

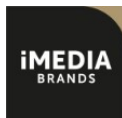
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended July 30, 2022

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission File Number 001-37495



iMedia Brands, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Minnesota
*(State or Other Jurisdiction of
Incorporation or Organization)*

41-1673770
*(I.R.S. Employer
Identification No.)*

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	IMBI	The Nasdaq Stock Market, LLC
8.5% Senior Unsecured Notes due 2026	IMBIL	The Nasdaq Stock Market, LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☒
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of September 9, 2022 there were 23,178,152 shares of the registrant's common stock, \$0.01 par value per share, outstanding.

iMEDIA BRANDS, INC. AND SUBSIDIARIES

FORM 10-Q

TABLE OF CONTENTS

July 30, 2022

	<u>Page</u>
<u>Part I. Financial Information</u>	
<u>Item 1. Financial Statements (Unaudited)</u>	
Condensed Consolidated Balance Sheets as of July 30, 2022 and January 29, 2022	3
Condensed Consolidated Statements of Operations for the Three-Month and Six-Month Periods Ended July 30, 2022 and July 31, 2021	4
Condensed Consolidated Statements of Comprehensive Loss for the Three-Month and Six-Month Periods Ended July 30, 2022 and July 31, 2021	5
Condensed Consolidated Statements of Shareholders' Equity for the Three-Month and Six-Month Periods Ended July 30, 2022 and July 31, 2021	6
Condensed Consolidated Statements of Cash Flows for the Six-Month Periods Ended July 30, 2022 and July 31, 2021	7
Notes to Condensed Consolidated Financial Statements as of July 30, 2022	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	35
Item 3. Quantitative and Qualitative Disclosures About Market Risk	50
Item 4. Controls and Procedures	50
<u>Part II. Other Information</u>	51
Item 1. Legal Proceedings	51
Item 1A. Risk Factors	51
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	52
Item 3. Defaults Upon Senior Securities	52
Item 4. Mine Safety Disclosures	53
Item 5. Other Information	53
Item 6. Exhibits	54
<u>Signatures</u>	57

PART I — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

iMEDIA BRANDS, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (in thousands, except share and per share data) (Unaudited)

	July 30, 2022	January 29, 2022
ASSETS		
Current assets:		
Cash	\$ 19,902	\$ 11,295
Restricted Cash	1,575	1,893
Accounts receivable, net	65,577	78,947
Inventories	104,978	116,256
Current portion of television broadcast rights, net	22,797	27,521
Prepaid expenses and other	17,741	18,340
Total current assets	232,570	254,252
Property and equipment, net	47,074	48,225
Television broadcast rights, net	66,852	74,821
Goodwill	89,323	99,050
Intangible assets, net	27,075	27,940
Other assets	19,928	18,359
TOTAL ASSETS	\$ 482,822	\$ 522,647
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 81,358	\$ 89,046
Accrued liabilities	36,278	44,388
Current portion of television broadcast rights obligations	34,254	31,921
Current portion of long-term debt	16,595	14,031
Current portion of operating lease liabilities	1,773	2,331
Deferred revenue	209	427
Total current liabilities	170,467	182,144
Long-term broadcast rights obligations	68,615	81,268
Long-term debt, net	176,477	176,432
Long-term operating lease liabilities	4,290	5,169
Deferred tax liability	5,183	5,285
Other long-term liabilities	2,741	2,986
Total liabilities	427,773	453,284
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$0.01 per share par value, 400,000 shares authorized; zero shares issued and outstanding	—	—
Common stock, \$0.01 per share par value, 49,600,000 and 29,600,000 shares authorized as of July 30, 2022 and January 29, 2022; 25,482,389 and 21,571,387 shares issued and outstanding as of July 30, 2022 and January 29, 2022	255	216
Additional paid-in capital	558,948	538,627
Accumulated deficit	(494,050)	(469,463)
Accumulated other comprehensive loss	(10,104)	(2,428)
Total shareholders' equity	55,049	66,951
Equity of the non-controlling interest	—	2,412
Total equity	55,049	69,363
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 482,822	\$ 522,647

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

iMEDIA BRANDS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	July 30,	July 31,	July 30,	July 31,
	2022	2021	2022	2021
Net sales	\$ 133,233	\$ 113,442	\$ 287,778	\$ 226,644
Cost of sales	84,820	65,456	178,028	132,651
Gross profit	48,413	47,986	109,750	93,993
Operating expense:				
Distribution and selling	36,740	35,357	79,889	69,605
General and administrative	9,986	7,387	23,633	13,822
Depreciation and amortization	7,749	7,611	18,643	14,986
Restructuring costs	2,779	—	2,939	—
Total operating expense	57,254	50,355	125,104	98,413
Operating loss	(8,841)	(2,369)	(15,354)	(4,420)
Other income (expense):				
Interest income and other	42	39	210	39
Interest expense	(4,040)	(1,381)	(9,894)	(2,694)
Change in fair value of contract liability, net	1,937	—	1,937	—
Loss on divestiture	(985)	—	(985)	—
Loss on debt extinguishment	(884)	(654)	(884)	(654)
Total other expense, net	(3,930)	(1,997)	(9,616)	(3,309)
Loss before income taxes	(12,771)	(4,366)	(24,970)	(7,729)
Income tax provision	(16)	(15)	(32)	(30)
Net loss	(12,787)	(4,381)	(25,002)	(7,759)
Less: Net loss attributable to non-controlling interest	(96)	(132)	(415)	(282)
Net loss attributable to shareholders	\$ (12,691)	\$ (4,249)	\$ (24,587)	\$ (7,476)
Net loss per common share	\$ (0.48)	\$ (0.23)	\$ (1.02)	\$ (0.45)
Net loss per common share — assuming dilution	\$ (0.48)	\$ (0.23)	\$ (1.02)	\$ (0.45)
Weighted average number of common shares outstanding:				
Basic	26,662,037	19,101,652	24,181,920	17,314,317
Diluted	26,662,037	19,101,652	24,181,920	17,314,317

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

iMEDIA BRANDS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands, except share and per share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Net loss	\$ (12,787)	\$ (4,381)	\$ (25,002)	\$ (7,759)
Other comprehensive loss:				
Foreign currency translation adjustments	(3,401)	—	(7,676)	—
Total other comprehensive loss	(3,401)	—	(7,676)	—
Comprehensive loss	(16,188)	(4,381)	(32,678)	(7,758)
Comprehensive loss attributable to non-controlling interest	(96)	(132)	(415)	(282)
Comprehensive loss attributable to shareholders	<u>\$ (16,092)</u>	<u>\$ (4,249)</u>	<u>\$ (32,263)</u>	<u>\$ (7,476)</u>

iMEDIA BRANDS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands, except share and per share data)
(Unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Additional Other Comprehensive Income (Loss)	Equity of Non-Controlling Interest	Total Shareholders' Equity
	Number of Shares	Par Value					
Six Months Ended July 30, 2022							
BALANCE, January 29, 2022	21,571,387	\$ 216	\$ 538,627	\$ (469,463)	\$ (2,428)	\$ 2,412	\$ 69,363
Net loss	—	—	—	(11,896)	—	(319)	(12,215)
Common stock issuances pursuant to equity compensation awards	232,630	2	(212)	—	—	—	(210)
Share-based payment compensation	—	—	985	—	—	—	985
Change in cumulative translation adjustment	—	—	—	—	(4,275)	—	(4,275)
BALANCE, April 30, 2022	21,804,017	\$ 218	\$ 539,400	\$ (481,359)	\$ (6,703)	\$ 2,093	\$ 53,649
Net loss	—	—	—	(12,691)	—	(96)	(12,787)
Common stock issuances	3,500,822	35	18,438	—	—	—	18,473
Common stock issuances pursuant to equity compensation awards	177,550	2	(13)	—	—	—	(11)
Share-based payment compensation	—	—	1,123	—	—	—	1,123
Divestiture of business	—	—	—	—	—	(1,997)	(1,997)
Change in cumulative translation adjustment	—	—	—	—	(3,401)	—	(3,401)
BALANCE, July 30, 2022	<u>25,482,389</u>	<u>\$ 255</u>	<u>\$ 558,948</u>	<u>\$ (494,050)</u>	<u>\$ (10,104)</u>	<u>\$ —</u>	<u>\$ 55,049</u>

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Additional Other Comprehensive Income (loss)	Equity of Non-Controlling Interest	Total Shareholders' Equity
	Number of Shares	Par Value					
Six Months Ended July 31, 2021							
BALANCE, January 30, 2021	13,019,061	\$ 130	\$ 474,375	\$ (447,455)	\$ —	\$ —	\$ 27,050
Net loss	—	—	—	(3,228)	—	(150)	(3,378)
Common stock issuances pursuant to equity compensation awards	76,341	1	(262)	—	—	—	(261)
Share-based payment compensation	—	—	668	—	—	—	668
Common stock and warrant issuance	3,289,000	33	21,191	—	—	—	21,224
Investment of non-controlling interest	—	—	—	—	—	3,430	3,430
BALANCE, May 1, 2021	16,384,402	\$ 164	\$ 495,972	\$ (450,683)	\$ —	\$ 3,280	\$ 48,733
Net loss	—	—	—	(4,249)	—	(132)	(4,381)
Common stock issuances pursuant to equity compensation awards	39,094	—	—	—	—	—	—
Share-based payment compensation	—	—	768	—	—	—	768
Common stock and warrant issuance	4,830,918	48	40,095	—	—	—	40,143
BALANCE, July 31, 2021	<u>21,254,414</u>	<u>\$ 212</u>	<u>\$ 536,835</u>	<u>\$ (454,932)</u>	<u>\$ —</u>	<u>\$ 3,148</u>	<u>\$ 85,263</u>

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

iMEDIA BRANDS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, except share and per share data)
(Unaudited)

	Six Months Ended	
	July 30, 2022	July 31, 2021
OPERATING ACTIVITIES:		
Net loss	\$ (25,002)	\$ (7,759)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation and amortization	20,431	16,888
Share-based payment compensation	2,108	1,435
Payments for television broadcast rights	(11,308)	(14,055)
Amortization of deferred financing costs	1,538	93
Loss on debt extinguishment	884	654
Change in fair value of contract liability, net	(1,937)	—
Loss on sale of investment	985	—
Changes in operating assets and liabilities:		
Accounts receivable, net	10,040	5,183
Inventories	11,557	(2,730)
Deferred revenue	742	148
Prepaid expenses and other	(2,144)	(6,893)
Accounts payable and accrued liabilities	(17,483)	(28,992)
Net cash used for operating activities	(9,589)	(36,028)
INVESTING ACTIVITIES:		
Property and equipment additions	(5,174)	(5,167)
Acquisitions	—	(23,500)
Vendor exclusivity deposit	—	(6,000)
Net cash used for investing activities	(5,174)	(34,667)
FINANCING ACTIVITIES:		
Proceeds from revolving loan	2,427	47,245
Proceeds from issuance of common stock and warrants	20,761	61,368
Proceeds from issuance of term loan	9,980	28,500
Payments on revolving loan	—	(41,000)
Payments on term loan	(7,500)	(12,440)
Payments on seller notes	(2,000)	—
Payments on finance leases	(7)	(54)
Payments for restricted stock issuance	(222)	(262)
Payments for deferred financing costs	(580)	(4,632)
Payments for debt extinguishment costs	—	(405)
Net cash provided by financing activities	22,859	78,320
Net increase in cash and restricted cash	8,096	7,625
Effect of exchange rate changes on cash	193	—
BEGINNING CASH AND RESTRICTED CASH	13,188	15,485
ENDING CASH AND RESTRICTED CASH	\$ 21,477	\$ 23,110
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$ 7,468	\$ 2,388
Income taxes paid	\$ 63	\$ 61
SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Property and equipment purchases included in accounts payable	\$ 371	\$ 221
Inventory received in divestiture	\$ 3,505	\$ —
Reclassification of contract liability to additional paid in capital	\$ 4,383	\$ —
Other long term liability issued in exchange for acquired assets	\$ —	\$ 10,000
Television broadcast rights obtained in exchange for liabilities	\$ —	\$ 55,647
Common stock issuance costs included in accrued liabilities	\$ 100	\$ 122

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

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 30, 2022
(Dollars in thousands, except share and per share information)
(Unaudited)

(1) General

iMedia Brands, Inc. and its subsidiaries (“we,” “our,” “us,” or the “Company”) is an entertainment company capitalizing on the convergence of entertainment, ecommerce, and advertising. The Company owns a growing portfolio of vertically integrated television networks in the United States and Western Europe. The Company believes its growth strategy builds on its core strengths.

Beginning with the financial statements for our fiscal year ended January 29, 2022, the Company began reporting based on three segments:

- Entertainment, which comprises its television networks, ShopHQ, ShopBulldogTV, ShopHQHealth, and 1-2-3.tv.
- Consumer Brands, which comprises Christopher & Banks (“C&B”), and J.W. Hulme Company (“JW”).
- Media Commerce Services, which comprises iMedia Digital Services (“iMDS”) and Float Left (“FL”).

The corresponding current and prior period disclosures have been recast to reflect the current segment presentation. See Note 10 – “Business Segments and Sales by Product Group.”

(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 29, 2022 has been derived from the Company’s audited financial statements for the fiscal year ended January 29, 2022. 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 fiscal year ended 2021. Operating results for the three and six-month periods ended July 30, 2022 are not necessarily indicative of the results that may be expected for fiscal year ending January 28, 2023.

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.

Forward Contracts

The Company classifies a forward contract to purchase shares of its common stock that do not qualify for equity classification as a liability on its consolidated balance sheets as this forward contract contains freestanding financial instruments that may require the Company to transfer consideration upon exercise. Each instrument is initially recorded at fair value on date of grant using the Black-Scholes model for warrants and the market value for common shares and pre-funded warrants, and it is subsequently re-measured to fair value at each subsequent balance sheet date while liability-classified and outstanding. Changes in fair value of the instruments are recognized as a component of other income (expense), net in the consolidated statements of operations and comprehensive loss. Issuance costs are expensed under liability treatment for forward contracts. The Company will continue to adjust the forward contracts for changes

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 30, 2022
(Dollars in thousands, except share and per share information)
(Unaudited)

in fair value until the earlier of the exercise, when the forward contract qualifies for equity treatment, or the expiration of the forward contract.

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 2021, ended on January 29, 2022, and consisted of 52 weeks. Fiscal 2022 will end January 28, 2023 and will contain 52 weeks. The three and six-month periods ended July 30, 2022 and July 31, 2021 each consisted of 13 and 26 weeks.

Recently Adopted Accounting Standards

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This update provides optional expedients and exceptions for applying generally accepted accounting principles to certain contract modifications and hedging relationships that reference London Inter-bank Offered Rate ("LIBOR") or another reference rate expected to be discontinued. Topic 848 is effective upon issuance and generally can be applied through December 31, 2022. In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848)*, which refines the scope of Topic 848 and clarifies some of its guidance. Specifically, certain provisions in Topic 848, if elected by an entity, apply to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform. Amendments to the expedients and exceptions in Topic 848 capture the incremental consequences of the scope clarification and tailor the existing guidance to derivative instruments affected by the discounting transition. The amendments are effective immediately for all entities. An entity may elect to apply the amendments on a full retrospective basis. The Company has not adopted any of the optional expedients or exceptions through July 30, 2022, but the Company will continue to evaluate the possible adoption of any such expedients or exceptions and does not expect such adoption to have a material impact on its condensed consolidated financial statements.

In August 2020, the FASB issued ASU No. 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40)*, or ASU 2020-06. The guidance in ASU 2020-06 simplifies the accounting for convertible instruments and its application of the derivatives scope exception for contracts in its own equity. ASU 2020-06 removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years, with early adoption permitted. The Company adopted this standard on January 30, 2022 using the modified retrospective approach. The adoption of ASU 2020-06 did not have a material impact on the Company's condensed consolidated financial statements.

Recently Issued Accounting Pronouncements

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Liabilities from Contracts with Customers*, which provides guidance to improve the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice. This ASU is effective for the Company on January 29, 2023, with early adoption permitted, and shall be applied on a prospective basis to business combinations that occur on or after the adoption date. The Company is evaluating the effect that the implementation of this standard may have on the Company's condensed consolidated financial statements but does not currently expect the impact to be material.

In November 2021, the FASB issued ASU 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*, which provides guidance to increase the transparency of government assistance transactions with business entities that are accounted for by applying a grant or contribution accounting model. This ASU is effective for the Company's annual financial statements to be issued for the year ended January 28, 2023, with early adoption permitted. The Company expects to adopt this

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 30, 2022
(Dollars in thousands, except share and per share information)
(Unaudited)

new accounting standard in its Annual Report on Form 10-K for the year ended January 28, 2023 and does not expect the adoption of this standard to have a material impact on the Company's condensed consolidated financial statements.

Liquidity and Management's Plans

When preparing financial statements, management has the responsibility to evaluate if it has adequate liquidity to continue to operate for the next twelve months. In applying this accounting guidance, the Company considered its current financial condition and liquidity sources, including current funds available, forecasted future cash flows and its unconditional obligations due over the next twelve months. In addition, the company evaluates its history of financial performance, where we have had a historic trend of operating losses which continues to have an unfavorable impact on our overall liquidity. Most recently, we reported operating losses of \$8,841 and \$15,354 for the three and six months ended July 30, 2022. We also reported operating losses for the fiscal years 2021 and 2020.

The Company is also required to maintain certain financial ratios under various debt and related agreements. If we violate covenants in any debt or related agreement, we could be required to repay all or a portion of our indebtedness before maturity at a time when we might be unable to arrange financing for such repayment on attractive terms, if at all. Violations of certain debt covenants may result in the inability of our Company to borrow unused amounts under the line of credit. On September 12, 2022, the parties to the revolving loan agreement entered in an amendment (the "Seventh Amendment") which revised the agreement to amend required minimum liquidity and maximum senior debt leverage ratio criteria among other terms and conditions set forth in the Loan Agreement. The Company was in compliance with such amended covenants and expects to be in compliance with applicable financial covenants over the next twelve months, taking into consideration management's plans disclosed below.

The Company continues to develop plans and take proactive steps to grow its revenues and enhance its operations, which in turn generates the additional cash that the Company uses to offset past operating losses and fund future working capital needs. These plans include reducing inventory through improved inventory management to increase cash available for working capital needs, pay down of debt using proceeds from the recent capital raise, and capital expenditure savings achieved through workforce reduction strategies.

The Company has concluded that management's current plan mitigates the unfavorable impact that the factors described above have on the Company's liquidity. Additional factors considered in our assessment include our current cash on hand, our forecast of future operating results for the next twelve months from the date of this report and the actions we have taken to improve our liquidity.

(3) Revenue

Revenue Recognition

For revenue in the entertainment and consumer brands reporting segments, revenue is recognized when control of the promised merchandise is transferred to customers in an amount that reflects the consideration the Company expects to receive in exchange for the merchandise, which is upon shipment. For revenue in the Media Commerce Services segment, revenue is recognized when the services are provided to the customer. Revenue is reported net of estimated sales returns, credits and incentives, and excludes sales taxes. Sales returns are estimated and provided for at the time of sale based on historical experience.

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

The Company's merchandise is generally sold with a right of return for up to a certain number of days after the merchandise is received and the Company may provide other credits or incentives, which are accounted for as variable consideration when estimating the amount of revenue to recognize. Merchandise returns and other credits including the provision for returns are estimated at contract

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

July 30, 2022

(Dollars in thousands, except share and per share information)
(Unaudited)

inception and updated at the end of each reporting period as additional information becomes available. As of July 30, 2022, and January 29, 2022, the Company recorded a merchandise return liability of \$5,214 and \$8,126, included in accrued liabilities, and a right of return asset of \$2,367 and \$3,770, included in Prepaid Expenses and Other.

In accordance with ASC 606-10-50, the Company disaggregates revenue from contracts with customers by significant product groups and timing of when the performance obligations are satisfied. A reconciliation of disaggregated revenue by segment and significant product group is provided in Note 10 – “Business Segments and Sales by Product Group.”

Accounts Receivable

For its entertainment and consumer brands segments, the Company utilizes an installment payment program called ValuePay that entitles customers to purchase merchandise and generally pay for the merchandise in two or more equal monthly credit card installments. Payment is generally required within 30 to 60 days from the purchase date. The Company has elected the practical expedient to not adjust the promised amount of consideration for the effects of a significant financing component when the payment terms are less than one year. Accounts receivable consist primarily of amounts due from customers for merchandise and service sales, receivables from credit card companies, and amounts due from vendors for unsold and returned products and are reflected net of reserves for estimated uncollectible amounts. The Company records accounts receivable at the invoiced amount and does not charge interest on past due invoices. A provision for ValuePay bad debts is provided as a percentage of ValuePay receivables in the period of sale and is based on historical experience and the Company’s judgments about the creditworthiness of customers based on ongoing credit evaluations. The Company reviews its accounts receivable from customers that are past due to identify specific accounts with known disputes or collectability issues. As of July 30, 2022 and January 29, 2022, the Company had approximately \$33,221 and \$47,008 of net receivables due from customers under the ValuePay installment program and total reserves for estimated uncollectible amounts of \$2,570 and \$3,019.

(4) Television Broadcast Rights

Television broadcast rights in the accompanying condensed consolidated balance sheets consisted of the following:

	July 30, 2022	January 29, 2022
Television broadcast rights	\$ 146,578	\$ 146,200
Less accumulated amortization	(56,929)	(43,858)
Television broadcast rights, net	<u>\$ 89,649</u>	<u>\$ 102,342</u>

During the first six months of fiscal 2022 and full year fiscal 2021, the Company entered into certain affiliation agreements with television service providers for carriage of its television programming over their systems, including channel placement rights, which ensure the Company keeps its channel position on the service provider’s channel line-up during the term. The Company recorded television broadcast rights of \$378 and \$102,545 during the first six months of fiscal year 2022 and full year 2021, which represent the present value of payments for the television broadcast rights associated with the channel position placement. Television broadcast rights are amortized on a matching basis over the lives of the individual agreements. The remaining weighted average lives of the television broadcast rights was 4.1 years as of July 30, 2022. Amortization expense related to the television broadcast rights was \$5,150 and \$13,072 for the three and six-month periods ended July 30, 2022 and \$6,100 and \$11,200 for the three and six-month periods ended July 31, 2021 and is included in depreciation and amortization within the condensed consolidated statements of operations. Estimated broadcast rights amortization expense is \$12,557 for the remainder of fiscal 2022, \$20,090 for fiscal 2023, \$20,877 for fiscal 2024, \$21,402 for fiscal 2025, \$14,723 for fiscal 2026 and \$0 thereafter. The liability relating to the television broadcast rights was \$102,869 and \$113,189 as of July 30, 2022 and January 29, 2022, of which \$34,254 and \$31,921 was classified as current in the accompanying condensed consolidated balance sheets, respectively. Interest expense related to the television broadcast rights obligation was (\$707) and \$611 during the three and six-month periods ended July 30, 2022 and \$594 and \$1,097 during the three and six-month periods ended July 31, 2021.

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 30, 2022
(Dollars in thousands, except share and per share information)
(Unaudited)

In addition to the Company securing broadcast rights for channel position, the Company's affiliation agreements generally provide that it will pay each operator a monthly service fee, most often based on the number of homes receiving the Company's programming, and in some cases marketing support payments. Monthly service fees are expensed as distribution and selling expense within the condensed consolidated statements of operations.

(5) Goodwill and Intangible Assets

Goodwill

The following table presents the changes in goodwill during the six months ended July 30, 2022:

Balance, January 29, 2022	\$ 99,050
Acquisition valuation adjustment	(444)
Foreign currency translation adjustment	(7,543)
Divestiture of business	(1,740)
Balance, July 30, 2022	<u>\$ 89,323</u>

The Company acquired 123.tv in the prior year. Subsequent to the acquisition 123.tv's revenues and operating income have been less than originally projected. The Company believes the high inflation in Germany and uncertain short-term events such as the Russian invasion of Ukraine have created short term shifts in consumer spending habits. The Company will continue to monitor the financial results of 123.tv and should the financial results continue to fall short of our projections for a prolonged period of time an impairment of long-lived assets may become necessary to record in the future.

The occurrence of risks such as political, regulatory or jurisdictional could negatively affect our international business and, consequently, our results of operations generally. Additionally, operating in international markets also requires significant management attention and financial resources. Specifically, such an occurrence could create a triggering event that would require us to review goodwill and intangible assets for impairment and the potential full or partial write-down of those balances. We cannot be certain that the investment and additional resources required in establishing, acquiring, or integrating operations in other countries will produce desired levels of revenues or profitability.

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 30, 2022
(Dollars in thousands, except share and per share information)
(Unaudited)

Finite-lived Intangible Assets

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

	Estimated Useful Life (In Years)	July 30, 2022			January 29, 2022		
		Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Trademarks and Trade Names	15	\$ 14,919	(692)	\$ 14,227	\$ 14,462	(451)	\$ 14,011
Technology	4-9	6,645	(507)	6,138	6,524	(752)	5,772
Customer Lists and Relationships	3-14	9,006	(2,364)	6,642	8,689	(619)	8,070
Vendor Exclusivity	5	193	(125)	68	193	(106)	87
Total finite-lived intangible assets		<u>\$ 30,763</u>	<u>\$ (3,688)</u>	<u>\$ 27,075</u>	<u>\$ 29,868</u>	<u>\$ (1,928)</u>	<u>\$ 27,940</u>

Intangible assets, net in the accompanying condensed consolidated balance sheets consist of trade names, technology, customer lists and a vendor exclusivity agreement primarily related to the various acquisitions the Company completed in fiscal 2021 and 2019. Amortization expense related to the finite-lived intangible assets was \$777 and \$0 for the three-month periods ended July 30, 2022 and July 31, 2021 and \$1,572 and \$273 for the six-month period ended July 30, 2022 and July 31, 2021. Estimated amortization expense is \$1,528 for the remainder of fiscal 2022, \$3,003 for fiscal 2023, \$2,807 for fiscal 2024, \$2,627 for fiscal 2025, and \$2,166 for fiscal 2026 and \$14,944 thereafter.

(6) Credit Agreements

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

	July 30, 2022	January 29, 2022
Revolving Loan due July 31, 2024, principal amount	\$ 62,643	\$ 60,216
8.5% Senior Unsecured Notes, due 2026, principal amount	80,000	80,000
Real Estate Financing term loan due July 31, 2024, principal amount	28,500	28,500
Seller notes:		
Seller note due in annual installments, maturing in November 2023, principal amount	18,409	20,062
Seller note due in quarterly installments, maturing in December 2023, principal amount	6,000	8,000
Total seller notes	24,409	28,062
Convertible Debt	3,100	—
Total debt	198,652	196,778
Less: unamortized debt issuance costs	(6,623)	(7,607)
Less: unamortized debt discount	(175)	—
Plus: unamortized debt premium	1,218	1,292
Total carrying amount of debt	193,072	190,463
Less: current portion of long-term debt	(16,595)	(14,031)
Long-term debt, net	<u>\$ 176,477</u>	<u>\$ 176,432</u>

Convertible Debt

On April 18, 2022, the Company entered into a securities purchase agreement (with Growth Capital Partners, LLC ("GCP"), for the purchase and sale of an unsecured promissory note (the "GCP Note") in the original aggregate principal amount of \$10,600, which may, at the Company's discretion, be settled in cash or at a premium into shares of the Company's common stock, in a private placement upon the terms and subject to the limitations and conditions set forth in the GCP Note. The aggregate purchase price of the GCP Note was \$10,000, which reflects an original issue discount of \$600. On May 17, 2022, the Company paid off \$7,500 of the GCP Note.

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

July 30, 2022

(Dollars in thousands, except share and per share information)
(Unaudited)

The GCP Note accrues interest at 7% per annum, unless an event of default has occurred and is continuing, at which time at the election of the GCP, interest would accrue at a rate equal to the lesser of 18% per annum or the maximum rate permitted under applicable law. The GCP Note is scheduled to mature on May 18, 2023. Beginning six months after the purchase date, GCP will have the right, exercisable at any time in its sole and absolute discretion, to redeem all or any portion of the GCP Note, subject to a maximum monthly redemption amount of \$1,500. As such, the entirety of the GCP Note is included in the current portion of long-term debt line item of the accompanying financial statements.

Interest expense recorded under the GCP Note was \$116 and \$116 for the three and six-month periods ended July 30, 2022.

Debt discount and issuance costs, net of amortization, relating to the GCP Note were \$211 as of July 30, 2022 and are included as a direct reduction to the GCP Note liability balance within the accompanying consolidated balance sheets. The balance of these costs is being expensed as additional interest over the 13-month term of the GCP Note at an effective interest rate of 23.5%. The Company recorded a loss on debt extinguishment of \$884 including \$509 of debt issuance costs.

8.50% Senior Unsecured Notes

On September 28, 2021, the Company issued and sold \$80,000 aggregate principal amount of the 2026 Notes pursuant to a registered public offering under a shelf registration statement. The Company received related net proceeds of \$73,700 after deducting the underwriting discount and estimated offering expenses payable by the Company (including fees and reimbursements to the underwriters). The 2026 Notes were issued under an indenture, dated September 28, 2021 (the “Base Indenture”), between the Company and U.S. Bank National Association, as trustee (the “Trustee”), as supplemented by the First Supplemental Indenture, dated September 28, 2021 (the “Supplemental Indenture,” and the Base Indenture as supplemented by the Supplemental Indenture, the “Indenture”), between the Company and the Trustee. The 2026 Notes were denominated in denominations of \$25.00 and integral multiples of \$25.00 in excess thereof.

The 2026 Notes pay interest quarterly in arrears on March 31, June 30, September 30 and December 31 of each year, commencing on December 31, 2021, at a rate of 8.50% per year, and will mature on September 30, 2026.

The 2026 Notes are the senior unsecured obligations of the Company. There is no sinking fund for the 2026 Notes. The 2026 Notes are the obligations of iMedia Brands, Inc. only and are not obligations of, and are not guaranteed by, any of the Company’s subsidiaries. The Company may redeem the 2026 Notes for cash in whole or in part at any time at its option (i) on or after September 30, 2023 and prior to September 30, 2024, at a price equal to \$25.75 per note, plus accrued and unpaid interest to, but excluding, the date of redemption, (ii) on or after September 30, 2024 and prior to September 30, 2025, at a price equal to \$25.50 per note, plus accrued and unpaid interest to, but excluding, the date of redemption, and (iii) on or after September 30, 2025 and prior to maturity, at a price equal to \$25.25 per note, plus accrued and unpaid interest to, but excluding, the date of redemption. The Indenture provides for events of default that may, in certain circumstances, lead to the outstanding principal and unpaid interest of the 2026 Notes becoming immediately due and payable. If a Mandatory Redemption Event (as defined in the Supplemental Indenture) occurs, the Company will have an obligation to redeem the 2026 Notes, in whole but not in part, within 45 days after the occurrence of the Mandatory Redemption Event at a redemption price in cash equal to \$25.50 per note plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

The Company used all the net proceeds from the offering to fund its closing cash payment in connection with the acquisition of 1-2-3.tv Invest GmbH and 1-2-3.tv Holding GmbH (collectively with their direct and indirect subsidiaries, the “1-2-3.tv Group”), and any remaining proceeds for working capital and general corporate purposes, which included payments related to the acquisition.

Interest expense recorded under the 8.50% Senior Unsecured Notes was \$2,036 and \$4,073 for the three and six-month periods ended July 30, 2022 and \$0 for the three and six-month periods ended July 31, 2021.

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

July 30, 2022

(Dollars in thousands, except share and per share information)
(Unaudited)

Debt issuance costs, net of amortization, relating to the Senior Unsecured Notes were \$5,291 and \$5,925 as of July 30, 2022, and January 29, 2022, respectively and are included as a direct reduction to the 2026 Notes liability balance within the accompanying consolidated balance sheets. The balance of these costs is being expensed as additional interest over the five-year term of the 2026 Notes at an effective interest rate of 10.1%.

Revolving Loan

The Company and certain of its subsidiaries, as borrowers, are party to a loan and security agreement (as amended, the “Loan Agreement”) with Siena Lending Group LLC and the other lenders party thereto from time to time, Siena Lending Group LLC, as agent (the “Agent”), and certain additional subsidiaries of the Company, as guarantors thereunder. The Loan Agreement was originally entered into on July 30, 2021, has a three-year term and provides for up to a \$80,000 revolving loan. Subject to certain conditions, the Loan Agreement also provides for the issuance of letters of credit in an aggregate amount up to \$5,000 which, upon issuance, would be deemed advances under the revolving loan. Proceeds of borrowings were used to refinance all indebtedness owing to PNC Bank, National Association, to pay the fees, costs, and expenses incurred in connection with the Loan Agreement and the transactions contemplated thereby, for working capital purposes, and for such other purposes as specifically permitted pursuant to the terms of the Loan Agreement. The Company’s obligations under the Loan Agreement are secured by substantially all its assets and the assets of its subsidiaries as further described in the Loan Agreement.

On April 18, 2022, the parties to the Loan Agreement entered an amendment (the “Fourth Amendment”), which revised the agreement to consent to enter into the securities purchase agreement with GCP and sell the GCP Note.

On May 6, 2022, the parties to the Loan Agreement entered an amendment (the “Fifth Amendment”), which revised the agreement to add iMDS as a new borrower and amend certain terms and conditions set forth in the Loan Agreement.

On May 27, 2022, the parties to the Loan Agreement entered an amendment (the “Sixth Amendment”), which revised the agreement to consent to the repayment of the short-term loan advanced by 1-2-3.TV GmbH in the amount of \$1,500. The Sixth Amendment also amended the required minimum liquidity and maximum senior debt leverage ratio criteria among other terms and conditions set forth in the Loan Agreement.

On September 12, 2022, the parties to the Loan Agreement entered an amendment (the “Seventh Amendment”), which revised the agreement to amend required minimum liquidity and maximum senior debt leverage ratio criteria among other terms and conditions set forth in the Loan Agreement.

Subject to certain conditions, borrowings under the Loan Agreement bear interest at 4.50% plus the LIBOR for a period of 30 days as published in The Wall Street Journal three business days prior to the first day of each calendar month. There is a floor for LIBOR of 0.50%. As of the Sixth Amendment, LIBOR was replaced with the Secured Overnight Financing Rate.

The Loan Agreement contains customary representations and warranties and financial and other covenants and conditions, including, among other things, minimum liquidity requirements. The Company is also subject to a maximum senior net leverage ratio. In addition, the Loan 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 shareholders. The Company also pays a monthly fee at a rate equal to 0.50% per annum of the average daily unused amount of the credit facility for the previous month.

As of July 30, 2022, the Company had total borrowings of \$62,643 under its revolving loan with Siena. Remaining available capacity under the revolving loan as of July 30, 2022 was approximately \$534, which provided liquidity for working capital and general corporate purposes. As of July 30, 2022, the Company was in compliance with applicable financial covenants of the Revolving Loan and expects to be in compliance with applicable financial covenants over the next twelve months.

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 30, 2022
(Dollars in thousands, except share and per share information)
(Unaudited)

Interest expense recorded under the Revolving Loan was \$1,192 and \$2,222 for the three and six-month periods ended July 30, 2022 and \$0 for the three and six-month periods ended July 31, 2021.

Deferred financing costs, net of amortization, relating to the revolving loan were \$2,635 and \$2,411 as of July 30, 2022 and January 29, 2022 and are included within other assets within the accompanying condensed consolidated balance sheets. The balance of these costs is being expensed as additional interest over the three-year term of the Loan Agreement.

Real Estate Financing

On July 30, 2021, two of the Company's subsidiaries, VVI Fulfillment Center, Inc. and EP Properties, LLC, as borrowers, and the Company, as guarantor, entered a promissory note secured by mortgages (the "GreenLake Note") with GreenLake Real Estate Finance LLC ("GreenLake") whereby GreenLake agreed to make a secured term loan (the "Term Loan") to the borrowers in the original amount of \$28,500. The GreenLake Note is secured by, among other things, mortgages encumbering the Company's owned properties in Eden Prairie, Minnesota and Bowling Green, Kentucky (collectively, the "Mortgages") as well as other assets as described in the GreenLake Note. Proceeds of borrowings shall be used to (i) pay fees and expenses related to the transactions contemplated by the GreenLake Note, (ii) make certain payments approved by GreenLake to third parties, and (iii) provide for working capital and general corporate purposes of the Company. The Company has also pledged the stock that it owns in the Borrowers to secure its guarantor obligations.

The GreenLake Note is scheduled to mature on July 31, 2024. The borrowings, which include all amounts advanced under the GreenLake Note, bear interest at 10.00% per annum or, at the election of the Lender upon no less than 30 days prior written notice to the borrowers, at a floating rate equal to the prime rate plus 200 basis points.

The GreenLake Note was able to be prepaid in full (but not in part) before July 30, 2022 (the "Lockout Date") upon payment of a prepayment premium equal to the amount of interest that would have accrued from the date of prepayment through the Lockout Date. Since the Lockout Date, the GreenLake Note may be prepaid in full or in any installment greater than or equal to \$100,000 without any prepayment penalty or premium on 90 days' prior written notice from borrowers to GreenLake.

The GreenLake Note contains customary representations and warranties and financial and other covenants and conditions, including, a requirement that the borrowers comply with all covenants set forth in the Loan Agreement described above. The GreenLake Note also contains certain customary events of default.

As of July 30, 2022, there was \$28,500 outstanding under the term loan with GreenLake, all of which was classified as long-term in the accompanying condensed consolidated balance sheet. Principal borrowings under the term loan are non-amortizing over the life of the loan.

Interest expense recorded under the GreenLake Note was \$889 and \$1,777 for the three and six-month periods ended July 30, 2022 and \$0 for the three and six-month periods ended July 31, 2021.

Debt issuance costs, net of amortization, relating to the GreenLake Note were \$1,345 and \$1,682 as of July 30, 2022, and January 29, 2022, respectively and are included as direct reductions to the GreenLake Note liability balance within the accompanying consolidated balance sheets. The balance of these costs is being expensed as additional interest over the three-year term of the GreenLake Note at an effective interest rate of 12.4%.

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 30, 2022
(Dollars in thousands, except share and per share information)
(Unaudited)

Seller Notes

On November 5, 2021 the Company issued an unsecured promissory note in the amount of \$20,800 as a component of consideration paid to the seller for our acquisition of 1-2-3.tv. The seller note is payable as follows: \$2,557 in November 2022, \$6,648 in February 2023, and the balance in November 2023. The seller note bears interest at a rate of 8.50%. \$18,409 was outstanding as of July 30, 2022. Interest expense recorded under the seller note was \$400 and \$817 for the three and six-months ended July 30, 2022.

On July 30, 2021, the Company issued a \$10,000 unsecured promissory note as a component of consideration paid to seller for our acquisition of Synacor's Portal and Advertising business. The seller note is payable in \$1,000 quarterly installments, maturing on December 31, 2023. The seller notes bear interest at rates between 6% and 11% depending upon the period outstanding. \$6,000 is outstanding as of July 30, 2022. Interest expense recorded under the seller note was \$62 and \$176 for the three and six-months ended July 30, 2022.

Maturities

The aggregate maturities of borrowings outstanding under the Company's long-term debt obligations as of July 30, 2022 were as follows:

Fiscal year	Seller Notes	Real Estate Financing	Revolving Loan	8.5% Senior Unsecured Notes	Convertible Debt	Total
2022	\$ 4,295	\$ —	\$ —	\$ —	\$ —	\$ 4,295
2023	20,114	—	—	—	3,100	23,214
2024	—	28,500	62,643	—	—	91,143
2025	—	—	—	—	—	—
2026	—	—	—	80,000	—	80,000
Total amount due	\$ 24,409	\$ 28,500	\$ 62,643	\$ 80,000	\$ 3,100	\$ 198,652
Less: unamortized debt issuance costs and debt discount	—	(1,345)	—	(5,291)	(162)	(6,798)
Plus: unamortized debt premium	1,218	—	—	—	—	1,218
Total carrying amount of debt	\$ 25,627	\$ 27,155	\$ 62,643	\$ 74,709	\$ 2,938	\$ 193,072

Restricted Cash

The Company is required to keep cash in a restricted account to secure letters of credit to purchase inventory as well as to secure the Company's corporate purchasing card program. The Company had \$1,575 and \$1,893 in restricted cash accounts as of July 30, 2022, and January 29, 2022.

(7) 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).

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

July 30, 2022

(Dollars in thousands, except share and per share information)
(Unaudited)

The valuation for the 8.50% Senior Unsecured Notes due 2026 (the “2026 Notes”) is based on the quoted prices in active markets for identical assets, a Level 1 input. The 2026 Notes (Nasdaq: IMBIL) are listed on the Nasdaq stock exchange, which the Company considers to be an “active market,” as defined by GAAP. Therefore, the 2026 Notes are measured based on quoted prices in an active market and included as Level 1 fair value instruments in the table below.

The carrying amount of the Siena revolving loan (“as described in Note 7 – “Credit Agreements”) approximate its fair values as its variable interest rates are based on prevailing market rates, which are a Level 2 input. The carrying amounts of the GreenLake Note, GCP note, and seller notes (each as described in Note 7 – “Credit Agreements”) reasonably approximate their fair values because their interest rates are similar to market rates for similar instruments, which are Level 2 inputs.

The Company’s financial instruments are listed with their fair values below as of July 30, 2022 and January 29, 2022:

		Fair Value Measurements at July 30, 2022			
		Total	Level 1	Level 2	Level 3
Liabilities:					
	Revolving loan	\$ 62,643	\$ —	\$ 62,643	\$ —
	8.5% Senior unsecured notes (IMBIL)	41,600	41,600	—	—
	GreenLake Note	28,500	—	28,500	—
	Seller notes	25,627	—	25,627	—
	GCP note	3,100	—	3,100	—
	Contingent consideration	2,741	—	—	2,741
		Fair Value Measurements at January 29, 2022			
		Total	Level 1	Level 2	Level 3
Liabilities:					
	Revolving loan	\$ 60,216	\$ —	\$ 60,216	\$ —
	8.5% Senior unsecured notes (IMBIL)	70,176	70,176	—	—
	GreenLake Note	28,500	—	28,500	—
	Seller notes	29,354	—	29,354	—
	Contingent consideration	3,097	—	—	3,097

The Company valued the contingent consideration based on a Monte Carlo valuation method. Significant inputs used in the model includes certain financial metric growth rates, volatility rates, projections associated with the applicable contingency, the interest rate, and the related probabilities and payment structure, which are not observable in the market and are therefore considered to be Level 3 inputs.

Balance, January 29, 2022	\$ 3,097
Foreign currency translation adjustment	(356)
Balance, July 30, 2022	<u>\$ 2,741</u>

(8) Shareholders’ Equity

Common Stock and Preferred Stock

The Company is authorized to issue 40,000,000 shares of common stock and 10,000,000 shares of capital stock, of which 400,000 shares are designated as Series A Junior Participating Cumulative Preferred Stock, and the remaining 9,600,000 shares have been designated as additional shares of common stock, for a total of 49,600,000 authorized shares of common stock. As of July 30, 2022, no shares of preferred stock were issued or outstanding and 25,482,389 shares of common stock were issued and outstanding. The board

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 30, 2022
(Dollars in thousands, except share and per share information)
(Unaudited)

of directors may de-designate or establish new classes and series of capital stock by resolution without shareholder approval; however, in certain circumstances the Company is required to obtain approval under the Loan Agreement.

Public Offerings

On June 9, 2021, the Company completed a public offering, in which the Company issued and sold 4,830,918 shares of our common stock at a public offering price of \$9.00 per share. After underwriter discounts and commissions and other offering costs, net proceeds from the public offering were approximately \$39,955. The Company has used the proceeds for general working capital purposes, including potential acquisitions of businesses and assets that are complementary to our operations.

On February 18, 2021, the Company completed a public offering, in which the Company issued and sold 3,289,000 shares of its common stock at a public offering price of \$7.00 per share, including 429,000 shares sold upon the exercise of the underwriter's option to purchase additional shares. After underwriter discounts and commissions and other offering costs, net proceeds from the public offering were approximately \$21,224. The Company used the proceeds for general working capital purposes.

May 2022 Private Placement Securities Purchase Agreement

On May 11, 2022, the Company entered into a Securities Purchase Agreement (the "SPA") with certain purchasers (collectively, the "Purchasers"), pursuant to which the Company agreed to issue and sell to the Purchasers: (i) 4,136,001 shares of its common stock, at an offering price of \$3.07 per share, (ii) pre-funded warrants to purchase 3,763,022 shares of its common stock at an offering price of \$3.0699 per pre-funded warrant (the "Pre-Funded Warrants"), which represents the per share offering price of its common stock less the \$0.0001 per share exercise price for each pre-funded warrant and (iii) warrants to purchase up to an additional 7,899,023 shares of its common stock in the future, with a per share exercise price of \$2.94 (the "Common Warrants"), which only became exercisable for common stock upon receipt of shareholder approval of an increase in the number of authorized shares of the Company's common stock from 29,600,000 to 49,600,000 pursuant to an amendment to the Company's Articles of Incorporation, which the Company obtained at the 2022 annual meeting of shareholders on June 14, 2022 (the "Charter Amendment"), and will be exercisable until the earlier of (a) five years from the date of receiving shareholder approval of the Charter Amendment and (b) six years from the date of warrant issuance. Of these securities, 97,720 Shares and 97,720 Common Warrants were purchased by Craig-Hallum Capital Group LLC (the "Placement Agent") at a purchase price of \$3.07.

On May 16, 2022, the initial closing occurred with the issuance of 2,280,000 Common Shares, 3,257,459 Pre-Funded Warrants, and 5,537,459 Common Warrants to a single investor in exchange for approximately \$15,763 of cash net of issuance costs of \$1,237 which have been expensed in the statements of operations.

On July 22, 2022, the second closing occurred with the issuance of 1,123,102 Common Shares, 505,563 Pre-funded Warrants, and 1,628,665 Common Warrants to all other investors for approximately \$4,998 of cash, following the shareholder approval of the Charter Amendment on June 14, 2022.

The Company determined the Securities Purchase Agreement represented a forward contract to each holder (each, a "Forward Contract"). On May 11, 2022, the Company determined 2,852,780 of the Common Warrants met the requirements to be classified within stockholder's equity under ASC 815, "Derivatives and Hedging."

Further, as of May 11, 2022, the Company determined it did not have sufficient authorized shares available for all of the equity instruments issued in connection with the SPA to be classified in stockholders' equity. As such, 2,684,679 Common Warrants and 5,942,138 Prefunded Warrants that were issued on May 16, 2022 were liability-classified. Therefore, the fair value of these warrants was allocated to such liability-classified Forward Contract, with the residual proceeds being allocated to equity for the Common Stock and equity-classified Common Warrants. Changes in the fair values of the liability-classified Forward Contracts were recognized at fair value through earnings until June 14, 2022, when the warrants met the requirements to be classified in stockholder's equity.

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 30, 2022
(Dollars in thousands, except share and per share information)
(Unaudited)

On June 14, 2022, the Company increased the number of authorized shares through the adoption of the Charter Amendment and, as such, reclassified the remaining amount of the warrant liability to stockholders' equity.

The Company estimated the fair value of the contract liability based on a Black Scholes valuation model for Common Warrants and market price for Common Shares and Pre-Funded Warrants. The key assumptions used consist of the price of the Company's stock, a risk-free interest rate based on the average yield of a five- or six-year Treasury note (based on remaining term of the related warrants) and expected volatility of the Company's common stock over the remaining contractual life of the warrants. For the three and six-month period ended July 30, 2022 the Company recognized a gain on the change in fair value of contract liability of \$1,937 net of issuance costs of \$1,237.

Warrants Outstanding

As of July 30, 2022, the Company had outstanding warrants to purchase 12,356,054 shares of the Company's common stock, of which 12,356,054 were fully exercisable. The warrants expire approximately five to six years from the date of grant except for 3,763,022 of pre-funded warrants which do not have an expiration. The following table summarizes information regarding warrants outstanding at July 30, 2022:

Grant Date	Warrants Outstanding	Warrants Exercisable	Exercise Price (Per Share)	Expiration Date
May 2, 2019	349,998	349,998	\$ 15.00	May 2, 2024
April 17, 2020	367,197	367,197	\$ 2.66	April 14, 2025
May 22, 2020	122,398	122,398	\$ 2.66	April 14, 2025
June 8, 2020	122,399	122,399	\$ 2.66	April 14, 2025
June 12, 2020	122,398	122,398	\$ 2.66	April 14, 2025
July 11, 2020	244,798	244,798	\$ 2.66	April 14, 2025
May 16, 2022	5,537,459	5,537,459	\$ 2.94	May 14, 2028
May 16, 2022	3,257,459	3,257,459	\$ 0.0001	N/A
July 22, 2022	97,720	97,720	\$ 2.94	July 20, 2028
July 22, 2022	1,628,665	1,628,665	\$ 2.94	July 20, 2028
July 22, 2022	505,563	505,563	\$ 0.0001	N/A

Commercial Agreement with Shaquille O'Neal

On November 18, 2019, the Company entered into a commercial agreement ("Shaq Agreement") and restricted stock unit award agreement ("RSU Agreement") with ABG-Shaq, LLC ("Shaq") pursuant to which certain products would be sold bearing certain intellectual property rights of Shaquille O'Neal on the terms and conditions set forth in the Shaq Agreement. In exchange for such services and pursuant to the RSU Agreement, the Company issued 400,000 restricted stock units to Shaq that vest in three separate tranches. The first tranche of 133,333 restricted stock units vested on November 18, 2019, which was the date of grant. The second tranche of 133,333 restricted stock units vested February 1, 2021 and the final tranche of 133,334 restricted stock units vested on February 1, 2022. Additionally, in connection with the Shaq Agreement, the Company entered into a registration rights agreement with respect to the restricted stock units pursuant to which the Company agreed to register the common stock issuable upon settlement of the restricted stock units in accordance with the terms and conditions therein. The restricted stock units each settle for one share of the Company's common stock. The aggregate market value on the date of the award was \$2,595 and is being amortized as cost of sales over the three-year commercial term. The estimated fair value is based on the grant date closing price of the Company's stock.

Compensation expense relating to the restricted stock unit grant was \$216 and \$216 for the second quarter of fiscal 2022 and fiscal 2021, respectively, and \$432 and \$432 for the first six months of fiscal 2022 and 2021, respectively. As of July 30, 2022 there was \$432

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 30, 2022
(Dollars in thousands, except share and per share information)
(Unaudited)

of total unrecognized compensation cost related to the award. That cost is expected to be recognized over a weighted average period of 0.50 years.

Stock Compensation Plans

The Company's 2020 Equity Incentive Plan ("2020 Plan") provides for the issuance of up to 3,000,000 shares of the Company's common stock. The 2020 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 2020 Plan. The types of awards that may be granted under the 2020 Plan include incentive and non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, and other stock-based awards. 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 common stock as of the date of grant (except in the limited case of "substitute awards" as defined by the 2020 Plan). No 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. Except for market-based options, options granted generally vest over three years in the case of employee stock options and vest immediately on the date of grant in the case of director options and have contractual terms of 10 years from the date of grant. The 2020 Plan was approved by the Company's shareholders at the 2020 Annual Meeting of Shareholders on July 13, 2020.

The Company also maintains the 2011 Omnibus Incentive Plan ("2011 Plan"). Upon the adoption and approval of the 2020 Plan, the Company ceased making awards under the 2011 Plan. Awards outstanding under the 2011 Plan continue to be subject to the terms of the 2011 Plan, but if those awards subsequently expire, are forfeited or cancelled or are settled in cash, the shares subject to those awards will become available for awards under the 2020 Plan. Similarly, the Company ceased making awards under its 2004 Omnibus Stock Plan ("2004 Plan") on June 22, 2014, but outstanding awards under the 2004 Plan remain outstanding in accordance with its terms.

Stock-Based Compensation - Stock Options

Compensation is recognized for all stock-based compensation arrangements by the Company. Stock-based compensation expense related to stock option awards was \$59 and \$33 for the second quarters of fiscal 2022 and fiscal 2021 and \$116 and \$52 for the first six months of fiscal 2022 and 2021. 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.

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 comparable 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 2022
Expected volatility:	82-83%
Expected term (in years):	6 years
Risk-free interest rate:	2.4-2.7%

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

July 30, 2022

(Dollars in thousands, except share and per share information)
(Unaudited)

A summary of the status of the Company's stock options outstanding as of July 30, 2022 and changes during the six months then ended is as follows:

	2020 Plan		2011 Plan		2004 Plan	
	Option Shares	Weighted Average Exercise Price	Option Shares	Weighted Average Exercise Price	Option Shares	Weighted Average Exercise Price
Balance outstanding, January 29, 2022	147,500	\$ 7.33	25,700	\$ 10.04	3,000	\$ 53.49
Granted	51,000	\$ 3.44	—	\$ —	—	\$ —
Exercised	—	\$ —	—	\$ —	—	\$ —
Forfeited or canceled	(28,500)	\$ 6.31	(10,000)	\$ 10.87	—	\$ 46.20
Balance outstanding, July 30, 2022	170,000	\$ 6.33	15,700	\$ 9.51	3,000	\$ 54.70
Options exercisable at July 30, 2022	18,000	\$ 8.92	15,700	\$ 9.51	3,000	\$ 54.70

The following table summarizes information regarding stock options outstanding as of July 30, 2022:

Option Type	Options Outstanding				Options Vested or Expected to Vest			
	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
2020 Plan	170,000	\$ 6.33	9.1	\$ —	149,800	\$ 6.36	9.1	\$ —
2011 Plan	15,700	\$ 9.51	5.6	\$ —	15,700	\$ 9.51	5.6	\$ —
2004 Plan	3,000	\$ 54.70	1.6	\$ —	3,000	\$ 54.70	1.6	\$ —

The weighted average grant-date fair value of options granted in the first and second quarters of fiscal 2022 was \$4.20 and \$2.45, respectively. The total intrinsic value of options exercised during the first and second quarters of fiscal 2022 and fiscal 2021 was \$0. As of July 30, 2022, total unrecognized compensation cost related to stock options was \$420 and was expected to be recognized over a weighted average period of approximately 2.0 years.

Stock-Based Compensation - Restricted Stock Units

Compensation expense relating to restricted stock unit grants was \$549 and \$53 for the second quarters of fiscal 2022 and fiscal 2021 and \$960 and \$246 for the first two quarters of fiscal 2022 and 2021. As of July 30, 2022, there was \$3,393 of total unrecognized compensation cost related to non-vested restricted stock unit grants. That cost is expected to be recognized over a weighted average expected life of 2.1 years. The total fair value of restricted stock units vested during the first six months of fiscal 2022 and fiscal 2021 was \$958 and \$1,255. The estimated fair value of restricted stock units is based on the grant date closing price of the Company's stock for time-based vesting awards and a Monte Carlo valuation model for market-based vesting awards.

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

The Company granted 76,900 performance share units to the Company's Chief Executive Officer as part of the Company's long-term incentive program during the first quarter of fiscal 2021. The number of shares earned was based on the Company's achievement of pre-established goals for sales growth over the measurement period from January 31, 2021 to January 29, 2022. Any earned

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

July 30, 2022

(Dollars in thousands, except share and per share information)
(Unaudited)

performance share units will vest on February 3, 2024, so long as the executive's service has been continuous through the vest date. The number of units that may be earned and become eligible to vest pursuant to this award can be between 0% and 200% of the target number of performance share units. The Company recognizes compensation expense on these performance share units ratably over the requisite performance period of the award to the extent management views the performance goals as probable of attainment. The grant date fair value of these performance share units is based on the grant date closing price of the Company's stock.

The Company granted 181,900 performance share units to the Company's Chief Executive Officer as part of the Company's long-term incentive program during the first quarter of fiscal 2020. The number of shares earned was based on the Company's achievement of pre-established goals for liquidity over the measurement period from February 2, 2020 to January 30, 2021. Any earned performance share units will vest on January 28, 2023, so long as the executive's service has been continuous through the vest date. The number of units that may be earned and become eligible to vest pursuant to this award can be between 0% and 125% of the target number of performance share units. The Company recognizes compensation expense on these performance share units ratably over the requisite performance period of the award to the extent management views the performance goals as probable of attainment. The grant date fair value of these performance share units is based on the grant date closing price of the Company's stock.

A summary of the status of the Company's non-vested restricted stock unit activity as of July 30, 2022 and changes during the six-month period then ended is as follows:

	Restricted Stock Units							
	Market-Based Units		Time-Based Units		Performance-Based Units		Total	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Non-vested outstanding, January 29, 2022	57,800	\$ 3.47	1,031,300	\$ 7.46	222,900	\$ 4.13	1,312,000	\$ 6.72
Granted	—	\$ —	975,600	\$ 3.74	36,400	\$ 1.69	1,012,000	\$ 3.67
Vested	—	\$ —	(450,500)	\$ 6.67	—	\$ —	(450,500)	\$ 6.67
Forfeited	—	\$ —	(67,100)	\$ 5.26	—	\$ —	(67,100)	\$ 5.26
Expired	(12,500)	\$ 5.07	—	\$ —	—	\$ —	(12,500)	\$ 5.07
Non-vested outstanding, July 30, 2022	<u>45,300</u>	\$ 3.02	<u>1,489,300</u>	\$ 5.36	<u>259,300</u>	\$ 3.79	<u>1,793,900</u>	\$ 5.07

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 30, 2022
(Dollars in thousands, except share and per share information)
(Unaudited)

(9) 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 loss 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 net loss per share and diluted net loss per share is as follows:

	Three Months Ended		Six Months Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Numerator:				
Net loss attributable to shareholders	\$ (12,691)	\$ (4,249)	\$ (24,587)	\$ (7,476)
Earnings allocated to participating share awards	—	—	—	—
Net loss attributable to common shares — Basic and diluted	<u>\$ (12,691)</u>	<u>\$ (4,249)</u>	<u>\$ (24,587)</u>	<u>\$ (7,476)</u>
Denominator:				
Weighted average number of common shares outstanding — Basic (a) (b)	26,662,037	19,101,652	24,181,920	17,314,317
Dilutive effect of stock options, non-vested shares and warrants	—	—	—	—
Weighted average number of common shares outstanding — Diluted	<u>26,662,037</u>	<u>19,101,652</u>	<u>24,181,920</u>	<u>17,314,317</u>
Net loss per common share	<u>\$ (0.48)</u>	<u>\$ (0.23)</u>	<u>\$ (1.02)</u>	<u>\$ (0.45)</u>
Net loss per common share — assuming dilution	<u>\$ (0.48)</u>	<u>\$ (0.23)</u>	<u>\$ (1.02)</u>	<u>\$ (0.45)</u>

- (a) For the three and six-month periods ended July 30, 2022, the basic earnings per share computation included 3,763,022 outstanding fully paid warrants to purchase shares of the Company's common stock at a price of \$0.001 per share. For the three and six-month periods ended July 31, 2021 the basic earnings per share computation included 21,000 outstanding fully paid warrants to purchase shares of the Company's common stock at a price of \$0.001 per share.
- (b) Common warrants which are considered participating securities of 7,263,884 have been excluded because the Company had a net loss for the three and six-month periods ended July 30, 2022.

(10) Business Segments and Sales by Product Group

During fiscal 2021, the Company changed its reportable segments into three reporting segments: entertainment, consumer brands and media commerce services. The Company's Chief Executive Officer began reviewing operating results of the three segments: entertainment, consumer brands and media commerce services in the fourth quarter of fiscal 2021. These segments reflect the way the senior management and the Company's chief operating decision makers evaluate the Company's business performance and manages its operations. The corresponding current and prior period segment disclosures have been recast to reflect the current segment presentation.

Entertainment Segment – The entertainment segment is comprised of its television networks, ShopHQ, ShopBulldogTV, ShopHQHealth, and 1-2-3.tv.

- **ShopHQ** is the Company's flagship, nationally distributed shopping entertainment network that offers a mix of proprietary, exclusive, and name-brand merchandise in the categories of Jewelry and Watches, Home, Beauty and Health, and Fashion and Accessories, directly to consumers 24 hours a day, 365 days a year using engaging interactive video.

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

July 30, 2022

(Dollars in thousands, except share and per share information)
(Unaudited)

- **ShopBulldogTV**, which launched in the fourth quarter of fiscal 2019, is a niche television shopping entertainment network that offers male-oriented products and services to men and to women shopping for men.
- **ShopHQHealth**, which launched in the third quarter of fiscal 2020, is a niche television shopping entertainment network that offers women and men products and services focused on health and wellness categories such as physical, mental and spiritual health, financial and motivational wellness, weight management and telehealth medical services.
- **1-2-3.tv**, which was acquired in November 2021, is the German interactive media company with proprietary live and automated auctions with a mix of products shipped directly to customers homes.

Each entertainment network offers engaging, interactive video programming distributed primarily in linear television through cable and satellite distribution agreements, agreements with telecommunication companies and arrangements with over-the-air broadcast television stations. This interactive programming is also streamed live online on the respective network's digital commerce platforms that sell products which appear on the Company's television networks as well as offer an extended assortment of online-only merchandise. These networks' interactive video is also available on leading social platforms over-the-top ("OTT") platforms and ConnectedTV platforms ("CTV") such as Roku, AppleTV, and Samsung connected televisions, mobile devices, including smartphones and tablets.

Consumer Brands Segment – The consumer brands segment is comprised of C&B and JW.

- **Christopher & Banks** – The Company's flagship consumer brand, C&B was founded in 1956 and is a brand that specializes in offering women's value-priced apparel and accessories that cater to women of all sizes, from petite to missy to plus sizes. Its internally designed, modern and comfortable apparel and accessories provide customers with an exclusive experience. The brand was acquired by us from Hilco Capital in March 2021. C&B's omni-channel business model includes digital advertising driven online revenue, five brick and mortar retail stores, direct-to-consumer catalogs and a growing wholesaling business driven primarily by C&B's television programming on our entertainment networks.
- **J.W. Hulme Company** – JW was founded in 1905 and is an iconic brand offering men and women high quality accessories made by craftswomen and craftsmen the world over. The brand was acquired by the Company in 2019. JW's omni-channel business model includes one brick and mortar retail stores, direct-to-consumer catalogs, digital advertising driven online revenue and a growing wholesaling business driven primarily by JW's television programming on our entertainment networks.

Media Commerce Services Segment – The media commerce services segment is comprised of iMedia Digital Services ("iMDS") ("iMDS"), and Float Left ("FL").

- **iMedia Digital Services** – The Company's flagship media commerce service brand is iMDS, which is a digital advertising platform specializing in engaging shopping enthusiasts online and in OTT marketplaces. iMDS's suite of services includes its Retail Media Exchange ("RME") and value-added services ("VAS"). iMDS's growth strategy is driven by its ability to differentiate its advertising platform by offering solutions that include our first-party shopping enthusiast data created continually by our entertainment and consumer brand segments. iMDS is primarily comprised of Synacor's Portal and Advertising business, which the Company acquired in July of 2021.
- **Float Left** – FL is an OTT SaaS app platform that offers media and consumer brands the digital tools they need to deliver engaging television experiences to their audiences within the OTT and ConnectedTV ecosystems. FL offers custom, natively built solutions for Roku, Fire TV, Apple TV, Web, iOS and Android Mobile, and various smart TVs. Its growth strategy is driven by its ability to integrate iMDS's advertising operations within its OTT SaaS platform and continue to deliver sophisticated end-to-end OTT apps. FL was acquired by us in 2019.

The Company does not allocate assets between the segments for its internal management purposes, and as such, they are not presented here. There were no significant inter-segment sales or transfers during the first six months of fiscal 2022 and fiscal 2021. The

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 30, 2022
(Dollars in thousands, except share and per share information)
(Unaudited)

Company allocates corporate support costs (such as finance, human resources, warehouse management and legal) to its operating segments based on their estimated usage and based on how the Company manages the business.

Net Sales by Segment and Significant Product Groups

	Three Months Ended		Six Months Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Entertainment:				
Jewelry & Watches	\$ 41,013	\$ 41,169	\$ 89,401	\$ 84,755
Health, Beauty & Wellness	20,666	24,422	45,512	47,692
Home	17,894	12,157	40,957	27,356
Fashion & Accessories	16,792	12,872	37,757	25,813
Other (primarily shipping & handling revenue)	13,523	10,948	26,834	22,414
Total entertainment revenues	\$ 109,888	\$ 101,568	\$ 240,461	\$ 208,030
Consumer Brands:				
Fashion & Accessories	\$ 9,574	\$ 8,673	\$ 20,471	\$ 12,867
Home	458	1,704	1,807	2,553
Jewelry & Watches	38	65	179	202
Other (primarily shipping & handling revenue)	359	(24)	671	(102)
Total consumer brand revenues	\$ 10,429	\$ 10,418	\$ 23,128	\$ 15,520
Media Commerce Services:				
Advertising & Search	12,916	1,456	24,189	3,094
Total media commerce services revenues	\$ 12,916	\$ 1,456	\$ 24,189	\$ 3,094
Total consolidated revenues	\$ 133,233	\$ 113,442	\$ 287,778	\$ 226,644

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 30, 2022
(Dollars in thousands, except share and per share information)
(Unaudited)

Performance Measures by Segment

	Entertainment	Consumer Brands	Media Commerce Services	Consolidated
Three Months Ended July 30, 2022:				
Net Sales	\$ 109,888	\$ 10,429	\$ 12,916	\$ 133,233
Gross Margin	40,194	4,923	3,296	48,413
Operating Income (loss)	(12,949)	2,623	1,485	(8,841)
Three Months Ended July 31, 2021:				
Net Sales	\$ 101,568	\$ 10,418	\$ 1,456	\$ 113,442
Gross Margin	41,672	5,773	541	47,986
Operating Income (loss)	(3,311)	1,200	(258)	(2,369)
Six Months Ended July 30, 2022:				
Net Sales	\$ 240,461	\$ 23,128	\$ 24,189	\$ 287,778
Gross Margin	92,430	10,754	6,566	109,750
Operating Income (loss)	(22,124)	4,450	2,320	(15,354)
Six Months Ended July 31, 2021:				
Net Sales	\$ 208,030	\$ 15,520	\$ 3,094	\$ 226,644
Gross Margin	84,636	8,076	1,281	93,993
Operating Income (loss)	(4,812)	519	(127)	(4,420)

(11) Income Taxes

As of January 29, 2022, the Company had federal net operating loss carryforwards (“NOLs”) of approximately \$389,000 which may be available to offset future taxable income. The Company’s federal NOLs generated prior to 2018 expire in varying amounts each year from 2023 through 2037 in accordance with applicable federal tax regulations and the timing of when the NOLs were incurred. The Company’s federal NOLs generated in 2018 and after can be carried forward indefinitely.

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

Shareholder Rights Plan

The Company has adopted a Shareholder Rights Plan to preserve the value of certain deferred tax benefits, including those generated by net operating losses. On July 10, 2015, the Company declared a dividend distribution of one purchase right (a “Right”) for each outstanding share of the Company’s common stock to shareholders of record as of the close of business on July 23, 2015 and issuable as of that date. On July 13, 2015, the Company entered a Shareholder Rights Plan (the “Rights Plan”) with Wells Fargo Bank, N.A., a

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 30, 2022
(Dollars in thousands, except share and per share information)
(Unaudited)

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 \$90.00 per Unit. On June 14, 2022, the Company's shareholders re-approved the Rights Plan at the 2022 annual meeting of shareholders. The Rights Plan will expire on the close of business on the date of our annual meeting of shareholders to be held in 2025, unless the Rights Plan is re-approved by shareholders at that annual meeting of shareholders.

(12) Litigation

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

(13) Related Party Transactions

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

On June 9, 2021, the Company entered into a Confidential Vendor Exclusivity Agreement (the "Famjams Agreement") with Famjams Trading LLC ("Famjams"), one of the Company's ten largest vendors, pursuant to which Famjams granted the Company the exclusive right to market, promote and sell products using the Medic Therapeutics and Safety Vital brand names and any substantially similar or directly competitive goods or services through the Company's television networks, website and mobile applications, platforms on social media and mobile host sites and brick and mortar retailing locations in North and South America, Europe and Asia during the five-year exclusivity period, unless earlier terminated pursuant to the terms of the Famjams Agreement. Until the expiration of the exclusivity period, such license is exclusive to the IMBI retailing channels. During the final year of the term of the Famjams Agreement, the parties are required to negotiate in good faith the terms of a five-year extension.

Pursuant to the Famjams Agreement, the Company agreed to issue to Famjams \$1,500 of RSUs, priced at the closing bid price of the Company's common stock on the Nasdaq Capital Market on the trading date immediately preceding the date of the Famjams Agreement – a total of 147,347 RSUs. One-fifth of the RSUs will vest annually, beginning on June 9, 2021 and ending on June 9, 2025. Famjams also agreed to provide the Company with a revolving loan in the amount of \$2,000 during the term of the Famjams Agreement. The \$1,500 aggregate market value on the date of the award is being amortized as cost of sales over the five-year commercial term.

The Company also agreed, pursuant to the Famjams Agreement, provided cash of \$6,000 to Famjams to be used as working capital by Famjams. This deposit will bear interest in the amount of 5% per annum and will become due and payable in full at the end of the term of the Famjams Agreement, or if the Famjams Agreement is extended for a five-year period, at the end of such renewal period. In the event of a default, the Company agreed that the intellectual property and trademarks associated with the Famjams products subject to the Famjams Agreement pledged as collateral fully satisfies any due and owing working capital amount owed by Famjams to the Company. Famjams is an affiliate of Michael Friedman, a director of the Company.

Additionally on June 9, 2021, iMedia Brands, Inc. entered into a Confidential Vendor Exclusivity Agreement (the "IWCA Agreement") with Invicta Watch Company of America, Inc. ("IWCA"), one of the Company's ten largest vendors, pursuant to which IWCA granted the Company the exclusive right to market, promote and sell watches and watch accessories using the Invicta brand names and any substantially similar or directly competitive goods or services through the Company's live or taped direct response video retail programming in North and South America during the five-year exclusivity period of the IWCA Agreement, unless earlier terminated pursuant to the terms of the IWCA Agreement. During the final year of the term of the IWCA Agreement, the parties are required to negotiate in good faith the terms of a five-year extension. This new agreement permits the Company to extend its exclusive relationship with one of its largest vendors, providing critical long-term stability to the Company's key vendor ranks.

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

July 30, 2022

(Dollars in thousands, except share and per share information)
(Unaudited)

Pursuant to the IWCA Agreement, the Company agreed to issue to IWCA \$4,500 of RSUs, priced at the closing bid price of the Company's common stock on the Nasdaq Capital Market on the trading date immediately preceding the date of the IWCA Agreement – a total of 442,043 RSUs. One-fifth of the RSUs will vest annually, beginning on June 9, 2021 and ending on June 9, 2025. IWCA also agreed to provide the Company with a revolving loan in the amount of \$3,000 during the first, second and third quarters of each of the Company's fiscal years during the term of the IWCA Agreement and \$4,000 during the fourth quarter of each of the Company's fiscal years during the term of the IWCA Agreement. IWCA is an affiliate of Eyal Lalo, the Company's Vice Chair.

On April 14, 2020, the Company entered into a common stock and warrant purchase agreement with certain individuals and entities, pursuant to which the Company sold shares of the Company's common stock and issued warrants to purchase shares of the Company's common stock in a private placement. Details of the common stock and warrant purchase agreement are described in Note 8 - "Shareholders' Equity." The purchasers consist of the following: Invicta Media Investments, LLC, Michael and Leah Friedman and Hacienda Jackson LLC. Invicta Media Investments, LLC purchased 734,394 shares of the Company's common stock and a warrant to purchase 367,196 shares of the Company's common stock for an aggregate purchase price of \$1,500. Michael and Leah Friedman purchased 727,022 shares of the Company's common stock and a warrant to purchase 367,196 shares of the Company's common stock for an aggregate purchase price of \$1,500. Sterling Time has standard payment terms with 90-day aging from receipt date for all purchase orders. If the Company's accounts payable balance to Sterling Time exceeds (a) \$3,000 in any given week during the Company's first three fiscal quarters through May 31, 2022 or (b) \$4,000 in any given week during the Company's fourth fiscal quarters of fiscal 2020 and fiscal 2021, the Company will pay the accounts payable balance owed to Sterling Time that is above these stated amounts. Following May 31, 2022, the Company's payment terms revert to standard 90-day aging terms as previously described.

On August 28, 2020, Invicta Media Investments, LLC purchased 256,000 shares of the Company's common stock pursuant to the Company's public equity offering.

Transactions with Sterling Time

The Company purchased products from Sterling Time, an affiliate of Mr. Friedman, in the aggregate amount of \$18,521 and \$49,376 during the first six months of fiscal 2022 and fiscal 2021. As of July 30, 2022, and January 29, 2022, the Company had a net trade receivable balance owed by Sterling Time of \$3,755 and \$1,356.

Transactions with Retailing Enterprises

As of July 30, 2022 and January 29, 2022, the Company had a net trade receivable balance owed by Retailing Enterprises, LLC of \$251 and \$251 relating to warehouse services provided by the Company. As of July 30, 2022 and January 29, 2022, the Company accrued commissions of \$43 and \$225 to Retailing Enterprises, LLC for Company sales of the Invincible Guarantee program. The Invincible Guarantee program is an Invicta watch offer whereby customers receive credit on watch trade-ins within a five-year period. The program is serviced by Retailing Enterprises, LLC.

Transactions with Famjams Trading

The Company purchased products from Famjams Trading LLC ("Famjams Trading"), an affiliate of Mr. Friedman, in the aggregate amount of \$13,911 and \$34,671 during the six months of 2022 and 2021. In addition, the Company provided third party logistic services and warehousing to Famjams Trading, totaling \$0 and \$4 during the six months of 2022 and 2021. As of July 30, 2022, and January 29, 2022, the Company had a net trade receivable balance owed by Famjams Trading of \$5,092 and \$4,974.

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 30, 2022
(Dollars in thousands, except share and per share information)
(Unaudited)

Transactions with TWI Watches

The Company purchased products from TWI Watches LLC ("TWI Watches"), an affiliate of Mr. Friedman, in the aggregate amount of \$95 and \$- during the first six months of fiscal 2022 and 2021. As of July 30, 2022 and January 29, 2022, the Company had a net trade payable balance owed to TWI Watches of \$134 and \$151.

Transactions with The Hub Marketing Services, LLC

The Company received marketing services from The Hub Marketing Services, LLC, an affiliate of Mr. Lalo, in exchange for payments in the aggregate amount of \$240 and \$380 during the first six months of fiscal 2022 and fiscal 2021. As of July 30, 2022 and January 29, 2022, the Company had a net trade payable balance owed to The Hub Marketing Services, LLC of \$120 and \$0.

(14) Restructuring Costs

During the second quarter of fiscal 2022, the Company implemented an additional cost optimization initiative. As a result of the second quarter fiscal 2022 cost optimization initiative, the Company recorded restructuring charges of \$2,939 for the six-month period ended July 30, 2022, which relate primarily to severance associated with the additional consolidation and elimination of positions across all the Company's reportable segments. These initiatives were substantially complete as of July 30, 2022.

The following table summarizes the significant components and activity under the restructuring program for the six-month period ended July 30, 2022:

	Balance at January 29, 2022	Charges	Cash Payments	Balance at July 30, 2022
Severance	\$ 557	\$ 2,124	\$ (1,593)	\$ 1,088
Other incremental costs	—	815	(815)	—
	<u>\$ 557</u>	<u>\$ 2,939</u>	<u>\$ (2,408)</u>	<u>\$ 1,088</u>

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

(15) Business Acquisitions - Divestitures

Acquisitions

1-2-3.tv Group

On November 5, 2021, the Company and its wholly-owned subsidiary iMedia & 1-2-3.tv Holding GmbH (the "Subsidiary") closed on the acquisition of 1-2-3.tv Group from Emotion Invest GmbH & Co. KG, BE Beteiligungen Fonds GmbH & Co. geschlossene Investmentkommanditgesellschaft and Iris Capital Fund II (collectively, the "1-2-3.tv Sellers").

At the closing of the acquisition, the Company acquired 1-2-3.tv Group from the Sellers for an aggregate purchase price of EUR 89,680 (\$103,621 based on the November 5, 2021 exchange rate) (the "Enterprise Value"). The Company paid to the Sellers EUR 1,832 (\$2,117 based on the November 5, 2021 exchange rate) for the 1-2-3.tv Group's cash on-hand as of July 31, 2021 and EUR 966 (\$1,116 based on the November 5, 2021 exchange rate) for the 1-2-3.tv Group's excess working capital above the 1-2-3.tv Group's trailing twelve-month average as of July 31, 2021. The Enterprise Value consideration consisted of the payment to the Sellers of EUR 68,200 in cash at closing (\$78,802 based on the November 5, 2021 exchange rate) and the Company entering into a seller note agreement in the principal amount of EUR 18,000 (\$20,800 based on the November 5, 2021 exchange rate) (the "seller notes") and fair value of EUR

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

July 30, 2022

(Dollars in thousands, except share and per share information)
(Unaudited)

18,800 (\$21,723 based on the November 5, 2021 exchange rate). The seller notes are payable in two EUR 9,000 (\$10,400 based on the November 5, 2021 exchange rate) installments due on the first and second anniversaries of the issuance date. The seller notes bear interest at a rate equal to 8.50% per annum, payable semi-annually commencing on the six-month anniversary of closing.

The acquisition of 1-2-3.tv was accounted for in accordance with ASC 805-10 "Business Combinations". The allocation of the purchase price was based upon a valuation, and the Company's estimates and assumptions of the assets acquired, and liabilities assumed. The allocation of the purchase price was based upon a preliminary valuation, and the Company's estimates and assumptions of the assets acquired, and liabilities assumed are subject to change within the measurement period pending the finalization of a valuation.

Purchase accounting with respect to tangible assets acquired and liabilities assumed have been completed, the total consideration of \$103,621 has been allocated to assets acquired and liabilities assumed based on their respective fair values as follows:

	Fair Value
Cash and cash equivalents	\$ 2,117
Accounts receivable, net	7,773
Inventory	18,815
Prepaid expenses	2,002
Fixed assets	5,093
Goodwill	70,634
Identifiable intangible assets acquired:	
Developed technology	5,200
Customer lists and relationships	2,310
Trademarks and trade names	15,368
Liabilities assumed	(25,691)
Total consideration	<u>\$ 103,621</u>

Goodwill has been measured as the excess of the total consideration over the amounts assigned to the identifiable assets acquired and liabilities assumed. Goodwill amounted to \$70,634, including assembled workforce.

During the first quarter ended April 30, 2022, the Company made certain adjustments to the preliminary price allocation made as of January 29, 2022 to better reflect the price allocated to goodwill and the identifiable intangible assets acquired. The Company determined these adjustments after additional analysis and assessment of the valuation methodologies. The current purchase price allocation may still be adjusted, as necessary, up to one year after the acquisition closing date if management obtains additional information regarding asset valuations and liabilities assumed.

The 1-2-3.tv Sellers may receive additional consideration from the Subsidiary, if earned, in the form of earn-out payments in the amount of up to EUR 14,000 based on revenues of the 1-2-3.tv Group during 2022, and up to an additional EUR 14,000 per year for 2023 and 2024 based on revenues of the 1-2-3.tv Group during each of 2023 and 2024, with the ability of the 1-2-3.tv Sellers to earn amounts in excess of the EUR 14,000 in 2023 and 2024 in the event the maximum earn-out payments are not earned in either 2022 or 2023, respectively; provided, that in no event shall the total earn-out amount exceed EUR 42,000 (\$48,531 based on the November 5, 2021 exchange rate). The Company has agreed to guarantee all obligations of its subsidiary to the 1-2-3.tv Sellers. As of November 5, 2021, the estimated fair value of the earn-out payment amounted to EUR 2,680 (\$3,097 based on November 5, 2021 exchange rate). As

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 30, 2022
(Dollars in thousands, except share and per share information)
(Unaudited)

of July 30, 2022, the estimated recorded liability of the earn-out payments was EUR 2,680 (\$2,741 based on the July 30, 2022 exchange rate).

Supplemental Pro Forma Information

1-2-3.tv had sales of approximately \$25,465 and \$63,401 for the three and six-months ended July 30, 2022, a significant portion of which was derived from its operations in Europe. 1-2-3.tv's results have been included since the date of the acquisition.

The unaudited proforma information below, as required by GAAP, assumes that the 1-2-3.tv Group had been acquired at the beginning of fiscal 2020 and includes the effect of transaction accounting adjustments. These adjustments include the amortization of acquired intangible assets, depreciation of the fair value step-up of acquired property, plant and equipment, amortization of inventory fair value step-up (assumed to be fully amortized in fiscal 2020) in connection with the acquisition.

This unaudited proforma financial information is presented for informational purposes only and is not necessarily indicative of the results of operations that would have resulted had the acquisition been in effect at the beginning of fiscal 2020. In addition, the unaudited proforma results are not intended to be a projection of future results and do not reflect any operating efficiencies or cost savings that might be achievable.

The following table presents proforma net sales and net loss data assuming 1-2-3.tv was acquired at the beginning of fiscal 2021:

	Three Month Period July 31, 2021(a)	Six Month Period July 31, 2021(a)
Net sales	\$ 155,758	\$ 320,122
Net loss	(5,623)	(17,168)

(a) The above proforma information is presented for the 1-2-3.tv acquisition as it is considered a material acquisition.

Synacor's Portal and Advertising Business

On July 30, 2021, the Company closed on the acquisition of Synacor's Portal and Advertising business segment. This acquisition allows the Company to leverage its interactive video expertise and national television promotional power, as well as its merchandising, customer solutions and fulfillment capabilities, to offer advertisers and consumer brands differentiated digital services that the Company believes will accelerate its timeline to become the leading single-source partner to advertisers seeking to use interactive video to drive growth. Synacor's Portal and Advertising, which iMedia has combined with its business Float Left, has been renamed to iMDS. iMDS is a leading video advertising platform monetizing 200+ million monthly users for its publishers by utilizing its proprietary technologies, first-party customer shopping data and interactive video services to drive engagement, traffic and conversion.

The acquisition of the Portal and Advertising business was accounted for in accordance with ASC 805-10 "Business Combinations". The total consideration transferred on the date of the transaction consisted of \$20,000 cash, the issuance of a \$10,000 seller notes and assumed liabilities with a fair value of \$7,864. The seller note is payable in \$1,000 quarterly installments over the next ten calendar quarters beginning with September 30, 2021. The seller notes bear interest at rates between 6% and 11% depending upon the period outstanding. The allocation of the purchase price was based upon a preliminary valuation, and the Company's estimates and assumptions of the assets acquired, and liabilities assumed are subject to change within the measurement period pending the finalization of a valuation.

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 30, 2022
(Dollars in thousands, except share and per share information)
(Unaudited)

Based on the valuation, the total consideration of \$30,400 has been allocated to assets acquired and liabilities assumed based on their respective fair values as follows:

	Fair Value
Accounts receivable and prepaids	\$ 7,516
Fixed assets	737
Right of use asset	205
Goodwill	23,806
Identifiable intangible assets acquired:	
Developed technology	1,100
Customer lists and relationships	4,900
Liabilities assumed	(7,864)
Total consideration	<u>\$ 30,400</u>

Goodwill has been measured as the excess of the total consideration over the amounts assigned to the identifiable assets acquired and liabilities assumed in the amount of \$23,806, which was primarily related to the acquisition of customer relationships, technology platforms, and goodwill.

Christopher & Banks

C&B is a specialty brand of privately branded women's apparel and accessories. The C&B brand was previously owned by Christopher & Banks Corporation, which filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in January 2021. On March 1, 2021, the Company entered into a licensing agreement with ReStore Capital, a Hilco Global company, whereby the Company will operate the C&B business throughout all sales channels, including digital, television, catalog, and brick and mortar retail, effective March 1, 2021. The Company also purchased certain assets related to the C&B eCommerce business, including primarily inventory, furniture, equipment, and certain intangible assets. The Company launched a new weekly C&B television program on its ShopHQ network, which will also promote the brand's website, christopherandbanks.com, its five retail store locations and its planned launch of C&B Stylists, an online interactive video platform that customizes wardrobe that is outfitted for customers by a C&B stylist.

On March 1, 2021, the Company acquired all the assets of Christopher & Banks, LLC. The acquisition of Christopher & Banks, LLC was accounted for in accordance with ASC 805-10 "Business Combinations". The total consideration transferred on the date of the transaction consisted of \$3,500 cash and assumed liabilities with a fair value of \$4,197. In addition, the Company is obligated to issue common shares to Hilco with a value of \$1,500 as additional consideration. The Company plans to issue these shares during fiscal 2022.

The final total consideration of \$5,000 has been allocated to assets acquired and liabilities assumed based on their respective fair values as follows:

	Fair Value
Inventory	\$ 4,100
Fixed assets	500
Goodwill	3,307
Identifiable intangible assets acquired:	
Developed technology	890
Customer lists and relationships	400
Liabilities assumed	(4,197)
Total consideration	<u>\$ 5,000</u>

iMEDIA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 30, 2022
(Dollars in thousands, except share and per share information)
(Unaudited)

Goodwill has been measured as the excess of the total consideration over the amounts assigned to the identifiable assets acquired and liabilities assumed in the amount of \$3,307, which was primarily related to the acquisition of the product designs and customer list.

Non-controlling Interests

Non-controlling interests (“NCI”) represent equity interests owned by outside parties. NCI may be initially measured at fair value or at the NCI’s proportionate share of the recognized amounts of the acquiree’s identifiable net assets. The choice of measurement is made on a transaction-by-transaction basis. iMedia elected to measure each NCI at its proportionate share of the recognized amounts of the acquiree’s identifiable net assets. The share of net assets attributable to NCI are presented as a component of equity. Their share of net income or loss and comprehensive income or loss is recognized directly in equity. Total comprehensive income or loss of subsidiaries is attributed to the shareholders of the Company and to the NCI, even if this results in the NCI having a deficit balance. As part of the divestiture the Company no longer had an NCI.

Divestitures

The Closeout.com

In June 2022, the Company completed the divestiture of its 51% owned subsidiary, TCO, LLC. The Company received consideration of \$3,505 in inventory and recorded a loss on divestiture of \$985. The results of operations from TCO were not considered to be significant to the Company.

(16) Subsequent Events

Seventh Amendment to the Siena Loan Agreement

On September 19, 2022, the parties to the Loan and Security Agreement entered into a Seventh Amendment to the Siena Loan Agreement (the “Seventh Amendment”), which revised the agreement to amend required minimum liquidity and maximum senior debt leverage ratio criteria among other terms and conditions set forth in the Loan Agreement.

Sale-Leaseback Transaction

The Company is currently marketing its two buildings located in Eden Prairie, which serve as the corporate headquarters and production studios for the Company, and its distribution center building located in Bowling Green, Kentucky. The current plan is to enter into a sales-leaseback transaction for one or more of the buildings which is expected to further strengthen the Company’s balance sheet. The buildings were recently appraised at approximately \$45 million in aggregate.

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 30, 2021. The amounts are presented in thousands, except share amounts, unless otherwise noted.

Cautionary Statement Concerning Forward-Looking Statements

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

Overview

Our Company

iMedia Brands, Inc. and its subsidiaries ("we," "our," "us," or the "Company") is an entertainment company capitalizing on the convergence of entertainment, ecommerce, and advertising. The Company owns a growing portfolio of vertically integrated television networks in the United States and Western Europe. We believe our growth strategy builds on our core strengths.

During fiscal 2021, we began reporting based on three reportable segments:

- Entertainment, which is comprised of our television networks, ShopHQ, ShopBulldogTV, ShopHQHealth, and 1-2-3.tv.
- Consumer Brands, which is comprised of C&B, and JW.
- Media Commerce Services, which is comprised of iMDS, and FL.

The corresponding current and prior period segment disclosures have been recast to reflect the current segment presentation.

Our Corporate Website

Our iMedia Brands corporate website is imediabrands.com and our Nasdaq trading symbols are IMBI and IMBIL. Our annual report is filed as our Form 10-K. We issue quarterly reports on Form 10-Q and our current second quarter press release is filed on Form 8-K. Proxy and information statements, and amendments to these reports if applicable, are available, without charge, in the investor relations section of our corporate website, imediabrands.com, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Copies also are available, without charge, by contacting our Legal Department, iMedia Brands, Inc., 6740 Shady Oak Road, Eden Prairie, Minnesota 55344-3433.

Our goal is to maintain the investor relations section of our corporate website as a way for investors to easily find information about us, including press releases, announcements of investor conferences, investor and analyst presentations and corporate governance. The information found on our corporate website is not part of this or any other report we file with, or furnish to, the SEC. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements and other information regarding us and other companies that file materials with the SEC electronically.

Summary Results for the Second quarter of Fiscal 2022

Consolidated net sales for our fiscal 2022 second quarter were \$133,233 compared to \$113,442 for our fiscal 2021 second quarter, which represents a 17.4% increase. We reported an operating loss of \$8,841 and a net loss of \$12,787 for our fiscal 2022 second quarter. We reported an operating loss of \$2,369 and a net loss of \$4,381 for our fiscal 2021 second quarter.

Consolidated net sales for the first six months of fiscal 2022 were \$287,778 compared to \$226,644 for the first six months of fiscal 2021, which represents an 27.0% increase. We reported an operating loss of \$15,354 and a net loss of \$25,002 for the first six months of fiscal 2022. The operating and net loss for the first six months of fiscal 2022 included transaction, settlement and integration costs totaling \$3,117, a loss on debt extinguishment of \$884, restructuring costs of \$2,939. We reported an operating loss of \$4,420 and a net loss of \$7,759 for the first six months of fiscal 2021. The operating and net loss for the first six months of fiscal 2021 included transaction, settlement and integration costs totaling \$1,921; and a loss on debt extinguishment of \$654.

Entertainment Segment

The entertainment segment is comprised of its television networks, ShopHQ, ShopBulldogTV, ShopHQHealth and 1-2-3.tv.

- **ShopHQ** is the Company's flagship, nationally distributed shopping entertainment network that offers a mix of proprietary, exclusive, and name-brand merchandise in the categories of Jewelry and Watches, Home, Beauty and Health, and Fashion and Accessories, directly to consumers 24 hours a day, 365 days a year using engaging interactive video.
- **ShopBulldogTV**, which launched in the fourth quarter of fiscal 2019, is a niche television shopping entertainment network that offers male-oriented products and services to men and to women shopping for men.
- **ShopHQHealth**, which launched in the second quarter of fiscal 2020, is a niche television shopping entertainment network that offers women and men products and services focused on health and wellness categories such as physical, mental and spiritual health, financial and motivational wellness, weight management and telehealth medical services.
- **1-2-3.tv**, which was acquired in November 2021, is the leading German interactive media company, disrupting Germany's TV retailing marketplace with its expertise in proprietary live and automated auctions that emotionally engage customers with 1-2-3.tv's balanced merchandising mix of compelling products shipped directly to their homes.

Each entertainment network offers engaging, interactive video programming distributed primarily in linear television through cable and satellite distribution agreements, agreements with telecommunication companies and arrangements with over-the-air broadcast television stations. This interactive programming is also streamed live online on the respective network's digital commerce platforms that sell products which appear on the Company's television networks as well as offer an extended assortment of online-only merchandise. These networks' interactive video is also available on leading social platforms over-the-top ("OTT") platforms and ConnectedTV platforms ("CTV") such as Roku, AppleTV, and Samsung connected televisions, mobile devices, including smartphones and tablets. The following table shows our Entertainment reporting segment merchandise mix as a percentage of net sales for the periods indicated.

	For the Three Months Ended		For the Six Months Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Entertainment:				
Jewelry & Watches	37.3 %	40.5 %	37.2 %	40.7 %
Health, Beauty & Wellness	18.8 %	24.0 %	18.9 %	22.9 %
Home	16.3 %	12.0 %	17.0 %	13.2 %
Fashion & Accessories	15.3 %	12.7 %	15.7 %	12.4 %
Other (primarily shipping & handling revenue)	12.3 %	10.8 %	11.2 %	10.8 %
Total entertainment net sales	100 %	100 %	100 %	100 %

Consumer Brands Segment

The consumer brands segment is comprised of Christopher & Banks ("C&B"), and J.W. Hulme Company ("JW").

- **Christopher & Banks** – The Company's flagship consumer brand, C&B, was founded in 1956 and is a brand that specializes in offering women's value-priced apparel and accessories that cater to women of all sizes, from petite to missy to plus sizes. Its internally designed, modern and comfortable apparel and accessories provide customers with an exclusive experience. The brand was acquired by us in partnership with Hilco Capital in March 2021. C&B's omni-channel business model includes digital advertising driven online revenue, five brick and mortar retail stores, direct-to-consumer catalogs and a growing wholesaling business driven primarily by C&B's television programming on our entertainment networks.
- **J.W. Hulme Company** – JW was founded in 1905 and is an iconic brand, offering men and women high-quality accessories made by craftswomen and craftsmen the world over. The brand was acquired by the Company in 2019. JW's omni-channel business model includes one brick and mortar retail store, direct-to-consumer catalogs, digital advertising driven online revenue and a growing wholesaling business driven primarily by JW's television programming on our entertainment networks.

	For the Three Months Ended		For the Six Months Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Consumer Brands:				
Fashion & Accessories	91.8 %	83.3 %	88.5 %	82.9 %
Home	4.4 %	16.3 %	7.8 %	16.5 %
Jewelry & Watches	0.4 %	0.6 %	0.8 %	1.3 %
Other (primarily shipping & handling revenue)	3.4 %	(0.2)%	2.9 %	(0.7)%
Total consumer brand net sales	100 %	100 %	100 %	100 %

Media Commerce Services Segment

The media commerce services segment is comprised of iMedia Digital Services (“iMDS”) and Float Left (“FL”).

- **iMedia Digital Services** – The Company’s flagship media commerce service brand is iMDS, which is a digital advertising platform specializing in engaging shopping enthusiasts online and in OTT marketplaces. iMDS’s suite of services includes its Retail Media Exchange (“RME”) and value-added services (“VAS”). iMDS’s growth strategy is driven by its ability to differentiate its advertising platform by offering solutions that include our first-party shopping enthusiast data created continually by our entertainment and consumer brand segments. iMDS is primarily comprised of Synacor’s Portal and Advertising business, which the Company acquired in July of 2021.
- **Float Left** – FL is an OTT SaaS app platform that offers media and consumer brands the digital tools they need to deliver engaging television experiences to their audiences within the OTT and ConnectedTV ecosystems. FL offers custom, natively built solutions for Roku, Fire TV, Apple TV, Web, iOS and Android Mobile, and various smart TVs. Its growth strategy is driven by its ability to integrate iMDS’s advertising operations within its OTT SaaS platform and continue to deliver sophisticated end-to-end OTT apps. FL was acquired by us in 2019.

The following table shows our Media Commerce Services reporting segment merchandise mix as a percentage of net sales for the periods indicated.

	For the Three Months Ended		For the Six Months Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Media Commerce Services:				
Advertising & Search	100.0 %	100.0 %	100.0 %	100.0 %
Total media commerce services net sales	100 %	100 %	100 %	100 %

Results of Operations

Selected Condensed Consolidated Financial Data Operations

	Dollar Amount as a Percentage of Net Sales for the Three Months Ended		Dollar Amount as a Percentage of Net Sales for the Six Months Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Gross margin	36.3 %	42.3 %	38.1 %	41.5 %
Operating expenses:				
Distribution and selling	27.6 %	31.2 %	27.8 %	30.7 %
General and administrative	7.5 %	6.5 %	8.2 %	6.1 %
Depreciation and amortization	5.8 %	6.7 %	6.5 %	6.6 %
Restructuring costs	2.1 %	— %	1.0 %	— %
Total operating expenses	43.0 %	44.4 %	43.5 %	43.4 %
Operating loss	(6.6)%	(2.1)%	(5.3)%	(2.0)%

Consolidated Net Sales

Consolidated net sales, inclusive of shipping and handling revenue, for the fiscal 2022 second quarter were \$133,233, a 17.4% increase from consolidated net sales of \$113,442 for the comparable prior year quarter. Consolidated net sales, inclusive of shipping and handling revenue, for the first six months of fiscal 2022 were \$287,778, a 27.0% increase from consolidated net sales of \$226,644 for the comparable prior year period.

Gross Profit

	For the Three Months Ended		Change	% Change
	July 30, 2022	July 31, 2021		
Entertainment	\$ 40,194	\$ 41,672	\$ (1,478)	(3.5)%
Consumer Brands	4,923	5,773	(850)	(14.7)%
Media Commerce Services	3,296	541	2,755	509.2 %
Consolidated gross profit	<u>\$ 48,413</u>	<u>\$ 47,986</u>	<u>\$ 427</u>	<u>0.9 %</u>

	For the Six Months Ended		Change	% Change
	July 30, 2022	July 31, 2021		
Entertainment	\$ 92,430	\$ 84,636	\$ 7,794	9.2 %
Consumer Brands	10,754	8,076	2,678	33.2 %
Media Commerce Services	6,566	1,281	5,285	412.6 %
Consolidated gross profit	<u>\$ 109,750</u>	<u>\$ 93,993</u>	<u>\$ 15,757</u>	<u>16.8 %</u>

Consolidated gross profit for the second quarter of fiscal 2022 was \$48,413 an increase of \$427, or 0.9%, compared to the second quarter of fiscal 2021. The Entertainment segment's gross profit decreased \$1,479, or (3.5)% compared to the second quarter of fiscal 2021 and was primarily driven by promotional pricing. The Consumer Brands segment's gross profit decreased by \$850, or (14.7)% compared to the second quarter of fiscal 2021 and was primarily driven by favorable gross profit due to the discounted Christopher & Banks merchandise purchased in 2021. The Media Commerce Services segment's gross profit increased by \$2,755, or 509.3% compared to the second quarter of fiscal 2021 and was primarily driven by sales increases from the July 2021 acquisition of iMDS.

Consolidated gross margin percentages for the second quarters of fiscal 2022 and fiscal 2021 were 36.3% and 42.3%, which represent a 600-basis point decrease. The Entertainment segment's gross margin percentages for the second quarters of fiscal 2022 and fiscal 2021 were 36.6% and 41.0%, which represent a 440-basis point decrease. Sales mix is impacting the gross margin rate due to promotional pricing and blending the lower gross margin rates of 1-2-3.tv into the Entertainment segment. Gross margin rates for 1-2-3.tv, which was acquired in November 2021, are less than the aggregate gross margin rate for the Entertainment segment compared to the prior year. The Consumer Brands segment's gross margin percentages for the second quarters of fiscal 2022 and fiscal 2021 were 47.2% and 55.4%, which represent an 820-basis point decrease. The decrease in the gross margin percentage reflects the one-time favorable gross margin in 2021 due to the discounted merchandise purchased in 2021. The Media Commerce Services segment's gross margin percentages for the second quarters of fiscal 2022 and fiscal 2021 were 25.5% and 37.2%. Sales mix is impacting gross margin rate due to blending the lower-margin rates from iMDS.

Consolidated gross profit for the first six months of fiscal 2022 was \$109,750, an increase of \$15,757, or 16.8%, compared to the first six months of fiscal 2021. The Entertainment segment's gross profit increased \$7,794, or 9.2% compared to the first six months of fiscal 2021 and was primarily driven by the November 2021 acquisition of 1-2-3.tv. The Consumer Brands segment's gross profit increased by \$2,678, or 33.2% compared to the first six months of fiscal 2021 and was primarily driven by the March 2021 acquisition of Christopher & Banks. The Media Commerce Services segment's gross profit increased by \$5,285, or 412.6% compared to the first six months of fiscal 2021 and was primarily driven by the July 2021 acquisition of iMDS.

Consolidated gross margin percentages for the six months of fiscal 2022 and fiscal 2021 were 38.1% and 41.5%, which represent a 340-basis point decrease. The Entertainment segment's gross margin percentages for the six months of fiscal 2022 and fiscal 2021 were 38.4% and 40.7%, which represent a 223-basis point decrease. Sales mix is impacting the gross margin rate due to promotional pricing and blending the lower gross margin rates of 1-2-3.tv into the Entertainment segment. Gross margin rates for 1-2-3.tv, which was acquired in November 2021, are less than the aggregate gross margin rate for the Entertainment segment compared to the prior year. The Consumer Brands segment's gross margin percentages for the six months of fiscal 2022 and fiscal 2021 were 46.5% and 52.0% which represent a 550-basis point decrease. The decrease in the gross margin percentage reflects the one-time favorable gross margin rates in 2021 due to the discounted inventory purchased in 2021. The Media Commerce Services segment's gross margin percentages for the six months of fiscal 2022 and fiscal 2021 were 27.1% and 41.4%, which represent a 1430-basis point decrease Sales mix is impacting gross margin rate and was primarily due to blending the lower-margin rates from iMDS.

Operating Expenses

Total operating expenses for the fiscal 2022 second quarter were approximately \$57,254 compared to \$50,355 for the comparable prior year period, an increase of 13.7%. Total operating expenses as a percentage of net sales were 43.0% during the second quarter of fiscal 2022, compared to 44.4% during the comparable prior year period of fiscal 2021. Total operating expenses for the fiscal 2022 second quarter and the fiscal 2021 second quarter included transaction, settlement and integration costs of \$996 and \$1,220, as well as restructuring costs of \$2,779 and \$0, respectively.

Total operating expenses for the first six months of fiscal 2022 were approximately \$125,104 compared to \$98,413 for the comparable prior year period, an increase of 27.1%. Total operating expenses for the first six months of fiscal 2022 included transaction, settlement and integration costs of \$3,117 and restructuring costs of \$2,939. Total operating expenses for the first six months of fiscal 2021 included transaction, settlement and integration costs of \$1,921 and restructuring costs of \$0. Excluding transaction, settlement and integration costs and restructuring costs, total operating expenses as a percentage of net sales for the second quarter and first six months of fiscal 2022 were 38.4% and 41.4%, compared to 43.3% and 42.6% for the second quarter and first six months of fiscal 2021.

Distribution and selling expense increased \$1,383, or 3.9%, to \$36,740, or 27.6% of net sales during the fiscal 2022 second quarter compared to \$35,357, or 31.2% of net sales for the comparable prior year fiscal quarter. The increase in distribution and selling during fiscal 2022 second quarter is primarily attributable to the November 2021 acquisition of 1-2-3.tv and increase in program distribution.

Distribution and selling expense increased \$10,284, or 14.8%, to \$79,889, or 27.8% of net sales during the first six months of fiscal 2022 compared to \$69,605, or 30.7% of net sales for the comparable prior year period. The increase in distribution and selling during fiscal 2022 during the first six months of fiscal 2021 is attributable to the November 2021 acquisition of 1-2-3.tv and increase in program distribution.

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

General and administrative expense for the fiscal 2022 second quarter increased \$2,599, or 35.2%, to \$9,986 or 7.5% of net sales, compared to \$7,387 or 6.5% of net sales for the comparable prior year fiscal quarter. The increase in general and administrative expenses during fiscal 2022 second quarter is primarily attributable to the acquisitions of 1-2-3.tv and iMDS.

General and administrative expense for the first six months of fiscal 2022 increased \$9,811, or 71.0%, to \$23,633 or 8.2% of net sales, compared to \$13,822 or 6.1% of net sales for the comparable prior year period. For the first six months of fiscal 2022, The increase in general and administrative expenses during fiscal 2022 first quarter is primarily attributable to the acquisitions of 1-2-3.tv and iMDS.

Depreciation and amortization expense for the fiscal 2022 second quarter increased \$139, or 1.8%, to \$7,749 compared to \$7,610 for the comparable prior year period. Depreciation and amortization expense as a percentage of net sales for the second quarters of fiscal 2022 and fiscal 2021 was 5.8% and 6.7%. The increase in depreciation and amortization expense for the second quarter of fiscal 2022 was primarily due to the incremental depreciation and an increase in amortization expense generated from the 2021 acquisitions, including, 1-2-3.tv, iMDS and Christopher & Banks.

Depreciation and amortization expense for the first six months of fiscal 2022 amounted to \$18,643, an increase of \$3,657, or 24.4%, compared to \$14,986 for the same prior year period. Depreciation and amortization expense as a percentage of net sales for the first six months of fiscal 2022 and 2021 was 6.5% and 6.6%. The increase in depreciation and amortization expense for the second quarter of fiscal 2022 was primarily due to the incremental depreciation and an increase in amortization expense generated from the 2021 acquisitions, including, 1-2-3.tv, iMDS and Christopher & Banks.

Restructuring Costs

During the second quarter of fiscal 2022, the Company implemented cost savings initiatives. As a result of the second quarter fiscal 2022 cost optimization initiative, the Company recorded restructuring charges of \$2,939 for the six-month period ended July 30, 2022,

which relate primarily to severance associated with the additional consolidation and elimination of positions across all the Company's reportable segments. These initiatives were substantially complete and \$1,088 remains unpaid as of July 30, 2022.

Operating Loss

For the fiscal 2022 second quarter, we reported an operating loss of approximately \$8,841 compared to operating loss of \$2,369 for the fiscal 2021 second quarter. The Entertainment segment reported an operating loss of \$12,949, Consumer Brands segment reported operating income of \$2,623, and Media Commerce Services segment reported operating income of \$1,485 for the fiscal 2022 second quarter compared to operating loss of \$3,311 for the Entertainment segment, and operating income of \$1,200 for Consumer Brands segment, and an operating loss of \$258 for Media Commerce Services segment for the fiscal 2021 second quarter. For the second quarter of fiscal 2022, Entertainment segment's operating loss increased primarily as a result of net sales declines from ShopHQ, margin rate change described above and increases in operating expenses from the November 2021 acquisition of 1-2-3.tv. The Consumer Brands segment's operating income increased during the fiscal 2022 second quarter primarily from lower transition costs compared to those incurred in 2021. The Media Commerce Services segment's operating income increased during the fiscal 2022 first quarter primarily driven by the profitable sales growth of iMDS, which was acquired in July 2021.

For the six months ended July 30, 2022, we reported an operating loss of approximately \$15,354 compared to an operating loss of \$4,420 for the comparable prior year period. The Entertainment, Consumer Brands, and Media Commerce Services segments reported an operating loss of \$22,124, operating income of \$4,450, and operating income of \$2,320 for the six months ended July 30, 2022, compared to operating losses of \$4,812, operating income of \$519 and operating losses of \$127 for the six months ended July 30, 2022. The Entertainment segment's operating loss increased primarily as a result of net sales declines from ShopHQ, margin rate change described above and increases in operating expenses from the November 2021 acquisition of 1-2-3.tv. The Consumer Brands segment's operating income increased primarily from the 49% increase in net sales driven by the March 2021 acquisition of Christopher & Banks. The Media Commerce Services segment's operating income increased primarily driven by the profitable sales growth of iMDS, which was acquired in July 2021.

Interest Expense, Net

Net interest expense for the fiscal 2022 second quarter increased \$2,759, or 192.5%, to \$4,074 compared to \$1,381 for the comparable prior year period. The increase is attributable to a higher average debt balance during the current year and higher interest rates.

Net interest expense for the first six months of fiscal 2022 increased \$7,141, or 265.7%, to \$9,835 compared to \$2,694 for the comparable prior year period. The increase is attributable to a higher average debt balance during the current year and higher interest rates.

Effect of Foreign Exchange Rates

In November of 2021, we acquired a foreign subsidiary, 1-2-3.tv, which reports its financial information in Euros. For the six- months ended July 30, 2022, we recognized foreign translation adjustments of (\$7,276), which is part of other comprehensive income. Below is a summary of changes in foreign exchange rates for fiscal 2022 and 2021:

	July 30, 2022	January 29, 2022
Foreign Exchange Rate (USD / Euro) - Closing	\$ 1.023	\$ 1.115
% Change from prior year	(8.3)%	

The average exchange rate was \$1.045 for the three months ended July 30, 2022.

Net Loss

For the fiscal 2022 second quarter, we reported a net loss of \$12,691, or (\$0.48) per share, on 26,662,037 weighted average basic common shares outstanding compared with net loss of \$4,249, or (\$0.23) per share, on 19,101,652 weighted average basic common shares outstanding in the fiscal 2021 second quarter. The net loss for the second quarter of fiscal 2022 included transaction, settlement and integrations costs totaling \$996, interest expense of \$4,040, loss on debt extinguishment of \$884 and restructuring costs of \$2,779. The net loss for the second quarter of fiscal 2021 included transaction, settlement and integrations costs totaling \$1,220, interest expense of \$1,381 and loss on debt extinguishment of \$654.6

The net loss for the first six months of fiscal 2022 was \$24,587 compared to a net loss of \$7,476 for the comparable prior year period, an increase of 54.8%. Net loss for fiscal 2022 included transaction, settlement and integrations costs totaling \$3,117, interest expense of \$9,835, loss on debt extinguishment of \$884 and restructuring costs of \$2,939. The net loss for the first six months of fiscal 2021 included interest expense of \$2,694, transaction, settlement and integrations costs totaling \$1,921, loss on debt extinguishment of \$654 and restructuring costs of \$0. For the second quarters of fiscal 2022 and fiscal 2021, the net loss reflects an income tax provision of (\$16). For the first six months of fiscal 2022 and fiscal 2021 the net loss reflects an income tax provision of (\$32). The income tax provision for these periods relates to state income taxes payable on certain income for which there is no loss carryforward benefit available. We have not recorded any income tax benefit on previously recorded net losses due to the uncertainty of realizing income tax benefits in the future as indicated by our recording of an income tax valuation allowance. Based on our recent history of losses, a full valuation allowance has been recorded and was calculated in accordance with GAAP, which places primary importance on our most recent operating results when assessing the need for a valuation allowance. We will continue to maintain a valuation allowance against our net deferred tax assets, including those related to net operating loss carryforwards, until we believe it is more likely than not that these assets will be realized in the future.

Adjusted EBITDA Reconciliation

Adjusted EBITDA (as defined below) for the second quarter of fiscal 2022 was \$5,082 compared to Adjusted EBITDA of \$8,312 for the fiscal 2021 second quarter. For the six-month period ended July 30, 2022, Adjusted EBITDA was \$14,270 compared with \$16,448 for the comparable prior year period.

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

	Three Months Ended		Six Months Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Net loss attributable to shareholders	\$ (12,691)	\$ (4,249)	\$ (24,587)	\$ (7,476)
Adjustments:				
Depreciation and amortization (a)	8,700	8,562	20,431	16,888
Interest income and other	(42)	(39)	(210)	(39)
Interest expense	4,040	1,381	9,894	2,694
Income taxes	16	15	32	30
EBITDA (b)	<u>\$ 23</u>	<u>\$ 5,670</u>	<u>\$ 5,560</u>	<u>\$ 12,097</u>
A reconciliation of EBITDA to Adjusted EBITDA is as follows:				
EBITDA (b)	\$ 23	\$ 5,670	\$ 5,560	\$ 12,097
Adjustments:				
Transaction, settlement and integration costs, net (c)	996	1,220	3,117	1,921
Non-cash share-based compensation expense	1,124	768	2,108	1,435
Loss on debt extinguishment	884	654	884	654
Loss on divestiture	985	—	985	—
Change in fair value of contract liability, net	(1,937)	—	(1,937)	—
Restructuring Costs	2,779	—	2,939	—
Other	228	—	614	341
Adjusted EBITDA (b)	<u>\$ 5,082</u>	<u>\$ 8,312</u>	<u>\$ 14,270</u>	<u>\$ 16,448</u>

- (a) Includes distribution facility depreciation of \$950 and \$1,788 and \$951 and \$1,902 for the three and six-month periods ended July 30, 2022, and July 31, 2021. Distribution facility depreciation is included as a component of cost of sales within the accompanying condensed consolidated statements of operations. Includes amortization expense related to the television broadcast rights totaling \$5,150 and \$13,072 and \$6,100 and \$11,200.
- (b) EBITDA as defined for this statistical presentation represents net income (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); transaction, settlement and integration costs; restructuring costs; non-cash impairment charges and write downs; one-time customer concessions; loss on debt extinguishment; executive and management transition costs; rebranding costs; and non-cash share-based compensation expense.
- (c) Transaction, settlement and integration costs, net for the three and six-month period ended July 30, 2022 include transaction and integration costs related primarily to the C&B, iMDS and 1-2-3.tv business acquisitions. Transaction, settlement and integration costs, net, for the three and six-month period ended July 31, 2021 include consulting fees incurred to explore additional loan financings, settlement costs, and incremental COVID-19 related legal costs.

We use "Adjusted EBITDA" to adequately assess the operating performance of our video and digital businesses and 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.

Results of Operations – Reporting Segments

The following table sets forth, for the periods indicated, certain statement of operations data for each segment:

	Three Months Ended				Six Months Ended			
	July 30, 2022		July 31, 2021		July 30, 2022		July 31, 2021	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Net Sales								
Entertainment	\$ 109,888	82 %	\$ 101,568	90 %	\$ 240,461	84 %	\$ 208,030	92 %
Consumer Brands	10,429	8 %	10,418	9 %	23,128	8 %	15,520	7 %
Media Commerce Services	12,916	10 %	1,456	1 %	24,189	8 %	3,094	1 %
Total net sales	\$ 133,233	100 %	\$ 113,442	100 %	\$ 287,778	100 %	\$ 226,644	100 %
Gross Margin								
Entertainment	\$ 40,194	83 %	\$ 41,672	87 %	\$ 92,430	84 %	\$ 84,636	90 %
Consumer Brands	4,923	10 %	5,773	12 %	10,754	10 %	8,076	9 %
Media Commerce Services	3,296	7 %	541	1 %	6,566	6 %	1,281	1 %
Total gross margin	\$ 48,413	100 %	\$ 47,986	100 %	\$ 109,750	100 %	\$ 93,993	100 %
Operating Income (Loss)								
Entertainment	\$ (12,949)	146 %	\$ (3,311)	140 %	\$ (22,124)	144 %	\$ (4,812)	109 %
Consumer Brands	2,623	(30)%	1,200	(51)%	4,450	(29)%	519	(12)%
Media Commerce Services	1,485	(17)%	(258)	11 %	2,320	(15)%	(127)	3 %
Total operating income (loss)	\$ (8,841)	100 %	\$ (2,369)	100 %	\$ (15,354)	100 %	\$ (4,420)	100 %

Entertainment Segment

The entertainment segment is comprised of our television networks: ShopHQ, ShopBulldogTV, ShopHQHealth, and 1-2-3.tv. The following table summarizes net sales by product category and other information from statements of operations for the entertainment segment:

	Three Months Ended				Six Months Ended			
	July 30, 2022		July 31, 2021		July 30, 2022		July 31, 2021	
	Amount	% of Rev	Amount	% of Rev	Amount	% of Rev	Amount	% of Rev
Entertainment:								
Jewelry & Watches	\$ 41,013	37.3 %	\$ 41,169	40.5 %	\$ 89,401	37.2 %	\$ 84,755	40.7 %
Health, Beauty & Wellness	20,666	18.9 %	24,422	24.0 %	45,512	19.0 %	47,692	22.9 %
Home	17,894	16.3 %	12,157	12.0 %	40,957	17.0 %	27,356	13.2 %
Fashion & Accessories	16,792	15.3 %	12,872	12.6 %	37,757	15.7 %	25,813	12.3 %
Other (primarily shipping & handling revenue)	13,523	12.3 %	10,948	10.8 %	26,834	11.2 %	22,414	10.8 %
Total entertainment revenues	\$ 109,888	100.0 %	\$ 101,568	100.0 %	\$ 240,461	100.0 %	\$ 208,030	100.0 %
Gross margin	\$ 40,194	36.6 %	\$ 41,672	41.0 %	\$ 92,430	38.4 %	\$ 84,636	40.7 %
Operating loss	\$ (12,949)	(11.8)%	\$ (3,311)	(3.3)%	\$ (22,124)	(9.2)%	\$ (4,812)	(2.3)%

[Table of Contents](#)

Entertainment net sales increased \$8,320 or 8.2% for the second quarter of fiscal 2022 when compared to the previous fiscal second quarter. For 2022, the increase in net sales was primarily due to the November 2021 acquisition of 1-2-3.tv, offset by decreases in ShopHQ merchandise sales.

Entertainment net sales increased \$32,431 or 15.6% for the first six months of fiscal 2022 when compared to the previous fiscal six-month period. For 2022, the increase in net sales was primarily due to the November 2021 acquisition of 1-2-3.tv, offset by decreases in ShopHQ merchandise sales.

Entertainment gross margin percentage was 36.6% and 41.0% for the second quarter of fiscal 2022 and 2021, respectively. For 2022, the 444-basis point decrease was primarily attributable to promotional pricing and blending the lower gross margin rates of 1-2-3.tv into the Entertainment segment. Gross margin rates for 1-2-3.tv, which was acquired in November 2021, are less than the aggregate gross margin rate for the Entertainment segment compared to the prior year.

Entertainment gross margin percentage was 38.4% and 40.7% for the first six months of fiscal 2022 and 2021, respectively. For 2022, the 223-basis point decrease was primarily attributable to promotional pricing and blending the lower gross margin rates of 1-2-3.tv into the Entertainment segment. Gross margin rates for 1-2-3.tv, which was acquired in November 2021, are less than the aggregate gross margin rate for the Entertainment segment compared to the prior year.

Entertainment operating loss was 11.8% and 3.3% for the second quarter of fiscal 2022 and 2021, respectively. For 2022, the Entertainment segment's operating loss increased primarily as a result of net sales declines from ShopHQ, margin rate change described above and operating expenses from the November 2021 acquisition of 1-2-3.tv of \$10,812.

Entertainment operating loss was 9.2% and 2.3% for the first six months of fiscal 2022 and 2021, respectively. For 2022, the Entertainment segment's operating loss increased primarily as a result of net sales declines from ShopHQ, margin rate change described above and operating expenses from the November 2021 acquisition of 1-2-3.tv of \$24,555.

Consumer Brands Segment

The consumer brands segment is comprised of C&B, and JW. The following table summarizes net sales by product category and other information from statements of operations for the consumer brands segment:

	Three Months Ended				Six Months Ended			
	July 30, 2022		July 31, 2021		July 30, 2022		July 31, 2021	
	Amount	% of Rev	Amount	% of Rev	Amount	% of Rev	Amount	% of Rev
Consumer Brands:								
Fashion & Accessories	\$ 9,574	91.8 %	\$ 8,673	83.3 %	\$ 20,471	88.5 %	\$ 12,867	82.9 %
Home	458	4.4 %	1,704	16.3 %	1,807	7.8 %	2,553	16.3 %
Jewelry & Watches	38	0.4 %	65	0.6 %	179	0.8 %	202	1.3 %
Other (primarily shipping & handling revenue)	359	3.4 %	(24)	(0.2)%	671	2.9 %	(102)	(0.7)%
Total consumer brands revenues	\$ 10,429	100.0 %	\$ 10,418	100.0 %	\$ 23,128	100.0 %	\$ 15,520	100.0 %
Gross margin	\$ 4,923	47.2 %	\$ 5,773	55.4 %	\$ 10,754	46.5 %	\$ 8,076	52.0 %
Operating income (loss)	\$ 2,623	25.2 %	\$ 1,200	11.5 %	\$ 4,450	19.2 %	\$ 519	3.3 %

Consumer brands net sales for the consumer brands segment was comparable year-over-year for the second quarter of fiscal 2022, when compared to the comparable prior year period. Growth in fashion and accessories and shipping revenue, was offset by sales declines in home categories.

Consumer brands net sales for the consumer brands segment increased \$7,608 or 49.0% for the first six months of fiscal 2022, when compared to the comparable prior year period. For 2022, the increase in net sales was primarily due to the March 2021 acquisition of Christopher & Banks.

Consumer brands gross margin percentage was 47.2% and 55.4% for the second quarter of fiscal 2022 and 2021, respectively. For fiscal 2022, the 820-basis point decrease in the gross margin percentage is from lower margins compared to the one-time favorable gross margin in 2021 due to the discounted merchandise purchased in 2021.

Consumer brands gross margin percentage was 46.5% and 52.0% for the first six months of fiscal 2022 and 2021, respectively. For fiscal 2022, the 550-basis point decrease in gross margin percentage is from lower margins compared to the one-time favorable gross margin in 2021 due to the discounted merchandise purchased in 2021.

Consumer brands operating income as a percentage of sales was 25.2% and 11.5% for the second quarter of fiscal 2022 and 2021, respectively. The increase in operating income as a percentage of sales in 2022 was primarily attributable to lower transition costs relating to the 2021 acquisition of Christopher & Banks.

Consumer brands operating income as a percentage of sales was 19.2% and 3.3% for the first six months of fiscal 2022 and 2021, respectively. The increase in operating income as a percentage of sales in 2022 was primarily attributable to the increase in net sales due to the 2021 acquisition of Christopher & Banks.

Media Commerce Services Segment

The media commerce services segment is comprised of iMDS and FL. The following table summarizes net sales by product category and other information from statements of operations for the media commerce services segment:

	Three Months Ended				Six Months Ended			
	July 30, 2022		July 31, 2021		July 30, 2022		July 31, 2021	
	Amount	% of Rev	Amount	% of Rev	Amount	% of Rev	Amount	% of Rev
Media Commerce Services:								
Advertising & Search	\$ 12,916	100.0 %	\$ 1,456	100.0 %	\$ 24,189	100.0 %	\$ 3,094	100.0 %
Total media commerce services revenues	<u>\$ 12,916</u>	<u>100.0 %</u>	<u>\$ 1,456</u>	<u>100.0 %</u>	<u>\$ 24,189</u>	<u>100.0 %</u>	<u>\$ 3,094</u>	<u>100.0 %</u>
Gross margin	\$ 3,296	25.5 %	\$ 541	37.2 %	\$ 6,566	27.1 %	\$ 1,281	41.4 %
Operating income (loss)	<u>\$ 1,485</u>	<u>11.5 %</u>	<u>\$ (258)</u>	<u>(17.7)%</u>	<u>\$ 2,320</u>	<u>9.6 %</u>	<u>\$ (127)</u>	<u>(4.1)%</u>

Media commerce services net sales increased \$11,460 or 787.1% for the second quarter of fiscal 2022 when compared to the previous fiscal quarter. For 2022, the increase in net sales was primarily due to the July 2021 acquisition of iMDS.

Media commerce services net sales increased \$21,095 or 681.8% for the first six months of fiscal 2022 when compared to the previous six months of fiscal 2021. For 2022, the increase in net sales was primarily due to the July 2021 acquisition of iMDS.

Media commerce services gross margin percentage was 25.5% and 37.2% for the second quarter of 2022 and 2021, respectively. For fiscal 2022, the 1,165-basis point decrease was primarily due to blending the lower-margin rates from iMDS.

Media commerce services gross margin percentage was 27.1% and 41.4% for the first six months of 2022 and 2021, respectively. For fiscal 2022, the 1,425-basis point decrease was primarily due to blending the lower-margin rates from iMDS.

Media commerce services operating income (loss) was 11.5% and (17.7)% of sales for the second quarter of fiscal 2022 and 2021, respectively. For 2022, the increase in operating income as a percentage of sales is primarily due to the profitable sales growth of iMDS which was acquired in July 2021.

Media commerce services operating income (loss) was 9.6% and (4.1)% of sales for the first six months of fiscal 2022 and 2021, respectively. For 2022, the increase in operating income as a percentage of sales is primarily due to the profitable sales growth of iMDS, which was acquired in July 2021.

Critical Accounting Policies and Estimates

A discussion of the critical accounting policies, estimates, and assumptions are discussed in detail in our annual report on Form 10-K for the fiscal year ended January 29, 2022 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 July 30, 2022, we had cash and restricted cash of \$21,477. In addition, under the revolving loan under the Loan Agreement, we are required to maintain a minimum of \$10,000 of unrestricted cash plus unused line availability at all times. As of January 29, 2022, we had cash of \$13,188. For the first six months of fiscal 2022, working capital decreased (\$10,005) to \$62,103 (see "Cash Requirements" below for additional information on changes in working capital accounts). The current ratio (our total current assets over total current liabilities) was 1.4 at July 30, 2022 and 1.4 at January 29, 2022.

The Company is required to keep cash in a restricted account in order to maintain letters of credit to both purchase inventory as well as secure the Company's corporate purchasing card program. Any interest earned is recorded in that period. The Company had \$1,575 in restricted cash accounts as of July 30, 2022.

8.50% Senior Unsecured Notes

On September 28, 2021, we sold and issued \$80,000 aggregate principal amount of 8.50% Senior Unsecured Notes due 2026 (the "2026 Notes") in an underwritten public offering. The 2026 Notes pay interest quarterly in arrears on March 31, June 30, September 30 and December 31 of each year, commencing on December 31, 2021, at a rate of 8.50% per year, and are scheduled to mature on September 30, 2026. The 2026 Notes were issued in denominations of \$25.00 and are listed on The Nasdaq Stock Market, LLC under the symbol "IMBIL".

The net proceeds from the offering were approximately \$73,700, after deducting the underwriting discount and estimated offering expenses payable by the Company (including fees and reimbursements to the underwriters). The Company used all of the net proceeds to fund its acquisition of 1-2-3.tv Group.

The 2026 Notes are senior unsecured obligations of the Company. There is no sinking fund for the 2026 Notes. The Company may redeem the 2026 Notes for cash in whole or in part at any time at its option (i) on or after September 30, 2023 and prior to September 30, 2024, at a price equal to \$25.75 per note, plus accrued and unpaid interest to, but excluding, the date of redemption, (ii) on or after September 30, 2024 and prior to September 30, 2025, at a price equal to \$25.50 per note, plus accrued and unpaid interest to, but excluding, the date of redemption, and (iii) on or after September 30, 2025 and prior to maturity, at a price equal to \$25.25 per note, plus accrued and unpaid interest to, but excluding, the date of redemption. The Indenture provides for events of default that may, in certain circumstances, lead to the outstanding principal and unpaid interest of the 2026 Notes becoming immediately due and payable. If a Mandatory Redemption Event (as defined in the Supplemental Indenture) occurs, the Company will have an obligation to redeem the 2026 Notes, in whole but not in part, within 45 days after the occurrence of the Mandatory Redemption Event at a redemption price in cash equal to \$25.50 per note plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

Revolving Loan

On July 30, 2021, we entered into a loan and security agreement (as amended through September 20, 2021, the "Loan Agreement") with Siena Lending Group LLC and the other lenders party thereto from time to time, Siena Lending Group LLC, as agent (the "Agent"), and certain additional subsidiaries of the Company, as guarantors thereunder. The Loan Agreement has a three-year term and provides for up to a \$80,000 revolving loan. Subject to certain conditions, the Loan Agreement also provides for the issuance of letters of credit in an aggregate amount up to \$5,000 which, upon issuance, would be deemed advances under the revolving loan. Proceeds of borrowings were used to refinance all indebtedness owing to PNC Bank, National Association, to pay the fees, costs, and expenses incurred in connection with the Loan Agreement and the transactions contemplated thereby, for working capital purposes, and for such other

purposes as specifically permitted pursuant to the terms of the Loan Agreement. Our obligations under the Loan Agreement are secured by substantially all of its assets and the assets of its subsidiaries as further described in the Loan Agreement.

Subject to certain conditions, borrowings under the Loan Agreement bear interest at 4.50% plus the London interbank offered rate for deposits in dollars (“LIBOR”) for a period of 30 days as published in The Wall Street Journal three business days prior to the first day of each calendar month. There is a floor for LIBOR of 0.50%. As of May 27, 2022, LIBOR was replaced with the Secured Overnight Financing Rate under the Loan Agreement.

The Loan Agreement contains customary representations and warranties and financial and other covenants and conditions. In addition, the Loan 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 shareholders. We also pay a monthly fee at a rate equal to 0.50% per annum of the average daily unused amount of the credit facility for the previous month.

As of July 30, 2022, the Company had total borrowings of \$62,643 under its revolving loans with Siena. Remaining available capacity under the revolving loan as of July 30, 2022 was approximately \$534. As of July 30, 2022, the Company was in compliance with applicable financial covenants of the Siena Credit Facility and expects to be in compliance with applicable financial covenants over the next twelve months.

GreenLake Real Estate Finance

On July 30, 2021, two of our subsidiaries, VVI Fulfillment Center, Inc. and EP Properties, LLC (collectively, the “Borrowers”), and the Company, as guarantor, entered into that certain Promissory Note Secured by Mortgages (the “GreenLake Note”) with GreenLake Real Estate Finance LLC (“GreenLake”) whereby GreenLake agreed to make a secured term loan (the “Term Loan”) available to the Borrowers in the original amount of \$28,500. The GreenLake Note is secured by, among other things, mortgages encumbering the Company’s owned properties in Eden Prairie, Minnesota and Bowling Green, Kentucky (collectively, the “Mortgages”) as well as other assets as described in the GreenLake Note. Proceeds of borrowings were used to (i) pay fees and expenses related to the transactions contemplated by the GreenLake Note, (ii) make certain payments approved by GreenLake to third parties, and (iii) provide for working capital and general corporate purposes of the Company. We have also pledged the stock that we own in the Borrowers to secure its guarantor obligations.

The GreenLake Note is scheduled to mature on July 31, 2024. The borrowings, which include all amounts advanced under the GreenLake Note, bear interest at 10.00% per annum or, at the election of the Lender upon no less than 30 days prior written notice to the Borrowers, at a floating rate equal to the prime rate plus 200 basis points.

The GreenLake Note contains customary representations and warranties and financial and other covenants and conditions, including, a requirement that the Borrowers comply with all covenants set forth in the Loan Agreement described above. The GreenLake Note also contains certain customary events of default.

As of July 30, 2022, there was \$28,500 outstanding under the term loan with GreenLake, all of which was classified as long-term in the accompanying condensed consolidated balance sheet. Principal borrowings under the term loan are non-amortizing over the life of the loan.

Public Equity Offering

On June 9, 2021, we completed a public offering, in which we issued and sold 4,830,918 shares of our common stock (at a public offering price of \$9.00 per share. After underwriter discounts and commissions and other offering costs, net proceeds from the public offering were approximately \$39,955. We intend to use the proceeds for general working capital purposes, including, without limitation, potential acquisitions of businesses and assets that are complementary to our operations.

On February 18, 2021, we completed a public offering, in which we issued and sold 3,289,000 of our common stock at a public offering price of \$7.00 per share, including 429,000 shares sold upon the exercise of the underwriter’s option to purchase additional shares. After underwriter discounts and commissions and other offering costs, net proceeds from the public offering were approximately \$21,224. We have used and intend to use the proceeds for general working capital purposes.

Private Placement Securities Purchase Agreement

On May 11, 2022, iMedia Brands, Inc. (the “Company”) entered into a Securities Purchase Agreement (the “Purchase Agreement”) with certain purchasers identified on the signature pages to the Purchase Agreement (collectively, the “Purchasers”) pursuant to which, among other things, the Company agreed to issue and sell to the Purchasers, in a registered direct offering (the “Offering”), an aggregate of 7,801,303 shares of common stock or pre-funded warrants to purchase common stock, each of which is coupled with a warrant to purchase one share of common stock. In more detail, the Company agreed to issue and sell to the Purchasers: (i) 4,136,001 shares of its common stock, at an offering price of \$3.07 per share (the “Shares”), (ii) pre-funded warrants to purchase up to 3,763,022 shares of its common stock at an offering price of \$3.0699 per pre-funded warrant (the “Pre-Funded Warrants”), which represents the per share offering price of its common stock less the \$0.0001 per share exercise price for each pre-funded warrant and (iii) warrants to purchase up to 7,899,023 shares of its common stock, with a per share exercise price of \$2.94 (the “Common Warrants”). Of these securities, 97,720 Shares and 97,720 Common Warrants are being purchased by Craig-Hallum Capital Group LLC (the “Placement Agent”) at a purchase price of \$3.07. The purchase agreement was treated as a forward contract with a corresponding contract liability as the Company would be in excess of its authorized shares and did not meet the requirements for equity treatment. On June 14, 2022 the board authorized 20,000,000 in additional shares and the Company reassessed the contract liability and determined it met the criteria for equity treatment. The contract liability was reclassified to equity with a change in fair value of recorded to the Consolidated Statement of Operations of \$14,927.

Each Pre-Funded Warrant has an exercise price of \$0.0001 per share of common stock, subject to adjustment for stock splits, reverse stock splits, stock dividends and similar transactions, became exercisable immediately upon issuance and will survive until it is exercised in full.

Each Common Warrant has an exercise price of \$2.94 per share of common stock, subject to adjustment for stock splits, reverse stock splits, stock dividends and similar transactions, will be exercisable at any time.

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 a discussion of our ValuePay installment program.

Cash Requirements

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

We also have significant future commitments for our cash, primarily payments for cable and satellite program distribution obligations and the eventual repayment of our credit facility. As of July 30, 2022, we had contractual cash obligations and commitments primarily with respect to our cable and satellite agreements, credit facility, operating leases, and capital leases totaling approximately \$289,842 over the next five fiscal years.

Our ability to fund operations and capital expenditures in the future will be dependent on our ability to generate cash flow from operations, maintain or improve margins, decrease the rate of decline in our sales and to use available funds from our Siena Credit Facility. Our ability to borrow funds is dependent on our ability to maintain an adequate borrowing base and our ability to meet our

credit facility's covenants (as described above). Accordingly, if we do not generate sufficient cash flow from operations to fund our working capital needs, planned capital expenditures and meet credit facility covenants, and our cash reserves are depleted, we may need to take further actions that are within the Company's control, such as further reductions or delays in capital investments, additional reductions to our workforce, reducing or delaying strategic investments or other actions.

For the six months ended July 30, 2022, net cash used for operating activities totaled \$9,589 compared to net cash used for operating activities of \$36,028 for the comparable fiscal 2021 period. Net cash used for operating activities for the fiscal 2022 and 2021 periods reflects a net loss, as adjusted for depreciation and amortization, share-based payment compensation, amortization of deferred financing costs, payments for television broadcast rights, and a write-down on the carrying value of certain inventory due to impairment.

In addition, net cash used for operating activities for the six months ended July 30, 2022 reflects decreases in accounts payable and accrued liabilities, accounts receivable, inventories and deferred revenue and increases in prepaid expenses. Inventories decreased as we optimize working capital. Accounts receivable decreased during the first six months of fiscal 2022 due to collections on outstanding receivables resulting from our seasonal high fourth quarter. Accounts payable and accrued liabilities decreased during the first six months of fiscal 2022 primarily due to the timing of paying for cable distribution fees and inventory purchases. Prepaid expenses and other increased primarily due to prepayment for cloud services.

Net cash used for investing activities totaled \$5,174 for the first six months ended July 30, 2022 was comprised entirely of property and equipment additions of \$5,174. For the six months ended July 31, 2021, net cash used in investing activities totaled \$34,667 was comprised primarily of the \$3,500 Christopher and Banks acquisition payment, \$20,000 for iMDS business acquisition payment, \$6,000 Famjams note funding, and property and equipment additions of \$5,167. Capital expenditures made during the periods presented relate primarily to expenditures made for 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, production equipment and building improvements. Principal future capital expenditures are expected to include: the development, upgrade and replacement of various enterprise software systems; equipment improvements and technology upgrades at our distribution facility in Bowling Green, Kentucky; security upgrades to our information technology; the upgrade of television production and transmission equipment; and related computer equipment associated with the expansion of our television shopping business and digital commerce initiatives.

Net cash provided by financing activities totaled \$22,859 for the six months ended July 30, 2022 and related primarily to proceeds from the issuance of common stock and warrants of \$20,761, proceeds from the proceeds from the issuance of the convertible debt of \$9,980, and proceeds on the revolving loan of \$2,427. Net cash used for financing activities included \$2,000 payments on the seller notes and \$7,500 payment on the convertible debt. For the first six months ended July 31, 2021, net cash provided by financing activities totaled \$78,320 and related primarily to proceeds from the issuance of common stock and warrants of \$61,368 and proceeds from our PNC revolving loan of \$47,245 and proceeds on real estate financing loan of \$28,500. Net cash used for financing activities included primarily \$41,000 for full payment on the PNC revolving loan and \$12,440 million on the PNC term loan.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (ii) accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

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 Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures were not effective because of our previously reported material weakness in our internal control over financial reporting arising from an accumulation of significant deficiencies which amounted to material weaknesses, which we describe in Part II, Item 9A of our Annual Report on Form 10-K for the year ended January 29, 2022 (the “2021 Form 10-K”).

Remediation of Material Weaknesses

We are committed to maintaining a strong internal control environment and implementing measures designed to help ensure that significant deficiencies contributing to the material weaknesses are remediated as soon as possible. We believe we have made progress towards remediation and continue to implement our remediation plan for the previously reported material weaknesses in internal control over financial reporting, described in Part II, Item 9A of the 2021 Form 10-K, which includes steps to increase dedicated personnel, improve reporting processes, design and implement new controls, and enhance related supporting technology. We expect to be in a position to determine that some or all of the material weaknesses have been remediated after the applicable controls operate for a sufficient period of time, and management has concluded, through testing, that the controls are operating effectively.

Changes in Internal Control Over Financial Reporting

As outlined above, due to the identification of the material weaknesses, we continued to strengthen our internal control structure by adding accounting staff, adjusting segregation of duties, adding additional levels of review, and adding technical support. We made no other changes in internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the quarter ended July 30, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Control Systems

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, will be or have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdown can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

See Part I, Item 1A., “Risk Factors,” of the Company’s annual report on Form 10-K for the year ended January 30, 2021, for a detailed discussion of the risk factors affecting the Company. Other than as set forth below, we have not identified any material changes from the risk factors described in the annual report.

Our expansion to international markets subjects us to a variety of risks that may harm our business.

As a result of the acquisition of the 1-2-3.tv, our operations have expanded to international markets, including Germany and Austria, which exposes us to significant new risks. 1-2-3.tv operates in Germany and Austria, which requires significant resources and management attention and subjects us to legislative, judicial, accounting, regulatory, economic, and political risks in addition to those we already faced in the United States. These include:

- the need to successfully adapt and localize products and policies for specific countries, including obtaining rights to third-party intellectual property used in each country;
- successfully adapting and localizing products and policies for specific countries, including obtaining rights to third-party intellectual property used in each country;
- complying with compliance with laws such as the Foreign Corrupt Practices Act and other anti-corruption laws, U.S. or foreign export controls and sanctions, and local laws prohibiting improper payments to government officials and requiring the maintenance of accurate books and records and a system of sufficient internal controls;
- complying with increased financial accounting and reporting burdens and complexities;
- inflationary pressures, such as those the global market is currently experiencing, which may increase costs for materials, supplies, and services;
- fluctuations in currency exchange rates and the requirements of currency control regulations, which might restrict or prohibit conversion of other currencies into U.S. dollars;
- challenges and costs associated with staffing and managing foreign operations;
- unstable political and economic conditions, social unrest or economic instability, whatever the cause, including due to pandemics, natural disasters, wars, terrorist attacks, tariffs, trade disputes, local or global recessions, diplomatic or economic tensions, environmental risks, and security concerns, in general or in a specific country or region in which we operate;
- the ongoing conflict in Ukraine and Eastern Europe may lead to disruption in the global supply chain, rising fuel costs, or cybersecurity risks, and economic instability generally, any of which could materially and adversely affect our business and results of operations; and
- complying with local laws, regulations, and customs in other jurisdictions; complying with increased financial accounting and reporting burdens and complexities; planning for fluctuations in currency exchange rates and the requirements of currency control regulations, which might restrict or prohibit conversion of other currencies into U.S. dollars; and political or social unrest or economic instability, terrorist attacks and security concerns in general in a specific country or region in which we operate.

The occurrence of any one of these risks could negatively affect our international business and, consequently, our results of operations generally. Additionally, operating in international markets also requires significant management attention and financial resources. Specifically, such an occurrence could create a triggering event that would require us to review goodwill and intangible assets for impairment and the potential full or partial write-down of those balances. We cannot be certain that the investment and additional resources required in establishing, acquiring, or integrating operations in other countries will produce desired levels of revenues or profitability.

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

None.

Dividends

We are restricted from paying dividends on our common stock by the Loan Agreement with Siena Lending Group LLC, as discussed in Note 7 - “Credit Agreements” in the notes to our condensed consolidated financial statements.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description	Manner of Filing
2.1	Sale and Purchase Agreement Relating to 1-2-3.tv Group, dated September 22, 2021 between Emotion Invest GmbH & Co. KG, BE Beteiligungen Fonds GmbH & Co. geschlossene Investmentkommanditgesellschaft, Iris Capital Fund II, SCUR-Alpha 1359 GmbH and the Company.	Incorporated by reference
3.1	Fourth Amended and Restated Articles of Incorporation, as amended through July 13, 2020	Incorporated by reference
3.2	By-Laws of the Registrant, as amended through July 16, 2019	Incorporated by reference
3.3	Certificate of Designation of Series A Junior Participating Cumulative Preferred Stock of the Registrant, dated December 13, 2019	Incorporated by reference
4.1	Indenture, dated September 28, 2021, between the Company and U.S. Bank National Association, as trustee	Incorporated by reference
4.2	First Supplemental Indenture, dated September 28, 2021, between the Company and U.S. Bank National Association, as trustee	Incorporated by reference
4.3	Form of Global Note representing 8.50% Senior Unsecured Notes due 2026 (included as Exhibit A to Exhibit 4.2)	Incorporated by reference
10.A	THIS FIFTH AMENDMENT AND JOINDER TO LOAN AND SECURITY AGREEMENT dated as of May 6, 2022	Filed herewith
10.B	THIS SIXTH AMENDMENT AND CONSENT TO LOAN AND SECURITY AGREEMENT AND AMENDMENT TO FEE LETTER dated as of May 27, 2022	Filed herewith
10.1	Form of Vendor Loan Agreement among SCUR-Alpha 1359 GmbH (to be renamed iMedia&123tv Holding GmbH) (as borrower), iMedia Brands, Inc. and 1-2-3.tv GmbH (as guarantors) and Emotion Invest GmbH & Co. KG, BE Beteiligungen Fonds GmbH & Co. geschlossene Investmentkommanditgesellschaft and Iris Capital Fund II	Incorporated by reference
10.2	Loan and Security Agreement, dated July 30, 2021, by and among the iMedia Brands, Inc., as the lead borrower, certain of its subsidiaries party thereto as borrowers, Siena Lending Group LLC and the other financial institutions party thereto from time to time, Siena Lending Group LLC, as agent, and VVI Fulfillment Center, Inc., EP Properties, LLC and Portal Acquisition Company, as guarantors (incorporated by reference to Exhibit 10.1 on Form 8-K filed on August 5, 2021)	Incorporated by reference
10.3	First Amendment Loan and Consent Security Agreement, dated as of September 20, 2021, by and among the iMedia Brands, Inc., as the lead borrower, certain of its subsidiaries party thereto as borrowers, Siena Lending Group LLC and the other financial institutions party thereto from time to time, Siena Lending Group LLC, as agent, and VVI Fulfillment Center, Inc., EP Properties, LLC and Portal Acquisition Company, as guarantors	Incorporated by reference
31.1	Certification	Filed herewith
31.2	Certification	Filed herewith

[Table of Contents](#)

32	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer	Filed herewith
101	The following materials from iMedia Brands, Inc.'s Quarterly Report on Form 10-Q for the fiscal period ended July 30, 2022, as filed with the Security and Exchange Commission, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Operation; (iii) Condensed Consolidated Statements of Shareholders' Equity; (iv) Condensed Consolidated Statement of Cash Flows; and (v) the Notes to the Condensed Consolidated Financial Statements	Filed herewith
104	Cover Page Interactive Data File (embedded within the inline XBRL)	Filed herewith

SIGNATURES

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

iMedia Brands, Inc.

(Registrant)

September 13, 2022

By: /s/ TIMOTHY A. PETERMAN

Timothy A. Peterman
Chief Executive Officer
(Principal Executive Officer)

September 13, 2022

By: /s/ THOMAS E. ZIELECKI

Thomas E. Zielecki
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXECUTION VERSION

FIFTH AMENDMENT AND JOINDER TO LOAN AND
SECURITY AGREEMENT

THIS FIFTH AMENDMENT AND JOINDER TO LOAN AND SECURITY AGREEMENT (this "**Amendment**"), dated as of May 6, 2022, is entered into by and among IMEDIA BRANDS, INC., a Minnesota corporation ("**iMedia**" or "**Borrowing Agent**"), VALUEVISION INTERACTIVE, INC., a Minnesota corporation ("**Value Interactive**"), VALUEVISION RETAIL, INC., a Delaware corporation ("**Value Retail**"), PW ACQUISITION COMPANY, LLC, a Minnesota limited liability company ("**PW Acquisition**"), FL ACQUISITION COMPANY, a Minnesota corporation ("**FL Acquisition**"), VALUEVISION MEDIA ACQUISITIONS, INC., a Delaware corporation ("**Value Media**"), TCO, LLC, a Delaware limited liability company ("**TCO**"), JWH ACQUISITION COMPANY, a Minnesota corporation ("**JWH Acquisition**"), NORWELL TELEVISION, LLC, a Delaware limited liability company ("**Norwell**"), 867 GRAND AVENUE LLC, a Minnesota limited liability company ("**867 Grand Avenue**" and together with iMedia, Value Interactive, Value Retail, PW Acquisition, FL Acquisition, Value Media, TCO, JWH Acquisition, Norwell, and any other Person who from time to time becomes a Borrower under the Loan Agreement, collectively, the "**Existing Borrowers**", VVI FULFILLMENT CENTER, INC., a Minnesota corporation ("**VVI Fulfillment**"), EP PROPERTIES, LLC, a Minnesota limited liability company ("**EP Properties**"), PORTAL ACQUISITION COMPANY, a Minnesota corporation ("**Portal**"), IMEDIA&123TV HOLDING GMBH ("**iMedia&123tv Holding**" and together with VVI Fulfillment, EP Properties, and Portal, collectively, the "**Existing Guarantors**"), SIENA LENDING GROUP LLC, as a lender ("**Siena**" and together with any other financial institutions who become part to the Loan Agreement referred to below from time to time, each a "**Lender**" and collectively, the "**Lenders**") and SIENA LENDING GROUP LLC, as administrative and collateral agent for the Lenders (in such capacity, the "**Agent**"). Terms used herein without definition shall have the meanings ascribed to them in the Loan Agreement defined below.

RECITALS

A. Agent, Lenders and Existing Borrowers have previously entered into that certain Loan and Security Agreement dated as of July 30, 2021 (as amended, modified and supplemented from time to time, the "**Loan Agreement**"), pursuant to which Lenders have made certain loans and financial accommodations available to Borrowers.

B. Existing Borrowers have requested that Agent and Lenders (i) agree to join Portal as a new borrower (the "**New Borrower**") under the Loan Agreement and (ii) amend the Loan Agreement, in each case on the terms and conditions set forth herein.

C. Agent and Lenders are willing to agree to such joinder and Agent, Lenders and Existing Borrowers now wish to amend the Loan Agreement, in each case on the terms and conditions set forth herein.

D. Existing Borrowers, New Borrower and Guarantors are entering into this Amendment with the understanding and agreement that, except as specifically provided herein, none of Agent's or any Lender's rights or remedies as set forth in the Loan Agreement or any other Loan Document are being waived or modified by the terms of this Amendment.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Joinder of New Borrower to the Loan Agreement. New Borrower hereby expressly (a) agrees that from and after the date of this Agreement it shall be a party to the Loan Agreement as a "Borrower" and shall be bound by all of the terms, conditions, covenants, agreements and obligations set forth in the Loan Agreement as if it were an original Borrower party thereto, (b) assumes and agrees to be directly liable to Agent and Lenders, jointly and severally with all other Borrowers, present and future, for all Obligations, (c) agrees to perform, comply with and be bound by all terms, conditions and covenants of the Loan Agreement and the other Loan Documents applicable to Borrowers, with the same force and effect as if such New Borrower had originally executed and been an original Borrower party signatory to the Loan Agreement and the other Loan Documents, (d) is deemed to make, and is, in all respects, bound by all representations and warranties made by a Borrower set forth in the Loan Agreement and in any of the other Loan Documents, and (e) confirms that the representations and warranties contained in the Loan Agreement and the other Loan Documents are true and correct as they relate to New Borrower as of the date of this Agreement.

2. Amendments to Loan Agreement. As of the effective date of this Amendment:

(a) Section 1(b) of Schedule A of the Loan Agreement is hereby amended to add the following new subsection (iii) at the end thereto:

"(iii) Portal Accounts Advance Rate: 80% of Eligible Portal Accounts; provided, a Dilution Reserve of \$750,000 shall be implemented as of the Fifth Amendment Effective Date. Agent may at its option adjust such Dilution Reserve based upon future dilution calculations."

(b) Section 1(c) set forth on Schedule A of the Loan Agreement is hereby amended and restated in its entirety as follows:

"(c) Sublimits for In-transit Credit Card Receipts and Portal Accounts:

(i) In-transit Credit Card Receipts Sublimit: \$3,500,000

(ii) Portal Accounts Sublimit: \$8,000,000"

(c) Section 4 set forth on Schedule A to the Loan Agreement is hereby amended and restated in its entirety as follows:

"4. Maximum Days re: Eligible Consumer Accounts and Eligible Portal Accounts:

(a) Maximum days after original invoice date for Eligible Consumer Accounts: One hundred eighty (180) days

(b) Maximum days after original invoice due date for Eligible Consumer Accounts: Seven (7) days, in connection with the Value Pay Plan

- (c) Maximum days after original invoice date for Eligible Portal Accounts: Ninety (90) days”

(d) The definition of “Borrowing Base” set forth on Schedule B to the Loan Agreement is hereby amended and restated in its entirety as follows:

“**Borrowing Base**” means, as of any date of determination, the Dollar Equivalent Amount as of such date of determination of:

(a) the aggregate amount of Eligible Consumer Accounts of each Borrower *multiplied by* the Accounts Advance Rate; *plus*

(b) the aggregate amount of In-transit Credit Card Receipts *multiplied by* the Accounts Advance Rate (but in no event to exceed the In-transit Credit Card Receipts Sublimit), *plus*

(c) the aggregate amount of Eligible Portal Accounts of Portal *multiplied by* the Portal Accounts Advance Rate (but in no event to exceed the Portal Accounts Sublimit); *plus*

(d) the Net Orderly Liquidation Value of the applicable Eligible Inventory *multiplied by* the Inventory Advance Rate (but not to exceed the sublimit applicable to all Inventory), *plus*

(e) the Net Orderly Liquidation Value of the applicable Eligible Slow Moving Inventory *multiplied by* the Inventory Advance Rate (but not to exceed the sublimit applicable to Eligible Slow Moving Inventory) *plus*

(f) the Net Orderly Liquidation Value of Eligible In-Transit Inventory *multiplied by* the Inventory Advance Rate (but not to exceed the sublimit applicable to Eligible In-Transit Inventory) *minus*

(g) all Reserves which Agent has established pursuant to Section 1.2.”

(e) Schedule B of the Loan Agreement is amended to add the following new definitions in the appropriate alphabetical order, as follows:

“**Eligible Portal Account**” shall mean and include with respect solely to Portal, each Account of Portal arising in the ordinary course of business which Agent, in its Permitted Discretion, shall deem to be an Eligible Portal Account. An Account shall not be deemed eligible unless such Account is subject to Agent’s first priority perfected security interest and no other Lien (other than Permitted Liens), and is evidenced by an invoice or other documentary evidence satisfactory to Agent. In addition, no Account shall be an Eligible Portal Account if:

(a) the Customer fails to make any payment due the number of days after the original invoice date set forth in Section 4(c) of Schedule A;

(b) any covenant, representation or warranty contained in this Agreement with respect to such Account has been breached;

(c) the Customer shall (i) apply for, suffer, or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property or call a meeting of its creditors, (ii) admit in writing its inability, or be generally unable, to pay its debts as they become due or cease operations of its present business, (iii) make a general assignment for the benefit of creditors, (iv) commence a voluntary case or proceeding under any state or federal bankruptcy laws (as

now or hereafter in effect), (v) be adjudicated a bankrupt or insolvent, (vi) file a petition seeking to take advantage of any other law providing for the relief of debtors or (vii) acquiesce to, or fail to have dismissed, any petition which is filed against it in any involuntary case under such bankruptcy laws;

(d) the sale is to a Customer outside the United States of America or Canada (a “**Foreign Account Debtor**”); provided, that, the immediately foregoing criteria shall not apply to a Subsidiary of a Foreign Account Debtor who remits payment to Portal in Dollars from a bank account maintained in the United States;

(e) the Accounts of the Customer exceed a credit limit determined by Agent, (and which Agent has notified Borrowers in writing), in its Permitted Discretion, to the extent such Account exceeds such limit;

(f) Agent believes, in its Permitted Discretion, that such Account will likely not be paid by reason of the Customer’s financial inability to pay;

(g) the Account is subject to any offset, deduction, defense, dispute, or counterclaim (to the extent of such offset, deduction, defense or counterclaim);

(i) the contract under which such Account arises is not directly between the Customer and Portal (or the Seller, which contract was validly assigned to Portal in the asset purchase agreement between Portal and the Seller) or not payable directly to a Borrower;

(k) the Account Debtor or its Affiliates are not past due on other Accounts owing to Portal comprising more than 50% of all of the Accounts owing to Portal by such Account Debtor or its Affiliates; or

(l) all Eligible Portal Accounts owing by RhythmOne, LLC and its Subsidiaries and Affiliates that in the aggregate represent more than 50% of all otherwise Eligible Portal Accounts (provided, that Accounts which are deemed to be ineligible solely by reason of this clause (l) shall be considered Eligible Portal Accounts to the extent of the amount thereof which does not exceed 50% of all otherwise Eligible Portal Accounts) and

(ii) all Eligible Portal Accounts (other than those described in the immediately foregoing clause (i)) owing by any single Account Debtor and its Subsidiaries and Affiliates that represent more than 20% of all otherwise Eligible Portal Accounts (provided, that Accounts which are deemed to be ineligible solely by reason of this clause (ii) shall be considered Eligible Portal Accounts to the extent of the amount thereof which does not exceed 20% of all otherwise Eligible Portal Accounts); or

(m) such Account is not otherwise satisfactory to Agent as determined in good faith by Agent in the exercise of its Permitted Discretion.”

““**Fifth Amendment Effective Date**” shall mean May 6, 2022.”

(f) Section 5.15(h) of the Loan Agreement is hereby amended and restated in its entirety as

follows:

“(h) **Updates on Controls and Procedures.** Not later than fifteen (15) days after the end of each month, updates in form and substance reasonably acceptable to Agent as to Borrower’s efforts to resolve the deficiencies in the control environment, risk assessment, control activities, information and communication, and monitoring components of the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission that as of January 29, 2022 constituted material weaknesses, either individually or in the aggregate and progress-to-

date. Upon the reasonable request of the Agent, the Loan Parties shall deliver, and hereby do irrevocably authorize and direct any independent auditor working with the Loan Parties on the matter to share with Agent, progress reports, updates, financial information and other information and reports relating to the immediately foregoing from time to time.

(g) Section 5.25(d)(ii)(A) of the Loan Agreement is hereby amended and restated in its entirety as follows:

“(A) any sale, lease, transfer or other disposition by a Loan Party to any other Loan Party (other than iMedia&123tv Holding, VVI Fulfillment and EP Properties);”

(h) Section 5.25(e)(i)(B) of the Loan Agreement is hereby amended and restated in its entirety as follows:

“(B) to other Loan Parties (other than iMedia&123tv Holding, VVI Fulfillment and EP Properties) that do not constitute Domestic Subsidiaries in an aggregate amount not to exceed \$100,000,”

3. Amendment Fee. In consideration of the agreements set forth herein, Borrowers hereby agree to jointly and severally pay to Agent for the benefit of the Lenders an amendment fee in the amount of \$10,000 (the “**Amendment Fee**”), which fee is non-refundable when paid and is fully-earned as of and due and payable on the date of this Amendment.

4. Consent Fee. In consideration of the agreements set forth herein, Borrowers hereby agree to jointly and severally pay to Agent for the benefit of the Lenders a consent fee in the amount of \$40,000 (the “**Consent Fee**”), which fee is non-refundable when paid and is fully-earned as of and due and payable on the date of this Amendment.

5. Effectiveness of this Amendment. This Amendment shall become effective upon the satisfaction, as determined by Agent, of the following conditions:

(a) Amendment. Agent shall have received this Amendment fully executed by the other parties hereto;

(b) Amendment Fee. Agent shall have received the Amendment Fee, which may be paid as a charge to Borrowers’ Loan Account. Borrowers hereby authorize Agent to charge Borrower’s Loan Account in full payment of such Amendment Fee on the date of this Amendment;

(c) Consent Fee. Agent shall have received the Consent Fee, which may be paid as a charge to Borrowers’ Loan Account. Borrowers hereby authorize Agent to charge Borrower’s Loan Account in full payment of such Consent Fee on the date of this Amendment;

(d) Representations and Warranties. The representations and warranties set forth herein and in the Loan Agreement must true and correct in all material respects (without duplication of materiality qualifiers therein) as of the date hereof (or to the extent any representations or warranties are expressly made solely as of an earlier date, such representations and warranties shall be true and correct in all material respects (without duplication of materiality qualifiers therein) as of such earlier date); and

(e) Other Required Documentation. All other documents and legal matters in connection with the transactions contemplated by this Amendment shall have been delivered or executed or recorded, as reasonably required by Agent in its Permitted discretion.

6. Representations and Warranties. Each Loan Party represents and warrants as follows:

(a) Authority. Such Loan Party has the requisite corporate power and authority to execute and deliver this Amendment, and to perform its obligations hereunder, under the Loan Agreement (as amended or modified hereby) and under the other Loan Documents to which it is a party. The execution, delivery and performance by such Loan Party of this Amendment have been duly approved by all necessary corporate action and no other corporate proceedings are necessary to consummate such transactions.

(b) Enforceability. This Amendment has been duly executed and delivered by each Loan Party. This Amendment, the Loan Agreement (as amended or modified hereby) and each other Loan Document is the legal, valid and binding obligation of each Loan Party, enforceable against each Loan Party in accordance with its terms, and is in full force and effect.

(c) Representations and Warranties. The representations and warranties contained in the Loan Agreement and each other Loan Document (other than any such representations or warranties that, by their terms, are specifically made as of a date other than the date hereof) are correct on and as of the date hereof as though made on and as of the date hereof.

(d) Due Execution. The execution, delivery and performance of this Amendment are within the power of each Loan Party, have been duly authorized by all necessary corporate action, have received all necessary governmental approval, if any, and do not contravene any law or any contractual restrictions binding on any Loan Party.

(e) No Default. No event has occurred and is continuing that constitutes a Default or an Event of Default.

7. Choice of Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED THEREIN WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES (EXCEPT SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATION LAW). FURTHER, THE LAW OF THE STATE OF NEW YORK SHALL APPLY TO ALL DISPUTES OR CONTROVERSIES ARISING OUT OF OR CONNECTED TO OR WITH THIS AMENDMENT AND ALL SUCH RELATED LOAN DOCUMENTS WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES (EXCEPT SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATION LAW).

8. Counterparts; Facsimile Signatures. 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 e-mail, DocuSign, facsimile or other similar form of electronic transmission shall be deemed to be an original signature hereto.

9. Reference to and Effect on the other Loan Documents.

(a) Upon and after the effectiveness of this Amendment, each reference in the Loan Agreement to “*this Agreement*”, “*hereunder*”, “*hereof*” or words of like import referring to the Loan Agreement, and each reference in the other Loan Documents to “*the Loan Agreement*”, “*thereof*” or words of like import referring to the Loan Agreement, shall mean and be a reference to the Loan Agreement as modified and amended hereby.

(b) Except as specifically amended above, the Loan Agreement and all other Loan Documents, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed and shall constitute the legal, valid, binding and enforceable obligations of Borrowers to Agent and Lenders.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Agent or any Lender under the Loan Agreement or any of the other Loan Documents, nor constitute a waiver of any provision of the Loan Agreement or any of the other Loan Documents.

(d) To the extent that any terms and conditions in any of the other Loan Documents shall contradict or be in conflict with any terms or conditions of the Loan Agreement, after giving effect to this Amendment, such terms and conditions are hereby deemed modified or amended accordingly to reflect the terms and conditions of the Loan Agreement as modified or amended hereby.

10. Integration. This Amendment, together with the Loan Agreement and the other Loan Documents, incorporates all negotiations of the parties hereto with respect to the subject matter hereof and is the final expression and agreement of the parties hereto with respect to the subject matter hereof.

11. Severability. If any part of this Amendment is contrary to, prohibited by, or deemed invalid under Applicable Laws, such provision shall be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder hereof shall not be invalidated thereby and shall be given effect so far as possible.

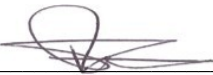
12. Guarantors' Acknowledgment. With respect to the amendments to the Loan Agreement effected by this Amendment and after giving effect to the joinder of New Borrower provided for above, each Guarantor hereby acknowledges and agrees to this Amendment and confirms and agrees that its Guaranty (as modified and supplemented in connection with this Amendment) is and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects except that, upon the effectiveness of, and on and after the date of this Amendment, each reference in such Guaranty to the Loan Agreement, "*thereunder*", "*thereof*" or words of like import referring to the Loan Agreement, shall mean and be a reference to the Loan Agreement as amended or modified by this Amendment. Although Lender has informed the Guarantors of the matters set forth above, and each Guarantor has acknowledged the same, each Guarantor understands and agrees that Lender has no duty under the Loan Agreement, any Guaranty or any other agreement with any Guarantor to so notify any Guarantor or to seek such an acknowledgement, and nothing contained herein is intended to or shall create such a duty as to any transaction hereafter.

[remainder of page intentionally blank]

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the date first above written.

BORROWERS:


IMEDIA BRANDS, INC.

By: 
Name: Timothy Peterman Its: CEO

VALUEVISION RETAIL, INC.

By: 
Name: Timothy Peterman Its: CEO


FL ACQUISITION COMPANY

By: 
Name: Timothy Peterman Its: CEO

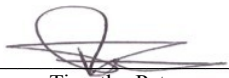
PW ACQUISITION COMPANY, LLC

By: 
Name: Timothy Peterman Its: CEO


VALUEVISION MEDIA ACQUISITIONS, INC.

By: 
Name: Timothy Peterman Its: CEO


TCO, LLC

By: 
Name: Timothy Peterman Its: CEO

JWH ACQUISITION COMPANY

By: 
Name: Timothy Peterman Its: CEO


NORWELL TELEVISION, LLC

By: 
Name: Timothy Peterman Its: CEO


867 GRAND AVENUE LLC

By: 
Name: Timothy Peterman Its: CEO

VALUEVISION INTERACTIVE, INC.

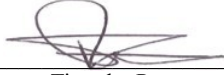
By: 
Name: Timothy Peterman Its: CEO

PORTAL ACQUISITION COMPANY


By: 
Name: Timothy Peterman Its: CEO

GUARANTORS:


VVI FULFILLMENT CENTER, INC.

By: 
Name: Timothy Peterman Its:
CEO

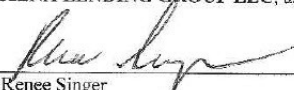
EP PROPERTIES, LLC


By: 
Name: Timothy Peterman Its:
CEO

IMEDIA&123TV HOLDING GMBH

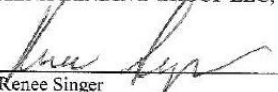
By: 
Name: Timothy Peterman Its:
Managing Director


SIENA LENDING GROUP LLC, as Agent

By: 
Name: Renee Singer
Title: Authorized Signatory

By: 
Name: Steven Sanicola
Title: Authorized Signatory

SIENA LENDING GROUP LLC, as Lender

By: 
Name: Renee Singer
Title: Authorized Signatory

By: 
Name: Steven Sanicola
Title: Authorized Signatory

[Signature Page to Fifth Amendment and Joinder]

EXHIBIT A

Schedule D

Provide Agent and each Lender with each of the documents set forth below at the following times in form satisfactory to Agent:

Weekly	<ul style="list-style-type: none">• reporting of weekly sales, collections and credits,• a Value Pay Plan ageing summary and• updated In-transit Credit Card Receipts for the prior week.
Monthly (no later than the 10th day of each calendar month);	<ul style="list-style-type: none">• a detailed aging, by total, of Portal's Accounts, together with an Account roll-forward with supporting details supplied from sales journals, collection journals, credit registers and any other records, with respect to Portal's Accounts (delivered electronically in an acceptable format)• accounts payable schedules solely with respect to Portal, inclusive of reconciliations to the general ledger
Monthly (no later than the 20th day of each calendar month); <i>provided, that</i> any time after Borrower's Minimum Liquidity is less than \$10,000,000, such requirement shall be Weekly	<ul style="list-style-type: none">• summary Inventory reports (including breakout by category), and• A system generated perpetual inventory report to be submitted on a monthly basis that will capture inventory amounts by product line and related ineligibles in a form satisfactory to Siena.
Monthly (no later than the 20th day of each calendar month)	<ul style="list-style-type: none">• accounts receivable ageings inclusive of reconciliations to the general ledger,• accounts payable schedules inclusive of reconciliations to the general ledger (including ageing of accrued cable access fees included in accounts payable),• Inventory reports (including breakout by category, including without limitation In-Transit Inventory),• monthly reporting of the prior month's Average FICO Score and• Borrowing Base Certificate in form and substance satisfactory to Agent (which shall be calculated as of the last day of the prior month and which shall not be binding upon Agent or restrictive of Agent's rights under this Agreement),

	<ul style="list-style-type: none"> • copies of bank statements for all bank accounts of Portal, and • Monthly trial balances.
Monthly (no later than 30 days after the end of each calendar month), as set forth in Section 5.15(c)	<ul style="list-style-type: none"> • the unaudited interim financial statements of each Loan Party as of the end of such month and of the portion of such Fiscal Year then elapsed, • Compliance Certificate, and • updates to the Information Certificate required by Section 5.29
Quarterly (no later than 45 days after the end of each calendar month), as set forth in Section 5.15(b)	<ul style="list-style-type: none"> • the unaudited interim financial statements of each Loan Party as of the end of such quarter and of the portion of such Fiscal Year then elapsed, and • Compliance Certificate.
Yearly (no later than 120 days after the end of each Fiscal Year of Borrowers), as set forth in Section 5.15(a)	<ul style="list-style-type: none"> • unqualified, audited financial statements of each Loan Party as of the end of such Fiscal Year, and • a Compliance Certificate.
Yearly (no later than 30 days after the end of each Fiscal Year of Borrowers), as set forth in Section 5.15(e)	<ul style="list-style-type: none"> • monthly business projections for the following Fiscal Year for the Loan Parties on a consolidated basis

Yearly (no later than the 120th day after the end of each Fiscal Year of Borrowers)	<ul style="list-style-type: none"> financial statements of each Guarantor, if any (to the extent such financial statements are not already consolidated with the financial statements of Borrowers).
Promptly upon delivery or receipt, or request, as applicable, thereof	<ul style="list-style-type: none"> copies of any and all written notices (including notices of default or acceleration), reports and other deliveries received by or on behalf of any Loan Party from or sent by or on behalf of any Loan Party to, any holder, agent or trustee with respect to any or all of the Term Debt Permitted Indebtedness and Seller Debt Permitted Indebtedness (in such holder's, agent's or trustee's capacity as such), confirmatory assignment schedules as Agent may reasonably request, copies of Customer's invoices as Agent may reasonably request, evidence of shipment or delivery as Agent may reasonably request, and such further schedules, documents and/or information regarding the Collateral as Agent may reasonably request including trial balances and test verifications.

EXECUTION VERSION

**SIXTH AMENDMENT AND CONSENT TO
LOAN AND SECURITY AGREEMENT AND AMENDMENT TO FEE LETTER**

THIS SIXTH AMENDMENT AND CONSENT TO LOAN AND SECURITY AGREEMENT AND AMENDMENT TO FEE LETTER (this “**Amendment**”), dated as of May 27, 2022, is entered into by and among IMEDIA BRANDS, INC., a Minnesota corporation (“**iMedia**” or “**Borrowing Agent**”), VALUEVISION INTERACTIVE, INC., a Minnesota corporation (“**Value Interactive**”), VALUEVISION RETAIL, INC., a Delaware corporation (“**Value Retail**”), PW ACQUISITION COMPANY, LLC, a Minnesota limited liability company (“**PW Acquisition**”), FL ACQUISITION COMPANY, a Minnesota corporation (“**FL Acquisition**”), VALUEVISION MEDIA ACQUISITIONS, INC., a Delaware corporation (“**Value Media**”), TCO, LLC, a Delaware limited liability company (“**TCO**”), JWH ACQUISITION COMPANY, a Minnesota corporation (“**JWH Acquisition**”), NORWELL TELEVISION, LLC, a Delaware limited liability company (“**Norwell**”), 867 GRAND AVENUE LLC, a Minnesota limited liability company (“**867 Grand Avenue**”), PORTAL ACQUISITION COMPANY, a Minnesota corporation (“**Portal**” and together with iMedia, Value Interactive, Value Retail, PW Acquisition, FL Acquisition, Value Media, TCO, JWH Acquisition, Norwell, 867 Grand Avenue and any other Person who from time to time becomes a Borrower under the Loan Agreement, collectively, the “**Borrowers**”), VVI FULFILLMENT CENTER, INC., a Minnesota corporation (“**VVI Fulfillment**”), EP PROPERTIES, LLC, a Minnesota limited liability company (“**EP Properties**”), IMEDIA&123TV HOLDING GMBH (“**iMedia&123tv Holding**” and together with VVI Fulfillment, and EP Properties, collectively, the “**Guarantors**”), SIENA LENDING GROUP LLC, as a lender (“**Siena**” and together with any other financial institutions who become part to the Loan Agreement referred to below from time to time, each a “**Lender**” and collectively, the “**Lenders**”) and SIENA LENDING GROUP LLC, as administrative and collateral agent for the Lenders (in such capacity, the “**Agent**”). Terms used herein without definition shall have the meanings ascribed to them in the Loan Agreement defined below.

RECITALS

A. Agent, Lenders and Borrowers have previously entered into that certain Loan and Security Agreement dated as of July 30, 2021 (as amended, modified and supplemented from time to time, the “**Loan Agreement**”), pursuant to which Lenders have made certain loans and financial accommodations available to Borrowers.

B. Agent and Borrowers have previously entered into that certain Fee Letter dated as of July 30, 2021 (as amended, modified and supplemented from time to time, the “**Fee Letter**”).

C. Borrowers have notified Agent that iMedia intends to repay (the “**Intercompany Repayment**”) that certain short term loan (the “**1.2.3.TV Short Term Loan**”) advanced by 1-2-3.TV GmbH (“**1.2.3.TV**”) in the amount of \$1,500,000 pursuant to that certain Short Term Loan Agreement dated as of February 23, 2022 between iMedia and 1.2.3.TV.

D. Borrowers have requested that Agent and Lenders consent to the Intercompany Repayment and amend the Loan Agreement and that Agent amend the Fee Letter, respectively, on the terms and conditions set forth herein.

E. Agent and Lenders are willing to consent to the Intercompany Repayment and amend the Loan Agreement and Agent is willing to amend the Fee Letter, in each case on the terms and conditions set forth herein.

F. Borrowers are entering into this Amendment with the understanding and agreement that, except as specifically provided herein, none of Agent's or any Lender's rights or remedies as set forth in the Loan Agreement or any other Loan Document or Agent's rights under the Fee Letter are being waived or modified by the terms of this Amendment.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Amendments to Loan Agreement. Effective as of the Sixth Amendment Effective Date (except with respect to Sections 1(h) and (i) below, which shall be effective as of April 30, 2022):

(a) Clauses (e)(i)(A) and (e)(ii) of Section 5.25 of the Loan Agreement are amended and restated in their entirety as follows:

“(A) their respective Domestic Subsidiaries that are Loan Parties (other than VVI Fulfillment and EP Properties),”

“(ii) a Loan Party (other than a Borrower) may make loans to, and investments in, another Loan Party (other than iMedia&123tv Holding, VVI Fulfillment and EP Properties),”

(b) Section 10.8(a) of the Loan Agreement is amended by amending and restating in its entirety clause (b) of the proviso therein as follows:

“(b) assignments by any Lender shall be subject to Sections 10.8(b) through 10.8(f).”

(c) Section 10.8 of the Loan Agreement is amended by adding new subsections (e) and (f) thereto as follows:

“(e) Assignment to SPV. Notwithstanding any provision to the contrary, any Lender may assign to one or more related special purpose funding vehicles (each, an “SPV”), other than an Ineligible Assignee, all or any portion of its funded Loans (without, in the case of Revolving Loans, the corresponding Revolving Loan Commitment), without the consent of any Person or the payment of a fee, by execution of a written assignment agreement in a form agreed to by such Lender and such SPV, and may grant any such SPV the option, in such SPV's sole discretion, to provide the Borrowers all or any part of any Loans that such Lender would otherwise be obligated to make pursuant to this Agreement. Such SPVs shall have all the rights which a Lender making or holding such Loans would have under this Agreement, but no obligations. The Lender making such assignment shall remain liable for all its original obligations under this Agreement, including its applicable Commitments (although the unused portion thereof shall be reduced by the principal amount of any Loans held by an SPV). Notwithstanding such assignment, the Agent and Borrowers may deliver notices to the Lender making such assignment (as agent for the SPV) and not separately to the SPV unless the Agent and Borrower Agent are requested in writing by the SPV (or its agent) to deliver such notices separately to it. For the avoidance of doubt, Agent shall direct all settlements and related payments pursuant to Section 10.20 of this Agreement to the Lender that assigned its Loan(s) to an SPV and nothing shall require Agent to settle with or make any payments to any SPV pursuant to this Agreement. The Borrowers shall, at the request of any such Lender, execute and deliver to such Person

as such Lender may designate, a note in the amount of such Lender's original note to evidence the Loans of such Lender and related SPV.

(f) Matters Specific to SLR. Notwithstanding anything to the contrary in this Agreement or the other Loan Documents, (i) neither SLR nor any of its Affiliates shall be required to comply with Section 10.8 or 10.9 in connection with any transaction involving any other Affiliate of SLR or any of its lenders or funding or financing sources, other than any of the foregoing constituting Ineligible Assignees, and neither SLR nor any of its Affiliates shall have an obligation to disclose any such transaction to any Person (except to the extent necessary to enable compliance with Section 9 hereof) and (ii) there shall be no limitation or restriction on (A) the ability of SLR or its Affiliates to assign or otherwise transfer its rights and/or obligations under this Agreement or any other Loan Document, any Commitment, any Loan or any Obligation to any other Affiliate of SLR or any lender or financing or funding source of SLR or any of its Affiliates, other than any of the foregoing constituting Ineligible Assignees, or (B) any such lender's or financing source's ability to assign or otherwise transfer its rights and/or obligations under this Agreement or any other Loan Document, any Loan or any Obligation, other than any to any party constituting an Ineligible Assignee; provided, however, that SLR shall continue to be liable as a "Lender" under this Agreement and the other Loan Documents unless such other Person complies with the provisions of Section 10.8(b) this Agreement to become a "Lender" (including, without limitation, any applicable consents of Agent and Borrowers required under Section 10.8(b)), and until such time Borrowers shall at all times have the right to rely upon any amendments, waivers or consents signed by Agent and Required Lenders as being binding upon any party obtaining any rights under this Section 10.8(f)."

(d) The Loan Agreement, including without limitation, Sections 10.21(a), (b), (d), (e) and (g) and the definition of "Required Lenders" is amended to delete all references therein to "Revolving Commitment" and replace in lieu thereof "Revolving Loan Commitment".

(e) The Loan Agreement is amended to add a new Section 10.22 as follows:

10.22 Erroneous Payments.

(a) Each Lender and any other party hereto hereby severally agrees that if (i) Agent notifies (which such notice shall be conclusive absent manifest error) such Lender (or the Lender which is an Affiliate of a Lender) or any other Person that has received funds from Agent or any of its Affiliates, either for its own account or on behalf of a Lender (each such recipient, a "***Payment Recipient***") that Agent has determined in its sole discretion that any funds received by such Payment Recipient were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Payment Recipient) or (ii) any Payment Recipient receives any payment from Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, or (z) that such Payment Recipient otherwise becomes aware was transmitted or received in error or by mistake (in whole or in part) then, in each case, an error in payment shall be presumed to have been made (any such amounts specified in clauses (i) or (ii) of this Section 10.22(a), whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or

otherwise; individually and collectively, an “**Erroneous Payment**”), then, in each case, such Payment Recipient is deemed to have knowledge of such error at the time of its receipt of such Erroneous Payment; **provided that** nothing in this Section shall require Agent to provide any of the notices specified in clauses (i) or (ii) above. Each Payment Recipient agrees that it shall not assert any right or claim to any Erroneous Payment, and hereby waives any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by Agent for the return of any Erroneous Payments, including without limitation waiver of any defense based on “discharge for value” or any similar doctrine.

(b) Without limiting the immediately preceding clause (a), each Payment Recipient agrees that, in the case of clause (a)(ii) above, it shall promptly notify Agent in writing of such occurrence.

(c) In the case of either clause (a)(i) or (a)(ii) above, such Erroneous Payment shall at all times remain the property of Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of Agent, and upon demand from Agent such Payment Recipient shall (or, shall cause any Person who received any portion of an Erroneous Payment on its behalf to), promptly, but in all events no later than five (5) Business Days thereafter, return to Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made in same day funds and in the currency so received, together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to Agent at the greater of the Federal Funds Rate and a rate determined by Agent in accordance with banking industry rules on interbank compensation from time to time in effect.

(d) In the event that an Erroneous Payment (or portion thereof) is not recovered by Agent for any reason, after demand therefor by Agent in accordance with immediately preceding clause (c), from any Lender that is a Payment Recipient or an Affiliate of a Payment Recipient (such unrecovered amount as to such Lender, an “**Erroneous Payment Return Deficiency**”), then at the sole discretion of Agent and upon Agent’s written notice to such Lender (i) such Lender shall be deemed to have made a cashless assignment of the full face amount of the portion of its Loans (but not its Commitments) with respect to which such Erroneous Payment was made (the “**Erroneous Payment Impacted Loans**”) to Agent or, at the option of Agent, Agent’s applicable lending affiliate (such assignee, the “**Agent Assignee**”) in an amount that is equal to the Erroneous Payment Return Deficiency (or such lesser amount as Agent may specify) (such assignment of the Loans (but not Commitments) of the Erroneous Payment Impacted Loans, the “**Erroneous Payment Deficiency Assignment**”) plus any accrued and unpaid interest on such assigned amount, without further consent or approval of any party hereto and without any payment by Agent Assignee as the assignee of such Erroneous Payment Deficiency Assignment. Without limitation of its rights hereunder, following the effectiveness of the Erroneous Payment Deficiency Assignment, Agent may make a cashless reassignment to the applicable assigning Lender of any Erroneous Payment Deficiency Assignment at any time by written notice to the applicable assigning Lender and upon such reassignment all of the Loans assigned pursuant to such Erroneous Payment Deficiency Assignment shall be reassigned to such Lender without any requirement for payment or other consideration. The parties hereto acknowledge and agree that (1) any assignment contemplated in this clause (d) shall be made without any requirement for any payment or other consideration paid by the applicable assignee or received by the assignor,

and (2) the provisions of this clause (d) shall govern in the event of any conflict with the terms and conditions of Section 10.8.

(e) Each party hereto hereby agrees that (x) in the event an Erroneous Payment (or portion thereof) is not recovered from any Payment Recipient that has received such Erroneous Payment (or portion thereof) for any reason, Agent (1) shall be subrogated to all the rights of such Payment Recipient and (2) is authorized to set off, net and apply any and all amounts at any time owing to such Payment Recipient under any Loan Document, or otherwise payable or distributable by Agent to such Payment Recipient from any source, against any amount due to Agent under this Section 10.22 or under the indemnification provisions of this Agreement, (y) the receipt of an Erroneous Payment by a Payment Recipient shall not for the purpose of this Agreement be treated as a payment, prepayment, repayment, discharge or other satisfaction of any Obligations owed by the Borrower or any other Loan Party, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by Agent from the Borrower or any other Loan Party for the purpose of making for a payment on the Obligations and (z) to the extent that an Erroneous Payment was in any way or at any time credited as payment or satisfaction of any of the Obligations, the Obligations or any part thereof that were so credited, and all rights of the Payment Recipient, as the case may be, shall be reinstated and continue in full force and effect as if such payment or satisfaction had never been received.

(f) Each party's obligations under this Section 10.22 shall survive the resignation or replacement of Agent or any transfer of right or obligations by, or the replacement of, a Lender, the termination of the Commitments or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Loan Document.

(g) The provisions of this Section 10.22 to the contrary notwithstanding, (i) nothing in this Section 10.22 will constitute a waiver or release of any claim of any party hereunder arising from any Payment Recipient's receipt of an Erroneous Payment and (ii) there will only be deemed to be a recovery of the Erroneous Payment to the extent that Agent has received payment from the Payment Recipient in immediately available funds the Erroneous Payment Return, whether directly from the Payment Recipient, as a result of the exercise by Agent of its rights of subrogation or set off as set forth above in clause (e) or as a result of the receipt by Agent Assignee of a payment of the outstanding principal balance of the Loans assigned to Agent Assignee pursuant to an Erroneous Payment Deficiency Assignment, but excluding any other amounts in respect thereof (it being agreed that any payments of interest, fees, expenses or other amounts (other than principal) received by Agent Assignee in respect of the Loans assigned to Agent Assignee pursuant to an Erroneous Payment Deficiency Assignment shall be the sole property of Agent Assignee and shall not constitute a recovery of the Erroneous Payment).

(f) The following definitions set forth on Schedule B to the Loan Agreement are amended and restated in their entirety to read as follows:

“*Ineligible Assignee*” means (a) any natural person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person), (b) any Loan Party or any of its Affiliates), (c) any Defaulting Lender or any Affiliate of any Defaulting Lender or any Person who, upon becoming a Lender hereunder, would constitute a Defaulting Lender or an Affiliate thereof, or (d) so long as no Event of

Default has occurred and is continuing, any Person which is a direct competitor of the Loan Parties (excluding any such competitor which is either (x) a federal or state chartered bank, a United States branch of a foreign bank, or any insurance company, (y) any bona fide debt funds, and (z) any funds that are managed or controlled by such commercial or corporate banks, insurance companies or bona fide debt funds, in each case, if primarily engaged in the business of making commercial loans).”

““**Settlement Date**” means Tuesday of each week (or if any Tuesday is not a Business Day on which all Lenders are open for business, the immediately preceding Business Day on which all Lenders are open for business), provided that, Agent, in its discretion, may require that the Settlement Date occur more frequently (even daily) so long as any Settlement Date chosen by Agent is a Business Day on which each Lender is open for business.”

(g) Schedule B of the Loan Agreement is amended to add the following new definitions in the appropriate alphabetical order, as follows:

““**Erroneous Payment**” has the meaning specified therefor in Section 10.22 of this Agreement.”

““**Erroneous Payment Deficiency Assignment**” has the meaning specified therefor in Section 10.22 of this Agreement.”

““**Erroneous Payment Impacted Loans**” has the meaning specified therefor in Section 10.22 of this Agreement.”

““**Erroneous Payment Return Deficiency**” has the meaning specified therefor in Section 10.22 of this Agreement.”

““**Payment Recipient**” has the meaning specified therefor in Section 10.22 of this Agreement.”

““**Sixth Amendment Effective Date**” shall mean May 27, 2022.”

““**SLR**” shall mean Crystal Financial LLC d/b/a SLR Credit Solutions.”

(h) Subsection (a) set forth on Schedule E of the Loan Agreement is amended and restated in its entirety as follows:

“(a) **Minimum Liquidity.** Borrowers shall not permit Minimum Liquidity as of the end of any fiscal month to be less than \$7,500,000; **provided, that**, commencing with the fiscal month ending July 30, 2022, if, as of any Testing Date (as defined below) as set forth in paragraph (b) of this Schedule E, Borrowers fail to maintain Senior Net Leverage Ratio for the trailing twelve month period ended on such Testing Date of less than 2.50:1.00, then for the entirety of the immediately subsequent fiscal quarter, Borrowers shall not permit Minimum Liquidity measured as of the last day of any fiscal month in such fiscal quarter, to be less than \$15,000,000. If and when the Minimum Liquidity threshold has been automatically increased pursuant to the immediately foregoing sentence, the Minimum Liquidity threshold will remain at \$15,000,000 until Borrowers deliver evidence satisfactory to Agent in its Permitted Discretion that Borrowers maintained a Senior Net Leverage Ratio of less than 2.50:1.00, for the most recent trailing twelve month period then ended as measured on the most recent Testing Date then ended, at which point, the Borrowers’ Minimum Liquidity threshold shall automatically revert to \$7,500,000 for the entirety of the immediately subsequent fiscal quarter.”

(i) Subsection (b) set forth on Schedule E of the Loan Agreement is amended and restated in its entirety as follows:

“(b) Maximum Senior Net Leverage Ratio. Loan Parties shall maintain a Senior Net Leverage Ratio of not greater than the applicable ratio set forth in the table immediately below, and corresponding to the applicable time period, which shall be tested as of the last day of each fiscal quarter (the “**Testing Date**”) of Loan Parties:

Trailing Twelve Month Period	Senior Net Leverage Ratio
Period ending on Testing Date April 30, 2022	3.50:1.00
Period ending on Testing Date July 30, 2022	3.25:1.00
Period ending on Testing Date October 29, 2022	2.75:1.00
Period ending on Testing Date January 28, 2023	2.75:1.00
Period ending on Testing Date April 29, 2023 and thereafter	2.50:1.00

2. Consent to Intercompany Repayment. Notwithstanding anything to the contrary contained in the Loan Agreement, to the extent Agent’s or Lenders’ consent is necessary and/or required under the Loan Agreement, each of Agent and Lenders hereby consent to the Intercompany Repayment; ***provided, that***, that iMedia shall make such Intercompany Repayment on or before May 31, 2022 and promptly provide Agent with evidence thereof.

3. Release; Covenant Not to Sue.

(a) Each Loan Party hereby absolutely and unconditionally releases and forever discharges Lender, and any and all of their respective participants, parent corporations, subsidiary corporations, affiliated corporations, insurers, indemnitors, successors and assigns thereof, together with all of the present and former directors, officers, agents and employees of any of the foregoing (each a “**Released Party**”), from any and all claims, demands or causes of action of any kind, nature or description, whether arising in law or equity or upon contract or tort or under any state or federal law or otherwise, which any Loan Party has had, now has or has made claim to have against any such person for or by reason of any act, omission, matter, cause or thing whatsoever arising from the beginning of time to and including the date of this Amendment, whether such claims, demands and causes of action are matured or unmatured or known or unknown. It is the intention of each Loan Party in providing this release that the same shall be effective as a bar to each and every claim, demand and cause of action specified.

(b) Each Loan Party acknowledges that it may hereafter discover facts different from or in addition to those now known or believed to be true with respect to such claims, demands, or causes of action and agree that this instrument shall be and remain effective in all respects notwithstanding any such differences or additional facts. Each Loan Party understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) Each Loan Party, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favor of each Released Party above that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Released Party on the basis of any claim released, remised and discharged by any Loan Party pursuant to the above release. If any Loan Party or any of its successors, assigns or other legal representatives violates the foregoing covenant, such Loan Party, for itself and its successors, assigns and legal representatives, agrees to pay, in addition to such other damages as any Released Party may sustain as a result of such violation, all attorneys' fees and costs incurred by such Released Party as a result of such violation.

4. Amendment to Fee Letter. As of the effective date of this Amendment, and with respect solely to the Fee Letter, Agent and Borrowers hereby agree that all references therein to "LIBOR Rate" shall be deleted and replaced in lieu thereof with "Term SOFR."

5. Covenant. In consideration of the agreements set forth herein, Borrowers hereby covenant and agree that on or before the date that is sixty (60) days after the date of this Amendment (or such later date as Agent may agree in writing in its sole discretion), Borrowers shall deliver to Agent irrevocable standing transfer instructions or similar document(s) (in either case in form and substance acceptable to Agent in its sole discretion), pursuant to which Borrowers irrevocably instruct each applicable bank listed below to transfer to iMedia's collection account ending in x5863 at PNC Bank, National Association by wire transfer of immediately available funds, all available funds in excess of \$25,000 on deposit in each of the deposit accounts listed below:

Bank Where Deposit Account is Maintained	Deposit Account ending in
PNC Bank, National Association	x6735
MidWest One	x0716
Central Bank of Branson	x1978
Bank of America, N.A.	x4271

6. Amendment Fee. In consideration of the agreements set forth herein, Borrowers hereby agree to jointly and severally pay to Agent for its benefit, an amendment fee in the amount of \$50,000 (the "**Amendment Fee**"), which fee is non-refundable when paid and is fully-earned as of and due and payable on the date of this Amendment.

7. Consent Fee. In consideration of the agreements set forth herein, Borrowers hereby agree to jointly and severally pay to Agent for its benefit, a consent fee in the amount of \$300,000 (the "**Consent Fee**"), which fee is non-refundable when paid and is fully-earned as of and due and payable on the date of this Amendment.

8. Effectiveness of this Amendment. This Amendment, and the consent provided for herein, shall become effective upon the satisfaction, as determined by Agent, of the following conditions (the "**Sixth Amendment Effective Date**");

- (a) Amendment. Agent shall have received this Amendment fully executed by the other parties hereto;

(b) Amendment Fee. Agent shall have received the Amendment Fee, which may be paid as a charge to Borrowers' Loan Account. Borrowers hereby authorize Agent to charge Borrower's Loan Account in full payment of such Amendment Fee on the date of this Amendment;

(c) Consent Fee. Agent shall have received the Consent Fee, which may be paid as a charge to Borrowers' Loan Account. Borrowers hereby authorize Agent to charge Borrower's Loan Account in full payment of such Consent Fee on the date of this Amendment;

(d) Representations and Warranties. The representations and warranties set forth herein and in the Loan Agreement must true and correct in all material respects (without duplication of materiality qualifiers therein) as of the date hereof (or to the extent any representations or warranties are expressly made solely as of an earlier date, such representations and warranties shall be true and correct in all material respects (without duplication of materiality qualifiers therein) as of such earlier date); and

(e) Other Required Documentation. All other documents and legal matters in connection with the transactions contemplated by this Amendment shall have been delivered or executed or recorded, as reasonably required by Agent in its Permitted discretion.

9. Representations and Warranties. Each Loan Party represents and warrants as follows:

(a) Authority. Such Loan Party has the requisite corporate power and authority to execute and deliver this Amendment, and to perform its obligations hereunder, under the Loan Agreement (as amended or modified hereby) and under the other Loan Documents to which it is a party. The execution, delivery and performance by such Loan Party of this Amendment have been duly approved by all necessary corporate action and no other corporate proceedings are necessary to consummate such transactions.

(b) Enforceability. This Amendment has been duly executed and delivered by each Loan Party. This Amendment, the Loan Agreement (as amended or modified hereby) and each other Loan Document is the legal, valid and binding obligation of each Loan Party, enforceable against each Loan Party in accordance with its terms, and is in full force and effect.

(c) Representations and Warranties. The representations and warranties contained in the Loan Agreement and each other Loan Document (other than any such representations or warranties that, by their terms, are specifically made as of a date other than the date hereof) are correct on and as of the date hereof as though made on and as of the date hereof.

(d) Due Execution. The execution, delivery and performance of this Amendment are within the power of each Loan Party, have been duly authorized by all necessary corporate action, have received all necessary governmental approval, if any, and do not contravene any law or any contractual restrictions binding on any Loan Party.

(e) No Default. No event has occurred and is continuing that constitutes a Default or an Event of Default.

(f) No Duress. This Amendment has been entered into without force or duress, of the free will of each Loan Party. Each Loan Party's decision to enter into this Amendment is a fully informed decision and such Loan Party is aware of all legal and other ramifications of such decision.

(g) Counsel. Each Loan Party has read and understands this Amendment, has consulted with and been represented by legal counsel in connection herewith, and has been advised by its counsel of its rights and obligations hereunder and thereunder.

10. Choice of Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED THEREIN WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES (EXCEPT SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATION LAW). FURTHER, THE LAW OF THE STATE OF NEW YORK SHALL APPLY TO ALL DISPUTES OR CONTROVERSIES ARISING OUT OF OR CONNECTED TO OR WITH THIS AMENDMENT AND ALL SUCH RELATED LOAN DOCUMENTS WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES (EXCEPT SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATION LAW).

11. Counterparts; Facsimile Signatures. 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 e-mail, DocuSign, facsimile or other similar form of electronic transmission shall be deemed to be an original signature hereto.

12. Reference to and Effect on the other Loan Documents.

(a) Upon and after the effectiveness of this Amendment, each reference in the Loan Agreement and the Fee Letter, respectively to “*this Agreement*”, “*hereunder*”, “*hereof*” or words of like import referring to the Loan Agreement or the Fee Letter, respectively, and each reference in the other Loan Documents to “*the Loan Agreement*”, “*the Fee Letter*,” “*thereof*” or words of like import referring to the Loan Agreement or the Fee Letter, respectively, shall mean and be a reference to the Loan Agreement or the Fee Letter, respectively, as modified and amended hereby.

(b) Except as specifically amended above, the Loan Agreement and all other Loan Documents, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed and shall constitute the legal, valid, binding and enforceable obligations of Borrowers to Agent and Lenders.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Agent or any Lender under the Loan Agreement or any of the other Loan Documents, nor constitute a waiver of any provision of the Loan Agreement or any of the other Loan Documents.

(d) To the extent that any terms and conditions in any of the other Loan Documents shall contradict or be in conflict with any terms or conditions of the Loan Agreement, after giving effect to this Amendment, such terms and conditions are hereby deemed modified or amended accordingly to reflect the terms and conditions of the Loan Agreement as modified or amended hereby.

(e) To the extent that any terms and conditions in any of the other Loan Documents shall contradict or be in conflict with any terms or conditions of the Fee Letter, after giving effect to this Amendment, such terms and conditions are hereby deemed modified or amended accordingly to reflect the terms and conditions of the Fee Letter as modified or amended hereby.

13. Ratification. Each Loan Party hereby restates, ratifies and reaffirms each and every term and condition set forth in the Loan Agreement, as amended hereby, and the other Loan Documents effective as of the date hereof.

14. Integration. This Amendment, together with the Loan Agreement and the other Loan Documents, incorporates all negotiations of the parties hereto with respect to the subject matter hereof and is the final expression and agreement of the parties hereto with respect to the subject matter hereof.

15. Severability. If any part of this Amendment is contrary to, prohibited by, or deemed invalid under Applicable Laws, such provision shall be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder hereof shall not be invalidated thereby and shall be given effect so far as possible.

16. Guarantors' Acknowledgment. With respect to the amendments to the Loan Agreement effected by this Amendment, each Guarantor hereby acknowledges and agrees to this Amendment and confirms and agrees that its Guaranty (as modified and supplemented in connection with this Amendment) is and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects except that, upon the effectiveness of, and on and after the date of this Amendment, each reference in such Guaranty to the Loan Agreement, "*thereunder*", "*thereof*" or words of like import referring to the Loan Agreement, shall mean and be a reference to the Loan Agreement as amended or modified by this Amendment. Although Lender has informed the Guarantors of the matters set forth above, and each Guarantor has acknowledged the same, each Guarantor understands and agrees that Lender has no duty under the Loan Agreement, any Guaranty or any other agreement with any Guarantor to so notify any Guarantor or to seek such an acknowledgement, and nothing contained herein is intended to or shall create such a duty as to any transaction hereafter.

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IN WITNESS WHEREOF, the parties have entered into this Amendment as of the date first above written.

BORROWERS:


IMEDIA BRANDS, INC.

By: 
Name: Timothy Peterman Its: CEO


VALUEVISION RETAIL, INC.

By: 
Name: Timothy Peterman Its: CEO


FL ACQUISITION COMPANY

By: 
Name: Timothy Peterman Its: CEO


PW ACQUISITION COMPANY, LLC

By: 
Name: Timothy Peterman Its: CEO

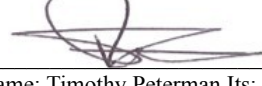
VALUEVISION MEDIA ACQUISITIONS, INC.

By: 
Name: Timothy Peterman Its: CEO


TCO, LLC

By: 
Name: Timothy Peterman Its: CEO

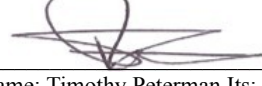
JWH ACQUISITION COMPANY

By: 
Name: Timothy Peterman Its: CEO


NORWELL TELEVISION, LLC

By: 
Name: Timothy Peterman Its: CEO


867 GRAND AVENUE LLC

By: 
Name: Timothy Peterman Its: CEO

VALUEVISION INTERACTIVE, INC.


By: 
Name: Timothy Peterman Its: CEO

PORTAL ACQUISITION COMPANY

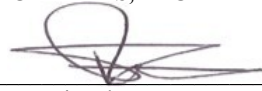
By: 
Name: Timothy Peterman Its: CEO

GUARANTORS:


VVI FULFILLMENT CENTER, INC.

By: 
Name: Timothy Peterman Its:
CEO


EP PROPERTIES, LLC

By: 
Name: Timothy Peterman Its:
CEO

IMEDIA&123TV HOLDING GMBH

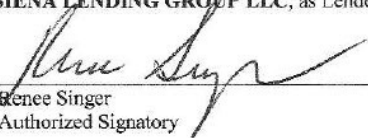
By: 
Name: Timothy Peterman Its:
Managing Director

SIENA LENDING GROUP LLC, as Agent

By: 
Name: Renee Singer
Title: Authorized Signatory

By: _____
Name: Steven Sanicola
Title: Authorized Signatory

SIENA LENDING GROUP LLC, as Lender

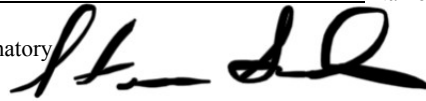
By: 
Name: Renee Singer
Title: Authorized Signatory

By: _____
Name: Steven Sanicola
Title: Authorized Signatory

[Signature Page to Sixth Amendment to Loan and Security Agreement]

SIENA LENDING GROUP LLC, as Agent

By: _____ Name: Renee
Singer
Title: Authorized Signatory



By: _____ Name: Steven
Sanicola
Title: Authorized Signatory

SIENA LENDING GROUP LLC, as Lender

By: _____ Name: Renee
Singer
Title: Authorized Signatory



By: _____ Name: Steven
Sanicola
Title: Authorized Signatory

[Signature Page to Sixth Amendment to Loan and Security Agreement]

CERTIFICATION

I, Timothy A. Peterman, certify that:

1. I have reviewed this report on Form 10-Q of iMedia Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: September 13, 2022

/s/ TIMOTHY A. PETERMAN

Timothy A. Peterman
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Thomas E. Zielecki, certify that:

1. I have reviewed this report on Form 10-Q of iMedia Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: September 13, 2022

/s/ THOMAS E. ZIELECKI

Thomas E. Zielecki
Chief Financial Officer
(Principal Financial and Accounting Officer)

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

In connection with the Quarterly Report on Form 10-Q of iMedia Brands, Inc., a Minnesota corporation (the "Company"), for the quarter ended July 30, 2022, 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: September 13, 2022

/s/ TIMOTHY A. PETERMAN

Timothy A. Peterman
Chief Executive Officer
(Principal Executive Officer)

Date: September 13, 2022

/s/ THOMAS E. ZIELECKI

Thomas E. Zielecki
Chief Financial Officer
(Principal Financial and Accounting Officer)
