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 October 28, 2017

Commission File Number 001-37495

EVINE Live 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)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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. (Check one):

Large accelerated filer ☐	Accelerated filer ☑	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	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 November 28, 2017 , there were 65,262,801 shares of the registrant's common stock, $.01 par value per share, outstanding.

EVINE Live Inc. AND SUBSIDIARIES

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October 28, 2017

PART I — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

EVINE Live Inc. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except share and per share data)

	October 28, 2017	January 28, 2017
ASSETS		
Current assets:		
Cash	$ 23,334	$ 32,647
Restricted cash and investments	450	450
Accounts receivable, net	84,245	99,062
Inventories	77,068	70,192
Prepaid expenses and other	5,253	5,510
Total current assets	190,350	207,861
Property & equipment, net	53,135	52,715
FCC broadcasting license	9,500	12,000
Other assets	2,188	2,204
TOTAL ASSETS	$ 255,173	$ 274,780
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 63,527	$ 65,796
Accrued liabilities	33,249	37,858
Current portion of long term credit facilities	3,440	3,242
Deferred revenue	35	85
Total current liabilities	100,251	106,981
Other long term liabilities	327	428
Deferred tax liability	3,256	3,522
Long term credit facilities	74,630	82,146
Total liabilities	178,464	193,077
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $.01 per share par value, 400,000 shares authorized; zero shares issued and outstanding	—	—
Common stock, $.01 per share par value, 99,600,000 shares authorized; 65,261,231 and 65,192,314 shares issued and outstanding	653	652
Additional paid-in capital	438,257	436,962
Accumulated deficit	(362,201)	(355,911)
Total shareholders' equity	76,709	81,703
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 255,173	$ 274,780

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

EVINE Live Inc. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except share and per share data)

	For the Three-Month Periods Ended		For the Nine-Month Periods Ended	
	October 28, 2017	October 29, 2016	October 28, 2017	October 29, 2016
Net sales	$ 150,212	$ 151,636	$ 455,504	$ 475,695
Cost of sales	92,918	96,205	285,444	298,988
Gross profit	57,294	55,431	170,060	176,707
Operating expense:				
Distribution and selling	48,501	49,161	145,918	154,191
General and administrative	6,779	5,690	18,786	17,337
Depreciation and amortization	1,475	1,941	4,791	6,025
Executive and management transition costs	893	568	1,971	4,411
Distribution facility consolidation and technology upgrade costs	—	150	—	530
Total operating expense	57,648	57,510	171,466	182,494
Operating loss	(354)	(2,079)	(1,406)	(5,787)
Other income (expense):				
Interest income	6	3	10	7
Interest expense	(1,158)	(1,586)	(3,966)	(4,397)
Loss on debt extinguishment	(221)	—	(1,134)	—
Total other expense, net	(1,373)	(1,583)	(5,090)	(4,390)
Loss before income taxes	(1,727)	(3,662)	(6,496)	(10,177)
Income tax benefit (provision)	624	(205)	206	(615)
Net loss	$ (1,103)	$ (3,867)	$ (6,290)	$ (10,792)
Net loss per common share	$ (0.02)	$ (0.06)	$ (0.10)	$ (0.19)
Net loss per common share — assuming dilution	$ (0.02)	$ (0.06)	$ (0.10)	$ (0.19)
Weighted average number of common shares outstanding:				
Basic	65,191,367	60,513,215	63,400,368	58,317,681
Diluted	65,191,367	60,513,215	63,400,368	58,317,681

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

EVINE Live Inc. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED OCTOBER 28, 2017
(Unaudited)
(In thousands, except share data)

	Common Stock				
	Number of Shares	Par Value	Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Equity
BALANCE, January 28, 2017	65,192,314	$ 652	$ 436,962	$ (355,911)	$ 81,703
Net loss	—	—	—	(6,290)	(6,290)
Repurchases of common stock	(4,400,000)	(44)	(5,011)	—	(5,055)
Common stock issuances pursuant to equity compensation plans	360,644	4	7	—	11
Share-based payment compensation	—	—	2,057	—	2,057
Common stock and warrant issuance	4,108,273	41	4,242	—	4,283
BALANCE, October 28, 2017	65,261,231	$ 653	$ 438,257	$ (362,201)	$ 76,709

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

EVINE Live Inc. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	For the Nine-Month Periods Ended October 28, 2017	For the Nine-Month Periods Ended October 29, 2016
OPERATING ACTIVITIES:		
Net loss	$ (6,290)	$ (10,792)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	7,710	9,204
Share-based payment compensation	2,057	1,432
Amortization of deferred revenue	(51)	(64)
Amortization of deferred financing costs	301	410
Loss on debt extinguishment	1,134	—
Deferred income taxes	(266)	592
Changes in operating assets and liabilities:		
Accounts receivable, net	14,817	25,361
Inventories	(6,876)	(15,347)
Prepaid expenses and other	257	645
Accounts payable and accrued liabilities	(6,085)	826
Net cash provided by operating activities	6,708	12,267
INVESTING ACTIVITIES:		
Property and equipment additions	(8,794)	(7,313)
Proceeds from the sale of assets	2,500	—
Net cash used for investing activities	(6,294)	(7,313)
FINANCING ACTIVITIES:		
Proceeds from issuance of revolving loan	51,100	—
Proceeds of term loans	6,000	17,000
Proceeds from issuance of common stock and warrants	4,628	10,000
Proceeds from exercise of stock options	53	—
Payments on revolving loan	(51,100)	—
Payments on term loans	(14,352)	(2,102)
Payments for repurchases of common stock	(5,055)	—
Payments for common stock issuance costs	(452)	(585)
Payments for deferred financing costs	(258)	(1,432)
Payments for debt extinguishment costs	(249)	—
Payments for restricted stock issuance	(42)	(13)
Payments on capital leases	—	(39)
Net cash provided by (used for) financing activities	(9,727)	22,829
Net increase (decrease) in cash	(9,313)	27,783
BEGINNING CASH	32,647	11,897
ENDING CASH	$ 23,334	$ 39,680
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 3,728	$ 3,363
Income taxes paid	$ 35	$ 51
SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Property and equipment purchases included in accounts payable	$ 272	$ 803
Deferred financing costs included in accrued liabilities	$ —	$ 15
Common stock issuance costs included in accrued liabilities	$ 14	$ 283

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

EVINE Live Inc. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
October 28, 2017
(Unaudited)

(1) General

EVINE Live Inc. and its subsidiaries ("we," "our," "us," "Evine," or the "Company") are collectively a multiplatform video commerce company that offers a mix of proprietary, exclusive and name brand merchandise directly to consumers in an engaging and informative shopping experience through TV, online and mobile devices. The Company operates a 24-hour television shopping network, Evine, through which it offers proprietary, exclusive and name brand merchandise in the categories of jewelry & watches; home & consumer electronics; beauty; and fashion & accessories. Orders are taken via telephone, online and mobile channels. The television network is distributed in over 87 million homes, primarily through cable and satellite affiliation agreements and agreements with telecommunications companies. The network is also streamed live online at evine.com, is available on mobile channels and is also distributed through a Company-owned full-power television station in Boston, Massachusetts and through leased carriage on a full-power television station in Seattle, Washington.

The Company also operates evine.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. The live programming and products are also marketed via mobile devices, including smartphones and tablets, and through the leading social media channels.

(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 January 28, 2017 has been derived from the Company's audited financial statements for the fiscal year ended January 28, 2017 . 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 January 28, 2017 . Operating results for the nine-month period ended October 28, 2017 are not necessarily indicative of the results that may be expected for the fiscal year ending February 3, 2018 .

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 2016 , ended on January 28, 2017 , and consisted of 52 weeks. Fiscal 2017 will end on February 3, 2018 , and will contain 53 weeks. The quarters ended October 28, 2017 and October 29, 2016 each consisted of 13 weeks.

Recently Adopted Accounting Standards

In July 2015, the Financial Accounting Standards Board issued Simplifying the Measurement of Inventory, Topic 330 (ASU No 2015-11). ASU 2015-11 changes the measurement principle for inventory from the lower of cost or market to lower of cost or net realizable value. The new standard is effective for the Company for fiscal years and interim periods beginning after December 15, 2016. The Company adopted this standard in the first quarter of fiscal 2017, applying it prospectively. The adoption of ASU 2015-11 did not have a material impact on the Company's consolidated financial statements.

In March 2016, the Financial Accounting Standards Board issued Compensation-Stock Compensation, Topic 718 (ASU No. 2016-09). This standard makes several modifications to Topic 718 related to the accounting for forfeitures, employer tax withholding on share-based compensation and the financial statement presentation of excess tax benefits or deficiencies. In addition, the ASU also clarifies the statement of cash flows presentation for certain components of share-based awards. The new standard is effective for the Company for fiscal years and interim periods beginning after December 15, 2016, with early adoption permitted. The Company adopted ASU 2016-09 in the first quarter of fiscal 2017 and has elected to continue estimating forfeitures each period. Prospectively, beginning January 29, 2017, excess tax benefits/deficiencies, along with the full valuation allowance, have been reflected as income tax benefit/expense in the statement of operations resulting in no impact on the tax provision in fiscal 2017. Additionally, the statement of cash flows classification of prior periods has not changed as a result of adoption.

In August 2016, the Financial Accounting Standards Board issued Statement of Cash Flows, Topic 230 (ASU No. 2016-15). This amendment provides guidance on the presentation and classification of specific cash flow items to improve consistency in practice. The standard provides guidance in a number of situations including, among others, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims and debt prepayment or extinguishment costs. The new standard is effective retrospectively for the Company for fiscal years and interim periods beginning after December 15, 2017, with early adoption permitted. The Company elected to early adopt this standard in the first quarter of fiscal 2017, applying it retrospectively. The adoption of ASU 2016-15 had no impact on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued Revenue from Contracts with Customers, Topic 606 (ASU No. 2014-09), which provides a framework for the recognition of revenue, with the objective that recognized revenues properly reflect amounts an entity is entitled to receive in exchange for goods and services. The guidance also includes additional disclosure requirements regarding revenue, cash flows and obligations related to contracts with customers. In July 2015, the Financial Accounting Standards Board approved a one year deferral of the effective date of ASU 2014-09. The standard will now become effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption permitted for interim and annual reporting periods beginning after December 15, 2016.

The Company is continuing to evaluate the impact of ASU 2014-09, related amendments and interpretive guidance will have on the Company's consolidated financial statements, financial systems and controls. In addition, the Company is in the process of finalizing its conclusions and determining the application of several aspects of ASU 2014-09, including: principal versus agent and the determination of when control of goods transfers to our customers. The Company expects certain changes to be made to its accounting policies, including the presentation of estimated merchandise returns as both an asset (equal to the inventory value expected to be returned) and a corresponding return liability, compared to the current practice of recording an estimated net return liability. In addition, the Company intends to elect the practical expedient to not adjust the promised amount of consideration for the effects of a significant financing component when its payment terms are less than one year. The Company will apply the modified retrospective method of transition, which may result in a cumulative adjustment to retained earnings. Based on our analysis thus far, we believe the impact of adopting the new guidance will be immaterial to our annual and interim financial statements. We continue to assess the impact on all areas of our revenue recognition and related disclosure requirements.

In February 2016, the Financial Accounting Standards Board issued Leases, Topic 842 (ASU No 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 will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for the Company for fiscal years and interim periods beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2016-02 on the Company's consolidated financial statements.

(3) 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 October 28, 2017 and January 28, 2017 the Company had $450,000 in Level 2 investments in the form of bank certificates of deposit. 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 October 28, 2017 and January 28, 2017 the Company also had long-term variable rate Credit Facilities, classified as Level 2, with carrying values of $78,070,000 and $85,388,000 . As of October 28, 2017 and January 28, 2017 , $3,440,000 and $3,242,000 was classified as current. The fair value of the variable rate Credit Facilities approximates and is based on its carrying value. The Company has no Level 3 investments that use significant unobservable inputs.

(4) Intangible Assets

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

		October 28, 2017		January 28, 2017	
	Estimated Useful Life (In Years)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Finite-lived intangible assets	5-15	$ 1,786,000	$ (295,000)	$ 1,786,000	$ (171,000)
Indefinite-lived intangible assets:					
FCC broadcast license		$ 9,500,000		$ 12,000,000	

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 and the Princeton Watches trade name and customer list. Amortization expense related to the finite-lived intangible assets was $41,000 and $18,000 for the three-month periods ended October 28, 2017 and October 29, 2016 and $124,000 and $61,000 for the nine-month periods ended October 28, 2017 and October 29, 2016 . Estimated amortization expense is $165,000 for fiscal 2017 and each fiscal year through fiscal 2020 and $157,000 for fiscal 2021.

FCC Broadcast License and Sale of Boston Television Station, WWDP

As of January 28, 2017 , the Company had an intangible FCC broadcasting license with a carrying value of $12,000,000 and an estimated fair value of $13,400,000 . On August 28, 2017, the Company entered into two agreements with unrelated parties to sell its Boston television station, WWDP, including the Company's FCC broadcast license, for an aggregate of $13,500,000 .

On August 28, 2017, the Company entered into a channel sharing and facilities agreement (the “Channel Sharing Agreement”) with NRJ Boston OpCo, LLC and NRJ TV Boston License Co., LLC (collectively, “NRJ”) to allow NRJ to operate its local Boston television station on one-third of the spectrum used in the operation of the Company's television broadcast station, WWDP(TV), Norwell, Massachusetts (the “Station”), in perpetuity. The total consideration payable to the Company under the Channel Sharing Agreement is $3,500,000 , of which $2,500,000 was paid in October 2017 upon the grant of a required construction permit by the FCC. The balance is payable upon the closing of the sale of substantially all of the remaining assets used by the Company in the operation of the Station or the transfer of the equipment necessary for channel sharing among the Company and NRJ to a newly formed entity.

On August 28, 2017, the Company also entered into an asset purchase agreement to sell substantially all of the assets primarily related to the Station to affiliates of WRNN-TV Associates Limited Partnership (“Buyers”). The purchase price for the Station's assets is $10,000,000 in cash, subject to an escrow holdback amount of $1,000,000 , which is payable to the Company when the Station is being carried by certain designated carriers at or following the closing of the transaction. The escrow holdback is payable back to the Buyers in monthly installments beginning approximately 14 months after the closing if the station is not being carried by certain designated carriers. The asset purchase agreement includes customary representations, warranties, covenants and indemnification obligations of the parties. The sale of assets pursuant to the purchase agreement is expected to close in the fourth quarter of fiscal 2017 or the first quarter of fiscal 2018 following receipt of specified regulatory approvals from the FCC and satisfaction of other closing conditions in the asset purchase agreement. The Company plans to use the proceeds received from the transaction to pay in full the remaining amounts due under the Company's term loan with GACP Finance Co., LLC, with the remaining proceeds used for general working capital purposes.

(5) Credit Agreements

The Company's long-term credit facilities consist of:

	October 28, 2017	January 28, 2017
PNC Credit Facility		
PNC revolving loan due March 21, 2022, principal amount	$ 59,900,000	$ 59,900,000
PNC term loan due March 21, 2022, principal amount	14,924,000	10,637,000
Less unamortized debt issuance costs	(163,000)	(181,000)
PNC term loan due March 21, 2022, carrying amount	14,761,000	10,456,000
GACP Credit Agreement		
GACP term loan due March 9, 2021, principal amount	3,654,000	16,292,000
Less unamortized debt issuance costs	(245,000)	(1,260,000)
GACP term loan due March 9, 2021, carrying amount	3,409,000	15,032,000
Total long-term credit facilities	78,070,000	85,388,000
Less current portion of long-term credit facilities	(3,440,000)	(3,242,000)
Long-term credit facilities, excluding current portion	$ 74,630,000	$ 82,146,000

PNC Credit Facility

On February 9, 2012, the Company entered into a credit and security agreement (as amended through September 25, 2017, 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 GACP Term Loan (as defined below). 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 March 21, 2017, the Company entered into the Eighth Amendment to the PNC Credit Facility, which among other things, increased the term loan by $6,000,000 , extended the term of the PNC Credit Facility from May 1, 2020 to March 21, 2022 , and authorized the proceeds from the term loan to be used as part of a voluntary prepayment of $9,500,000 on its GACP Term Loan.

All borrowings under the PNC Credit Facility mature and are payable on March 21, 2022 . 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 up to $19 million . 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 LIBOR plus a margin of between 3% and 4.5% based on the Company's trailing twelve-month reported EBITDA (as defined in the PNC Credit Facility) measured quarterly in fiscal 2016 and semi-annually thereafter 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 as demonstrated in its audited financial statements.

As of October 28, 2017 , the Company had borrowings of $59.9 million under its revolving credit facility. Remaining available capacity under the revolving credit facility as of October 28, 2017 is approximately $12.9 million , and provides liquidity for working capital and general corporate purposes. The PNC Credit Facility also provides for a term loan on which the Company has drawn to fund an expansion and improvements at the Company's distribution facility in Bowling Green, Kentucky and to partially pay down the Company's GACP Term Loan. As of October 28, 2017 , there was approximately $14.9 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 April 1, 2017 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 3.0% if terminated on or before March 21, 2018, 1.0% if terminated on or before March 21, 2019, 0.5% if terminated on or before March 21, 2020, and no fee if terminated after March 21, 2020. As of October 28, 2017 , the imputed effective interest rate on the PNC term loan was 7.7% .

Interest expense recorded under the PNC Credit Facility for the three and nine-month periods ended October 28, 2017 was $934,000 and $3,076,000 and $997,000 and $2,864,000 for the three and nine-month periods ended October 29, 2016 .

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. As the Company's unused line availability was greater than $10.0 million at October 28, 2017 , no additional cash was required to be restricted. 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 October 28, 2017 , the Company's unrestricted cash plus unused line availability was $36.3 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.

Costs incurred to obtain amendments to the PNC Credit Facility totaling $1,405,000 and unamortized costs incurred to obtain the original PNC Credit Facility totaling $466,000 have been deferred and are being expensed as additional interest over the five -year term of the PNC Credit Facility.

Great American Capital Partners Credit Agreement

On March 10, 2016, the Company entered into a term loan credit and security agreement (as amended through September 25, 2017, the "GACP Credit Agreement") with GACP Finance Co., LLC ("GACP") for a term loan of $17.0 million . Proceeds from the GACP Term Loan have been used to provide for working capital and general corporate purposes and to help strengthen the Company's total liquidity position. The term loan under the GACP Credit Agreement (the "GACP Term Loan") is secured on a first lien priority basis by the proceeds of any sale of the Company's Boston television station FCC license and on a second lien priority basis by the Company's accounts receivable, equipment, inventory and certain real estate as well as other assets as described in the GACP Credit Agreement. The Company has also pledged the stock of certain subsidiaries to secure such obligations on a second lien priority basis. As of October 28, 2017 , the GACP Term Loan had $3,654,000 outstanding, of which $921,000 was classified as current in the accompanying balance sheet.

On March 21, 2017, the Company made a voluntary principal prepayment of $9,500,000 on its GACP Term Loan. The principal payment was funded by a combination of cash on hand and proceeds of $6,000,000 from the Company’s lower interest PNC Credit Facility term loan. The Company recorded a loss on extinguishment of debt totaling $913,000 in connection with the principal prepayment, which includes early termination and lender fees of $199,000 and unamortized debt issuance costs of $714,000 , which represents the proportionate amount of unamortized debt issuance costs attributable to the extinguished debt.

On October 18, 2017, the Company made a voluntary principal prepayment of $2,500,000 on its GACP Term Loan. The principal payment was funded by proceeds received by the Company under the Channel Sharing Agreement, as discussed in Note 4 - Intangible Assets . The Company recorded a loss on extinguishment of debt totaling $221,000 in connection with the principal prepayment, which includes early termination and lender fees of $50,000 and unamortized debt issuance costs of $171,000 , which represents the proportionate amount of unamortized debt issuance costs attributable to the extinguished debt.

The GACP Credit Agreement matures on March 9, 2021 . The GACP Term Loan bears interest at either (i) a fixed rate based on the greater of LIBOR for interest periods of one , two or three months or 1% plus a margin of 11.0% , or (ii) a daily floating Alternate Base Rate plus a margin of 10.0% . As of October 28, 2017 , the imputed effective interest rate on the GACP term loan was 16.3% .

Principal borrowings under the GACP Term Loan are payable in consecutive monthly installments of $70,833 each, commencing on April 1, 2016, with a final installment due at the end of the five -year term equal to the aggregate principal amount of all loans outstanding on such date. The GACP Term Loan is also subject to mandatory prepayment in certain circumstances, including, but without limitation, from the proceeds of the sale of collateral assets and from 50% of annual excess cash flow as defined in the GACP Credit Agreement. The GACP Term Loan can be prepaid voluntarily at any time and, if terminated prior to maturity, the Company would be required to pay an early termination fee of 2.0% if terminated on or before March 10, 2018; 1.0%

if terminated on or before March 10, 2019; and no fee if terminated after March 10, 2019. Interest expense recorded under the GACP Credit Agreement for the three and nine-month periods ended October 28, 2017 was $219,000 and $880,000 and $585,000 and $1,519,000 for the three and nine-month periods ended October 29, 2016 .

The GACP Credit Agreement contains customary covenants and conditions, including, among other things, maintaining a minimum of unrestricted cash plus revolving line of credit availability under the PNC Credit Facility of $10.0 million at all times and limiting annual capital expenditures. Certain financial covenants, including minimum EBITDA levels (as defined in the GACP Credit Agreement) and a minimum fixed charge coverage ratio of 1.1 to 1.0 , become applicable only if unrestricted cash plus revolving line of credit availability under the PNC Credit Facility falls below $10.8 million . As of October 28, 2017 , the Company's unrestricted cash plus unused line availability was $36.3 million and the Company was in compliance with applicable financial covenants of the GACP Credit Agreement and expects to be in compliance with applicable financial covenants over the next twelve months. In addition, the GACP Credit Agreement 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.

Costs incurred to obtain the GACP Credit Agreement totaling $1,559,000 less the costs written-off for the March 21, 2017 and October 18, 2017 partial debt extinguishments totaling $885,000 have been deferred and are being expensed as additional interest over the five -year term of the GACP Credit Agreement.

The aggregate maturities of the Company's long-term credit facilities as of October 28, 2017 are as follows:

	PNC Credit Facility			
Fiscal year	**Term loan**	**Revolving loan**	**GACP Term Loan**	**Total**
2017	$ 776,000	$ —	$ 283,000	$ 1,059,000
2018	2,326,000	—	850,000	3,176,000
2019	2,132,000	—	779,000	2,911,000
2020	2,326,000	—	850,000	3,176,000
2021	2,326,000	—	892,000	3,218,000
2022	5,038,000	59,900,000	—	64,938,000
	$ 14,924,000	$ 59,900,000	$ 3,654,000	$ 78,478,000

(6) Shareholders' Equity

Registered Direct Offering

On May 23, 2017, the Company entered into Common Stock Purchase Agreements with certain accredited investors to which the Company sold, in the aggregate, 4,008,273 shares of common stock in a registered direct offering pursuant to a shelf registration statement on Form S-3 (File No. 333-203209), filed with the SEC on May 13, 2015. The shares were sold at a price of $1.12 per share, except for shares purchased by investors who are directors or executive officers of the Company, which were sold at a price of $1.15 per share. The closing of this sale occurred on May 30, 2017 and the Company received gross proceeds of approximately $4.5 million and incurred approximately $323,000 of issuance costs. The Company has used the proceeds for general working capital purposes.

Private Placement Securities Purchase Agreements

On September 14, 2016, the Company entered into private placement securities purchase agreements ("Purchase Agreements") with certain accredited investors to which the Company: (a) sold, in the aggregate, 5,952,381 shares of the Company's common stock at a price of $1.68 per share; (b) issued five -year warrants ("Warrants") to purchase 2,976,190 shares of the Company's common stock at an exercise price of $2.90 per share, and (c) issued an option by which certain investors may purchase additional shares of Company's common stock and additional warrants to purchase shares of common stock ("Options").

The Company received gross proceeds of $10.0 million and incurred approximately $852,000 of issuance costs. The Warrants will expire on September 19, 2021 and were not exercisable until March 19, 2017 . Except as noted below, the term of each option was six months and expired on March 19, 2017. The option exercise price was equal to the five -day volume weighted average price per share of the Company's common stock as of the day immediately prior to exercise. Upon exercise of the Options, two-thirds of the option securities would be issued in the form of common stock, and one-third would be issued in the form of warrants

("Option Warrants"). These Option Warrants have an exercise price at a 50% premium to the Company's closing stock price one-day prior to the option exercise and will expire five years after issuance. If all of the Warrants, Options and Option Warrants issued by the Company are all exercised, the total shares of common stock issued in connection with this offering cannot be more than approximately 19.99% of the Company's total issued and outstanding shares following such exercises.

The Company allocated the $10 million proceeds of the stock offering to each of the issued freestanding financial instruments based on their fair value at the time of issuance. The Warrants are indexed to the Company's publicly traded stock and were classified as equity. As a result, the portion of the proceeds allocated to the fair value of the Warrants was recorded as an increase to additional paid-in capital. The fair value of the Options was determined to be nominal. The par value of the shares issued was recorded within common stock, with the remainder of the proceeds, less offering costs, recorded as additional paid in capital in the Company's balance sheet. The Company has used the proceeds for general working capital purposes.

As part of the Purchase Agreements, the Company agreed to register the shares of common stock sold in the private placement and the shares of common stock issuable upon exercise of the Warrants, Options and certain of the Option Warrants. The Company has filed registration statements on Form S-3 to register the common stock sold in the private placement and issuable upon exercise of the Warrants, Options and the outstanding Option Warrants. The Company agreed to keep the shelf registration statement effective until the earlier of the second anniversary of the closing or such time as all registrable securities may be sold pursuant to Rule 144 under the Securities Act of 1933, without the need for current public information or other restriction.

During the fourth quarter of fiscal 2016, three investors exercised their Options. These exercises resulted in the Company's issuance, in the aggregate, of (a) 1,646,350 shares of the Company's common stock at a price ranging from $1.20 - $1.94 per share, resulting in aggregate proceeds of $2.5 million ; and (b) five -year Option Warrants to purchase an additional 823,175 shares of the Company's common stock at an exercise price ranging from $1.76 - $3.00 per share and expire between November 10, 2021 and January 23, 2022 . The Company incurred, in the aggregate, approximately $49,000 of issuance costs related to the Options exercised during the fourth quarter of fiscal 2016.

On March 16, 2017, the Company entered into the First Amendment and Restated Option (the "Amended Option") with TH Media Partners, LLC, one of the September 14, 2016 Securities Purchase Agreement investors. Under the terms of the Amended Option, the investor has the right to exercise its Option in two tranches. The first tranche reflects rights to purchase 150,000 shares of the Company’s common stock, which were issuable in the form of 100,000 common shares and a warrant to purchase an additional 50,000 common shares and was exercised on March 16, 2017 . The exercise resulted in the issuance of (a) 100,000 shares of the Company's common stock at a price of $1.33 per share, resulting in aggregate proceeds of $133,000 ; and (b) a five -year Option Warrant to purchase an additional 50,000 shares of the Company's common stock at an exercise price of $1.92 per share and expiring on March 16, 2022 . The second tranche reflected the right to purchase up to 1,073,945 shares of the Company’s common stock issuable in the form of 715,963 common shares and an Option Warrant to purchase an additional 357,982 common shares. The second tranche expired unexercised on September 19, 2017 . The exercise price of the Option and Option Warrants for the first and second tranches were not modified by the Amended Option. The Company incurred, in the aggregate, approximately $23,000 of issuance costs related to the Options exercised during the first quarter of fiscal 2017.

Stock Purchase from NBCU

On January 31, 2017, the Company purchased from NBCUniversal Media, LLC (“NBCU”) 4,400,000 shares of the Company’s common stock for approximately $5 million or $1.12 per share pursuant to the Repurchase Letter Agreement. Following the Company's share purchase, the direct equity ownership of NBCU in the Company consisted of 2,741,849 shares of common stock, or 4.5% of the Company's outstanding common stock. Upon the settlement, the NBCU Shareholder Agreement was terminated pursuant to the Repurchase Letter Agreement. See Note 11 for additional information.

Stock-Based Compensation - Stock Options

Compensation is recognized for all stock-based compensation arrangements by the Company. Stock-based compensation expense for the third quarters of fiscal 2017 and fiscal 2016 related to stock option awards was $247,000 and $119,000 . Stock-based compensation expense for the first nine months of fiscal 2017 and fiscal 2016 related to stock option awards was $670,000 and $374,000 . 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 October 28, 2017 , 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 9,500,000 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 2001 Omnibus Stock Plan expired on June 21, 2011 and as of October 28, 2017, there were no stock awards outstanding under the 2001 Omnibus Plan. 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. With the exception of 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 2017	Fiscal 2016
Expected volatility:	81%	82% - 84%
Expected term (in years):	6 years	5 - 6 years
Risk-free interest rate:	2.0% - 2.2%	1.4% - 1.7%

A summary of the status of the Company's stock option activity as of October 28, 2017 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	2001 Incentive Stock Option Plan	Weighted Average Exercise Price
Balance outstanding, January 28, 2017	2,543,000	$ 2.19	301,000	$ 5.41	77,000	$ 10.73
Granted	1,627,000	$ 1.31	—	$ —	—	$ —
Exercised	(52,000)	$ 0.99	—	$ —	—	$ —
Forfeited or canceled	(636,000)	$ 3.05	(14,000)	$ 4.88	(77,000)	$ 10.73
Balance outstanding, October 28, 2017	3,482,000	$ 1.64	287,000	$ 5.44	—	$ —
Options exercisable at October 28, 2017	879,000	$ 2.26	287,000	$ 5.44	—	$ —

The following table summarizes information regarding stock options outstanding at October 28, 2017 :

	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:	3,482,000	$ 1.64	8.7	$ 31,000	3,119,000	$ 1.68	8.3	$ 29,000
2004 Incentive:	287,000	$ 5.44	2.5	$ —	287,000	$ 5.44	2.5	$ —
2001 Incentive:	—	$ —	0.0	$ —	—	$ —	0.0	$ —

The weighted average grant-date fair value of options granted in the first nine-months of fiscal 2017 and fiscal 2016 was $0.91 and $0.94 . The total intrinsic value of options exercised during the first nine-months of fiscal 2017 and fiscal 2016 was $10,000 and $0 . As of October 28, 2017 , total unrecognized compensation cost related to stock options was $1,690,000 and is expected to be recognized over a weighted average period of approximately 2.1 years .

Stock-Based Compensation - Restricted Stock

Compensation expense recorded for the third quarters of fiscal 2017 and fiscal 2016 relating to restricted stock grants was $543,000 and $678,000 . Compensation expense recorded for the first nine-months of fiscal 2017 and fiscal 2016 relating to restricted stock grants was $1,387,000 and $1,058,000 . As of October 28, 2017 , there was $2,268,000 of total unrecognized compensation cost related to non-vested restricted stock grants. That cost is expected to be recognized over a weighted average expected life of 1.6 years . The total fair value of restricted stock vested during the first nine months of fiscal 2017 and fiscal 2016 was $392,000 and $653,000 .

During the third quarter of fiscal 2017 the Company granted a total of 3,000 shares of time-based restricted stock awards which will vest in three equal annual installments beginning one year from the grant date. The aggregate market value of the restricted stock at the date of the award was $3,000 and is being amortized as compensation expense over the three -year vesting period. During the third quarter of fiscal 2016, the Company granted a total of 34,563 shares of time-based restricted stock awards to certain key employees as part of the Company's long-term incentive program. The restricted stock will vest in three equal annual installments beginning one year from the grant date. The aggregate market value of the restricted stock at the date of the award was $57,000 . The awards are being amortized as compensation expense over the three -year vesting period. During the third quarter of fiscal 2016, the Company also granted a total of 28,119 shares of restricted stock to a board member as part of the Company's annual director compensation program. This restricted stock award vested on June 13, 2017, the day immediately preceding the Company's 2017 annual meeting of shareholders. The aggregate market value of the restricted stock at the date of the award was $51,000 and was amortized as director compensation expense over the vesting period.

During the third quarter of fiscal 2016, Robert Rosenblatt was appointed as permanent Chief Executive Officer and entered into an executive employment agreement. In conjunction with the employment agreement, the Company granted, to Mr. Rosenblatt, 231,799 shares of market-based restricted stock performance units as part of the Company's long-term incentive program. 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. The total grant date fair value was estimated to be $422,000 , or $1.82 per share and is being amortized over the three -year performance period. Grant date fair values were determined using a Monte Carlo valuation model based on assumptions, which included a weighted average risk-free interest rate of 0.76% , a weighted average expected life of three years and an implied volatility of 77% . The percent of the target market-based performance vested 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 August 18, 2016, the Company granted an additional 625,000 shares of restricted stock in conjunction with Mr. Rosenblatt's employment agreement. The restricted stock award vests in three tranches. Tranche 1 (one-third of the shares subject to the award) vested on the date of grant. Tranche 2 (one-third) 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 one year. Tranche 3 (one-third) will vest on the date the Company's average closing stock price for 20 consecutive trading days equals or exceeds $6.00 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 the ten th anniversary of the grant date. The total grant date fair value was estimated to be $958,000 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 1.5% , a weighted average expected life of 1.2 years and an implied volatility of 86% and were as follows for each tranche:

	Fair Value (Per Share)	Derived Service Period
Tranche 1 (immediate)	$1.60	0 Years
Tranche 2 ($4.00/share)	$1.52	1.46 Years
Tranche 3 ($6.00/share)	$1.48	2.22 Years

During the second quarters of fiscal 2017 and fiscal 2016, the Company granted a total of 472,720 and 167,142 shares of restricted stock to non-employee directors as part of the Company's annual director compensation program. Each restricted stock award vests or did vest on the day immediately preceding the next annual meeting of shareholders following the date of grant.

The aggregate market value of the restricted stock at the date of the awards was $520,000 and $292,000 for the second quarters of fiscal 2017 and fiscal 2016. The awards are being amortized as director compensation expense over the twelve -month vesting period. During the second quarters of fiscal 2017 and fiscal 2016, the Company also granted a total of 318,360 and 60,916 shares of time-based restricted stock awards to certain key employees as part of the Company's long-term incentive program. The restricted stock vests in three equal annual installments beginning one year from the grant date. The aggregate market value of the restricted stock at the date of the award was $395,000 and $78,000 for the second quarters of fiscal 2017 and fiscal 2016. The awards are being amortized as compensation expense over the three -year vesting period.

During the first quarters of fiscal 2017 and fiscal 2016, the Company granted a total of 317,219 and 188,991 shares of time-based restricted stock awards to certain key employees as part of the Company's long-term incentive program. The restricted stock vests in three equal annual installments beginning one year from the grant date. The aggregate market value of the restricted stock at the date of the award was $422,000 and $187,000 for the first quarters of fiscal 2017 and fiscal 2016 . The awards are being amortized as compensation expense over the three -year vesting period. During the first quarter of fiscal 2017, the Company also granted a total of 327,738 shares of time-based restricted stock awards to employees as part of the Company's annual merit process. The restricted stock vests one year after the date of the grant on April 24, 2018. The aggregate market value of the restricted stock at the date of the award was $446,000 and is being amortized as compensation expense over the one -year vesting period.

During the first quarter of fiscal 2017, the Company also granted a total of 7,096 shares of restricted stock to a newly appointed board member as part of the Company's annual director compensation program. This award vested on June 13, 2017, the day immediately preceding the Company's 2017 annual meeting of shareholders. The aggregate market value of the restricted stock at the date of the award was $9,000 and was amortized as director compensation expense over the vesting period.

During the first quarters of fiscal 2017 and fiscal 2016, the Company granted a total of 561,981 and 179,156 shares of market-based restricted stock performance units to certain executives as part of the Company's long-term incentive program. 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 2017	Fiscal 2016
Total grant date fair value	$860,000	$224,000
Total grant date fair value per share	$1.53	$0.98 - $1.72
Expected volatility	75%	71% - 73%
Weighted average expected life (in years)	3 years	3 years
Risk-free interest rate	1.5%	0.9% - 1.0%

The percent of the target market-based performance vested 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%

A summary of the status of the Company's non-vested restricted stock activity as of October 28, 2017 and changes during the nine-month period then ended is as follows:

	Shares	Weighted Average Grant Date Fair Value
Non-vested outstanding, January 28, 2017	1,620,000	$2.00
Granted	2,008,000	$1.32
Vested	(339,000)	$1.94
Forfeited	(367,000)	$2.41
Non-vested outstanding, October 28, 2017	2,922,000	$1.49

Shareholder Cooperation and Standstill Agreement

On March 24, 2017, the Company entered into a Cooperation Agreement with the Clinton Group, Inc. and GlassBridge Enterprises, Inc. (collectively "the Investor Group"). Pursuant to the Cooperation Agreement, the Company agreed (i) to have the Company's Board of Directors (the "Board") appoint, within 30 calendar days, one new independent director, from a list of candidates, to serve on the Board until the 2017 Annual Meeting of Shareholders (the "2017 Annual Meeting"), (ii) to nominate the new independent director for election to the Board at the 2017 Annual Meeting for a term expiring at the 2018 Annual Meeting of Shareholders, (iii) to recommend in the Company's 2017 definitive proxy statement that the shareholders of the Company vote to elect the new independent director to the Board at the 2017 Annual Meeting, and (iv) to solicit, obtain proxies in favor of and otherwise support the election of the new independent director to the board at the 2017 Annual Meeting in a manner no less favorable than the manner in which the Company supports other nominees for election at the 2017 Annual Meeting. The Company has complied with each of these requirements. Under the terms of the Cooperation Agreement, the Investor Group agreed to certain standstill provisions with respect to the Investor Group's actions with regard to the Company and its common stock. Such standstill provisions will be in effect for a period commencing on March 24, 2017 and ending on the date that is the earlier of (x) ten (10) business days prior to the expiration of the advance notice period for the submission by shareholders of director nominations for consideration at the 2018 Annual Meeting, (y) one hundred (100) calendar days prior to the first anniversary of the 2017 Annual Meeting, or (z) upon ten (10) calendar days' prior written notice delivered by any of the Investor Group to the Company following a material breach of the Cooperation Agreement by the Company if such breach has not been cured within a notice period, provided that any member of the Investor Group is not then in material breach of the Cooperation Agreement.

(7) Net Loss Per Common Share

Basic net loss per share is computed by dividing reported loss by the weighted average number of shares of common stock outstanding for the reported period. 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.

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	
	October 28, 2017	October 29, 2016	October 28, 2017	October 29, 2016
Net loss (a)	$ (1,103,000)	$ (3,867,000)	$ (6,290,000)	$ (10,792,000)
Weighted average number of shares of common stock outstanding — Basic	65,191,367	60,513,215	63,400,368	58,317,681
Dilutive effect of stock options, non-vested shares and warrants (b)	—	—	—	—
Weighted average number of shares of common stock outstanding — Diluted	65,191,367	60,513,215	63,400,368	58,317,681
Net loss per common share	$ (0.02)	$ (0.06)	$ (0.10)	$ (0.19)
Net loss per common share — assuming dilution	$ (0.02)	$ (0.06)	$ (0.10)	$ (0.19)

(a) The net loss for the three and nine-month period s ended October 28, 2017 includes costs related to executive and management transition of $893,000 and $1,971,000 and loss on debt extinguishment of $221,000 and $1,134,000 . The net loss for the three and nine-month period s ended October 29, 2016 includes costs related to executive and management transition of $568,000 and $4,411,000 and distribution facility consolidation and technology upgrade costs totaling $150,000 and $530,000 .

(b) For the three and nine-month period s ended October 28, 2017 , there were - 0 - incremental in-the-money potentially dilutive common shares outstanding, and approximately 796,000 and 58,000 for the three and nine-month period s ended October 29, 2016 . Incremental in-the-money potentially dilutive common shares are excluded from the computation of diluted earnings per share, as the effect of their inclusion would be antidilutive.

(8) Business Segments and Sales by Product Group

The Company has one reporting segment, which encompasses its video commerce retailing. The Company markets, sells and distributes its products to consumers primarily through its video commerce television, online website, evine.com, 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 evine.com 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	
	October 28, 2017	October 29, 2016	October 28, 2017	October 29, 2016
Jewelry & Watches	$ 53,586	$ 57,138	$ 165,359	$ 179,284
Home & Consumer Electronics	36,240	34,083	97,564	98,647
Beauty	20,566	18,718	63,445	65,082
Fashion & Accessories	26,468	26,335	84,231	84,854
All other (primarily shipping & handling revenue)	13,352	15,362	44,905	47,828
Total	$ 150,212	$ 151,636	$ 455,504	$ 475,695

(9) Income Taxes

At January 28, 2017 , the Company had federal net operating loss carryforwards (“NOLs”) of approximately $326 million , and state NOLs of approximately $262 million which are available to offset future taxable income. The Company's federal NOLs expire in varying amounts each year from 2023 through 2036 in accordance with applicable federal tax regulations and the timing of when the NOLs were incurred.

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. (“GE Equity”). 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.

For the three and nine month periods ended October 28, 2017 , the income tax benefit included a non-cash tax charge of approximately $197,000 and $591,000 relating to changes in the Company's long-term deferred tax liability related to the tax amortization of the Company's indefinite-lived intangible FCC license asset that is not available to offset existing deferred tax assets in determining changes to the Company's income tax valuation allowance. Further, for the three and nine month periods ended October 28, 2017 , the income tax benefit also included a net, non-cash benefit of approximately $833,000 generated by a partial reversal of the Company’s long-term deferred tax liability relating to the Company's FCC license asset. This deferred tax reversal was the result of a $2,500,000 payment received in October 2017 in connection with the sale of the Company's television broadcast station, WWDP(TV), discussed further in Note 4 - Intangible Assets . The Company recognized a tax gain in conjunction with this transaction which will be largely offset with the Company’s available NOLs.

For the three and nine month periods ended October 29, 2016 , the income tax provision included a non-cash tax charge of approximately $197,000 and $592,000 . The Company expects the continued tax amortization of its indefinite-lived intangible asset and resulting book versus tax asset carrying value difference to result in approximately $156,000 of additional non-cash income tax expense over the remainder of fiscal 2017 .

Shareholder Rights Plan

During the second quarter of fiscal 2015, the Company 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.

The Rights initially trade together with the common stock and are not exercisable. Subject to certain exceptions specified in the Rights Plan, the Rights will separate from the common stock and become exercisable following (i) the tenth calendar day after a public announcement or filing that a person or group has become an "Acquiring Person," which is defined as a person who has acquired, or obtained the right to acquire, beneficial ownership of 4.99% or more of the common stock then outstanding, subject to certain exceptions, or (ii) the tenth calendar day (or such later date as may be determined by the board of directors) after any person or group commences a tender or exchange offer, the consummation of which would result in a person or group becoming an Acquiring Person. If a person or group becomes an Acquiring Person, each Right will entitle its holders (other than such Acquiring Person) to purchase one Unit at a price of $9.00 per Unit. A Unit is intended to give the shareholder approximately the same dividend, voting and liquidation rights as would one share of Common Stock, and should approximate the value of one share of Common Stock. At any time after a person becomes an Acquiring Person, the board of directors may exchange all or part of the outstanding Rights (other than those held by an Acquiring Person) for shares of common stock at an exchange rate of one share of common stock (and, in certain circumstances, a Unit) for each Right. The Company will promptly give public notice of any exchange (although failure to give notice will not affect the validity of the exchange).

The Rights will expire upon certain events described in the Rights Plan, including the close of business on the date of the third annual meeting of shareholders following the last annual meeting of shareholders of the Company at which the Rights Plan was most recently approved by shareholders, unless the Rights Plan is re-approved by shareholders at that third annual meeting of shareholders. However, in no event will the Rights Plan expire later than the close of business on July 13, 2025. The Rights Plan was approved by the Company's shareholders at the 2016 annual meeting of shareholders.

Until the close of business on the tenth calendar day after the day a public announcement or a filing is made indicating that a person or group has become an Acquiring Person, the Company may in its sole and absolute discretion amend the Rights or the Rights Plan agreement without the approval of any holders of the Rights or shares of common stock in any manner, including without limitation, amendments that increase or decrease the purchase price or redemption price or accelerate or extend the final expiration date or the period in which the Rights may be redeemed. The Company may also amend the Rights Plan after the close of business on the tenth calendar day after the day such public announcement or filing is made to cure ambiguities, to correct defective or inconsistent provisions, to shorten or lengthen time periods under the Rights Plan or in any other manner that does not adversely affect the interests of holders of the Rights. No amendment of the Rights Plan may extend its expiration date.

(10) 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, intellectual property and consumer protection matters.

On June 26, 2017, a purported class action case was filed by an individual, William Horan, against both the Company and Invicta Watch Co. of America, Inc. ("Invicta") in the United States District Court for the Eastern District of New York, asserting claims under the federal Magnuson-Moss Warranty Act and New York General Business Law Section 349. The claims relate to the warranty provided with the Invicta watch that the plaintiff allegedly purchased through the Company. Plaintiff alleges that the defendants breached the warranty, failed to disclose material information and\or made false representations concerning the warranty. This case is pled as a putative class action, which means that the plaintiff seeks to represent a class of all other similarly situated individuals who purchased an Invicta watch through the Company. The complaint seeks, among other relief, class certification of the lawsuit, unspecified damages, injunctive relief, costs and expenses, including attorneys' fees, and such other relief as the court might find just and proper. Given the uncertainty of litigation, the preliminary stage of this case and the legal standards that must be met for, among other things, class certification, the Company cannot reasonably estimate the possible loss or range of loss that may result from this action.

On June 29, 2017, a purported class action case was filed by an individual, Betty Gregory, against the Company in the United States District Court for the Central District of California, asserting claims under the federal Telephone Consumer Protection Act ("TCPA"). The plaintiff alleges that the Company unlawfully contacted her on her cellular telephone without her prior express consent. This case is pled as a putative class action, and the plaintiff seeks to represent a class of all other individuals who received telephone calls similar to the ones she allegedly received from the Company and the Company's third-party collection vendors. The TCPA provides for recovery of actual damages or $500 for each violation, whichever is greater. If it is determined that a defendant acted willfully or knowingly in violating the TCPA, the amount of the award may be increased by up to three times the amount provided above. The complaint seeks, among other relief, class certification of the lawsuit, unspecified damages, injunctive relief, costs and expenses, including attorneys' fees, and such other relief as the court might find just and proper. Given the uncertainty of litigation, the preliminary stage of this case and the legal standards that must be met for, among other things, class certification, the Company cannot reasonably estimate the possible loss or range of loss that may result from this action.

(11) Related Party Transactions

Relationship with GE Equity, Comcast and NBCU

Until April 29, 2016, the Company was a party to an amended and restated shareholder agreement, dated February 25, 2009 (the "GE/NBCU Shareholder Agreement"), with GE Equity and NBCU, which provided for certain corporate governance and standstill matters (as described further below). NBCU is an indirect subsidiary of Comcast Corporation ("Comcast"). The Company has a significant cable distribution agreement with Comcast and believes that the terms of the agreement are comparable to those with other cable system operators.

In an SEC filing made on August 18, 2015, GE Equity disclosed that on August 14, 2015, it and ASF Radio, L.P. ("ASF Radio"), an independent third party to Evine, entered into a Stock Purchase Agreement pursuant to which GE Equity agreed to sell 3,545,049 shares of the Company's common stock, which is all of the shares GE Equity then owned, to ASF Radio for $2.15 per share. According to the SEC filing, ASF Radio is an affiliate of Ardian, an independent private equity investment company. The closing of this sale (the "GE/ASF Radio Sale") occurred on April 29, 2016. In connection with the GE/ASF Radio Sale, the GE/NBCU Shareholder Agreement was terminated and the Company entered into a new Shareholder Agreement (the "NBCU Shareholder Agreement") with NBCU described below.

GE/NBCU Shareholder Agreement

The GE/NBCU Shareholder Agreement that was terminated April 29, 2016 provided that GE Equity was entitled to designate nominees for three members of the Company's Board of Directors so long as the aggregate beneficial ownership of GE Equity and NBCU (and their affiliates) was at least equal to 50% of their beneficial ownership as of February 25, 2009 (i.e., beneficial ownership of approximately 8.7 million common shares) (the " 50% Ownership Condition"), and two members of the Company's Board of Directors so long as their aggregate beneficial ownership was at least 10% of the shares of "adjusted outstanding common stock," as defined in the GE/NBCU Shareholder Agreement (the " 10% Ownership Condition"). In addition, the GE/NBCU Shareholder Agreement provided that GE Equity may designate any of its director-designees to be an observer of the audit, human resources and compensation, and corporate governance and nominating committees of the Company's Board of Directors. Neither GE Equity no r NBCU currently has, or during fiscal 2017 had, any designees serving on the Company's Board of Directors or committees.

The GE/NBCU Shareholder Agreement required that the Company obtain the consent of GE Equity before the Company (i) exceed certain thresholds relating to the issuance of securities, the payment of dividends, the repurchase or redemption of common stock, acquisitions (including investments and joint ventures) or dispositions, and the incurrence of debt; (ii) enter into any business different than the business in which the Company and its subsidiaries are currently engaged; and (iii) amend the Company's articles of incorporation to adversely affect GE Equity and NBCU (or their affiliates); provided, however, that these restrictions would no longer apply when both (1) GE Equity is no longer entitled to designate three director nominees, and (2) GE Equity and NBCU no longer hold any Series B preferred stock. The Company was also prohibited from taking any action that would cause any ownership interest by us in television broadcast stations from being attributable to GE Equity, NBCU or their affiliates.

Stock Purchase from NBCU

On January 31, 2017, the Company purchased from NBCU 4,400,000 shares of the Company's common stock, representing approximately 6.7% of shares then outstanding, for approximately $5 million or $1.12 per share, pursuant to the Repurchase Letter Agreement. Following the Company's share purchase, the direct equity ownership of NBCU in the Company consisted of 2,741,849 shares of common stock, or 4.5% of the Company's outstanding common stock. The NBCU Shareholder Agreement was terminated pursuant to the Repurchase Letter Agreement.

NBCU Shareholder Agreement

The Company was a party to the NBCU Shareholder Agreement until it was terminated pursuant to the Repurchase Letter Agreement on January 31, 2017. The NBCU Shareholder Agreement replaced the GE/NBCU Shareholder Agreement. The NBCU Shareholder Agreement provided that as long as NBCU or its affiliates beneficially own at least 5% of the Company's outstanding common stock, NBCU is entitled to designate one individual to be nominated to the Company's Board of Directors. In addition, the NBCU Shareholder Agreement provided that NBCU may designate its director designee to be an observer of the audit, human resources and compensation, and corporate governance and nominating committees of the Company's Board of Directors. In addition, the NBCU Shareholder Agreement required the Company to obtain the consent of NBCU prior to the Company's adoption or amendment of any shareholder's rights plan or certain other actions that would impede or restrict the ability of NBCU to acquire the Company's voting stock or our taking any action that would result in NBCU being deemed to be in violation of the Federal Communications Commission multiple ownership regulations.

The NBCU Shareholder Agreement also provided that unless NBCU beneficially owned less than 5% or more than 90% of the adjusted outstanding shares of common stock, NBCU could not sell, transfer or otherwise dispose of any securities of the Company subject to limited exceptions for (i) transfers to affiliates, (ii) third party tender offers, (iii) mergers, consolidations and reorganizations and (iv) transfers pursuant to underwritten public offerings or transfers exempt from registration under the Securities Act (provided, in the case of (iv), such transfers would not result in the transferee acquiring beneficial ownership in excess of 20%).

Registration Rights Agreement

On February 25, 2009, the Company entered into an amended and restated registration rights agreement that, as further amended, provided GE Equity, NBCU and their affiliates and any transferees and assigns, an aggregate of five demand registrations and unlimited piggy-back registration rights. In connection with the GE/ASF Radio Sale, an amendment to the Amended and Restated Registration Rights Agreement was entered into removing GE Equity as a party and adding ASF Radio, L.P. as a party.

2015 Letter Agreement with GE Equity

On July 9, 2015, the Company entered into a letter agreement with GE Equity pursuant to which GE Equity consented to the Company's adoption of a Shareholder Rights Plan in consideration for the Company's agreement to provide GE Equity, NBCU and certain of their respective affiliates with exemptions from the Shareholder Rights Plan. GE Equity's consent was required pursuant to the terms of the GE/NBCU Shareholder Agreement. This discussion is a summary of the terms of the letter agreement. In the letter agreement, the Company agreed that if any of GE Equity, NBCU or any of their respective affiliates that holds shares of the Company's common stock from time to time (each a "Grandfathered Investor") sells or otherwise transfers shares of the Company's common stock currently owned by such Grandfathered Investor to any third party identified to the Company in writing (any such third party, an "Exempt Purchaser"), the Company will take all actions necessary under the Shareholder Rights Plan so that such third party will not be deemed an Acquiring Person (as defined in the Shareholder Rights Plan) by virtue of the acquisition of such shares. The Company further agreed that, subject to certain limitations, upon request of any Grandfathered Investor or Exempt Purchaser, and in connection with a transfer by such Grandfathered Investor or Exempt Purchaser of shares of the Company's common stock to an Exempt Purchaser, the Company will enter into an agreement with the acquiring Exempt Purchaser granting such acquiring Exempt Purchaser substantially the same rights as set forth above with respect to any sale of the Company's outstanding shares of common stock to any other third party. Additionally, the Company agreed that without the consent of any Grandfathered Investor that is an affiliate of GE Equity and any Grandfathered Investor that is an affiliate of NBCU, the Company will not (i) amend the Shareholder Rights Plan in any material respect, other than to accelerate the Expiration Date or the Final Expiration Date, (ii) adopt another shareholders' rights plan or (iii) amend the letter agreement.

Director Relationships

The Company entered into a service agreement with Newgistics, Inc. ("Newgistics") in fiscal 2004. Newgistics provides offsite customer returns consolidation and delivery services to the Company. The Company's Chief Executive Officer, Robert Rosenblatt, was a member of Newgistics' Board of Directors until October 2017, when Newgistics was acquired by a third party. The Company made payments to Newgistics totaling approximately $1,010,000 and $3,296,000 during the three and nine-month period s ended October 28, 2017 and payments totaling approximately $1,255,000 and $3,789,000 during the three and nine-month period s ended October 29, 2016 .

One of the Company's directors, Thomas Beers, has a minority interest in one of the Company's on air food suppliers. The Company made inventory payments to this supplier totaling approximately $199,000 and $1,025,000 during the three and nine-month period s ended October 28, 2017 and payments totaling approximately $412,000 and $1,635,000 during the three and nine-month period s ended October 29, 2016 .

(12) Distribution Facility Expansion, Consolidation & Technology Upgrade

During fiscal 2014, the Company began a significant operational expansion initiative with respect to overall warehousing capacity and new equipment and system technology upgrades at the Company's Bowling Green, Kentucky distribution facility. During fiscal 2015, the Company expanded our 262,000 square foot facility to an approximately 600,000 square foot facility and moved out of the Company's leased satellite warehouse space. The updated facilities and technology upgrade includes a new high-speed parcel shipping and item sortation system coupled with a new warehouse management system to support the Company's increased level of shipments and a new call center facility to better serve our customers. The new sortation and warehouse management system were phased into production through fiscal 2016. Total cost of the physical building expansion, new sortation equipment and call center facility was approximately $25 million and was financed with the Company's expanded PNC revolving line of credit and a $15 million PNC term loan.

As a result of the Company's distribution facility expansion, consolidation and technology upgrade initiative, the Company incurred $0 in incremental expenses during the three and nine month periods ended October 28, 2017 and approximately $150,000 and $530,000 in incremental expenses during the three and nine month periods ended October 29, 2016 related primarily to increased labor and training costs associated with the Company’s warehouse management system migration.

(13) Executive and Management Transition Costs

On March 23, 2017, the Company announced the elimination of the position of Senior Vice President of Sales & Product Planning. In conjunction with this executive change as well as other executive and management terminations made during the first nine months of fiscal 2017, the Company recorded charges to income totaling $893,000 and $1,971,000 for the three and nine-months ended October 28, 2017 , 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 2017 executive and management transition.

On February 8, 2016, the Company announced the resignation of two executive officers, namely its Chief Executive Officer, and its Executive Vice President - Chief Strategy Officer & Interim General Counsel. In conjunction with these executive changes as well as other executive and management terminations made during the first nine months of fiscal 2016, the Company recorded charges to income totaling $568,000 and $4,411,000 for the three and nine-months ended October 29, 2016 , which relate primarily to severance payments to be made as a result of the executive officer terminations and other direct costs associated with the Company's 2016 executive and management transition. On August 18, 2016, the Company announced that Robert Rosenblatt was appointed permanent Chief Executive Officer and entered into an executive employment agreement with Mr. Rosenblatt.

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 January 28, 2017 .

Cautionary Statement Regarding Forward-Looking Statements

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations and other materials we file with the Securities and Exchange Commission (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): consumer preferences, 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; 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 relationships and develop key partnerships and proprietary and exclusive brands; our ability to manage our operating expenses successfully and our working capital levels; our ability to remain compliant with our credit facilities covenants; customer acceptance of our branding strategy and our repositioning as a video commerce company; the market demand for television station sales; 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 public events that are difficult to predict, or other significant television-covering events causing an interruption of television coverage or that directly compete with the viewership of our programming; disruptions in our distribution of our network broadcast to our customers; our ability to obtain and retain key executives and employees; our ability to attract new customers and retain existing customers; changes in shipping costs; 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 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 a multiplatform video commerce company that offers a mix of proprietary, exclusive and name brands directly to consumers in an engaging and informative shopping experience through TV, online and mobile devices. We operate a 24-hour television shopping network, Evine, which is distributed primarily on cable and satellite systems, through which we offer proprietary, exclusive and name brand merchandise in the categories of jewelry & watches; home & consumer electronics; beauty; and fashion & accessories. We also operate evine.com, a comprehensive digital commerce platform that sells products which appear on our television shopping network as well as an extended assortment of online-only merchandise. Our programming and products are also marketed via mobile devices, including smartphones and tablets, and through the leading social media channels.

Our investor relations website address is http://investors.evine.com/overview/default.aspx. Our goal is to maintain the investor relations website as a way for investors to find information about us easily, including press releases, announcements of investor conferences, investor and analyst presentations and corporate governance. We also make available free of charge our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and all amendments to these filings as soon as practicable after that material is electronically filed with or furnished to the SEC. The information found on our website is not part of this or any other report we file with, or furnish to, the SEC.

Products and Customers

Products sold on our video commerce platforms include jewelry & watches, home & consumer electronics, beauty, 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 2017 . We are focused on diversifying our merchandise assortment both among our existing product categories as well as with potentially 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 video 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	
	October 28, 2017	October 29, 2016	October 28, 2017	October 29, 2016
Net Merchandise Sales by Category				
Jewelry & Watches	39%	42%	40%	42%
Home & Consumer Electronics	26%	25%	24%	23%
Beauty	15%	14%	15%	15%
Fashion & Accessories	20%	19%	21%	20%
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. Our core video 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 a multiplatform video commerce company, our strategy includes offering an exciting assortment of proprietary, exclusive (i.e., products that are not readily available elsewhere) and name brand products using our commerce infrastructure, which includes television access to more than 87 million cable and satellite homes in the United States. We are also focused on growing our revenues, through social, mobile, online, and Over-the-Top platforms, as well as exploring online only and thoughtful brick and mortar retailing partnerships.

Our merchandising plan is focused on delivering a balanced assortment of profitable proprietary, exclusive and name brand products presented in an engaging, entertaining, shopping-centric format. To enhance the shopping experience for our customers, we will continue to work hard to engage our customers more intelligently by leveraging the use of predictive analytics and interactive marketing to drive personalization and relevancy to each experience. In addition, we will continue to find new methods, territories, technologies and channels to distribute our video commerce programming beyond the television screen, including "live on location" entertainment and enhancing our social advertising. We believe these initiatives will position us as a multiplatform video commerce company that delivers a more engaging and enjoyable customer experience with sales and service that exceed customer expectations.

Program Distribution

Our 24-hour television shopping networks, Evine and Evine Too, which are distributed primarily on cable and satellite systems, reached more than 87 million homes during the three and nine months ended October 28, 2017 and October 29, 2016 . Our television home shopping programming is also simulcast 24 hours a day, 7 days a week on our online website, evine.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 online and mobile efforts, will ensure that Evine 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, alternative distribution methods and part-time carriage in strategic markets, including securing a deal in the second quarter of fiscal 2017 to launch our network in more than 10 million high definition ("HD") homes during the second half of 2017. We believe that our distribution strategy of pursuing additional channels in productive homes we are already in is a more balanced approach to growing our business than merely adding new television homes in untested areas. We have also invested in HD equipment and have transitioned to a full HD signal starting in the third quarter of fiscal 2017. 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 affiliation 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 revenues and earnings unless we are able to arrange for alternative means of broadly distributing our television programming.

Our Competition

The video 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 and HSN, Inc. QVC is owned by Liberty Interactive Corporation, which recently announced an agreement to purchase an additional 62% of HSN, Inc. to increase its holdings in HSN, Inc. to 100%. Both QVC 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 multichannel 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 players 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, one of our strategies is to maintain our fixed distribution cost structure in order to leverage our profitability.

We anticipate continued competition for viewers and customers, for experienced television shopping 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 commerce industry will be dependent on a number of key factors, including continuing to expand our digital footprint to meet our customers' needs, increasing the number of customers who purchase products from us and increasing the dollar value of sales per customer from our existing customer base.

Summary Results for the Third Quarter of Fiscal 2017

Consolidated net sales for our fiscal 2017 third quarter were approximately $150.2 million compared to $151.6 million for our fiscal 2016 third quarter, which represents a 1% decrease . We reported an operating loss of approximately $354,000 and a net loss of approximately $1.1 million for our fiscal 2017 third quarter. The operating and net loss for the fiscal 2017 third quarter included charges relating to executive and management transition costs totaling $893,000 . The net loss for the fiscal 2017 third quarter also included a loss on debt extinguishment of $221,000 . We had an operating loss of $2.1 million and a net loss of approximately $3.9 million for our fiscal 2016 third quarter. The operating and net loss for the fiscal 2016 third quarter included charges relating to executive and management transition costs totaling $568,000 and distribution facility consolidation and technology upgrade costs totaling $150,000 .

Consolidated net sales for the first nine months of fiscal 2017 were approximately $455.5 million compared to $475.7 million for the first nine months of fiscal 2016 , which represents a 4% decrease . We reported an operating loss of approximately $1.4 million and a net loss of approximately $6.3 million for the first nine months of fiscal 2017 . The operating and net loss for the first nine months of fiscal 2017 included charges relating to executive and management transition costs totaling $2.0 million . The net loss for the first nine months of fiscal 2017 also included a loss on debt extinguishment of $1.1 million . We had an operating loss of $5.8 million and a net loss of $10.8 million for the first nine months of fiscal 2016 . The operating and net loss for the first nine months of fiscal 2016 included charges relating to executive and management transition costs totaling $4.4 million and distribution facility consolidation and technology upgrade costs totaling $530,000 .

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	
	October 28, 2017	October 29, 2016	October 28, 2017	October 29, 2016
Net sales	100.0%	100.0%	100.0%	100.0%
Gross margin	38.1%	36.6%	37.3%	37.1%
Operating expenses:				
Distribution and selling	32.2%	32.4%	32.0%	32.4%
General and administrative	4.5%	3.8%	4.1%	3.6%
Depreciation and amortization	1.0%	1.3%	1.1%	1.3%
Executive and management transition costs	0.6%	0.4%	0.4%	0.9%
Distribution facility consolidation and technology upgrade costs	—%	0.1%	—%	0.1%
	38.3%	38.0%	37.6%	38.3%
Operating loss	(0.2)%	(1.4)%	(0.3)%	(1.2)%

Key Performance Metrics

	For the Three-Month Periods Ended			For the Nine-Month Periods Ended		
	October 28, 2017	October 29, 2016	Change	October 28, 2017	October 29, 2016	Change
Merchandise Metrics						
Gross margin %	38.1%	36.6%	150 bps	37.3%	37.1%	20 bps
Net shipped units (000's)	2,342	2,253	4%	7,345	7,131	3%
Average selling price	$58	$60	(3)%	$55	$59	(7)%
Return rate	19.1%	20.5%	(140) bps	19.0%	19.8%	(80) bps
Digital net sales % (a)	51.5%	49.0%	250 bps	50.8%	48.6%	220 bps
Total Customers - 12 Month Rolling (000's)	1,350	1,429	(6)%	N/A	N/A	

(a) Digital net sales percentage is calculated based on net sales that are generated from our evine.com 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 2017 third quarter increase d 4% from the prior year comparable quarter to approximately 2.3 million . For the nine months ended October 28, 2017 , net shipped units increase d 3% from the prior year comparable period to 7.3 million . We believe the increase in net shipped units during the third quarter and first nine months of fiscal 2017 reflects the continued broadening of our merchandise assortment and a decline in our average selling price (as discussed below), partially offset by a 1% and 4% decrease in consolidated net sales for the three and nine month periods ended October 28, 2017 (as discussed below).

Average Selling Price

The average selling price ("ASP") per net unit was $58 in the fiscal 2017 third quarter, a 3% decrease from the prior year quarter. The decrease in the ASP was primarily driven by a sales mix shift into our beauty category, which typically has a lower average selling price, and out of our watches product category. In addition, we experienced ASP decreases within our fashion &

accessories and beauty product categories, partially offset by an increase in our Jewelry ASP. For the nine months ended October 28, 2017 , the ASP was $55 , a 7% decrease from the prior year comparable period. The decrease in the ASP was primarily driven by a sales mix shift into our beauty and fashion & accessories product categories, which typically has a lower average selling price, and out of our jewelry & watches product categories. In addition, we experienced broad based ASP decreases across most product categories, partially offset by an ASP increase in our jewelry category. The ASP decrease, for the three and nine months ended October 28, 2017 , contributed to our increase in net shipped units of 4% and 3% .

Return Rates

For the three months ended October 28, 2017 , our return rate was 19.1% compared to 20.5% for the comparable prior year quarter, a 140 basis point decrease . For the nine months ended October 28, 2017 , our return rate was 19.0% compared to 19.8% for the comparable prior year period, an 80 basis point decrease . These decrease s in the return rates were driven primarily by rate improvements across all product categories. We believe that the improvement in the category return rates was driven by the decreases in ASP, as described above, our strong product assortment and improvement in the quality of merchandise. We continue to monitor our return rates in an effort to keep our overall return rates commensurate with our current product mix and our average selling price levels.

Total Customers

Total customers who have purchased over the last twelve months decrease d 6% over prior year to approximately 1.4 million . The decrease was driven by a reduction in new customers over the prior year, partially offset by improvements achieved in our customer retention and reactivation. As a result of our efforts during fiscal 2016 and 2017 to re-balance our merchandising mix, including the reduction of our offering of consumer electronic products, we believe our twelve-month customer file is now comprised of customers who have a significantly higher purchase frequency and lifetime value.

Net Sales

Consolidated net sales, inclusive of shipping and handling revenue, for the fiscal 2017 third quarter were approximately $150.2 million as compared with $151.6 million for the comparable prior year quarter, a 1% decrease . We estimate topline growth for the fiscal 2017 third quarter would have been 1.0% when we exclude the estimated $3 million negative sales impact, resulting from the fall hurricanes. Consolidated net sales, inclusive of shipping and handling revenue, for the first nine months ended October 28, 2017 were approximately $455.5 million as compared with $475.7 million for the comparable prior year period, a 4% decrease .

The decrease in quarterly consolidated net sales was driven primarily by decreases in our jewelry & watches category, partially offset by increases in our beauty and home & consumer electronics categories. Watches decreased during the third quarter as a result of a shift in airtime from our watches category, into our beauty and fashion & accessories categories. The increase in the home & consumer electronics product category was the result of increased sales productivity per minute. The decrease in year-to-date consolidated net sales was driven primarily by decreases in our jewelry & watches, consumer electronics and beauty product categories, partially offset by an increase in our home product category. The decrease in watches was a result of shift in airtime from our watches category into the fashion & accessories and home categories and testing of some lower watch price point offerings designed to grow our customers with a high lifetime value. Consumer electronics decreased during the first nine months of fiscal 2017 as we continue to shift our airtime and product mix from consumer electronics to our other higher margin product categories. The decrease in the beauty category was primarily driven by reduced productivity.

Our digital sales penetration, or, the percentage of net sales that are generated from our evine.com website and mobile platforms, which are primarily ordered directly online, was 51.5% and 50.8% compared to 49.0% and 48.6% for the third quarter and first nine months of fiscal 2017 compared to fiscal 2016 . Overall, we continue to deliver strong digital sales penetration. We believe the increase in penetration during the periods was driven by our improved digital marketing initiatives and an enhanced responsive customer experience on mobile devices. Our mobile penetration increased to 51.2% and 49.5% of total digital orders in the third quarter and first nine months of fiscal 2017 versus 45.9% and 45.5% of total digital orders for the comparable prior year periods.

Gross Profit

Gross profit for the fiscal 2017 third quarter and fiscal 2016 third quarter was approximately $57.3 million and $55.4 million , an increase of $1.9 million , or 3% . Gross profit for the first nine months ended October 28, 2017 was approximately $170.1 million , a decrease of $6.6 million , or 4% , from $176.7 million for the comparable prior year period. The increase in gross profits experienced during the third quarter was primarily driven by higher gross profit percentages realized in the watches, beauty and home product categories, partially offset by a 1% decrease in consolidated net sales (as discussed above). The decrease in gross profits experienced during the first nine months of fiscal 2017 was primarily driven by a 4% decrease in consolidated net sales (as discussed above). Gross margin percentages for the third quarters of fiscal 2017 and fiscal 2016 were 38.1% and 36.6% , a

150 basis point increase . The increase in the gross margin percentage reflects increased margin rates, specifically in our watches and home product categories. Gross margin percentages for the first nine months of fiscal 2017 and fiscal 2016 were 37.3% and 37.1% , a 20 basis point increase . The increase in the gross margin percentage reflects increased margin rates, specifically in our home product categories.

Operating Expenses

Total operating expenses for the fiscal 2017 third quarter were approximately $57.6 million compared to $57.5 million for the comparable prior year period, an increase of 0.2% . Total operating expenses for the nine months ended October 28, 2017 were approximately $171.5 million compared to $182.5 million for the comparable prior year period, a decrease of 6% . Total operating expenses as a percentage of net sales were 38.3% and 37.6% , compared to 38.0% and 38.3% during the third quarters and first nine months of fiscal 2017 and fiscal 2016 . Total operating expenses for the fiscal 2017 third quarter include executive and management transition costs of $893,000 , while total operating expenses for the fiscal 2016 third quarter include executive and management transition costs of $568,000 and distribution facility consolidation and technology upgrade costs of $150,000 . Total operating expenses for the nine months ended October 28, 2017 include executive and management transition costs of $2.0 million , while total operating expenses for the nine months ended October 29, 2016 include executive and management transition costs of $4.4 million and distribution facility consolidation and technology upgrade costs of $530,000 . Excluding executive and management transition costs and distribution facility consolidation and technology upgrade costs, total operating expenses as a percentage of net sales for the third quarter and first nine months of fiscal 2017 were 37.7% and 37.2% , compared to 37.5% and 37.3% for fiscal 2016 .

Distribution and selling expense decrease d $0.7 million , or 1% , to $48.5 million , or 32.2% of net sales during the fiscal 2017 third quarter compared to $49.2 million , or 32.4% of net sales for the comparable prior year fiscal quarter. Distribution and selling expense decrease d during the quarter due in part to decreased program distribution expense of $1.2 million relating to contract negotiations and changes in channel positioning, partially offset by an increase in over-the-air and other forms of distribution. The decrease over the prior year quarter was also due to decreased variable costs of $2.0 million , partially offset by increased accrued incentive compensation of $1.7 million , increased salaries and benefits of $799,000 and increased online selling and search fees of $202,000 . The decrease in variable costs was primarily driven by decreased variable fulfillment and customer service salaries and wages of $818,000 , decreased variable credit card processing fees and bad debt credit expense of $798,000 , decreased customer services telecommunications expense of $258,000 and decreased Bowling Green equipment rental expense of $141,000 . Total variable expenses during the third quarter of fiscal 2017 were approximately 9.3% of total net sales versus 10.6% of total net sales for the prior year comparable period. The decrease in variable expenses as a percentage of net sales during the third quarter of fiscal 2017 is primarily due to improved efficiencies at our fulfillment center, partially offset by a 3% decrease in our average selling price during the quarter.

Distribution and selling expense decrease d $8.3 million , or 5% , to $145.9 million , or 32.0% of net sales during the nine months ended October 28, 2017 compared to $154.2 million , or 32.4% of net sales for the comparable prior year period. Distribution and selling expense decrease d during the first nine months due in part to decreased program distribution expense of $7.8 million relating to contract negotiations and changes in channel positioning, partially offset by an increase in over-the-air and other forms of distribution. The decrease over the prior year period was also due to a decrease in variable costs of $4.2 million and decreased software service fees of $522,000 , partially offset by increased salaries and benefits of $2.7 million , increased online selling and search fees of $870,000 and increased accrued incentive compensation of $406,000 . The decrease in variable costs was primarily driven by decreased variable credit card processing fees and bad debt credit expense of $2.5 million , decreased variable fulfillment and customer service salaries and wages of $1.8 million and decreased Bowling Green equipment rental expense of $379,000 , partially offset by increased customer services telecommunications expense of $403,000 . Total variable expenses during the first nine months of fiscal 2017 were approximately 9.6% of total net sales versus 10.0% of total net sales for the prior year comparable period. The decrease in variable expenses as a percentage of net sales during the first nine months of fiscal 2017 is primarily due to improved efficiencies at our fulfillment center, partially offset by increased customer services telecommunications expense.

To the extent that our average selling price continues to decline, our variable expense as a percentage of net sales could increase as the number of our shipped units increase. 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 2017 third quarter increase d $1.1 million , or 19% to approximately $6.8 million or 4.5% of net sales, compared to $5.7 million or 3.8% of net sales for the comparable prior year fiscal quarter. General and administrative expense increase d during the third quarter primarily as a result of increased salaries and accrued incentive compensation of $1.2 million . For the nine months ended October 28, 2017 , general and administrative expense increase d $1.4 million , or 8% to approximately $18.8 million or 4.1% of net sales, compared to $17.3 million or 3.6% of net sales for the comparable prior year fiscal period. For the nine months ended October 28, 2017 , general and administrative expense increase d primarily as a result of increased salaries and accrued incentive compensation of $1.5 million and increased share based compensation of $583,000 , partially offset by a legal settlement receipt of $244,000 and other general and administrative expense reductions of $428,000 .

Depreciation and amortization expense for the fiscal 2017 third quarter was approximately $1.5 million compared to $1.9 million for the comparable prior year period, representing a decrease of $466,000 or 24% . Depreciation and amortization expense as a percentage of net sales for the three-month periods ended October 28, 2017 and October 29, 2016 was 1.0% and 1.3% . The decrease in the quarterly depreciation and amortization expense was primarily due to decreased depreciation expense of $489,000 as a result of a reduction in our non-fulfillment depreciable asset base year over year, partially offset by increased amortization expense of $23,000 . Depreciation and amortization expense for the nine months ended October 28, 2017 was approximately $4.8 million compared to $6.0 million for the comparable prior year period, representing a decrease of $1.2 million or 20% . Depreciation and amortization expense as a percentage of net sales for the nine-month periods ended October 28, 2017 and October 29, 2016 was 1.1% and 1.3% . The decrease in the depreciation and amortization expense for the nine months ended October 28, 2017 , was primarily due to decreased depreciation expense of $1.3 million as a result of a reduction in our non-fulfillment depreciable asset base year over year, partially offset by increased amortization expense of $63,000 .

Operating Loss

For the fiscal 2017 third quarter, we reported an operating loss of approximately $354,000 compared to an operating loss of $2.1 million for the fiscal 2016 third quarter, representing a $1.7 million improvement. For the nine months ended October 28, 2017 we reported an operating loss of approximately $1.4 million compared to an operating loss of $5.8 million for the comparable prior year period, representing a $4.4 million improvement. For the third quarter of fiscal 2017 , our operating loss improved primarily as a result of increased gross profit (as noted above) and decreases in distribution and selling, depreciation and amortization and distribution facility consolidation and technology upgrade costs, partially offset by increases in general and administrative expense and executive and management transition costs. For the first nine months of fiscal 2017 , our operating loss improved primarily as a result of decreases in distribution and selling, executive and management transition costs, depreciation and amortization and distribution facility consolidation and technology upgrade costs, partially offset by a decrease in gross profit (as noted above) and an increase in general and administrative expense.

Net Loss

For the fiscal 2017 third quarter, we reported a net loss of approximately $1.1 million or $0.02 per share on 65,191,367 weighted average basic common shares outstanding compared with a net loss of $3.9 million or $0.06 per share on 60,513,215 weighted average basic common shares outstanding in the fiscal 2016 third quarter. For the first nine months of fiscal 2017 , we reported a net loss of approximately $6.3 million or $0.10 per share on 63,400,368 weighted average basic common shares outstanding compared with a net loss of $10.8 million or $0.19 per share on 58,317,681 weighted average basic common shares outstanding in the first nine months of fiscal 2016 . Net loss for the third quarter of fiscal 2017 includes executive and management transition costs of $893,000 , interest expense of $1.2 million and a loss on debt extinguishment of $221,000 . Net loss for the third quarter of fiscal 2016 includes executive and management transition costs of $568,000 , distribution facility consolidation and technology upgrade costs of $150,000 and interest expense of $1.6 million .

Net loss for the first nine months of fiscal 2017 includes executive and management transition costs of $2.0 million , interest expense of $4.0 million and a loss on debt extinguishment of $1.1 million . Net loss for the first nine months of fiscal 2016 includes executive and management transition costs of $4.4 million , distribution facility consolidation and technology upgrade costs of $530,000 and interest expense of $4.4 million .

For the third quarter and first nine months of fiscal 2017 , net loss reflects an income tax benefit of $624,000 and $206,000 . For the three and nine month periods ended October 28, 2017 , the income tax benefit included a non-cash tax charge of approximately $197,000 and $591,000 relating to changes in the Company's long-term deferred tax liability related to the tax amortization of the Company's indefinite-lived intangible FCC license asset that is not available to offset existing deferred tax assets in determining changes to the Company's income tax valuation allowance. Further, for the three and nine month periods ended October 28, 2017 , the income tax benefit also included a non-cash tax benefit of approximately $833,000 generated by a partial reversal of the Company’s long-term deferred tax liability related to the sale of the FCC license (discussed further in Note 4 - “ Intangible Assets ”). The Company recognized a tax gain in conjunction with this transaction which will be largely offset with the Company’s available NOLs, creating an income tax benefit attributable to the partial reversal of the related long-term deferred tax liability.

For the third quarter and first nine months of fiscal 2016 , net loss reflects an income tax provision of $205,000 and $615,000 , which included a non-cash expense charge of $197,000 and $592,000 , respectively, relating to changes in our long-term deferred tax liability related to the tax amortization of our indefinite-lived intangible FCC license asset as discussed above.

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 2017 third quarter was $3.8 million compared with Adjusted EBITDA of $2.5 million for the fiscal 2016 third quarter. For the nine-months ended October 28, 2017 , Adjusted EBITDA was $10.3 million compared with Adjusted EBITDA of $9.8 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	
	October 28, 2017	October 29, 2016	October 28, 2017	October 29, 2016
Net loss	$ (1,103)	$ (3,867)	$ (6,290)	$ (10,792)
Adjustments:				
Depreciation and amortization	2,451	3,093	7,710	9,204
Interest income	(6)	(3)	(10)	(7)
Interest expense	1,158	1,586	3,966	4,397
Income taxes	(624)	205	(206)	615
EBITDA (as defined)	$ 1,876	$ 1,014	$ 5,170	$ 3,417
A reconciliation of EBITDA to Adjusted EBITDA is as follows:				
EBITDA (as defined)	$ 1,876	$ 1,014	$ 5,170	$ 3,417
Adjustments:				
Executive and management transition costs	893	568	1,971	4,411
Loss on debt extinguishment	221	—	1,134	—
Distribution facility consolidation and technology upgrade costs	—	150	—	530
Non-cash share-based compensation expense	790	797	2,057	1,432
Adjusted EBITDA (a)	$ 3,780	$ 2,529	$ 10,332	$ 9,790

(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), executive and management transition costs, distribution facility consolidation and technology upgrade costs, loss on debt extinguishment and non-cash share-based compensation expense.

We have included the term "Adjusted EBITDA" in our EBITDA reconciliation in order to adequately assess the operating performance of our television 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 2016 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 October 28, 2017 , we had cash of $23.3 million and had restricted cash and investments of $450,000 . Our restricted cash and investments are generally restricted for a period ranging from 30-60 days. In addition, under the PNC Credit Facility and GACP Credit Agreement, we are required to maintain a minimum of $10 million of unrestricted cash plus unused line availability at all times. As our unused line availability is greater than $10 million at October 28, 2017 , no additional cash is required to be restricted. As of January 28, 2017 , we had cash of $32.6 million and had restricted cash and investments of $450,000 . For the first nine months of fiscal 2017 , working capital decrease d $10.8 million to $90.1 million . The current ratio (our total current assets over total current liabilities) was 1.9 at October 28, 2017 and January 28, 2017 .

Sources of Liquidity

Our principal source of liquidity is our available cash of $23.3 million as of October 28, 2017 , which 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 September 25, 2017, 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 we had originally drawn to fund improvements at our distribution facility in Bowling Green, Kentucky and to partially pay down our GACP Term Loan (as defined below). The PNC Credit Facility also provides an accordion feature that would allow us 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 March 21, 2017, we entered into the Eighth Amendment to the PNC Credit Facility, which among other things, increased the term loan by $6,000,000 , extended the term of the PNC Credit Facility from May 1, 2020 to March 21, 2022 , and authorized the proceeds from the term loan to be used for a voluntary prepayment of $9,500,000 on our GACP Term Loan.

All borrowings under the PNC Credit Facility mature and are payable on March 21, 2022 . 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 LIBOR plus a margin of between 3% and 4.5% based on our trailing twelve-month reported EBITDA (as defined in the PNC Credit Facility) measured quarterly in fiscal 2016 and semi-annually thereafter 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 as demonstrated in our audited financial statements.

As of October 28, 2017 , we had borrowings of $59.9 million under our revolving line of credit. As of October 28, 2017 , the term loan under the PNC Credit Facility had $14.9 million outstanding, of which $2.5 million was classified as current in the accompanying balance sheet, and was used to fund our expansion initiative and to partially pay down our GACP Term Loan. Remaining available capacity under the revolving credit facility as of October 28, 2017 is approximately $12.9 million , and provides liquidity for working capital and general corporate purposes. In addition, as of October 28, 2017 , our unrestricted cash plus unused line availability was $36.3 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 April 1, 2017 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.

GACP Term Loan

On March 10, 2016, we entered into a term loan credit and security agreement (as amended through September 25, 2017, the "GACP Credit Agreement") with GACP Finance Co., LLC ("GACP") for a term loan of $17 million. Proceeds from the GACP Term Loan have been used to provide for working capital and general corporate purposes and to help strengthen our total liquidity position. The term loan under the GACP Credit Agreement (the "GACP Term Loan") is secured on a first lien priority basis by the proceeds of any sale of our Boston television station FCC license and on a second lien priority basis by our accounts receivable, equipment, inventory and certain real estate as well as other assets as described in the GACP Credit Agreement. The GACP Credit Agreement matures on March 9, 2021. The GACP Term Loan bears interest at either (i) a fixed rate based on the greater of LIBOR for interest periods of one, two or three months or 1% plus a margin of 11.0%, or (ii) a daily floating Alternate Base Rate plus a margin of 10.0%. Principal borrowings under the GACP Term Loan are to be payable in consecutive monthly installments of $70,833 each, commencing on April 1, 2016, with a final installment due at the end of the five-year term equal to the aggregate principal amount of all loans outstanding on such date. The GACP Term Loan is also subject to mandatory prepayment in certain circumstances, including, but without limitation, from the proceeds of the sale of collateral assets and from 50% of annual excess cash flow as defined in the GACP Credit Agreement. As of October 28, 2017 , the GACP Term Loan had $3.7 million outstanding, of which $921,000 was classified as current in the accompanying balance sheet.

The GACP Credit Agreement contains customary covenants and conditions, which are consistent with the covenants and conditions under the PNC Credit Agreement, including, among other things, maintaining a minimum of unrestricted cash plus revolving line of credit availability under the PNC Credit Facility of $10.0 million at all times and limiting annual capital expenditures. Certain financial covenants, including minimum EBITDA levels (as defined in the GACP Credit Agreement) and a minimum fixed charge coverage ratio of 1.1 to 1.0, become applicable only if unrestricted cash plus revolving line of credit availability under the PNC Credit Facility falls below $10.8 million . In addition, the GACP Credit Agreement 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. As of October 28, 2017 , we were in compliance with applicable financial covenants of the GACP Credit Agreement and expect to be in compliance with applicable financial covenants over the next twelve months.

On March 21, 2017, we made a voluntary principal prepayment of $9,500,000 on our GACP Term Loan. The principal payment was funded by a combination of cash on hand and $6,000,000 from our lower interest PNC Credit Facility term loan. We recorded a loss on extinguishment of debt totaling $913,000 in connection with the principal prepayment, which includes early termination and lender fees of $199,000 and a write-off of unamortized debt issuance costs of $714,000 , which represents the proportionate amount of unamortized debt issuance costs attributable to the settled debt.

On October 18, 2017, we made a voluntary principal prepayment of $2,500,000 on our GACP Term Loan. The principal payment was funded by proceeds received under the Channel Sharing Agreement. We recorded a loss on extinguishment of debt totaling $221,000 in connection with the principal prepayment, which includes early termination and lender fees of $50,000 and unamortized debt issuance costs of $171,000 , which represents the proportionate amount of unamortized debt issuance costs attributable to the settled debt.

Registered Direct Offering

On May 23, 2017, we entered into Common Stock Purchase Agreements (the “Purchase Agreements”) with certain accredited investors to which we sold, in the aggregate, 4,008,273 shares of common stock in a registered direct offering pursuant to a shelf registration statement on Form S-3 (File No. 333-203209), filed with the SEC on May 13, 2015. The shares were sold at a price of $1.12 per share, except for shares purchased by investors who are directors or executive officers of the Company, which were sold at a price of $1.15 per share. The closing of this sale occurred on May 30, 2017 and we received gross proceeds of approximately $4.5 million and incurred approximately $323,000 of issuance costs. We have used the proceeds for general working capital purposes.

Sale of Boston Television Station, WWDP

On August 28, 2017, we entered into agreements to sell the Boston television station, WWDP, including our FCC broadcast license, for an aggregate of $13.5 million. See Note 4 - "Intangible Assets" in the Notes to our condensed consolidated financial statements for additional information. We plan to use the proceeds received from the transaction to pay in full the remaining amounts due under our term loan with GACP, with the remaining proceeds used 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 accounts receivable, 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 facilities. 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. As of January 28, 2017 we had contractual cash obligations and commitments, primarily with respect to our cable and satellite agreements and payments required under our PNC Credit Facility and operating leases, totaling approximately $280.6 million over the next five fiscal years.

For the nine months ended October 28, 2017 , net cash provided by operating activities totaled $6.7 million compared to net cash provided by operating activities of approximately $12.3 million for the comparable fiscal 2016 period. Net cash provided by operating activities for the fiscal 2017 and 2016 periods reflects net loss, as adjusted for depreciation and amortization, share-based payment compensation, amortization of deferred revenue, amortization of deferred financing costs, loss on debt extinguishment and deferred income taxes. In addition, net cash provided by operating activities for the nine months ended October 28, 2017 reflects a decrease in accounts receivable and prepaid expenses, partially offset by an increase in inventory and a decrease in accounts payable and accrued liabilities.

Accounts receivable decreased as a result of collections made on outstanding receivables balances resulting from our seasonal high fourth quarter. Inventories increased as a result of planned purchases in support of our fourth quarter anticipated sales levels. Accounts payable and accrued liabilities decreased during the first nine months of fiscal 2017 primarily driven by a decrease in freight payables, a decrease in accrued cable distribution fees, timing of accrued salaries and a decrease in our reserve for returns accrual due to lower return volumes experienced and a reduction in sales during the first nine months of fiscal 2017 . The decreases in accounts payable and accrued liabilities were partially offset by an increase in accrued inventory due to the timing of payments made to vendors.

Net cash used for investing activities totaled $6.3 million for the first nine months of fiscal 2017 compared to net cash used for investing activities of $7.3 million for the comparable fiscal 2016 period. For the nine months ended October 28, 2017 and October 29, 2016 , expenditures for property and equipment were approximately $8.8 million and $7.3 million . Capital expenditures made during the periods presented relate primarily to expenditures made for the 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 and digitalization of television production and transmission equipment; and related computer equipment associated with the expansion of our television shopping business and digital commerce initiatives. During the first nine months of fiscal 2017 , we received $2.5 million relating to a portion of the total sale price of the Boston television station, WWDP.

Net cash used for financing activities totaled $9.7 million for the nine months ended October 28, 2017 and related primarily to principal payments on revolving loan of $51.1 million , principal payments on term loans of $14.4 million , payments for the repurchases of common stock of $5.1 million , payments for common stock issuance costs of $452,000 , payments for deferred financing costs of $258,000 , payments for debt extinguishment costs of $249,000 and payments for restricted stock issuance of $42,000 , partially offset by proceeds from the PNC revolving loan of $51.1 million , proceeds from the PNC term loan of $6.0 million , proceeds from the issuance of common stock and warrants of $4.6 million and proceeds from the exercise of stock options of $53,000 . Net cash provided by financing activities totaled $22.8 million for the nine months ended October 29, 2016 and related primarily to proceeds from the GACP term loan of $17.0 million and proceeds from the issuance of common stock and warrants of $10.0 million , partially offset by principal payments on term loans of $2.1 million , payments for deferred financing costs of $1.4 million , payments for common stock issuance costs of $585,000 , capital lease payments of $39,000 and payments for restricted stock issuance of $13,000 .

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 facilities have 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, intellectual property and consumer protection matters.

On June 26, 2017, a purported class action case was filed by an individual, William Horan, against both us and Invicta Watch Co. of America, Inc. (“Invicta”) in the United States District Court for the Eastern District of New York, asserting claims under the federal Magnuson-Moss Warranty Act and New York General Business Law Section 349. The claims relate to the warranty provided with the Invicta watch that the plaintiff allegedly purchased through our company. Plaintiff alleges that the defendants breached the warranty, failed to disclose material information and\or made false representations concerning the warranty. This case is pled as a putative class action, which means that the plaintiff seeks to represent a class of all other similarly situated individuals who purchased an Invicta watch through our company. The complaint seeks, among other relief, class certification of the lawsuit, unspecified damages, injunctive relief, costs and expenses, including attorneys’ fees, and such other relief as the court might find just and proper. Given the uncertainty of litigation, the preliminary stage of this case and the legal standards that must be met for, among other things, class certification, we cannot reasonably estimate the possible loss or range of loss that may result from this action.

On June 29, 2017, a purported class action case was filed by an individual, Betty Gregory, against us in the United States District Court for the Central District of California, asserting claims under the federal Telephone Consumer Protection Act (“TCPA”). The plaintiff alleges that we unlawfully contacted her on her cellular telephone without her prior express consent. This case is pled as a putative class action, and the plaintiff seeks to represent a class of all other individuals who received telephone calls similar to the ones she allegedly received from our company and\or third-party collection vendors. The TCPA provides for recovery of actual damages or $500 for each violation, whichever is greater. If it is determined that a defendant acted willfully or knowingly in violating the TCPA, the amount of the award may be increased by up to three times the amount provided above. The complaint seeks, among other relief, class certification of the lawsuit, unspecified damages, injunctive relief, costs and expenses, including attorneys’ fees, and such other relief as the court might find just and proper. Given the uncertainty of litigation, the preliminary stage of this case and the legal standards that must be met for, among other things, class certification, we cannot reasonably estimate the possible loss or range of loss that may result from this action.

ITEM 1A. RISK FACTORS

See Part I. Item 1A., "Risk Factors," of EVINE Live Inc.'s Annual Report on Form 10-K for the year ended January 28, 2017 , 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 with the exception of the items noted below.

A natural disaster or significant weather event could seriously impact our ability to operate, including our ability to broadcast, operate websites, process and fulfill transactions, respond to customer inquiries and generally maintain cost-efficient operations.

Our television broadcast studios, internet operations, IT systems, merchandising team, inventory control systems, executive offices and finance/accounting functions, among others, are centralized in our adjacent offices at 6740 and 6690, Shady Oak Road in Eden Prairie, Minnesota. In addition, our only fulfillment and distribution facility is centralized at a location in Bowling Green, Kentucky. Fire, flood, power loss, telecommunications failure, hurricanes, tornadoes, earthquakes, acts of war or terrorism, acts of God and similar events or disruptions may damage or interrupt our broadcast, computer, broadband or other communications systems and infrastructures, including the distribution of our network to our customers, at any time. While we have certain business continuity plans in place, no assurances can be given as to how quickly we would be able to resume operations and how long it may take to return to normal operations. We could incur substantial financial losses above and beyond what may be covered by applicable insurance policies, and may experience a loss of sales, customers, vendors and employees during the recovery period.

A natural disaster or significant weather event could materially interfere with our customers’ ability to receive our broadcast or reach us to purchase our products and services.

Our operations rely on our customers’ access to third party content distribution networks, communications providers and utilities like cable, satellite and over the top television services, as well as internet, telephone and power utilities. A natural disaster or significant weather event could make one or more of these third-party services unavailable to our customers and could lead to the deferral or loss of sales of our goods and services.

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

(c) Issuer Purchases of Equity Securities

The following table presents information with respect to purchases of our common stock made during the three months ended October 28, 2017 , by our company or on behalf of our company or any "affiliated purchaser" of our company, as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
July 30, 2017 through August 26, 2017	—	N/A	—	$ —
August 27, 2017 through September 30, 2017	—	N/A	—	$ —
October 1, 2017 through October 28, 2017	3,165	$1.08	—	$ —
Total	3,165	$1.08	—	$ —

(1) The purchases in this column include 3,165 shares that were repurchased by our company to satisfy tax withholding obligations related to the vesting of restricted stock.

Dividends

We are restricted from paying dividends on our common stock by the PNC Credit Facility and the GACP Credit Agreement, as discussed in Note 5 - “ 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.

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ITEM 6. EXHIBITS

Exhibit No.	Description	Manner of Filing
3.1	Amended and Restated Articles of Incorporation of the Registrant	Incorporated by reference (1)
3.2	Amended and Restated By-Laws, as amended	Incorporated by reference (2)
3.3	Certificate of Designation of Series A Junior Participating Cumulative Preferred Stock of the Registrant	Incorporated by reference (3)
10.1	Third Amendment to the Term Loan and Credit Facility, dated September 25, 2017, among the Registrant, as the lead borrower, certain of its subsidiaries party thereto as borrowers, the lenders from time to time party thereto and GACP Finance Co., LLC, as agent	Filed herewith
10.2	Ninth Amendment to Revolving Credit, Term Loan and Security Agreement, dated September 25, 2017, 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 the Registrant's Current Report on Form 8-K, filed on November 18, 2014, File No. 000-20243.
(2) Incorporated herein by reference to the Registrant's Current Report on Form 8-K, filed on July 7, 2016, File No. 001-37495.
(3) Incorporated herein by reference to the Registrant’s Current Report on Form 8-K filed on July 13, 2015, File No. 000-20243.

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.

	EVINE Live Inc.
December 1, 2017	/s/ ROBERT J. ROSENBLATT
	Robert J. Rosenblatt Chief Executive Officer (Principal Executive Officer)
December 1, 2017	/s/ TIMOTHY A. PETERMAN
	Timothy A. Peterman Executive Vice President, Chief Operating Officer / Chief Financial Officer (Principal Financial Officer)

THIRD AMENDMENT TO TERM LOAN CREDIT AND SECURITY AGREEMENT

This Third Amendment to Term Loan Credit and Security Agreement (the “Amendment”) is made this 25th day of September, 2017 by and among **EVINE LIVE INC.** , a Minnesota corporation (“EVINE”); **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 **GACP FINANCE CO., LLC** (“GACP”), as agent for Lenders (GACP, in such capacity, the “Agent”).

BACKGROUND

A. On March 10, 2016, Borrowers, Lenders and Agent entered into, inter alia, that certain Term Loan Credit 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 6.5(a) and (b) of the Loan Agreement shall be deleted in their entirety and replaced as follows:

(a) Fixed Charge Coverage Ratio . (i) If the PNC Credit Agreement (or any refinancing indebtedness in respect thereof) is in effect, if at any time during any fiscal quarter, (x) an Event of Default is continuing or (y) Borrowers’ Undrawn Availability (as defined in the PNC Credit Agreement as in effect on the date hereof) is equal to or less than the greater of 12% of the Maximum Revolving Advance Amount (as defined in the PNC Credit Agreement as in effect on the date hereof) or $10,800,000, cause to be maintained as of the end of the fiscal quarter immediately prior to the fiscal quarter during which Borrowers' Undrawn Availability was less than the foregoing amount or during which such Event of Default occurred and as of the end of each fiscal quarter thereafter until such Event of Default is waived or Undrawn Availability at all times during a subsequent fiscal quarter is not less than the greater of 12% of the Maximum Revolving Advance Amount or $10,800,000, a Fixed Charge Coverage Ratio of not less than 1.1 to 1.0, measured in each case on a trailing four (4) quarter basis or (ii) the PNC Credit Agreement (or any refinancing indebtedness in respect thereof) is no longer effect, if at any time during any fiscal quarter, (x) an Event of Default is continuing or (y) Borrowers' Liquidity is equal to or less than $7,500,000, cause to be maintained as of the end of each fiscal quarter, a Fixed Charge Coverage Ratio of not less than 1.1 to 1.0, measured in each case on a trailing four (4) quarter basis.

(b) Minimum EBITDA . (i) If the PNC Credit Agreement (or any refinancing indebtedness in respect thereof) is in effect , if at any time during any fiscal quarter, (x) an Event of Default is continuing or (y) Borrowers' Undrawn Availability (as defined in the PNC Credit Agreement as in effect on the date hereof) is equal to or less than the greater of 12% of the Maximum Revolving Advance Amount (as defined in the PNC Credit Agreement as in effect on the date hereof) or $10,800,000, cause to be achieved a minimum EBITDA of not less than the following amounts as of the end of the fiscal quarter immediately prior to the fiscal quarter during which Borrowers' Undrawn Availability was less than the foregoing amount or during which such Event of Default occurred and as of the end of each fiscal quarter thereafter until such Event of Default is waived or Undrawn Availability at all times during a subsequent fiscal quarter is not less than the greater of 12% of the Maximum Revolving Advance Amount or $10,800,000 or (ii) the PNC Credit Agreement (or any refinancing indebtedness in respect thereof) is no longer effect , if at any time during any fiscal quarter, (x) an Event of Default is continuing or (y) Borrowers' Liquidity is equal to or less than $7,500,000, c ause to be achieved a minimum EBITDA of not less than the following amounts as of the end of each fiscal quarter (in each case to be tested for the four quarter period then ending on or about the date specified below):

Quarters Ending	Amount
July 31, 2017, October 31, 2017	$14,000,000
January 31, 2018 and thereafter	$16,000,000

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 and all of the other Existing Financing Agreements, covenants to abide thereby until all Obligations and other liabilities of Borrowers and Guarantors to Agent and Lenders under the Loan Agreement and all of the other Existing Financing Agreements 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 a fully executed amendment to the PNC Credit Agreement in form and substance satisfactory to the Agent;

(c) Agent shall have received a secretary and incumbency certificate for each Borrower identifying all authorized officers with specimen signatures, a certificate of no change to either the organizational documents of each Borrower, or authorizing resolutions of each Borrower authorizing the execution of this Amendment and the transactions contemplated herein from those previously delivered to Agent and attaching authorizing resolutions from EVINE authorizing this Amendment;

(d) Agent shall have received a closing certificate signed by the Chief Financial Officer of each Borrower dated as of the Effective Date, stating that (i) all representations and warranties set forth in the Loan Agreement and the Other Documents are true and correct in all material respects on and as of such date after giving effect to this Amendment, except to the extent such representation or warranty was expressly made as of an earlier date, in which case, such representation and warranty was true and correct in all material respects on and as of such earlier date, (ii) each Borrower is on such date in compliance in all material respects with all the terms and provisions set forth in the Loan Agreement and the Other Documents and (iii) on such date no Default or Event of Default has occurred or is continuing; and

(e) 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. [Reserved] .

8. 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.

[Remainder of page intentionally left blank]

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:

EVINE LIVE INC.

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

VALUEVISION INTERACTIVE, INC.

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

VVI FULFILLMENT CENTER, INC.

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

VALUEVISION MEDIA ACQUISITIONS, INC.

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

VALUEVISION RETAIL, INC.

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

NORWELL TELEVISION, LLC

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

PW ACQUISITION COMPANY, LLC

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

AGENT: **GACP FINANCE CO., LLC** , as Agent

By: /s/ JOHN AHN

John Ahn, President

LENDERS: **GACP I, L.P.** , as Lender

By: /s/ JOHN AHN

John Ahn, President

Exhibit 10.2

NINTH AMENDMENT TO REVOLVING CREDIT, TERM LOAN <u>AND SECURITY AGREEMENT</u>

This Ninth Amendment to Revolving Credit, Term Loan and Security Agreement (the “Amendment”) is made this 25th day of September, 2017 by and among **EVINE LIVE INC.**, a Minnesota corporation; **VALUE VISION INTERACTIVE, INC.**, a Minnesota corporation; **VVI FULFILLMENT CENTER, INC.**, a Minnesota corporation; **VALUE VISION MEDIA ACQUISITIONS, INC.**, a Delaware corporation; **VALUE VISION 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”).

<u>BACKGROUND</u>

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. <u>Amendment</u>. Upon the Effective Date, the Loan Agreement shall be amended as follows:

(a) Section 4.15(h) of the Loan Agreement shall be deleted in its entirety and replaced as follows:

(h) <u>Establishment of a Lockbox Account, Dominion Account</u>. Subject to the terms of the Intercreditor Agreement, all proceeds of Collateral (other than Term Loan Priority Collateral), shall be deposited by Borrowers into either (i) a lockbox account, dominion account or such other “blocked account” (such accounts, together with the Private Bank Account, defined below, the “Blocked Accounts”) established at a bank or banks (each such bank, a “Blocked Account Bank”) pursuant to an arrangement with such Blocked Account Bank as may be selected by Borrowing Agent and be acceptable to Agent or (ii) depository accounts ("Depository Accounts") established at the Agent for the deposit of such proceeds. Each applicable Borrower, Agent and each Blocked Account Bank shall enter into a deposit account control agreement in form and substance satisfactory to Agent directing that upon the delivery of a notice (the "Trigger Notice") from Agent to such Blocked Account Bank (which Trigger Notice may be delivered at any time (x) on or after any date on which Borrowers' Undrawn Availability is less than the greater of 12% of the Maximum Revolving Advance Amount or $10,800,000 or (y) upon or after the occurrence and during the continuance of a Default or Event of Default), such Blocked Account Bank shall transfer such funds so deposited to Agent, either to any account maintained by Agent at said Blocked Account Bank or by wire transfer to appropriate account(s) of Agent. All funds deposited in such Blocked Accounts (other than identifiable proceeds of Term Loan Priority Collateral) shall immediately become the property of Agent upon the delivery of the Trigger Notice, and Borrowing Agent shall use its commercially reasonable efforts to obtain the agreement by such Blocked Account Bank to waive any offset rights against the funds so deposited. At all times following the delivery of a Trigger Notice all funds on deposit in the Blocked Accounts and/or Depository Accounts (other than identifiable proceeds of Term Loan Priority Collateral) shall be applied to reduce the outstanding Obligations in the order determined by Agent. Neither Agent nor any Lender assumes any responsibility for such blocked account arrangement, including any claim of accord and satisfaction or release with respect to deposits accepted by any Blocked Account Bank thereunder. Notwithstanding anything to the contrary above, Borrowers may maintain a deposit account at The PrivateBank and Trust Company ("Private Bank Account") so long as (i) the account is subject to a springing deposit account control agreement in favor of Agent and which can be effected by delivery of a Trigger Notice, (ii) the account does not hold more than the lesser of 20% of available unrestricted cash of Borrowers or $4,000,000, (iii) the account may not be used to make disbursements, and (iv) Agent shall be notified of any deposits or withdraws from the account. All deposit accounts and investment accounts of each Borrower and its Subsidiaries are set forth on Schedule 4.15(h).

(b) Sections 6.5 (a) and (b) of the Loan Agreement shall be deleted in their entirety and replaced as follows:

(a) Fixed Charge Coverage Ratio . If at any time during any fiscal quarter commencing with the fiscal quarter ending on or about July 31, 2017 or during any fiscal quarter thereafter, (i) an Event of Default is continuing or (ii) Borrowers' Undrawn Availability is equal to or less than the greater of 12% of the Maximum Revolving Advance Amount or $10,800,000, cause to be maintained as of the end of the fiscal quarter immediately prior to the fiscal quarter during which Borrowers' Undrawn Availability was less than the foregoing amount or during which such Event of Default occurred and as of the end of each fiscal quarter thereafter until such Event of Default is waived or Undrawn Availability at all times during a subsequent fiscal quarter is not less than the greater of 12% of the Maximum Revolving Advance Amount or

$10,800,000, a Fixed Charge Coverage Ratio of not less than 1.1 to 1.0, measured in each case on a trailing four (4) quarter basis.

(b) Minimum EBITDA . If at any time during any fiscal quarter commencing with the fiscal quarter ending on or about July 31, 2017 or during any fiscal quarter thereafter, (i) an Event of Default is continuing or (ii) Borrowers' Undrawn Availability is equal to or less than the greater of 12% of the Maximum Revolving Advance Amount or $10,800,000, cause to be achieved a minimum EBITDA of not less than the following amounts as of the end of the fiscal quarter immediately prior to the fiscal quarter during which Borrowers' Undrawn Availability was less than the foregoing amount or during which such Event of Default occurred and as of the end of each fiscal quarter thereafter until such Event of Default is waived or Undrawn Availability at all times during a subsequent fiscal quarter is not less than the greater of 12% of the Maximum Revolving Advance Amount or $10,800,000 (in each case to be tested for the four quarter period then ending on or about the date specified below):

Quarters Ending	Amount
July 31, 2017, October 31, 2017	$14,000,000
January 31, 2018, April 30, 2018, July 31, 2018, October 31, 2018	$16,000,000

Each fiscal year thereafter, the EBITDA to be tested in each fiscal quarter during such year, shall be an amount equal to 115% of the prior fiscal year covenant amount

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 a fully executed amendment to the GACP Loan Agreement;

(c) Agent's receipt, for the benefit of the Lenders, of an amendment fee in the amount of $25,000, in immediately available funds, which fee shall be fully earned as of the date of this Amendment, non-refundable and not subject to pro-ration; and

(d) 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. [Reserved].

8. 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:

EVINE LIVE INC.

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

VALUEVISION INTERACTIVE, INC.

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

VVI FULFILLMENT CENTER, INC.

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

VALUEVISION MEDIA ACQUISITIONS, INC.

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

VALUEVISION RETAIL, INC.

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

NORWELL TELEVISION, LLC

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

PW ACQUISITION COMPANY LLC

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

AGENT:

PNC BANK, NATIONAL ASSOCIATION,
as Lender and Agent

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

Address: 200 South Wacker Drive, Suite 600
Chicago, Illinois 60606

LENDERS:

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 NINTH AMENDMENT TO REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT]

Exhibit 31.1

CERTIFICATION

I, Robert J. Rosenblatt, certify that:

1. I have reviewed this report on Form 10-Q of EVINE Live 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 1, 2017

/s/ ROBERT J. ROSENBLATT

Robert J. Rosenblatt

Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Timothy A. Peterman, certify that:

1. I have reviewed this report on Form 10-Q of EVINE Live 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 1, 2017

/s/ TIMOTHY A. PETERMAN

Timothy A. Peterman

Executive Vice President, Chief Operating Officer / Chief Financial Officer
(Principal Financial 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 EVINE Live Inc., a Minnesota corporation (the "Company"), for the quarter ended October 28, 2017 , 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 1, 2017	/s/ ROBERT J. ROSENBLATT
	Robert J. Rosenblatt
	Chief Executive Officer
Date: December 1, 2017	/s/ TIMOTHY A. PETERMAN
	Timothy A. Peterman
	Executive Vice President, Chief Operating Officer / Chief Financial Officer