assumptions, which included a weighted average risk-free interest rate of 2.5%, a weighted average expected life of 2.9 years and an implied volatility of 80% and were as follows for each tranche:

	Fair Value (Per Share)	Derived Service Period
Tranche 1 (one year)	$0.37	1.00 Year
Tranche 2 ($2.00/share)	$0.32	3.27 Years
Tranche 3 ($4.00/share)	$0.29	4.53 Years

A summary of the status of the Company's non-vested restricted stock unit activity as of November 2, 2019 and changes during the nine-month period then ended is as follows:

	Restricted Stock Units					
	Market-Based Units		Time-Based Units		Total	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Non-vested outstanding, February 2, 2019	1,629,000	$ 1.35	1,807,000	$ 1.04	3,436,000	$ 1.18
Granted	1,395,000	$ 0.44	2,378,000	$ 0.44	3,773,000	$ 0.44
Vested	—	$ —	(900,000)	$ 1.07	(900,000)	$ 1.07
Forfeited	(1,321,000)	$ 1.05	(1,424,000)	$ 0.70	(2,745,000)	$ 0.87
Non-vested outstanding, November 2, 2019	1,703,000	$ 0.84	1,861,000	$ 0.51	3,564,000	$ 0.67

(9) Net Loss Per Common Share

During the fourth quarter of fiscal 2018, the Company issued a restricted stock award that meets the criteria of a participating security. Accordingly, basic income (loss) per share is computed using the two-class method under which earnings are allocated to both common shares and participating securities. Undistributed net losses are allocated entirely to common shareholders since the participating security has no contractual obligation to share in the losses. All shares of restricted stock are deducted from weighted-average number of common shares outstanding – basic. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock of the Company during reported periods and is calculated using the treasury method.

A reconciliation of net loss per share calculations and the number of shares used in the calculation of basic loss per share and diluted loss per share is as follows:

	Three-Month Periods Ended		Nine-Month Periods Ended	
	November 2, 2019	November 3, 2018	November 2, 2019	November 3, 2018
Numerator:				
Net loss	$ (6,741,000)	$ (9,157,000)	$ (37,908,000)	$ (12,183,000)
Earnings allocated to participating share awards (a)	—	—	—	—
Net loss attributable to common shares — Basic and diluted	$ (6,741,000)	$ (9,157,000)	$ (37,908,000)	$ (12,183,000)
Denominator:				
Weighted average number of common shares outstanding — Basic	75,770,277	66,351,835	72,863,795	65,907,301
Dilutive effect of stock options, non-vested shares and warrants (b)	—	—	—	—
Weighted average number of common shares outstanding — Diluted	75,770,277	66,351,835	72,863,795	65,907,301
Net loss per common share	$ (0.09)	$ (0.14)	$ (0.52)	$ (0.18)
Net loss per common share — assuming dilution	$ (0.09)	$ (0.14)	$ (0.52)	$ (0.18)

(a) During the fourth quarter of fiscal 2018, the Company issued a restricted stock award that is a participating security. For the three and nine-month periods ended November 2, 2019, the entire undistributed loss is allocated to common shareholders.

(b) For the three and nine-month periods ended November 2, 2019, there were 747,000 and 401,000 incremental in-the-money potentially dilutive common shares outstanding, and 817,000 and 454,000 for the three and nine-month periods ended November 3, 2018. The incremental in-the-money potentially dilutive common stock shares are excluded from the computation of diluted earnings per share, as the effect of their inclusion would be anti-dilutive.

(10) Business Segments and Sales by Product Group

The Company has one reporting segment, which encompasses its interactive video and digital commerce retailing. The Company markets, sells and distributes its products to consumers primarily through its video commerce television, online website and mobile platforms. The Company's television shopping, online and mobile platforms have similar economic characteristics with respect to products, product sourcing, vendors, marketing and promotions, gross margins, customers, and methods of distribution. In addition, the Company believes that its television shopping program is a key driver of traffic to both the website and mobile applications whereby many of the online sales originate from customers viewing the Company's television program and then placing their orders online or through mobile devices. All of the Company's sales are made to customers residing in the United States. The chief operating decision maker is the Chief Executive Officer of the Company.

Information on net sales by significant product groups are as follows (in thousands):

	Three-Month Periods Ended		Nine-Month Periods Ended	
	November 2, 2019	November 3, 2018	November 2, 2019	November 3, 2018
Jewelry & Watches	$ 46,663	$ 49,417	$ 156,733	$ 160,052
Home & Consumer Electronics	23,705	27,492	70,272	87,200
Beauty & Wellness	18,844	21,174	63,806	76,811
Fashion & Accessories	13,896	21,838	52,350	72,972
All other (primarily shipping & handling revenue)	12,051	11,793	35,022	41,983
Total	$ 115,159	$ 131,714	$ 378,183	$ 439,018

(11) Income Taxes

At February 2, 2019, the Company had federal net operating loss carryforwards (“NOLs”) of approximately $338 million which may be available to offset future taxable income. The Company's federal NOLs generated prior to 2018 expire in varying amounts each year from 2023 through 2037 in accordance with applicable federal tax regulations and the timing of when the NOLs were incurred. The Company's federal NOLs generated in 2018 and after can be carried forward indefinitely.

In the first quarter of fiscal 2011, the Company had a change in ownership (as defined in Section 382 of the Internal Revenue Code) as a result of the issuance of common stock coupled with the redemption of all the Series B preferred stock held by GE Capital Equity Investments, Inc. Sections 382 and 383 limit the annual utilization of certain tax attributes, including NOL carryforwards, incurred prior to a change in ownership. Currently, the limitations imposed by Sections 382 and 383 are not expected to impair the Company's ability to fully realize its NOLs; however, the annual usage of NOLs incurred prior to the change in ownership is limited. In addition, if the Company were to experience another ownership change, as defined by Sections 382 and 383, its ability to utilize its NOLs could be further substantially limited and depending on the severity of the annual NOL limitation, the Company could permanently lose its ability to use a significant amount of its accumulated NOLs. The Company currently has recorded a full valuation allowance for its net deferred tax assets. The ultimate realization of these deferred tax assets and related limitations depend on the ability of the Company to generate sufficient taxable income in the future, as well as the timing of such income.

Shareholder Rights Plan

The Company has adopted a Shareholder Rights Plan to preserve the value of certain deferred tax benefits, including those generated by net operating losses. On July 10, 2015, the Company declared a dividend distribution of one purchase right (a “Right”) for each outstanding share of the Company’s common stock to shareholders of record as of the close of business on July 23, 2015 and issuable as of that date. On July 13, 2015, the Company entered into a Shareholder Rights Plan (the “Rights Plan”) with Wells Fargo Bank, N.A., a national banking association, with respect to the Rights. Except in certain circumstances set forth in the Rights Plan, each Right entitles the holder to purchase from the Company one one-thousandth of a share of Series A Junior Participating Cumulative Preferred Stock, $0.01 par value, of the Company (“Preferred Stock” and each one one-thousandth of a share of Preferred Stock, a “Unit”) at a price of $9.00 per Unit. On July 12, 2019, the Company's shareholders re-approved the Rights Plan at the 2019 annual meeting of shareholders. The Rights Plan will expire on the close of business on the date of the 2022 annual meeting of shareholders, unless the Rights Plan is re-approved by shareholders prior to expiration.

(12) Cash and Restricted Cash Equivalents

The following table provides a reconciliation of cash and restricted cash equivalents reported with the condensed consolidated balance sheets to the total of the same amounts shown in the condensed consolidated statements of cash flows:

	November 2, 2019	February 2, 2019
Cash	$ 16,602,000	$ 20,485,000
Restricted cash equivalents	—	450,000
Total cash and restricted cash equivalents	$ 16,602,000	$ 20,935,000

The Company's restricted cash equivalents consisted of certificates of deposit with original maturities of three months or less and were generally restricted for a period ranging from 30 to 60 days.

(13) Inventory Impairment Write-down

On May 2, 2019, Timothy A. Peterman was appointed Chief Executive Officer of the Company (See Note 17 - "Executive and Management Transition Costs") and implemented a new merchandise strategy to shift airtime and merchandise by increasing higher contribution margin categories, such as jewelry & watches and beauty & wellness, and decreasing home and fashion & accessories. This change of strategy resulted in the need to liquidate excess inventory in the fashion & accessories and home product categories as a result of the reduced airtime being allocated to those categories. As a result, the Company recorded a non-cash inventory write-down of $6,050,000 within cost of sales during the first quarter of fiscal 2019.

(14) Litigation

The Company is involved from time to time in various claims and lawsuits in the ordinary course of business, including claims related to products, product warranties, contracts, employment, intellectual property, consumer protection and regulatory matters. In the opinion of management, none of the claims and suits, either individually or in the aggregate, will have a material adverse effect on the Company's operations or consolidated financial statements.

(15) Related Party Transactions

Relationship with Sterling Time, Invicta Watch Company of America, and Retailing Enterprises

On May 2, 2019, in accordance with the Purchase Agreement described in Note 8 - "Shareholders' Equity", the Company's Board of directors elected Michael Friedman and Eyal Lalo to the board for a term expiring at the Company's 2019 annual meeting of shareholders, and appointed Mr. Lalo as the vice chair of the board. Mr. Lalo reestablished Invicta, the flagship brand of the Invicta Watch Group and one of the Company's largest brands, in 1994, and has served as its chief executive officer since its inception. Mr. Friedman has served as chief executive officer of Sterling Time, which is the exclusive distributor of IWCA's watches and watch accessories for television home shopping and our long-time vendor, since 2005. Sterling Time has served as a vendor to the Company for over 20 years. Under the Purchase Agreement, the Company agreed to recommend that the Company's shareholders vote to re-elect each of Eyal Lalo and Michael Friedman as a director of the Company at the 2019 annual meeting of shareholders for a term of office expiring at the 2020 annual meeting of shareholders, and to reflect such recommendation in the proxy statement for the 2019 annual meeting and solicit proxies in favor thereof. Messrs. Lalo and Friedman were re-elected by the Company's shareholders at the 2019 annual meeting. For their service as non-employee members of the board of directors, Messrs. Friedman and Lalo receive compensation under the Company's non-employee director compensation policy. Each director receives $65,000 in a cash retainer annually for service on our board. In addition, the Company's non-employee directors receive a restricted stock unit award that vests on the day immediately prior to the next annual meeting of shareholders. On May 2, 2019, Messrs. Friedman and Lalo each received a prorated grant for the partial year, which resulted in an award of 20,436 restricted stock units, valued at $7,500, that vested on July 11, 2019. On July 12, 2019, Messrs. Friedman and Lalo were each granted an award of 75,581 restricted stock units, valued at $32,500, that will vest on the day immediately prior to the Company's next annual meeting of shareholders.

Mr. Lalo is the owner of IWCA, which is the sole owner of Invicta Media Investments, LLC. Mr. Friedman is an owner of Sterling Time. Pursuant to the Purchase Agreement the following companies invested as a group, including: Invicta Media Investments, LLC purchased 4,000,000 shares of the Company's common stock and a warrant to purchase 2,526,562 shares of the Company's common stock for an aggregate purchase price of $3,000,000, Michael and Leah Friedman purchased 1,800,000 shares of the Company's common stock and a warrant to purchase 842,188 shares of the Company's common stock for an aggregate

purchase price of $1,350,000, and Retailing Enterprises, LLC purchased 1,600,000 shares of the Company's common stock for an aggregate purchase price of $1,200,000, among others.

Transactions with Sterling Time

The Company purchased products from Sterling Time, an affiliate of Mr. Friedman, in the aggregate amount of $15.8 million and $49.7 million during the third quarter and first nine months of fiscal 2019 and $15.6 million and $41.0 million during the third quarter and first nine months of fiscal 2018. The goods were purchased on standard commercial terms and are net of customary markdowns and promotional funding of $1.5 million and $400,000 for the first nine months of fiscal 2019 and fiscal 2018. In addition, during the first quarter of fiscal 2019, the Company subsidized the cost of a promotional cruise for Invicta branded and other vendors’ products. As of November 2, 2019 and February 2, 2019, the Company had a net trade payable balance owed to Sterling Time of $4.6 million and $3.2 million.

Transactions with Retailing Enterprises

During the third quarter of fiscal 2019, the Company entered into an agreement to liquidate obsolete inventory to Retailing Enterprises, LLC for a total purchase price of $1.9 million. The terms of the agreement provide for 24 monthly payments. As of November 2, 2019, no payments have been received and the Company has not recognized revenue from the bill and hold arrangement.

Transactions with Famjams Trading

The Company purchased products from Famjams Trading LLC ("Famjams Trading"), an affiliate of Mr. Friedman, in the aggregate amount of $337,000 during the third quarter and first nine months of fiscal 2019. As of November 2, 2019 and February 2, 2019, the Company had a net trade payable balance owed to Famjams Trading of $153,000 and $0.

(16) Restructuring Costs

During the second quarter of 2019, the Company implemented and completed a cost optimization initiative, which reduced the Company's organizational structure, closed the New York and Los Angeles offices and cut overhead costs. The initiative included the elimination of 11 senior executive roles and a 20% reduction to the Company's non-variable workforce. During the third quarter of 2019, the Company completed an additional reduction in the Company's organizational structure and cost-saving measures. As a result, the Company recorded restructuring charges of $1,516,000 and $6,681,000 for the three and nine-month periods ended November 2, 2019, which relate primarily to severance and other incremental costs associated with the consolidation and elimination of positions across the Company.

The following table summarizes the significant components and activity under the restructuring program for the nine-month period ended November 2, 2019:

	Balance at February 2, 2019	Charges	Cash Payments	Balance at November 2, 2019
Severance	$ —	$ 5,858,000	$ (1,760,000)	$ 4,098,000
Other incremental costs	—	823,000	(739,000)	84,000
	$ —	$ 6,681,000	$ (2,499,000)	$ 4,182,000

The liability for restructuring accruals is included in current accrued liabilities within the accompanying condensed consolidated balance sheet.

(17) Executive and Management Transition Costs

On May 2, 2019, Robert J. Rosenblatt, the Company's Chief Executive Officer, was terminated from his position as an officer and employee of the Company and was entitled to receive the payments set forth in his employment agreement. The Company recorded charges to income totaling $1,922,000 as a result. Mr. Rosenblatt remained a member of the Company's board of directors until October 1, 2019. On May 2, 2019, in accordance with the Purchase Agreement, the Company's board of directors appointed Timothy A. Peterman to serve as Chief Executive Officer, effective immediately, and entered into an employment agreement with Mr. Peterman.

In conjunction with these executive changes as well as other executive and management terminations made during the first nine months of fiscal 2019, the Company recorded charges to income totaling $87,000 and $2,428,000 for the three and nine-

months ended November 2, 2019, which relate primarily to severance payments to be made as a result of the executive officer and other management terminations and other direct costs associated with the Company's 2019 executive and management transition.

On April 11, 2018, the Company entered into a transition and separation agreement with its Executive Vice President, Chief Operating Officer/Chief Financial Officer, under which his position terminated on April 16, 2018 and he served as a non-officer employee until June 1, 2018. On April 11, 2018, the Company announced the appointment of a new Chief Financial Officer, effective as of April 16, 2018. In conjunction with this executive change as well as other executive and management terminations made during the first nine months of fiscal 2018, the Company recorded charges to income totaling $408,000 and $1,432,000 for the three and nine-months ended November 3, 2018, which relate primarily to severance payments to be made as a result of the executive officer and other management terminations and other direct costs associated with the Company's 2018 executive and management transition.

(18) Subsequent Events

Commercial Agreement with Shaquille O'Neal

On November 18, 2019, the Company entered into a commercial agreement (“Agreement”) and restricted stock unit award agreement (“RSU Agreement”) with ABG-Shaq, LLC (“Shaq”) pursuant to which certain products would be sold bearing certain intellectual property rights of Shaquille O’Neal on the terms and conditions set forth in the Agreement. In exchange for such services and pursuant to the RSU Agreement, the Company issued 4,000,000 restricted stock units to Shaq that vest in three separate tranches. The first tranche of 1,333,333 restricted stock units vested on November 18, 2019, which was the date of grant. The second tranche of 1,333,333 restricted stock units will vest February 1, 2021 and the final tranche of 1,333,334 restricted stock units will vest February 1, 2022. Additionally, in connection with the Agreement, the Company entered into a registration rights agreement with respect to the restricted stock units pursuant to which the Company agreed to register the common stock issuable upon settlement of the restricted stock units in accordance with the terms and conditions therein. The restricted stock units each settle for one share of the Company's common stock.

Business Acquisitions

On November 25, 2019, the Company entered into an asset purchase agreement and acquired substantially all the assets of Float Left Interactive, Inc. ("Float Left"), a business comprised of connected TVs, video-based content, application development and distribution, including technical consulting services, software development and maintenance related to video distribution. The Company plans to utilize Float Left’s team and technology platform to further grow its content delivery capabilities in OTT platforms while providing new revenue opportunities. Pursuant to the purchase agreement, the Company issued 1,000,000 shares of our common stock to the seller as purchase consideration. The purchase includes contingent consideration of up to 500,000 additional shares of our common stock in the event certain performance metrics are satisfied relating to the Float Left business following closing.

On November 26, 2019, the Company entered into an asset purchase agreement and acquired substantially all the assets of J.W. Hulme Company ("J.W. Hulme"), a business specializing in artisan-crafted leather products, including handbags and luggage. The Company plans to accelerate J.W. Hulme's revenue growth by creating its own programming on ShopHQ. Additionally, the Company plans to utilize J.W. Hulme to craft private-label accessories for the Company's existing owned and operated fashion brands. Pursuant to the purchase agreement, the Company issued 2,910,000 shares of our common stock to the seller as purchase consideration.

Eleventh Amendment to PNC Credit Facility

On November 25, 2019, the Company entered into the Eleventh Amendment to the PNC Credit Facility. The Eleventh Amendment, among other things, increased the interest rate margin by 2% on the term loan and between 1% and 1.5% on the revolving line of credit.

Amendment to Articles of Incorporation

On December 3, 2019, the Company held a special meeting of shareholders. At the special meeting, the Company’s shareholders approved an amendment to Section A of Article 3 of the Company’s Articles of Incorporation to provide that the Company is authorized to issue one hundred million (100,000,000) shares of capital stock and an additional fifty million (50,000,000) shares of common stock. In addition, the Company’s shareholders approved amendments to the Company’s Articles of Incorporation to delete the following sections:

- Section D of Article 3, which provided restrictions on the voting power of the Company's shares of common stock in excess of 20% by or for the account of aliens, a foreign government or any corporation organized under the laws of foreign country;
- Section E of Article 3, which provided restrictions on the ownership and transfer of the Company's shares of common stock in excess of 20% by aliens, a foreign government or any corporation organized under the laws of foreign country, and a related redemption right on behalf of the Company; and
- Article 7, which provided that no officer or director of the Company may be an alien or a representative of a foreign government.

Reverse Stock Split

On November 25, 2019, the Company announced it will implement a ten-for-one reverse stock split of its outstanding common stock, effective at 5:00 p.m., Central Time, on December 11, 2019. Upon the effectiveness of the reverse stock split, every ten shares of issued and outstanding common stock before the close of business on December 11, 2019 will be combined into one issued and outstanding share of common stock, with no change in par value per share. The company's common stock will open for trading on Nasdaq on December 12, 2019 on a post-split basis. No fractional shares will be issued as a result of the reverse stock split. Any fractional shares that would result from the reverse stock split will be cancelled in exchange for the payment of cash consideration. The reverse stock split will affect all issued and outstanding shares of the company's common stock, as well as the number of shares of common stock available for issuance under the company's outstanding stock options and warrants. The reverse stock split will reduce the number of shares of common stock issuable upon the exercise of stock options or warrants outstanding immediately prior to the reverse split and correspondingly increase the respective exercise prices. The reverse stock split will affect all shareholders uniformly and will not alter any shareholder's percentage interest in the company's equity, except to the extent that the reverse stock split results in some shareholders experiencing an adjustment of a fractional share as described above. The reverse stock split is primarily intended to bring the company into compliance with the minimum bid price requirement for maintaining its listing on the Nasdaq Capital Market. The Company's common stock will continue to trade under the symbol "IMBI."

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations is qualified by reference to and should be read in conjunction with our accompanying unaudited condensed consolidated financial statements and notes included herein and the audited consolidated financial statements and notes included in our annual report on Form 10-K for the fiscal year ended February 2, 2019.

Cautionary Statement Concerning Forward-Looking Statements

The following Management's Discussion and Analysis of Financial Condition and Results of Operations and other materials we file with the SEC (as well as information included in oral statements or other written statements made or to be made by us) 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 made in this report 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 facility 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 relating 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 "Risk Factors" in our most recently filed Form 10-K and any additional risk factors identified in our periodic reports since the date of such report. More detailed information about those factors is set forth in our filings with the SEC, 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 filing. 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.

Overview

Our Company

We are an interactive media company that manages ShopHQ, our nationally distributed shopping entertainment network, Bulldog Shopping Network and iMedia Web Services. ShopHQ offers a mix of proprietary, exclusive and name-brand merchandise in the categories of jewelry & watches, home & consumer electronics, beauty & wellness, and fashion & accessories directly to consumers 24 hours a day in an engaging and informative shopping experience via television, online and mobile devices. ShopHQ programming is distributed in more than 87 million homes through cable and satellite distribution agreements, agreements with telecommunications companies and arrangements with over-the-air broadcast television stations. ShopHQ programming is also streamed live online at shophq.com, a comprehensive digital commerce platform that sells products which appear on its television shopping network as well as an extended assortment of online-only merchandise, and is available on mobile channels and over-the-top platforms. Our programming and products are also marketed via mobile devices, including smartphones and tablets, and through the leading social media channels. Our nascent, but growing iMedia Web Services offers creative and interactive advertising and third-party logistics. On November 22, 2019, we launched the Bulldog Shopping Network, a niche television shopping network geared towards male consumers.

Our website address is www.imediabrands.com. Our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, proxy and information statements, and amendments to these reports if applicable, are available, without charge, on our investor relations website at investors.imediabrands.com as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Copies also are available, without charge, by contacting the General Counsel, iMedia Brands, Inc., 6740 Shady Oak Road, Eden Prairie, Minnesota 55344-3433. Our goal is to maintain the investor relations website as a way for investors to easily find information about us, including press releases, announcements of investor conferences, investor and analyst presentations and corporate governance. The information found on our website is not part of this or any other report we file with, or furnish to, the SEC. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements and other information regarding us and other companies that file materials with the SEC electronically.

New Corporate Name and Branding

On July 16, 2019, we changed our corporate name to iMedia Brands, Inc. from EVINE Live Inc. Effective July 17, 2019, our Nasdaq trading symbol also changed from EVLV to IMBI. On August 21, 2019, we changed the name of our primary network, Evine, back to ShopHQ, which was the name of the network in 2014.

Products and Customers

Products sold on our digital commerce platforms include jewelry & watches, home & consumer electronics, beauty & wellness, and fashion & accessories. Historically jewelry & watches has been our largest merchandise category. While changes in our product mix have occurred as a result of customer demand and other factors including our efforts to diversify our offerings within our major merchandise categories, jewelry & watches remained our largest merchandise category during the first nine months of fiscal 2019. We are focused on diversifying our merchandise assortment within our existing product categories as well as offering potential new product categories, including proprietary, exclusive and name-brands, in an effort to increase revenues, gross profits and to grow our new and active customer base. The following table shows our merchandise mix as a percentage of total digital commerce net merchandise sales for the three and nine-month periods indicated by product category group.

	For the Three-Month Periods Ended		For the Nine-Month Periods Ended	
	November 2, 2019	November 3, 2018	November 2, 2019	November 3, 2018
Net Merchandise Sales by Category				
Jewelry & Watches	45%	41%	46%	40%
Home & Consumer Electronics	23%	23%	20%	22%
Beauty & Wellness	18%	18%	19%	19%
Fashion & Accessories	14%	18%	15%	19%
Total	100%	100%	100%	100%

Our product strategy is to continue to develop and expand new product offerings across multiple merchandise categories based on customer demand, as well as to offer competitive pricing and special values in order to drive new customers and maximize margin dollars per minute. During the first quarter of fiscal 2019, we started implementing a new strategy to shift airtime and merchandise mix into higher contribution margin categories, such as jewelry & watches and beauty & wellness, to drive better customer engagement, and improve our merchandising margin and shipping margin. We also expect this changed mix will lower our variable costs as a percentage of revenue. Our core digital commerce customers — those who interact with our network and transact through television, online and mobile devices — are primarily women between the ages of 45 and 70. We also have a strong presence of male customers of similar age. We believe our customers make purchases based on our unique products, quality merchandise and value.

Company Strategy

As an interactive media company, our strategy includes developing and growing multiple monetization models, including TV retailing, eCommerce, advertising and service fees, to grow our business. We expect that these initiatives build upon our core strengths and provide us an advantage in the marketplace. On July 16, 2019 we changed our corporate name to iMedia Brands, Inc. to reflect our broader portfolio of media brands.

Our strategy includes offering our curated assortment of proprietary, exclusive (i.e., products that are not readily available elsewhere), emerging and name-brand products. Our programming is distributed through our video commerce infrastructure, which includes television access to more than 87 million homes in the United States, primarily on cable and satellite systems as well as over-the-air broadcast and over-the-top platforms. Our merchandising plan is focused on delivering a balanced assortment of profitable products presented in an engaging, entertaining, shopping-centric format using our unique expertise in storytelling and "live on location" broadcasting. We are also focused on growing our high lifetime value customer file and growing our revenues, through social, mobile, online, and over-the-top platforms, as well as leveraging our capacity, system capability and expertise in distribution and product development to generate new business relationships. We believe these initiatives will position us to deliver a more engaging and enjoyable customer experience with product offerings and service that exceed customer expectations. On August 21, 2019, we changed the name of the Evine network back to ShopHQ, which was the name of the network in 2014. ShopHQ is easier to recognize for existing television retailing customers and we believe this more intuitive and recognizable name will allow us to better promote our network and build our customer file.

Our growth strategy also includes building profitable niche interactive media networks and services, such as the Bulldog Shopping Network, which launched on November 22, 2019, and LaVenta. The Bulldog Shopping Network is a new omni-channel, television shopping brand that will sell and advertise men's merchandise and services, and the aspirational lifestyles associated with its brands and personalities. In addition, in 2020, we expect to launch a new omni-channel, Spanish language, television shopping brand centered on the Latin culture to sell and advertise merchandise, services and personalities, celebrating aspirational lifestyles. To grow our service revenue, we recently launched iMedia Web Services, which includes creative and interactive services and third-party logistics services. We plan to expand our service offerings to provide a "one-stop commerce services offering" targeting brands interested in propelling their growth using our unique combination of assets in television, web and third-party logistics services.

Program Distribution

ShopHQ, our 24-hour television shopping program, which is distributed primarily on cable and satellite systems, reached more than 87 million homes during the nine months ended November 2, 2019 and November 3, 2018. Our television home shopping programming is also simulcast 24 hours a day, 7 days a week on our website, shophq.com, broadcast over-the-air in certain markets and is also available on all mobile channels and on various video streaming applications, such as Roku and Apple TV. This multiplatform distribution approach, complemented by our strong mobile and online efforts, ensures that our programming is available wherever and whenever our customers choose to shop.

In addition to our total homes reached, we continue to increase the number of channels on existing distribution platforms and alternative distribution methods, including reaching deals to launch our programming on high definition ("HD") channels. We believe that our distribution strategy of pursuing additional channels in productive homes already receiving our programming is a more balanced approach to growing our business than merely adding new television homes in untested areas. We believe that having an HD feed of our service allows us to attract new viewers and customers.

Cable and Satellite Distribution Agreements

We have entered into distribution agreements with cable operators, direct-to-home satellite providers and telecommunications companies to distribute our television programming over their systems. The terms of the distribution agreements typically range from one to five years. During the fiscal year, certain agreements with cable, satellite or other distributors may expire. Under certain circumstances, the cable operators or we may cancel the agreements prior to their expiration. Additionally, we may elect not to renew distribution agreements whose terms result in sub-standard or negative contribution margins. If the operator drops our service or if either we or the operator fails to reach mutually agreeable business terms concerning the distribution of our service so that the agreements are terminated, our business may be materially adversely affected. Failure to maintain our distribution agreements covering a material portion of our existing households on acceptable financial and other terms could materially and adversely affect our future growth, sales and earnings unless we are able to arrange for alternative means of broadly distributing our television programming.

Our Competition

The video and digital commerce retail business is highly competitive, and we are in direct competition with numerous retailers, including online retailers, many of whom are larger, better financed and have a broader customer base than we do. In our television shopping and digital commerce operations, we compete for customers with other television shopping and e-commerce retailers, infomercial companies, other types of consumer retail businesses, including traditional "brick and mortar" department stores, discount stores, warehouse stores and specialty stores, catalog and mail order retailers and other direct sellers.

Our direct competitors within the television shopping industry include QVC, Inc. and HSN, Inc., which are owned by Qurate Retail Inc. Both QVC, Inc. and HSN, Inc. are substantially larger than we are in terms of annual revenues and customers, and the programming of each is carried more broadly to U.S. households, including high definition bands and multi-channel carriage, than our programming. Multimedia Commerce Group, Inc., which operates Jewelry Television, also competes with us for customers in the jewelry category. In addition, there are a number of smaller niche retailers and startups in the television shopping arena who compete with us. We believe that our major competitors incur cable and satellite distribution fees representing a significantly lower percentage of their sales attributable to their television programming than we do, and that their fee arrangements are substantially on a commission basis (in some cases with minimum guarantees) rather than on the predominantly fixed-cost basis that we currently have. At our current sales level, our distribution costs as a percentage of total consolidated net sales are higher than those of our competition. However, we have the ability to leverage this fixed expense with sales growth to accelerate improvement in our profitability.

We anticipate continued competition for viewers and customers, for experienced television commerce and e-commerce personnel, for distribution agreements with cable and satellite systems and for vendors and suppliers - not only from television shopping companies, but also from other companies that seek to enter the television shopping and online retail industries, including telecommunications and cable companies, television networks, and other established retailers. We believe that our ability to be successful in the video and digital commerce industry will be dependent on a number of key factors, including continuing to expand our digital footprint to meet our customers' needs and increasing the lifetime value of our customer base by a combination of growing the number of customers who purchase products from us and maximizing the dollar value of sales and profitability per customer.

Summary Results for the Third Quarter of Fiscal 2019

Consolidated net sales for our fiscal 2019 third quarter were $115.2 million compared to $131.7 million for our fiscal 2018 third quarter, which represents a 13% decrease. We reported an operating loss of $5.8 million and a net loss of $6.7 million for our fiscal 2019 third quarter. The operating and net loss for the fiscal 2019 third quarter included restructuring costs of $1.5 million; transaction, settlement and integration costs, net, totaling $(804,000); rebranding costs of $554,000; and charges relating to executive and management transition costs totaling $87,000. We reported an operating loss of $8.4 million and a net loss of $9.2 million for our fiscal 2018 third quarter. The operating and net loss for the fiscal 2018 third quarter included charges relating to executive and management transition costs totaling $408,000 and transaction, settlement and integration costs totaling $395,000.

Consolidated net sales for the first nine months of fiscal 2019 were $378.2 million compared to $439.0 million for the first nine months of fiscal 2018, which represents a 14% decrease. We reported an operating loss of $35.3 million and a net loss of $37.9 million for the first nine months of fiscal 2019. The operating and net loss for the first nine months of fiscal 2019 included restructuring costs of $6.7 million; an inventory impairment write-down of $6.1 million; charges relating to executive and

management transition costs totaling $2.4 million; transaction, settlement and integration costs, net, totaling $(804,000); and rebranding costs of $792,000. We reported an operating loss of $9.5 million and a net loss of $12.2 million for the first nine months of fiscal 2018. The operating and net loss for the first nine months of fiscal 2018 included charges relating to executive and management transition costs totaling $1.4 million and transaction, settlement and integration costs totaling $1.1 million.

Private Placement Securities Purchase Agreement

On May 2, 2019, we entered into a private placement securities purchase agreement ("Purchase Agreement") with certain accredited investors pursuant to which we: (a) sold, in the aggregate, 8,000,000 shares of our common stock at a price of $0.75 per share and (b) issued five-year warrants ("5-year Warrants") to purchase 3,500,000 shares of our common stock at an exercise price of $1.50 per share. The 5-year Warrants are exercisable in whole or in part from time to time through the expiration date of May 2, 2024. The purchasers included Invicta Media Investments, LLC, Michael and Leah Friedman, Timothy Peterman and certain other private investors. Invicta Media Investments, LLC is owned by Invicta Watch Company of America, Inc. (“IWCA”), which is the designer and manufacturer of Invicta-branded watches and watch accessories, one of our largest and longest tenured brands. Michael and Leah Friedman are owners and officers of Sterling Time, LLC (“Sterling Time”), which is the exclusive distributor of IWCA’s watches and watch accessories for television home shopping and our long-time vendor. A description of the relationship between our company, IWCA and Sterling Time is contained in Note 15 - “Related Party Transactions” in the notes to our condensed consolidated financial statements. Under the Purchase Agreement, the purchasers agreed to customary standstill provisions related to our company for a period of two years, as well as to vote their shares in favor of matters recommended by our board of directors for approval by our shareholders. In addition, we agreed in the Purchase Agreement to appoint Eyal Lalo, an owner of IWCA, as vice chair of our board of directors, Michael Friedman to our board of directors and Timothy Peterman as our chief executive officer.

In connection with the closing under the Purchase Agreement, we entered into certain other agreements with IWCA, Sterling Time and the purchasers, including a 5-year vendor exclusivity agreement with Sterling Time and IWCA. The vendor exclusivity agreement grants us the exclusive right in television shopping to market, promote and sell the products from IWCA.

The Company received gross proceeds of $6.0 million and incurred approximately $175,000 of issuance costs. We have used the proceeds for general working capital purposes. The 5-year Warrants were issued primarily as consideration for a five-year vendor exclusivity agreement with IWCA and Sterling Time. The aggregate market value of the 5-year Warrants on the grant date was $193,000, which was recorded as an intangible asset and is being amortized as cost of sales over the agreement term.

Inventory Impairment Write-down

On May 2, 2019, Timothy A. Peterman was appointed Chief Executive Officer of the Company (see Note 17 - “Executive and Management Transition Costs” in the notes to our condensed consolidated financial statements) and implemented a new merchandise strategy to shift airtime and merchandise by increasing higher contribution margin categories, such as jewelry & watches and beauty & wellness, and decreasing home and fashion & accessories. This change of strategy resulted in the need to liquidate excess inventory in the fashion & accessories and home product categories as a result of the reduced airtime being allocated to those categories. As a result, we recorded a non-cash inventory write-down of $6.1 million during the first quarter of fiscal 2019.

Restructuring Costs

During the second quarter of 2019, we implemented and completed a cost optimization initiative, which reduced our organizational structure, closed the New York and Los Angeles offices and cut overhead costs. The initiative included the elimination of 11 senior executive roles and a 20% reduction to our non-variable workforce. During the third quarter of 2019, the Company implemented and completed additional organizational changes and cost-saving measures. As a result, we recorded restructuring charges of $1.5 million and $6.7 million for the three and nine-month periods ended November 2, 2019, which relate primarily to severance and other incremental costs associated with the consolidation and elimination of positions across the Company. The optimization initiative is expected to eliminate approximately $17 million in annual overhead costs.

Executive and Management Transition Costs

On May 2, 2019, Robert J. Rosenblatt, our Chief Executive Officer, was terminated from his position as an officer and employee of our company and was entitled to receive the payments set forth in his employment agreement. Mr. Rosenblatt remained a member of our board of directors until October 1, 2019. On May 2, 2019, in accordance with the Purchase Agreement, our board of directors appointed Timothy A. Peterman to serve as Chief Executive Officer, effective immediately and entered into an employment agreement with Mr. Peterman. In conjunction with these executive changes as well as other executive and management terminations made during the first nine months of fiscal 2019, we recorded charges to income totaling $87,000 and $2.4 million for the three and nine-months ended November 2, 2019, which relate primarily to severance payments to be made as a result of

the executive officer and other management terminations and other direct costs associated with our 2019 executive and management transition.

Transaction, Settlement and Integration Costs

During the third quarter of 2019, the Company received $1.5 million for the sale of its claim related to the Payment Card Interchange Fee and Merchant Discount Antitrust Litigation class action lawsuit. This was partially offset by costs incurred related to the implementation of our ShopHQ VIP customer program and our third-party logistics service offerings of $721,000.

Results of Operations

Selected Condensed Consolidated Financial Data
Operations

	Dollar Amount as a Percentage of Net Sales for the Three-Month Periods Ended		Dollar Amount as a Percentage of Net Sales for the Nine-Month Periods Ended	
	November 2, 2019	November 3, 2018	November 2, 2019	November 3, 2018
Net sales	100.0%	100.0%	100.0%	100.0%
Gross margin	36.1%	35.8%	33.5%	36.5%
Operating expenses:				
Distribution and selling	33.3%	36.0%	34.0%	32.9%
General and administrative	4.7%	4.7%	4.7%	4.4%
Depreciation and amortization	1.8%	1.2%	1.7%	1.1%
Restructuring costs	1.3%	—%	1.8%	—%
Executive and management transition costs	0.1%	0.3%	0.6%	0.3%
	41.2%	42.2%	42.8%	38.7%
Operating loss	(5.1)%	(6.4)%	(9.3)%	(2.2)%

Key Performance Metrics

	For the Three-Month Periods Ended			For the Nine-Month Periods Ended		
	November 2, 2019	November 3, 2018	Change	November 2, 2019	November 3, 2018	Change
Merchandise Metrics						
Gross margin %	36.1%	35.8%	30 bps	33.5%	36.5%	(300) bps
Net shipped units (in thousands)	1,578	1,893	(17)%	5,227	6,827	(23)%
Average selling price	$66	$63	5%	$65	$58	12%
Return rate	19.0%	19.9%	(90) bps	19.7%	19.1%	60 bps
Digital net sales % (a)	51.6%	51.9%	(30) bps	52.5%	52.5%	—
Total Customers - 12 Month Rolling (in thousands)	1,115	1,233	(10)%	N/A	N/A	

(a) Digital net sales percentage is calculated based on net sales that are generated from our website and mobile platforms, which are primarily ordered directly online.

Net Shipped Units

The number of net shipped units (shipped units less units returned) during the fiscal 2019 third quarter decreased 17% from the prior year comparable quarter to approximately 1.6 million. For the nine months ended November 2, 2019, net shipped units

decreased 23% from the prior year comparable period to 5.2 million. The decrease in net shipped units during the third quarter and first nine months of fiscal 2019 was driven primarily by a decrease in consolidated net sales and by offering a higher average selling price assortment in our home & consumer electronics product category. The decrease in year-to-date net shipped units was additionally driven by offering a higher average selling price assortment in our jewelry & watches product category.

Average Selling Price

The average selling price ("ASP") per net unit was $66 in the third quarter of fiscal 2019, a 5% increase from the prior year quarter. The increase in the third quarter ASP was primarily driven by a mix shift into jewelry & watches from our fashion & accessories category and an ASP increase in our home & consumer electronics category. For the nine months ended November 2, 2019, the ASP was $65, a 12% increase from the prior year comparable period. The increase in the year-to-date ASP was primarily driven by a mix shift into jewelry & watches from our fashion & accessories category, combined with ASP increases in our jewelry & watches and home & consumer electronics product categories.

Return Rates

For the three months ended November 2, 2019, our return rate was 19.0% compared to 19.9% for the comparable prior year quarter, a 90 basis point decrease. The decrease in the third quarter return rate was driven by return rate decreases in all product categories, primarily in our home & consumer electronics category. For the nine months ended November 2, 2019, our return rate was 19.7% compared to 19.1% for the comparable prior year period, a 60 basis point increase. The increase in the year-to-date return rate was driven primarily by a return rate increase in our beauty & wellness product category and by a sales mix shift out of the home & consumer electronics category and into our jewelry & watches category, which has a higher return rate. The increase was partially offset by a return rate decrease in our home & consumer electronics category. We continue to monitor our return rates in an effort to keep our overall return rates commensurate with our current product mix and our ASP levels.

Total Customers

Total customers who have purchased over the last twelve months decreased 10% over the prior year to approximately 1.1 million. The decrease was driven primarily by a reduction in new customers as compared to the prior year.

Net Sales

Consolidated net sales, inclusive of shipping and handling revenue, for the fiscal 2019 third quarter were $115.2 million, a 12.6% decrease from consolidated net sales of $131.7 million for the comparable prior year quarter. Consolidated net sales, inclusive of shipping and handling revenue, for the first nine months of fiscal 2019 were $378.2 million, a 13.9% decrease from consolidated net sales of $439.0 million for the comparable prior year period.

The decreases in quarterly and year-to-date consolidated net sales were driven by decreases in all product categories, primarily in our fashion & accessories and home & consumer electronics product categories. Consolidated net sales from fashion & accessories and home & consumer electronics decreased as a result of reduced productivity, airtime and an overall softness in these product categories. Net sales from beauty & wellness and jewelry & watches decreased compared to the prior year quarter as a result of reduced productivity. However, jewelry & watches continues to be our most productive category. Our digital sales penetration, or, the percentage of net sales that are generated from our website and mobile platforms, which are primarily ordered directly online, was 51.6% and 52.5% for the third quarter and first nine months of fiscal 2019 compared to 51.9% and 52.5% in the comparable prior year periods of fiscal 2018. Overall, we continue to deliver strong digital sales penetration. Our mobile penetration increased to 57.7% and 58.3% of total digital orders in the third quarter and first nine months of fiscal 2019 versus 55.4% and 53.4% of total digital orders for the comparable prior year periods.

Gross Profit

Gross profit for the third quarter of fiscal 2019 was $41.6 million, a decrease of $5.6 million, or 12%, compared to the third quarter of fiscal 2018. Gross profit for the first nine months of fiscal 2019 was approximately $126.6 million, a decrease of $33.7 million, or 21%, compared to the first nine months of fiscal 2018. The decrease in gross profit during the third quarter and first nine months of fiscal 2019 was primarily driven by the decrease in net sales, lower gross profit percentages experienced in the beauty & wellness category during the first half of fiscal 2019 and a first quarter non-cash inventory impairment write-down of $6.1 million. The non-cash inventory impairment write-down was the result of the new planned shift in our airtime and merchandise mix into higher margin categories, such as jewelry & watches and beauty & wellness and out of home and fashion & accessories and to liquidate excess inventory in the fashion and home product categories. Gross margin percentages for the third quarters of fiscal 2019 and fiscal 2018 were 36.1% and 35.8%, which represent a 30 basis point increase. The increase in the gross margin percentage reflects increased margin rates, partially offset by merchandise mix pressure into product categories with lower margins. Gross margin percentages for the first nine months of fiscal 2019 and fiscal 2018 were 33.5% and 36.5%, which represent a 300 basis point decrease. The decrease in the gross margin percentage reflects the inventory write-down and decreased margin rates,

primarily in our beauty & wellness category. The decrease in beauty & wellness reflects a mix shift within the product category to brands with lower margins.

Operating Expenses

Total operating expenses for the fiscal 2019 third quarter were approximately $47.4 million compared to $55.5 million for the comparable prior year period, a decrease of 15%. Total operating expenses for the first nine months ended November 2, 2019 were $161.9 million compared to $169.7 million for the comparable prior year period, a decrease of 4.6%. Total operating expenses as a percentage of net sales were 41.2% and 42.8% during the third quarter and first nine months of fiscal 2019, compared to 42.2% and 38.7% during the comparable prior year periods of fiscal 2018. Total operating expenses for the fiscal 2019 third quarter included restructuring costs of $1.5 million, rebranding costs of $554,000 and executive and management transition costs of $87,000, while total operating expenses for the fiscal 2018 third quarter included executive and management transition costs of $408,000. Total operating expenses for the nine months ended November 2, 2019 included restructuring costs of $6.7 million, executive and management transition costs of $2.4 million and rebranding costs of $792,000, while total operating expenses for the nine months ended November 3, 2018 included executive and management transition costs of $1.4 million. Excluding restructuring costs and executive and management transition costs, total operating expenses as a percentage of net sales for the third quarter and first nine months of fiscal 2019 were 39.8% and 40.4%, compared to 41.9% and 38.4% for fiscal 2018.

Distribution and selling expense decreased $9.0 million, or 19%, to $38.3 million, or 33.3% of net sales during the fiscal 2019 third quarter compared to $47.3 million, or 36.0% of net sales for the comparable prior year fiscal quarter. Distribution and selling expense decreased during the quarter due to decreased program distribution expense of $2.9 million, decreased variable costs of $2.3 million, a $1.5 million gain related to proceeds on the sale of our claim related to the Payment Card Interchange Fee and Merchant Discount Antitrust Litigation class action lawsuit, decreased salaries and benefits of $1.5 million, decreased online selling and search fees of $389,000, decreased accrued incentive compensation of $250,000, decreased production expense of $212,000 and decreased share-based compensation expense of $136,000, partially offset by integration costs of $383,000 relating to the start-up of our third-party logistics business and the launch of our customer program, called ShopHQ VIP. The decrease in variable costs was primarily driven by decreased variable fulfillment and customer service salaries and wages of $1.1 million, decreased variable credit card processing fees and bad debt credit expense of $978,000 and decreased customer services telecommunications service expense of $137,000. Total variable expenses during the third quarter of fiscal 2019 were approximately 9.8% of total net sales versus 10.3% of total net sales for the prior year comparable period. The 50 basis point decrease was primarily driven by the sales mix shift into higher ASP categories of jewelry & watches, which reduces our expense rate. Variable expense dollars for the quarter declined as a result of decreases in net sales and net shipped units, as well as we continue to find efficiencies through process and technology.

Distribution and selling expense decreased $15.5 million, or 11%, to $128.7 million, or 34.0% of net sales during the nine months ended November 2, 2019 compared to $144.2 million, or 32.9% of net sales for the comparable prior year period. Distribution and selling expense decreased during the first nine months due to decreased variable costs of $4.7 million, decreased program distribution expense of $4.0 million, decreased salaries and benefits of $3.2 million, a $1.5 million gain related to proceeds on the sale of our claim related to the Payment Card Interchange Fee and Merchant Discount Antitrust Litigation class action lawsuit, decreased accrued incentive compensation of $957,000, decreased share-based compensation expense of $384,000, decreased production expense of $370,000, decreased online selling and search fees of $327,000, and decreased software service fees of $204,000, partially offset by integration costs of $383,000 relating to the start-up of our third-party logistics business and launch of our customer program, called ShopHQ VIP. The decrease in variable costs was primarily driven by decreased variable fulfillment and customer service salaries and wages of $2.4 million, decreased variable credit card processing fees and bad debt credit expense of $1.9 million and decreased customer services telecommunications service expense of $249,000. Total variable expenses during the first nine months of fiscal 2019 were approximately 9.7% of total net sales versus 9.5% for the prior year comparable period. The 20 basis point increase reflects the deleveraging of our fulfillment, credit, and customer solution expense categories. Variable expense dollars for the first nine months declined as a result of decreases in net sales and net shipped units, as well as we continue to find efficiencies through process and technology.

To the extent that our ASP changes, our variable expense as a percentage of net sales could be impacted as the number of our shipped units change. Program distribution expense is primarily a fixed cost per household, however, this expense may be impacted by changes in the number of average homes or channels reached or by rate changes associated with changes in our channel position with carriers.

General and administrative expense for the fiscal 2019 third quarter decreased $799,000, or 13%, to $5.4 million or 4.7% of net sales, compared to $6.2 million or 4.7% of net sales for the comparable prior year fiscal quarter. General and administrative expense decreased during the third quarter primarily as a result of decreased salaries of $998,000, decreased share-based compensation expense of $378,000, decreased accrued incentive compensation of $158,000, and decreased telecommunications expense of $136,000, partially offset by increased rebranding costs of $554,000 and transaction fees of $337,000. For the nine months ended November 2, 2019, general and administrative expense decreased $1.6 million, or 8%, to $17.8 million or 4.7% of

net sales, compared to $19.5 million or 4.4% of net sales for the comparable prior year period. For the nine months ended November 2, 2019, general and administrative expense decreased primarily as a result of decreased salaries of $1.6 million, decreased share-based compensation expense of $489,000, decreased accrued incentive compensation of $439,000, decreased telecommunications expense of $276,000 and decreased travel expense of $113,000, partially offset by increased rebranding costs of $792,000, increased professional fees of $369,000 and transaction fees of $337,000.

Depreciation and amortization expense for the fiscal 2019 third quarter increased $466,000, or 29%, to $2.1 million compared to $1.6 million for the comparable prior year period. Depreciation and amortization expense as a percentage of net sales for the three-month periods ended November 2, 2019 and November 3, 2018 was 1.8% and 1.2%. Depreciation and amortization expense for the nine months ended November 2, 2019 increased $1.6 million, or 33%, to $6.2 million compared to $4.7 million for the comparable prior year period. Depreciation and amortization expense as a percentage of net sales for the nine months ended November 2, 2019 and November 3, 2018 was 1.7% and 1.1%. The increase in depreciation and amortization expense for the three and nine months ended November 2, 2019 was primarily due to accelerated amortization expense of the Evine trademark prospectively over its revised remaining useful life through August 21, 2019. The increase in depreciation and amortization expense for the three and nine months ended November 2, 2019 was also due to increased depreciation expense of $198,000 and $392,000 resulting from an average net increase in our non-fulfillment depreciable asset base year over year.

Operating Loss

For the fiscal 2019 third quarter, we reported an operating loss of approximately $5.8 million compared to an operating loss of $8.4 million for the fiscal 2018 third quarter. For the nine months ended November 2, 2019, we reported an operating loss of approximately $35.3 million compared to an operating loss of $9.5 million for the comparable prior year period. For the third quarter of fiscal 2019, our operating loss improved primarily as a result of decreases in distribution and selling expense, general and administrative expense, and executive and management transition costs. The improvement in our operating loss was partially offset by a decrease in gross profit driven by decreases in consolidated net sales, restructuring costs of $1.5 million, and an increase in depreciation and amortization expense. For the first nine months of fiscal 2019, our operating loss increased primarily as a result of a decrease in gross profit driven by decreases in consolidated net sales and margin rates, a non-cash inventory write-down of $6.1 million, restructuring costs of $6.7 million, and increases in depreciation and amortization expense and executive and management transition costs. The increase in our operating loss was partially offset by decreases in distribution and selling expense and general and administrative expense.

Net Loss

For the fiscal 2019 third quarter, we reported a net loss of $6.7 million, or $0.09 per share, on 75,770,277 weighted average basic common shares outstanding compared with a net loss of $9.2 million, or $0.14 per share, on 66,351,835 weighted average basic common shares outstanding in the fiscal 2018 third quarter. For the first nine months of fiscal 2019, we reported a net loss of $37.9 million or $0.52 per share on 72,863,795 weighted average basic common shares outstanding compared with a net loss of $12.2 million or $0.18 per share on 65,907,301 weighted average basic common shares outstanding in the first nine months of fiscal 2018. The net loss for the third quarter of fiscal 2019 includes restructuring costs of $1.5 million; rebranding costs of $554,000; executive and management transition costs of $87,000; interest expense of $914,000; and transaction, settlement and integrations costs, net, totaling $(804,000). The net loss for the third quarter of fiscal 2018 included executive and management transition costs of $408,000; transaction, settlement and integrations costs of $395,000; and interest expense of $767,000.

The net loss for the first nine months of fiscal 2019 includes restructuring costs of $6.7 million; a non-cash inventory write-down of $6.1 million; executive and management transition costs of $2.4 million; rebranding costs of $792,000; interest expense of $2.6 million; and transaction, settlement and integrations costs, net, totaling $(804,000). The net loss for the first nine months of fiscal 2018 includes executive and management transition costs of $1.4 million; transaction, settlement and integrations costs of $1.1 million; and interest expense of $2.7 million.

For the third quarters of fiscal 2019 and fiscal 2018, the net loss reflects an income tax provision of $14,000 and $20,000. For the first nine months of fiscal 2019 and fiscal 2018, the net loss reflects an income tax provision of $44,000 and $60,000. The income tax provision for these periods relates to state income taxes payable on certain income for which there is no loss carryforward benefit available. We have not recorded any income tax benefit on previously recorded net losses due to the uncertainty of realizing income tax benefits in the future as indicated by our recording of an income tax valuation allowance. Based on our recent history of losses, a full valuation allowance has been recorded and was calculated in accordance with GAAP, which places primary importance on our most recent operating results when assessing the need for a valuation allowance. We will continue to maintain a valuation allowance against our net deferred tax assets, including those related to net operating loss carryforwards, until we believe it is more likely than not that these assets will be realized in the future.

Adjusted EBITDA Reconciliation

Adjusted EBITDA (as defined below) for the fiscal 2019 third quarter was $(986,000) compared with Adjusted EBITDA of $(4.2) million for the fiscal 2018 third quarter. For the nine months ended November 2, 2019, Adjusted EBITDA was $(9.2) million compared with Adjusted EBITDA of $3.0 million for the comparable prior year period.

A reconciliation of the comparable GAAP measure, net loss, to Adjusted EBITDA follows, in thousands:

	For the Three-Month Periods Ended		For the Nine-Month Periods Ended	
	November 2, 2019	November 3, 2018	November 2, 2019	November 3, 2018
Net loss	$ (6,741)	$ (9,157)	$ (37,908)	$ (12,183)
Adjustments:				
Depreciation and amortization	3,052	2,532	9,192	7,667
Interest income	(4)	(12)	(15)	(28)
Interest expense	914	767	2,608	2,691
Income taxes	14	20	44	60
EBITDA (a)	$ (2,765)	$ (5,850)	$ (26,079)	$ (1,793)
A reconciliation of EBITDA to Adjusted EBITDA is as follows:				
EBITDA (a)	$ (2,765)	$ (5,850)	$ (26,079)	$ (1,793)
Adjustments:				
Restructuring costs	1,516	—	6,681	—
Executive and management transition costs	87	408	2,428	1,432
Rebranding costs	554	—	792	—
Inventory impairment write-down	—	—	6,050	—
Transaction, settlement and integration costs, net (b)	(804)	395	(804)	1,148
Non-cash share-based compensation expense	426	822	1,683	2,180
Adjusted EBITDA (a)	$ (986)	$ (4,225)	$ (9,249)	$ 2,967

(a) EBITDA as defined for this statistical presentation represents net loss for the respective periods excluding depreciation and amortization expense, interest income (expense) and income taxes. We define Adjusted EBITDA as EBITDA excluding non-operating gains (losses); restructuring costs; executive and management transition costs; rebranding costs; non-cash impairment charges and write downs; transaction, settlement and integration costs, net; and non-cash share-based compensation expense.

(b) Transaction, settlement and integration costs, net, for the three and nine-month periods ended November 2, 2019 includes a $1.5 million gain for the sale of our claim related to the Payment Card Interchange Fee and Merchant Discount Antitrust Litigation class action lawsuit, partially offset by costs incurred related to the implementation of our ShopHQ VIP customer program and our third-party logistics service offerings of $721,000. Transaction, settlement and integration costs, net, for the three and nine-month periods ended November 3, 2018 includes contract termination costs of $0 and $753,000. In addition, the three and nine-month periods ended November 3, 2018 includes business development and expansion costs of $395,000.

We have included the term "Adjusted EBITDA" in our EBITDA reconciliation in order to adequately assess the operating performance of our video and digital businesses and in order to maintain comparability to our analyst's coverage and financial guidance, when given. Management believes that Adjusted EBITDA allows investors to make a meaningful comparison between our core business operating results over different periods of time with those of other similar companies. In addition, management uses Adjusted EBITDA as a metric measure to evaluate operating performance under our 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 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.

Seasonality

Our business is subject to seasonal fluctuation, with the highest sales activity normally occurring during our fourth fiscal quarter of the year, namely November through January. Our business is also sensitive to general economic conditions and business conditions affecting consumer spending. Additionally, our television audience (and therefore sales revenue) can be significantly impacted by major world or domestic television-covering events which attract television viewership and divert audience attention away from our programming.

Critical Accounting Policies and Estimates

A discussion of the critical accounting policies related to accounting estimates and assumptions are discussed in detail in our fiscal 2018 annual report on Form 10-K under the caption entitled "Critical Accounting Policies and Estimates."

Recently Issued Accounting Pronouncements

See Note 2 - “Basis of Financial Statement Presentation” in the notes to our condensed consolidated financial statements for a discussion of recent accounting pronouncements.

Financial Condition, Liquidity and Capital Resources

As of November 2, 2019, we had cash of $16.6 million. In addition, under the PNC Credit Facility (as defined below), we are required to maintain a minimum of $10 million of unrestricted cash plus unused line availability at all times. As of February 2, 2019, we had cash of $20.5 million and had restricted cash equivalents of $450,000. For the first nine months of fiscal 2019, working capital decreased $30.3 million to $50.7 million (see "Cash Requirements" below for additional information on changes in working capital accounts). The current ratio (our total current assets over total current liabilities) was 1.4 at November 2, 2019 and 1.8 at February 2, 2019.

Sources of Liquidity

Our principal source of liquidity is our available cash and our additional borrowing capacity under our revolving credit facility with PNC Bank, N.A. ("PNC"), a member of The PNC Financial Services Group, Inc. As of November 2, 2019, we had cash of $16.6 million and additional borrowing capacity of $6.3 million. Our cash was held in bank depository accounts primarily for the preservation of cash liquidity.

PNC Credit Facility

On February 9, 2012, we entered into a credit and security agreement (as amended through November 25, 2019, the "PNC Credit Facility") with PNC, as lender and agent. The PNC Credit Facility, which includes CIBC Bank USA (formerly known as The Private Bank) as part of the facility, provides a revolving line of credit of $90.0 million and provides for a term loan on which we had originally drawn to fund improvements at our distribution facility in Bowling Green, Kentucky and to partially pay down our previously outstanding term loan with GACP Finance Co., LLC. The PNC Credit Facility also provides for an accordion feature that would allow us to expand the size of the revolving line of credit by an additional $25.0 million at the discretion of the lenders and upon certain conditions being met. On November 25, 2019, we entered into the Eleventh Amendment to the PNC Credit Facility, as described in Note 18 - "Subsequent Events". The Eleventh Amendment, among other things, increased the interest rate margins on both the revolving line of credit and term loan.

All borrowings under the PNC Credit Facility mature and are payable on July 27, 2023. Subject to certain conditions, the PNC Credit Facility also provides for the issuance of letters of credit in an aggregate amount up to $6.0 million which, upon issuance, would be deemed advances under the PNC Credit Facility. Maximum borrowings and available capacity under the revolving line of credit under the PNC Credit Facility are equal to the lesser of $90.0 million or a calculated borrowing base comprised of eligible accounts receivable and eligible inventory.

The revolving line of credit under the PNC Credit Facility bears interest at either a Base Rate or LIBOR plus a margin consisting of between 2% and 3% on Base Rate advances and 3% and 4.5% on LIBOR advances based on our trailing twelve-month reported leverage ratio (as defined in the PNC Credit Facility) measured semi-annually as demonstrated in our financial statements. The term loan bears interest at either a Base Rate or LIBOR plus a margin consisting of between 4% and 5% on Base Rate term loans and 5% to 6% on LIBOR Rate term loans based on our leverage ratio measured annually as demonstrated in our audited financial statements.

As of November 2, 2019, we had borrowings of $53.9 million under our revolving line of credit. As of November 2, 2019, the term loan under the PNC Credit Facility had $15.6 million outstanding, of which $2.5 million was classified as current in the accompanying balance sheet. Remaining available capacity under the revolving credit facility as of November 2, 2019 was approximately $6.3 million, which provides liquidity for working capital and general corporate purposes. In addition, as of

November 2, 2019, our unrestricted cash plus unused line availability was $22.9 million, we were in compliance with applicable financial covenants of the PNC Credit Facility and expect to be in compliance with applicable financial covenants over the next twelve months.

Principal borrowings under the term loan are to be payable in monthly installments over an 84-month amortization period commencing on September 1, 2018 and are also subject to mandatory prepayment in certain circumstances, including, but not limited to, upon receipt of certain proceeds from dispositions of collateral. Borrowings under the term loan are also subject to mandatory prepayment in an amount equal to fifty percent (50%) of excess cash flow for such fiscal year, with any such payment not to exceed $2.0 million in any such fiscal year.

The PNC Credit Facility contains customary covenants and conditions, including, among other things, maintaining a minimum of unrestricted cash plus unused line availability of $10.0 million at all times and limiting annual capital expenditures. Certain financial covenants, including minimum EBITDA levels (as defined in the PNC Credit Facility) and a minimum fixed charge coverage ratio of 1.1 to 1.0, become applicable only if unrestricted cash plus unused line availability falls below $10.8 million. In addition, the PNC Credit Facility places restrictions on our ability to incur additional indebtedness or prepay existing indebtedness, to create liens or other encumbrances, to sell or otherwise dispose of assets, to merge or consolidate with other entities, and to make certain restricted payments, including payments of dividends to common shareholders.

Private Placement Securities Purchase Agreement

On May 2, 2019, we entered into a Purchase Agreement with certain accredited investors to which we: (a) sold, in the aggregate, 8,000,000 shares of our common stock at a price of $0.75 per share and (b) issued 5-year Warrants to purchase 3,500,000 shares of our common stock at an exercise price of $1.50 per share. The 5-year Warrants are exercisable in whole or in part from time to time through the expiration date of May 2, 2024. The Company received gross proceeds of $6.0 million and incurred approximately $175,000 of issuance costs. We have used the proceeds for general working capital purposes.

Other

Our ValuePay program is an installment payment program which allows customers to pay by credit card for certain merchandise in two or more equal monthly installments. Another potential source of near-term liquidity is our ability to increase our cash flow resources by reducing the percentage of our sales offered under our ValuePay installment program or by decreasing the length of time we extend credit to our customers under this installment program. However, any such change to the terms of our ValuePay installment program could impact future sales, particularly for products sold with higher price points. Please see "Cash Requirements" below for further discussion of our ValuePay installment program.

Cash Requirements

Currently, our principal cash requirements are to fund our business operations, which consist primarily of purchasing inventory for resale, funding ValuePay installment receivables, funding our basic operating expenses, particularly our contractual commitments for cable and satellite programming distribution, and the funding of necessary capital expenditures. We closely manage our cash resources and our working capital. We attempt to manage our inventory receipts and reorders in order to ensure our inventory investment levels remain commensurate with our current sales trends. We also monitor the collection of our credit card and ValuePay installment receivables and manage our vendor payment terms in order to more effectively manage our working capital which includes matching cash receipts from our customers, to the extent possible, with related cash payments to our vendors. ValuePay remains a cost-effective promotional tool for us. We continue to make strategic use of our ValuePay program in an effort to increase sales and to respond to similar competitive programs.

We also have significant future commitments for our cash, primarily payments for cable and satellite program distribution obligations and the eventual repayment of our credit facility. During fiscal 2018 and fiscal 2019, we experienced a decline in customers and lost a significant brand which contributed to a decrease in our consolidated net sales and corresponding decrease in profitability. Additionally, our stock price has declined and is currently trading below $1.00 and as a result, we have received a notification that we are out of compliance with Nasdaq listing requirements. On July 16, 2019, we received approval from the Nasdaq Stock Market to transfer the listing of our common stock from the Nasdaq Global Select Market to the Nasdaq Capital Market, which provides for an additional 180-day grace period, or until January 13, 2020, to regain compliance with the Nasdaq's minimum bid price requirement. On November 25, 2019, we announced we will implement a ten-for-one reverse stock split of our outstanding common stock, effective at 5:00 p.m., Central Time, on December 11, 2019, which we expect will bring us into compliance with the Nasdaq minimum bid price requirement. We have taken or are taking the following steps to enhance our operations and liquidity position: entered into a private placement securities purchase agreement in which we received gross proceeds of $6.0 million during the first quarter of fiscal 2019, implemented a reduction in overhead costs with $17 million in expected annualized savings, primarily driven by a 20% reduction in our non-variable work force; planned a reduction in capital expenditures compared to prior years; managed our inventory levels commensurate with our sales; launched a new marquee beauty brand in January 2019; launched our ShopHQ VIP customer program; entered into an agreement with Shaquille O'Neal, which

includes the launch of a new live televised program in 2020, "In the Kitchen with Shaq" and the development of a Shaq branded collection of kitchenware, cookware and grill products; launched Bulldog Shopping Network, a niche television shopping network geared towards male consumers in November 2019; partnered with well-known personalities to develop and market exclusive lifestyle brands; and acquired Float Left Interactive, Inc. ("Float Left") and J.W. Hulme Company ("J.W. Hulme"). Float Left is a business comprised of connected TVs, video-based content, application development and distribution, including technical consulting services, software development and maintenance related to video distribution. The Company plans to utilize Float Left's team and technology platform to further grow its content delivery capabilities in OTT platforms while providing new revenue opportunities. J.W. Hulme is a business specializing in artisan-crafted leather products, including handbags and luggage. We plan to accelerate J.W. Hulme's revenue growth by creating its own programming on ShopHQ. Additionally, we plan to utilize J.W. Hulme to craft private-label accessories for the Company's existing owned and operated fashion brands. Our ability to fund operations and capital expenditures in the future will be dependent on our ability to generate cash flow from operations, maintain or improve margins, decrease the rate of decline in our sales and to use available funds from our PNC Credit Facility. Our ability to borrow funds is dependent on our ability to maintain an adequate borrowing base and our ability to meet our credit facility's covenants, which requires, among other things, maintaining a minimum of $10 million of unrestricted cash plus facility availability at all times. Accordingly, if we do not generate sufficient cash flow from operations to fund our working capital needs and planned capital expenditures, and our cash reserves are depleted, we may need to take further actions, such as reducing or delaying capital investments, strategic investments or other actions. We believe that our existing cash balances, together with our availability under the PNC Credit Facility, will be sufficient to fund our normal business operations over the next twelve months from the issuance of this report. However, there can be no assurance that we will be able to achieve our strategic initiatives or obtain additional funding on favorable terms in the future which could have a significant adverse effect on our operations.

For the nine months ended November 2, 2019, net cash used for operating activities totaled $2.8 million compared to net cash provided by operating activities of approximately $11.1 million for the comparable fiscal 2018 period. Net cash (used for) provided by operating activities for the fiscal 2019 and 2018 periods reflects a net loss, as adjusted for depreciation and amortization, share-based payment compensation, inventory impairment write-down, amortization of deferred revenue and amortization of deferred financing costs. In addition, net cash provided by operating activities for the nine months ended November 2, 2019 reflects decreases in accounts receivable and prepaid expenses, and increases in inventory, accounts payable and accrued liabilities.

Accounts receivable primarily decreased during the first nine months of fiscal 2019 as a result of collections made on outstanding receivables balances resulting from our seasonal high fourth quarter and a decrease in sales. Inventories increased as a result of planned purchases in support of our fourth quarter anticipated sales levels. Accounts payable and accrued liabilities increased during the first nine months of fiscal 2019 primarily due to an increase in inventory payables as a result of higher inventory levels and the timing of payments made to vendors, an increase in accrued cable distribution fees and an increase in accrued severance resulting from our 2019 cost optimization initiative and 2019 executive and management transition. The increase in accounts payable and accrued liabilities was partially offset by a decrease in freight payables and a decrease in our merchandise return liability.

Net cash used for investing activities totaled $5.4 million for the first nine months of fiscal 2019 compared to net cash used for investing activities of $6.7 million for the comparable fiscal 2018 period. For the nine months ended November 2, 2019 and November 3, 2018, expenditures for property and equipment were approximately $5.4 million and $6.7 million. Capital expenditures made during the periods presented relate primarily to expenditures made for the upgrades in our customer service call routing technology; development, upgrade and replacement of computer software, order management, merchandising and warehouse management systems; related computer equipment, digital broadcasting equipment, and other office equipment; warehouse equipment and production equipment. Principal future capital expenditures are expected to include: the development, upgrade and replacement of various enterprise software systems; equipment improvements and technology upgrades at our distribution facility in Bowling Green, Kentucky; security upgrades to our information technology; the upgrade of television production and transmission equipment; and related computer equipment associated with the expansion of our television shopping business and digital commerce initiatives.

Net cash provided by financing activities totaled $3.8 million for the nine months ended November 2, 2019 and related primarily to proceeds from the PNC revolving loan of $160.4 million and proceeds from the issuance of common stock and warrants of $6.0 million, offset by principal payments on the PNC revolving loan of $160.4 million, principal payments on our PNC term loan of $2.0 million, payments for common stock issuance costs of $109,000, finance lease payments of $46,000 and tax payments for restricted stock unit issuances of $21,000. Net cash used for financing activities totaled $4.9 million for the nine months ended November 3, 2018 and related primarily to principal payments on the PNC revolving loan of $186.1 million, principal payments on our PNC term loan of $1.6 million, tax payments for restricted stock unit issuances of $130,000, payments for deferred financing costs of $96,000 and finance lease payments of $4,000, offset by proceeds from the PNC revolving loan of $177.1 million, proceeds from the PNC term loan of $5.8 million and proceeds from the exercise of stock options of $181,000.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We do not enter into financial instruments for trading or speculative purposes and do not currently utilize derivative financial instruments as a hedge to offset market risk. Our operations are conducted primarily in the United States and are not subject to foreign currency exchange rate risk. Some of our products are sourced internationally and may fluctuate in cost as a result of foreign currency swings; however, we believe these fluctuations have not been significant. Our credit facility has exposure to interest rate risk. Changes in market interest rates could impact the level of interest expense and income earned on our cash portfolio.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this report, management conducted an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the most recently completed fiscal quarter 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

We are involved from time to time in various claims and lawsuits in the ordinary course of business, including claims related to products, product warranties, employment, intellectual property and consumer protection matters. In the opinion of management, none of the claims and suits, either individually or in the aggregate, will have a material adverse effect on our operations or consolidated financial statements.

ITEM 1A. RISK FACTORS

See Part I. Item 1A., "Risk Factors," of the Company's annual report on Form 10-K for the year ended February 2, 2019, for a detailed discussion of the risk factors affecting the Company. There have been no material changes from the risk factors described in the annual report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

Dividends

We are restricted from paying dividends on our common stock by the PNC Credit Facility, as discussed in Note 7 - "Credit Agreements" in the notes to our condensed consolidated financial statements.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description	Manner of Filing
3.1	Articles of Incorporation of the Registrant (as amended through July 16, 2019)	Incorporated by reference (1)
3.2	Articles of Amendment of Articles of Incorporation of the Registrant (effective as of December 3, 2019)	Incorporated by reference (2)
3.3	By-Laws of the Registrant (as amended through July 16, 2019)	Incorporated by reference (3)
3.4	Certificate of Designation of Series A Junior Participating Cumulative Preferred Stock of the Registrant	Incorporated by reference (4)
10.1	Board Resignation and Consulting Agreement by and between Robert Rosenblatt and iMedia Brands, Inc., dated October 1, 2019	Incorporated by reference (5)
10.2	Restricted Stock Unit Award Agreement, dated as of November 18, 2019, by and between iMedia Brands, Inc. and ABG-Shaq, LLC	Incorporated by reference (6)
10.3	Registration Rights Agreement, dated as of November 18, 2019, by and between iMedia Brands, Inc. and ABG-Shaq, LLC	Incorporated by reference (7)
10.4	Eleventh Amendment to Revolving Credit, Term Loan and Security Agreement, dated November 25, 2019, among the Registrant, as the lead borrower, certain of its subsidiaries party thereto as borrowers, and PNC Bank National Association, as a lender and agent and certain other lenders	Filed herewith
31.1	Certification	Filed herewith
31.2	Certification	Filed herewith
32	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer	Filed herewith
101.INS	XBRL Instance Document	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	Filed herewith

(1) Incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on July 16, 2019, File No. 001-37495.
(2) Incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on December 3, 2019, File No. 001-37495.
(3) Incorporated herein by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K, filed on July 16, 2019, File No. 001-37495.
(4) Incorporated herein by reference to the Registrant’s Current Report on Form 8-K filed on July 13, 2015, File No. 000-20243.
(5) Incorporated herein by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K, filed on October 2, 2019, File No. 001-37495.
(6) Incorporated herein by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K, filed on November 20, 2019, File No. 001-37495.
(7) Incorporated herein by reference to Exhibit 10.2 to the Registrant’s Current Report on Form 8-K, filed on November 20, 2019, File No. 001-37495.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	iMedia Brands, Inc. (Registrant)	
December 10, 2019	By:	/s/ TIMOTHY A. PETERMAN
		Timothy A. Peterman
		Chief Executive Officer (Principal Executive Officer)
December 10, 2019	By:	/s/ MICHAEL R. PORTER
		Michael R. Porter
		Senior Vice President, Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 10.4

ELEVENTH AMENDMENT TO REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT

This Eleventh Amendment to Revolving Credit, Term Loan and Security Agreement (the "Amendment") is made this 25th day of November, 2019 by and among **iMedia Brands, Inc. (**f/k/a **EVINE Live Inc.)**, a Minnesota corporation; **ValueVision Interactive, Inc**., a Minnesota corporation; **VVI Fulfillment Center, Inc**., a Minnesota corporation; **ValueVision Media Acquisitions, Inc.**, a Delaware corporation; **ValueVision Retail, Inc**., a Delaware corporation, **Norwell Television, LLC**, a Delaware limited liability company and **PW Acquisition Company, LLC**, a Minnesota limited liability company (each a "Borrower", and collectively "Borrowers"); the financial institutions which are now or which hereafter become a party thereto as lenders (the "Lenders") and **PNC Bank, National Association** ("PNC"), as agent for Lenders (PNC, in such capacity, the "Agent").

BACKGROUND

A. On February 9, 2012, Borrowers, Lenders and Agent entered into, inter alia, that certain Revolving Credit, Term Loan and Security Agreement (as same has been or may be amended, modified, renewed, extended, replaced or substituted from time to time, the "Loan Agreement") to reflect certain financing arrangements between the parties thereto. The Loan Agreement and all other documents executed in connection therewith to the date hereof are collectively referred to as the "Existing Financing Agreements." All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Loan Agreement.

B. The Borrowers have requested and the Agent and the Lenders have agreed to amend certain terms and provisions contained in the Loan Agreement, subject to the terms and conditions of this Amendment.

NOW, THEREFORE, with the foregoing background hereinafter deemed incorporated by reference herein and made part hereof, the parties hereto, intending to be legally bound, promise and agree as follows:

1. Amendment. Upon the Effective Date, the Loan Agreement shall be amended as follows:

(a) Section 1.2 of the Loan Agreement shall be amended by deleting the following definitions in their entirety and replacing them as follows:

"Applicable Margin" shall mean (a) until the first Initial Adjustment Date, an amount equal to the amount set forth in Level III in the chart below, (b) upon receipt of the quarterly financial statements of Borrowers on a Consolidated Basis and related Compliance Certificate required under Section 9.8 for the fiscal quarter ending on or about October 31, 2020, the Applicable Margin for

each type of Advance under the Term Loan shall be adjusted as of November 1, 2020 (the "Initial Adjustment Dates"), if necessary, to the applicable percent per annum set forth in the pricing table below corresponding to the TTM Leverage Ratio for the respective trailing four quarter period ending on the last day of the most recently completed fiscal quarter prior to the Initial Adjustment Date and (c) thereafter, beginning with the fiscal year ending on or about January 31, 2021, upon receipt of the annual financial statements of Borrowers on a Consolidated Basis and related Compliance Certificate required under Section 9.7 for the most recently ended fiscal year, the Applicable Margin for each type of Advance under the Term Loan shall be adjusted as of May 1 of each year (the "Adjustment Date"), if necessary, to the applicable percent per annum set forth in the pricing table below corresponding to the TTM Leverage Ratio for the trailing four quarter period ending on the last day of the most recently completed fiscal year prior to the applicable Adjustment Date:

	TTM Leverage Ratio	APPLICABLE MARGINS FOR DOMESTIC RATE LOANS	APPLICABLE MARGINS FOR EURODOLLAR RATE LOANS
		Term Loan	Term Loan
Level I	Less than 3.00	4.0%	5.0%
Level II	Greater than or equal to 3.00 but less than 4.00	4.5%	5.5%
Level III	Greater than or equal to 4.00	5.0%	6.0%

If Borrowers shall fail to deliver the financial statements, certificates and/or other information required under Sections 9.7 or 9.8, as applicable, by the dates required pursuant to such section, each Applicable Margin shall be conclusively presumed to equal the highest Applicable Margin specified in the pricing table set forth above until the date of delivery of such financial statements, certificates and/or other information, at which time the rate will be adjusted based upon the TTM Leverage Ratio reflected in such statements. Notwithstanding anything to the contrary contained herein, immediately and automatically upon the occurrence of any Event of Default and during the continuance thereof, each Applicable Margin shall increase to and equal the highest Applicable Margin specified in the pricing table set forth above and shall continue at such highest Applicable Margin until the date (if any) on which such Event of Default shall be cured or waived in accordance with the provisions of this Agreement, at which time the rate will be adjusted based upon the TTM Leverage Ratio reflected on the most recently delivered financial statements and Compliance Certificate delivered by Borrowers to

Agent pursuant to Section 9.7 or 9.8, as applicable. Any increase in interest rates payable by Borrowers under this Agreement and the Other Documents pursuant to the provisions of the foregoing sentence shall be in addition to and independent of any increase in such interest rates resulting from the occurrence of any Event of Default (including, if applicable, any Event of Default arising from a breach of Section 9.7 or 9.8) and/or the effectiveness of the Default Rate provisions of Section 3.1 hereof.

If, as a result of any restatement of, or other adjustment to, the financial statements of Borrowers on a Consolidated Basis or for any other reason, Agent determines that (a) the TTM Leverage Ratio as previously calculated as of any applicable date for any applicable period was inaccurate, and (b) a proper calculation of the TTM Leverage Ratio for any such period would have resulted in different pricing for such period, then (i) if the proper calculation of the TTM Leverage Ratio would have resulted in a higher interest rate for such period, automatically and immediately without the necessity of any demand or notice by Agent or any other affirmative act of any party, the interest accrued on the applicable outstanding Advances under the Term Loan for such period under the provisions of this Agreement and the Other Documents shall be deemed to be retroactively increased by, and Borrowers shall be obligated to immediately pay to Agent for the ratable benefit of Lenders an amount equal to the excess of the amount of interest that should have been paid for such period over the amount of interest actually paid for such period; and (ii) if the proper calculation of the TTM Leverage Ratio would have resulted in a lower interest rate for such period, then the interest accrued on the applicable outstanding Advances for such period under the provisions of this Agreement and the Other Documents shall be deemed to be retroactively decreased by, and Agent and Lenders shall apply a credit to Borrowers' account in an amount equal to the excess of the amount of interest that was actually paid for such period over the amount of interest that should have been paid for such period; provided, that, if as a result of any restatement or other event or other determination by Agent a proper calculation of the TTM Leverage Ratio would have resulted in a higher interest rate for one or more periods and a lower interest rate for one or more other periods (due to the shifting of income or expenses from one period to another period or any other reason), then the amount payable by Borrowers pursuant to clause (i) above shall be based upon the excess, if any, of the amount of interest that should have been paid for all applicable periods over the amounts of interest actually paid for such periods.

"Revolving Applicable Margin" shall mean (a) until the first Initial Revolving Adjustment Date, an amount equal to the amount set forth in Level III in the chart below, (b) upon receipt of the quarterly financial statements of Borrowers on a Consolidated Basis and related Compliance Certificate required under Section 9.8 for the fiscal quarter ending on or about October 31, 2020 the

Applicable Margin for each type of Advance under the Revolving Loan shall be adjusted as of November 1, 2020 (the "Initial Revolving Adjustment Date"), if necessary, to the applicable percent per annum set forth in the pricing table below corresponding to the TTM Leverage Ratio for the respective trailing four quarter period ending on the last day of the most recently completed fiscal quarter prior to the Initial Revolving Adjustment Date and (c) thereafter, beginning with the fiscal year ending on or about January 31, 2021, on and after the first Revolving Adjustment Date, upon receipt of the financial statements of Borrowers on a Consolidated Basis and related Compliance Certificate required under Section 9.7 or 9.8, as applicable, for the fiscal quarters or fiscal years, as applicable, ending on or about January 31 and July 31 of each year, the Revolving Applicable Margin for each type of Revolving Advance shall be adjusted (i) as of May 1 of each year in connection with the financial statements delivered for the fiscal year ending January 31 and (ii) as of November 1 of each year in connection with the financial statements delivered for the fiscal quarter ending July 31 (as applicable, the "Revolving Adjustment Date"), if necessary, to the applicable percent per annum set forth in the pricing table below corresponding to the TTM Leverage Ratio for the trailing four quarter period ending on the last day of the fiscal year end or July fiscal quarter prior to the applicable Revolving Adjustment Date:

	TTM Leverage Ratio	APPLICABLE MARGINS FOR DOMESTIC RATE LOANS	APPLICABLE MARGINS FOR EURODOLLAR RATE LOANS
		Revolving Advances	Revolving Advances
Level I	Less than 3.00	2.0%	3%
Level II	Greater than or equal to 3.00 but less than 4.00	2.75%	3.75%
Level III	Greater than or equal to 4.00	3.50%	4.5%

If Borrowers shall fail to deliver the financial statements, certificates and/or other information required under Section 9.7 or 9.8, as applicable, by the date required pursuant to such section, each Revolving Applicable Margin shall be conclusively presumed to equal the highest Revolving Applicable Margin specified in the pricing table set forth above until the date of delivery of such financial statements, certificates and/or other information, at which time the rate will be adjusted based upon the TTM Leverage Ratio reflected in such statements. Notwithstanding anything to the contrary contained herein, Agent shall have the right upon the occurrence of any Event of Default and during the continuance thereof, to increase each Revolving Applicable Margin to equal the highest Revolving Applicable Margin specified in the pricing table set forth above and shall continue at such highest Revolving Applicable

Margin until the date (if any) on which such Event of Default shall be cured or waived in accordance with the provisions of this Agreement, at which time the rate will be adjusted based upon the TTM Leverage Ratio reflected on the most recently delivered financial statements and Compliance Certificate delivered by Borrowers to Agent pursuant to Section 9.7 or 9.8, as applicable. Any increase in interest rates payable by Borrowers under this Agreement and the Other Documents pursuant to the provisions of the foregoing sentence shall be in addition to and independent of any increase in such interest rates resulting from the occurrence of any Event of Default (including, if applicable, any Event of Default arising from a breach of Section 9.7 or 9.8, as applicable) and/or the effectiveness of the Default Rate provisions of Section 3.1 hereof.

If, as a result of any restatement of, or other adjustment to, the financial statements of Borrowers on a Consolidated Basis or for any other reason, Agent determines that (a) the TTM Leverage Ratio as previously calculated as of any applicable date for any applicable period was inaccurate, and (b) a proper calculation of the TTM Leverage Ratio for any such period would have resulted in different pricing for such period, then (i) if the proper calculation of the TTM Leverage Ratio would have resulted in a higher interest rate for such period, automatically and immediately without the necessity of any demand or notice by Agent or any other affirmative act of any party, the interest accrued on the applicable outstanding Revolving Advances for such period under the provisions of this Agreement and the Other Documents shall be deemed to be retroactively increased by, and Borrowers shall be obligated to immediately pay to Agent for the ratable benefit of Lenders an amount equal to the excess of the amount of interest that should have been paid for such period over the amount of interest actually paid for such period; and (ii) if the proper calculation of the TTM Leverage Ratio would have resulted in a lower interest rate for such period, then the interest accrued on the applicable outstanding Revolving Advances for such period under the provisions of this Agreement and the Other Documents shall be deemed to be retroactively decreased by, and Agent and Lenders shall apply a credit to Borrowers' account in an amount equal to the excess of the amount of interest that was actually paid for such period over the amount of interest that should have been paid for such period; provided, that, if as a result of any restatement or other event or other determination by Agent a proper calculation of the TTM Leverage Ratio would have resulted in a higher interest rate for one or more periods and a lower interest rate for one or more other periods (due to the shifting of income or expenses from one period to another period or any other reason), then the amount payable by Borrowers pursuant to clause (i) above shall be based upon the excess, if any, of the amount of interest that should have been paid for all applicable periods over the amounts of interest actually paid for such periods.

2. Representations and Warranties. Each of the Borrowers hereby:

(a) reaffirms all representations and warranties made to Agent and Lenders under the Loan Agreement and all of the other Existing Financing Agreements and confirms that after giving effect to any updated schedules all are true and correct in all material respects as of the date hereof (except to the extent any such representations and warranties specifically relate to a specific date, in which case such representations and warranties were true and correct in all material respects on and as of such other specific date);

(b) reaffirms all of the covenants contained in the Loan Agreement, covenants to abide thereby until all Advances, Obligations and other liabilities of Borrowers and Guarantor to Agent and Lenders under the Loan Agreement of whatever nature and whenever incurred, are satisfied and/or released by Agent and Lenders;

(c) represents and warrants that no Default or Event of Default has occurred and is continuing under any of the Existing Financing Agreements;

(d) represents and warrants that it has the authority and legal right to execute, deliver and carry out the terms of this Amendment, that such actions were duly authorized by all necessary limited liability company or corporate action, as applicable, and that the officers executing this Amendment on its behalf were similarly authorized and empowered, and that this Amendment does not contravene any provisions of its certificate of incorporation or formation, operating agreement, bylaws, or other formation documents, as applicable, or of any contract or agreement to which it is a party or by which any of its properties are bound; and

(e) represents and warrants that this Amendment and all assignments, instruments, documents, and agreements executed and delivered in connection herewith, are valid, binding and enforceable in accordance with their respective terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally.

3. Conditions Precedent/Effectiveness Conditions. This Amendment shall be effective upon the occurrence of the following conditions precedent, each in form and substance satisfactory to Agent (the "Effective Date"):

(a) Agent's receipt of this Amendment fully executed by the Borrowers;

(b) Agent's receipt of such other documents as Agent or counsel to Agent may reasonably request.

4. Further Assurances. Each of the Borrowers hereby agrees to take all such actions and to execute and/or deliver to Agent and Lenders all such documents, assignments, financing statements and other documents, as Agent and Lenders may reasonably require from time to time, to effectuate and implement the purposes of this Amendment.

5. Payment of Expenses. Borrowers shall pay or reimburse Agent and Lenders for its reasonable attorneys' fees and expenses in connection with the preparation, negotiation and execution of this Amendment and the documents provided for herein or related hereto.

6. Reaffirmation of Loan Agreement. Except as modified by the terms hereof, all of the terms and conditions of the Loan Agreement, as amended, and all other of the Existing Financing Agreements are hereby reaffirmed and shall continue in full force and effect as therein written.

7. Miscellaneous.

(a) Third Party Rights. No rights are intended to be created hereunder for the benefit of any third party donee, creditor, or incidental beneficiary.

(b) Headings. The headings of any paragraph of this Amendment are for convenience only and shall not be used to interpret any provision hereof.

(c) Modifications. No modification hereof or any agreement referred to herein shall be binding or enforceable unless in writing and signed on behalf of the party against whom enforcement is sought.

(d) Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York applied to contracts to be performed wholly within the State of New York.

(e) Counterparts. This Amendment may be executed in any number of and by different parties hereto on separate counterparts, all of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any signature delivered by a party by facsimile transmission or PDF shall be deemed to be an original signature hereto.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written.

BORROWERS:

iMEDIA BRANDS, INC. (f/k/a **EVINE LIVE INC.)**

By: /s/ TIMOTHY PETERMAN
Name: Timothy Peterman
Title: Chief Executive Officer

VALUEVISION INTERACTIVE, INC.

By: /s/ JAMES SPOLAR
Name: James Spolar
Title: Senior Vice President, General Counsel and Secretary

VVI FULFILLMENT CENTER, INC.

By: /s/ JAMES SPOLAR
Name: James Spolar
Title: Senior Vice President, General Counsel and Secretary

VALUEVISION MEDIA ACQUISITIONS, INC.

By: /s/ JAMES SPOLAR
Name: James Spolar
Title: Senior Vice President, General Counsel and Secretary

VALUEVISION RETAIL, INC.

By: /s/ JAMES SPOLAR
Name: James Spolar
Title: Senior Vice President, General Counsel and Secretary

NORWELL TELEVISION, LLC

By: /s/ JAMES SPOLAR
Name: James Spolar
Title: Senior Vice President, General Counsel and Secretary

PW ACQUISITION COMPANY LLC

By:	/s/ JAMES SPOLAR
Name:	James Spolar
Title:	Senior Vice President, General Counsel and Secretary

[SIGNATURE PAGE TO ELEVENTH AMENDMENT TO REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT]

PNC BANK, NATIONAL ASSOCIATION,
as Lender and Agent

By: /s/ SHERRY WINICK
Sherry Winick, Vice President

Revolving Commitment Percentage: 77.0%
Term Loan Commitment Percentage: 77.0%

CIBC BANK USA f/k/a THE PRIVATEBANK AND TRUST COMPANY, as Lender

By: /s/ RICHARD PIERCE
Name: Richard Pierce
Title: Managing Director

Revolving Commitment Percentage: 23.0%
Term Loan Commitment Percentage: 23.0%

[SIGNATURE PAGE TO ELEVENTH AMENDMENT TO REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT]

Exhibit 31.1

CERTIFICATION

I, Timothy A. Peterman, certify that:

1. I have reviewed this report on Form 10-Q of iMedia Brands, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer(s) 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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 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 control 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 controls over financial reporting.

Date: December 10, 2019

/s/ TIMOTHY A. PETERMAN

Timothy A. Peterman

Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Michael R. Porter, certify that:

1. I have reviewed this report on Form 10-Q of iMedia Brands, Inc.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer(s) 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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 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 control 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 controls over financial reporting.

Date: December 10, 2019

/s/ MICHAEL R. PORTER

Michael R. Porter

Senior Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32

CERTIFICATION OF THE CHIEF EXECUTIVE AND FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of iMedia Brands, Inc., a Minnesota corporation (the "Company"), for the quarter ended November 2, 2019, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), the undersigned officers of the Company certify pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to their knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: December 10, 2019	/s/ TIMOTHY A. PETERMAN
	Timothy A. Peterman
	Chief Executive Officer
Date: December 10, 2019	/s/ MICHAEL R. PORTER
	Michael R. Porter
	Senior Vice President, Chief Financial Officer