
**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 **March 31, 2023**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number **001-33982**

QURATE RETAIL, INC.

(Exact name of Registrant as specified in its charter)

State of Delaware
(State or other jurisdiction of
incorporation or organization)

84-1288730
(I.R.S. Employer
Identification No.)

12300 Liberty Boulevard
Englewood, Colorado
(Address of principal executive offices)

80112
(Zip Code)

Registrant's telephone number, including area code: **(720) 875-5300**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Series A common stock	QRTEA	The Nasdaq Stock Market LLC
Series B common stock	QRTEB	The Nasdaq Stock Market LLC
8.0% Series A Cumulative Redeemable Preferred Stock	QRTEP	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

The number of outstanding shares of Qurate Retail, Inc.'s common stock as of April 30, 2023 was:

Series A common stock	379,933,996
Series B common stock	8,700,380

Table of Contents

[PART I – FINANCIAL INFORMATION](#)

[Item 1. Financial Statements.](#)

QURATE RETAIL, INC. AND SUBSIDIARIES Condensed Consolidated Balance Sheets (unaudited)	I-3
QURATE RETAIL, INC. AND SUBSIDIARIES Condensed Consolidated Statements of Operations (unaudited)	I-5
QURATE RETAIL, INC. AND SUBSIDIARIES Condensed Consolidated Statements of Comprehensive Earnings (Loss) (unaudited)	I-6
QURATE RETAIL, INC. AND SUBSIDIARIES Condensed Consolidated Statements of Cash Flows (unaudited)	I-7
QURATE RETAIL, INC. AND SUBSIDIARIES Condensed Consolidated Statements of Equity (unaudited)	I-8
QURATE RETAIL, INC. AND SUBSIDIARIES Notes to Condensed Consolidated Financial Statements (unaudited)	I-9

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	I-23
---	------

Item 3. Quantitative and Qualitative Disclosures about Market Risk	I-35
--	------

Item 4. Controls and Procedures.	I-35
--	------

[PART II—OTHER INFORMATION](#)

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	II-1
---	------

Item 6. Exhibits	II-2
----------------------------------	------

SIGNATURES	II-3
----------------------------	------

QURATE RETAIL, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(unaudited)

	March 31, 2023	December 31, 2022
	amounts in millions	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 1,286	1,275
Trade and other receivables, net of allowance for credit losses of \$107 million and \$111 million, respectively	1,062	1,394
Inventory, net	1,326	1,346
Indemnification agreement receivable	29	50
Other current assets	183	210
Total current assets	<u>3,886</u>	<u>4,275</u>
Property and equipment, net	563	570
Intangible assets not subject to amortization (note 5):		
Goodwill	3,512	3,501
Trademarks	2,718	2,718
	<u>6,230</u>	<u>6,219</u>
Intangible assets subject to amortization, net (note 5)	646	612
Operating lease right-of-use assets	643	585
Other assets, at cost, net of accumulated amortization	232	310
Total assets	<u>\$ 12,200</u>	<u>12,571</u>

(continued)

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets (Continued)
(unaudited)

	March 31, 2023	December 31, 2022
	amounts in millions, except share amounts	
<i>Liabilities and Equity</i>		
Current liabilities:		
Accounts payable	\$ 819	976
Accrued liabilities	948	1,133
Current portion of debt, \$319 million and \$614 million measured at fair value (note 6)	319	828
Other current liabilities	176	162
Total current liabilities	<u>2,262</u>	<u>3,099</u>
Long-term debt (note 6)	5,796	5,525
Deferred income tax liabilities	1,474	1,440
Preferred stock (note 7)	1,269	1,266
Operating lease liabilities	582	518
Other liabilities	126	198
Total liabilities	<u>11,509</u>	<u>12,046</u>
<i>Equity</i>		
Stockholders' equity:		
Series A common stock, \$.01 par value. Authorized 4,000,000,000 shares; issued and outstanding 379,933,996 shares at March 31, 2023 and 374,390,323 shares at December 31, 2022	4	4
Series B common stock, \$.01 par value. Authorized 150,000,000 shares; issued and outstanding 8,700,380 shares at March 31, 2023 and 8,373,512 shares at December 31, 2022	—	—
Series C common stock, \$.01 par value. Authorized 4,000,000,000 shares; no shares issued	—	—
Additional paid-in capital	67	53
Accumulated other comprehensive earnings (loss), net of taxes	149	18
Retained earnings	358	337
Total stockholders' equity	<u>578</u>	<u>412</u>
Noncontrolling interests in equity of subsidiaries	113	113
Total equity	<u>691</u>	<u>525</u>
Commitments and contingencies (note 8)		
Total liabilities and equity	<u>\$ 12,200</u>	<u>12,571</u>

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(unaudited)

	Three months ended	
	March 31,	
	2023	2022
	amounts in millions, except per share amounts	
Total revenue, net	\$ 2,644	2,883
Operating costs and expenses:		
Cost of goods sold (exclusive of depreciation shown separately below)	1,809	2,002
Operating expense	194	196
Selling, general and administrative, including stock-based compensation (note 2)	478	445
Restructuring and fire related costs, net of (recoveries) (note 8)	—	4
Depreciation and amortization	100	130
Gains on sale leaseback transactions (note 8)	(113)	—
	<u>2,468</u>	<u>2,777</u>
Operating income (loss)	176	106
Other income (expense):		
Interest expense	(94)	(117)
Realized and unrealized gains (losses) on financial instruments, net (note 4)	(47)	30
Gain (loss) on extinguishment of debt	15	—
Other, net	15	52
	<u>(111)</u>	<u>(35)</u>
Earnings (loss) before income taxes	65	71
Income tax (expense) benefit	(32)	(58)
Net earnings (loss)	33	13
Less net earnings (loss) attributable to the noncontrolling interests	13	12
Net earnings (loss) attributable to Qurate Retail, Inc. shareholders	<u>\$ 20</u>	<u>1</u>
Basic net earnings (loss) attributable to Series A and Series B Qurate Retail, Inc. shareholders per common share (note 3):	\$ 0.05	0.00
Diluted net earnings (loss) attributable to Series A and Series B Qurate Retail, Inc. shareholders per common share (note 3):	\$ 0.05	0.00

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Earnings (Loss)
(unaudited)

	Three months ended	
	March 31,	
	2023	2022
	amounts in millions	
Net earnings (loss)	\$ 33	13
Other comprehensive earnings (loss), net of taxes:		
Foreign currency translation adjustments	20	(60)
Recognition of previously unrealized losses (gains) on debt, net	(19)	—
Credit risk on fair value debt instruments gains (loss)	129	29
Other comprehensive earnings (loss)	130	(31)
Comprehensive earnings (loss)	163	(18)
Less comprehensive earnings (loss) attributable to the noncontrolling interests	12	6
Comprehensive earnings (loss) attributable to Qurate Retail, Inc. shareholders	\$ 151	(24)

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(unaudited)

	Three months ended March 31,	
	2023	2022
	amounts in millions	
Cash flows from operating activities:		
Net earnings (loss)	\$ 33	13
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization	100	130
Stock-based compensation	16	15
Realized and unrealized (gains) losses on financial instruments, net	47	(30)
(Gains) losses on sale leaseback transactions	(113)	—
Gain on insurance proceeds, net of fire related costs	(17)	—
Insurance proceeds received for operating losses	37	—
(Gain) loss on extinguishment of debt	(15)	—
Deferred income tax expense (benefit)	(2)	29
Other, net	9	(24)
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	294	365
Decrease (increase) in inventory	25	(155)
Decrease (increase) in prepaid expenses and other assets	48	8
(Decrease) increase in trade accounts payable	(167)	(21)
(Decrease) increase in accrued and other liabilities	(279)	(319)
Net cash provided (used) by operating activities	<u>16</u>	<u>(179)</u>
Cash flows from investing activities:		
Investments in and loans to cost and equity investees	—	(7)
Capital expenditures	(54)	(43)
Expenditures for television distribution rights	(38)	(2)
Cash proceeds from dispositions of investments	1	12
Proceeds from sale of fixed assets	198	—
Insurance proceeds	18	—
Payments for settlements of financial instruments	(179)	—
Proceeds from settlements of financial instruments	167	—
Other investing activities, net	(1)	24
Net cash provided (used) by investing activities	<u>112</u>	<u>(16)</u>
Cash flows from financing activities:		
Borrowings of debt	677	460
Repayments of debt	(803)	(195)
Withholding taxes on net settlements of stock-based compensation	(1)	(7)
Dividends paid to noncontrolling interest	(12)	(14)
Dividends paid to common shareholders	(7)	(10)
Indemnification agreement settlement	24	—
Other financing activities, net	—	(5)
Net cash provided (used) by financing activities	<u>(122)</u>	<u>229</u>
Effect of foreign currency exchange rates on cash, cash equivalents and restricted cash	4	(13)
Net increase (decrease) in cash, cash equivalents and restricted cash	10	21
Cash, cash equivalents and restricted cash at beginning of period	1,285	596
Cash, cash equivalents and restricted cash at end of period	<u>\$ 1,295</u>	<u>617</u>

The following table reconciles cash, cash equivalents and restricted cash reported in our condensed consolidated balance sheets to the total amount presented in our condensed consolidated statements of cash flows:

	March 31, 2023	December 31, 2022
	in millions	
Cash and cash equivalents	\$ 1,286	1,275
Restricted cash included in other current assets	9	10
Total cash, cash equivalents and restricted cash in the condensed consolidated statement of cash flows	<u>\$ 1,295</u>	<u>1,285</u>

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Equity

(unaudited)

	Stockholders' Equity							Total equity
	Preferred stock	Common stock		Additional paid-in capital	Accumulated other comprehensive earnings (loss)	Retained earnings	Noncontrolling interest in equity of subsidiaries	
		Series A	Series B					
	amounts in millions							
Balance at January 1, 2023	\$ —	4	—	53	18	337	113	525
Net earnings (loss)	—	—	—	—	—	20	13	33
Other comprehensive earnings (loss)	—	—	—	—	131	—	(1)	130
Stock-based compensation	—	—	—	14	—	—	—	14
Distribution to noncontrolling interest	—	—	—	—	—	—	(12)	(12)
Withholding taxes on net share settlements of stock-based compensation	—	—	—	(1)	—	—	—	(1)
Other	—	—	—	1	—	1	—	2
Balance at March 31, 2023	\$ —	4	—	67	149	358	113	691

	Stockholders' Equity							Total equity
	Preferred stock	Common stock		Additional paid-in capital	Accumulated other comprehensive earnings (loss)	Retained earnings	Noncontrolling interest in equity of subsidiaries	
		Series A	Series B					
	amounts in millions							
Balance at January 1, 2022	\$ —	4	—	—	(79)	2,925	136	2,986
Net earnings (loss)	—	—	—	—	—	1	12	13
Other comprehensive earnings (loss)	—	—	—	—	(25)	—	(6)	(31)
Stock-based compensation	—	—	—	14	—	—	—	14
Distribution to noncontrolling interest	—	—	—	—	—	—	(15)	(15)
Withholding taxes on net share settlements of stock-based compensation	—	—	—	(7)	—	—	—	(7)
Other	—	—	—	—	—	3	—	3
Balance at March 31, 2022	\$ —	4	—	7	(104)	2,929	127	2,963

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(unaudited)

(1) Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of Qurate Retail, Inc. and its controlled subsidiaries (collectively, "Qurate Retail," the "Company," "Consolidated Qurate Retail," "us," "we," or "our" unless the context otherwise requires). All significant intercompany accounts and transactions have been eliminated in consolidation. Qurate Retail is made up of wholly-owned subsidiaries QVC, Inc. ("QVC"), which includes HSN, Inc. ("HSN"), Cornerstone Brands, Inc. ("CBI"), Zulily, LLC ("Zulily"), and other cost and equity method investments.

Qurate Retail is primarily engaged in the video and online commerce industries in North America, Europe and Asia. The businesses of the Company's wholly-owned subsidiaries, QVC, CBI and Zulily, are seasonal due to a higher volume of sales in the fourth calendar quarter related to year-end holiday shopping.

The accompanying (a) condensed consolidated balance sheet as of December 31, 2022, which has been derived from audited financial statements, and (b) the interim unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for such periods have been included. Additionally, certain prior period amounts have been reclassified for comparability with current period presentation. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in Qurate Retail's Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 10-K").

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Qurate Retail considers (i) fair value measurements, (ii) accounting for income taxes, and (iii) estimates of retail-related adjustments and allowances to be its most significant estimates.

Qurate Retail has entered into certain agreements with Liberty Media Corporation ("LMC"), a separate publicly traded company. These agreements include a reorganization agreement, services agreement and facilities sharing agreement. As a result of certain corporate transactions, LMC and Qurate Retail may have obligations to each other for certain tax related matters. Neither Qurate Retail nor LMC has any stock ownership, beneficial or otherwise, in the other. In connection with a split-off transaction that occurred in the first quarter of 2018 (the "GCI Liberty Split-Off"), Qurate Retail and GCI Liberty, Inc. ("GCI Liberty") entered into a tax sharing agreement. Pursuant to the tax sharing agreement, GCI Liberty agreed to indemnify Qurate Retail for taxes and tax-related losses resulting from the GCI Liberty Split-Off to the extent such taxes or tax-related losses (i) result primarily from, individually or in the aggregate, the breach of certain restrictive covenants made by GCI Liberty (applicable to actions or failures to act by GCI Liberty and its subsidiaries following the completion of the GCI Liberty Split-Off), or (ii) result from Section 355(e) of the Internal Revenue Code applying to the GCI Liberty Split-Off as a result of the GCI Liberty Split-Off being part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, a 50-percent or greater interest (measured by vote or value) in the stock of GCI Liberty (or any successor corporation). Following a merger between Liberty Broadband Corporation ("Liberty Broadband") and GCI Liberty, Liberty Broadband has assumed the tax sharing agreement.

In December 2019, the Company entered into an amendment to the services agreement in connection with LMC's entry into a new employment arrangement with Gregory B. Maffei, the Company's Chairman of the Board (the "Chairman" or "Mr. Maffei"). Under the amended services agreement, components of his compensation will either be paid directly to him by each of the Company, Liberty TripAdvisor Holdings, Inc., and Liberty Broadband (collectively, the "Service Companies") or reimbursed to LMC, in each case, based on allocations among LMC and the Service Companies set forth in the amended services agreement, currently set at 11% for the Company.

QURATE RETAIL, INC. AND SUBSIDIARIES**Notes to Condensed Consolidated Financial Statements (Continued)****(unaudited)**

The reorganization agreement with LMC provides for, among other things, provisions governing the relationship between Qurate Retail and LMC, including certain cross-indemnities. Pursuant to the services agreement, LMC provides Qurate Retail with certain general and administrative services including legal, tax, accounting, treasury and investor relations support. Qurate Retail reimburses LMC for direct, out-of-pocket expenses incurred by LMC in providing these services and for Qurate Retail's allocable portion of costs associated with any shared services or personnel based on an estimated percentage of time spent providing services to Qurate Retail. Under the facilities sharing agreement, LMC shares office space and related amenities at its corporate headquarters with Qurate Retail. Under these various agreements, approximately \$2 million and \$3 million was reimbursable to LMC for the three months ended March 31, 2023 and 2022, respectively. Qurate Retail had a tax sharing payable to LMC and Liberty Broadband in the amount of approximately \$10 million and \$18 million as of March 31, 2023 and December 31, 2022, respectively, included in other liabilities in the condensed consolidated balance sheets.

(2) Stock-Based Compensation

The Company has granted to certain of its directors, employees and employees of its subsidiaries, restricted stock ("RSAs"), restricted stock units ("RSUs") and options to purchase shares of the Company's common stock (collectively, "Awards"). The Company measures the cost of employee services received in exchange for an equity classified Award (such as stock options and restricted stock) based on the grant-date fair value ("GDFV") of the Award, and recognizes that cost over the period during which the employee is required to provide service (usually the vesting period of the Award). The Company measures the cost of employee services received in exchange for a liability classified Award based on the current fair value of the Award, and remeasures the fair value of the Award at each reporting date.

Included in selling, general and administrative expenses in the accompanying condensed consolidated statements of operations are \$16 million and \$15 million of stock-based compensation during the three months ended March 31, 2023 and 2022, respectively.

Qurate Retail—RSUs

The following table presents the number and weighted average GDFV of RSUs granted by the Company during the three months ended March 31, 2023:

	Three months ended	
	March 31, 2023	
RSUs Granted (000's)		Weighted Average GDFV
Series A Qurate Retail common stock, subsidiary employees (1)	935	\$ 0.89
Series A Qurate Retail common stock, Qurate Retail employees and directors (2)	553	\$ 1.51
Series A Qurate Retail common stock, Qurate Retail President and CEO (3)	1,869	\$ 1.51
Series B Qurate Retail common stock, Qurate Retail Chairman of the Board (4)	353	\$ 5.51

- (1) Grant vests equally over three years.
- (2) Grants mainly vest one year from the month of grant, subject to the satisfaction of certain performance objectives.
- (3) Grant vests one year from the month of grant, subject to the satisfaction of certain performance objectives. Grant was made in connection with the employment agreement of our President and Chief Executive Officer.
- (4) Grant vests one year from the month of grant, subject to the satisfaction of certain performance objectives. Grant was made in connection with our Chairman's employment agreement.

Also during the three months ended March 31, 2023, Qurate Retail granted 20.4 million performance-based, cash-settled RSUs of Series A Qurate Retail common stock to subsidiary employees. These RSUs vest equally over three years, subject to the satisfaction of certain performance objectives. The liability and compensation expense related to such awards

QURATE RETAIL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

is adjusted at the end of each reporting period based on the closing market price of Series A Qurate Retail common stock on the last trading day of the quarter combined with the probability of satisfying the performance objectives.

For awards that are performance-based, performance objectives, which are subjective, are considered in determining the timing and amount of compensation expense recognized. When the satisfaction of the performance objectives becomes probable, the Company records compensation expense. The probability of satisfying the performance objectives is assessed at the end of each reporting period.

Pursuant to the terms of the Stock Exchange Agreement, dated as of June 3, 2021, by and between Mr. Maffei and the Company, on March 25, 2022, Mr. Maffei transferred to the Company an aggregate of 229,022 shares of Series A common stock of Qurate Retail (“QRTEA”) received by Mr. Maffei upon vesting of the performance-based restricted stock unit award granted to Mr. Maffei on March 10, 2021 and in exchange, the Company issued to Mr. Maffei an equivalent number of shares of Series B common stock of Qurate Retail (“QRTEB”). Each share of QRTEB stock is convertible, at the option of the holder, into one share of QRTEA.

Qurate Retail—Outstanding Awards

The following tables present the number and weighted average exercise price (“WAEP”) of the options to purchase Qurate Retail common stock granted to certain officers, employees and directors of the Company, as well as the weighted average remaining life and aggregate intrinsic value of the options.

	Series A (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Options outstanding at January 1, 2023	32,914	\$ 8.78		
Granted	—	\$ —		
Exercised	(14)	\$ 2.17		
Forfeited/Cancelled	(4,016)	\$ 12.90		
Options outstanding at March 31, 2023	28,884	\$ 8.21	2.9 years	\$ —
Options exercisable at March 31, 2023	18,954	\$ 9.61	2.3 years	\$ —

	Series B (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Options outstanding at January 1, 2023	2,221	\$ 12.25		
Granted	—	\$ —		
Exercised	—	\$ —		
Forfeited/Cancelled	(1,498)	\$ 12.20		
Options outstanding at March 31, 2023	723	\$ 12.35	1.6 years	\$ —
Options exercisable at March 31, 2023	723	\$ 12.35	1.6 years	\$ —

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

The following table presents the number and weighted average GDFV of RSUs granted to certain officers, employees and directors of the Company.

	Series A (000's)	Weighted Average GDFV	Series B (000's)	Weighted Average GDFV
RSUs outstanding at January 1, 2023	23,166	\$ 5.09	327	\$ 4.95
Granted	3,357	\$ 1.34	353	\$ 5.51
Vested	(5,544)	\$ 6.37	(327)	\$ 4.95
Forfeited/Cancelled	(1,850)	\$ 5.71	—	\$ —
RSUs outstanding at March 31, 2023	19,129	\$ 4.00	353	\$ 5.51

As of March 31, 2023, Qurate Retail also had 1.1 million QRTEB RSAs and 40 thousand Qurate Retail 8.0% Series A Cumulative Redeemable Preferred Stock RSAs and RSUs outstanding. The QRTEB unvested RSAs had a GDFV of \$13.65 per share, and 36 thousand of the Qurate Retail 8.0% Series A Cumulative Redeemable Preferred Stock unvested RSUs had an incremental cost of \$48.99 per share.

As of March 31, 2023, the total unrecognized compensation cost related to unvested Awards was approximately \$101 million. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 1.6 years.

As of March 31, 2023, Qurate Retail reserved for issuance upon exercise of outstanding stock options approximately 28.9 million shares of QRTEA and 0.7 million shares of QRTEB common stock.

(3) Earnings (Loss) Per Common Share

Basic earnings (loss) per common share ("EPS") is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding ("WASO") for the period. Diluted EPS presents the dilutive effect on a per share basis of potential common shares as if they had been converted at the beginning of the periods presented. Potentially dilutive shares are excluded from the computation of diluted EPS during periods in which losses are reported since the result would be antidilutive.

Excluded from diluted EPS for the three months ended March 31, 2023 and 2022 are 30 million and 26 million potential common shares, respectively, because their inclusion would have been antidilutive.

	Qurate Retail Common Stock	
	Three months ended	
	March 31,	
	2023	2022
	number of shares in millions	
Basic WASO	383	379
Potentially dilutive shares	1	5
Diluted WASO	384	384

QURATE RETAIL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

(4) Assets and Liabilities Measured at Fair Value

For assets and liabilities required to be reported at fair value, GAAP provides a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs, other than quoted market prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

The Company's assets and liabilities measured at fair value are as follows:

Description	Fair Value Measurements at March 31, 2023			Fair Value Measurements at December 31, 2022		
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
	amounts in millions					
Cash equivalents	\$ 924	924	—	938	938	—
Indemnification asset	\$ 29	—	29	50	—	50
Debt	\$ 319	—	319	614	—	614

The majority of the Company's Level 2 financial assets and liabilities are primarily debt instruments and derivative instruments with quoted market prices that are not considered to be traded on "active markets," as defined in GAAP. The fair values for such instruments are derived from a typical model using observable market data as the significant inputs.

The indemnification asset relates to Liberty Broadband's agreement to indemnify Liberty Interactive LLC ("LI LLC") and pertains to the ability of holders of LI LLC's 1.75% exchangeable debentures due 2046 (the "1.75% Exchangeable Debentures") to exercise their exchange right according to the terms of the debentures on or before October 5, 2023. Such amount will equal the difference between the exchange value and par value of the 1.75% Exchangeable Debentures at the time the exchange occurs. The indemnification asset recorded in the condensed consolidated balance sheets as of March 31, 2023 represents the fair value of the estimated exchange feature included in the 1.75% Exchangeable Debentures primarily based on market observable inputs (Level 2). As of March 31, 2023, a holder of the 1.75% Exchangeable Debentures has the ability to put their debentures on October 5, 2023, and accordingly, such indemnification asset is included as a current asset in our condensed consolidated balance sheet as of March 31, 2023.

During the three months ended March 31, 2023, indemnification payments of \$24 million were made to Qurate Retail by Liberty Broadband in connection with exchanges of \$157 million of the 1.75% Exchangeable Debentures that settled in the quarter.

Realized and Unrealized Gains (Losses) on Financial Instruments

Realized and unrealized gains (losses) on financial instruments are comprised of changes in the fair value of the following:

	Three months ended March 31,	
	2023	2022
	amounts in millions	
Equity securities	(3)	(10)
Exchangeable senior debentures	(46)	124
Indemnification asset	3	(85)
Other financial instruments	(1)	1
	\$ (47)	30

QURATE RETAIL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

The Company has elected to account for its exchangeable debt using the fair value option. Changes in the fair value of the exchangeable senior debentures recognized in the condensed consolidated statement of operations are primarily due to market factors primarily driven by changes in the fair value of the underlying shares into which the debt is exchangeable. The Company isolates the portion of the unrealized gain (loss) attributable to the change in the instrument specific credit risk and recognizes such amount in other comprehensive earnings (loss). The change in the fair value of the exchangeable senior debentures attributable to changes in the instrument specific credit risk was a gain of \$169 million and a gain of \$34 million for the three months ended March 31, 2023 and 2022, respectively.

During the three months ended March 31, 2023, the Company recognized \$25 million of previously unrecognized gains related to the retirement of a portion of the 1.75% Exchangeable Debentures, which was recognized through gain (loss) on extinguishment of debt on the condensed consolidated statement of operations. The cumulative change was a gain of \$633 million as of March 31, 2023, net of the recognition of previously unrecognized gains and losses.

(5) Intangible Assets

Goodwill

Changes in the carrying amount of goodwill are as follows:

	<u>QxH</u>	<u>QVC Int'l</u>	<u>CBI</u>	<u>Corporate and Other</u>	<u>Total</u>
	amounts in millions				
Balance at January 1, 2023	\$ 2,693	778	12	18	3,501
Foreign currency translation adjustments	—	11	—	—	11
Balance at March 31, 2023	<u>\$ 2,693</u>	<u>789</u>	<u>12</u>	<u>18</u>	<u>3,512</u>

Intangible Assets Subject to Amortization

Amortization expense for intangible assets with finite useful lives was \$74 million and \$82 million for the three months ended March 31, 2023 and 2022, respectively. Based on its amortizable intangible assets as of March 31, 2023, Qurate Retail expects that amortization expense will be as follows for the next five years (amounts in millions):

Remainder of 2023	\$ 226
2024	\$ 235
2025	\$ 108
2026	\$ 76
2027	\$ 3

QURATE RETAIL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

(6) Long-Term Debt

Debt is summarized as follows:

	Outstanding principal at March 31, 2023	Carrying value	
		March 31, 2023	December 31, 2022
amounts in millions			
Corporate level debentures			
8.5% Senior Debentures due 2029	\$ 287	286	286
8.25% Senior Debentures due 2030	505	503	503
4% Exchangeable Senior Debentures due 2029	354	58	134
3.75% Exchangeable Senior Debentures due 2030	429	84	157
1.75% Exchangeable Senior Debentures due 2046	173	177	323
Subsidiary level notes and facilities			
QVC 4.375% Senior Secured Notes due 2023	—	—	214
QVC 4.85% Senior Secured Notes due 2024	600	600	600
QVC 4.45% Senior Secured Notes due 2025	600	599	599
QVC 4.75% Senior Secured Notes due 2027	575	575	575
QVC 4.375% Senior Secured Notes due 2028	500	500	500
QVC 5.45% Senior Secured Notes due 2034	400	399	399
QVC 5.95% Senior Secured Notes due 2043	300	300	300
QVC 6.375% Senior Secured Notes due 2067	225	225	225
QVC 6.25% Senior Secured Notes due 2068	500	500	500
QVC Senior Secured Credit Facility	1,345	1,345	1,075
Deferred loan costs	—	(36)	(37)
Total consolidated Qurate Retail debt	<u>\$ 6,793</u>	6,115	6,353
Less current classification		(319)	(828)
Total long-term debt		<u>\$ 5,796</u>	<u>5,525</u>

QVC Senior Secured Notes

In June 2022, QVC completed its purchase of \$536 million of the outstanding 4.375% Senior Secured Notes due 2023 (the "2023 Notes") pursuant to a cash tender offer to purchase any and all of its outstanding 2023 Notes (the "Tender Offer"). The remaining outstanding 2023 Notes were repaid at maturity in March 2023.

The senior secured notes permit QVC to make unlimited dividends or other restricted payments so long as QVC is not in default under the indentures governing the senior secured notes and QVC's consolidated leverage ratio is not greater than 3.5 to 1.0 (the "senior secured notes leverage basket"). As of March 31, 2023, QVC's consolidated leverage ratio (as calculated under QVC's senior secured notes) was greater than 3.5 to 1.0 and as a result QVC is restricted in its ability to make dividends or other restricted payments under the senior secured notes. Although QVC will not be able to make unlimited dividends or other restricted payments under the senior secured notes leverage basket, QVC will continue to be permitted to make unlimited dividends to parent entities of QVC to service the principal and interest when due in respect of indebtedness of such parent entities (so long as there is no default under the indentures governing QVC's senior secured notes) and permitted to make certain restricted payments to parent entities of QVC under an intercompany tax sharing agreement in respect of certain tax obligations of QVC and its subsidiaries.

QVC Senior Secured Credit Facility

On October 27, 2021, QVC amended and restated its latest credit agreement (as amended and restated, the "Fifth Amended and Restated Credit Agreement") and refinanced QVC's existing bank credit facility by entering into the Fifth Amended and Restated Credit Agreement with Zulily, CBI, and QVC Global Corporate Holdings, LLC ("QVC Global"),

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

each a direct or indirect wholly owned subsidiary of Qurate Retail, as borrowers (QVC, Zulily, CBI and QVC Global, collectively, the “Borrowers”), JPMorgan Chase Bank, N.A., as administrative agent, and the other parties named therein.

The Fifth Amended and Restated Credit Agreement is a multi-currency facility providing for a \$3.25 billion revolving credit facility (the “Credit Facility”), with a \$450 million sub-limit for letters of credit and an alternative currency revolving sub-limit equal to 50% of the revolving commitments thereunder. The Credit Facility may be borrowed by any Borrower, with each Borrower jointly and severally liable for the outstanding borrowings. Borrowings under the Fifth Amended and Restated Credit Agreement bear interest at either the alternate base rate (such rate, the “ABR Rate”) or a LIBOR-based rate (or the applicable non-U.S. Dollar equivalent rate) (such rate, the “Term Benchmark/RFR Rate”) at the applicable Borrower’s election in each case plus a margin. Borrowings that are ABR Rate loans will bear interest at a per annum rate equal to the base rate plus a margin that varies between 0.25% and 0.625% depending on the Borrowers’ combined ratio of consolidated total debt to consolidated EBITDA (the “consolidated leverage ratio”). Borrowings that are Term Benchmark/RFR Rate loans will bear interest at a per annum rate equal to the applicable rate plus a margin that varies between 1.25% and 1.625% depending on the Borrowers’ consolidated leverage ratio. Each loan may be prepaid at any time and from time to time without penalty other than customary breakage costs. No mandatory prepayments will be required other than when borrowings and letter of credit usage exceed availability; provided that, if Zulily, CBI, QVC Global or any other borrower under the Credit Facility (other than QVC) is removed, at the election of QVC, as a borrower thereunder, all of its loans must be repaid and its letters of credit are terminated or cash collateralized. Any amounts prepaid on the Credit Facility may be reborrowed.

The loans under the Credit Facility are scheduled to mature on October 27, 2026. Payment of the loans may be accelerated following certain customary events of default.

The payment and performance of the Borrowers’ obligations under the Fifth Amended and Restated Credit Agreement are guaranteed by each of QVC’s, QVC Global’s, Zulily’s and CBI’s Material Domestic Subsidiaries (as defined in the Fifth Amended and Restated Credit Agreement), if any, and certain other subsidiaries of any Borrower that such Borrower has chosen to provide guarantees. Further, the borrowings under the Fifth Amended and Restated Credit Agreement are secured, *pari passu* with QVC’s existing notes, by a pledge of all of QVC’s equity interests. The borrowings under the Fifth Amended and Restated Credit Agreement are also secured by a pledge of all of Zulily’s and CBI’s equity interests.

The Fifth Amended and Restated Credit Agreement contains certain affirmative and negative covenants, including certain restrictions on the Borrowers and each of their respective restricted subsidiaries (subject to certain exceptions) with respect to, among other things: incurring additional indebtedness; creating liens on property or assets; making certain loans or investments; selling or disposing of assets; paying certain dividends and other restricted payments; dissolving, consolidating or merging; entering into certain transactions with affiliates; entering into sale or leaseback transactions; restricting subsidiary distributions; and limiting the Borrowers’ consolidated leverage ratio.

Borrowings under the Fifth Amended and Restated Credit Agreement may be used to repay outstanding indebtedness, pay certain fees and expenses, finance working capital needs and general purposes of the Borrowers and their respective subsidiaries and make certain restricted payments and loans to the Borrowers’ respective parents and affiliates.

Availability under the Fifth Amended and Restated Credit Agreement at March 31, 2023 was \$1,882 million. The interest rate on the Credit Facility was 6.3% and 1.8% at March 31, 2023 and 2022, respectively.

Exchangeable Senior Debentures

The Company has elected to account for its exchangeable senior debentures using the fair value option. Accordingly, changes in the fair value of these instruments are recognized as unrealized gains (losses) in the statements of operations. See note 4 for information related to unrealized gains (losses) on debt measured at fair value. As of March 31, 2023 the Company’s 3.75% and 4.0% Exchangeable Debentures have been classified as current because the Company does not own shares to exchange the debentures. The 1.75% Exchangeable Debentures are classified as current as the Company does not own the shares to exchange the debentures and the holders have the ability to put their debentures on October 5, 2023. The

QURATE RETAIL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

Company reviews the terms of the debentures on a quarterly basis to determine whether a triggering event has occurred to require current classification of the exchangeables upon a call event.

During the three months ended March 31, 2023, a portion of the 1.75% Exchangeable Debentures were exchanged for total principal amount of \$157 million. An additional \$94 million were exchanged subsequent to March 31, 2023.

Debt Covenants

Qurate Retail and its subsidiaries are in compliance with all debt covenants at March 31, 2023.

Fair Value of Debt

Qurate Retail estimates the fair value of its debt based on the quoted market prices for the same or similar issues or on the current rate offered to Qurate Retail for debt of the same remaining maturities (Level 2). The QVC 6.375% Senior Secured Notes due 2067 (“2067 Notes”) and the QVC 6.25% Senior Secured Notes Due 2068 (“2068 Notes”) are traded on the New York Stock Exchange, and the Company considers them to be actively traded. As such, the 2067 Notes and 2068 Notes are valued based on their trading price (Level 1). The fair value of Qurate Retail's publicly traded debt securities that are not reported at fair value in the accompanying condensed consolidated balance sheet at March 31, 2023 are as follows (amounts in millions):

Senior debentures	\$	199
QVC senior secured notes	\$	1,782

Due to the variable rate nature, Qurate Retail believes that the carrying amount of its other debt, not discussed above, approximated fair value at March 31, 2023.

(7) Preferred Stock

On September 14, 2020, Qurate Retail issued its 8.0% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the “Preferred Stock”). There were 13,500,000 shares of Preferred Stock authorized and 12,704,807 shares of Preferred Stock issued and outstanding at March 31, 2023.

Priority. The Preferred Stock ranks senior to the shares of common stock of Qurate Retail, with respect to dividend rights, rights of redemption and rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of Qurate Retail's affairs. Shares of Preferred Stock are not convertible into shares of common stock of Qurate Retail.

Dividends. Holders of the Preferred Stock are entitled to receive quarterly cash dividends at a rate of 8.0% per annum of the liquidation price (as described below) on a cumulative basis, during the term. If declared, accrued dividends will be payable quarterly on each dividend payment date, beginning December 15, 2020 and thereafter on each March 15, June 15, September 15, and December 15 during the term (or, if such date is not a business day, the next business day after such date). If Qurate Retail fails to pay dividends or the applicable redemption price with respect to any redemption within 30 days after the applicable dividend payment or redemption date, the dividend rate will increase as provided by the Certificate of Designations for the Preferred Stock (the “Certificate of Designations”). Accrued dividends that are not paid within 30 days after the applicable dividend payment date will be added to the liquidation price until paid together with all dividends accrued thereon.

The ability of Qurate Retail to declare or pay any dividend on, or purchase, redeem, or otherwise acquire, any of its common stock or any other stock ranking on parity with the Preferred Stock will be subject to restrictions if Qurate Retail does not pay all dividends and all redemption payments on the Preferred Stock, subject to certain exceptions as set forth in the Certificate of Designations.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

Distributions upon Liquidation, Dissolution or Winding Up. Upon Qurate Retail's liquidation, winding-up or dissolution, each holder of shares of the Preferred Stock will be entitled to receive, before any distribution is made to the holders of Qurate Retail common stock, an amount equal to the liquidation price plus all unpaid dividends (whether or not declared) accrued from the immediately preceding dividend payment date, subject to the prior payment of liabilities owed to Qurate Retail's creditors and the preferential amounts to which any stock senior to the Preferred Stock is entitled. The Preferred Stock has a liquidation price equal to the sum of (i) \$100, plus (ii) all accrued and unpaid dividends (whether or not declared) that have been added to the liquidation price.

Mandatory and Optional Redemption. The Preferred Stock is subject to mandatory redemption on March 15, 2031 at the liquidation price plus all unpaid dividends (whether or not declared) accrued from the most recent dividend payment date. On or after the fifth anniversary of September 14, 2020 (the "Original Issue Date"), Qurate Retail may redeem all or a portion of the outstanding shares of Preferred Stock, at the liquidation price plus all unpaid dividends (whether or not declared) accrued from the most recent dividend payment date plus, if the redemption is (x) on or after the fifth anniversary of the Original Issue Date but prior to its sixth anniversary, 4.00% of the liquidation price, (y) on or after the sixth anniversary of the Original Issue Date but prior to its seventh anniversary, 2.00% of the liquidation price and (z) on or after the seventh anniversary of the Original Issue Date, zero. Both mandatory and optional redemptions must be paid in cash.

Voting Power. Holders of the Preferred Stock will not have any voting rights or powers, except as specified in the Certificate of Designations or as required by Delaware law.

Preferred Stock Directors. So long as the aggregate liquidation price of the outstanding shares of Preferred Stock exceeds 25% of the aggregate liquidation price of the shares of Preferred Stock issued on the Original Issue Date, holders of Preferred Stock will have certain director election rights as described in the Certificate of Designations whenever dividends on shares of Preferred Stock have not been declared and paid for two consecutive dividend periods and whenever Qurate Retail fails to pay the applicable redemption price in full with respect to any redemption of the Preferred Stock or fails to make a payment with respect to the Preferred Stock in connection with a liquidation or Extraordinary Transactions (as defined in the Certificate of Designations).

Recognition. As the Preferred Stock is subject to unconditional mandatory redemption in cash and was issued in the form of a share, the Company concluded the Preferred Stock was a mandatorily redeemable financial instrument and should be classified as a liability in the condensed consolidated balance sheets. The Preferred Stock was initially recorded at its fair value, which was determined to be the liquidation preference of \$100 per share. Given the liability classification of the Preferred Stock, all dividends accrued will be classified as interest expense in the condensed consolidated statements of operations. The fair value of the Preferred Stock (level 1) was \$372 million as of March 31, 2023.

(8) Commitments and Contingencies

Litigation

The Company has contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible Qurate Retail may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

Fire at Rocky Mount Fulfillment Center

On December 18, 2021, QVC experienced a fire at its Rocky Mount fulfillment center in North Carolina. Rocky Mount was QVC's second-largest fulfillment center for the operating segment comprised of QVC U.S. and HSN ("QxH") and QVC's primary returns center for hard goods. QVC maintains property, general liability and business interruption insurance coverage. Based on provisions of QVC's insurance policies, the Company records estimated insurance recoveries for fire related costs for which recovery is deemed probable. QVC determined that recovery of certain fire related costs was probable and recorded an insurance receivable.

As of December 31, 2022 QVC had an insurance receivable of \$40 million recorded in trade and other receivables, net of allowance for credit losses in the condensed consolidated balance sheet. During the three months ended March 31, 2023, QVC received \$55 million of insurance proceeds of which \$40 million was applied to the insurance receivable and \$15 million was recognized as a gain, partially offset by \$11 million of other fire related costs which are included in restructuring and fire related costs, net of (recoveries) in the condensed consolidated statement of operations. There was no remaining insurance receivable outstanding as of March 31, 2023.

In February 2023, QVC sold the Rocky Mount fulfillment center to an independent third party and received net cash proceeds of \$15 million. QVC recognized a \$13 million gain on the sale during the three months ended March 31, 2023 calculated as the difference between the aggregate consideration received and the carrying value of the property. The gain is included in restructuring and fire related costs, net of (recoveries) in the condensed consolidated statement of operations.

During the three months ended March 31, 2022, the Company recorded \$2 million of fire related costs, net of (recoveries). Additionally, during the three months ended March 31, 2022, inventory write-downs related to Rocky Mount inventory of \$80 million were included in cost of goods sold. Due to the circumstances surrounding the write-downs of inventory, these write-downs have been excluded from Adjusted OIBDA (as defined in note 9). QVC submitted its business interruption claim with the insurance company; however, there can be no guarantee that all business interruption losses will be recovered. QVC expects to continue to record additional costs and recoveries until the insurance claim is fully settled.

Project Athens

On June 27, 2022, Qurate Retail announced a five-point turnaround plan designed to stabilize and differentiate its core QxH and QVC International businesses and expand the company's leadership in video streaming commerce ("Project Athens"). Project Athens main initiatives include: (i) improve customer experience and grow relationships; (ii) rigorously execute core processes; (iii) lower cost to serve; (iv) optimize the brand portfolio; and (v) build new high growth businesses anchored in strength.

During 2022 QVC commenced the first phase of Project Athens including actions to reduce inventory and a planned workforce reduction. These initiatives are consistent with QVC's strategy to operate more efficiently as it implements its turnaround plan. During the three months ended March 31, 2023, QVC implemented a workforce reduction and recorded restructuring charges of \$13 million in restructuring and fire related costs, net of (recoveries) in the condensed consolidated statement of operations.

Zulily Restructuring

In the first quarter of 2022, Zulily began to execute a series of transformation initiatives, beginning with the announcement of the closure of its fulfillment center in Bethlehem, Pennsylvania, and reduction in corporate workforce. These initiatives are consistent with Zulily's strategy to operate more efficiently as it implements its turnaround plan, and Zulily expects to incur additional expenses related to these transformation initiatives in future periods. Zulily recorded \$4 million of restructuring charges during the three months ended March 31, 2023 related to its reduction in corporate workforce. Zulily recorded \$2 million of restructuring charges during the three months ended March 31, 2022, principally related to its regional office space strategy and expenses associated with the Pennsylvania facility closure.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

Gains on sale leaseback transactions

In November 2022, QVC entered into agreements to sell two properties located in Germany and the United Kingdom (“U.K.”) to an independent third party. Under the terms of the agreements, QVC received net cash proceeds of \$102 million related to its German facility and \$80 million related to its U.K. facility when the sale closed in January 2023. Concurrent with the sale, the Company entered into agreements to lease each of the properties back from the purchaser over an initial term of 20 years with the option to extend the terms of the property leases for up to four consecutive terms of five years. QVC recorded a gain of \$69 million and \$44 million related to the successful sale leaseback of the German and U.K. properties, respectively, during the first quarter of 2023 calculated as the difference between the aggregate consideration received and the carrying value of the properties. QVC accounted for the leases as operating at the close of the sale leaseback transaction, leases and recorded a \$42 million and \$32 million right-of-use asset and operating lease liability for the German and U.K. properties, respectively.

On October 31, 2022, the Company entered into foreign currency forward contracts with an aggregate notional amount of \$167 million to mitigate the foreign currency risk associated with the sale and leaseback of Germany and U.K. properties. The forward did not qualify as a cash flow hedge under GAAP. Changes in the fair value of the forward are reflected in realized and unrealized gains (losses) on financial instruments, net in the condensed consolidated statements of operations. The forward contract was in a net liability position of \$10 million as of December 31, 2022, which was included in other current liabilities in the condensed consolidated balance sheet. The contract expired in January 2023 which resulted in a net cash settlement of \$12 million.

As of December 31, 2022, assets of \$71 million primarily related to the Germany and U.K. properties were classified as held for sale, and included in other assets, at cost, net of accumulated amortization in the consolidated balance sheet, as the proceeds from the sale were used to repay a portion of the Credit Facility borrowings which were classified as noncurrent as of December 31, 2022. Qurate Retail classifies obligations as current when they are contractually required to be satisfied in the next twelve months.

(9) Information About Qurate Retail's Operating Segments

Qurate Retail, through its ownership interests in subsidiaries and other companies, is primarily engaged in the video and online commerce industries. Qurate Retail identifies its reportable segments as (A) those operating segments that represent 10% or more of its consolidated annual revenue, annual Adjusted OIBDA (as defined below) or total assets and (B) those equity method affiliates whose share of earnings represent 10% or more of Qurate Retail's annual pre-tax earnings.

The Qurate Retail chief operating decision maker primarily evaluates performance and makes decisions about allocating resources to its operating segments based on financial measures such as revenue and Adjusted OIBDA. In addition, Qurate Retail reviews nonfinancial measures such as unique website visitors, number of units shipped, conversion rates and active customers, as appropriate.

For the three months ended March 31, 2023, Qurate Retail has identified the following operating segments as its reportable segments:

- QxH – QVC U.S. and HSN market and sell a wide variety of consumer products in the United States, primarily by means of their televised shopping programs and via the Internet through their websites and mobile applications.
- QVC International – QVC International markets and sells a wide variety of consumer products in several foreign countries, primarily by means of its televised shopping programs and via the Internet through its international websites and mobile applications.
- CBI – CBI consists of a portfolio of aspirational home and apparel brands in the U.S. that sell merchandise through brick-and-mortar retail locations as well as via the Internet through their websites.

QURATE RETAIL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

Qurate Retail's operating segments are strategic business units that offer different products and services. They are managed separately because each segment requires different technologies, distribution channels and marketing strategies. The accounting policies of the segments are the same as those described in the Company's Summary of Significant Accounting Policies in the 2022 10-K.

Performance Measures

Disaggregated revenue by segment and product category consisted of the following:

	Three months ended March 31, 2023				Total
	QxH	QVC Int'l	CBI in millions	Corp and other	
Home	\$ 635	237	214	50	1,136
Apparel	295	113	45	70	523
Beauty	246	133	—	9	388
Accessories	192	51	—	50	293
Electronics	110	17	—	2	129
Jewelry	77	39	—	8	124
Other revenue	46	2	—	3	51
Total Revenue	<u>\$ 1,601</u>	<u>592</u>	<u>259</u>	<u>192</u>	<u>2,644</u>

	Three months ended March 31, 2022				Total
	QxH	QVC Int'l	CBI in millions	Corp and other	
Home	\$ 649	273	246	61	1,229
Apparel	296	117	51	94	558
Beauty	261	145	—	11	417
Accessories	202	55	—	49	306
Electronics	147	26	—	2	175
Jewelry	87	52	—	9	148
Other revenue	42	2	—	6	50
Total Revenue	<u>\$ 1,684</u>	<u>670</u>	<u>297</u>	<u>232</u>	<u>2,883</u>

For segment reporting purposes, Qurate Retail defines Adjusted OIBDA as revenue less cost of goods sold, operating expenses, and selling, general and administrative expenses excluding stock-based compensation and, where applicable, separately identified items impacting comparability. Qurate Retail believes this measure is an important indicator of the operational strength and performance of its businesses by identifying those items that are not directly a reflection of each business' performance or indicative of ongoing business trends. In addition, this measure allows management to view operating results and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes depreciation and amortization, stock-based compensation, and where applicable, separately identified impairments, litigation settlements, restructuring, acquisition-related costs, fire related costs, net (including Rocky Mount inventory losses) and gains (losses) on sale

QURATE RETAIL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

leaseback transactions, that are included in the measurement of operating income (loss) pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income (loss), net earnings (loss), cash flows provided by operating activities and other measures of financial performance prepared in accordance with GAAP. Qurate Retail generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current prices.

Adjusted OIBDA is summarized as follows:

	Three months ended March 31,	
	2023	2022
	amounts in millions	
QxH	\$ 139	225
QVC International	72	104
CBI	4	31
Corporate and other	(36)	(25)
Consolidated Qurate Retail	<u>\$ 179</u>	<u>335</u>

Other Information

	March 31, 2023	
	Total assets	Capital expenditures
	amounts in millions	
QxH	\$ 8,454	33
QVC International	1,923	7
CBI	548	3
Corporate and other	1,275	11
Consolidated Qurate Retail	<u>\$ 12,200</u>	<u>54</u>

The following table provides a reconciliation of Adjusted OIBDA to Operating income (loss) and Earnings (loss) before income taxes:

	Three months ended	
	March 31,	
	2023	2022
	amounts in millions	
Adjusted OIBDA	\$ 179	335
Stock-based compensation	(16)	(15)
Depreciation and amortization	(100)	(130)
Restructuring and fire related costs, net of recoveries (including Rocky Mount inventory losses, see note 8)	—	(84)
Gains on sale leaseback transactions	113	—
Operating income (loss)	<u>\$ 176</u>	<u>106</u>
Interest expense	(94)	(117)
Realized and unrealized gains (losses) on financial instruments, net	(47)	30
Gain (loss) on extinguishment of debt	15	—
Other, net	15	52
Earnings (loss) before income taxes	<u>\$ 65</u>	<u>71</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business strategies; the impact of the fire at the Rocky Mount fulfillment center; insurance recoveries; the remediation of a material weakness; revenue growth at QVC, Inc. ("QVC"); our projected sources and uses of cash; the recoverability of our goodwill and other intangible assets; and fluctuations in interest rates and foreign currency exchange rates. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- The continuing global and regional economic impacts of the COVID-19 pandemic and other public health-related risks and events, on our customers, our vendors and our businesses generally;
- customer demand for our products and services and our ability to attract new customers and retain existing customers by anticipating customer demand and adapting to changes in demand;
- competitor responses to our products and services;
- increased digital TV penetration and the impact on channel positioning of our programs;
- the levels of online traffic to our businesses' websites and our ability to convert visitors into customers or contributors;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our future financial performance, including availability, terms, deployment of capital and our level of indebtedness;
- our ability to effectively manage our installment sales plans and revolving credit card programs;
- the cost and ability of shipping companies, manufacturers, suppliers, digital marketing channels, and vendors to deliver products, equipment, software and services;
- the outcome of any pending or threatened litigation;
- availability of qualified personnel;
- the impact of the seasonality of our businesses;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission ("FCC"), and adverse outcomes from regulatory proceedings;
- changes in the nature of key strategic relationships with partners, distributors, suppliers and vendors;
- domestic and international economic and business conditions and industry trends, including the impact of Brexit (as defined below) and the impact of inflation and increased labor costs;
- increases in market interest rates;
- changes in the trade policy and trade relations with China;
- consumer spending levels, including the availability and amount of individual consumer debt and customer credit losses;
- system interruption and the lack of integration and redundancy in the systems and infrastructures of our businesses;
- advertising spending levels;
- changes in distribution and viewing of television programming, including the expanded deployment of video on demand technologies and Internet protocol television and their impact on home shopping programming;
- rapid technological changes;
- failure to protect the security of personal information, subjecting us to potentially costly government enforcement actions and/or private litigation and reputational damage;
- the regulatory and competitive environment of the industries in which we operate;
- natural disasters, public health crises (including resurgences of COVID-19 and its variants), political crises, and other catastrophic events or other events outside of our control, including climate change;
- threatened terrorist attacks, political and economic unrest in international markets and ongoing military action around the world;
- failure to successfully implement Project Athens (defined below); and

[Table of Contents](#)

- fluctuations in foreign currency exchange rates.

For additional risk factors, please see Part I, Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2022 (the “2022 10-K”). These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Quarterly Report on Form 10-Q, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying condensed consolidated financial statements and the notes thereto and the 2022 10-K.

The information herein relates to Qurate Retail, Inc. and its controlled subsidiaries (collectively “Qurate Retail,” the “Company,” “Consolidated Qurate Retail,” “us,” “we” or “our” unless the context otherwise requires).

Overview

We own controlling interests in video and online commerce companies. Our largest businesses and reportable segments are our operating segment comprised of QVC U.S. and HSN (“QxH”) and QVC International. QVC markets and sells a wide variety of consumer products in the United States (“U.S.”) and several foreign countries via highly engaging video-rich, interactive shopping experiences, primarily by means of its televised shopping programs and the Internet through its domestic and international websites and mobile applications. Cornerstone Brands, Inc. (“CBI”), consists of a portfolio of aspirational home and apparel brands, and is a reportable segment.

Our “Corporate and other” category includes our consolidated subsidiary Zulily, LLC (“Zulily”), along with various cost and equity method investments.

On June 27, 2022, Qurate Retail announced a five-point turnaround plan designed to stabilize and differentiate its core QxH and QVC International businesses and expand the Company's leadership in video streaming commerce (“Project Athens”). Project Athens main initiatives include: (i) improve customer experience and grow relationships; (ii) rigorously execute core processes; (iii) lower cost to serve; (iv) optimize the brand portfolio; and (v) build new high growth businesses anchored in strength.

Improve Customer Experience and Grow Relationships. Qurate Retail is focused on rebuilding stronger connections with our customers. In order to improve customer experience and grow relationships, Qurate Retail is working to optimize programming using advanced analytics to align product offerings, promotions and airtime with customer preferences. In addition, we expect to invest in infrastructure which will endeavor to improve the customer's order to delivery experience by increasing personalization, reducing shipping time and improving shipment tracking visibility. We expect to develop a customer loyalty program which will provide customers with a more personalized experience.

Rigorously execute core processes. Qurate Retail is enhancing its core processes to deliver the human story telling experience behind a product while also sharing a clear and compelling value proposition. In order to rigorously execute core processes, Qurate Retail will optimize pricing and assortment by investing in enhanced Information Technology systems that will support real-time pricing and promotion adjustments at an item level. We will also focus on growing our private label brands to drive revenue and margin at productive scale.

Lower cost to serve. Qurate Retail is right sizing its cost base to improve profitability and cash generation. In order to lower cost to serve, Qurate Retail will enhance review of spending to identify cost savings opportunities, including opportunities for workforce reduction. Additionally, we will improve product margin through market vendor efficiency and lower fulfillment costs through freight optimization and higher productivity.

Optimize the brand portfolio. Qurate Retail is exploring untapped opportunities at Zulily and our CBI brands. In order to optimize the brand portfolio at Zulily, we are building the foundation to achieve persistent everyday value for Mom while evaluating and identifying ways we can reduce costs. At CBI we will continue to expand our retail footprint in addition to focusing on cross-brand promotions.

Build new high growth businesses anchored in strength. Finally, Qurate Retail is focused on expanding in the video streaming shopping market. In order to build new high growth businesses anchored in strength, Qurate Retail expects to expand streaming viewership by improving the current streaming experience with enhanced video and navigation and seamless transactions. Additionally, we are shaping the future streaming experience with exclusive content, program and deal concepts. We are also building a next generation shopping app featuring vendors with self-made content.

During 2022 QVC commenced the first phase of Project Athens, including actions to reduce inventory and a planned workforce reduction. These initiatives are consistent with QVC's strategy to operate more efficiently as it implements its turnaround plan, and QVC expects to incur additional expenses related to Project Athens initiatives in future periods. During the three months ended March 31, 2023, QVC implemented a workforce reduction and recorded restructuring charges of \$13 million in Restructuring and fire related costs, net of (recoveries) in the condensed consolidated statement of operations.

QVC's future net revenue will depend on its ability to grow through digital platforms, retain and grow revenue from existing customers, and attract new customers. QVC's future net revenue may also be affected by (i) the willingness of cable television and direct-to-home satellite system operators to continue carrying QVC's programming service; (ii) QVC's ability to maintain favorable channel positioning, which may become more difficult due to governmental action or from distributors converting analog customers to digital; (iii) changes in television viewing habits because of video-on-demand technologies and Internet video services; (iv) QVC's ability to source new and compelling products and (v) general economic conditions.

The current economic uncertainty in various regions of the world in which our subsidiaries and affiliates operate could adversely affect demand for our products and services since a substantial portion of our revenue is derived from discretionary spending by individuals, which typically falls during times of economic instability. Global financial markets may experience disruptions, including increased volatility and diminished liquidity and credit availability. If economic and financial market conditions in the U.S. or other key markets, including Japan and Europe, continue to be uncertain or deteriorate, our customers may respond by suspending, delaying or reducing their discretionary spending. A suspension, delay or reduction in discretionary spending could adversely affect revenue. Accordingly, our ability to increase or maintain revenue and earnings could be adversely affected to the extent that relevant economic environments decline. Such weak economic conditions may also inhibit our expansion into new European and other markets. We currently are unable to predict the extent of any of these potential adverse effects.

The Company has seen inflationary pressures during the period including higher wages and merchandise costs. If these pressures persist, inflated costs may result in certain increased costs outpacing our pricing power in the near term.

On December 18, 2021, QVC experienced a fire at its Rocky Mount, Inc. fulfillment center in North Carolina. Rocky Mount was QVC's second-largest fulfillment center, processing approximately 25% to 30% of volume for QVC U.S., and also served as QVC U.S.'s primary returns center for hard goods. The building was significantly damaged as a result of the fire and related smoke and will not reopen. QVC took steps to mitigate disruption to operations including diverting inbound orders, leveraging its existing fulfillment centers and supplementing these facilities with short-term leased space as needed. QVC sold the property in February 2023, received net cash proceeds of \$15 million and recognized a \$13 million gain on the sale during the three months ended March 31, 2023. QVC is currently evaluating long-term alternatives to alleviate the strain on its network caused by the loss of the Rocky Mount fulfillment center.

Based on the provisions of QVC's insurance policies and discussions with insurance carriers, QVC determined that recovery of certain fire related costs is probable, and recorded an insurance receivable. As of December 31, 2022, the Company recorded cumulative fire related costs of \$407 million, including \$119 million of costs that will not be reimbursed by QVC's insurance policies, estimated insurance recoveries of \$288 million for which recovery was deemed probable, received cumulative insurance proceeds of \$380 million and recorded a gain of \$132 million in restructuring and fire related costs, net of (recoveries). As of December 31, 2022, the Company recorded an insurance receivable, net of advance proceeds received, of \$40 million in trade and other receivables, net of allowance for credit losses in the condensed consolidated balance sheet.

[Table of Contents](#)

During the three months ended March 31, 2023, QVC received \$55 million of insurance proceeds of which \$40 million was applied to the insurance receivable and \$15 million was recognized as a gain, partially offset by \$11 million of other fire related costs which are included in fire related costs, net of (recoveries) in the condensed consolidated statement of operations. There was no remaining insurance receivable outstanding as of March 31, 2023.

QVC submitted its business interruption claim with the insurance company and is still in the process of assessing the valuation of loss with its insurer; there can be no guarantee that all business interruption losses will be recovered. QVC expects to continue to record additional costs and recoveries until the insurance claim is fully settled. While QVC took steps to minimize the overall impact to the business, it experienced increased warehouse and logistics costs during the three months ended March 31, 2023 and 2022 and anticipates these increased warehouse and logistics costs to continue during 2023.

In November 2022, QVC International entered into agreements to sell two properties located in Germany and the United Kingdom ("U.K.") to an independent third party. Under the terms of the agreements, QVC received net cash proceeds of \$102 million related to its German facility and \$80 million related to its U.K. facility when the sale closed in January 2023. Concurrent with the sale, QVC entered into agreements to lease each of the properties back from the purchaser over an initial term of 20 years with the option to extend the terms of the property leases for up to four consecutive terms of five years. QVC recognized a \$69 million and \$44 million gain related to the successful sale leaseback of the German and U.K. properties, respectively, during the first quarter of 2023 calculated as the difference between the aggregate consideration received and the carrying value of the properties. The Company accounted for the leases as operating leases and recorded a \$42 million and \$32 million right-of-use asset and operating lease liability for the German and U.K. properties, respectively.

Results of Operations—Consolidated

General. We provide in the tables below information regarding our consolidated Operating Results and Other Income and Expense, as well as information regarding the contribution to those items from our principal reporting segments. The "Corporate and other" category consists of those assets or businesses which we do not disclose separately. For a more detailed discussion and analysis of the financial results of the principal reporting segments, see "Results of Operations—Businesses" below.

Operating Results

	Three months ended March 31,	
	2023	2022
amounts in millions		
<i>Revenue</i>		
QxH	\$ 1,601	1,684
QVC International	592	670
CBI	259	297
Corporate and other	192	232
Consolidated Qurate Retail	<u>\$ 2,644</u>	<u>2,883</u>
<i>Operating Income (Loss)</i>		
QxH	\$ 74	42
QVC International	156	88
CBI	(2)	24
Corporate and other	(52)	(48)
Consolidated Qurate Retail	<u>\$ 176</u>	<u>106</u>
<i>Adjusted OIBDA</i>		
QxH	\$ 139	225
QVC International	72	104
CBI	4	31
Corporate and other	(36)	(25)
Consolidated Qurate Retail	<u>\$ 179</u>	<u>335</u>

Revenue. Consolidated Qurate Retail revenue decreased 8.3% or \$239 million for the three months ended March 31, 2023, as compared to the corresponding period in the prior year. The decrease in the three months ended March 31, 2023 was due to decreased revenue at QxH of \$83 million, decreased revenue at QVC International of \$78 million, decreased revenue in the Corporate and other segment of \$40 million, and decreased revenue at CBI of \$38 million, compared to the same period in the prior year. The decrease in Corporate and other revenue was due to a decrease in revenue at Zulily primarily due to a 20% decrease in total units shipped attributable to a continued decrease in active customers. This decrease was partially offset by a 9.3% increase in the average selling price (“ASP”). See “Results of Operations—Businesses” below for a more complete discussion of the results of operations of QVC and CBI.

Stock-based compensation. Stock-based compensation includes compensation primarily related to options, restricted stock awards and restricted stock units for shares of our common stock that are granted to certain of our officers and employees.

We recorded \$16 million and \$15 million of stock-based compensation for the three months ended March 31, 2023 and 2022, respectively. The increase of \$1 million for the three months ended March 31, 2023 was primarily due to increases at QxH and CBI, partially offset by a decrease at Zulily. As of March 31, 2023, the total unrecognized compensation cost related to unvested Qurate Retail equity awards was approximately \$101 million. Such amount will be recognized in our condensed consolidated statements of operations over a weighted average period of approximately 1.6 years.

Operating income. Our consolidated operating income increased \$70 million for the three months ended March 31, 2023, as compared to the corresponding period in the prior year, primarily as a result of gains on sale leaseback transactions, partially offset by a decline in operating results. The increase in operating results for the three months ended March 31, 2023 was primarily due to an increase in operating income at QVC International of \$68 million, and an increase in operating income at QxH of \$32 million, partially offset by a decrease in operating income at CBI of \$26 million, and a decrease in operating income at the Corporate and other segment of \$4 million, compared to the corresponding period in the prior year. Operating income in the Corporate and other segment decreased for the three months ended March 31, 2023, as compared to the corresponding period in the prior year, primarily related to a decrease in operating income at Zulily attributed to a reduction in total demand and higher product costs including inflationary pressures as well as an increase in marketing expenses, partially offset by lower depreciation and amortization expenses and lower salaries and bonuses at Zulily following several reductions in workforce. See “Results of Operations—Businesses” below for a more complete discussion of the results of operations of QVC and CBI.

Adjusted OIBDA. To provide investors with additional information regarding our financial results, we also disclose Adjusted OIBDA, which is a non-GAAP financial measure. We define Adjusted OIBDA as operating income (loss) plus depreciation and amortization, stock-based compensation, and where applicable, separately identified impairments, litigation settlements, restructuring, acquisition-related costs, fire related costs, net (including Rocky Mount inventory losses), and (gains) losses on sale leaseback transactions. Our chief operating decision maker and management team use this measure of performance in conjunction with other measures to evaluate our businesses and make decisions about allocating resources among our businesses. We believe this is an important indicator of the operational strength and performance of our businesses by identifying those items that are not directly a reflection of each business’ performance or indicative of ongoing business trends. In addition, this measure allows us to view operating results, perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net earnings (loss), cash flows provided by operating activities and other measures of financial performance prepared in accordance with U.S. generally accepted accounting principles.

[Table of Contents](#)

The following table provides a reconciliation of Operating income (loss) to Adjusted OIBDA:

	Three months ended	
	March 31,	
	2023	2022
	amounts in millions	
Operating income (loss)	\$ 176	106
Depreciation and amortization	100	130
Stock-based compensation	16	15
Restructuring and fire related costs, net of (recoveries) (including Rocky Mount inventory losses)	—	84
(Gains) on sale leaseback transactions	(113)	—
Adjusted OIBDA	\$ 179	335

Consolidated Adjusted OIBDA decreased 46.6% or \$156 million for the three months ended March 31, 2023, as compared to the corresponding period in the prior year. The decrease in Adjusted OIBDA for the three months ended March 31, 2023 was primarily due to a decrease at QxH of \$86 million, a decrease at QVC International of \$32 million, a decrease at CBI of \$27 million and a decrease at Corporate and other of \$11 million, compared to the corresponding period in the prior year. The change in the Corporate and other segment for the three months ended March 31, 2023 was primarily due to a decrease in Adjusted OIBDA at Zulily due to reduction in total demand and higher product costs including inflationary pressures as well as an increase in marketing expenses, partially offset by lower salaries and bonuses at Zulily as discussed above. See "Results of Operations—Businesses" below for a more complete discussion of the results of operations of QVC and CBI.

Other Income and Expense

Components of Other income (expense) are presented in the table below.

	Three months ended	
	March 31,	
	2023	2022
	amounts in millions	
Interest expense	\$ (94)	(117)
Realized and unrealized gains (losses) on financial instruments, net	(47)	30
Gain (loss) on extinguishment of debt	15	—
Other, net	15	52
Other income (expense)	\$ (111)	(35)

Interest expense. Interest expense decreased \$23 million for the three months ended March 31, 2023, as compared to the corresponding period in the prior year. The decrease in interest expense for the three months ended March 31, 2023, compared to the same period in the prior year, is due to the reversal of interest expense accrued in prior periods related to QVC's settlement of state income tax reserves during the current period, partially offset by higher interest expense as a result of higher outstanding debt and a higher interest rate on QVC's senior secured credit facility (defined below).

[Table of Contents](#)

Realized and unrealized gains (losses) on financial instruments, net. Realized and unrealized gains (losses) on financial instruments, net are comprised of changes in the fair value of the following:

	Three months ended March 31,	
	2023	2022
	amounts in millions	
Equity securities	(3)	(10)
Exchangeable senior debentures	(46)	124
Indemnification asset	3	(85)
Other financial instruments	(1)	1
	<u>\$ (47)</u>	<u>30</u>

The changes in realized and unrealized gains (losses) on financial instruments, net are due to market activity in the applicable period related to the financial instruments that are marked to market on a periodic basis. The increase in realized and unrealized losses for the three months ended March 31, 2023, compared to the corresponding period in the prior year, was primarily driven by an increase in unrealized losses on the exchangeable senior debentures driven by increases in stock prices of the securities underlying the debentures compared to the prior year, partially offset by a decrease in unrealized losses on the indemnification asset (described in note 4 of the accompanying condensed consolidated financial statements).

Gain (loss) on extinguishment of debt. During the three months ended March 31, 2023, the Company recognized a \$15 million gain on the extinguishment of its 1.75% Exchangeable Senior Debentures due 2046 (as described in note 6 to the accompanying condensed consolidated financial statements).

Other, net. Other, net income decreased \$37 million for the three months ended March 31, 2023, compared to the corresponding period in the prior year. The decrease for the three months ended March 31, 2023, compared to the same period in the prior year, was primarily the result of the sale of warrants at QVC in the prior year and no similar sale in the current year, a lower tax sharing benefit than the prior year, and foreign exchange losses in the current year compared to foreign exchange gains in the prior year, partially offset by an increase in interest and dividend income in the current year.

Income taxes. During the three months ended March 31, 2023 and 2022, we had earnings before income taxes of \$65 million and \$71 million, respectively, and income tax expense of \$32 million and \$58 million, respectively. Income tax expense was higher than the U.S. statutory tax rate of 21% during the three months ended March 31, 2023 due to foreign income tax expense and non-deductible interest on preferred stock, partially offset by state income tax benefit. Income tax expense was higher than the U.S. statutory tax rate of 21% during the three months ended March 31, 2022 due to non-deductible expenses from a decrease in the fair value of the indemnification receivable owed to Qurate from Liberty Broadband, as well as state and foreign income tax expense.

Net earnings. We had net earnings of \$33 million and \$13 million for the three months ended March 31, 2023 and 2022, respectively. The change in net earnings (loss) was the result of the above-described fluctuations in our revenue, expenses and other gains and losses.

Material Changes in Financial Condition

As of March 31, 2023, substantially all of our cash and cash equivalents are invested in U.S. Treasury securities, securities of other government agencies, AAA rated money market funds and other highly rated financial and corporate debt instruments.

The following are potential sources of liquidity: available cash balances, equity issuances, dividend and interest receipts, proceeds from asset sales, debt (including availability under QVC's bank credit facilities (the "Credit Facility"), as discussed in note 6 of the accompanying consolidated financial statements), and cash generated by the operating activities of our wholly-owned subsidiaries. Cash generated by the operating activities of our subsidiaries is only a source of liquidity to the extent such cash exceeds the working capital needs of the subsidiaries and is not otherwise restricted. For example, under QVC's bond indentures, it is able to pay dividends or make other restricted payments if it is not in default on its senior secured notes and its consolidated leverage ratio is no greater than 3.5 to 1.0. In addition, under the Credit Facility QVC is able to pay dividends or make other restricted payments if it is not in default on the Credit Facility and the

[Table of Contents](#)

consolidated leverage ratio of QVC, QVC Global Corporate Holdings, LLC, Zulily and CBI is no greater than 4.0 to 1.0. Further, under QVC's bond indentures and the Credit Facility, unlimited dividends are permitted to service the debt of parent entities of QVC so long as there is no default (i.e., no leverage test is needed).

As of March 31, 2023, QVC's consolidated leverage ratio (as calculated under QVC's senior secured notes) was greater than 3.5 to 1.0 and as a result QVC is restricted in its ability to make dividends or other restricted payments under the senior secured notes. Although QVC will not be able to make unlimited dividends or other restricted payments under the senior secured notes leverage basket, QVC will continue to be permitted to make unlimited dividends to parent entities of QVC to service the principal and interest when due in respect of indebtedness of such parent entities (so long as there is no default under the indentures governing QVC's senior secured notes) and permitted to make certain restricted payments to Qurate Retail under an intercompany tax sharing agreement in respect of certain tax obligations of QVC and its subsidiaries.

Qurate Retail and certain of its subsidiaries' debt credit ratings were downgraded during the quarter ended March 31, 2023 as follows: (i) Fitch Ratings downgraded Qurate Retail, LI LLC, and QVC's long-term issuer default ratings from "BB-" to "B", LI LLC's senior unsecured rating from "BB-" to "CCC+", and QVC's senior secured rating from "BB+" to "B+"; (ii) S&P Global downgraded LI LLC's issuer credit rating from "B-" to "CCC+", LI LLC's senior unsecured rating from "CCC" to "CCC-", and QVC's senior secured rating from "B+" to "B-"; and (iii) Moody's downgraded LI LLC corporate family rating from "B1" to "B3", LI LLC's senior unsecured rating from "B3" to "Caa2", and QVC's senior secured debt ratings from "Ba3" to "B2."

As of March 31, 2023, Qurate Retail's liquidity position included the following:

	Cash and cash equivalents	
	amounts in millions	
QVC	\$	421
CBI		15
Corporate and other ⁽¹⁾		850
Total Qurate Retail	\$	1,286

(1) Corporate cash was \$846 million as of March 31, 2023

	Borrowing capacity	
	amount in millions	
Credit Facility	\$	1,882

To the extent that the Company recognizes any taxable gains from the sale of assets we may incur tax expense and be required to make tax payments, thereby reducing any cash proceeds. As of March 31, 2023, the Company had approximately \$240 million of cash, cash equivalents and restricted cash held in foreign subsidiaries that is available for domestic purposes with no significant tax consequences upon repatriation to the United States. QVC accrues foreign taxes on the unremitted earnings of its international subsidiaries. Approximately 58% of QVC's foreign cash balance was that of QVC-Japan (as defined below). QVC owns 60% of QVC-Japan and shares all profits and losses with the 40% minority interest holder, Mitsui & Co., LTD ("Mitsui").

[Table of Contents](#)

Additionally, we believe our businesses will generate positive cash flow from operations during 2023.

	Three months ended	
	March 31,	
	2023	2022
amounts in millions		
Cash Flow Information		
Net cash provided (used) by operating activities	\$ 16	(179)
Net cash provided (used) by investing activities	\$ 112	(16)
Net cash provided (used) by financing activities	\$ (122)	229

During the three months ended March 31, 2023, Qurate Retail's primary sources of cash were proceeds from the sale of fixed assets of \$198 million, insurance proceeds related to the Rocky Mount fire of \$55 million (see note 8 to the accompanying condensed consolidated financial statements), and an indemnification agreement settlement of \$24 million, partially offset by net debt repayments of \$126 million, capital expenditures of \$54 million, and net payments for settlements of financial instruments of \$12 million.

The projected uses of Qurate Retail cash for the remainder of 2023 are continued capital improvement spending between \$200 million and \$245 million, debt service payments (including approximately \$245 million for interest payments on outstanding debt), repayment of debt, and payment of dividends to the holders of Qurate Retail 8.0% Series A Cumulative Redeemable Preferred Stock. We also may be required to make net payments of income tax liabilities to settle items under discussion with tax authorities. We expect that cash on hand and cash provided by operating activities and borrowing capacity in future periods will be sufficient to fund projected uses of cash.

Results of Operations—Businesses

QVC. QVC is a retailer of a wide range of consumer products, which are marketed and sold primarily by merchandise-focused televised shopping programs, the Internet and mobile applications. In the U.S., QVC's televised shopping programs, including live and recorded content, are distributed across multiple channels nationally on a full-time basis, including QVC, QVC 2, QVC 3, HSN and HSN2. QVC's U.S. programming is also available on QVC.com and HSN.com, which we refer to as "QVC's U.S. websites"; virtual multichannel video programming distributors (including Hulu + Live TV, DirecTV Stream, and YouTube TV); applications via streaming video; Facebook Live, Roku, Apple TV, Amazon Fire, Xfinity Flex and Samsung TV Plus; mobile applications; social media pages and over-the-air broadcasters.

QVC's digital platforms enable consumers to purchase goods offered on its televised programming, along with a wide assortment of products that are available only on QVC's U.S. websites. QVC.com and its other digital platforms (including its mobile applications, social media pages and others) are natural extensions of its business model, allowing customers to engage in its shopping experience wherever they are, with live or on-demand content customized to the device they are using. In addition to offering video content, QVC's U.S. websites allow shoppers to browse, research, compare and perform targeted searches for products, read customer reviews, control the order-entry process and conveniently access their account.

QVC's international televised shopping programs, including live and recorded content, are distributed to households outside of the U.S., primarily in Germany, Austria, Japan, the U.K., the Republic of Ireland and Italy. In some of the countries where QVC operates, its televised shopping programs are distributed across multiple QVC channels: QVC Style and QVC2 in Germany and QVC Beauty, QVC Extra, and QVC Style in the U.K. Similar to the U.S., QVC's international businesses also engage customers via websites, mobile applications, and social media pages. QVC's international business employs product sourcing teams who select products tailored to the interests of each local market.

QVC's Japanese operations ("QVC-Japan") are conducted through a joint venture with Mitsui. QVC-Japan is owned 60% by QVC and 40% by Mitsui. QVC and Mitsui share in all profits and losses based on their respective ownership interests. During the three months ended March 31, 2023 and 2022, QVC-Japan paid dividends to Mitsui of \$12 million and \$14 million, respectively.

[Table of Contents](#)

QVC's operating results were as follows:

	Three months ended March 31,	
	2023	2022
	amounts in millions	
Net revenue	\$ 2,193	2,354
Cost of goods sold (excluding depreciation, amortization and Rocky Mount inventory losses shown below)	(1,488)	(1,561)
Operating expenses	(178)	(178)
Selling, general and administrative ("SG&A") expenses (excluding stock-based compensation)	(316)	(286)
Adjusted OIBDA	211	329
Restructuring and fire related (costs), net of recoveries (including Rocky Mount inventory losses)	4	(82)
Gains on sale leaseback transactions	113	—
Stock-based compensation	(9)	(8)
Depreciation and amortization	(89)	(109)
Operating income	\$ 230	130

Net revenue was generated in the following geographical areas:

	Three months ended March 31,	
	2023	2022
	amounts in millions	
QxH	\$ 1,601	1,684
QVC International	592	670
Consolidated QVC	\$ 2,193	2,354

QVC's consolidated net revenue decreased 6.8% for the three months ended March 31, 2023, as compared to the corresponding period in the prior year. The three month decrease in net revenue is primarily due to a 6.0% decrease in units shipped, \$57 million in unfavorable foreign exchange rates and a \$19 million decrease in shipping and handling revenue primarily at QxH. These declines were partially offset by a 2.9% increase in ASP.

During the three months ended March 31, 2023 and 2022, the changes in revenue and expenses were affected by changes in the exchange rates for the U.K. Pound Sterling, the Euro and the Japanese Yen. In the event the U.S. Dollar strengthens against these foreign currencies in the future, QVC's revenue and operating cash flow will be negatively affected.

In describing QVC's operating results, the term currency exchange rates refers to the currency exchange rates QVC uses to convert the operating results for all countries where the functional currency is not the U.S. Dollar. QVC calculates the effect of changes in currency exchange rates as the difference between current period activity translated using the prior period's currency exchange rates. QVC refers to the results of this calculation as the impact of currency exchange rate fluctuations. Constant currency operating results refers to operating results without the impact of the currency exchange rate fluctuations. The disclosure of constant currency amounts or results permits investors to better understand QVC's underlying performance without the effects of currency exchange rate fluctuations.

[Table of Contents](#)

The percentage change in net revenue for each of QVC's geographic areas in U.S. Dollars and in constant currency was as follows:

	Three months ended March 31, 2023		
	U.S. Dollars	Foreign Currency Exchange Impact	Constant Currency
QxH	(4.9)%	— %	(4.9)%
QVC International	(11.6)%	(8.3)%	(3.3)%

The decrease in QxH net revenue for the three months ended March 31, 2023 was primarily due to a 5.5% decrease in units shipped and a \$17 million decrease in shipping and handling revenue, which was partially offset by a 2.1% increase in ASP. For the three months ended March 31, 2023, QxH experienced shipped sales declines across all categories.

QVC International's net revenue decline in constant currency for the three months ended March 31, 2023 was primarily due to a 7.1% decrease in units shipped across all markets. This decline was partially offset by a 4.8% increase in ASP across all markets except the U.K. For the three months ended March 31, 2023, QVC International experienced shipped sales growth in constant currency in apparel, accessories and beauty with declines across all other product categories.

QVC's cost of goods sold as a percentage of net revenue was 67.9% for the three months ended March 31, 2023, compared to 66.3% for the three months ended March 31, 2022. The increase in cost of goods sold as a percentage of revenue for the three months ended March 31, 2023 is primarily due to higher fulfillment costs across both segments and product margin pressure primarily at QxH. Higher fulfillment costs include higher rent expense as a result of warehouses sold and leased back during the prior year and current period as well as higher labor costs. The increase in cost of goods sold was partially offset by lower inventory obsolescence at QxH due to lower levels of inventory in the current period.

QVC's operating expenses are principally comprised of commissions, order processing and customer service expenses, credit card processing fees and telecommunications expenses. Operating expenses were 8.1% of net revenue for the three months ended March 31, 2023, and were 7.6% for the three months ended March 31, 2022. For the three months ended March 31, 2023, the increase in operating expenses as a percent of sales was primarily due to an increase in commissions expense at QxH related to fixed commissions payments, partially offset by favorable exchange rates.

QVC's SG&A expenses (excluding stock-based compensation) include personnel, information technology, provision for doubtful accounts, production costs, and marketing and advertising expenses. Such expenses increased \$30 million for the three months ended March 31, 2023, as compared to the same period in the prior year, and as a percentage of net revenue, increased from 12.1% to 14.4% for the three months ended March 31, 2023, as compared to the three months ended March 31, 2022. The increase was primarily due to a \$28 million increase in consulting expenses primarily related to Project Athens, mainly at QxH and a \$12 million increase in personnel costs across both segments. These increases were partially offset by a \$9 million decrease in marketing expenses and \$8 million in favorable exchange rates.

QVC recorded a gain of \$4 million and a loss of \$82 million for the three months ended March 31, 2023 and 2022, respectively, in restructuring and fire related costs, net of recoveries. For the three months ended March 31, 2023, the gain related to a \$15 million gain on insurance proceeds received in excess of fire losses and a \$13 million gain on the sale of the Rocky Mount property, partially offset by \$13 million of restructuring costs related to workforce reduction and \$11 million of other fire related costs. For the three months ended March 31, 2022, the loss was due to an \$80 million write-down related to Rocky Mount inventory and \$2 million of fire related costs. Fire related costs, net includes expenses directly related to the Rocky Mount fulfillment center fire net of expected and received insurance recoveries and gain on the sale of the Rocky Mount property. Expenses indirectly related to the Rocky Mount fulfillment center fire, including operational inefficiencies, are primarily included in cost of goods sold. These indirect expenses have been submitted as part of QVC's business interruption insurance claim; however, there can be no guarantee they will be recovered.

QVC recorded \$113 million of gains on sale leaseback transactions for the three months ended March 31, 2023. The gains related to the sale leaseback of two properties located in Germany and the U.K. There were no gains on sale leaseback transactions recorded for the three months ended March 31, 2022.

[Table of Contents](#)

Stock-based compensation includes compensation related to options and restricted stock units granted to certain officers and employees. QVC recorded \$9 million of stock-based compensation expense for the three months ended March 31, 2023, and \$8 million for the three months ended March 31, 2022.

Depreciation and amortization decreased \$20 million for the three months ended March 31, 2023, and included \$16 million of acquisition related amortization for both of the three months ended March 31, 2023 and 2022, respectively. The decrease for the three months ended March 31, 2023 was primarily related to assets disposed of related to the six owned and operated U.S. properties sold and leased back during 2022 and the Germany and the U.K. properties sold and leased back during the three months ended March 31, 2023, as well as lower channel placement amortization and related expenses due to adjustments recognized related to lower subscriber counts.

CBI. CBI consists of a portfolio of aspirational home and apparel brands. Although there is some overlap in the product offerings, the home brands are comprised of Ballard Designs, Frontgate, and Grandin Road. Garnet Hill focuses primarily on apparel and accessories and is categorized as an apparel brand. There are also 29 retail and outlet stores located throughout the United States.

CBI's stand-alone operating results for the three months ended March 31, 2023 and 2022 were as follows:

	Three months ended	
	March 31,	
	2023	2022
	amounts in millions	
Net revenue	\$ 259	297
Costs of goods sold	(165)	(183)
Operating expenses	(10)	(11)
SG&A expenses (excluding stock-based compensation)	(80)	(72)
Adjusted OIBDA	4	31
Stock-based compensation	(1)	(1)
Depreciation and amortization	(5)	(6)
Operating income (loss)	\$ (2)	24

CBI's consolidated net revenue decreased 12.8% for the three months ended March 31, 2023, as compared to the corresponding period in the prior year. The decrease in net revenue for the three months ended March 31, 2023 was the result of a decrease in ASP and orders shipped compared to the prior year. The decrease in ASP was the result of increased promotional activity. The decrease in orders shipped was due to softness across home categories and the apparel segment.

CBI's cost of goods sold as a percentage of net revenue was 63.7% and 61.6% for the three months ended March 31, 2023 and 2022, respectively. For the three months ended March 31, 2023, the increase in cost of goods sold as a percentage of net revenue was primarily due to increased promotional activity and higher warehousing costs.

Operating expenses are principally comprised of credit card processing fees and customer service expenses which are variable expenses that support sales activity. For the three months ended March 31, 2023, operating expenses decreased slightly compared to the corresponding period in the prior year due to lower revenue.

CBI's SG&A expenses (excluding stock-based compensation) include print, digital and retail marketing. For the three months ended March 31, 2023, as a percentage of net revenue, these expenses increased from 24.2% to 30.9%. For the three months ended March 31, 2023, the increase in SG&A expenses as a percentage of net revenue was primarily attributable to increased catalog production costs, digital marketing investments, and retail store expansion.

CBI's total depreciation and amortization expense decreased \$1 million for the three months ended March 31, 2023, as compared to the corresponding period in the prior year. The decrease for the three months ended March 31, 2022 was primarily due to certain assets reaching the end of their useful lives.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

We are exposed to market risk in the normal course of business due to our ongoing investing and financial activities and the conduct of operations by our subsidiaries in different foreign countries. Market risk refers to the risk of loss arising from adverse changes in stock prices, interest rates and foreign currency exchange rates. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future earnings. We have established policies, procedures and internal processes governing our management of market risks and the use of financial instruments to manage our exposure to such risks.

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which include investments in fixed and floating rate debt instruments and borrowings used to maintain liquidity and to fund business operations. The nature and amount of our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this best protects us from interest rate risk. We have achieved this mix by (i) issuing fixed rate debt that we believe has a low stated interest rate and significant term to maturity, (ii) issuing variable rate debt with appropriate maturities and interest rates and (iii) entering into interest rate swap arrangements when we deem appropriate. As of March 31, 2023, our debt is comprised of the following amounts:

	Variable rate debt		Fixed rate debt	
	Principal amount	Weighted average interest rate	Principal amount	Weighted average interest rate
	dollar amounts in millions			
QxH and QVC International	\$ 1,240	6.3 %	\$ 3,700	5.1 %
CBI	\$ 48	6.3 %	\$ —	— %
Corporate and other	\$ 57	6.3 %	\$ 1,748	5.7 %

Qurata Retail is exposed to foreign exchange rate fluctuations related primarily to the monetary assets and liabilities and the financial results of QVC's foreign subsidiaries. Assets and liabilities of foreign subsidiaries for which the functional currency is the local currency are translated into U.S. Dollars at period-end exchange rates, and the statements of operations are generally translated at the average exchange rate for the period. Exchange rate fluctuations on translating foreign currency financial statements into U.S. Dollars that result in unrealized gains or losses are referred to as translation adjustments. Cumulative translation adjustments are recorded in accumulated other comprehensive earnings (loss) as a separate component of stockholders' equity. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses, which are reflected in income as unrealized (based on period-end translations) or realized upon settlement of the transactions. Cash flows from our operations in foreign countries are translated at the average rate for the period. Accordingly, Qurata Retail may experience economic loss and a negative impact on earnings and equity with respect to our holdings solely as a result of foreign currency exchange rate fluctuations. QVC's reported Adjusted OIBDA for the three months ended March 31, 2023 would have been impacted by approximately \$1 million, for every 1% change in foreign currency exchange rates relative to the U.S. Dollar.

We periodically assess the effectiveness of our derivative financial instruments. With regard to interest rate swaps, we monitor the fair value of interest rate swaps as well as the effective interest rate of the interest rate swap yields, in comparison to historical interest rate trends. We believe that any losses incurred with regard to interest rate swaps would be largely offset by the effects of interest rate movements on the underlying debt facilities. These measures allow our management to evaluate the success of our use of derivative instruments and to determine when to enter into or exit from derivative instruments.

Item 4. Controls and Procedures.**Disclosure Controls and Procedures**

In accordance with Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer and its principal accounting and financial officer (the "Executives"), of the effectiveness of its

disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were not effective as of March 31, 2023 because of the material weakness in its internal control over financial reporting as discussed in our Annual Report on Form 10-K for the year ended December 31, 2022 ("2022 10-K"). Management is monitoring the implementation of the remediation plan described in the 2022 10-K, as described below.

Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the Company's quarter ended March 31, 2023, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Remediation Plan for Material Weakness in Internal Control over Financial Reporting

In response to the material weakness described in the 2022 10-K, the Company developed a plan with oversight from the audit committee of the board of directors to remediate the material weakness. The remediation activities include:

- Enhancing the ITGC risk assessment process;
- Evaluating talent and addressing identified gaps;
- Delivering training on internal control over financial reporting;
- Improving change management and logical access control activities that contributed to the ITGC material weakness including removing all inappropriate IT system access associated with the ITGC material weakness;
- Implementing user activity monitoring for control activities contributing to the ITGC material weakness; and
- Implementing additional compensating control activities over the completeness and accuracy of data provided by the affected systems.

The Company believes the foregoing efforts will remediate the material weakness described in the 2022 10-K. Because the reliability of the internal control process requires repeatable execution, the successful on-going remediation of the material weakness will require on-going review and evidence of effectiveness prior to concluding that the controls are effective.

PART II—OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Share Repurchase Programs

In May 2019, the Company's board of directors authorized the repurchase of \$500 million of Series A Qurate Retail common stock ("QRTEA") or Series B Qurate Retail common stock ("QRTEB"). In August 2021, the Company's board of directors authorized the repurchase of \$500 million of QRTEA or QRTEB.

There were no repurchases of QRTEA or QRTEB during the three months ended March 31, 2023 under the Company's share repurchase program.

During the three months ended March 31, 2023, no shares of QRTEA or QRTEB, and 15 shares of Qurate Retail 8.0% Series A Cumulative Redeemable Preferred Stock were surrendered by our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock, restricted stock units, and options.

[Table of Contents](#)

Item 6. Exhibits

(a) Exhibits

Listed below are the exhibits which are filed as a part of this Quarterly Report (according to the number assigned to them in Item 601 of Regulation S-K):

10.1	Ourate Retail, Inc. Nonemployee Director Deferred Compensation Plan (Amended and Restated Effective December 8, 2022)*
31.1	Rule 13a-14(a)/15d-14(a) Certification*
31.2	Rule 13a-14(a)/15d-14(a) Certification*
32	Section 1350 Certification**
99.1	Reconciliation of Ourate Retail, Inc. Net Assets and Net Earnings to Liberty Interactive LLC Net Assets and Net Earnings**
101.INS	Inline XBRL Instance Document* - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document*
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document*
101.LAB	Inline XBRL Taxonomy Label Linkbase Document*
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document*
101.DEF	Inline XBRL Taxonomy Definition Document*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)*

* Filed herewith

** Furnished herewith

QURATE RETAIL, INC.
NONEMPLOYEE DIRECTOR DEFERRED COMPENSATION PLAN

Amended and Restated
Effective December 8, 2022

1. COVERAGE OF PLAN

The Plan is unfunded and is maintained for the purpose of providing nonemployee directors the opportunity to defer the receipt of certain compensation otherwise payable to such directors in accordance with the terms of the Plan. As of December 8, 2022, the Plan is frozen and shall be closed to new Participants, and no deferrals or deferral elections may be made with respect to Annual Fees for services performed in any Plan Year commencing on or after January 1, 2023.

2. DEFINITIONS

2.1. “Account” means each of the bookkeeping accounts established pursuant to Section 5.1 and maintained by the Company in the names of the respective Participants, to which all amounts deferred under the Plan and deemed interest, earnings and losses on such amounts shall be credited or debited pursuant to Section 5.2, and from which all amounts distributed under the Plan shall be debited.

2.2. “Active Participant” means each Participant who is actively serving the Company as an Eligible Director.

2.3. “Annual Fees” means the annual fees paid to Eligible Directors in cash (excluding equity awards) pursuant to the Company’s policies regarding the payment of fees to nonemployee directors of the Company.

2.4. “Applicable Interest Rate” means:

2.4.1. For amounts deferred prior to December 31, 2014, 9% per annum, compounded as of the end of each calendar quarter; or

2.4.2. For amounts deferred on or after January 1, 2015 and prior to January 1, 2023, the sum of the prime rate of interest (as determined in the Wall Street Journal as of the first business day of November of the year prior to each Plan Year) plus 3% per annum, or such other rate as approved by the Committee, compounded as of the end of each calendar quarter.

2.5. “Beneficiary” means such person or persons or legal entity or entities, including, but not limited to, an organization exempt from federal income tax under section 501(c)(3) of the Code, designated by a Participant or Beneficiary to receive benefits pursuant to the terms of the Plan after such Participant’s or Beneficiary’s death. If no Beneficiary is designated by the Participant or Beneficiary, or if no Beneficiary survives the Participant or Beneficiary (as the case may be), the Participant’s Beneficiary shall be the Participant’s estate and the Beneficiary of a Beneficiary shall be the Beneficiary’s estate.

- 2.6. “Board” means the Board of Directors of the Company.
- 2.7. “Code” means the Internal Revenue Code of 1986, as amended.
- 2.8. “Committee” means the Board or, if the Board so determines, a committee appointed by the Board to administer the Plan.
- 2.9. “Company” means Qurate Retail, Inc., a Delaware corporation, including any successor thereto by merger, consolidation, acquisition of all or substantially all the assets thereof, or otherwise.
- 2.10. “Deceased Participant” means:
- 2.10.1. A Participant whose service on the Board ceases by reason of death; or
- 2.10.2. An Inactive Participant who dies following his or her Separation from Service with the Company.
- 2.11. “Election” means a written election on a form provided by the Company, filed with the Company in accordance with Article 3, pursuant to which an Eligible Director may elect to defer all or any portion of the Eligible Director’s Annual Fees and designate the form of payment of the deferred amounts to which the Election relates. Notwithstanding any provision of this Plan to the contrary: (i) all existing Elections with respect to Annual Fees for services performed in the 2023 Plan Year shall be cancelled and revoked as of December 8, 2022 and (ii) no new Elections may be made with respect to Annual Fees for services performed in any Plan Year commencing on or after January 1, 2023.
- 2.12. “Eligible Director” means the members of the Board who are entitled to compensation under the Company’s policies regarding the payment of compensation to nonemployee directors of the Company.
- 2.13. “Inactive Participant” means each Participant (other than a Deceased Participant) who is not actively serving as a member of the Board.
- 2.14. “New Eligible Director” means a member of the Board who becomes an Eligible Director after October 1, 2013. Effective as of December 8, 2022, there will be no New Eligible Directors.
- 2.15. “Participant” means each individual who has made an Election, and who has an undistributed amount credited to an Account under the Plan, including an Active Participant, a Deceased Participant and an Inactive Participant. Effective as of December 8, 2022, the Plan shall be closed to new Participants.
- 2.16. “Plan” means the Amended & Restated Qurate Retail, Inc. Nonemployee Director Deferred Compensation Plan, as set forth herein, and as may be amended from time to time.
- 2.17. “Plan Year” means the calendar year.

2.18. “Section 409A” means section 409A of the Code and any Treasury Regulations promulgated under, or other administrative guidance issued with respect to, such Code section, as applicable to the Plan at the relevant time.

2.19. “Separation from Service” means the Participant’s ceasing to be a member of the Board for any reason other than death.

3. ELECTIONS TO DEFER ANNUAL FEES

3.1. Elections. An Election shall be made on the form acceptable to the Committee for the purpose of deferring Annual Fees. Each Eligible Director, by filing an Election at the time and in the form described in this Article 3, shall have the right to defer all or any portion of the Annual Fees that he or she otherwise would be entitled to receive with respect to the 2022 and earlier Plan Years. The Annual Fees of such Eligible Director for a Plan Year shall be reduced in an amount equal to the portion of such compensation deferred by such Eligible Director for such Plan Year pursuant to the Eligible Director’s Election. Such reduction shall be effected as to any portion of the Eligible Director’s Annual Fees deferred, by reducing the quarterly payment of Annual Fees by the percentage specified in the Election. The amount of any such reduction shall be credited to the Eligible Director’s Account in accordance with Article 5. Notwithstanding any provision of this Plan to the contrary: (i) all existing Elections with respect to Annual Fees for services performed in the 2023 Plan Year shall be cancelled and revoked as of December 8, 2022 and (ii) no new Elections may be made with respect to Annual Fees for services performed in any Plan Year commencing on or after January 1, 2023.

3.2. Filing of Election. Except as provided in Sections 3.3 and 3.4, no Election shall be effective with respect to Annual Fees unless it is filed with the Company on or before the close of business on December 31 of the Plan Year preceding the Plan Year to which the Election applies. An Election described in the preceding sentence shall become irrevocable on December 31 of the Plan Year preceding the Plan Year to which the Election applies.

3.3. Filing of Election by New Eligible Directors. Notwithstanding Section 3.2, with respect to the 2022 and earlier Plan Years, a New Eligible Director may elect to defer all or any portion of his or her Annual Fees paid for the performance of services in the Plan Year in which the New Eligible Director becomes a New Eligible Director, beginning with the next following payment of any Annual Fees after the filing of an Election with the Company and before the close of such Plan Year by making and filing the Election with the Company within 30 days of the date on which such New Eligible Director becomes a New Eligible Director. Any Election by such New Eligible Director for succeeding Plan Years shall be made in accordance with Section 3.2. Notwithstanding any provision of this Plan to the contrary, no Elections may be made with respect to Annual Fees for services performed in any Plan Year commencing on or after January 1, 2023. Notwithstanding any provision of this Plan to the contrary: (i) all existing Elections with respect to Annual Fees for services performed in the 2023 Plan Year shall be cancelled and revoked as of December 8, 2022 and (ii) no new Elections may be made with respect to Annual Fees for services performed in any Plan Year commencing on or after January 1, 2023.

3.4. Filing of Election Upon Initial Approval of Plan. Notwithstanding Section 3.2, upon the original adoption of this Plan by the Board and the initial eligibility to participate in this

Plan by Eligible Directors, an Eligible Director as of the original effective date of this Plan may elect to defer all or any portion of his or her Annual Fees paid for the performance of services after the date of such deferral election through the close of such Plan Year by making and filing the Election with the Company within 30 days of the date on which the Plan originally became effective. Any Election by an Eligible Director for succeeding Plan Years shall be made in accordance with Section 3.2.

3.5. Plan Years to which Election May Apply. A separate Election may be made for each Plan Year as to which an Eligible Director desires to defer all or any portion of such Eligible Director's Annual Fees, or an Eligible Director may make an Election with respect to a Plan Year that will remain in effect for subsequent Plan Years unless the Eligible Director revokes such Election or timely makes a new Election with respect to a subsequent Plan Year; provided that: (i) all existing Elections with respect to Annual Fees for services performed in the 2023 Plan Year shall be cancelled and revoked as of December 8, 2022 and (ii) no new Elections may be made with respect to Annual Fees for services performed in any Plan Year commencing on or after January 1, 2023. Any revocation of an Election must be in writing and must be filed with the Company on or before December 31 of the Plan Year immediately preceding the Plan Year to which such revocation applies.

The failure of an Eligible Director to make an Election for any Plan Year shall not affect such Eligible Director's right to make an Election for any other Plan Year.

3.6. Distribution Events.

3.6.1. Separation from Service. The Separation from Service of a Participant shall be a distribution event.

3.6.2. Death. The death of a Participant or an Inactive Participant prior to complete distribution of the Account shall be a distribution event.

3.7. Payment Following Occurrence of Distribution Event. Subject to any required delay under Section 3.9, the Company shall make a lump-sum payment or commence making installment payments, as applicable, of any amount to which such election applies on the applicable of the following dates (or if such date is not a business day, on the next succeeding business day): (a) not later than 60 days after a distribution event due to death, (b) if the distribution event is due to Separation from Service, as soon as practicable in January of the calendar year following the calendar year of the Participant's Separation from Service or (c) not later than 60 days after any distribution event permitted under Section 409A as the Committee may approve and set forth in an election form.

3.8. Rabbi Trust. The Committee may authorize the Company to establish an irrevocable trust with a duly authorized bank or corporation with trust powers designated by the Company's Chief Executive Officer ("Rabbi Trust"), pursuant to such terms and conditions as are set forth in the governing trust agreement. Any such Rabbi Trust shall be intended to be treated as a "grantor trust" under the Code, and the establishment of the Rabbi Trust shall not be intended to cause Participants performing services for the Company to realize current income on amounts contributed thereto nor to cause the Plan to be "funded" with respect to the Company, and the Rabbi Trust shall be so interpreted. Any amounts subsequently due to a Participant under the Plan

shall be first satisfied by the Rabbi Trust, and any remaining obligations shall be satisfied by the Company, in accordance with the terms of the Plan.

3.9. Delay of Payment Under Certain Circumstances. Notwithstanding any provision of the Plan, if the Committee reasonably determines with respect to any payment under the Plan that the making of such payment would violate (i) the terms of any loan arrangement or similar contract to which the Company is a party and such violation would cause material harm to the Company or (ii) federal securities law or any other law applicable to the Company, such payment shall be delayed until the earliest date the Company reasonably anticipates that the making of the payment will not cause such violation (or, in the case of (i) above, such violation will not cause material harm to the Company) and any amounts for which distribution is delayed pursuant to this Section shall continue to be credited or debited with additional amounts in accordance with Section 5.2.

3.10. Discretion to Distribute in Full Upon or Following a Change of Control. To the extent permitted under Section 409A, in connection with a Change of Control, and for the 12-month period following a Change of Control, the Committee may exercise its discretion to terminate the Plan and, notwithstanding any other provision of the Plan or the terms of any Election, distribute the Account balance of each Participant in full and thereby effect the revocation of any outstanding Elections. For purposes of this Plan, "Change of Control" means a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, in each case within the meaning of Section 409A.

4. FORMS OF DISTRIBUTION

4.1. Forms of Distribution.

4.1.1. Distribution Form. Amounts credited to an Account shall be distributed, pursuant to an Election, in one of the following forms of distribution:

4.1.1.1. A lump-sum payment; or

4.1.1.2. Substantially equal annual installments over a period of not more than 10 years.

If an Eligible Director fails to elect a form of distribution in accordance with the provisions of this Section 4.1, he or she shall be deemed to have elected to receive a lump-sum payment as the form of distribution. In the event the distribution event is due to death, the form of distribution shall be limited to a lump-sum payment.

4.1.2. Payment Form. Unless otherwise approved by the Committee, distributions shall be made in the form of cash payments.

4.1.3. Lump-Sum Distribution for Small Accounts. To the extent permitted under Section 409A, notwithstanding any Election or any other provision of the Plan to the contrary:

4.1.3.1. distributions shall be made in the form of a lump-sum payment unless the portion of a Participant's Account subject to installment distributions pursuant to Section 4.1.1.2, as of the payment commencement date, has a value of more than \$10,000; and

4.1.3.2. following a Participant's Separation from Service for any reason, if the amount remaining credited to the Participant's Account at the time of or after giving effect to any other distribution has a value of \$10,000 or less, the Committee may, in its sole discretion, direct that such amount be distributed to the Participant (or Beneficiary, as applicable) in one lump-sum payment.

4.2. Determination of Account Balances For Purposes of Distribution. The amount of any distribution made pursuant to Section 4.1 shall be based on the balance in the Participant's Account on the date of distribution and the applicable distribution period. For this purpose, the value of a Participant's Account shall be calculated by taking into account applicable credits or debits in accordance with Section 5.2 through the end of the day immediately preceding the date of distribution.

5. BOOK ACCOUNTS

5.1. Deferred Compensation Account. A deferred compensation Account shall be established for each Eligible Director when such Eligible Director becomes a Participant. Annual Fees deferred pursuant to the Plan shall be credited to the Account on the date such Annual Fees would otherwise have been payable to the Participant. All deemed interest, and other relevant amounts applicable to each Account shall be credited or debited to the Account as they are deemed to occur, as provided in Section 5.2.

5.1.1. Crediting of Deferred Annual Fees. Deferred Annual Fees shall be credited to the Participant's Account.

5.2. Crediting/Debiting of Account Balances. In accordance with, and subject to, the rules and procedures that are established from time to time by the Committee, amounts shall be credited or debited to a Participant's Account in accordance with the following rules:

5.2.1. Crediting Method. Each Participant's Account shall be credited with interest at the Applicable Interest Rate. Credits under this Section 5.2.1 shall be calculated with respect to cash amounts of Annual Fees deferred by such Participant in accordance with this Plan from the date such Annual Fees would otherwise have been payable to the Participant through the end of the day immediately preceding the date on which such deferred Annual Fees are paid to such Participant (or his or her Beneficiary) in accordance with this Plan.

5.2.2. No Actual Investment. Notwithstanding any other provision of this Plan that may be interpreted to the contrary, in the event that the Company or the trustee of the Rabbi Trust, if any, in its own discretion, decides to invest funds in any investment, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Account shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company or the Rabbi Trust, if any; the Participant shall at all times remain an unsecured creditor of the Company.

5.3. Status of Deferred Amounts. All Annual Fees deferred under this Plan shall continue for all purposes to be a part of the general funds or unissued shares of the Company.

5.4. Participants' Status as General Creditors. An Account shall at all times represent the general obligation of the Company. Each Participant shall be a general creditor of the Company with respect to this obligation and shall not have a secured or preferred position with respect to his or her Account. Nothing contained herein shall be deemed to create an escrow, trust, custodial account or fiduciary relationship of any kind. Nothing contained herein shall be construed to eliminate any priority or preferred position of a Participant in a bankruptcy matter with respect to claims for compensation.

6. NO ALIENATION OF BENEFITS

Except as otherwise required by law, the right of any Participant or Beneficiary to any benefit or interest under any of the provisions of the Plan shall not be subject to encumbrance, attachment, execution, garnishment, assignment, pledge, alienation, sale, transfer or anticipation, either by the voluntary or involuntary act of any Participant or Beneficiary or by operation of law, nor shall such payment, right or interest be subject to any other legal or equitable process.

7. DEATH OF PARTICIPANT

7.1. Death of Participant. A Deceased Participant's Account shall be distributed in a lump sum to the Deceased Participant's Beneficiary. For purposes of clarity, if an Inactive Participant who has elected a distribution in the form of annual installments under Section 4.1.1.2 dies prior to receiving his or her entire Account, the remainder of the Deceased Participant's Account shall be distributed in a lump sum notwithstanding the Deceased Participant's Election of annual installments.

7.2. Designation of Beneficiaries. Each Participant and Beneficiary shall have the right to designate one or more Beneficiaries to receive distributions in the event of the Participant's or Beneficiary's death by filing with the Company a Beneficiary designation on the form provided by the Company for such purpose. The designation of Beneficiary or Beneficiaries may be changed by a Participant or Beneficiary at any time prior to such Participant's or Beneficiary's death by the delivery to the Company of a new Beneficiary designation form.

8. OTHER ACCELERATION EVENTS

8.1. Other Acceleration Events. To the extent permitted under Section 409A, notwithstanding the terms of an Election, distribution of all or part of a Participant's Account may be made to the extent necessary to fulfill a domestic relations order (as deemed in section 414(p)(1)(B) of the Code).

9. INTERPRETATION

9.1. Authority of Committee. The Committee shall have full and exclusive authority to construe, interpret and administer this Plan and take all actions and make all determinations on behalf of the Company unless otherwise indicated, and the Committee's construction and

interpretation thereof and determinations thereunder shall be binding and conclusive on all persons for all purposes.

10. AMENDMENT OR TERMINATION

10.1. Amendment or Termination. Except as otherwise provided by Section 10.2, the Company, by action of the Committee, reserves the right at any time, or from time to time, to amend or modify this Plan, including amendments for the purpose of complying with Section 409A. The Company, by action of the Committee, reserves the right at any time to terminate this Plan.

10.2. Modification to Rate of Credited Earnings.

10.2.1. Effective for amounts deferred on or before December 31, 2014, no action of the Committee shall decrease the Applicable Interest Rate with respect to the portion of a Participant's Account that is attributable to an Election made with respect to Annual Fees earned in a Plan Year which election has become irrevocable before the date of adoption of such decreased Applicable Interest Rate by the Committee.

10.2.2. Effective for amounts deferred on or after January 1, 2015, the Committee may amend the Plan with respect to the Applicable Interest Rate at any time.

11. WITHHOLDING OF TAXES

The Company, or the trustee of any Rabbi Trust, shall withhold from any payments made to a Participant under this Plan all foreign, federal, state and local income, employment and other taxes required to be withheld by the Company or the trustee of the Rabbi Trust, if any, in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Company and the trustee of any Rabbi Trust.

12. MISCELLANEOUS PROVISIONS

12.1. No Right to Continued Service. Nothing contained herein shall be construed as conferring upon any Participant the right to remain in the service of the Company, its subsidiaries or divisions, in any capacity.

12.2. Expenses of Plan. All expenses of the Plan shall be paid by the Company.

12.3. Gender and Number. Whenever any words are used herein in any specific gender, they shall be construed as though they were also used in any other applicable gender. The singular form, whenever used herein, shall mean or include the plural form, and vice versa, as the context may require.

12.4. Law Governing Construction. The construction and administration of the Plan and all questions pertaining thereto, shall be governed by the laws of the State of Colorado.

12.5. Headings Not a Part Hereof. Any headings preceding the text of the several Articles, Sections, subsections, or paragraphs hereof are inserted solely for convenience of

reference and shall not constitute a part of the Plan, nor shall they affect its meaning, construction, or effect.

12.6. Severability of Provisions. If any provision of this Plan is determined to be void by any court of competent jurisdiction, the Plan shall continue to operate and, for the purposes of the jurisdiction of that court only, shall be deemed not to include the provision determined to be void.

12.7. Compliance with Section 409A. This Plan is intended to comply in all respects with Section 409A and at all times shall be interpreted and operated in compliance therewith.

13. EFFECTIVE DATE

The original effective date of the Plan was October 1, 2013, and this Plan has been amended and restated effective January 1, 2015, May 23, 2018 and December 8, 2022.

[Signature Page Follows]

IN WITNESS WHEREOF, QURATE RETAIL, INC. has caused this Plan to be executed by its duly authorized officer as of December 8, 2022.

QURATE RETAIL, INC.

By: /s/ Kelly C. King
Name: Kelly C. King
Title: VP

CERTIFICATION

I, David Rawlinson II, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Qurate Retail, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers 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 quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - d) disclosed in this quarterly 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 officers 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 the 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 control over financial reporting.

Date: May 5, 2023

/s/ David Rawlinson II

David Rawlinson II

President and Chief Executive Officer

CERTIFICATION

I, Brian J. Wendling, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Qurate Retail, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers 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 quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - d) disclosed in this quarterly 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 officers 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 the 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 control over financial reporting.

Date: May 5, 2023

/s/ BRIAN J. WENDLING

Brian J. Wendling

Chief Accounting Officer and Principal Financial Officer

Certification

**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Qurate Retail, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period ended March 31, 2023 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2023

/s/ DAVID RAWLINSON II

David Rawlinson II
President and Chief Executive Officer

Date: May 5, 2023

/s/ BRIAN J. WENDLING

Brian J. Wendling
Chief Accounting Officer and Principal Financial Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.

Qurate Retail, Inc.
Reconciliation of Qurate Retail, Inc. ("Qurate Retail") Net Assets and
Net Earnings to Liberty Interactive LLC ("Liberty LLC") Net Assets and Net Earnings

March 31, 2023

(unaudited)

amounts in millions

Qurate Retail Net Assets	\$	691
Reconciling items:		
Zulily, LLC ("Zulily") net assets		(24)
Cornerstone Brands, Inc. ("CBI") net assets (1)		(251)
Cash held by Qurate Retail		(471)
Tax sharing agreement with Liberty Media Corporation ("Liberty Media")		(5)
Equity investment in CBI held by Liberty LLC (1)		89
Tax sharing agreement with Liberty Broadband Corporation ("Liberty Broadband")		15
Preferred Stock liability (2)		1,269
Preferred restricted stock unit liability (2)		12
Accrued preferred dividends payable (2)		4
Liberty LLC Net Assets	<u>\$</u>	<u>1,329</u>
Qurate Retail Net Earnings	\$	33
Reconciling items:		
Zulily net (earnings) loss		35
CBI net (earnings) loss (1)		3
CBI equity method investment share of earnings (loss)		(1)
Liberty Broadband tax sharing expense		8
Liberty Media tax sharing expense		(16)
Accrued preferred dividends payable (2)		25
Qurate Retail dividend income		(4)
Liberty LLC Net Earnings	<u>\$</u>	<u>83</u>

- (1) On December 29, 2017, Qurate Retail acquired the approximate remaining 62% of HSN, Inc. (which includes its televised shopping business "HSN" and its catalog retail business "CBI") it did not already own. On December 31, 2018, Qurate Retail transferred their 100% ownership interest in HSN to QVC, Inc. through a transaction amongst entities under common control and based on the guidance for accounting for transactions amongst entities under common control HSN's results have been excluded for the entire period. Liberty LLC continues to hold 38% of CBI and accounts for its ownership in CBI as an equity method investment.
- (2) On September 14, 2020, Qurate Retail issued the 8.0% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the "Preferred Stock"). Holders of the Preferred Stock are entitled to receive quarterly cash dividends at a fixed rate of 8.0% per year on a cumulative basis, beginning December 15, 2020 and thereafter on each of March 15, June 15, September 15 and December 15 during the term. As the Preferred Stock is subject to unconditional mandatory redemption in cash and was issued in the form of a share, Qurate Retail concluded the Preferred Stock was a mandatorily redeemable financial instrument and should be classified as a liability in the condensed consolidated balance sheets.