

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2023

OR

o 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 001-38654**

QVC, Inc.

(Exact name of Registrant as specified in its charter)

State of Delaware 23-2414041

(State or other jurisdiction of (I.R.S. Employer Identification

incorporation or organization) No.)

1200 Wilson Drive

West Chester, Pennsylvania 19380

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(484) 701-1000**

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

<u>Title of each class</u>	<u>Trading Symbols</u>	<u>Name of each exchange on which registered</u>
6.375% Senior Secured Notes due 2067	QVCD	New York Stock Exchange
6.250% Senior Secured Notes due 2068	QVCC	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **Common Stock, \$0.01 par value**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

None of the voting or non-voting common stock of the registrant is held by a non-affiliate of the registrant. There is no publicly traded market for any class of voting or non-voting common stock of the registrant. There is one holder of record of our equity, Qurate Retail Group, Inc., an indirect wholly-owned subsidiary of Qurate Retail, Inc.

THE REGISTRANT MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTIONS I(1)(a) AND (b) OF FORM 10-K AND IS THEREFORE FILING THIS FORM WITH THE REDUCED DISCLOSURE FORMAT PERMITTED BY GENERAL INSTRUCTION I(2)

QVC, Inc.
2023 ANNUAL REPORT ON FORM 10-K

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PART I

Item 1. Business

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Cautionary Note Regarding Forward-Looking Statements

Certain statements in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business, product and marketing strategies; the impact of the fire at the Rocky Mount fulfillment center; insurance recoveries; capital expenditures; revenue growth; the recoverability of our goodwill and other long-lived assets; our projected sources and uses of cash; repayment of debt; and the anticipated impact of certain contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. In particular, statements under Item 1. “Business,” Item 1A. “Risk-Factors,” Item 2. “Properties,” Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and Item 7A. “Quantitative and Qualitative Disclosures About Market Risk” contain forward-looking statements. 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:

- 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 on our websites and our ability to convert visitors into consumers or contributors;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our future financial performance, including availability, terms and deployment of capital;
- 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 business;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission and Environmental, Social, and Governance (“ESG”) commitments and adverse outcomes from regulatory proceedings;
- changes in the nature of key strategic relationships with partners, distributors, suppliers and vendors, including our increased reliance on social media platforms as a marketing tool;
- domestic and international economic and business conditions and industry trends, including the impact of inflation and increased labor costs;
- increases in market interest rates;
- changes in tariffs, trade policy and trade relations and the U.K.’s exit from the European Union;
- changes in trade policy and trade relations with China;
- consumer spending levels, including the availability and amount of individual consumer debt;

- the effects of our debt obligations;
- advertising spending levels;
- system interruption and the lack of integration and redundancy in the systems and infrastructures of our business;
- 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;
- failure to protect the security of personal information, including as a result of cybersecurity threats and cybersecurity incidents, 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;
- threatened terrorist attacks, political unrest in international markets and ongoing military action around the world;
- fluctuations in foreign currency exchange rates;
- natural disasters, public health crises (including resurgences of COVID-19 and its variants or future pandemics or epidemics), political crises, and other catastrophic events or other events outside of our control, including climate change;
- failure to successfully implement Project Athens (defined below); and
- Qurate Retail's dependence on our cash flow for servicing its debt.

These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Annual Report on Form 10-K, 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. When considering such forward-looking statements, one should keep in mind the factors described in Item 1A. "Risk Factors" and other cautionary statements contained in this Annual Report on Form 10-K. Such risk factors and statements describe circumstances which could cause actual results to differ materially from those contained in any forward-looking statement.

Overview

QVC, Inc. and its consolidated subsidiaries (unless otherwise indicated or required by the context, the terms "we," "our," "us," the "Company," and "QVC" refer to QVC, Inc. and its consolidated subsidiaries) curates and sells a wide variety of consumer products via highly engaging, video-rich, interactive shopping experiences, distributed to approximately 216 million worldwide households each day through our broadcast networks. We also reach audiences through our websites (including QVC.com, HSN.com and others); 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; our social media pages and over-the-air broadcasters. We believe we are a global leader in video retailing, e-commerce, mobile commerce and social commerce, with operations based in the United States ("U.S."), Germany, Japan, the United Kingdom ("U.K."), and Italy.

The goal of QVC is to extend its leadership in video commerce, e-commerce, streaming commerce and social commerce by continuing to create the world's most engaging shopping experiences, combining the best of retail, media and social, highly differentiated from traditional brick-and-mortar stores or transactional e-commerce. QVC provides customers with curated collections of unique products, made personal and relevant by the power of storytelling. We curate experiences, conversations and communities for millions of highly discerning shoppers, and we also reach large audiences, across our many platforms, for our thousands of brand partners.

We offer a wide assortment of high-quality merchandise and classify our products into six groups: home, beauty, apparel, jewelry, accessories and electronics. It is our product sourcing team's mission to research and curate compelling and differentiated products from manufacturers who have sufficient scale to meet anticipated demand. We offer many exclusive and proprietary products, leading national brands and limited distribution brands offering unique items. Many of our products are endorsed by celebrities, designers and other well-known personalities who often join our presenters on our live programming and provide lead-in publicity on their own social media pages, websites and other customer touchpoints. We believe that our ability to demonstrate product features and present "faces and places" differentiates and defines the QVC shopping experience. We closely monitor customer demand and our product mix to remain well-positioned and relevant in popular and growing retail segments, which we believe is a significant competitive advantage relative to competitors who operate brick-and-mortar stores.

For the year ended December 31, 2023, approximately 96% of QVC's worldwide shipped sales were from repeat and reactivated customers (i.e., customers who made a purchase from us during the prior twelve months and customers who previously made a purchase from us but not during the prior twelve months). In the same period, QVC attracted approximately 2.7 million new customers and the global e-commerce operation comprised \$5.5 billion, or 58.6%, of QVC's consolidated net revenue for the year ended December 31, 2023.

We operate eleven distribution centers and four contact centers worldwide. In 2023, our work force consisted of approximately 18,400 employees who handled approximately 90 million customer calls, shipped approximately 204 million units globally and served approximately 12.1 million unique customers. We believe our long-term relationships with major U.S. television distributors, including cable operators (e.g., Comcast, Charter Communications and Cox), satellite television providers (e.g., DISH and DIRECTV) and telecommunications companies (e.g., Verizon and AT&T), provide us with broad distribution, favorable channel positioning and significant competitive advantages. We believe that our significant market share, brand awareness, outstanding customer service, repeat customer base, flexible payments options, international reach and scalable infrastructure distinguish us from our competitors.

History

QVC was founded on June 13, 1986 by Joseph Segel. Our first U.S. live broadcast took place at 7:30 PM ET on November 24 of that year, reaching 7.6 million homes. Initially broadcast live from 7:30 PM ET until midnight each weekday and all day Saturdays and Sundays, the channel extended its live U.S. programming to 24 hours per day in January 1987. QVC began its International operations in 1993.

In 1995, Comcast purchased a majority shareholding in QVC. In 2003, Comcast sold its majority share to Qurate Retail, Inc. ("Qurate Retail") (formerly known as Liberty Interactive Corporation).

HSN, Inc. ("HSN"), now a subsidiary of QVC, began broadcasting television home shopping programming from its studios in St. Petersburg, Florida in 1981 and, by 1985, was broadcasting its programming through a national network of cable and local television stations 24 hours a day, seven days a week.

On December 29, 2017, Qurate Retail completed the acquisition of the remaining 62% ownership interest of HSN it did not previously own in an all-stock transaction. On December 31, 2018, Qurate Retail transferred its 100% ownership interest in HSN to QVC through a transaction among entities under common control.

Reportable segments

QVC has two reportable segments: QxH and QVC-International. These segments reflect the way the Company evaluates its business performance and manages its operations. For financial information about our operating segments, please refer to note 15 of our accompanying consolidated financial statements, as well as to Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations."

QxH

QxH's programming is distributed in the U.S., 20 hours per day of live programming, 364 days per year, to approximately 92 million television households and is distributed to approximately 99% of households subscribing to services offered by television distributors. QxH's televised shopping programs, including live and recorded content, are broadcast across multiple channels nationally on a full time basis, including the main QVC and HSN channels as well as the additional channels of QVC2, QVC3 and HSN2. These additional channels offer viewers access to a broader range of QxH programming options as well as more relevant programming for viewers in different time zones. QxH also has over-the-air broadcasting in designated U.S. markets that can be accessed by any household with a digital antenna in such markets, regardless of whether it subscribes to a paid television service. This allows QxH to reach customers who previously did not have access to the program through other television platforms.

QxH's programming is also available through QVC.com and HSN.com (our "Websites") as well as 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; our social media pages and over-the-air broadcasters (collectively, our "Digital Platforms"). Our Digital Platforms enable consumers to purchase goods offered on our broadcast programming along with a wide assortment of products that are available only on our Websites. Our Websites and other Digital Platforms are natural extensions of our business model, allowing customers to engage in our shopping experience wherever they are, with live or on-demand content customized to the device they are using. In addition, our Websites and mobile applications 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. For the year ended December 31, 2023, approximately 88% of our new QxH customers made their first purchase through our digital platforms. QxH, including our Digital Platforms, contributed \$7.0 billion, or 74%, of consolidated net revenue and \$746 million of Adjusted OIBDA (defined in note 15 to the accompanying notes to our consolidated financial statements) for the year ended December 31, 2023.

The table below illustrates QxH's digital sales since 2021:

(in millions)		Years ended December 31,		
		2023	2022	2021
QxH digital platform revenue	\$	4,321	4,450	5,003
Total QxH net revenue		6,995	7,359	8,277
QxH digital platform % of total QxH net revenue		61.8 %	60.5 %	60.4 %

QVC-International

Our international business brings the QVC shopping experience to approximately 124 million households outside the U.S., primarily in Germany, Austria, Japan, the U.K., the Republic of Ireland, and Italy. Similar to QxH, our international business engages customers via multiple platforms, including broadcast networks, websites, mobile applications and social media pages. Our international product sourcing teams select products tailored to the interests of each local market. For the year ended December 31, 2023, our international operations, including our Digital platforms, generated \$2.5 billion, or 26%, of consolidated net revenue and \$325 million of Adjusted OIBDA (defined in note 15 to the accompanying notes to our consolidated financial statements).

The table below illustrates QVC-International's digital sales since 2021:

(in millions)		Years ended December 31,		
		2023	2022	2021
QVC - International digital platform revenue	\$	1,218	1,202	1,458
Total QVC - International net revenue		2,454	2,528	3,077
QVC - International digital platform % of total QVC - International net revenue		49.6 %	47.5 %	47.4 %

QVC-Japan. We own 60% of QVC-Japan through a venture with Mitsui & Co., LTD. QVC-Japan launched in April 2001 and currently broadcasts 19 hours of live programming each day and reaches approximately 29 million households. QVC-Japan also operates digital platforms including a website, mobile applications and social media pages. In 2014, QVC-Japan launched Q-plus, which consists of infomercial programming distributed by purchasing available airtime on certain channels. On December 1, 2018, QVC-Japan launched 4K high dynamic range broadcasting ("HDR"), making QVC-Japan the first network in Japan to broadcast native, full-scale 4K HDR programming 24 hours a day.

QVC-Germany. QVC-Germany went on air in December 1996 and currently broadcasts 17 hours of live programming each day and reaches approximately 42 million households that are located in both Germany and Austria. Beyond the main channel, QVC-Germany also broadcasts shows on two additional channels, QVC ZWEI and QVC Style, which provide a broader range of programming options. QVC-Germany also operates digital platforms including a website, a mobile application, smart TV applications, and social media pages.

QVC-U.K. QVC-U.K. went on air in October 1993 and currently broadcasts 16 hours of live programming each day and reaches approximately 28 million households that are located in both the U.K. and the Republic of Ireland. Beyond the main channel, QVC-U.K. also broadcasts shows on four additional channels, QVC Beauty, QVC Extra, QVC Style, and QVC Plus, which provides a broader range of programming options, along with digital platforms including a website, mobile applications and social media pages.

QVC-Italy. QVC-Italy went on air in October 2010 and currently reaches approximately 25 million households. QVC-Italy broadcasts live for 17 hours each day on satellite and digital terrestrial television. QVC-Italy also operates digital platforms including a website, a mobile application and social media pages.

China Joint Venture. Prior to September 2021, the Company had a television shopping channel and e-commerce business joint venture with CNR Media Group, a limited liability company owned by China National Radio ("CNR"). The joint venture, CNR Home Shopping Co., Ltd. ("CNRS"), was owned 49% by QVC and 51% by CNR through subsidiaries of each company. The CNRS joint venture was accounted for as an equity method investment recorded as equity in losses of investee in our consolidated statements of operations. QVC sold its interest in CNRS during the year-ended December 31, 2021.

Merchandise

We believe that our ability to combine product and programming helps us create competitive advantages over traditional brick-and-mortar and Internet retailers. We seek to offer our customers an assortment of compelling, high-quality products. In the U.S., the QVC and HSN brands present on average 696 products and 533 products, respectively, every week on our live programming, approximately 42.0% and 28.3%, respectively, of which have not been presented previously to our television audience. We offer customers high-quality and brand name products, presented in a creative, informative, entertaining and engaging style. We provide a differentiated shopping experience by offering customers the opportunity to experience not only the product being sold, but also the people and places behind that product, thereby enhancing their overall shopping experience.

Our global merchandise mix features: (i) home, (ii) apparel, (iii) beauty, (iv) accessories, (v) electronics and (vi) jewelry. Many of our brands are exclusive, while others are created by well-known designers. Our global sales mix is provided in the table below:

Product category	Years ended December 31,		
	2023	2022	2021
Home	41 %	40 %	40 %
Apparel	18 %	18 %	16 %
Beauty	18 %	17 %	18 %
Accessories	11 %	11 %	11 %
Electronics	7 %	9 %	10 %
Jewelry	5 %	5 %	5 %
Total	100 %	100 %	100 %

Unlike traditional brick-and-mortar retailers with inventories across a network of stores, we are able to quickly adapt our offerings in direct response to changes in our customer's purchasing patterns. We utilize a test and re-order model to determine initial customer demand. Through constant monitoring, we aim to manage our product offerings to maximize net revenue and fulfill current demand in large growth segments where we can gain a greater share of our customers' purchases. Our merchandising team is dedicated to continually researching, pursuing and launching new products and brands. With a mandate to deliver hard-to-find value, our merchants find and curate collections of high quality goods from manufacturers with the scale to offer sufficient supply to our existing and future customers. We maintain strong relationships with our vendors, which are attracted by the showcasing and story-telling elements of our programming, and the volume of sales during featured presentations.

We purchase, or obtain on consignment, products from U.S. and foreign manufacturers and wholesalers, often on favorable terms based upon the volume of the transactions. We have attracted some of the world's most respected consumer brands as well as celebrities, entrepreneurs and designers to promote these brands. Brand leaders such as HP, Apple, Barefoot Dreams, Dyson, Skechers and Philosophy reach a broad audience while product representatives share the stories behind these brands. We have agreements with celebrities, entrepreneurs and designers such as Isaac Mizrahi, Curtis Stone and Giuliana Rancic enabling us to provide entertaining and engaging programming that develops a lifestyle bond with our customers. These celebrity personalities and product representatives often provide pre-appearance publicity for their QVC products on their own social media pages and broadcast shows, enhancing demand during their QVC appearances. We present and promote across our networks, websites, mobile applications and social platforms, allowing shoppers to engage with us on multiple platforms and devices.

We do not depend on any single supplier or designer for a significant portion of our inventory purchases.

Distribution

QVC distributes its programming via satellite and optical fiber, to cable television and direct-to-home satellite system operators for retransmission to its subscribers in the U.S., Germany, Japan, the U.K., Italy and neighboring countries. The Company also transmits its programming over digital terrestrial broadcast television to viewers throughout Italy, Germany, and the U.K. and to viewers in certain geographic regions in the U.S. In the U.S., the Company uplinks its digital programming transmissions using a third party service or internal resources. The transmissions are uplinked to protected, non-preemptible transponders on U.S. satellites. "Protected" status means that, in the event of a transponder failure, QVC's signal will be transferred to a spare transponder or, if none is available, to a preemptible transponder located on the same satellite or, in certain cases, to a transponder on another satellite owned by the same service provider if one is available at the time of the failure. "Non-preemptible" status means that, in the event of a transponder failure, QVC's transponders cannot be preempted in favor of a user of a failed transponder, even another user with "protected" status. The Company's international business units each obtain uplinking services from third parties and transmit their programming to non-preemptible transponders on international satellites and terrestrial transmitters. QVC's transponder service agreements for the Company's U.S. transponders expire at the earlier of the end of the lives of the satellites or the service agreements. The service agreements for QxH expire between 2024 and 2025. The service agreements for QVC-International transponders and terrestrial transmitters expire between 2024 and 2029.

We continually seek to expand and enhance our broadcast and e-commerce platforms, as well as to further our international operations and multimedia capabilities. In addition to our websites and mobile applications, we continue to adapt to emerging technologies to offer elements of our programming via new technologies. To reach consumers who use online sources for viewing content, our programming is being offered through virtual multichannel video providers (including Hulu + Live TV, DirecTV Stream and YouTube TV), online video distributors and programming networks that provide our content directly to consumers over the internet rather than through traditional television services (including Facebook Live, Roku, Apple TV, Amazon Fire, Xfinity Flex and Samsung TV Plus). In 2022 we launched on The Roku Channel, a leader in free, ad-supported streaming TV.

Affiliation agreements

We enter into long-term affiliation agreements with certain of our television distributors who downlink our programming and distribute the programming to their customers. The majority of our affiliation agreements with distributors have termination dates ranging from 2024 to 2029. Our ability to continue to sell products to our customers is dependent on our ability to maintain and renew these affiliation agreements in the future. Although we are typically successful in obtaining and renewing these agreements, we do not have distribution agreements with some of the distributors that carry our programming. We are currently providing programming without affiliation agreements to distributors representing approximately 6% of our QVC channel distribution and 1% of our HSN channel distribution. Some of our international programming may continue to be carried by distributors after the expiration dates on our affiliation agreements with them have passed.

In return for carrying our signals, most programming distributors for our U.S. distribution receive an allocated portion, based upon market share, of up to 5% of the net sales of merchandise sold via the television programs and from certain Internet sales to customers located in the programming distributor's service areas. In some cases, we also pay programming distributors additional compensation in the form of incentives in exchange for their commitments to maintain specific channel positioning benchmarks. QVC-International programming distributors predominantly receive an agreed-upon annual fee, a monthly or yearly fee per subscriber regardless of the net sales, a variable percentage of net sales or some combination of the above arrangements.

In addition to sales-based commissions or per-subscriber fees, QVC also makes payments to distributors primarily in the U.S. for carriage and to secure channel positioning within a broadcast area or within the general entertainment area on the distributor's channel line-up. We believe that a portion of our sales is attributable to purchases resulting from channel "surfing" and that a channel position near broadcast networks and more popular cable networks increases the likelihood of such purchases. As technology evolves, we will continue to monitor optimal channel placement and attempt to negotiate agreements with our distributors to maximize the viewership of our television programming.

Demographics of customers

We enjoy a very loyal customer base, as demonstrated by the fact that for the twelve months ended December 31, 2023, approximately 90% of our shipped sales came from repeat customers (i.e., customers who made a purchase from us during the prior twelve months), who spent an average of \$1,442 each during this period. An additional 5% of shipped sales in that period came from new customers and the remaining 5% of shipped sales came from reactivated customers (i.e., customers who previously made a purchase from us, but not during the prior twelve months).

On a trailing twelve month basis, total consolidated customers were approximately 12.1 million which includes 8.1 million QxH customers and 4.0 million QVC-International customers. We believe our core customer base represents an attractive demographic target market. Based on internal customer data for QxH, approximately 36% of our 8.1 million customers for the twelve months ended December 31, 2023 were women between the ages of 35 and 64.

We do not depend on any single customer for a significant portion of our revenue.

Order taking and fulfillment

We take a majority of our orders via our websites and via mobile applications on iPhone, iPad, Apple Watch, Android and other devices. QxH and QVC-International customers placed approximately 43% and 36%, respectively, of all orders directly through their mobile devices in 2023.

We primarily utilize home based customer service agents to handle calls, e-mail contacts and social contacts, allowing staffing flexibility for peak volume hours. In addition, we utilize computerized interactive voice response order systems for telephonic orders, which handle approximately 25% of all orders taken on a worldwide basis. QxH has seven distribution centers and QVC-International has four distribution centers. Our distribution centers and drop ship partners have shipped on average 388,000 units per day at QxH and 172,000 units per day for QVC-International during 2023.

QVC has built a scalable operating infrastructure focused on sustaining efficient, flexible and cost-effective sale and distribution of our products. Since our physical store locations are minimal, we require lower inventory levels and capital expenditures compared to traditional brick-and-mortar retailers. Further, since we have no set "floor plan" and can closely manage inventory levels at our centralized warehouses, we believe we have the flexibility to analyze and react quickly to changing trends and demand by shifting programming time and product mix. Our cost structure is highly variable, which we believe allows us to consistently achieve attractive margins relative to brick-and-mortar retailers.

Third party carriers transport our packages from our distribution centers to our customers. In each market where we operate, we have negotiated long-term contracts with shipping companies, which in certain circumstances provide for favorable shipping rates.

Seasonality

QVC's business is seasonal due to a higher volume of sales in the fourth calendar quarter related to year-end holiday shopping. In recent years, QVC has earned, on average, between 22% and 24% of its revenue in each of the first three quarters of the year and 30% of its revenue in the fourth quarter of the year.

Competition

We operate in a rapidly evolving and highly competitive retail business environment. We have numerous and varied competitors at the national and local levels, ranging from large department stores to specialty shops, e-commerce retailers, direct marketing retailers, wholesale clubs, discount retailers, infomercial retailers, and mail-order and catalog companies. Some of our competitors, such as Amazon and Walmart, have a significantly greater web-presence. We believe that the principal competitive factors for our web-commerce operations are high-quality products, brand recognition, selection, value, convenience, price, website performance, customer service and accuracy of order shipment.

We believe that QxH is a leader in video shopping, e-commerce, mobile commerce and social commerce. QxH curates quality products at outstanding values, provides exceptional customer service, establishes favorable channel positioning and multiple touchpoints across digital platforms and generates repeat business from our core customer base. QxH sales compare favorably to general, non-video based retailers due to our extensive customer reach and efficient cost structure. QxH's closest video shopping competitor is ShopHQ and our international operations face similar competition in their respective markets, such as Jupiter Shop Channel in Japan, HSE in Germany and Austria, GM24 in Italy, and The Jewellery Channel, Gems TV, and JML Direct in the U.K.

We also compete for access to customers and audience share with other providers of broadcast, digital and hard copy entertainment and content. The price and availability of other programming and the conversion to digital programming platforms may unfavorably affect the placement of our programming in the channel line-ups of our distributors and may affect our ability to obtain distribution agreements with small cable distributors. Competition from other programming also affects the compensation that must be paid to distributors for carriage. Principal competitive factors for us include (i) value, quality and selection of merchandise; (ii) customer experience, including customer service and speed, cost and reliability of fulfillment and delivery services; and (iii) convenience and accessibility of sales channels.

Human Capital

Headcount. QVC employed approximately 18,400 full-time and part-time employees as of December 31, 2023, which includes 11,600 employees at QxH and 6,800 employees at QVC-International. Employment levels fluctuate due to seasonal factors affecting our business. Additionally, we utilize independent contractors and temporary staffing personnel to supplement our workforce, particularly on a seasonal basis. We consider our employee relations to be good and a key factor in our workforce strategy.

Diversity, Equity, & Inclusion ("DE&I"). We remain committed to fostering an inclusive culture that ensures fairness and a sense of belonging for every team member, business partner and customer experience we offer by leveraging diversity in all its forms to deliver on our promise to continuously exceed expectations. Our DE&I commitments focus on the following areas: leadership representation, leadership accountability, education and awareness, culture, consumers & marketplace, community impact and transparency. We serve a broad and diverse range of customers around the world and we strive to understand the lives they lead in order to deliver authentic customer experiences with meaningful curated products. For this reason we embrace the benefits that the diverse backgrounds, perspectives and experiences of our team members bring to our culture and the decisions we make. We aim to ensure that we consistently apply a lens of inclusion and equity in our processes and decisions relating to our team members, business partners, products, and customer experiences. We are taking steps to help team members discover new perspectives, build empathy, have critical conversations about topics such as race, microaggressions and allyship, and support each other. We have expanded Team Member Resource Groups to promote team member connections, career development, community impact and consumer and marketplace growth. We are delivering our DE&I training to all team members via online modules, videos, e-learning, and in-person facilitated experiences. We are also continuing our efforts to attract and grow diverse talent and suppliers, offer inclusive product assortments, and ensure broad representation in our marketing, digital, and on-air activities.

Team Member Engagement and Enablement. To improve team member engagement and enablement, we conduct an annual team member engagement survey and various pulse surveys throughout the year on topics such as company direction, leadership, culture, performance and rewards, and change management. The results of these surveys are used by management to improve the overall team member experience and retention, as well as help to inform our approach to company programs and practices. For example, based in part on feedback from team members regarding work from home arrangements instituted in response to the outbreak of COVID-19, in 2022 we introduced a new flexible distributed workforce model which allows some of our team members to have the option to work from home most of the time based on a schedule approved by our team members' respective management team.

Health and Safety. We are committed to maintaining a safe and secure work environment and have specific safety programs and protocols in place to protect our team members. This includes administering a comprehensive occupational injury- and illness-prevention program and training for team members. In addition to offering a variety of comprehensive health benefits plans, we also offer our team members a variety of mental, emotional, and physical wellness resources, among a number of other initiatives, such as greater access to telemedicine and home care help. Where applicable, we continue to comply with country, state and local restrictions related to addressing COVID-19 and similar health risks.

Government regulation

The manner in which we sell and promote merchandise and related claims and representations made in connection with these efforts is regulated by federal and state law. Some examples of regulatory agencies and regulations that affect the manner in which we sell and promote merchandise include the following:

- The Federal Trade Commission ("FTC") and the state attorneys general regulate the advertising of retail products and services offered for sale in the U.S., including, for example, the FTC's Guides Concerning the Use of Endorsements and Testimonials in Advertising and Guides for the Use of Environmental Marketing Claims.
- The Food and Drug Administration has specific regulations regarding claims that can be made about food products and regulates marketing claims that can be made for cosmetic beauty products, medical devices and over-the-counter drugs.
- The Environmental Protection Agency ("EPA") requires products that make certain types of claims, such as "anti-bacterial," to be registered with the EPA prior to making such claims.
- Each of the FTC's Telemarketing Sales Rules, the Federal Communication Commission's ("FCC") rules implementing the Telephone Consumer Protection Act and similar state laws, establish procedures that must be followed when telemarketing or placing particular types of calls to consumers.
- The Consumer Product Safety Commission ("CPSC") has specific regulations regarding products that present unreasonable risks of injuries to consumers.
- Import and export laws, including U.S. economic sanction and embargo regulations, U.S. homeland security laws and regulations and other laws such as the U.S. anti-boycott law and U.S. export controls regulations may limit foreign sales.
- Comparable regulatory agencies and regulations in countries in which we have our non-U.S. operations may be applicable.

In addition, the FCC regulates the television stations, cable television systems, direct broadcast satellite ("DBS") distributors and other multichannel video programming distributors ("MVPDs") that distribute the Company's services. The FCC has adopted various requirements related to the Company's programming, and also licenses radio transmission facilities that the Company uses in connection with its business, such as television stations, satellite uplink/downlink facilities and internal private radio systems.

As a result of an interest in various cable operators attributed to Qurate Retail, the Company may be deemed to be a satellite cable programming vendor in which a cable operator has an attributable interest for purposes of various FCC rules regarding the distribution of video programming to MVPDs. These include, for example, the FCC's program access rules, which, in general, prohibit various unfair practices involving the distribution of video programming to MVPDs; and its program carriage rules, which, among other things, prohibit cable operators from favoring affiliated programmers so as to restrain unreasonably the ability of unaffiliated programmers to compete. The FCC program access and program carriage rules also make provision for enforcement of alleged violations through complaint proceedings initiated by aggrieved entities. The Company also may be subject to program access rules as a result of an FCC condition adopted in connection with its 2008 approval of a transaction involving a predecessor of Qurate Retail and News Corp. Previously adopted FCC channel occupancy rules, which limited carriage by a cable operator of national programming services in which that operator holds an attributable interest, were vacated and remanded by the U.S. Court of Appeals for the District of Columbia Circuit in 2001 and have not been readopted by the FCC.

In 2000, we became subject to a consent decree issued by the FTC barring us from making certain deceptive claims for dietary supplements and specified products related to the common cold, pneumonia, hay fever and allergies. We also became subject to an expanded consent decree issued by the FTC in 2009 that terminates on the later of May 26, 2029, or 20 years from the most recent date that the U.S. or the FTC files a complaint in federal court alleging any violation thereunder. Pursuant to this expanded consent decree, we are prohibited from making certain claims about specified weight-loss, dietary supplement and anti-cellulite products unless we have competent and reliable scientific evidence to substantiate such claims. Violation of the QVC consent decree may result in the imposition of significant civil penalties for non-compliance and related redress to consumers and/or the issuance of an injunction enjoining us from engaging in prohibited activities.

In October 2023, HSN entered into a settlement agreement with the CPSC in which HSN agreed to pay a civil penalty of \$16 million to settle the CPSC's claim that HSN allegedly failed to timely submit a report under the Consumer Product Safety Act ("CPSA") in relation to handheld clothing steamers sold by HSN under the Joy Mangano brand names My Little Steamer® and My Little Steamer® Go Mini that were subject to a voluntary recall previously announced on May 26, 2021. The settlement agreement also requires HSN to implement and maintain a compliance program to ensure compliance with the CPSA.

Congress enacted the Commercial Advertisement Loudness Mitigation ("CALM") Act in 2010. The CALM Act directs the FCC to incorporate into its rules and make mandatory a technical standard that is designed to prevent digital television commercial advertisements from being transmitted at louder volumes than the program material they accompany. Although the FCC's CALM Act regulations place direct compliance responsibility on broadcasters and MVPDs, the FCC adopted a "safe harbor" compliance approach applicable to commercials embedded in programming provided by programmers, such as the Company. Under the FCC's safe harbor approach, broadcasters and MVPDs may meet their CALM Act compliance obligations through reliance on programmer-provided CALM Act compliance certifications that are made "widely available" to broadcasters and MVPDs through a website or other means. The Company has determined that its programming is CALM Act compliant, and in response to requests from its distributors, and in order to allow its distributors to meet the FCC's safe harbor, the Company has posted a CALM Act compliance certification to a website that is available to its distributors.

FCC rules adopted pursuant to the Telecommunications Act of 1996 generally require closed captioning of the Company's televised programming distributed on broadcast television stations, cable television systems, DBS and other MVPDs, with only limited exemptions. Regulations adopted by the FCC pursuant to the Twenty-First Century Communications and Video Accessibility Act of 2010 imposed captioning requirements on various types of programming distributed via Internet protocol ("IP") that was previously televised with captions. The Company also is subject to the IP-captioning rules as a Video Programming Owner and as a Video Programming Distributor that distributes covered programming on its website and via mobile and video streaming platforms.

The FCC's closed captioning rules applicable to televised programming and programming distributed by IP initially placed closed captioning compliance obligations directly on the Company's distributors. Amendments to those rules adopted by the FCC in 2016 extend direct compliance responsibility, jointly with distributors, to video programmers such as the Company, impose certain registration and certification requirements on the Company, and subject the Company to captioning complaint procedures. The registration and certification requirements of these amended rules have not yet become effective. As a result of the foregoing changes and rules involving captioning of IP-delivered programming and captioning quality standards, QVC may incur additional costs and compliance obligations related to closed captioning of its programming.

We market and provide a broad range of merchandise through our broadcast networks, websites, mobile applications and social media pages. As a result, we are subject to a wide variety of statutes, rules, regulations, policies and procedures in various jurisdictions that are subject to change at any time, including laws regarding consumer protection, privacy, the regulation of retailers generally, the importation, sale and promotion of merchandise and the operation of retail stores and warehouse facilities, as well as laws and regulations applicable to the Internet and businesses engaged in e-commerce, such as those regulating the sending of unsolicited, commercial electronic mail and texts.

For example, the Children's Online Privacy Protection Act ("COPPA") prohibits web sites from collecting personally identifiable information online from children under age 13 without parental consent and imposes a number of operational requirements. On December 20, 2023, the FTC released a notice of proposed rulemaking seeking comment on revisions to the FTC's COPPA regulations that would, among other things, further restrict the use and disclosure of children's personal information. Certain email activities are subject to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, commonly known as the CAN-SPAM Act. The CAN-SPAM Act regulates the sending of unsolicited commercial email by requiring the email sender, among other things, to comply with specific disclosure requirements and to provide an "opt-out" mechanism for recipients. Both of these laws include statutory penalties for non-compliance. The Digital Millennium Copyright Act limits, but does not eliminate, liability for listing or linking to third party websites that may include content that infringes on copyrights or other rights so long as our Internet businesses comply with the statutory requirements. Various states also have adopted laws regulating certain aspects of Internet communications. Federal legislation enacted in 2016 permanently extended the moratorium on state and local taxes on Internet access.

Our e-commerce businesses are subject to domestic and foreign laws governing the collection, use, retention, security and transfer of personally-identifiable information about their users. The enactment, interpretation and application of user data protection laws are in a state of flux, and the interpretation and application of such laws may vary from country to country. For example, the European Union's ("E.U.") General Data Protection Regulation ("GDPR"), which established new data laws that give customers additional rights and impose additional restrictions and penalties on companies for illegal collection and misuse of personal information, took effect in May 2018. Further, in 2015, the Court of Justice of the E.U. invalidated the "Safe Harbor Framework," which had allowed companies to collect and process personal data in E.U. nations for use in the U.S. The E.U.-U.S. Privacy Shield, which replaced the Safe Harbor Framework, and became fully operational in 2016, provided a mechanism to comply with data protection requirements when transferring personal data from the E.U. to the U.S. On July 16, 2020, the Court of Justice of the E.U. invalidated the E.U.-U.S. Privacy Shield, and imposed new obligations on the use of Standard Contractual Clauses ("SCCs") - another key mechanism to allow data transfers between the U.S. and the E.U. The European Commission adopted revised SCCs on June 4, 2021. In March 2022, the U.S. and the European Commission announced a new Transatlantic Data Privacy Framework ("DPF") to replace the E.U.-U.S. Privacy Shield. On December 13, 2022, the European Commission issued an adequacy decision initiating the formal adoption process for the DPF, and the E.U. formally adopted the adequacy decision on July 10, 2023. The U.S. and the E.U. implemented the DPF in July 2023. E.U. government entities and regulatory authorities continue to pursue additional regulation of "cookies" and other Internet tracking tools but the timing of enactment of the final regulations is uncertain. Following the "Brexit" withdrawal of the U.K. from the E.U., on June 28, 2021, the European Commission determined that the U.K.'s data protection laws essentially are equivalent to data protection laws in the European Economic Area. Finally, countries in other regions, most notably Asia, Eastern Europe and Latin America, are increasingly implementing new privacy regulations, resulting in additional compliance burdens and uncertainty as to how some of these laws will be enforced.

In the U.S., Congress may consider a range of legislation that would impose federal privacy obligations on organizations including obligations that could require organizations that suffer a breach of security related to personal information to notify owners of such information. Such federal legislation may not preempt similar state laws with the effect that organizations may be obligated to comply with separate federal and state laws that regulate the same activity in different, and possibly inconsistent, ways. Federal agencies, including the FTC, are seeking to regulate the use of personal data through rule-making efforts and through enforcement activities targeted at organizations. Many states have adopted laws requiring notification to users when there is a security breach affecting personal data, such as California's Information Practices Act. California also has enacted the California Consumer Privacy Act of 2018 ("CCPA"), which, among other things, allows California consumers to request that certain companies disclose the types of personal information collected by such companies. The CCPA took effect on January 1, 2020. The California Attorney General has issued implementation regulations and guidance regarding the law. In November 2020, California voters approved the California Privacy Rights Act of 2020 ("CPRA"), which amends and extends the CCPA and establishes the California Privacy Protection Agency to implement and enforce consumer privacy laws. Most of the CPRA's provisions became effective on January 1, 2023. A growing number of states have enacted privacy laws in recent years. In 2023, Delaware, Florida, Indiana, Iowa, Montana, Oregon, Tennessee and Texas enacted such laws. In addition to California, Colorado, Virginia, Utah and Connecticut previously had enacted comprehensive privacy legislation. In addition to broad consumer privacy laws, states are enacting and may continue to enact sectoral-specific privacy laws focused on health data, data about people under the age of 18, biometric data, the use of algorithms by organizations, and other matters. Private litigants are also using federal and state laws to pursue litigation related to the use of personal data, video content, chat tools and other communication tools, and trackers commonly used by organizations in the operation of consumer-facing websites and applications. Complying with these different national and state privacy requirements may cause us to incur substantial costs. In addition, we generally have and post on our websites privacy policies and practices regarding the collection, use and disclosure of user data. A failure to comply with such posted privacy policies or with the regulatory requirements of federal, state, or foreign privacy laws could result in proceedings or actions by governmental agencies or others (such as class action litigation) which could adversely affect our business.

Our business is also dependent upon our continued ability to transmit our programming to television distributors from our third party FCC-licensed satellite uplink and downlink facilities, which are subject to FCC compliance in the U.S. and foreign regulatory requirements in our international operations.

For information regarding regulations related to U.S. trade policy with China, see the risk factor "Significant developments stemming from U.S. and international trade policy with China, including in response to forced labor and human rights abuses in China may adversely impact our business and operating results" in Item 1A., "Risk Factors."

Intellectual property

We regard our trademarks, service marks, patents, copyrights, domain names, trade dress, trade secrets, proprietary technologies and similar intellectual property as critical to our success. We rely on a combination of trademark, patent and copyright law, trade-secret protection, and confidentiality and/or license agreements with our employees, customers, suppliers, affiliates and others to protect these proprietary rights. We have registered, or applied for the registration of, a number of trademarks, service marks, patents, copyrights and domain names through U.S. and foreign governmental authorities and vigorously protect our proprietary rights against infringement.

In the U.S., we have registered trademarks and service marks including, but not limited to our brand names and logo, "QVC," "Quality Value Convenience," the "Q Logo," and "Q" and trademarks for our proprietary products sold such as "Arte D'Oro," "Cook's Essentials," "Denim & Co.," "Diamonique," "Nature's Code," "Northern Nights" and "Zuda." Similarly, foreign registrations have been obtained for many trademarks and service marks for our brand names, logo and propriety products including, but not limited to, "QVC," the "Q Logo," "Q," "Cook's Essentials," "Denim & Co.," "Diamonique" and "Northern Nights."

HSN has numerous trademark registrations or pending applications in the U.S. which help to expand HSN's brand awareness. These registrations and applications include the "HSN" brand name and the "HSN logo" as well as registrations for HSN's propriety products and services, including, but not limited to, "HSN Shop By Remote," "Technibond," and "Concierge Collection."

We consider the "QVC" and "HSN" brands the most significant trademarks and service marks held by us because of their impact on market awareness across all of our geographic markets and on customers' identification with us. Our trademark and service mark registrations in the U.S. for "QVC" and "HSN" are for a ten year period and are renewable every ten years, prior to their respective expirations, as long as the trademarks or service marks are used in the regular course of trade.

Qurate Retail relationship and related party transactions

The Company is an indirect wholly-owned subsidiary of Qurate Retail (Nasdaq: QRTEA, QRTEB and QRTEP), which owns Cornerstone Brands, Inc. ("CBI"), as well as other minority investments. QVC is part of Qurate Retail Group ("QRG"), a portfolio of brands including QVC and CBI. Zulily, LLC ("Zulily") was a wholly owned subsidiary of Qurate Retail until its divestiture on May 24, 2023.

QVC engaged with Zulily, which had been a wholly-owned subsidiary of Qurate Retail since October 2015. Zulily is not part of the results of operations or financial position of QVC presented in this Form 10-K. Prior to Qurate Retail's divestiture of Zulily, QVC and Zulily engaged in multiple transactions relating to sales, sourcing of merchandise, marketing initiatives, and business advisory services. Refer to note 13 to the consolidated financial statements for further details.

QVC engages with CBI, which is a wholly owned subsidiary of Qurate Retail and prior to the common control transaction between QVC and Qurate Retail, was included as part of HSN. CBI is not part of the results of operations or financial position of QVC presented in the accompanying consolidated financial statements. During the year ended December 31, 2023, QVC and CBI engaged in multiple transactions relating to sourcing of merchandise, personnel and business advisory services. Refer to note 13 to the accompanying consolidated financial statements for further details.

On December 30, 2020, the Company and Liberty Interactive LLC ("LIC") completed an internal realignment of the Company's global finance structure that resulted in a common control transaction with Qurate Retail. As part of the common control transaction, LIC issued a promissory note ("LIC Note") to a subsidiary of the Company with an initial face amount of \$1.8 billion, a stated interest rate of 0.48% and a maturity of December 29, 2029. Interest on the LIC Note is paid annually. QVC recorded \$9 million of related party interest income for each of the years ended December 31, 2023 and 2022, included in interest expense, net in the consolidated statement of operations.

On October 27, 2021, a notice was issued to all holders to redeem any and all outstanding MSI Exchangeables (as defined below) on December 13, 2021. Bondholders had until the close of business on December 10, 2021 to exchange their bonds. During the fourth quarter of 2021, QVC Global delivered Motorola Solutions Inc. shares, which were acquired pursuant to a forward purchase contract, to holders of the MSI Exchangeables with a fair value of approximately \$573 million to settle the exchanges of the MSI Exchangeables. For holders who did not participate in the exchange, their bonds were redeemed on December 13, 2021 at adjusted principal, plus accrued interest and dividend pass-thru for a total cash payment of approximately \$1 million. No MSI Exchangeables were outstanding as of December 31, 2021. As a result of the exchange

and the redemption, the Company recorded a loss on extinguishment of debt in the accompanying consolidated statements of operations of \$7 million for the year ended December 31, 2021.

On October 27, 2021, QVC amended and restated its senior secured credit facility (the "Fifth Amended and Restated Credit Agreement") which is a multi-currency facility that provides for a \$3.25 billion revolving credit facility (see note 7 to the accompanying consolidated financial statements). The Fifth Amended and Restated Credit Agreement may be borrowed on by QVC, CBI, and QVC Global (collectively, the "Borrowers"). Under the terms of the Fifth Amended and Restated Credit Agreement, the Borrowers are jointly and severally liable for all outstanding borrowings. In accordance with the accounting guidance for obligations resulting from joint and several liability arrangements, QVC will record a liability for amounts it has borrowed under the senior secured credit facility plus any additional amount it expects to repay on behalf of CBI. There were no borrowings by CBI outstanding on the Fifth Amended and Restated Credit Agreement as of December 31, 2023. As of December 31, 2022, there was \$18 million borrowed by CBI on the Fifth Amended and Restated Credit Agreement, none of which the Company expected to repay on behalf of CBI.

On June 27, 2022, Qurate Retail announced a five-point turnaround plan designed to stabilize and differentiate its core HSN and QVC-US 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 that was completed in February 2023. 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. QVC implemented a workforce reduction and recorded restructuring charges of \$13 million and \$24 million in restructuring, penalties and fire related costs, net of (recoveries) in the consolidated statement of operations during the years ended December 31, 2023 and 2022, respectively.

We are a "close corporation" under Delaware law and, as such, our stockholder, rather than a board of directors, manages our business. Since our stockholder is an indirect wholly owned subsidiary of Qurate Retail, certain aspects of our management, including the approval of significant corporate transactions such as a change of control, are controlled by Qurate Retail, rather than an independent governing body. Our Chief Executive Officer and President, David L. Rawlinson II, also became president and chief executive officer of Qurate Retail during 2021.

Qurate Retail's interests may not coincide with our interests or yours and Qurate Retail may cause us to enter into transactions or agreements with related parties or approve corporate actions that could involve conflicts of interest. For example, Qurate Retail's dependence on our cash flow for servicing its debt and for other purposes is likely to result in our payment of large dividends to Qurate Retail, which may increase our leverage and decrease our liquidity. We paid \$437 million, \$1,270 million, and \$963 million of dividends to Qurate Retail during the years ended December 31, 2023, 2022, and 2021, respectively. See also Item 1A. "Risk Factors."

Item 1A. Risk Factors

The risks described below and elsewhere in this Annual Report on Form 10-K are not the only ones that relate to our businesses or our capitalization. The risks described below are considered to be the most material. However, there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that also could have material adverse effects on our businesses. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. If any of the events described below were to occur, our businesses, prospects, financial condition, results of operations and/or cash flows could be materially adversely affected.

Risk Factor Summary

The following is a summary of the material risk factors that could adversely affect our business, financial condition, and results of operations:

Risks Related to Our Financial Condition and Business

- Improvements in operating results from expected savings in operating costs from Project Athens and other cost saving and business improvement initiatives may not be realized in the anticipated amounts, may take longer to be realized, or could be realized only for a limited period.
- The retail business environment is subject to intense competition, and we may not be able to effectively compete for customers.
- Our net revenue and operating results depend on our ability to predict or respond to consumer preferences.
- Our long-term success depends in large part on our continued ability to attract new customers and retain existing customers and we may not be able to do that in a cost-effective manner.
- We depend on the television distributors that carry our programming and no assurance can be given that we will be able to maintain and renew our affiliation agreements on favorable terms or at all.
- The failure to maintain suitable placement for our programming or to adapt to changes in consumer behavior driven by online video distribution platforms for viewing content could adversely affect our ability to attract and retain television viewers and could result in a decrease in revenue.
- We may be subject to claims for representations made in connection with the sale and promotion of merchandise or for harm experienced by customers who purchase merchandise from us.
- Failure to comply with existing laws, rules and regulations, including any new legislation or regulations related to climate change, or to obtain and maintain required licenses and rights, could subject us to additional liabilities.
- Use of social media and influencers may materially and adversely affect our reputation or subject us to fines or other penalties.
- Environmental, Social, and Governance (“ESG”) risks could threaten our businesses’ financial outcomes, partnerships, and reputation.
- We may fail to adequately protect our intellectual property rights or may be accused of infringing intellectual property rights of third parties.
- We offer our installment payment option on most of our merchandise and, in certain circumstances, offer it as the default payment option. Failure to effectively manage our installment sales plans and revolving credit card programs could negatively impact our results of operations.
- Increases in labor costs could adversely affect our business, financial condition and results of operations.
- Natural disasters, political crises, and other catastrophic events or other events outside of our control, including climate change, may damage our facilities or the facilities of third parties on which we depend, adversely affect our ability to operate our businesses and have broader effects.
- The COVID-19 pandemic negatively impacted, and future pandemics or epidemics may negatively impact, our business, key financial and operating metrics, and results of operations in numerous ways.
- Impairment of our goodwill or other intangible assets could have a material adverse effect on our business, results of operations and financial condition.

Risks Related to Technology and Information Security

- Any continued or permanent inability to transmit our programming via satellite would result in lost revenue and could result in lost customers.
- Our Ecommerce business could be negatively affected by changes in third-party digital platform algorithms and dynamics as well as our inability to monetize the resulting web traffic.

- Our Ecommerce business may experience difficulty in the ongoing development, implementation and customer acceptance of applications for personal electronic devices, which could harm our business.
- Our business is subject to cyber security risks, including cybersecurity threats and cybersecurity incidents, such as security breaches and identity theft.
- System interruption and the lack of integration and redundancy in these systems and infrastructures may adversely affect our ability to transmit our television programs, operate websites, process and fulfill transactions, respond to customer inquiries and generally maintain cost-efficient operations.
- The processing, storage, sharing, use, disclosure and protection of personal data could give rise to liabilities as a result of governmental regulation, conflicting legal requirements or differing views of personal privacy rights.

Risks Related to Economic Conditions

- We have operations outside of the U.S. that are subject to numerous operational and financial risks.
- Fluctuations in currency exchange rates may lead to lower revenues and earnings.
- Weak and uncertain economic conditions worldwide may reduce consumer demand for our products and services.
- Increases in market interest rates could increase our operating costs and decrease consumer demand, which may adversely affect our business.
- Significant developments stemming from U.S. and international trade policy with China, including in response to forced labor and human rights abuses in China, may adversely impact our business and operating results.

Risks Related to our Facilities and Third-Party Suppliers and Vendors

- We rely on distribution facilities to operate our business, and any damage to one of these facilities, or any disruptions caused by incorporating new facilities into our operations, could have a material adverse impact on our business.
- We rely on independent shipping companies to deliver the products we sell.
- We depend on relationships with vendors, manufacturers and other third parties, and any adverse changes in these relationships could result in a failure to meet customer expectations which could result in lost revenue.
- The unanticipated loss of certain larger vendors or the consolidation of our vendors could negatively impact our sales and profitability on a short-term basis.

Risks Related to the Seasonality of Our Business

- We face significant inventory risk.
- The seasonality of our business places increased strain on our operations.

Risk Related to Management and Key Personnel

- Our success depends in large part on our ability to recruit and retain key employees capable of executing our unique business model.
- We have not voluntarily implemented various corporate governance measures, in the absence of which you may have more limited protections against interested transactions, conflicts of interest and similar matters.
- The interests of our stockholder may not coincide with your interests and our stockholder may make decisions with which you may disagree.

Risks Related to Our Indebtedness

- We have a substantial amount of indebtedness, which could adversely affect our financial position and prevent us from fulfilling our debt obligations.
- Our level of indebtedness could limit our flexibility in responding to current market conditions, adversely affect our financial position, prevent us from meeting our obligations under our debt instruments or otherwise restrict our business activities.
- We may not be able to generate sufficient cash to service our debt obligations.
- We may need to refinance our indebtedness.
- Despite our current level of indebtedness, we may still incur substantially more indebtedness. This could exacerbate the risks associated with our existing indebtedness.
- Covenants in our debt agreements restrict our business in many ways.
- We may be limited in our ability to pay dividends or make other restricted payments to Qurate Retail.

Risks Related to Our Financial Condition and Business

Improvements in operating results from expected savings in operating costs from Project Athens and other cost saving and business improvement initiatives may not be realized in the anticipated amounts, may take longer to be realized, or could be realized only for a limited period

In 2022, Qurate Retail announced Project Athens, a five-point turnaround plan designed to stabilize and differentiate its core HSN and QVC-U.S. brands and expand the company's leadership in video streaming commerce. During 2022 the first phase of Project Athens was commenced, and included actions to reduce inventory and a planned workforce reduction that was completed in February 2023. It is expected that Project Athens will complete its objectives by the end of 2025. However, in order to implement this or any other future cost savings or business improvement initiatives, we have incurred, or expect to incur, additional expenses, which could adversely impact our financial results prior to the realization of the expected benefits associated with the initiatives. These initiatives could also divert the attention of management and cause disruptions in our business, which could have an adverse impact on our business and financial results. Due to numerous factors or future developments, we may not achieve cost reductions or other business improvements consistent with our expectations or the benefits may be delayed. These factors or future developments could include the incurrence of higher than expected costs or delays in workforce reduction measures, actual savings differing from anticipated cost savings, anticipated benefits from business improvement initiatives not materializing and disruptions to normal operations or other unintended adverse impacts resulting from the initiatives.

The retail business environment is subject to intense competition, and we may not be able to effectively compete for customers

We operate in a rapidly evolving and highly competitive retail business environment. Although we are the U.S.'s largest television shopping retailer, we have numerous and varied competitors at the national and local levels, ranging from large department stores to specialty shops, electronic retailers, direct marketing retailers, wholesale clubs, discount retailers, other televised shopping retailers such as ShopHQ and Jewelry TV in the U.S., Jupiter Shop Channel in Japan, HSE in Germany and Austria, GM24 in Italy, and Ideal World in the U.K., infomercial retailers, Internet retailers, including livestream shopping retailers, and mail-order and catalog companies. Many of our current and potential competitors have greater resources, longer histories, more customers and greater brand recognition than we do. They may secure better terms from vendors, adopt more aggressive pricing, offer free or subsidized shipping and devote more resources to technology, fulfillment and marketing. Other companies also may enter into business combinations or alliances that strengthen their competitive positions. Such business combinations or alliances may result in competitors with greatly improved financial resources, improved access to merchandise, greater market penetration than they previously enjoyed and other improvements in their competitive positions. This may cause our customers to elect to purchase products from a competitor that they would have historically purchased from QVC, resulting in less revenue to QVC.

Although we sell a variety of exclusive products, one of the most significant challenges we face is competition on the basis of price. Price is of great importance to most customers, and price transparency and comparability continues to increase, particularly as a result of digital technology. The ability of consumers to compare prices on a real-time basis puts additional pressure on us to maintain competitive prices. Additionally, as a result of inflationary pressures currently being experienced, our cost to obtain, import and deliver the products we sell has increased, which has required us to charge consumers more for those products, or reduce our margin on those products, or both. These price increases may result in us being unable to maintain competitive prices with other retailers.

In addition, many retailers, especially online retailers with whom we compete, are currently offering customers more competitive shipping and returns terms than QVC, including faster delivery and free or discounted shipping and returns. As a result of these practices, we may experience further competitive pressures to attract customers and/or to change our shipping program. Our ability to be competitive on delivery times and shipping costs depends on many factors, and our failure to successfully manage these factors and offer competitive shipping terms could negatively impact the demand for our products and our profit margins. We also compete for access to customers and audience share with other providers of televised, online and hard copy entertainment and content. Our inability to compete effectively with regard to the assortment, product price, shipping terms, shipping pricing or free shipping and quality of the merchandise we offer for sale or to keep pace with

competitors in our marketing, service, location, reputation, credit availability and technologies, could have a material adverse effect.

Our net revenue and operating results depend on our ability to predict or respond to consumer preferences

Our net revenue and operating results depend, in part, on our ability to predict or respond to changes in consumer preferences and fashion trends in a timely manner. We develop new retail concepts and continuously adjust our product mix in an effort to satisfy customer demands. Consumer preferences may be affected by many factors outside of our control, including responses of competitors and general economic conditions. Any sustained failure by us to identify and respond to emerging trends in lifestyle and consumer preferences could have a material adverse effect on our relationship with our customers and the demand for the products we sell.

Our long-term success depends in large part on our continued ability to attract new customers and retain existing customers and we may not be able to do that in a cost-effective manner

In an effort to attract and retain customers, we engage in various merchandising and marketing initiatives, which involve the expenditure of money and resources, particularly in the case of the production and distribution of our television programming and, to an increasing extent, digital advertising. We have spent, and expect to continue to spend, increasing amounts of money on, and devote greater resources to, certain of these initiatives, particularly in our continuing efforts to increasingly engage customers through online digital marketing and to personalizing our customers' shopping experience. These initiatives, however, may not resonate with existing customers or consumers generally or may not be cost-effective. In addition, costs associated with the production and distribution of our television programming and costs associated with digital marketing, including marketing on third-party platforms such as Google and Facebook, have increased and are likely to continue to increase in the foreseeable future and, if significant, could have a material adverse effect to the extent that they do not result in corresponding increases in net revenue.

We depend on the television distributors that carry our programming and no assurance can be given that we will be able to maintain and renew our affiliation agreements on favorable terms or at all

In the U.S., we currently distribute our programming through affiliation or transmission agreements with many television service providers, including, but not limited to, Comcast, DIRECTV, Charter, DISH, Verizon and Cox. Internationally, we currently distribute our programming through providers such as Vodafone TV Connect and Vodafone GigaTV, Freenet TV, SES ASTRA, Telekom Matenta TV, PYUR, A1 Xplore TV, Jupiter Telecommunications, Ltd., BS Nippon Corporation, The Sky Perfect JSAT Group, World Hi-Vision Channel, Inc., Sky UK, Freesat, Freeview Virgin Media, Tivu Tivusat and Sky Italia. The majority of our affiliation agreements with distributors are scheduled to expire between 2024 to 2029 unless renewed prior to the applicable expiration. As part of normal course renewal discussions, occasionally we have disagreements with our distributors over the terms of our carriage, such as channel placement or other contract terms. If not resolved through business negotiation, such disagreements could result in litigation or termination of an existing agreement. Termination of an existing agreement resulting in the loss of distribution of our programming to a material portion of our television households may adversely affect our growth, net revenue and earnings.

The renewal negotiation process for affiliation agreements is typically lengthy. In some cases, renewals are not agreed upon prior to the expiration of a given agreement while the programming continues to be carried by the relevant distributor without an effective agreement in place. We do not have distribution agreements with some of the cable operators that carry our programming. In total, we are currently providing programming without affiliation agreements to distributors representing approximately 6% of our QVC-U.S. distribution and approximately 1% of our HSN cable television distribution. Some of our international programming may continue to be carried by distributors after the expiration dates on our affiliation agreements with them have passed.

We may be unable to obtain renewals with our current distributors on acceptable terms, if at all. We may also be unable to successfully negotiate affiliation agreements with new or existing distributors to carry our programming and no assurance can be given that we will be successful in negotiating renewals with these distributors or that the financial and other terms of these renewals will be acceptable. Although we consider our current levels of distribution without written agreement to be ordinary course, the failure to successfully renew or negotiate new affiliation agreements covering a material portion of television households could result in a discontinuation of carriage that may adversely affect our viewership, growth, net revenue and earnings.

The failure to maintain suitable placement for our programming or to adapt to changes in consumer behavior driven by online video distribution platforms for viewing content could adversely affect our ability to attract and retain television viewers and could result in a decrease in revenue

We are dependent upon the continued ability of our programming to compete for viewers. Effectively competing for television viewers is dependent, in substantial part, on our ability to negotiate and maintain placement of our programming at a favorable channel position, such as in a basic tier or within a general entertainment or general broadcasting tier. Less favorable channel position for our programming, such as placement adjacent to programming that does not complement our programming, a position next to our televised home shopping competitors or isolation in a "shopping" tier, or lack of a high-definition formatted presentation could adversely affect our ability to attract television viewers to our programming.

Changes in consumer behavior driven by online video distribution platforms for viewing content may have an adverse impact on our business. Distribution platforms for viewing content over the internet have been, and will likely continue to be, developed that further increase the competition for viewers of programming. These distribution platforms are driving changes in consumer behavior as consumers seek more control over when, where and how they consume content.

Consumers are increasingly turning to online sources for viewing content, which has and likely will continue to reduce the number of viewers of our television programming. Although we have attempted to adapt our offerings to changing consumer behaviors, virtual multichannel video providers, online video distributors and programming networks providing their content directly to consumers over the internet rather than through traditional television services continue to emerge, gain consumer acceptance and disrupt traditional television distribution services, which we rely on for the distribution of our television programming.

An increasing number of companies offering streaming services, including some with exclusive high-quality original video programming, as well as programming networks offering content directly to consumers over the internet, have increased the number of entertainment choices available to consumers, which has intensified audience fragmentation. The increase in entertainment choices adversely affects the viewership of our programming.

Our future success will depend, in part, on our ability to anticipate and adapt to technological changes and to offer elements of our programming via new technologies in a cost-effective manner that meets customer demands and evolving industry standards. Our failure to effectively anticipate or adapt to emerging technologies or competitors or changes in consumer behavior, including among younger consumers, could have an adverse effect on our competitive position, businesses and results of operations.

We may be subject to claims for representations made in connection with the sale and promotion of merchandise or for harm experienced by customers who purchase merchandise from us

The manner in which we sell and promote merchandise and related claims and representations made in connection with these efforts is regulated by federal, state and local law, as well as the laws of the foreign countries in which we operate. We may be exposed to potential liability from claims by purchasers or by regulators and law enforcement agencies, including, but not limited to, claims for personal injury, wrongful death and damage to personal property relating to merchandise sold and misrepresentation of merchandise features and benefits. In certain instances, we have the right to seek indemnification for related liabilities from our vendors and may require such vendors to carry minimum levels of product liability and errors and omissions insurance. These vendors, however, may be unable to satisfy indemnification claims, obtain suitable coverage or maintain this coverage on acceptable terms, or insurance may provide inadequate coverage or be unavailable with respect to a particular claim. See Item 1. "Business - Government regulation" for further discussion of regulations to which we are subject.

In 2000, we became subject to a consent decree issued by the FTC barring us from making certain deceptive claims for dietary supplements and specified products related to the common cold, pneumonia, hay fever and allergies. We also became subject to an expanded consent decree issued by the FTC in 2009 that terminates on the later of May 26, 2029, or 20 years from the most recent date that the U.S. or the FTC files a complaint in federal court alleging any violation thereunder. Pursuant to this expanded consent decree, we are prohibited from making certain claims about specified weight-loss, dietary supplement and anti-cellulite products unless we have competent and reliable scientific evidence to substantiate such claims. Violation of the

QVC consent decree may result in the imposition of significant civil penalties for non-compliance and related redress to consumers and/or the issuance of an injunction enjoining us from engaging in prohibited activities.

In October 2023, HSN entered into a settlement agreement with the CPSC in which HSN agreed to pay a civil penalty of \$16 million to settle the CPSC's claim that HSN allegedly failed to timely submit a report under the CPSA in relation to handheld clothing steamers sold by HSN under the Joy Mangano brand names My Little Steamer® and My Little Steamer® Go Mini that were subject to a voluntary recall previously announced on May 26, 2021. The settlement agreement also requires HSN to implement and maintain a compliance program to ensure compliance with the CPSA.

Failure to comply with existing laws, rules and regulations, or to obtain and maintain required licenses and rights, could subject us to additional liabilities

We market and provide a broad range of merchandise through television shopping programs and our websites. As a result, we are subject to a wide variety of laws, rules, regulations, policies and procedures in various jurisdictions, including foreign jurisdictions, which are subject to change at any time, including laws regarding consumer protection, privacy, the regulation of retailers generally, the license requirements for television retailers in foreign jurisdictions, the importation, sale and promotion of merchandise and the operation of retail stores and warehouse facilities, as well as laws and regulations applicable to the Internet and businesses engaged in online and mobile commerce, such as those regulating the sending of unsolicited, commercial electronic mail and texts. Additionally, we accept payments for our products using a variety of methods. For existing and future payment options we offer to our customers, we currently are subject to, and may become subject to additional, regulations and compliance requirements (including obligations to implement enhanced authentication processes that could result in significant costs and reduce the ease of use of our payment products). Our failure to comply with these laws and regulations could result in a revocation of required licenses, fines and/or proceedings against us by governmental agencies and/or consumers, which could adversely affect our business, financial condition and results of operations. Moreover, unfavorable changes in the laws, rules and regulations applicable to us could decrease demand for merchandise offered by us, increase costs and/or subject us to additional liabilities. Similarly, new disclosure and reporting requirements, established under existing or new state or federal laws, such as regulatory rules regarding requirements to disclose efforts to identify the origin and existence of certain "conflict minerals" or abusive labor practices in portions of our supply chain, could increase the cost of doing business, adversely affecting our results of operations. Finally, certain of these regulations impact the marketing efforts of our brands and business.

Use of social media and influencers may materially and adversely affect our reputation or subject us to fines or other penalties

We use third-party social media platforms as, among other things, marketing tools. Many of our products are endorsed by celebrities, designers and other well-known personalities who often join our presenters on our live programming and provide lead-in publicity on their own social media pages, websites and other customer touchpoints. As existing Ecommerce and social media platforms continue to rapidly evolve and new platforms develop, we must continue to maintain a presence on these platforms and establish presences on new or emerging popular social media platforms. If we are unable to cost-effectively use social media platforms as marketing tools or if the social media platforms we use change their policies or algorithms, we may not be able to fully optimize such platforms, and our ability to maintain and acquire customers and our financial condition may suffer.

Furthermore, as laws and regulations and public opinion rapidly evolve to govern the use of these platforms and devices, the failure by us, our employees, or our network of celebrities, designers and other well-known personalities to abide by applicable laws and regulations in the use of these platforms and devices or otherwise could subject us to regulatory investigations, class action lawsuits, liability, fines or other penalties and have a material adverse effect on our business, financial condition and operating results.

In addition, an increase in the use of social media for product promotion and marketing may cause an increase in the burden on us to monitor compliance of such materials and increase the risk that such materials could contain problematic product or marketing claims in violation of applicable regulations. For example, in some cases, the FTC has sought enforcement action where an endorsement has failed to clearly and conspicuously disclose a financial relationship or material connection between an influencer and an advertiser.

Although we require our influencers to agree to comply with our terms and conditions, as well as applicable laws, regulations, guidelines, and other requirements applicable to the activities of our influencers, we do not specifically prescribe what our

influencers post. In some cases, we may ask an influencer to edit or remove unsubstantiated claims or statements that could be misleading to our consumers. However, if we were held responsible for the content of our influencers' posts or their actions, we could be fined or forced to alter our practices, which could have an adverse impact on our business.

Negative commentary regarding us, our products or influencers and other third parties who are affiliated with us may also be posted on social media platforms and may be adverse to our reputation or business. Influencers with whom we maintain relationships could engage in behavior or use their platforms to communicate directly with our customers in a manner that reflects poorly on our brand and may be attributed to us or otherwise adversely affect us. It is not possible to prevent such behavior, and the precautions we take to detect this activity may not be effective in all cases. Our target consumers often value readily available information and often act on such information without further investigation and without regard to its accuracy. The harm may be immediate, without affording us an opportunity for redress or correction.

New legislation or regulations related to climate change and increased focus by governmental and non-governmental organizations, stockholders and customers on sustainability issues may have a material adverse effect on our business and results of operations

Federal, state and local governments, as well as some of our customers, are beginning to respond to climate change issues. This increased focus on sustainability may result in new legislation or regulations and customer requirements that could negatively affect us as we may incur additional costs or be required to make changes to our operations in order to comply with any new regulations or customer requirements. On March 21, 2022, the SEC proposed new rules relating to the disclosure of a range of climate-related risks with final rules expected to be adopted in April 2024. We are currently assessing the proposed rule, but at this time we cannot predict the costs of implementation or any potential adverse impacts resulting from the rule as proposed. To the extent this rule is finalized as proposed, we could incur increased costs relating to the assessment and disclosure of climate-related risks.

Legislation or regulations related to climate change that potentially impose restrictions, caps, taxes or other controls on energy use, packaging and waste, sustainable supply chain practices, animal health and welfare and water use may have a material adverse effect on our results of operations. Such restrictions, caps, taxes or other controls related to climate change may also increase the operating costs of our various vendors, which in turn could increase our cost of doing business or impact our revenues. Additionally, if our various vendors are unable or unwilling to comply with providing us the necessary greenhouse gas information potentially required by legislative or regulatory actions related to climate change, our cost of disclosure, revenues or reputation may be materially adversely affected. In addition, our revenues could decrease if we are unable to meet customer sustainability requirements or competitive pressures to source products that are perceived as "green." These additional costs, changes in operations or loss of revenues may have a material adverse effect on our business and results of operations.

ESG risks could threaten our businesses' financial outcomes, partnerships, and reputation.

Governments, regulatory bodies, investors, customers, business partners, and other stakeholders are increasingly focused on ESG commitments and goals related to climate change and sustainability; diversity, equity, and inclusion; human capital management; data security and privacy; and supply chains, among other issues. Regulations requiring ESG commitments may increase costs and risks for our businesses. Pressure from investors, business affiliates, and customers may also contribute to rising costs of ESG compliance and commitments. Failure to meet ESG goals imposed by regulatory authorities or the public could lead to fines, litigation, loss of business partnerships, reputational damage, and negative financial outcomes.

We may fail to adequately protect our intellectual property rights or may be accused of infringing intellectual property rights of third parties

We regard our intellectual property rights, including our service marks, trademarks, patents and domain names, copyrights (including our programming and our websites), trade secrets and similar intellectual property, as critical to our success. Our business also relies heavily upon software codes, informational databases and other components that make up their products and services.

From time to time, we are subject to legal proceedings and claims in the ordinary course of business, including claims of alleged infringement of the trademarks, patents, copyrights and other intellectual property rights of third parties. In addition, litigation may be necessary to enforce our intellectual property rights, protect trade secrets or to determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in

substantial costs and diversion of management and technical resources, any of which could adversely affect our business, financial condition and results of operations. Our failure to protect our intellectual property rights, particularly our proprietary brands, in a meaningful manner or third party challenges to related contractual rights could result in erosion of brand names and limit our ability to control marketing on or through the Internet using our various domain names or otherwise, which could adversely affect our business, financial condition and results of operations.

We offer our installment payment option on most of our merchandise and, in certain circumstances, offer it as the default payment option. Failure to effectively manage our installment sales plans and revolving credit card programs could negatively impact our results of operations

We offer an installment payment option in all of our markets other than Japan, which is available on certain merchandise we sell. This installment payment option is called “Easy-Pay” at QVC-U.S. and in the U.K., “Q-Pay” in Germany and Italy, and “Flex-Pay” at HSN. Our installment payment option is currently offered on most of our merchandise and, for QVC-U.S. website and mobile sales, is the default payment option on all products on which it is offered. Full payment for merchandise at the time of sale would require the customer to affirmatively change that option. Our installment payment option, when offered, allows customers to pay for certain merchandise in multiple interest-free monthly installments. When the installment payment option is offered by us and elected by the customer (or if the customer inadvertently purchases merchandise using the installment payment option because it was the default payment option), the first installment is typically billed to the customer’s credit or debit card upon shipment. Generally, the customer’s credit or debit card is subsequently billed in additional monthly installments until we have billed the total purchase price of the products. We cannot predict whether customers will pay their installments when due or at all, regardless of whether the customer would have preferred to pay in one lump-sum but did not opt out of the installment payment option. Accordingly, we maintain an allowance for customer bad debts arising from these late and unpaid installments. This provision for customer bad debts is provided as a percentage of accounts receivable based on our historical experience in the period of sale and is included within selling, general and administrative expense. To the extent that customers elect installment payment options at greater rates, or to the extent the number of customers failing to opt out of the default installment payment option increases, we would be required to maintain a greater allowance for customer bad debt and to the extent that installment payment option losses exceed historical levels, our results of operations may be negatively impacted.

Most major retailers either directly or through third parties offer some form of Buy Now Pay Later (“BNPL”) financing arrangements that typically charge interest or late fees. Recently, a number of jurisdictions in Europe and the U.S. have indicated that these BNPL financing arrangements could be subject to increased regulation to ensure compliance with various consumer protection laws and regulations. Although we do not charge interest or impose late fees as part of our installment payment options, changes to existing laws and regulations or their interpretation, or the adoption of new laws or regulations could require mandatory changes to our installment payment options. Implementing these changes may increase our costs to maintain our installment payment options and may make our installment payment options less desirable to our customers which could lead to a decline in sales; additionally, failure to comply with these laws and regulations could result in the imposition of fines and penalties, any of which could have an adverse effect on our results of operations.

In the U.S., QxH has agreements with a large consumer financial institution (the “Bank”) pursuant to which the Bank provides revolving credit directly to our customers for the sole purpose of purchasing merchandise from us with a Private Label Credit Card (“PLCC”). We cannot predict the extent to which customers will use the PLCC, nor the extent that they will make payments on their outstanding balances, especially during periods of high economic uncertainty or in response to inflationary pressures. As QVC receives a portion of the net economics from the credit card program, the ability of customers to make payments on their outstanding balances due to circumstances related to economic uncertainty or inflationary pressures could result in reduced PLCC income to QxH from the Bank. Additionally, proposed regulations limiting late fees on credit card payments could also result in reduced PLCC income to QxH from the Bank.

Increases in labor costs could adversely affect our business, financial condition and results of operations

Labor is a significant portion of our cost structure and is subject to many external factors, including unemployment levels, prevailing wage rates, minimum wage laws, exempt status salary statutory thresholds, potential collective bargaining arrangements, general inflationary pressures, health and other insurance costs and changes in employment and labor legislation or other workplace regulation. From time to time, legislative proposals are made to increase federal, state and local minimum wage rates, to limit exemptions from federal and state minimum wage laws for white collar jobs and to create or extend benefit

programs, such as health insurance and paid sick and other leave programs. As minimum wage rates increase or related laws and regulations change, or as labor market demand increases, we may need to increase the wages paid to our hourly or salaried employees. Any increase in the cost of our labor could have an adverse effect on our business, financial condition and results of operations or, if we fail to pay such higher wages we could suffer increased employee turnover. In addition, increases in labor costs could force us to increase prices, which could adversely impact our sales. If competitive pressures or other factors prevent us from offsetting increased labor costs by increases in prices, our profits may decline and could have a material adverse effect on our business.

Additionally, any increase in the cost of labor for our third party carriers and suppliers could increase our cost of shipping and materials, which may adversely affect our ability to increase or maintain our revenue.

Natural disasters, political crises, and other catastrophic events or other events outside of our control, including climate change, may damage our facilities or the facilities of third parties on which we depend, adversely affect our ability to operate our businesses and have broader effects

Our corporate headquarters and operations center are located in West Chester, Pennsylvania, and we also operate regional headquarters and administrative offices, distribution centers and contact centers worldwide. If any of these facilities or the facilities of our vendors or third-party service providers are affected by natural disasters (such as fires, earthquakes, tsunamis, power shortages or outages, floods or monsoons), public health crises (such as pandemics and epidemics), political crises (such as terrorism, war, political instability, insurrections or other conflict), or other events outside of our control, our business, financial condition and results of operations could be materially adversely affected. On December 18, 2021, QVC experienced a fire at its Rocky Mount, Inc. fulfillment center in North Carolina, during which one contractor lost his life. Rocky Mount was the Company'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. We sold the Rocky Mount facility in 2023 and as a result are making investments to expand capacity and increase throughput. Order fulfillment, inbound deliveries and customer returns that were previously handled at the Rocky Mount facility are now routed through other distribution facilities within the Company's distribution network and third-party logistic service providers.

Climate change may also have indirect effects on our business by increasing the cost of, or making unavailable, property insurance on terms we find acceptable. To the extent that significant changes in the climate occur in areas where our properties are located, we may experience more frequent extreme weather events, which may result in physical damage to our or our third parties' facilities and may adversely affect our business, results of operations and financial condition.

In addition, any of these events occurring at our or our vendors' facilities also could impact our reputation and our customers' perception of the products we sell, and adversely affect our business, financial condition and results of operations. Moreover, these types of events could cause broader issues in the areas where our businesses operate. For example, these types of events could negatively impact consumer spending in the impacted regions or depending upon the severity, globally, which could adversely impact our business, financial condition and results of operations.

The COVID-19 pandemic negatively impacted our business, and future pandemics or epidemics may negatively impact, our business, key financial and operating metrics, and results of operations in numerous ways

The COVID-19 pandemic, resulted in significant disruption to the global economy and negatively impacted us and our operations. For example, as a result of COVID-19, many traditional brick-and-mortar retailers temporarily closed their stores while distance retailers, such as QVC, continued operating. As a result, QVC initially experienced an increase in new customers and an increase in demand for certain categories, such as home and electronics. However, as traditional brick-and-mortar retailers were allowed to reopen their stores and consumers were able to resume pre-pandemic shopping habits, we observed a decline in customers and a decline in demand for our products. Additionally, QVC experienced delays in receiving merchandise at certain fulfillment centers and had to limit the number of products we were able to promote on air. COVID-19 also had an adverse impact on our supply chain due to factory closures, shipping and trucking delays and labor shortages, resulting in delays and other resource constraints related to both imported and domestically produced products. As a result, our manufacturers and vendors were unable to produce and deliver the products we sell, either on a timely basis or at all and a number of our manufacturers and vendors experienced financial issues as a result of these constraints. Further, we experienced increased product shortages due to high market demand in some product categories such as home and electronics. In addition, as a result of COVID-19 we experienced material negative impacts to our financial results, including our capital and liquidity, decreases in the disposable income of existing and potential new customers, heightened inflation, increased currency volatility resulting in adverse currency rate fluctuations and higher interest rates. It is unclear whether and to what extent a future pandemic or epidemic, including future COVID-19 outbreaks or concerns, could impact our financial condition and results of

operations. If our manufacturers and vendors are unable to meet our supply needs in a timely manner, or at all, we may be required to shift product promotion to items which are available, but possibly not in demand, which could have a negative impact on sales.

Future delays by manufacturers and vendors could result in delays to delivery dates to our customers, which could result in the cancellation of orders, customers' refusal to accept deliveries, a reduction in purchase prices and ultimately, termination of customer relationships. We cannot be certain that we will be able to identify alternative sources for our products without delay or without greater cost to us.

Additionally, a future pandemic or epidemic, including a resurgence of COVID-19, may adversely impact our ability to comply with various legal and contractual obligations and may expose us to increased litigation, including labor and employment claims, breach of contract claims and consumer claims by our customers. Our insurance coverage may not be applicable to, or sufficient to cover, all claims, costs, and damages we may incur as a result of COVID-19, or future pandemic or epidemic, which would result in our bearing such costs and could have a material adverse effect on our business, financial condition and results of operations.

There can be no assurance that the long term effects of COVID-19, or the future occurrence of a pandemic or epidemic, will not result in recession for the U.S. economy and other major global economies and we anticipate our businesses and operations would be materially adversely affected by a prolonged recession in the U.S. and other major markets.

Impairment of our goodwill or other intangible assets could have a material adverse effect on our business, results of operations and financial condition

From time to time we review the recoverability of goodwill and other certain identifiable intangible assets, including whenever events or circumstances indicate that the carrying value of a reporting unit, including goodwill or an identifiable intangible asset, may not be recoverable. We may incur impairment charges on goodwill or identifiable intangible assets if we determine that the fair values of a reporting unit, including goodwill or identifiable intangible assets, are less than their current carrying values. We evaluate, on a regular basis, whether events or circumstances have occurred that indicate all, or a portion, of the carrying amount of goodwill may no longer be recoverable, in which case an impairment charge to earnings would become necessary.

For the year ended December 31, 2023 the Company identified an impairment for the QxH reporting unit related to goodwill. As previously reported, for the year ended December 31, 2022, the Company identified significant impairments for the QxH reporting unit related to the HSN tradename and goodwill.

Recent business trends and global economic conditions may continue to make it a challenge for our reporting units to be able to realize their current long-term forecast. The Company will continue to monitor its reporting units' current business performance versus the current and updated long-term forecasts, among other relevant considerations, to determine if the carrying value of its assets (including goodwill and trademarks) is appropriate. Future outlook declines in revenue, cash flows, or other factors could result in a further decrease in fair value that may result in a determination that carrying value adjustments are required, which could be material, and we could be required to record additional impairment charges on our goodwill or other identifiable intangible assets in the future, which could result in reductions to stockholders' equity and material non-cash charges to our earnings and may negatively impact our stock price and financial condition.

Risks Related to Technology and Information Security

Any continued or permanent inability to transmit our programming via satellite would result in lost revenue and could result in lost customers

Our success is dependent upon our continued ability to transmit our programming to television providers from our satellite uplink facilities, and for our distributors to continue to receive our programming at their satellite earth station downlink facilities. These transmissions are subject to FCC regulation and compliance in the U.S. and foreign regulatory requirements in our international operations. In most cases, we have entered into long-term satellite transponder leases to provide for continued carriage of our programming on replacement transponders and/or replacement satellites, as applicable, in the event of a failure of either the transponders and/or satellites currently carrying our programming. Although we believe we take reasonable and customary measures to ensure continued satellite transmission capability and that these international transponder service agreements can be renewed (or replaced, if necessary) in the ordinary course of business, termination or interruption of satellite

transmissions may occur, particularly if we are not able to successfully negotiate renewals or replacements of any of our expiring transponder service agreements in the future.

Our Ecommerce business could be negatively affected by changes in third-party digital platform algorithms and dynamics as well as our inability to monetize the resulting web traffic

The success of our Ecommerce business and our online marketing efforts depends on a high degree of website traffic, which is dependent on many factors, including the availability of appealing website content, user loyalty and new user generation from various digital marketing channels that charge a fee. Third-party digital platforms, such as Google and Facebook, frequently update and change the logic that determines the placement and display of results of a user's search, or advertiser content, such that the purchased or algorithmic placement of advertisements or links to the websites of our Ecommerce business can be negatively affected. If a major search engine or third-party digital platform changes its algorithms in a manner that negatively affects our paid advertisement distribution or unpaid search ranking, the business and financial performance of our Ecommerce business would be adversely affected, potentially to a material extent. Additionally, Mobile application distribution platforms, such as Apple's App Store and the Amazon Appstore for Android, may require that third party digital platforms and ecommerce companies present users with an option where the user chooses to opt-in or opt-out of tracking technology used by these third party digital platforms or included in mobile applications. To the extent that users opt-out of tracking technology used by third party digital platforms on which we advertise or users of our applications opt-out of tracking technology included in our applications, our ability to monitor and improve customer experience and track the effectiveness of our digital marketing strategies would be adversely impacted. Furthermore, our failure to successfully manage our digital marketing strategies could result in a substantial decrease in traffic to our website, as well as increase costs if we were to replace free traffic with paid traffic. Even if our Ecommerce business is successful in generating a high level of website traffic, no assurance can be given that our Ecommerce business will be successful in achieving repeat user loyalty or that new visitors will explore the offerings on our site. Monetizing this traffic by converting users to consumers is dependent on many factors, including availability of inventory, consumer preferences, price, ease of use and website quality. Globally, the cost of digital marketing has increased significantly and no assurance can be given that the fees we pay to third-party digital platforms will not exceed the revenue generated by our visitors. The increasing costs of digital marketing may require that we find more cost-effective ways of reaching and retaining consumers, which may not be as effective as the current methods of digital marketing. Any failure to sustain user traffic or to monetize such traffic could materially adversely affect the financial performance of our Ecommerce business and, as a result, adversely affect our financial results.

Our Ecommerce business may experience difficulty in the ongoing development, implementation and customer acceptance of applications for personal electronic devices, which could harm our business

Although our Ecommerce business has developed services and applications to address user and consumer interaction with website content on personal electronic devices, such as smartphones and tablets, the ways in which consumers use or rely on these personal electronic devices is continually changing. If the services or applications we develop in response to changes in consumer behavior are defective, unstable or viewed as ineffective by consumers, our Ecommerce business may experience difficulty attracting and retaining traffic on these platforms. Any failure to attract and retain traffic on these personal electronic devices could materially adversely affect the financial performance of our Ecommerce business and, as a result, adversely affect our financial results. Additionally, as new devices and new platforms are continually being released, it is difficult to predict the challenges that may be encountered in developing versions of our Ecommerce business offering for use on these alternative devices, and our Ecommerce business may need to devote significant resources to the creation, support, and maintenance of their services on such devices.

Our business is subject to cyber security risks, including cyber security threats and cybersecurity incidents, such as security breaches and identity theft

Through our operations, sales, marketing activities, and use of third-party information, we collect and store certain non-public personal information that customers provide to purchase products, enroll in promotional programs, register on websites, or otherwise communicate with us. This may include demographic information, phone numbers, driver license numbers, contact preferences, personal information stored on electronic devices, and payment information, including credit and debit card data. We also gather and retain information about employees and job applications in the normal course of business. We may share information about such persons with vendors, contractors and other third-parties that assist with certain aspects of our business. In addition, our online operations depend upon the transmission of confidential information over the Internet, such as information permitting cashless payments. Like many e-commerce companies, we frequently encounter unauthorized parties attempting to gain access to our or our vendors' information systems by, among other things, hacking those systems, through fraud or other means of deceiving our employees or vendors, or burglaries. We also face cybersecurity risks from errors by our or our vendors' employees, misappropriation of data by employees, vendors or unaffiliated third-parties, or other irregularities that may result in disruption of services or persons obtaining unauthorized access to our company's data. Additionally, as a result of the increased number of employees working remotely, we and our partners may be more vulnerable to cybersecurity incidents and attacks. The techniques used to gain access to our or our vendors' computer systems, data or customer information, disable or degrade service, or sabotage systems are constantly evolving, including from emerging technologies such as advanced forms of artificial intelligence. These techniques may be difficult to detect quickly, and often are not recognized until launched against a target. Increasingly, unauthorized parties are exploiting access they gain to third party vendors to target companies that do business with these vendors, which may include third party vendors with whom we do business. We have implemented measures and processes intended to secure our computer systems and prevent disruptions in services or unauthorized access to or loss of sensitive data, but as with all companies, these security measures may not be sufficient for all eventualities and there is no guarantee that they will be adequate to safeguard against all cybersecurity threats or cybersecurity incidents, information system compromises or misuses of data. Although we have not detected a material security breach or other cybersecurity incident to date, we have been the target of events of this nature and expect to be subject to similar attacks in the future. Any disruptions of our information systems or misappropriation or misuse of customer, employee or other personal information, whether at our company or any of our vendors, could cause interruptions in the operations of our business and subject us to increased costs, fines, litigation, regulatory actions and other liabilities. Security breaches and other cybersecurity incidents could also significantly damage our reputation with consumers and third parties with whom we do business, which could result in lost sales and customer and vendor attrition. We continue to invest in new and emerging technology and other solutions to protect our retail commerce websites, mobile commerce applications and information systems, but there can be no assurance that these investments and solutions will prevent any of the risks described above. If we are unable to maintain the security of our retail commerce websites and mobile commerce applications, we could suffer loss of sales, reductions in traffic, damage to our reputation, loss of consumer confidence, diversion of management attention, and deterioration of our competitive position and incur liability for any damage to customers whose personal information is accessed without authorization or claims, investigation, penalties and fines imposed by governmental regulators. We may be required to expend significant additional capital and other resources to protect against and remedy any potential or existing security breaches and their consequences, such as additional infrastructure capacity spending to mitigate any system degradation and the reallocation of resources from development activities. We also face similar risks associated with security breaches and other cybersecurity incidents affecting third parties with which we are affiliated or otherwise conduct business.

System interruption and the lack of integration and redundancy in these systems and infrastructures may adversely affect our ability to transmit our television programs, operate websites, process and fulfill transactions, respond to customer inquiries and generally maintain cost-efficient operations

Our success depends, in part, on our ability to maintain the integrity of our transmissions, systems and infrastructures, including the transmission of our television programs, as well as our websites, information and related systems, contact centers and fulfillment facilities. We may experience occasional system interruptions that make some or all transmissions, systems or data unavailable or prevent us from transmitting our signal or efficiently providing services or fulfilling orders. We rely on legacy systems that are often difficult to update and maintain. As a result, we maintain an ongoing process of implementing new technology systems and upgrading others. Our failure to properly implement new systems or delays in implementing new systems or failing to integrate new systems with our legacy systems could impair our ability to provide services, fulfill orders and/or process transactions. We also rely on affiliate and third-party computer systems, broadband, transmission and other communications systems and service providers in connection with the transmission of our signals, as well as to facilitate, process and fulfill transactions. Any interruptions, outages or delays in our signal transmissions, systems and infrastructures, our business, our affiliates and/or third parties, or deterioration in the performance of these transmissions, systems and infrastructures, could impair our ability to provide services, fulfill orders and/or process transactions. Fire, flood, power loss,

telecommunications failure, hurricanes, tornadoes, earthquakes, public health crises (such as pandemics and epidemics), acts of war or terrorism, acts of God and similar events or disruptions may damage or interrupt television transmissions, computer, broadband or other communications systems and infrastructures at any time.

Any of these events could cause transmission or system interruption, delays and loss of critical data, and could prevent us from providing services, fulfilling orders and/or processing transactions. While we have backup systems for certain aspects of our operations, these systems are not fully redundant and disaster recovery planning is not sufficient for all possible risks. In addition, we may not have adequate insurance coverage to compensate for losses from a major interruption.

The processing, storage, sharing, use, disclosure and protection of personal data could give rise to liabilities as a result of governmental regulation, conflicting legal requirements or differing views of personal privacy rights

In the processing of consumer transactions and managing our employees, our business receives, transmits and stores a large volume of personally identifiable information and other user data. The processing, storage, sharing, use, disclosure and protection of this information are governed by the privacy and data security policies maintained by us. Moreover, there are federal, state and international laws regarding privacy and the processing, storage, sharing, use, disclosure and protection of personally identifiable information and user data. Specifically, personally identifiable information is increasingly subject to changing legislation and regulations, in numerous jurisdictions around the world, which are intended to protect the privacy of personal information that is collected, processed and transmitted in or from the governing jurisdiction. Compliance with these laws and regulations may be onerous and expensive and may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance. For example, the European Court of Justice in 2015 invalidated the U.S.-EU Safe Harbor Framework, which facilitated personal data transfers to the U.S. in compliance with applicable European data protection laws. The E.U.-U.S. Privacy Shield, which replaced the U.S.-EU Safe Harbor Framework, and became fully operational in 2016, provided a mechanism to comply with data protection requirements when transferring personal data from the E.U. to the U.S. On July 16, 2020, the Court of Justice of the European Union invalidated the E.U.-U.S. Privacy Shield, and imposed new obligations on the use of standard contractual clauses (“SCCs”) - another key mechanism to allow data transfers between the U.S. and the E.U.

The European Commission adopted revised SCCs on June 4, 2021. In March 2022, the U.S. and the European Commission announced a new DPF to replace the E.U.-U.S. Privacy Shield. On December 13, 2022, the European Commission issued an adequacy decision initiating the formal adoption process for the DPF and the E.U. formally adopted the adequacy decision on July 10, 2023. The U.S. and the E.U. implemented the DPF in July 2023. Further, the General Data Protection Regulation (“GDPR”), which became effective in 2018, gives consumers in the E.U. additional rights and imposes additional restrictions and penalties on companies for illegal collection and misuse of personal information. E.U. government entities and regulatory authorities continue to pursue additional regulation of “cookies” and other Internet tracking tools but the timing of enactment of the final regulations is uncertain. Following the “Brexit” withdrawal of the U.K. from the E.U., on June 28, 2021, the European Commission determined that the U.K.’s data protection laws essentially are equivalent to data protection laws in the European Economic Area. As a result, personal data transfers from the E.U. to the U.K. may continue without a new data transfer framework.

California has enacted the California Consumer Privacy Act of 2018 (“CCPA”), which, among other things, allows California consumers to request that certain companies disclose the types of personal information collected by such companies. The CCPA became effective on January 1, 2020. The California Attorney General has issued draft implementing regulations and guidance regarding the law. In November 2020, California voters approved the California Privacy Rights Act of 2020 (“CPRA”), which amends and expands the CCPA and establishes the California Privacy Protection Agency to implement and enforce consumer privacy laws. Most of the CPRA’s provisions became effective on January 1, 2023. A growing number of states have enacted privacy laws in recent years. In 2023, Delaware, Florida, Indiana, Iowa, Montana, Oregon, Tennessee and Texas enacted such laws. In addition to California, Colorado, Virginia, Utah and Connecticut previously had enacted comprehensive privacy legislation. In addition to broad consumer privacy laws, states are enacting and may continue to enact sectoral-specific privacy laws focused on health data, data about people under the age of 18, biometric data, the use of algorithms by organizations, and other matters. Private litigants are also using federal and state laws to pursue litigation related to the use of personal data, video content, chat tools and other communication tools, and trackers commonly used by organizations in the operation of consumer-facing websites and applications. Our failure, and/or the failure by the various third party vendors and service providers with which we do business, to comply with applicable privacy policies or federal, state or similar international laws and regulations, or changes in applicable laws and regulations, or any compromise of security that results in the unauthorized release of personally identifiable information or other user data could damage our reputation and the reputation of our third party vendors and service providers, discourage potential users from trying our products and services and/or result in fines and/or proceedings by governmental agencies and/or consumers, any one or all of which could adversely affect our business, financial condition and results of operations. In addition, we may not have adequate insurance coverage to compensate for losses.

Risks Related to Economic Conditions

We have operations outside of the U.S. that are subject to numerous operational and financial risks

We have operations in countries other than the U.S. and we are subject to the following risks inherent in international operations:

- fluctuations in currency exchange rates;
- longer payment cycles for sales in foreign countries that may increase the uncertainty associated with recoverable accounts;
- recessionary conditions and economic instability, including fiscal policies that are implementing austerity measures in certain countries, which are affecting markets overseas;
- inflationary pressures, such as those the market is currently experiencing, which may increase the costs of the products we sell, as well as the shipping and delivery of these products;
- our ability to repatriate funds held by our foreign subsidiaries to the U.S. at favorable tax rates;
- potentially adverse tax consequences;
- export and import restrictions, changes in tariffs, trade policies and trade relations;
- disruptions to international shipping and supply chains;
- increases in taxes and governmental royalties and fees;
- our ability to obtain and maintain required licenses or certifications, such as for web services and electronic devices, that enable us to operate our business in foreign jurisdictions;
- changes in foreign and U.S. laws, regulations and policies that govern operations of foreign-based companies;
- changes to general consumer protection laws and regulations;
- difficulties in staffing and managing international operations; and
- threatened and actual terrorist attacks, political unrest in international markets and ongoing military action around the world that may result in disruptions of services that are critical to our international businesses.

Additionally, in many foreign countries, particularly in certain developing economies, it is not uncommon to encounter business practices that are prohibited by regulations applicable to us, such as the Foreign Corrupt Practices Act and similar laws. Although we have undertaken compliance efforts with respect to these laws, our employees, contractors and agents, as well as those companies to which we outsource certain of our business operations, may take actions in violation of our policies and procedures. Any such violation, even if prohibited by our policies and procedures or the law, could have a material adverse effect. Any failure by us to effectively manage the challenges associated with the international operation of our business could have a material adverse effect.

Fluctuations in currency exchange rates may lead to lower revenues and earnings

Sales made by our company outside the U.S. are denominated in the currency of the country in which our operations are located, and changes in currency exchange rates affect the translation of the sales and earnings of these businesses into U.S. dollars for financial reporting purposes. Because of this, movements in currency exchange rates have had, and are expected to continue to have, a significant impact on our consolidated and segment results from time to time.

Changes in currency exchange rates can also increase the cost of inventory purchases that are denominated in a currency other than the local currency of the business buying the merchandise. When exchange rates change significantly in a short period or move unfavorably over an extended period, it can be difficult for us to adjust accordingly, and gross margin can be adversely affected. For example, a significant amount of merchandise we offer for sale is made in China and accordingly, a revaluation of Chinese currency, or increased market flexibility in the exchange rate for that currency, increasing its value relative to the U.S. dollar or currencies in which our stores are located, could be significant.

We expect that currency exchange rate fluctuations could have a material adverse effect on our sales and results of operations from time to time.

Weak and uncertain economic conditions worldwide may reduce consumer demand for our products and services

Prolonged economic weakness and uncertainty in various regions of the world in which we and 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 inflation, recession and 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 China, Japan and Europe 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. We currently are unable to predict the extent of any of these potential adverse effects.

Additionally, there is ongoing uncertainty and potential economic disruptions relating to the U.K.'s withdrawal from the E.U. ("Brexit"), including the risk of additional regulatory and other costs and challenges or limitations on our ability to sell particular products. In particular, our business could be negatively affected by new trade agreements between the U.K. and other countries, including the U.S., and by the possible imposition of trade or other regulatory barriers, including the imposition of tariffs, in the U.K. which could result in shipping delays and shortages, or increased costs of products sold by our business. Additionally, the U.K. economy and consumer demand in the U.K., including for our products, could be negatively impacted. Further, if other member states where we have operations propose referendums to, or elect to, exit the E.U. there could be additional negative impacts on our business, which may affect our operating results.

Increases in market interest rates could increase our operating costs and decrease consumer demand, which may adversely affect our business

Interest rates have risen substantially since 2022 and may continue to rise. Increases in interest rates could increase our operating costs by increasing the cost of shipping, materials for our products, and/or labor. If competitive pressures or other economic factors prevent us from offsetting such increased costs by raising prices, our ability to increase or maintain revenue may be negatively impacted. In addition, an increase in interest rates could reduce consumer confidence, discretionary spending by individuals and adversely affect market demand for our products, which could materially adversely affect our business, financial condition and results of operations.

Significant developments stemming from U.S. and international trade policy with China, including in response to forced labor and human rights abuses in China, may adversely impact our business and operating results

The imposition of any new U.S. tariffs on Chinese imports or the taking of other actions against China in the future, and any responses by China, could impair our ability to meet customer demand and could result in lost sales or an increase in our cost of merchandise, which would have a material adverse impact on our business and results of operations.

Recently there have been heightened tensions in relations between Western nations and China. For example, on December 23, 2021, President Biden signed the Uyghur Forced Labor Prevention Act (the "UFLPA") into law, which is intended to address the use of forced labor in China's Xinjiang Uyghur Autonomous Region ("XUAR"). Among other things, the UFLPA imposes a presumptive ban on the import of goods to the U.S. that are made, wholly or in part, in the XUAR or by persons that participate in certain programs in the XUAR that entail the use of forced labor. The UFLPA took effect on June 21, 2022 and may increase the risk of delay of goods and inventory shortages. Additionally, the U.S. Customs and Border Protection ("CBP") issued a region-wide withhold release order ("WRO"), effective January 13, 2021, pursuant to which the CBP will detain cotton products produced in the XUAR. The WRO applies to, among other things, cotton grown in the XUAR and to all products made in whole or in part using such cotton, regardless of where the downstream products are produced, and importers are responsible for ensuring the products they are attempting to import do not exploit forced labor at any point in their supply chain, including the production or harvesting of the raw material. As a result of the WRO, products imported into the U.S. could be held by the CBP based on a suspicion that they originated from the XUAR or that they may have been produced by Chinese suppliers accused of participating in forced labor, pending the importer providing satisfactory evidence to the contrary. Such process could result in a delay or complete inability to import such goods, which could result in inventory shortages and lost sales. Additionally, the U.S. Treasury Department placed sanctions on China's Xinjiang Production and Construction Corporation ("XPCC") for serious human rights abuses against ethnic minorities in the XUAR. The XUAR is the source of large amounts of cotton and textiles for the global apparel supply chain and XPCC controls many of the cotton farms and much of the textile industry in the region. Although we do not knowingly do business with XPCC, we could be subject to penalties,

finances or sanctions if any of the vendors from which we purchase goods is found to have dealings, directly or indirectly with XPCC or entities it controls. Even if we were not subject to penalties, fines or sanctions, if products we source are linked in any way to XPCC, our reputation could be damaged.

Other countries and jurisdictions have issued or may be considering similar measures. For example, on January 12, 2021, the Foreign Secretary of the U.K. announced a package of measures to help ensure that British organizations, whether public or private sector, are not complicit in, nor profiting from, the human rights violations in XUAR. On September 14, 2022, the European Commission issued its legislative proposal to ban the marketing of goods made with forced labor. As drafted, the new rules would apply to both imported goods and goods made in the E.U.

The full potential impact to us of the UFPLA and similar potential legislations in other countries and jurisdictions remains uncertain and could have an adverse effect on our business and results of operations. We may incur expenses for the review pertaining to these matters and the cost of remediation and other changes to products, processes or sources of supply as a consequence of such verification activities. In the event of a significant disruption or unavailability in the supply of the fabrics or raw materials used by our vendors in the manufacture of our products, our vendors might not be able to locate alternative suppliers of materials of comparable quality at an acceptable price. In addition, prices of purchased finished products also depend on wage rates in the regions where our vendors' contract manufacturers are located, as well as freight costs from those regions. Fluctuations in wage rates required by legal or industry standards could increase our costs. Increases in raw material costs or wage rates, unless sufficiently offset by our pricing actions, may cause a decrease in our profitability and negatively impact our sales volume.

Risks Related to our Facilities and Third-Party Suppliers and Vendors

We rely on distribution facilities to operate our business, and any damage to one of these facilities, or any disruptions caused by incorporating new facilities into our operations, could have a material adverse impact on our business

We operate a limited number of distribution facilities worldwide. Our ability to meet the needs of our customers depends on the proper operation of these distribution facilities. If any of these distribution facilities were to shut down or otherwise become inoperable or inaccessible for any reason, we could suffer a substantial loss of inventory and disruptions of deliveries to our customers. For example, a future pandemic or epidemic, in the areas where our distribution facilities are located, or if we are unable to adequately staff our distribution facilities to meet demand in the future, or if the cost of such staffing is higher than historical or projected costs due to wage increases, labor shortages, regulatory changes, or other factors, could harm our operating results. In addition, we could incur significantly higher costs and longer lead times associated with the distribution of our products during the time it takes to reopen or replace the impacted facility. Any of the foregoing factors could result in decreased sales and have a material adverse effect on our business, financial condition and operating results. In addition, we have been implementing new warehouse management systems to further support our efforts to operate with increased efficiency and flexibility. There are risks inherent in operating in new distribution environments and implementing new warehouse management systems, including operational difficulties that may arise with such transitions. We may experience shipping delays should there be any disruptions in our new warehouse management systems or warehouses themselves.

In December 2021, our distribution facility located in Rocky Mount, North Carolina suffered significant fire damage. Rocky Mount was our second largest distribution facility and processed most of our returned merchandise. In February 2023, we sold the Rocky Mount facility to a third party. Inbound deliveries and customer returns that were previously sent to the Rocky Mount facility are now routed through other distribution facilities within the Company's distribution network and to third party logistic service providers. Additional disruptions or delays as a result of shifting capacity or failing to maintain arrangements with our third party logistic service providers could cause disruptions to our order fulfillment process, causing delays in delivering product to customers which would result in lost sales, strain our relationships with customers, and cause harm to our reputation, any of which could have a material adverse impact on our business, financial condition and operating results. We maintain property, general liability and business interruption insurance coverage. In June 2023, the Company agreed to a final insurance settlement with its insurance company and received all remaining proceeds related to the Rocky Mount claim, which resulted in cumulative insurance proceeds of \$660 million.

We rely on independent shipping companies to deliver the products we sell

We rely on third party carriers to deliver merchandise from vendors and manufacturers to us and to ship merchandise to our customers. As a result, we are subject to carrier disruptions and delays due to factors that are beyond our control, including employee strikes, labor shortages, inclement weather and regulation and enforcement actions by customs agencies. For example, as a result of COVID-19 many consumers significantly increased their use of ecommerce which resulted in a significant increase in the volume of packages handled by third-party carriers, including those we rely on, which resulted in delayed merchandise deliveries and caused our customers to experience delays in their order delivery. Any failure to deliver products to our customers in a timely and accurate manner may damage our reputation and brand and could cause us to lose customers. Enforcement actions by customs agencies can also cause the costs of imported goods to increase, negatively affecting our profits.

We are also impacted by increases in shipping rates charged by third party carriers, which over the past few years, have increased significantly in comparison to historical levels. We currently expect that shipping and postal rates will continue to increase. In the case of deliveries to customers, in each market where we operate, we have negotiated agreements with one or more independent, third party shipping companies, which in certain circumstances provide for favorable shipping rates. If any of these relationships were to terminate or if a shipping company was unable to fulfill its obligations under its contract for any reason, we would have to work with other shipping companies to deliver merchandise to customers, which would most likely be at less favorable rates. Other potential adverse consequences of changing carriers include

- delays in order processing and product delivery; and
- reduced shipment quality, which may result in damaged products and customer dissatisfaction.

Additionally, as a result of recent acts of violence against commercial container ships in the Red Sea, our carriers have experienced longer shipping times and increased freight costs. Although these disruptions have not yet had a material impact on our business, our carriers may experience further delays or rescheduled deliveries or further increases in freight costs, which would adversely impact our business.

Any increase in shipping rates and related fuel and other surcharges passed on to us by our current carriers or any other shipping company would adversely impact profits, given that we may not be able to pass these increased costs directly to customers or offset them by increasing prices without a detrimental effect on customer demand.

We depend on relationships with vendors, manufacturers and other third parties, and any adverse changes in these relationships could result in a failure to meet customer expectations which could result in lost revenue

We purchase merchandise from a wide variety of third party vendors, manufacturers and other sources pursuant to short- and long-term contracts and purchase orders. Our ability to identify and establish relationships with these parties, as well as to access quality merchandise in a timely and efficient manner on acceptable terms and cost, can be challenging. In particular, we purchase a significant amount of merchandise from vendors and manufacturers abroad and cannot predict whether the costs for goods sourced in these markets will remain stable. We depend on the ability of vendors and manufacturers in the U.S. and abroad to produce and deliver goods that meet applicable quality standards, which is impacted by a number of factors, some of which are not within the control of these parties, such as political or financial instability, trade restrictions, tariffs, currency exchange rates and transport capacity and costs, among others.

Our failure to identify new vendors and manufacturers, maintain relationships with a significant number of existing vendors and manufacturers and/or access quality merchandise in a timely and efficient manner could cause us to miss customer delivery dates or delay scheduled promotions, which would result in lost sales or the failure to meet customer expectations and could cause customers to cancel orders or cause us to be unable to source merchandise in sufficient quantities, which could result in lost revenue.

The unanticipated loss of certain larger vendors or the consolidation of our vendors could negatively impact our sales and profitability on a short term basis

It is possible that one or more of our larger vendors could experience financial difficulties, including bankruptcy, or otherwise could elect to cease doing business with us. While we have periodically experienced the loss of a major vendor, if multiple major vendors ceased doing business with us, or did not perform consistently with past practice, this could have a material adverse impact on our business, financial condition and operating results. Further, there has been a trend among our vendors towards consolidation in recent years that may continue. This consolidation could exacerbate the foregoing risks and increase our vendors' bargaining power and their ability to demand terms that are less favorable to us.

Risks Related to the Seasonality of Our Business

We face significant inventory risk

We are exposed to significant inventory risks that may adversely affect our operating results as a result of seasonality, new product launches, rapid changes in product cycles and pricing, defective merchandise, changes in consumer demand, consumer spending patterns, changes in consumer tastes with respect to our products, spoilage, and other factors. We endeavor to accurately predict these trends and avoid overstocking or understocking products we sell. Demand for products, however, can change significantly between the time inventory or components are ordered and the date of sale. In addition, when we begin selling a new product, it may be difficult to establish vendor relationships, determine appropriate product or component selection, and accurately forecast demand. The acquisition of certain types of inventory or components may require significant lead-time and prepayment and they may not be returnable. We carry a broad selection and significant inventory levels of certain products, such as consumer electronics, and at times we may be unable to sell products in sufficient quantities or to meet demand during the relevant selling seasons. Any one of the inventory risk factors set forth above may adversely affect our operating results.

The seasonality of our business places increased strain on our operations

Our net revenue in recent years indicates that our business is seasonal due to a higher volume of sales in the fourth calendar quarter related to year-end holiday shopping. In recent years, we have earned, on average, between 21% and 24% of our global revenue in each of the first three quarters of the year and between 30% and 32% of our global revenue in the fourth quarter of the year. If we or our vendors are not able to provide popular products in sufficient amounts (for example, due to the loss of inventory, illness or absenteeism of our or our vendors' workforces, impaired financial conditions, public health crises (such as pandemics and epidemics), or other reasons) such that we fail to meet customer demand, it could significantly affect our revenue and our future growth. If too many customers access our websites within a short period of time due to increased holiday demand, we may experience system interruptions that make our websites unavailable or prevent us from efficiently fulfilling orders, which may reduce the volume of goods we offer or sell and the attractiveness of our products and services. In addition, we may be unable to adequately staff our fulfillment network and customer service centers during these peak periods and delivery and other third party shipping (or carrier) companies may be unable to meet the seasonal demand. Risks described elsewhere in this Part I, Item 1A relating to fulfillment network optimization and inventory are magnified during periods of high demand.

To the extent we pay for holiday merchandise in advance of the holidays (i.e., in August through November of each year), our available cash may decrease, resulting in less liquidity. We have limited availability under our revolving credit facility and may not be able to access financing to the extent our cash balance is impaired. We may be unable to maintain a level of cash sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

Risk Related to Management and Key Personnel

Our success depends in large part on our ability to recruit and retain key employees capable of executing our unique business model

We have a business model that requires us to recruit and retain key employees, including management, with the skills necessary for a unique business that demands knowledge of the general retail industry, television production, direct to consumer marketing and fulfillment and the Internet. We cannot assure you that if we experience turnover of our key employees we will

be able to recruit and retain acceptable replacements because the market for such employees is very competitive and limited. Additionally, although we are working to provide an effective and engaging workplace, with more employees working remotely, it is increasingly challenging to keep employee engagement and productivity high.

We have not voluntarily implemented various corporate governance measures, in the absence of which you may have more limited protections against interested transactions, conflicts of interest and similar matters

Federal legislation, including the Sarbanes-Oxley Act of 2002, encourages the adoption of various corporate governance measures designed to promote the integrity of corporate management and the securities markets. Some of these measures have been adopted in response to legal requirements. Others have been adopted by companies in response to the requirements of national securities exchanges on which their securities are listed. Among the corporate governance measures that are required under the rules of national securities exchanges are those that address board of directors' independence and audit committee oversight.

As a "close corporation" under Delaware law, our stockholder, rather than a board of directors, manages our business. Our stockholder is an indirect wholly owned subsidiary of Qurate Retail, meaning that we do not have any independent governing body. In addition, we have not adopted corporate governance measures such as the implementation of an audit committee or other independent governing body. It is possible that if we were to appoint a board of directors and include one or more independent directors and adopt some or all of these corporate governance measures, there may be somewhat greater assurances that internal corporate decisions were being made by disinterested directors and that policies had been implemented to define responsible conduct. However, our stockholder has the ability to make decisions regarding transactions with related parties and corporate actions that could involve conflicts of interest.

In addition, our Chief Executive Officer and President, David Rawlinson II, is also president and chief executive officer of Qurate Retail. Investors should bear in mind our current lack of independent directors, the positions with Qurate Retail that are held by Mr. Rawlinson and corporate governance measures in formulating their investment decisions.

The interests of our stockholder may not coincide with your interests and our stockholder may make decisions with which you may disagree

Our stockholder is an indirect wholly owned subsidiary of Qurate Retail. As a "close corporation" under Delaware law, our stockholder, rather than a board of directors, manages our business. As a result, Qurate Retail controls certain aspects of our management, including the approval of significant corporate transactions such as a change of control. The interests of Qurate Retail may not coincide with our interests or your interests. For example, Qurate Retail's dependence on our cash flow for servicing Qurate Retail's debt and for other purposes, including payments of dividends on Qurate Retail's capital stock, stock repurchases or to fund acquisitions or other operational requirements of Qurate Retail and its subsidiaries is likely to result in our payment of large dividends to Qurate Retail when permitted by law or the terms of our senior secured credit facility and the indentures governing our outstanding senior secured notes, which may increase our accumulated deficit or require us to borrow under our senior secured credit facility, increasing our leverage and decreasing our liquidity. We have made significant distributions to Qurate Retail in the past. See Item 1. "Business - Qurate Retail relationship and related party transactions."

Risks Related to Our Indebtedness

We have a substantial amount of indebtedness, which could adversely affect our financial position and prevent us from fulfilling our debt obligations

We have a substantial amount of indebtedness. As of December 31, 2023, we had total debt, other than our finance lease obligations, of \$4,364 million, consisting of \$3,507 million of secured indebtedness under our existing notes and \$857 million of secured indebtedness under our senior secured credit facility, in each case, secured by a first priority perfected lien on all shares of our capital stock. There was \$2.28 billion of unused capacity under our senior secured credit facility. In addition, we had \$2 million of finance lease obligations and \$515 million of operating lease liabilities. We may incur significant additional indebtedness in the future. If new indebtedness is added to our current debt levels, the related risks that we now face could intensify.

Our level of indebtedness could limit our flexibility in responding to current market conditions, adversely affect our financial position, prevent us from meeting our obligations under our debt instruments or otherwise restrict our business activities

The existence of and limitations on the availability of our debt could have important consequences. The existence of debt could, among other things:

- increase QVC's vulnerability to general adverse economic and industry conditions;
- require a substantial portion of our cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness;
- limit our ability to use cash flow or obtain additional financing for future working capital, capital expenditures or other general corporate purposes, which reduces the funds available to us for operations and any future business opportunities;
- limit flexibility in planning for, or reacting to, changes in our business and the markets in which we operate;
- competitively disadvantage our business compared with competitors that have less debt;
- limit our ability to borrow additional funds or to borrow funds at rates or on other terms that we find acceptable;
- increase our vulnerability to general economic and industry conditions; and
- expose us to the risk of increased interest rates because certain of our borrowings, including borrowings under our credit facility, are at variable interest rates.

Limitations imposed as a part of the debt, such as the availability of credit and the existence of restrictive covenants may, among other things:

- make it difficult for us to satisfy our financial obligations, including making scheduled principal and interest payments on the notes and our other indebtedness;
- restrict us from making strategic acquisitions or cause us to make non-strategic divestitures;
- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions or other general business purposes on satisfactory terms or at all;
- limit our flexibility to plan for, or react to, changes in our business and industry;
- place us at a competitive disadvantage compared to our less leveraged competitors; and
- limit our ability to respond to business opportunities.

We may not be able to generate sufficient cash to service our debt obligations

Our ability to make payments on our indebtedness will depend on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

We may need to refinance our indebtedness

Although we expect to refinance or otherwise repay our indebtedness, we may not be able to refinance our indebtedness on commercially reasonable terms or at all. The financial terms or covenants of any new credit facility, notes or other indebtedness may not be as favorable as those under our senior secured credit facility and our existing notes. Our ability to complete a refinancing of our senior secured credit facility and our existing notes prior to their respective maturities will depend on our financial and operating performance, our credit rating with rating agencies, as well as a number of conditions beyond our control. For example, if disruptions in the financial markets were to exist at the time that we intended to refinance this indebtedness, we might be restricted in our ability to access the financial markets. If we are unable to refinance our indebtedness, our alternatives would include negotiating an extension of the maturities of our senior secured credit facility and our existing notes with the lenders and holders, respectively, and seeking or raising new equity capital. If we were unsuccessful, the lenders under our senior secured credit facility and the holders of our existing notes could demand repayment of the indebtedness owed to them on the relevant maturity date, which could adversely affect our financial condition.

Despite our current level of indebtedness, we may still incur substantially more indebtedness. This could exacerbate the risks associated with our existing indebtedness

We and our subsidiaries may incur substantial additional indebtedness in the future. Our senior secured credit facility and the terms of the indentures for our notes limit, but do not prohibit, us or our subsidiaries from incurring additional indebtedness. Also, our subsidiaries could incur additional indebtedness that is structurally senior to the notes or we and our subsidiaries could incur indebtedness secured by a lien on assets that do not constitute collateral, including assets of ours and our subsidiaries, and the holders of such indebtedness will have the right to be paid first from the proceeds of such assets. If we incur any additional indebtedness that ranks equally with the notes and the guarantees, the holders of that indebtedness will be entitled to share ratably with the holders of the notes and the guarantees in any proceeds distributed in connection with our insolvency, liquidation, reorganization or dissolution. This may have the effect of reducing the amount of proceeds paid to the existing note holders. In addition, existing note holders' rights to the collateral would be diluted by any increase in the indebtedness secured by this collateral. If new indebtedness is added to our current debt levels, the related risks that we and our subsidiaries now face could intensify.

Covenants in our debt agreements restrict our business in many ways

Our senior secured credit facility and the indentures governing the notes contain various covenants that limit our ability and/or our restricted subsidiaries' ability to, among other things:

- incur or assume liens or additional debt or provide guarantees in respect of obligations of other persons;
- pay dividends or make distributions or redeem or repurchase capital stock;
- prepay, redeem or repurchase debt;
- make loans, investments and capital expenditures;
- enter into agreements that restrict distributions from our subsidiaries;
- sell assets and capital stock of our subsidiaries;
- enter into sale and leaseback transactions;
- enter into certain transactions with affiliates;
- consolidate or merge with or into, or sell substantially all of our assets to, another person; and
- designate our subsidiaries as unrestricted subsidiaries.

In addition, our senior secured credit facility requires us to maintain a specified leverage ratio. The leverage ratio is defined in Part II. Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial Position, Liquidity and Capital Resources - Senior Secured Credit Facility." Our ability to meet this leverage ratio can be affected by events beyond our control, and we may be unable to meet those tests. A breach of any of these covenants could result in a default under our senior secured credit facility, which in turn could result in a default under the indentures governing the notes. Upon the occurrence of an event of default under our senior secured credit facility, the lenders could elect to declare all amounts outstanding under our senior secured credit facility to be immediately due and payable and terminate all commitments to extend further credit. If we were unable to repay those amounts, the lenders could proceed against the collateral granted to them to secure that indebtedness. Our senior secured credit facility and our notes are, and certain future indebtedness may be, secured by a first priority perfected lien in all shares of our capital stock. If the lenders and counterparties under our senior secured credit facility, our notes and certain future indebtedness accelerate the repayment of obligations, we may not have sufficient assets to repay such obligations. Our borrowings under our senior secured credit facility are, and are expected to continue to be, at variable rates of interest and expose us to interest rate risk. As interest rates increase, our debt service obligations on the variable rate indebtedness will also increase even though the amount borrowed remains the same, and our net income decreases. In addition, we may hedge against interest rate fluctuations by using hedging instruments such as swaps, caps, options, forwards, futures or other similar products. These instruments may be used to selectively manage risks, but there can be no assurance that we will be fully protected against material interest rate fluctuations.

We may be limited in our ability to pay dividends or make other restricted payments to Qurate Retail

Our bond indentures limit our ability to pay dividends or make other restricted payments if we are in default on our senior secured notes and our consolidated leverage ratio is greater than 3.5 to 1.0. In addition, under our senior secured credit facility we are restricted in our ability to pay dividends or make other restricted payments if we are in default on the senior secured credit facility and our consolidated net leverage ratio is greater than 4.0 to 1.0. While our bond indentures and our senior

secured credit facility credit agreement both allow for unlimited dividends to service the debt of Qurate Retail so long as there is no default (i.e., no leverage test is needed), we will remain limited in our ability to distribute cash to Qurate for any other purpose. As of December 31, 2023, our leverage ratio (as calculated under our senior secured notes) was greater than 3.5 to 1.0 and as a result, there are restrictions on our ability to pay certain dividends or make other restricted payments to Qurate Retail. Consequently, until our leverage ratio under our senior secured notes is not greater than 3.5 to 1.0, Qurate Retail will not be able to rely on our cash flow for any purposes other than the service of its debt and to pay certain tax obligations related to us and our subsidiaries (which payments may be made by us under an intercompany tax sharing agreement). While we have made significant distributions to Qurate Retail in the past, we will be unable to do so in the near term and Qurate Retail may need to obtain other funding sources for any purposes other than to service its debt. There can be no assurance that Qurate Retail will be able to obtain such alternative funding sources on satisfactory terms or at all. See Item 1. “Business – Qurate Retail relationship and related party transactions.”

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

We are committed to protecting the security and integrity of our systems, networks, databases and applications and, as a result, have implemented processes designed to prevent, assess, identify, and manage material risks associated with cybersecurity threats.

Cybersecurity risks are assessed as part of our enterprise risk assessment and risk management program and our cybersecurity risk management program is designed and assessed based on recognized frameworks, including the National Institute of Standards and Technology Cybersecurity Framework.

We rely on a multidisciplinary team, including our information security function, legal department, management, and third-party consultants, as described further below, to identify, assess, and manage cybersecurity threats and risks. We identify and assess risks from cybersecurity threats by monitoring and evaluating our threat environment and our risk profile using various methods including, using manual and automated tools such as vulnerability scanning software, monitoring existing and emerging cybersecurity threats, analyzing reports of threats and threat actors, conducting scans of the threat environment, evaluating our industry’s risk profile, utilizing internal and external audits and assessments, and conducting threat and vulnerability assessments.

To manage and mitigate material risks from cybersecurity threats to our information systems and data, we implement and maintain various technical, physical and organizational measures, processes and policies. These measures include risk assessments, incident detection and response, vulnerability management, disaster recovery and business continuity plans, internal controls within our information technology (“IT”), security and other departments, encryption of data, network security controls, access controls, physical security, asset management, system monitoring, vendor risk management program, employee cybersecurity awareness and training, phishing tests, and penetration testing. Cybersecurity awareness training is also made available annually to our board of directors.

In the event of a potential cybersecurity incident, or a series of related cybersecurity incidents, we have cybersecurity incident response frameworks in place at QVC. These frameworks are a set of coordinated procedures and tasks that our incident response teams execute with the goal of ensuring timely and accurate identification, resolution and reporting of cybersecurity incidents both internally and externally, as necessary.

To operate our business, we utilize certain third-party service providers to perform a variety of operational functions. We have implemented a third-party risk management program to evaluate the cybersecurity practices of higher risk vendors and vendors that encounter our systems or data. We additionally engage and retain third-party consultants, legal advisors and assessors to keep us apprised of emerging third-party risk, defense and mitigation strategies, and governance best practices.

Impact of cybersecurity risks on business strategy, results of operations or financial condition

As of the date of this Annual Report on Form 10-K, we are not aware of any risks from cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations or financial condition.

For additional information on our cybersecurity risks, see “*Our business is subject to cyber security risks, including cyber security threats and cybersecurity incidents, such as security breaches and identity theft*” in Part I, Item 1A of this Annual Report on Form 10-K.

Governance

Role of the Qurate Retail Board of Directors

The Qurate Retail board of directors has overall responsibility for risk oversight and has delegated to its Audit Committee primary enterprise risk oversight responsibility, including privacy and cybersecurity risk exposures, policies and practices, the steps management takes to detect, monitor and mitigate such risks and the potential impact of those exposures on our business, financial results, operations and reputation. The Audit Committee receives quarterly updates on the enterprise risk management program, including cybersecurity risks and the initiatives undertaken to identify, assess and mitigate such risks. This cybersecurity reporting may include threat and incident reporting, vulnerability detection reporting, risk mitigation metrics, systems and security operations updates, employee education initiatives, and internal audit observations, if applicable.

In addition to the efforts undertaken by the Audit Committee, Qurate Retail’s board of directors regularly reviews matters relating to cybersecurity risk and cybersecurity risk management. Any material cybersecurity events are brought to the attention of Qurate Retail’s board of directors once the event is deemed material. We additionally use our incident response framework as part of the process we employ to keep our management and board of directors informed and to monitor the prevention, detection, mitigation, and remediation of cybersecurity incidents.

Role of Management

Through a services agreement between Qurate Retail and Liberty Media Corporation (“LMC”), Qurate Retail has established a cross functional Information Security Steering Committee (“ISSC”) with executives from the Legal, Accounting, Internal Audit and Risk Management, Cybersecurity and Facilities departments. The ISSC has management oversight responsibility for assessing and managing technology and operational risk, including information security, fraud, vendor, data protection and privacy, business continuity and resilience, and cybersecurity risks at Qurate Retail and at QVC.

At QVC, the VP Information Security is responsible for day-to-day management and oversight of cybersecurity, including assessing, monitoring and mitigating cybersecurity risk. The VP Information Security provides regular reporting to the ISSC and QVC executive management, including quarterly updates on security hot topics, threat intelligence, incidents (if any) and the status of the cybersecurity program to the Chief Executive Officer and the broader executive leadership team.

In addition to real time notification to the ISSC of privacy and security incidents, the ISSC and QVC have a bi-monthly meeting to discuss incidents, incident trends, developments in laws and regulations, and other privacy and cybersecurity hot topics, as applicable.

The experience of the combined QVC and Qurate Retail management teams includes a diverse background in telecom, retail and other industries, with decades of experience in various aspects of technology and cybersecurity. LMC’s Head of Cybersecurity, who sits on the ISSC, has more than 25 years of cybersecurity and IT experience and holds Certified Information Security Manager and Certified in Risk and Information System Control certifications. QVC’s VP Information Security has more than 30 years of IT experience and holds multiple certifications, including Certified Information Security System Professional and Certified Information Security Manager. Together this management team has worked at a variety of companies, including large publicly traded companies, implementing and managing IT and cybersecurity programs and teams, developing tools and processes to protect internal networks, business applications, customer facing applications and customer payment systems.

Item 2. Properties

We lease our corporate headquarters and operations center in West Chester, Pennsylvania, which includes executive offices, video broadcast studios, showrooms, broadcast facilities and administrative offices for QVC. Our corporate headquarters and the remainder of our material properties are summarized as follows:

Location	Properties		Operating Segment
	Type	Own or Lease	
West Chester, Pennsylvania	Corporate Headquarters	Lease	QxH
Kassel, Germany	Contact Center	Own	QVC-International
Bethlehem, Pennsylvania	Distribution Center	Lease	QxH
Suffolk, Virginia	Distribution Center	Lease	QxH
Florence, South Carolina	Distribution Center	Lease	QxH
Ontario, California	Distribution Center	Lease	QxH
Piney Flats, Tennessee	Distribution Center	Lease	QxH
Chiba, Japan	Distribution Center	Own	QVC-International
Hückelhoven, Germany	Distribution Center	Lease	QVC-International
St. Petersburg, Florida	Multi-functional	Own	QxH
Knowsley, U.K.	Multi-functional	Lease	QVC-International
Chiba, Japan	Multi-functional	Own	QVC-International
Brugherio, Italy	Multi-functional	Own	QVC-International
Düsseldorf, Germany	Multi-functional	Own	QVC-International
London, U.K.	Multi-functional	Lease	QVC-International

We supplement the facilities listed above by leasing various facilities worldwide. We believe that the duration of each lease is adequate and we do not anticipate any future problems renewing or obtaining suitable leases for our principal properties. On December 18, 2021, QxH experienced a fire at its Rocky Mount distribution center in North Carolina and as a result closed the facility. The Company leveraged its existing fulfillment centers and supplemented these facilities with short-term leased space as needed during 2022 and 2023. We continue to assess our network footprint and are making investments to expand capacity and increase throughput as a result of the loss of the Rocky Mount fulfillment center.

In December 2023, QVC entered into an agreement to sell an owned and operated property in Germany to an independent third party. This property is owned as of December 31, 2023, but included as an assets held for sale noncurrent in the accompanying consolidated balance sheet. Refer to note 18 in the accompanying notes to our consolidated financial statements for further details.

Item 3. Legal Proceedings

We are not a party to or subject to any material pending legal proceedings. We are parties to various claims and pending litigation as part of the normal course of business. In the opinion of management, the nature and disposition of these matters are considered routine and arising in the ordinary course of business.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

There is no established trading market for our equity securities. There is one holder of record of our equity, Qurate Retail Group, Inc., an indirect wholly-owned subsidiary of Qurate Retail, Inc. ("Qurate Retail").

See also Item 1. "Business - Qurate Retail relationship and related party transactions" for information related to our dividends to Qurate Retail and note 7 to our consolidated financial statements for our debt issuance descriptions.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

A discussion of our results of operations for the year ended December 31, 2021 is included in the "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations-QVC Consolidated" section in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the Securities and Exchange Commission (the "SEC") at <http://www.sec.gov>.

Overview

QVC, Inc. and its consolidated subsidiaries (unless otherwise indicated or required by the context, the terms "we," "our," "us," the "Company" and "QVC" refer to QVC, Inc. and its consolidated subsidiaries) 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. QVC is comprised of the reportable segments of QxH, which is comprised of QVC-U.S. and HSN, Inc. ("HSN"), and QVC-International. These segments reflect the way the Company evaluates its business performance and manages its operations.

In the United States ("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, QVC2, QVC3, HSN and HSN2. The Company's U.S. programming is also available on QVC.com and HSN.com, which we refer to as our "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 our televised programming, along with a wide assortment of products that are available only on our U.S. websites and our other digital platforms (including our mobile applications, social media pages and others) are natural extensions of our business model, allowing customers to engage in our shopping experience wherever they are, with live or on-demand content customized to the device they are using. In addition to offering video content, our 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.

Internationally, QVC's televised shopping programs, including live and recorded content, are distributed to households outside of the U.S., primarily in Germany, Austria, Japan, the United Kingdom ("U.K."), the Republic of Ireland, and Italy. In some of the countries where QVC operates, QVC's 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., our 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.

The Company's Japanese operations ("QVC-Japan") are conducted through a joint venture with Mitsui & Co. LTD. QVC-Japan is owned 60% by the Company and 40% by Mitsui. The Company and Mitsui share in all profits and losses based on their respective ownership interests. QVC-Japan paid dividends to Mitsui of \$53 million, \$68 million, and \$60 million in the years ended December 31, 2023, 2022 and 2021, respectively.

The Company is an indirect wholly-owned subsidiary of Qurate Retail, Inc. ("Qurate Retail") (Nasdaq: QRTEA, QRTEB and QRTEP), which owns Cornerstone Brands, Inc. ("CBI"), as well as other minority investments. QVC is part of the Qurate Retail Group ("QRG"), a portfolio of brands including QVC and CBI. Zulily, LLC ("Zulily") was a wholly owned subsidiary of Qurate Retail until its divestiture on May 24, 2023.

Strategies and challenges of business units

The goal of QVC is to extend its leadership in video commerce, e-commerce, streaming commerce and social commerce by continuing to create the world's most engaging shopping experiences, combining the best of retail, media, and social, highly differentiated from traditional brick-and-mortar stores or transactional e-commerce. QVC provides customers with curated collections of unique products, made personal and relevant by the power of storytelling. We curate experiences, conversations and communities for millions of highly discerning shoppers, and we also reach large audiences, across our many platforms, for our thousands of brand partners.

On June 27, 2022, Qurate Retail announced a five-point turnaround plan designed to stabilize and differentiate its core HSN and QVC-U.S. brands 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. QVC is focused on rebuilding stronger connections with their customers. In order to improve customer experience and grow relationships, QVC 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 reducing shipping time and improving shipment tracking visibility. We will continue to focus on customer loyalty through providing customers with a more personalized experience.

Rigorously execute core processes. QVC 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, QVC 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. QVC is right sizing its cost base to improve profitability and cash generation. In order to lower cost to serve, QVC will enhance review of spending to identify cost savings opportunities and opportunities to create new operational efficiencies, through end-to-end product and process reviews and leveraging technology and process automation. Additionally, we will improve product margin through lower fulfillment costs, freight optimization and higher productivity.

Optimize the brand portfolio. Qurate Retail divested Zulily in the second quarter of 2023, consistent with its goal of optimizing the brand portfolio. Qurate Retail is exploring untapped opportunities to maximize brand value.

Build new high growth business anchored in strength. Finally, QVC is focused on expanding in the video streaming shopping market. In order to build new high growth businesses anchored in strength, QVC 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 that was completed in February 2023. 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 year ended December 31, 2023, QVC implemented a workforce reduction and recorded restructuring charges of \$13 million in restructuring, penalties and fire related costs, net of (recoveries) in the consolidated statements 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 COVID-19 pandemic resulted in significant disruption to the global economy and negatively impacted us and our operations. For example, as a result of COVID-19, many traditional brick-and-mortar retailers temporarily closed their stores while distance retailers, such as QVC, continued operating. As a result, QVC initially experienced an increase in new customers and an increase in demand for certain categories, such as home and electronics. However, as traditional brick-and-mortar retailers were allowed to reopen their stores and consumers were able to resume prepandemic shopping habits, we observed a decline in customers and a decline in demand for our products.

Beginning in the second quarter of 2021, the Company experienced escalating shipping disruptions due to challenges in the global supply chain and labor market. These factors caused extended lead time on inventory orders. As a result, the delayed receipt of inventory ordered in prior periods impacted our ability to have the right products at the right time. These factors also impacted our ability to offer certain goods and ship orders timely to our customers. Although these product shortages and supply chain disruptions have moderated, in the event of resurgences of COVID-19, including new variants in the future, or the occurrence of another pandemic or epidemic, we cannot be certain that we will be able to identify alternative sources for our products without delay or without greater cost to us.

In addition, as a result of COVID-19 we experienced material negative impacts to our financial results, including our capital and liquidity, decreases in the disposable income of existing and potential new customers, heightened inflation, increased currency volatility resulting in adverse currency rate fluctuations and higher interest rates.

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 fulfillment center in North Carolina. Rocky Mount was the Company'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 would not reopen. The Company 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 and as of December 31, 2023 received net cash proceeds of \$19 million. We continue to assess our network footprint and are making investments to expand capacity and increase throughput as a result of the loss of the Rocky Mount fulfillment center.

Based on the provisions of QVC's insurance policies certain fire related costs were recoverable. In June 2023, the Company agreed to a final insurance settlement with its insurance company and received all remaining proceeds related to the Rocky Mount claim. As of December 31, 2022 and 2023 the Company recorded cumulative fire related costs of \$407 million and \$439 million, respectively. Cumulative costs as of December 31, 2022 and 2023 include \$119 million of costs that were not reimbursable by QVC's insurance policies. As of December 31, 2022 and 2023, the Company received cumulative insurance proceeds of \$380 million and \$660 million, respectively and recorded net gains, representing the proceeds received in excess of recoverable losses recognized, of \$132 million and \$208 million, respectively. Of the \$280 million of insurance proceeds received during the year ended December 31, 2023, \$210 million represents recoveries for business interruption losses. The fire related costs and gains related to insurance recoveries are included in restructuring, penalties and fire related costs, net of (recoveries) in the consolidated statement of operations.

While the Company took steps to minimize the overall impact to the business, we experienced increased warehouse and logistics costs during the years ended December 31, 2023 and 2022. We do not anticipate these increased warehouse and logistics costs will have a material impact on future periods.

In November 2022, QVC-International entered into agreements to sell two properties located in Germany and the 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 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.

In June 2022, QVC modified the finance lease for its distribution center in Ontario, California which reduced the term of the lease and removed QVC's ability to take ownership of the distribution center at the end of the lease term. QVC will make annual payments over the modified lease term. Since the lease was modified and removed QVC's ability to take ownership at the end of the lease term, the Company accounted for the modification similar to a sale and leaseback transaction and, as a result, recognized a \$240 million gain on the sale of the distribution center during the second quarter of 2022, calculated as the difference between the aggregate consideration received (including cash of \$250 million and forgiveness of the remaining financing obligation of \$84 million) and the carrying value of the distribution center. The gain is included in gains on sale of intangible asset and sale leaseback transactions in the consolidated statement of operations. The Company accounted for the modified lease as an operating lease and recorded a \$37 million right-of-use asset and a \$31 million operating lease liability, with the difference attributable to prepaid rent.

In July 2022, QVC sold five owned and operated properties located in the U.S. to an independent third party and received net cash proceeds of \$443 million. 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 recognized a \$277 million gain related to the successful sale leaseback during the third quarter of 2022 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 \$207 million right-of-use asset and a \$205 million operating lease liability, with the difference attributable to initial direct costs.

Results of Operations- QVC Consolidated

QVC's operating results were as follows:

(in millions)	Years ended December 31,		
	2023	2022	2021
Net revenue	\$ 9,449	9,887	11,354
Operating costs and expenses:			
Cost of goods sold (exclusive of depreciation, amortization and Rocky Mount inventory losses shown below)	6,273	6,751	7,368
Operating	739	760	791
Selling, general and administrative excluding stock-based compensation	1,366	1,268	1,194
Adjusted OIBDA (defined below)	1,071	1,108	2,001
Restructuring, penalties and fire related costs, net of (recoveries) (including Rocky Mount inventory losses)	(196)	(10)	21
Gains on sale of assets and sale leaseback transactions	(113)	(520)	—
Impairment losses	326	2,600	—
Stock-based compensation	37	36	44
Depreciation	90	111	159
Amortization	282	290	270
Operating income (loss)	645	(1,399)	1,507
Other (expense) income:			
Equity in losses of investee	—	—	(2)
(Losses) gains on financial instruments	(1)	(9)	8
Interest expense, net	(228)	(228)	(249)
Foreign currency (loss) gain	(10)	32	(9)
Gain (loss) on extinguishment of debt	10	(6)	(7)
Other income	—	20	11
Income (loss) before income taxes	416	(1,590)	1,259
Income tax expense	(205)	(220)	(408)
Net income (loss)	211	(1,810)	851
Less net income attributable to the noncontrolling interest	(52)	(57)	(64)
Net income (loss) attributable to QVC, Inc. stockholder	\$ 159	(1,867)	787

Net revenue

Net revenue for each of QVC's segments was as follows:

(in millions)	Years ended December 31,		
	2023	2022	2021
QxH	\$ 6,995	7,359	8,277
QVC-International	2,454	2,528	3,077
Consolidated QVC	\$ 9,449	9,887	11,354

QVC's consolidated net revenue decreased 4.4% and 12.9% for the years ended December 31, 2023 and 2022, respectively, as compared to the corresponding prior years. The \$438 million decrease in 2023 net revenue was primarily due to a 5.3% decrease in units shipped across both segments, \$40 million in unfavorable foreign exchange rates, a \$41 million decrease in shipping and handling revenue primarily at QxH and to a lesser extent QVC-International and a \$55 million increase in estimated product returns at QxH. These declines were partially offset by a 2.7% increase in average selling price per unit ("ASP") across both segments.

For 2022, the \$1,467 million decrease in net revenue was primarily due to an 8.5% decrease in units shipped driven by QxH, \$373 million in unfavorable foreign exchange rates, a \$124 million decrease in shipping and handling revenue driven by QxH, and a decline of 0.8% in ASP primarily at QxH, partially offset by an increase in ASP at QVC-International. These declines were partially offset by a \$161 million decrease in estimated product returns, primarily driven by QxH.

During the years ended December 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 discussing our operating results, the term "currency exchange rates" refers to the currency exchange rates we use to convert the operating results for all countries where the functional currency is not the U.S. Dollar. We calculate the effect of changes in currency exchange rates as the difference between current period activity translated using the prior period's currency exchange rates. Throughout our discussion, we refer to the results of this calculation as the impact of currency exchange rate fluctuations. When we refer to "constant currency operating results", this means operating results without the impact of the currency exchange rate fluctuations. The disclosure of constant currency amounts or results permits investors to understand better QVC's underlying performance without the effects of currency exchange rate fluctuations.

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

	Year ended December 31, 2023			Year ended December 31, 2022		
	U.S. Dollars	Foreign Currency Exchange Impact	Constant Currency	U.S. Dollars	Foreign Currency Exchange Impact	Constant Currency
QxH	(5.0)%	— %	(5.0)%	(11.1)%	— %	(11.1)%
QVC-International	(2.9)%	(1.6)%	(1.3)%	(17.8)%	(12.1)%	(5.7)%

In 2023, the QxH net revenue decrease was primarily due to a 6.3% decrease in units shipped, a \$55 million increase in estimated product returns, and a \$34 million decrease in shipping and handling revenue. These declines were partially offset by a 3.1% increase in ASP. For the year ended December 31, 2023, QxH experienced shipped sales declines across all categories. The increase in estimated product returns was primarily driven by higher return rates and shifts in sales mix. QVC-International net revenue decline in constant currency was primarily due to a 3.1% decrease in units shipped across all markets except the U.K. and a \$7 million decrease in shipping and handling revenue. These declines were partially offset by a 2.3% increase in ASP driven by Germany and Japan. For the year ended December 31, 2023, QVC-International experienced shipped sales growth in constant currency in beauty and home with declines across all other product categories.

In 2022, the QxH net revenue decrease was primarily due to a 9.3% decrease in units shipped, a 1.8% decline in ASP and a \$104 million decrease in shipping and handling revenue, partially offset by a \$149 million decrease in estimated product returns. For the year ended December 31, 2022, QxH experienced shipped sales declines across all categories. The decrease in estimated product returns was primarily driven by a decrease in sales volume. The decline in ASP was primarily due to discounting as a result of inventory reduction actions. QVC-International net revenue decline in constant currency was primarily due to a 6.4% decrease in units shipped across all markets except Japan and a \$20 million decrease in shipping and handling revenue. These declines were partially offset by a 1.7% increase in ASP driven by the U.K. and Japan and a \$12 million decrease in estimated product returns across all markets except the U.K. QVC-International experienced shipped sales decline in constant currency in all categories except apparel.

Cost of goods sold (excluding depreciation, amortization and Rocky Mount Inventory Losses, net)

QVC's cost of goods sold as a percentage of net revenue was 66.4%, 68.3%, and 64.9% for years ended December 31, 2023, 2022 and 2021, respectively. The decrease in cost of goods sold as a percentage of revenue in 2023 is primarily due to product margin expansion across both segments and lower inventory obsolescence and lower freight costs driven by QxH. These decreases were partially offset by higher warehousing costs primarily in QVC-International and to a lesser extent QxH. Higher warehousing costs for the year ended December 31, 2023 are primarily due to higher rent expense of \$33 million as a result of warehouses sold and leased back during the prior year and current period, partially offset by favorability at QxH as a result of strains on our fulfillment network due to the loss of the Rocky Mount fulfillment center impacting the prior year that did not recur at the same level in the current year. For 2022, the increase in cost of goods sold as a percentage of revenue is primarily due to higher fulfillment costs across both segments driven by increased freight and warehousing costs. Higher fulfillment costs at QxH were also impacted by strains on our fulfillment network due to the loss of the Rocky Mount fulfillment center and rent related to warehouses sold and leased back during the period, partially offset by efficiencies from fulfillment centers closed in the prior year. QVC also experienced product margin pressure across both segments. Margin pressure was driven by discounting as a result of inventory reduction actions.

Operating expenses

QVC's operating expenses are principally comprised of commissions, order processing and customer service expenses, credit card processing fees and telecommunications expenses. Operating expenses decreased \$21 million or 3% and decreased \$31 million or 4% for the years ended December 31, 2023 and 2022, respectively as compared to the corresponding prior year. Operating expenses were 7.8%, 7.7% and 7.0% of net revenue for the years ended December 31, 2023, 2022 and 2021, respectively.

The decrease in 2023 was primarily due to a decrease of \$19 million in personnel costs primarily at QxH, a decrease in credit card processing fees of \$5 million primarily at QxH and a \$5 million decrease as a result of favorable exchange rates, partially offset by an increase of \$10 million in commissions expense at QxH primarily due to higher fixed MSO commission contracts. The decrease in 2022 was primarily due to a \$31 million decrease as a result of favorable exchange rates.

Selling, general and administrative expenses excluding stock-based compensation

QVC's selling, general, and administrative expenses excluding stock-based compensation include personnel, information technology ("IT"), provision for doubtful accounts, production costs, and marketing and advertising expenses. Such expenses increased \$98 million to 14.5% of net revenue for the year ended December 31, 2023 as compared to the prior year and increased \$74 million to 12.8% of net revenue for the year ended December 31, 2022 as compared to the prior year.

The increase in 2023 was due to a \$71 million increase in consulting fees, a \$55 million increase in personnel costs and an \$8 million increase in rent, all of which were primarily driven by QxH. These increases were partially offset by a \$16 million decrease in estimated credit losses and a \$12 million decrease in marketing costs, both primarily driven by QxH. The decrease to estimated credit losses was due to unfavorable adjustments recognized in the prior year compared to favorable adjustments recognized in the current year based on actual collections experience, lower sales volume and shifts in sales mix.

The increase in 2022 was primarily due to a \$27 million increase in personnel costs primarily at QxH, a \$26 million increase in estimated credit losses primarily at QxH, a \$22 million increase in consulting expenses primarily at QxH, a \$15 million increase in marketing costs across both segments and, to a lesser extent, increases in rent, IT expenses, non-income related taxes and travel expenses. These increases were partially offset by a \$51 million decrease due to favorable exchange rates. The increase to estimated credit losses was due to lower expected collections in the current year compared to favorable adjustments recognized in the prior year based on actual collections experience partially offset by lower sales volume.

Restructuring, penalties and fire related costs, net of (recoveries) (including Rocky Mount inventory losses)

QVC recorded a gain of \$196 million and a gain of \$10 million for the years ended December 31, 2023 and 2022, respectively, in restructuring, penalties and fire related costs, net of recoveries. For the year ended December 31, 2023, the gain related to a \$240 million gain on insurance proceeds received in excess of fire losses and a \$17 million gain on the sale of the Rocky Mount property, partially offset by \$32 million of other fire related costs, a CPSC civil penalty of \$16 million and \$13 million of restructuring costs related to workforce reduction. For the year ended December 31, 2022, the gain primarily related to insurance proceeds received for inventory and fixed asset losses partially offset by write-downs on Rocky Mount inventory and restructuring costs primarily related to workforce reduction. Expenses indirectly related to the Rocky Mount fulfillment center fire, including operational inefficiencies, are primarily included in Cost of goods sold.

Gains on sale of assets and sale leaseback transactions

QVC recorded \$113 million of gains on sale of assets and sale leaseback transactions for the year ended December 31, 2023. These gains primarily related to the sale leaseback of two owned and operated properties located in Germany and the U.K. QVC recorded \$520 million of gains on sale leaseback transactions for the year ended December 31, 2022. These gains related to the sale leaseback of six owned and operated U.S. properties.

Impairment losses

QVC recorded an impairment loss of \$326 million for the year ended December 31, 2023 related to the decrease in fair value of the QxH reporting unit as a result of the quantitative assessment that was performed by the Company (refer to note 6 to the accompanying consolidated financial statements).

QVC recorded impairment losses of \$2,600 million for the year ended December 31, 2022, including \$180 million related to a decrease in the fair value of the HSN indefinite-lived tradename and \$2,420 million related to a decrease in the fair value of the QxH reporting unit (refer to note 6 to the accompanying consolidated financial statements).

Stock-based compensation

Stock-based compensation includes compensation related to options and restricted stock granted to certain officers and employees. QVC recorded \$37 million, \$36 million and \$44 million of stock-based compensation expense for the years ended December 31, 2023, 2022 and 2021, respectively. The decrease in 2022 was primarily due to the retirement of our former Chief Executive Officer.

Depreciation and amortization

Depreciation and amortization consisted of the following:

(in millions)	Years ended December 31,		
	2023	2022	2021
Customer relationships	47	47	47
Other technology	15	15	15
Acquisition related amortization	62	62	62
Property and equipment	90	111	159
Software amortization	129	112	101
Channel placement amortization and related expenses	91	116	107
Total depreciation and amortization	\$ 372	401	429

For the year ended December 31, 2023, property and equipment depreciation decreased primarily due to assets disposed of related to the six owned and operated U.S. properties sold and leased back during 2022 and the Germany and U.K properties sold and leased back during the first quarter of 2023. The decrease in channel placement amortization and related expenses for the year ended December 31, 2023 was primarily due to adjustments recognized related to lower subscriber counts and a reduction in channel placement assets due to reduced contract terms. The increase in software amortization for the year ended December 31, 2023 is due to software additions including an enhancement to QVC's Enterprise Resource Planning ("ERP") system that was placed into service in the second quarter of 2023. The decrease in property and equipment depreciation for the year ended December 31, 2022 was primarily due to assets disposed of related to the Rocky Mount fulfillment center fire and the six operated U.S. properties sold and leased back during 2022. The increase in channel placement amortization and related expenses for the year ended December 31, 2022 was due to adjustments recognized in the prior year related to lower subscriber counts. The increase in software amortization for the year ended December 31, 2022 is due to software additions including QVC's ERP system that was placed into service in the second quarter of 2021.

Equity in losses of investee

Prior to September 2021, the Company had a joint venture with CNR Media Group, a limited liability company owned by China National Radio ("CNR"). The Company owned a 49% interest in a CNR subsidiary, CNR Home Shopping Co., Ltd. ("CNRS") that was accounted for as an equity method investment. In September 2021, QVC sold its interest in CNRS which resulted in an immaterial loss for the year ended December 31, 2021 recorded in equity in losses of investee in the accompanying consolidated statements of operations.

(Losses) gains on financial instruments

(Losses) gains on financial instruments are comprised of changes in the fair value of the following:

(in millions)	2023	2022	Years ended December 31, 2021
Exchangeable senior debentures	\$ —	—	(144)
Financial instruments	(1)	(10)	150
Interest rate swap	—	1	2
(Losses) gains on financial instruments	\$ (1)	(9)	8

For the year ended December 31, 2023 and 2022 there was \$1 million and \$9 million in losses on financial instruments primarily related to the change in fair value of the foreign currency forward contracts (see note 14 of the accompanying consolidated financial statements). For the year ended December 31, 2021 there was \$8 million in gains on financial instruments primarily due to gains on derivative instruments used to hedge upward price fluctuations of the MSI Exchangeables (defined below) partially offset by losses on the MSI Exchangeables. All MSI Exchangeables not surrendered for exchange were redeemed on December 13, 2021 and the related hedges were unwound in the fourth quarter of 2021 (see "Exchangeable Senior Debentures" below).

Interest expense, net

For the year ended December 31, 2023 consolidated net interest expense remained flat, as compared to the prior year. This was primarily due to offsetting impacts of the reversal of interest expense accrued in prior periods related to the settlement of state income tax reserves during the current period, offset by higher interest expense as a result of higher outstanding debt and higher interest rate on the senior secured credit facility. For the year ended December 31, 2022 consolidated net interest expense decreased \$21 million, as compared to the corresponding prior year. The decrease in net interest expense in 2022 is primarily due to lower outstanding debt throughout 2022, including finance lease obligations.

Foreign currency gain (loss)

Certain loans between QVC and its subsidiaries are deemed to be short-term in nature, and accordingly, the translation of these loans is recorded in the consolidated statements of operations. The change in foreign currency gain (loss) was also due to variances in interest and operating payables balances between QVC and its international subsidiaries denominated in the currency of the subsidiary and the effects of currency exchange rate changes on those balances.

Gain (loss) on extinguishment of debt

For the year ended December 31, 2023, QVC recorded a gain on extinguishment of debt of \$10 million related to the repurchase of the 4.85% Senior Secured Notes due 2024 (the "2024 Notes") and 4.45% Senior Secured Notes due 2025 (the "2025 Notes"). QVC recorded a \$6 million loss on extinguishment of debt during the year ended December 31, 2022 related to the repurchase of \$536 million of the outstanding 4.375% Senior Secured Notes due 2023. QVC recorded a \$7 million loss on extinguishment of debt during the year ended December 31, 2021 primarily due to the exchange and redemption of the MSI Exchangeables.

Income taxes

Our effective tax rate was 49.3%, (13.8)% and 32.4% for the years ended December 31, 2023, 2022 and 2021, respectively. The 2023 and 2022 rates differ from the U.S. federal income tax rate of 21% primarily due to goodwill impairment losses of \$326 million and \$2,420 million during 2023 and 2022 respectively, that are not deductible for tax purposes. Excluding the goodwill impairment losses, our effective tax rate would be 27.6% and 26.5% for the years ended December 31, 2023 and 2022, respectively. The effective tax rate for 2021 differs from the U.S. federal income tax rate of 21% due to state and foreign tax expense and permanent items, along with the impact of the U.S. global intangible income rules (which the Company treats as a period cost), relating to the redemption and exchange of the outstanding MSI Exchangeable during 2021.

Adjusted Operating Income before Depreciation and Amortization ("Adjusted OIBDA")

To provide investors with additional information regarding our financial statements, we disclose Adjusted OIBDA (defined below), which is a non-U.S. generally accepted accounting principles ("U.S. GAAP") measure. QVC defines Adjusted OIBDA as operating income plus depreciation and amortization, impairment losses, stock-based compensation and excluding restructuring, penalties and fire related costs, net of recoveries (including Rocky Mount inventory losses) and gains on sale of intangible asset and sale leaseback transactions. QVC's chief operating decision maker and management team use this measure of performance in conjunction with other measures to evaluate the businesses and make decisions about allocating resources among the businesses. QVC believes that this is an important indicator of the operational strength and performance of the segments by identifying those items that are not directly a reflection of each segment's performance or indicative of ongoing business trends. In addition, this measure allows QVC to view operating results, perform analytical comparisons and perform benchmarking among its 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 income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with U.S. GAAP.

The primary material limitations associated with the use of Adjusted OIBDA as compared to U.S. GAAP results are (i) it may not be comparable to similarly titled measures used by other companies in the industry, and (ii) it excludes financial information that some may consider important in evaluating QVC's performance. QVC compensates for these limitations by providing disclosure of the difference between Adjusted OIBDA and U.S. GAAP results, including providing a reconciliation of Adjusted OIBDA to U.S. GAAP results, to enable investors to perform their own analysis of QVC's operating results. The following table provides a reconciliation of operating income to Adjusted OIBDA.

(in millions)	Years ended December 31,		
	2023	2022	2021
Operating income (loss)	\$ 645	(1,399)	1,507
Depreciation and amortization	372	401	429
Stock-based compensation	37	36	44
Restructuring, penalties and fire related costs, net of (recoveries) (including Rocky Mount inventory losses)	(196)	(10)	21
Impairment losses	326	2,600	—
Gains on sale of assets and sale leaseback transactions	(113)	(520)	—
Adjusted OIBDA	\$ 1,071	1,108	2,001

QVC Adjusted OIBDA decreased by \$37 million and \$893 million for the years ended December 31, 2023 and 2022, respectively, as compared to the corresponding prior year.

The decrease for the year ended December 31, 2023 is due to a \$4 million decrease at QxH and a \$33 million decrease at QVC-International. The decrease for the year ended December 31, 2022 is due to a \$689 million decrease at QxH and a \$204 million decrease at QVC-International.

Seasonality

QVC's business is seasonal due to a higher volume of sales in the fourth calendar quarter related to year-end holiday shopping. In recent years, QVC has earned, on average, between 22% and 24% of its revenue in each of the first three quarters of the year and 30% in the fourth quarter of the year.

Financial Position, Liquidity and Capital Resources

Exchangeable Senior Debentures

3.5% Exchangeable Senior Debentures

As part of the common control transaction with Qurate Retail completed in December 2020, QVC Global, a subsidiary of the Company, became the primary co-obligor of the Liberty Interactive LLC's ("LIC") 3.5% Senior Exchangeable Debentures due 2031 ("MSI Exchangeables"), exchangeable for common stock of Motorola Solutions, Inc. ("MSI common stock"), and acquired all of the rights and liabilities associated with certain related hedges. The Company elected to account for its MSI Exchangeables using the fair value option. Accordingly, changes in the fair value of these instruments were recognized as losses on financial instruments in the statements of operations and in other comprehensive income as it related to instrument specific credit risk on the consolidated statements of comprehensive income (loss).

Prior to 2021, the Company entered into certain derivative transactions in order to hedge against upward price fluctuations on certain shares. Such derivative instruments have been recognized in the other current assets line item in the consolidated balance sheet, and were marked to fair value each reporting period. The changes in fair value were recognized in (losses) gains on financial instruments in the statement of operations. On October 27, 2021, a notice was issued to all holders to redeem any and all outstanding MSI Exchangeables on December 13, 2021 that were not previously properly surrendered for exchange. The Company terminated such derivative transactions in October 2021 and entered into a forward purchase transaction to acquire shares that were used to settle exchanges of the MSI Exchangeables. All MSI Exchangeables not surrendered for exchange were redeemed on December 13, 2021 and the related forward was unwound in the fourth quarter of 2021. No MSI Exchangeables remained outstanding as of December 31, 2021. As a result of the exchange and the redemption, the Company recorded a loss on extinguishment of debt in the consolidated statements of operations of \$7 million for the year ended December 31, 2021.

Senior Secured Notes

All of QVC's senior secured notes are secured by the capital stock of QVC and have equal priority to the senior secured credit facility. The interest on QVC's senior secured notes is payable semi-annually with the exception of the 6.375% Senior Secured Notes due 2067 (the "2067 Notes") and the 6.25% Senior Secured Notes due 2068 (the "2068 Notes"), which are payable quarterly. The remaining outstanding 4.375% Senior Secured Notes due 2023 were repaid at maturity in March 2023.

During the second quarter of 2023, QVC purchased \$177 million of the outstanding 2024 Notes and \$15 million of the outstanding 2025 Notes. As a result of the repurchases, the Company recorded a gain on extinguishment of debt in the consolidated statements of operations of \$10 million for the year ended December 31, 2023. As of December 31, 2023, the remaining outstanding 2024 Notes are classified within the current portion of long term debt as they mature in less than one year.

On February 27, 2024, QVC delivered a notice of redemption to the trustee and holders of the 2024 Notes. Pursuant to the notice of redemption, QVC expects to redeem the remaining outstanding 2024 Notes in full on March 28, 2024.

The senior secured notes contain certain covenants, including certain restrictions on QVC and its 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; consolidating or merging; entering into certain transactions with affiliates; entering into sale or leaseback transactions; and restricting subsidiary distributions.

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 December 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.

Senior Secured Credit Facility

On October 27, 2021, QVC entered into the Fifth Amended and Restated Credit Agreement (the "Fifth Amended and Restated Credit Agreement") with Zulily, CBI, and QVC Global, each a direct or indirect (or former in the case of Zulily) wholly owned subsidiary of Qurate Retail, as borrowers (collectively, the "Borrowers"). The Fifth Amended and Restated Credit Agreement is a multi-currency facility providing for a \$3.25 billion revolving 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 Fifth Amended and Restated Credit Agreement may be borrowed by any Borrower, with each Borrower jointly and severally liable for the outstanding borrowings. Borrowings bear interest at either the alternate base rate ("ABR Rate") or a London Inter-bank Offered Rate ("LIBOR")-based rate (or the applicable non-U.S. Dollar equivalent rate) ("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 (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 may be reborrowed. The facility matures on October 27, 2026. Payment of loans may be accelerated following certain customary events of default. In connection with Qurate Retail's divestiture of Zulily (see note 1 to the consolidated financial statements), Zulily is no longer a co-borrower in the senior secured credit facility and Zulily repaid its outstanding borrowings under the Fifth Amended and Restated Credit Agreement using cash contributed from Qurate Retail.

On June 20, 2023, QVC, QVC Global and CBI, as borrowers, JPMorgan Chase Bank, N.A., as administrative agent, and the other parties thereto entered into an agreement whereby, in accordance with the Fifth Amended and Restated Credit Agreement, LIBOR-based rate loans denominated in U.S. dollars made on or after June 30, 2023 would be replaced with Secured Overnight Financing Rate ("SOFR")-based rate loans. Borrowings that are SOFR-based loans will bear interest at a per annum rate equal to the applicable SOFR rate, plus a credit spread adjustment, plus a margin that varies between 1.25% and 1.625% depending on the Borrowers' consolidated leverage ratio.

Availability under the Fifth Amended and Restated Credit Agreement at December 31, 2023 was \$2.28 billion, including outstanding trade and standby letters of credit. The interest rate on the senior secured credit facility was 7.03% and 5.75% at December 31, 2023 and 2022, respectively.

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 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 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.

Parent Issuer and Subsidiary Guarantor Summarized Financial Information

The following information contains the summarized financial information for the combined parent (QVC, Inc.) and subsidiary guarantors (Affiliate Relations Holdings, Inc.; Affiliate Investment, Inc.; AMI 2, Inc.; ER Marks, Inc.; QVC Global Corporate Holdings, LLC; QVC GCH Company, LLC; QVC Rocky Mount, Inc.; QVC San Antonio, LLC; QVC Global Holdings I, Inc.; HSN, Inc.; HSNi, LLC; HSN Holding LLC; AST Sub, Inc.; Home Shopping Network En Espanol, L.P.; Home Shopping Network En Espanol, L.L.C; Ingenious Designs LLC; NLG Merger Corp.; Ventana Television, Inc.; and Ventana Television Holdings, Inc.) pursuant to Rules 3-10, 13-01 and 13-02 of Regulation S-X.

This consolidated summarized financial information has been prepared from the Company's financial information on the same basis of accounting as the Company's consolidated financial statements. Transactions between the parent and subsidiary guarantors presented on a combined basis have been eliminated. The principal elimination entries relate to investments in subsidiaries and intercompany balances and transactions, such as management fees, royalty revenue and expense, interest income and expense and gains on intercompany asset transfers. Goodwill and other intangible assets have been allocated to the subsidiaries based on management's estimates. Certain costs have been partially allocated to all of the subsidiaries of the Company.

The subsidiary guarantors are 100% owned by the Company. All guarantees are full and unconditional and are joint and several. There are no significant restrictions on the ability of the Company to obtain funds from its U.S. subsidiaries, including the guarantors, by dividend or loan.

Summarized financial information for the most recent annual period was as follows:

	Combined Parent-QVC, Inc. and Subsidiary Guarantors December 31, 2023	
Current assets	\$	1,849
Intercompany payable to non-guarantor subsidiaries		(2,672)
Note receivable - related party		1,740
Noncurrent assets		5,888
Current liabilities		1,712
Noncurrent liabilities		4,809

	Combined Parent-QVC, Inc. and Subsidiary Guarantors Year ended December 31, 2023	
Net revenue	\$	7,657
Net revenue less cost of goods sold		3,160
Income before taxes		192
Net income		211
Net income attributable to QVC, Inc. Stockholder		159

Other Debt Related Information

QVC was in compliance with all of its debt covenants as of December 31, 2023.

The weighted average interest rate applicable to all of the outstanding debt (excluding finance leases) prior to amortization of bond discounts and related debt issuance costs was 5.7% as of December 31, 2023.

There are no restrictions under the debt agreements on QVC's ability to pay dividends or make other restricted payments if QVC is not in default on its senior secured notes or the Fifth Amended and Restated Credit Agreement and (i) with respect to QVC's senior secured notes, QVC's consolidated leverage ratio would be no greater than 3.5 to 1.0 and (ii) with respect to the Fifth Amended and Restated Credit Agreement, the consolidated net leverage basket for QVC, QVC Global and CBI, would be no greater than 4.0 to 1.0. As of December 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 under the senior secured notes 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.

As a result, Qurate Retail will, in many instances, be permitted to rely on QVC's cash flow for servicing Qurate Retail's debt. These events may increase accumulated deficit or require QVC to borrow under the Fifth Amended and Restated Credit Agreement, increasing QVC's leverage and decreasing liquidity. QVC has made significant distributions to Qurate Retail in the past. See Item 1. "Business - Qurate Retail relationship and related party transactions."

QVC's debt credit ratings were downgraded during the year ended December 31, 2023 as follows: (i) Fitch Ratings downgraded QVC's long-term issuer default ratings from "BB-" to "B" and QVC's senior secured rating from "BB+" to "B+"; (ii) S&P Global downgraded QVC's senior secured rating from "B+" to "B-"; and (iii) Moody's downgraded QVC's senior secured debt ratings from "Ba3" to "B2".

Interest Rate Swap Arrangements

In July 2019, the Company entered into a three-year interest swap arrangement with a notional amount of \$125 million to mitigate the interest rate risk associated with interest payments related to its variable rate debt. The swap arrangement did not qualify as a cash flow hedge under U.S. GAAP. Changes in the fair value of the swap arrangement are reflected in (losses) gains on financial instruments in the consolidated statements of operations. The swap arrangement expired in July 2022 and was in a net liability position of \$1 million as of December 31, 2021, which was included in accrued liabilities.

General

Historically, QVC's primary sources of cash have been cash provided by operating activities and borrowings. In general, QVC uses this cash to fund its operations, make capital purchases, make dividend payments to Qurate Retail, make interest payments and minimize QVC's outstanding senior secured credit facility balance.

As of December 31, 2023, substantially all of QVC's cash and cash equivalents were invested in AAA rated money market funds and time deposits with banks rated equal to or above A.

Additional Cash Flow Information

During the year ended December 31, 2023, QVC's primary uses of cash were \$1,354 million of principal payments on debt and finance lease obligations, \$437 million of dividends to Qurate Retail, \$396 million of principal repayment of senior secured notes, \$295 million of capital and television distribution rights expenditures and \$53 million in dividend payments from QVC-Japan to Mitsui. These uses of cash were funded primarily with \$1,152 million of principal borrowings from the senior secured credit facility, \$208 million in proceeds from sale of fixed assets, \$1,094 million of cash provided by operating activities, and \$54 million of insurance proceeds for fixed asset loss. As of December 31, 2023, QVC's cash, cash equivalents and restricted cash balance was \$322 million.

As of December 31, 2023, \$204 million of the \$322 million in cash, cash equivalents and restricted cash was held by foreign subsidiaries. Cash in foreign subsidiaries is available for domestic purposes with no significant tax consequences upon repatriation to the U.S. QVC accrues taxes on the unremitted earnings of its international subsidiaries. Approximately 76% of this foreign cash balance was that of QVC-Japan. QVC owns 60% of QVC-Japan and shares all profits and losses with the 40% minority interest holder, Mitsui. We believe that we currently have appropriate legal structures in place to repatriate foreign cash as tax efficiently as possible and meet the business needs of QVC.

During the year ended December 31, 2022, QVC's primary uses of cash were \$2,030 million of principal payments on debt and finance lease obligations, \$1,270 million of dividends to Qurate Retail, \$536 million of principal repayment of senior secured notes, \$261 million of capital and television distribution rights expenditures and \$68 million in dividend payments from QVC-Japan to Mitsui. These uses of cash were funded primarily with \$2,750 million of principal borrowings from the senior secured credit facility, \$701 million in proceeds from sale of fixed assets, \$409 million of cash provided by operating activities, and \$184 million of insurance proceeds for fixed asset loss. As of December 31, 2022, QVC's cash, cash equivalents and restricted cash balance was \$367 million.

The change in cash provided by operating activities for the years ended December 31, 2023 and 2022 compared to the previous corresponding years was primarily due to insurance proceeds received for operating expenses and business interruption losses related to the Rocky Mount insurance settlement and changes in working capital. Working capital at any specific point in time is subject to many variables, including seasonality, inventory management, the timing of cash receipts and payments, vendor payment terms and fluctuations in foreign exchange rates.

As of December 31, 2022, \$238 million of the \$367 million in cash, cash equivalents and restricted cash was held by foreign subsidiaries. Approximately 67% of this foreign cash balance was that of QVC-Japan.

During the year ended December 31, 2021, QVC's primary uses of cash were \$963 million of dividends to Qurate Retail, \$625 million of payments for issuances of financial instruments, \$402 million of principal payments on debt and finance lease obligations, \$397 million of capital and television distribution rights expenditures and \$60 million in dividend payments from QVC-Japan to Mitsui. These uses of cash were funded primarily with \$1,169 million of cash provided by operating activities, \$705 million of principal borrowings from the senior secured credit facility and \$311 million of proceeds from settlements of financial instruments. As of December 31, 2021, QVC's cash, cash equivalents and restricted cash balance was \$519 million.

Other

QVC's material cash requirements for the next year, outside of normal operating expenses, include the costs to service outstanding debt, expenditures for affiliation agreements with television providers, and capital expenditures expected to be between \$210 and \$225 million. The Company also may make dividend payments to Qurate Retail. Refer to the off-balance sheet arrangements and aggregate contractual obligations table below for a summary of other material cash requirements. The Company expects that cash on hand and cash provided by operating activities in future periods and outstanding borrowing capacity will be sufficient to fund projected uses of cash.

QVC has contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible QVC may incur losses upon the 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, that may be required to satisfy such contingencies will not be material in relation to the Company's consolidated financial statements.

Off-balance Sheet Arrangements and Aggregate Contractual Obligations

Information concerning the amount and timing of cash requirements, both accrued and off-balance sheet, under our contractual obligations at December 31, 2023 is summarized below:

(in millions)		2024	2025	2026	2027	2028	Payments due by period	
							Thereafter	Total
Long-term debt (1)	\$	423	586	857	575	500	1,425	4,366
Interest payments (2)		237	214	190	121	107	2,195	3,064
Finance lease obligations (including imputed interest)		1	1	—	—	—	—	2
Operating lease obligations		87	84	83	83	84	790	1,211
Purchase obligations and other (3)		1,864	40	15	7	3	—	1,929

(1) Amounts exclude finance lease obligations and the issue discounts on the 4.45%, 4.85%, 5.45% and 5.95% senior secured notes.

(2) Amounts (i) are based on the terms of our senior secured notes, (ii) assumes that our existing debt is repaid at maturity and (iii) exclude finance lease obligations.

(3) Amounts include open purchase orders for inventory and non-inventory purchases along with other contractual obligations, regardless of our ability to cancel such obligations

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with GAAP requires QVC to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates include, but are not limited to, sales returns, uncollectible receivables, inventory obsolescence, depreciable lives of fixed assets, internally developed software, valuation of acquired intangible assets and goodwill, and income taxes. QVC bases its estimates on historical experience and on various other assumptions that QVC believes to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates under different assumptions or conditions. In addition, as circumstances change, QVC may revise the basis of its estimates accordingly.

Goodwill and long-lived assets

QVC's long-lived asset valuations are primarily comprised of the annual assessment of the recoverability of goodwill and other nonamortizable intangibles, such as tradenames, and the evaluation of the recoverability of other long-lived assets upon certain triggering events. If the carrying value of long-lived assets exceeds their undiscounted cash flows, QVC is required to write the carrying value down to the fair value. Any such writedown is included as an impairment loss in the consolidated statements of operations. A high degree of judgment is required to estimate the fair value of the long-lived assets. QVC may use quoted market prices, prices for similar assets, present value techniques and other valuation techniques to prepare these estimates. QVC may need to make estimates of future cash flows and discount rates as well as other assumptions in order to implement these valuation techniques. Due to the high degree of judgment involved in estimation techniques, any value ultimately derived from the long-lived assets may differ from the estimate of fair value. As all of QVC's operating segments have long-lived assets, this critical accounting estimate affects the financial position and results of operations of each segment.

QVC utilizes a qualitative assessment for determining whether step one of the goodwill impairment analysis is necessary. The accounting guidance permits entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether an impairment exists. In evaluating goodwill on a qualitative basis, QVC reviews the business performance of each reporting unit and evaluates other relevant factors as identified in the relevant accounting guidance to determine whether it is more likely than not that an indicated impairment exists for any of our reporting units. A reporting unit is defined in accounting guidance in accordance with U.S. GAAP as an operating segment or one level below an operating segment (also known as a component). A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that component. The Company considers whether there were any negative macroeconomic conditions, industry specific conditions, market changes, increased competition, increased costs in doing business, management challenges and the legal environments, and how these factors might impact country specific performance in future periods.

QVC utilizes a qualitative assessment to evaluate the risk of impairment of indefinite-lived intangible assets. If deemed necessary based on qualitative factors, a quantitative test is used to determine if the carrying value of an indefinite-lived intangible asset exceeds its fair value. If the carrying value exceeds the fair value, an impairment loss is recognized in an amount equal to that excess in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 350-30-35.

As a result of recent financial performance and macroeconomic conditions including inflation and higher interest rates, the Company initiated a process to evaluate its current business model and long-term business strategy during the third quarter of 2022. It was determined that an impairment existed for the QxH reporting unit related to its tradenames and goodwill and impairments of \$180 million related to the HSN tradename and \$2,420 million related to goodwill were recorded in impairment losses in the consolidated statements of operations.

After the triggering event and impairment losses recorded during the third quarter of 2022, the Company performed a qualitative goodwill and tradename impairment analysis during its annual impairment assessment in the fourth quarter of 2022 and no further impairment was identified. Based on the quantitative assessment performed during the third quarter of 2022 and the resulting impairment losses recorded, the estimated fair values of the HSN tradename and the QxH reporting unit did not significantly exceed their carrying values as of December 31, 2022.

During the fourth quarter of 2023 it was determined that an impairment existed for the QxH reporting unit and an impairment of \$326 million was recorded in impairment losses in the consolidated statements of operations.

The changes in the carrying amount of goodwill by operating segment for the years ended December 31, 2023 and 2022 were as follows:

(in millions)		QxH	QVC-International	Total
Balance as of December 31, 2021	\$	5,112	856	5,968
Impairment		(2,420)	—	(2,420)
Exchange rate fluctuations		—	(78)	(78)
Balance as of December 31, 2022		2,692	778	3,470
Impairment		(326)	—	(326)
Exchange rate fluctuations		—	7	7
Balance as of December 31, 2023	\$	2,366	785	3,151

Retail related adjustments and allowances

QVC records adjustments and allowances for sales returns, inventory obsolescence and uncollectible receivables. Each of these adjustments is estimated based on historical experience. Sales returns are calculated as a percent of sales and are netted against revenue in the consolidated statement of operations. Sales returns represented 16.3% and 15.3% of gross product revenue for the years ended December 31, 2023 and 2022, respectively, and 15.3% for the year ended December 31, 2021. The inventory obsolescence reserve is calculated as a percent of inventory at the end of a reporting period based on, among other factors, the aging of our inventory balance, the likely method of disposition, and the estimated recoverable values based on historical experience of inventory markdowns and liquidation. The change in the reserve is included in cost of goods sold in the consolidated statements of operations. As of December 31, 2023, inventory was \$860 million, which was net of the obsolescence reserve of \$115 million. As of December 31, 2022, inventory was \$1,035 million, which was net of the obsolescence reserve of \$143 million. The allowance for credit losses is calculated as a percent of accounts receivable at the end of a reporting period, and it is based on historical experience, with the change in such allowance being recorded as a provision for credit losses in selling, general and administrative expenses in the consolidated statements of operations. Trade accounts receivable (including installment payment, credit card and customer receivables) was \$1,294 million and \$1,319 million, as of December 31, 2023 and 2022, respectively. Allowance for credit losses related to uncollectible trade accounts receivable was \$82 million and \$87 million as of December 31, 2023 and 2022, respectively. Each of these adjustments requires management judgment. Actual results could differ from management's estimates.

Accounting for income taxes

QVC is required to estimate the amount of tax payable or refundable for the current year and the deferred income tax liabilities and assets for the future tax consequences of events that have been reflected in the financial statements or tax returns for each taxing jurisdiction in which QVC operates. This process requires management to make judgments regarding the timing and probability of the ultimate tax impact of the various agreements and transactions into which QVC enters. Based on these judgments, QVC may record tax reserves or adjustments to valuation allowances on deferred tax assets to reflect the expected realizability of future tax benefits. Tax benefits from uncertain tax positions may be recognized when it is more likely than not that the position will be sustained. A valuation allowance is provided when it is more likely than not that some portion of a deferred tax asset will not be realized. Actual income taxes could vary from these estimates due to future changes in income tax law, significant changes in the jurisdictions in which QVC operates, QVC's inability to generate sufficient future taxable income or unpredicted results from the final determination of each year's liability by taxing authorities. These changes could have a significant impact on QVC's financial position.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

QVC is exposed to market risk in the normal course of business due to ongoing investing and financial activities and the conduct of operations by 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. QVC has established procedures and internal processes governing the management of market risks and the use of financial instruments to manage exposure to such risks.

Interest rate risk

QVC is exposed to changes in interest rates primarily as a result of borrowing activities. Over the long-term, QVC manages the exposure to interest rates by maintaining what QVC believes is an appropriate mix of fixed and variable rate debt.

The table below summarizes the Company's debt obligations, related interest rates and fair value of debt at December 31, 2023:

(in millions, except percentages)	2024	2025	2026	2027	2028	Thereafter	Total	Fair Value
Fixed rate debt (1) (2)	\$ 423	586	—	575	500	1,425	3,509	2,513
Weighted average interest rate on fixed rate debt	4.9 %	4.5 %	— %	4.8 %	4.4 %	6.0 %	5.2 %	N/A
Variable rate debt (1)	\$ —	—	857	—	—	—	857	857
Average interest rate on variable rate debt	— %	— %	7.0 %	— %	— %	— %	7.0 %	N/A

(1) Amounts exclude finance lease obligations and the issue discounts on the 4.45%, 4.85%, 5.45% and 5.95% senior secured notes.

(2) Amounts exclude impact related to interest rate swaps, which we have discussed further below.

N/A - Not applicable.

In July 2019, the Company entered into a three-year interest swap arrangement with a notional amount of \$125 million to mitigate the interest rate risk associated with interest payments related to its variable rate debt. The swap arrangement did not qualify as a cash flow hedge under U.S. GAAP. Changes in the fair value of the swap arrangement are reflected in (losses) gains on financial instruments in the consolidated statements of operations. The swap arrangement expired in July 2022 and was in a net liability position of \$1 million as of December 31, 2021, which was included in accrued liabilities.

Foreign currency exchange rate risk

QVC is exposed to foreign exchange rate fluctuations related to the monetary assets and liabilities and the financial results of its 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 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 other comprehensive income as a separate component of stockholder's 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 transactions) or realized upon settlement of the transactions. Cash flows from operations in foreign countries are translated at the average rate for the period. Accordingly, QVC may experience economic loss and a negative impact on earnings and equity with respect to its holdings solely as a result of foreign currency exchange rate fluctuations. QVC's reported Adjusted OIBDA for the years ended December 31, 2023, 2022 and 2021 would have been impacted by approximately \$3 million, \$4 million, and \$6 million, respectively, for every 1% change in foreign currency exchange rates relative to the U.S. Dollar.

The Fifth Amended and Restated Credit Agreement provides QVC with the ability to borrow in multiple currencies. This allows QVC to somewhat mitigate foreign currency exchange rate risks. As of December 31, 2023, 2022 and 2021, no borrowings in foreign currencies were outstanding.

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 forwards did not qualify as a cash flow hedge under U.S. GAAP. Changes in the fair value of the forwards are reflected in (losses) gains on financial instruments in the consolidated statements of operations. The forwards were in a net liability position of \$10 million as of December 31, 2022, which was included in accrued liabilities. The contracts expired in January 2023 which resulted in a net cash settlement of \$12 million.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements of QVC are filed under this Item 8, beginning on page II-26. The financial statement schedules required by Regulation S-X are filed under Item 15 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

In accordance with Rules 13a-15 and 15d-15 of 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 the design and operation of its disclosure controls and procedures as of December 31, 2023. Based on that evaluation, the Executives concluded that the Company’s disclosure controls and procedures were effective as of December 31, 2023 to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms.

Management’s Report on Internal Control Over Financial Reporting

See page II-22 for Management’s Report on Internal Control Over Financial Reporting.

Changes in Internal Control Over Financial Reporting

Other than as discussed below in “Remediation of Material Weakness in Internal Control over Financial Reporting”, there has been no change in the Company’s internal control over financial reporting that occurred during the Company’s quarter ended December 31, 2023, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Remediation of Material Weakness in Internal Control over Financial Reporting

See “Item 9A. Controls and Procedures - Management’s Report on Internal Control Over Financial Reporting” and “Item 9A. Controls and Procedures - Material Weakness in Internal Control” contained in the Company’s report on Form 10-K for the fiscal year ended December 31, 2022 (the “2022 Form 10-K”) for disclosure of information about the material weakness that was reported as a result of the Company’s annual assessment as of December 31, 2022 and remediation plans for that material weakness.

In response to the material weakness identified in Management’s Report on Internal Control Over Financial Reporting as set forth in Part II, Item 9A in the 2022 Form 10-K, the Company developed a plan with oversight from those charged with governance to remediate the material weakness. The remediation efforts implemented include the following:

- a. Enhanced the information technology general controls (“ITGC”) risk assessment process;
- b. Evaluated talent and addressing identified gaps;
- c. Delivered training on internal control over financial reporting;
- d. Improved change management and logical access control activities that contributed to the ITGC material weakness including removing all inappropriate information technology system access associated with the ITGC material weakness;
- e. Implemented user activity monitoring for control activities contributing to the ITGC material weakness; and
- f. Implemented additional compensating control activities over the completeness and accuracy of data provided by the affected systems.

For the quarter ended December 31, 2023, the Company completed the testing and evaluation of the operating effectiveness of the controls and determined that the controls were designed and operating effectively as of December 31, 2023. Accordingly, the Company concluded the previously reported material weakness was remediated as of December 31, 2023.

Item 9B. Other Information

Insider Trading Arrangements

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining adequate internal control over the Company's financial reporting, as such term is defined in Rules 13a-15(f) of the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

The Company's management, with participation of the Executives, evaluated the effectiveness of internal control over financial reporting as of December 31, 2023, using the criteria in Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, management concluded that, as of December 31, 2023, the Company's internal control over financial reporting is effective.

This Annual Report on Form 10-K does not include an audit report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's Report On Internal Control Over Financial Reporting was not subject to audit by the Company's independent registered public accounting firm pursuant to the rules of the Securities and Exchange Commission.

Report of Independent Registered Public Accounting Firm

To the Stockholder-Director
QVC, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of QVC, Inc. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to those charged with governance and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Sufficiency of audit evidence over revenue

As discussed in Note 9 to the consolidated financial statements, and disclosed in the consolidated statements of operations, the Company generated \$9,449 million of revenue for the year ended December 31, 2023. Substantially all of QVC's customer orders, fulfillment and delivery services are dependent upon the use of information technology (IT) systems.

We identified the evaluation of the sufficiency of audit evidence over revenue as a critical audit matter. Evaluating the sufficiency of audit evidence required subjective auditor judgment due to the highly automated nature of certain processes to record revenue that involve interfacing significant volumes of data across multiple IT systems. The complexity of the IT environment required the involvement of IT professionals with specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We applied auditor judgment to determine the nature and extent of procedures to be performed over the processing and recording of revenue, including the IT systems tested. We evaluated the design and tested the operating effectiveness of certain internal controls related to the processing and recording of revenue. We involved IT professionals with specialized skills and knowledge, who assisted in testing certain general IT, manual, and automated internal controls over the IT systems used for the processing and recording of revenue, as well as certain internal controls to reconcile information produced by the various systems to the Company's general ledger. We assessed the revenue recorded by comparing cash receipts, adjusted for reconciling items, to the revenue recorded in the general ledger. We evaluated the sufficiency of audit evidence obtained over revenue by assessing the results of procedures performed, including the appropriateness of such evidence.

Fair values of the QxH reporting unit and tradenames with indefinite lives

As discussed in Notes 2 and 6 to the consolidated financial statements, the Company's reporting units align with its operating segments and the QxH operating segment goodwill balance was \$2,366 million as of December 31, 2023. Tradenames with indefinite lives were \$2,698 million as of December 31, 2023. The Company performs goodwill and indefinite-lived intangible asset impairment testing on an annual basis and more frequently if events and circumstances indicated that the asset might be impaired. The fair value of the QxH reporting unit was determined using a discounted cash flow method, and a goodwill impairment of \$326 million was recorded. The goodwill impairment loss was recorded in the fourth quarter of 2023. The fair value of tradenames with indefinite lives was determined using the relief from royalty method.

We identified the evaluation of the fair values of the QxH reporting unit and tradenames with indefinite lives as a critical audit matter. Subjective auditor judgment was required to evaluate the discount rates used to estimate the fair value of the QxH reporting unit and tradenames with indefinite lives. Minor changes in these assumptions could have had a significant impact on the fair values. Additionally, the evaluation of the discount rates required the involvement of professionals with specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's goodwill and indefinite-lived intangible assets impairment processes. This included a control related to discount rate assumptions. We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the discount rates used by management by comparing them to a range of independently developed discount rates using publicly available market data for comparable companies.

/s/ KPMG LLP

We have served as the Company's auditor since 2003.

Philadelphia, Pennsylvania
February 28, 2024

QVC, Inc.
Consolidated Balance Sheets
December 31, 2023 and 2022

(in millions, except share amount)	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 307	357
Restricted cash	15	10
Accounts receivable, less allowance for credit losses of \$101 at December 31, 2023 and \$102 at December 31, 2022 (note 3)	1,295	1,362
Inventories	860	1,035
Prepaid expenses and other current assets	162	144
Total current assets	2,639	2,908
Property and equipment, net of accumulated depreciation of \$908 at December 31, 2023 and \$929 at December 31, 2022 (note 4)	427	472
Operating lease right-of-use assets (note 8)	510	419
Television distribution rights, net (note 5)	83	72
Goodwill (note 6)	3,151	3,470
Other intangible assets, net (note 6)	3,111	3,184
Note receivable - related party (note 13)	1,740	1,740
Other noncurrent assets	54	68
Assets held for sale noncurrent (note 8)	5	71
Total assets	\$ 11,720	12,404
Liabilities and equity		
Current liabilities:		
Current portion of debt and finance lease obligations (note 7)	\$ 424	216
Accounts payable-trade	838	832
Accrued liabilities	938	911
Other current liabilities	51	57
Total current liabilities	2,251	2,016
Long-term portion of debt and finance lease obligations (note 7)	3,911	4,721
Deferred income taxes (note 11)	621	577
Long-term operating lease liabilities	488	377
Other long-term liabilities	112	141
Total liabilities	7,383	7,832
Commitments and contingencies (note 12)		
Equity:		
QVC, Inc. stockholder's equity:		
Common stock, \$0.01 par value, 1 authorized share	—	—
Additional paid-in capital	10,901	10,869
Accumulated deficit	(6,361)	(6,080)
Accumulated other comprehensive loss	(290)	(312)
Total QVC, Inc. stockholder's equity	4,250	4,477
Noncontrolling interest	87	95
Total equity	4,337	4,572
Total liabilities and equity	\$ 11,720	12,404

See accompanying notes to the consolidated financial statements

QVC, Inc.
Consolidated Statements of Operations
Years ended December 31, 2023, 2022 and 2021

(in millions)	2023	2022	2021
Net revenue	\$ 9,449	9,887	11,354
Operating costs and expenses:			
Cost of goods sold (exclusive of depreciation and amortization shown separately below)	6,273	6,846	7,368
Operating	739	760	791
Selling, general and administrative, including stock-based compensation	1,403	1,304	1,238
Depreciation	90	111	159
Amortization	282	290	270
Impairment losses (note 6)	326	2,600	—
Restructuring, penalties and fire related costs, net of (recoveries) (note 17)	(196)	(105)	21
Gains on sale of assets and sale leaseback transactions	(113)	(520)	—
	8,804	11,286	9,847
Operating income (loss)	645	(1,399)	1,507
Other (expense) income:			
Equity in losses of investee	—	—	(2)
(Losses) gains on financial instruments	(1)	(9)	8
Interest expense, net	(228)	(228)	(249)
Foreign currency gain (loss)	(10)	32	(9)
Gain (loss) on extinguishment of debt	10	(6)	(7)
Other income	—	20	11
	(229)	(191)	(248)
Income (loss) before income taxes	416	(1,590)	1,259
Income tax expense	(205)	(220)	(408)
Net income (loss)	211	(1,810)	851
Less net income attributable to the noncontrolling interest	(52)	(57)	(64)
Net income (loss) attributable to QVC, Inc. stockholder	\$ 159	(1,867)	787

See accompanying notes to the consolidated financial statements

QVC, Inc.
Consolidated Statements of Comprehensive Income (Loss)
Years ended December 31, 2023, 2022 and 2021

(in millions)	2023	2022	2021
Net income (loss)	\$ 211	(1,810)	851
Other comprehensive income (loss), net of taxes:			
Foreign currency translation adjustments, net of tax	15	(182)	(128)
Recognition of previously unrealized losses on debt, net	—	—	3
Comprehensive loss attributable to debt credit risk adjustments	—	—	(19)
Other comprehensive income (loss)	15	(182)	(144)
Total comprehensive income (loss)	226	(1,992)	707
Comprehensive income attributable to noncontrolling interest	(45)	(41)	(49)
Comprehensive income (loss) attributable to QVC, Inc. stockholder	\$ 181	(2,033)	658

See accompanying notes to the consolidated financial statements

QVC, Inc.
Consolidated Statements of Cash Flows
Years ended December 31, 2023, 2022 and 2021

(in millions)	2023	2022	2021
Operating activities:			
Net income (loss)	\$ 211	(1,810)	851
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Equity in losses of investee	—	—	2
Deferred income taxes	55	(61)	(82)
Foreign currency loss (gain)	10	(32)	9
Depreciation	90	111	159
Amortization	282	290	270
Impairment losses	326	2,600	—
Change in fair value of financial instruments and noncash interest	9	9	(8)
Other charges, net	61	57	23
(Gain) loss on extinguishment of debt	(10)	6	7
Stock-based compensation	37	36	44
Gains on sale of asset and sale leaseback transactions	(113)	(520)	—
Gain on insurance proceeds, net of fire related costs	(225)	(132)	—
Insurance proceeds received for operating expenses and business interruption losses	226	96	100
Changes in operating assets and liabilities			
Decrease in accounts receivable	38	144	71
Decrease (increase) in inventories	184	296	(388)
(Increase) Decrease in prepaid expenses and other current assets	(14)	32	22
(Decrease) increase in accounts payable-trade	(1)	(390)	156
Decrease in accrued liabilities and other	(72)	(323)	(67)
Net cash provided by operating activities	<u>1,094</u>	<u>409</u>	<u>1,169</u>
Investing activities:			
Capital expenditures	(182)	(216)	(210)
Expenditures for television distribution rights	(113)	(45)	(187)
Insurance proceeds received for fixed asset loss	54	184	—
Proceeds from related party note receivable	—	—	85
Proceeds from derivative instruments	167	—	—
Payments for derivative instruments	(179)	—	—
Changes in other noncurrent assets	(4)	(6)	(5)
Proceeds from sale of fixed assets	208	701	54
Other investing activities	2	20	8
Net cash (used in) provided by investing activities	<u>(47)</u>	<u>638</u>	<u>(255)</u>
Financing activities:			
Principal payments of debt and finance lease obligations	(1,354)	(2,030)	(402)
Principal borrowings of debt from senior secured credit facility	1,152	2,750	705
Principal repayment of senior secured notes	(396)	(536)	—
Payment of premium on redemption of senior secured notes	—	(6)	—
Payment of debt origination fees	—	—	(6)
Dividends paid to Qurate Retail, Inc.	(437)	(1,270)	(963)
Dividends paid to noncontrolling interest	(53)	(68)	(60)
Payments for issuances of financial instruments	—	—	(625)
Proceeds from settlements of financial instruments	—	—	311
Withholding taxes on net share settlements of stock-based compensation	—	(5)	(17)
Net cash used in financing activities	<u>(1,088)</u>	<u>(1,165)</u>	<u>(1,057)</u>
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(4)	(34)	(28)
Net (decrease) in cash, cash equivalents and restricted cash	<u>(45)</u>	<u>(152)</u>	<u>(171)</u>
Cash, cash equivalents and restricted cash, beginning of year	367	519	690
Cash, cash equivalents and restricted cash, end of year	<u>\$ 322</u>	<u>367</u>	<u>519</u>
Supplemental cash flow information:			
Cash paid for taxes-to Qurate Retail Inc.	\$ 11	280	249
Cash paid for taxes-other	89	126	132
Cash paid for interest	271	233	249

See accompanying notes to the consolidated financial statements

QVC, Inc.

Consolidated Statements of Equity

Years ended December 31, 2023, 2022 and 2021

(in millions, except share data)	Common stock			Accumulated deficit	Accumulated other comprehensive loss	Noncontrolling interest	Total equity
	Shares	Amount	Additional paid-in capital				
Balance, December 31, 2020	1	\$ —	10,741	(2,766)	(17)	133	8,091
Net income	—	—	—	787	—	64	851
Other comprehensive income (loss)	—	—	—	—	(129)	(15)	(144)
Dividends paid to Qurate Retail, Inc. and noncontrolling interest	—	—	—	(963)	—	(60)	(1,023)
Impact of tax liability allocation and indemnification agreement with Qurate Retail, Inc.	—	—	73	—	—	—	73
Withholding taxes on net share settlements of stock-based compensation	—	—	(20)	—	—	—	(20)
Stock-based compensation	—	—	44	—	—	—	44
Common control transaction with Qurate Retail, Inc.	—	—	(151)	—	—	—	(151)
Balance, December 31, 2021	1	—	10,687	(2,942)	(146)	122	7,721
Net loss	—	—	—	(1,867)	—	57	(1,810)
Other comprehensive income (loss)	—	—	—	—	(166)	(16)	(182)
Dividends paid to Qurate Retail, Inc. and noncontrolling interest	—	—	—	(1,270)	—	(68)	(1,338)
Impact of tax liability allocation and indemnification agreement with Qurate Retail, Inc.	—	—	—	(1)	—	—	(1)
Withholding taxes on net share settlements of stock-based compensation	—	—	(5)	—	—	—	(5)
Stock-based compensation	—	—	36	—	—	—	36
Common control transaction with Qurate Retail, Inc.	—	—	151	—	—	—	151
Balance, December 31, 2022	1	—	10,869	(6,080)	(312)	95	4,572
Net income	—	—	—	159	—	52	211
Other comprehensive income (loss)	—	—	—	—	22	(7)	15
Dividends paid to Qurate Retail, Inc. and noncontrolling interest	—	—	—	(437)	—	(53)	(490)
Impact of tax liability allocation and indemnification agreement with Qurate Retail, Inc.	—	—	—	(3)	—	—	(3)
Stock-based compensation	—	—	32	—	—	—	32
Balance, December 31, 2023	1	\$ —	10,901	(6,361)	(290)	87	4,337

See accompanying notes to the consolidated financial statements

Notes to Consolidated Financial Statements

(1) Basis of Presentation

QVC, Inc. and its consolidated subsidiaries (unless otherwise indicated or required by the context, the terms "we," "our," "us," the "Company" and "QVC" refer to QVC, Inc. and its consolidated subsidiaries) 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 United States ("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, QVC2, QVC3, HSN and HSN2. The Company's U.S. programming is also available on QVC.com and HSN.com, which we refer to as our "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 our televised programming, along with a wide assortment of products that are available only on our U.S. websites and our other digital platforms (including our mobile applications, social media pages and others) are natural extensions of our business model, allowing customers to engage in our shopping experience wherever they are, with live or on-demand content customized to the device they are using. In addition to offering video content, our 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.

Internationally, QVC's televised shopping programs, including live and recorded content, are distributed to households outside of the U.S., primarily in Germany, Austria, Japan, the United Kingdom ("U.K."), the Republic of Ireland, and Italy. In some of the countries where QVC operates, QVC's 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., our 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.

The Company's Japanese operations ("QVC-Japan") are conducted through a joint venture with Mitsui & Co. LTD. QVC-Japan is owned 60% by the Company and 40% by Mitsui. The Company and Mitsui share in all profits and losses based on their respective ownership interests. QVC-Japan paid dividends to Mitsui of \$53 million, \$68 million, and \$60 million in the years ended December 31, 2023, 2022 and 2021, respectively.

The Company is an indirect wholly-owned subsidiary of Qurate Retail, Inc. ("Qurate Retail") (Nasdaq: QRTEA, QRTEB and QRTEP), which owns Cornerstone Brands, Inc. ("CBI"), as well as other minority investments. QVC is part of the Qurate Retail Group ("QRG"), a portfolio of brands including QVC and CBI. Zulily, LLC ("Zulily") was a wholly owned subsidiary of Qurate Retail until its divestiture on May 24, 2023.

The consolidated financial statements include the accounts of QVC, Inc. and its majority-owned subsidiaries. All significant intercompany accounts and transactions were eliminated in consolidation. Certain prior period balances were reclassified to conform to the current year's presentation.

(2) Summary of Significant Accounting Policies**(a) Cash and cash equivalents**

All highly liquid investments purchased with an original maturity of three months or less are classified as cash equivalents. Cash equivalents were \$41 million and \$64 million at December 31, 2023 and 2022, respectively. The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents approximate their fair values (Level 1). See note 14.

(b) Restricted cash

Restricted cash at December 31, 2023 and 2022 primarily includes a cash deposit with a third party trustee that provides financial assurance that the Company will fulfill its obligations in relation to claims under its workers' compensation policy.

Notes to Consolidated Financial Statements (continued)***(c) Accounts receivable***

Accounts receivable, net primarily includes amounts owed to the company from customers and from credit card clearing houses net of an allowance for credit losses. The allowance for credit losses is calculated as a percent of accounts receivable at the end of a reporting period, and is based on historical experience, with the change in such allowance being recorded as a provision for credit losses in selling, general and administrative expenses in the consolidated statements of operations. A provision for noncustomer bad debt expense, related to amounts due from vendors for unsold and returned products, is calculated based on an estimate of the probable expected losses and is included in cost of goods sold. See note 3.

(d) Inventories

Inventories, consisting primarily of products held for sale, are stated at the lower of cost or net realizable value. Cost is determined by the average cost method, which approximates the first-in, first-out method. Assessments about the realizability of inventory require the Company to make judgments based on currently available information about the likely method of disposition including sales to individual customers, returns to product vendors, liquidations and the estimated recoverable values of each disposition category.

(e) Leases

Right-of-use assets and lease liabilities are initially recognized based on the present value of the future lease payments over the expected lease term. As for most leases the implicit rate is not readily determinable, the Company uses a discount rate in determining the present value of future payments based on the Company's incremental borrowing rate on a collateralized basis aligning with the term of the lease. Our lease agreements include both lease and non-lease components, which the Company accounts for as a single lease component. The Company's leases have base rent periods and some with optional renewal periods. Leases with base rent periods of less than twelve months are not recorded on the balance sheet. For purposes of measurement of lease liabilities, the expected lease terms include renewal options when it is reasonably certain that the Company will exercise such options.

Leases with an initial term greater than twelve months are classified as either finance or operating. Finance leases are generally those that we substantially use or pay for the entire asset over its estimated useful life and are recorded in property and equipment. All other leases are categorized as operating leases and recorded in operating lease right-of-use assets.

We have entered into sale leaseback transactions. To determine whether the transaction should be accounted for as a sale, we evaluate whether control of the asset has transferred to a third party. If the transfer of the asset is determined to be a sale, we recognize the transaction price for the sale based on cash proceeds received, derecognize the carrying amount of the asset sold and recognize a gain or loss in the consolidated statement of operations for any difference between the carrying value of the asset and the transaction price. The leaseback is accounted for according to our lease policy discussed above. If the transfer of the asset is not determined to be a sale, we account for the transaction as a financing arrangement.

(f) Property and equipment

The costs of property and equipment are capitalized and depreciated over their estimated useful lives using the straight-line method beginning in the month of acquisition or in-service date. When assets are sold or retired, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in net income. The costs of maintenance and repairs are charged to expense as incurred.

(g) Capitalized interest

The Company capitalizes interest cost incurred on debt during the construction of major projects exceeding one year. Capitalized interest was not material to the consolidated financial statements for any periods presented.

(h) Internally developed software

Internal software development costs are capitalized in accordance with guidance on accounting for the costs of computer software developed or obtained for internal use, and are classified within other intangible assets in the consolidated balance sheets. The Company amortizes computer software and internal software development costs over an estimated useful life of approximately three years using the straight-line method.

(i) Goodwill and Intangible Assets

Intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment upon certain triggering events. Goodwill and other intangible assets with indefinite useful lives ("indefinite-lived intangible assets") are not amortized, but instead are tested for impairment at least annually. Our annual impairment assessment of our indefinite-lived intangible assets is performed during the fourth quarter of each year and more frequently if events and circumstances indicated that the asset might be impaired.

QVC utilizes a qualitative assessment for determining whether step one of the goodwill impairment analysis is necessary. The accounting guidance permits entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform step one of the goodwill impairment test. In evaluating goodwill on a qualitative basis, QVC reviews the business performance of each reporting unit and evaluates other relevant factors as identified in the relevant accounting guidance to determine whether it is more likely than not that an indicated impairment exists for any of its reporting units. A reporting unit is defined in accounting guidance in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP" or "GAAP") as an operating segment or one level below an operating segment (also known as a component). A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that component. The Company considers QVC's reporting units to align with its operating segments. Refer to note 15 for additional information. The Company considers whether there were any negative macroeconomic conditions, industry specific conditions, market changes, increased competition, increased costs in doing business, management challenges and the legal environments, and how these factors might impact country specific performance in future periods.

If a step one test is considered necessary based on the qualitative factors, the Company compares the estimated fair value of a reporting unit to its carrying value. Developing estimates of fair value requires significant judgments, including making assumptions about appropriate discount rates, perpetual growth rates, relevant comparable market multiples, public trading prices and the amount and timing of expected future cash flows. The cash flows employed in the Company's valuation analysis are based on management's best estimates considering current marketplace factors and risks as well as assumptions of growth rates in future years. There is no assurance that actual results in the future will approximate these forecasts. Any excess of the carrying value of the reporting unit over the fair value is recorded as an impairment charge.

QVC also utilizes a qualitative assessment to evaluate the risk of impairment of indefinite-lived intangible assets. The accounting guidance permits entities to first perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. If deemed necessary based on qualitative factors, a quantitative test is used to determine if the carrying value of an indefinite-lived intangible asset exceeds its fair value. An impairment loss would be recognized to the extent that the carrying amount exceeded the asset's fair value in accordance with FASB ASC 350. Refer to note 6 for additional information.

(j) Self-Insurance Reserves

The Company is self-insured for workers compensation and general liability claims up to certain maximum liability amounts and for medical claims up to the stop-loss deductible. Although the amounts accrued are actuarially determined based on analysis of historical trends of losses, settlements, litigation costs and other factors, the amounts the Company will ultimately disburse could differ from such accrued amounts.

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

(k) Translation of foreign currencies

Assets and liabilities of foreign subsidiaries are translated at the spot rate in effect at the applicable reporting date and the consolidated statements of operations are translated at the average exchange rates in effect during the applicable period. The resulting unrealized cumulative translation adjustments, net of applicable income taxes, are recorded as a component of accumulated other comprehensive loss in 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 the consolidated statements of operations as unrealized (based on the applicable period-end exchange rate) or realized upon settlement of the transactions.

(l) Revenue recognition

Revenue is recognized at the time of shipment to customers. The Company's general policy is to allow customers the right to return merchandise. An allowance for returned merchandise is provided at the time revenue is recorded as a percentage of sales based on historical experience. Refer to note 9 for additional information.

(m) Cost of goods sold

Cost of goods sold primarily includes actual product cost, provision for obsolete inventory, buying allowances received from suppliers, shipping and handling costs and warehouse costs.

(n) Advertising costs

Advertising costs are expensed as incurred. Advertising costs amounted to \$289 million, \$298 million and \$288 million for the years ended December 31, 2023, 2022 and 2021, respectively. These costs were included in selling, general and administrative expenses in the consolidated statements of operations.

(o) Stock-based compensation

As described in note 10, the Company and Qurate Retail have granted certain stock-based awards to employees of the Company. The Company measures the cost of employee services received in exchange for long term incentives (such as stock options, restricted stock units and cash-settled restricted stock units) based on the grant-date fair value 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). Stock-based compensation expense is included in selling, general and administrative expenses in the consolidated statements of operations.

(p) Impairment of long-lived assets

The Company reviews long-lived assets, such as property and equipment, internally developed software and purchased intangibles subject to amortization, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Impairment charges are recognized as an acceleration of depreciation expense or amortization expense in the consolidated statements of operations.

(q) Derivatives

The Company accounts for derivatives and hedging activities in accordance with standards issued by the FASB, which requires that all derivative instruments be recorded on the balance sheet at their respective fair values. Fair value is based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. For derivatives designated as hedges, changes in the fair value are either offset against the changes in fair value of the designated hedged item through earnings or recognized in accumulated other comprehensive loss until the hedged item is recognized in earnings.

(r) Income taxes

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using statutory tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided when it is more likely than not that some portion of the deferred tax asset will not be realized. The effect on deferred tax assets and liabilities of an enacted change in tax rates is recognized in income in the period that includes the enactment date.

Internal Revenue Code section 951A subjects a U.S. parent of a foreign subsidiary to current U.S. tax on its global intangible low-taxed income ("GILTI"). The U.S. parent generally can deduct a portion of its GILTI and apply a limited deemed paid credit for foreign taxes. In accordance with guidance issued by the FASB, the Company has elected an accounting policy to account for taxes on GILTI as a period cost when incurred and not to provide for deferred taxes related to GILTI.

(s) Noncontrolling interest

The Company reports the noncontrolling interest of QVC-Japan within equity in the consolidated balance sheets and the amount of consolidated net income attributable to the noncontrolling interest is presented in the consolidated statements of operations.

(t) Common control transaction

During the year-ended December 31, 2021, QVC determined it was necessary to record a liability for Zulily's outstanding borrowings on the Fifth Amended and Restated Credit Agreement (see note 7). As QVC is and Zulily was until its divestiture in May 2023, a wholly-owned subsidiary of Qurate Retail this was recorded as an equity transaction with an entity under common control. QVC recorded a \$151 million liability for the year ended December 31, 2021, which was treated as a return of capital in the consolidated statement of equity. During the year-ended December 31, 2022, Qurate Retail made a capital contribution to Zulily to enable Zulily to repay its outstanding borrowings and as a result there were no borrowings by Zulily on the Fifth Amended and Restated Credit Agreement as of December 31, 2022. The removal of Zulily's borrowings was treated as a capital contribution of \$151 million in the consolidated statements of equity.

(u) Investment in affiliate

In 2012, the Company entered into a joint venture with CNR Media Group, a limited liability company owned by China National Radio ("CNR"). The Company owned a 49% interest in a CNR subsidiary, CNR Home Shopping Co., Ltd. ("CNRS") that was accounted for as an equity method investment as a component of other noncurrent assets on the consolidated balance sheets and equity in losses of investee in the consolidated statements of operations. During the year ended December 31, 2021, QVC sold its interest in CNRS which resulted in an immaterial loss for the year ended December 31, 2021 recorded in equity in losses of investee in the consolidated statements of operations.

(v) Use of estimates in the preparation of consolidated financial statements

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates include, but are not limited to, sales returns, uncollectible receivables, inventory obsolescence, medical and other benefit related costs, depreciable lives of fixed assets, internally developed software, valuation of acquired intangible assets and goodwill, income taxes and stock-based compensation.

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

(w) Recent accounting pronouncements not yet adopted

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-07, Improvements to Reportable Segment Disclosures, which is intended to improve reportable segment disclosure requirements, primarily through additional disclosures about significant segment expenses. The standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. The Company is in the process of evaluating the disclosure requirements related to the new standard.

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures, which requires more detailed income tax disclosures. The guidance requires entities to disclose disaggregated information about their effective tax rate reconciliation as well as expanded information on income taxes paid by jurisdiction. The disclosure requirements will be applied on a prospective basis, with the option to apply them retrospectively. The effective date for the standard is for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is in the process of evaluating the impact of the new standard on the related disclosures.

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

(3) Accounts Receivable

The Company offers an installment payment option in all of our markets other than Japan (known as Easy-Pay for the QVC brand in the U.S. and the U.K.; Q-Pay in Germany and Italy and FlexPay for the HSN brand). The installment payment option permits customers to pay for items in two or more installments. When the installment payment option is offered by QVC and elected by the customer, the first installment is typically billed to the customer's credit card and a receivable is recorded for the outstanding amount upon shipment. Generally, the customer's account is subsequently billed in additional monthly installments until the total purchase price of the products has been billed by the Company.

In 2014, the Company amended and restated its agreement with a large consumer financial services company (the "Bank") pursuant to which the Bank provides revolving credit directly to QVC's customers for the sole purpose of purchasing merchandise or services with a private label credit card ("PLCC") company in the U.S. The agreement with the Bank was amended and restated in March 2017 and December 2018 related to its QVC brand. In December 2018, the Company entered into a separate agreement with the Bank for its HSN brand. The Company receives a portion of the net economics of the credit card program. The Company cannot predict the extent to which customers will use the PLCC, nor the extent that they will make payments on their outstanding balances. Additionally, proposed regulations limiting late fees on credit card payments could also result in reduced PLCC income to QxH from the Bank. PLCC income of \$131 million, \$142 million and \$144 million was recorded in net revenue during the years ended December 31, 2023, 2022 and 2021, respectively.

The Company also accepts major credit cards for its sales. Accounts receivable from major credit cards represents amounts owed to QVC from the credit card clearing houses for amounts billed but not yet collected.

Accounts receivable consisted of the following:

(in millions)	2023	December 31, 2022
Installment payment option	\$ 1,037	\$ 1,069
Major credit cards and customers	257	250
Trade accounts receivable	1,294	1,319
Other receivables (1)	102	145
Accounts receivable	1,396	1,464
Less allowance for credit losses	(101)	(102)
Accounts receivable, net	\$ 1,295	1,362

(1) Includes \$0 million and \$40 million insurance receivables as of December 31, 2023 and 2022, respectively, related to the Rocky Mount fire (see note 17).

A summary of activity in the allowance for credit losses was as follows:

(in millions)	Balance beginning of year	Additions- charged to expense	Deductions- write-offs	Balance end of year
2023	\$ 102	58	(59)	101
2022	99	80	(77)	102
2021	124	49	(74)	99

The carrying value of accounts receivable, adjusted for the reserves described above, approximates fair value as of December 31, 2023 and 2022.

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

(4) Property and Equipment, Net

Property and equipment consisted of the following:

(in millions)	2023	December 31, 2022	Estimated useful life
Land	\$ 68	73	N/A
Buildings and improvements	367	384	8 - 20 years
Furniture and other equipment	597	581	2 - 8 years
Broadcast equipment	126	162	2 - 9 years
Computer equipment	146	164	2 - 3 years
Projects in progress	31	37	N/A
Property and equipment	1,335	1,401	
Less: accumulated depreciation	(908)	(929)	
Property and equipment, net	\$ 427	472	

N/A - Not applicable.

(5) Television Distribution Rights, Net

Television distribution rights consisted of the following:

(in millions)	2023	December 31, 2022
Television distribution rights	\$ 592	664
Less accumulated amortization	(509)	(592)
Television distribution rights, net	\$ 83	72

The Company enters into affiliation agreements with television providers for carriage of the Company's shopping service, as well as for certain channel placement. If these television providers were to change the number of subscribers to the agreement through acquisition, it may change the amount paid by the Company.

The Company's ability to continue to sell products to its customers is dependent on its ability to maintain and renew these affiliation agreements. In some cases, renewals are not agreed upon prior to the expiration of a given agreement while the programming continues to be carried by the relevant distributor without an effective agreement in place. The Company does not have distribution agreements with some of the cable operators that carry its programming.

Television distribution rights are amortized using the straight-line method over the lives of the individual agreements. The remaining weighted average lives of the television distribution rights was approximately 1.4 years as of December 31, 2023. Amortization expense for television distribution rights was \$91 million, \$116 million and \$107 million for the years ended December 31, 2023, 2022 and 2021, respectively.

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

As of December 31, 2023, related amortization expense for each of the next five years ending December 31 was as follows (in millions):

2024	\$	73
2025		9
2026		1
2027		—
2028		—

In return for carrying QVC's signals, most programming distributors in the U.S. receive an allocated portion, based upon market share, of up to 5% of the net sales of merchandise sold via the television programs and from certain internet sales to customers located in the programming distributors' service areas. In some cases, we also pay programming distributors additional compensation in the form of incentives in exchange for their commitments to maintain specific channel positioning benchmarks. In Germany, Japan, the U.K., and Italy, programming distributors predominately receive an agreed-upon annual fee, a monthly fee per subscriber regardless of the net sales, a variable percentage of net sales or some combination of the above arrangements. The Company recorded expense related to these commissions of \$364 million, \$358 million, and \$375 million for the years ended December 31, 2023, 2022 and 2021, respectively, which is included as part of operating expenses in the consolidated statements of operations.

(6) Goodwill and Other Intangible Assets, Net

The changes in the carrying amount of goodwill by reportable segment (note 15) for the years ended December 31, 2023 and 2022 were as follows:

(in millions)		QxH	QVC-International	Total
Balance as of December 31, 2021	\$	5,112	856	5,968
Impairment		(2,420)	—	(2,420)
Exchange rate fluctuations		—	(78)	(78)
Balance as of December 31, 2022		2,692	778	3,470
Impairment		(326)	—	(326)
Exchange rate fluctuations		—	7	7
Balance as of December 31, 2023	\$	2,366	785	3,151

Other intangible assets consisted of the following:

(in millions)	2023			December 31, 2022			Weighted average remaining life (years)
	Gross cost	Accumulated amortization	Other intangible assets, net	Gross cost	Accumulated amortization	Other intangible assets, net	
Purchased and internally developed software \$	1,052	(784)	268	962	(670)	292	2.1
Affiliate and customer relationships	2,825	(2,684)	141	2,818	(2,630)	188	3.0
Debt origination fees	9	(5)	4	9	(3)	6	2.8
Tradenames (indefinite life)	2,698	—	2,698	2,698	—	2,698	N/A
	\$	6,584	(3,473)	3,111	6,487	(3,303)	3,184

N/A - Not applicable.

Amortization expense for other intangible assets was \$191 million, \$174 million and \$163 million for the years ended December 31, 2023, 2022 and 2021, respectively.

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

As of December 31, 2023, the related amortization and interest expense for each of the next five years ending December 31 was as follows (in millions):

2024	\$	183
2025		138
2026		87
2027		5
2028		—

During the third quarter of 2022, as a result of recent financial performance and macroeconomic conditions including inflation and higher interest rates, the Company initiated a process to evaluate its current business model and long-term business strategy. It was determined during the third quarter of 2022 that an indication of impairment existed for the QxH reporting unit related to its tradenames and goodwill. With the assistance of a third party specialist, the fair value of the tradenames was determined using the relief from royalty method, primarily using a discounted cash flow model using projections of future operating performance (income approach) and applying a royalty rate (market approach) (Level 3), and an impairment in the amount of \$180 million related to the HSN tradename was recorded during the third quarter of 2022, in impairment losses in the consolidated statements of operations. Accumulated tradename impairment loss as of December 31, 2023 and 2022 was \$357 million.

During the third quarter of 2022, with the assistance of a third party specialist, the fair value of the QxH reporting unit was determined using a discounted cash flow model (Level 3), and a goodwill impairment in the amount of \$2,420 million was recorded during the third quarter of 2022, in impairment losses in the consolidated statements of operations. After the triggering event and impairment loss recorded during the third quarter of 2022, the Company performed a qualitative goodwill impairment analysis during its annual impairment assessment in the fourth quarter of 2022 and no further impairment was identified. Accumulated goodwill impairment loss as of December 31, 2022 was \$2,420 million.

During the fourth quarter of 2023, it was determined that an indication of impairment existed for the QxH reporting unit. With the assistance of a third party specialist, the fair value of the QxH reporting unit was determined using a discounted cash flow model (Level 3), and a goodwill impairment in the amount of \$326 million was recorded in impairment losses in the consolidated statements of operations. Accumulated goodwill impairment loss as of December 31, 2023 was \$2,746 million.

QVC's results have been challenged as a result of current business trends and global economic conditions. The Company will continue to monitor its current business performance versus the current and updated long-term forecasts, among other relevant considerations, to determine if the carrying value of its assets (including Goodwill and Trademarks) are appropriate. Future outlook declines in revenue, cash flows, or other factors could result in a sustained decrease in fair value that may result in a determination that material carrying value adjustments are required, however we believe the carrying amounts are appropriate as of December 31, 2023.

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

(7) Long-Term Debt and Finance Lease Obligations

Long-term debt and finance lease obligations consisted of the following:

(in millions)	2023	December 31, 2022
4.375% Senior Secured Notes due 2023, net of original issue discount	—	214
4.85% Senior Secured Notes due 2024, net of original issue discount	423	600
4.45% Senior Secured Notes due 2025, net of original issue discount	585	599
4.75% Senior Secured Notes due 2027	575	575
4.375% Senior Secured Notes due 2028	500	500
5.45% Senior Secured Notes due 2034, net of original issue discount	399	399
5.95% Senior Secured Notes due 2043, net of original issue discount	300	300
6.375% Senior Secured Notes due 2067	225	225
6.25% Senior Secured Notes due 2068	500	500
Senior secured credit facility	857	1,057
Finance lease obligations	2	4
Less debt issuance costs, net	(31)	(36)
Total debt and finance lease obligations	4,335	4,937
Less current portion	(424)	(216)
Long-term portion of debt and finance lease obligations	\$ 3,911	4,721

Exchangeable Senior Debentures
3.5% Exchangeable Senior Debentures

As part of the common control transaction with Qurate Retail completed in December 2020, QVC Global, a subsidiary of the Company, became the primary co-obligor of the MSI Exchangeables, exchangeable for common stock of Motorola Solutions, Inc. (“MSI common stock”), and acquired all of the rights and liabilities associated with certain related hedges. The Company elected to account for its MSI Exchangeables using the fair value option. Accordingly, changes in the fair value of these instruments were recognized as losses on financial instruments in the statements of operations and in other comprehensive income as it related to instrument specific credit risk on the consolidated statements of comprehensive income (loss).

Although we did not own underlying shares, the Company entered into certain derivative transactions in order to hedge against upward price fluctuations on certain shares of MSI common stock. Such derivative instruments were recognized in the other current assets line item in the consolidated balance sheets, and marked to fair value each reporting period. The changes in fair value were recognized in (losses) gains on financial instruments in the statement of operations.

On October 27, 2021, a notice was issued to all holders to redeem any and all outstanding MSI Exchangeables on December 13, 2021. Bondholders had until the close of business on December 10, 2021 to exchange their bonds. During the fourth quarter of 2021, QVC Global delivered MSI common stock, which were acquired pursuant to a forward purchase contract, to holders of the MSI Exchangeables with a fair value of approximately \$573 million to settle the exchanges of the MSI Exchangeables. For holders who did not participate in the exchange, their bonds were redeemed on December 13, 2021 at adjusted principal, plus accrued interest and dividend pass-thru for a total cash payment of approximately \$1 million. No MSI Exchangeables remained outstanding as of December 31, 2021. As a result of the exchange and the redemption, the Company recorded a loss on extinguishment of debt in the consolidated statements of operations of \$7 million for the year ended December 31, 2021.

Senior Secured Notes

All of QVC's senior secured notes are secured by the capital stock of QVC and have equal priority to the senior secured credit facility. The interest on QVC's senior secured notes is payable semi-annually with the exception of the 2067 Notes and the 2068 Notes, which are payable quarterly. The remaining outstanding 4.375% Senior Secured Notes due 2023 were repaid at maturity in March 2023.

Notes to Consolidated Financial Statements (continued)

During the second quarter of 2023, QVC purchased \$177 million of the 2024 Notes and \$15 million of the outstanding 2025 Notes. As a result of the repurchases, the Company recorded a gain on extinguishment of debt in the consolidated statements of operations of \$10 million for the year ended December 31, 2023. As of December 31, 2023, the remaining outstanding 2024 Notes are classified within the current portion of long term debt as they mature in less than one year.

On February 27, 2024, QVC delivered a notice of redemption to the trustee and holders of the 2024 Notes. Pursuant to the notice of redemption, QVC expects to redeem the remaining outstanding 2024 Notes in full on March 28, 2024.

The senior secured notes contain certain covenants, including certain restrictions on QVC and its 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; consolidating or merging; entering into certain transactions with affiliates; entering into sale or leaseback transactions; and restricting subsidiary distributions.

Senior Secured Credit Facility

On October 27, 2021, QVC entered into the Fifth Amended and Restated Credit Agreement. The Fifth Amended and Restated Credit Agreement is a multi-currency facility providing for a \$3.25 billion revolving 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 Fifth Amended and Restated Credit Agreement may be borrowed by any Borrower, with each Borrower jointly and severally liable for the outstanding borrowings. Borrowings bear interest at either the ABR Rate or a LIBOR-based rate (or the applicable non-U.S. Dollar equivalent rate) ("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 (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 may be reborrowed. The facility matures on October 27, 2026. Payment of loans may be accelerated following certain customary events of default. In connection with Qurate Retail's divestiture of Zulily (see note 1), Zulily is no longer a co-borrower in the senior secured credit facility, and Zulily repaid its outstanding borrowings under the Fifth Amended and Restated Credit Agreement using cash contributed from Qurate Retail.

On June 20, 2023, QVC, QVC Global and CBI, as borrowers, JPMorgan Chase Bank, N.A., as administrative agent, and the other parties thereto entered into an agreement whereby, in accordance with the Fifth Amended and Restated Credit Agreement, LIBOR-based rate loans denominated in U.S. dollars made on or after June 30, 2023 would be replaced with SOFR-based rate loans. Borrowings that are SOFR-based loans will bear interest at a per annum rate equal to the applicable SOFR rate, plus a credit spread adjustment, plus a margin that varies between 1.25% and 1.625% depending on the Borrowers' consolidated leverage ratio.

In accordance with the accounting guidance for obligations resulting from joint and several liability arrangements, QVC will record a liability for amounts it has borrowed under the senior secured credit facility plus any additional amount it expects to repay on behalf of CBI. There were no borrowings by CBI outstanding on the Fifth Amended and Restated Credit Agreement as of December 31, 2023. As of December 31, 2022, there was \$18 million borrowed by CBI on the senior secured credit facility, none of which the Company expected to repay on behalf of CBI.

Prior to the removal of Zulily as a co-borrower, QVC recorded a liability for amounts it expected to repay on behalf of Zulily as part of a common control transaction with Qurate Retail. Upon repayment of Zulily's outstanding borrowings, QVC removed a \$57 million liability for Zulily's borrowings during the year ended December 31, 2023, which was treated as additional paid in capital in the consolidated statements of equity. There were no borrowings by Zulily outstanding on the Fifth Amended and Restated Credit Agreement as of December 31, 2022.

Availability under the Fifth Amended and Restated Credit Agreement at December 31, 2023 was \$2.28 billion, including outstanding trade and standby letters of credit. The interest rate on the senior secured credit facility was 7.03% and 5.75% at December 31, 2023 and 2022, respectively.

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

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 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 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.

Five Year Maturities

The annual principal maturities of QVC's debt, based on stated maturity dates, for each of the next five years are as follows:

(in millions)		Debt (1)
2024	\$	423
2025		586
2026		857
2027		575
2028		500

(1) Amounts exclude finance lease obligations (see note 8) and the issue discounts on the 4.45% and 4.85% senior secured notes.

Other Debt Related Information

QVC was in compliance with all of its debt covenants as of December 31, 2023.

There are no restrictions under the debt agreements on QVC's ability to pay dividends or make other restricted payments if QVC is not in default on its senior secured notes or the Fifth Amended and Restated Credit Agreement and (i) with respect to QVC's senior secured notes, QVC's consolidated leverage ratio would be no greater than 3.5 to 1.0 ("senior secured notes leverage basket") and (ii) with respect to the Fifth Amended and Restated Credit Agreement, the consolidated net leverage ratio for QVC, QVC Global and CBI, would be no greater than 4.0 to 1.0. As of December 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 under the senior secured notes 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 (the "Tax Agreement") in respect of certain tax obligations of QVC and its subsidiaries.

The weighted average interest rate applicable to all of the outstanding debt (excluding finance leases) prior to amortization of bond discounts and related debt issuance costs was 5.7% as of December 31, 2023..

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

(8) Leases

The Company has lease agreements with transponder and transmitter network suppliers for the right to transmit its signals. QVC also has leases for data processing equipment, facilities, office space and land that are classified as operating leases. Our leases have remaining lease terms of less than 1 year to 19 years, some of which may include the option to extend or terminate the leases.

The components of lease cost for the years ended December 31, 2023, 2022 and 2021, were as follows:

(in millions)	2023	2022	Year ended December 31, 2021
Finance lease cost			
Depreciation of leased assets	\$ 2	5	19
Interest on lease liabilities	—	3	8
Total finance lease cost	2	8	27
Operating lease cost (1)	121	73	42
Total lease cost	\$ 123	81	69

(1) Included within operating lease costs were short-term lease costs and variable lease costs, which were not material to the financial statements.

The remaining weighted-average lease term and the weighted-average discount rate were as follows:

	December 31, 2023
Weighted-average remaining lease term (years):	
Finance leases	1.4
Operating leases	13.5
Weighted-average discount rate:	
Finance leases	2.3 %
Operating leases	14.1 %

Supplemental balance sheet information related to leases was as follows:

(in millions)	2023	December 31, 2022
Operating Leases:		
Operating lease right-of-use assets	\$ 510	419
Accrued liabilities	27	35
Other long-term liabilities	488	377
Total operating lease liabilities	\$ 515	412
Finance Leases:		
Property and equipment	\$ 10	17
Accumulated depreciation	(8)	(13)
Property and equipment, net	\$ 2	4
Current portion of debt and finance lease obligations	\$ 1	2
Long-term portion of debt and finance lease obligations	1	2
Total finance lease liabilities	\$ 2	4

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

Supplemental cash flow information related to leases for the years ended December 31, 2023, 2022 and 2021 was as follows:

(in millions)	2023	2022	Year ended December 31, 2021
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows for operating leases	\$ 90	57	38
Operating cash flows for finance leases	—	3	8
Financing cash flows for finance leases	2	6	18
Right-of-use assets obtained in exchange for lease obligations:			
Operating leases	133	256	11
Finance leases	\$ —	—	11

Future payments under noncancelable operating leases and finance leases with initial terms of one year or more as of December 31, 2023 consisted of the following:

(in millions)	Finance leases	Operating leases	Total leases
2024	\$ 1	87	88
2025	1	84	85
2026	—	83	83
2027	—	83	83
2028	—	84	84
Thereafter	—	790	790
Total lease payments	2	1,211	1,213
Less: imputed interest	—	(696)	(696)
Total lease liabilities	\$ 2	515	517

Sale-Leaseback Transactions

In December 2023, QVC modified the lease for its distribution center in Ontario, California pursuant to which the Company extended the term of the lease through December 31, 2030 with an option to renew the lease for an additional 3-year term ending December 31, 2033.

In November 2022, QVC-International entered into agreements to sell two properties located in Germany and the 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 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.

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 Assets held for sale noncurrent in the consolidated balance sheet, as the proceeds from the sale were used to repay a portion of QVC's senior secured credit facility borrowings which were classified as noncurrent as of December 31, 2022. QVC classifies obligations as current when they are contractually required to be satisfied in the next twelve months.

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

In June 2022, QVC modified the finance lease for its distribution center in Ontario, California which reduced the term of the lease and removed QVC's ability to take ownership of the distribution center at the end of the lease term. QVC will make annual payments over the modified lease term. Since the lease was modified and removed QVC's ability to take ownership at the end of the lease term, the Company accounted for the modification similar to a sale and leaseback transaction and, as a result, recognized a \$240 million gain on the sale of the distribution center during the second quarter of 2022, calculated as the difference between the aggregate consideration received (including cash of \$250 million and forgiveness of the remaining financing obligation of \$84 million) and the carrying value of the distribution center. The gain is included in gains on sale of assets and sale leaseback transactions in the consolidated statement of operations. The Company accounted for the modified leases as an operating lease and recorded a \$37 million right-of-use asset and a \$31 million operating lease liability, with the difference attributable to prepaid rent.

In July 2022, QVC sold five owned and operated properties located in the U.S. to an independent third party and received net cash proceeds of \$443 million. 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 recognized a \$277 million gain related to the successful sale leaseback during the third quarter of 2022 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 \$207 million right-of-use asset and a \$205 million operating lease liability, with the difference attributable to initial direct costs.

(9) Revenue

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

(in millions)	Year ended December 31, 2023		
	QxH	QVC-International	Total
Home	\$ 2,768	982	3,750
Apparel	1,207	436	1,643
Beauty	1,083	588	1,671
Accessories	846	208	1,054
Electronics	617	68	685
Jewelry	304	165	469
Other revenue	170	7	177
Total net revenue	\$ 6,995	2,454	9,449

(in millions)	Year ended December 31, 2022		
	QxH	QVC-International	Total
Home	\$ 2,866	998	3,864
Apparel	1,243	445	1,688
Beauty	1,108	579	1,687
Accessories	867	217	1,084
Electronics	775	92	867
Jewelry	311	185	496
Other revenue	189	12	201
Total net revenue	\$ 7,359	2,528	9,887

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

(in millions)	Year ended December 31, 2021			
		QxH	QVC-International	Total
Home	\$	3,278	1,237	4,515
Apparel		1,291	492	1,783
Beauty		1,223	723	1,946
Accessories		980	265	1,245
Electronics		964	119	1,083
Jewelry		359	228	587
Other revenue		182	13	195
Total net revenue	\$	8,277	3,077	11,354

Consumer Product Revenue and Other Revenue

QVC's revenue includes sales of consumer products in the following categories; home, apparel, beauty, accessories, electronics and jewelry, which are primarily sold through live merchandise-focused televised shopping programs and via our websites and other interactive media.

Other revenue consists primarily of income generated from our PLCC in the U.S. in which a large consumer financial services company provides revolving credit directly to QVC's customers for the sole purpose of purchasing merchandise or services with a PLCC. In return, the Company receives a portion of the net economics of the credit card program.

Revenue Recognition

Revenue is recognized when obligations with the Company's customers are satisfied; generally this occurs at the time of shipment to its customers consistent with when control of the shipped product passes. The recognized revenue reflects the consideration the Company expects to receive in exchange for transferring goods, net of allowances for returns.

The Company generally recognizes revenue related to the PLCC over time as the PLCC is used by QVC's customers.

Sales, value add, use and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue.

The Company has elected to treat shipping and handling activities that occur after the customer obtains control of the goods as a fulfillment cost and not as a promised good or service. Accordingly, the Company accrues the related shipping costs and recognizes revenue upon delivery of the goods to the shipping carrier. In electing this accounting policy, all shipping and handling activities are treated as fulfillment costs.

The Company generally extends payment terms with its customers of one year or less and does not consider the time value of money when recognizing revenue.

Significant Judgments

Our products are generally sold with a right of return and we may provide other credits or incentives, which are accounted for as variable consideration when estimating the amount of revenue to recognize. Returns and credits are estimated at contract inception and updated at the end of each reporting period as additional information becomes available. The Company has determined that it is generally the principal in vendor arrangements as the Company can establish control over the goods prior to shipment. Accordingly, the Company records revenue for these arrangements on a gross basis.

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

A summary of activity in the allowance for sales returns, recorded on a gross basis for the years ended December 31, 2023, 2022 and 2021 was as follows:

(in millions)		Balance beginning of year	Additions- charged to earnings	Deductions	Balance end of year
2023	\$	182	1,721	(1,706)	197
2022		242	1,685	(1,745)	182
2021		267	1,922	(1,947)	242

(10) Stock-Based Compensation

Certain QVC employees and officers may receive stock options ("Options") and restricted stock units ("RSUs") in Series A Qurate Retail common stock ("QRTEA") in accordance with Qurate Retail's Incentive Plan (the "Qurate Incentive Plan").

In 2021, holders of QRTEA shares received a special cash dividend ("Special Cash Dividend") in the amount of \$1.25 per common share. As a result, the outstanding Options of QRTEA were adjusted pursuant to the anti-dilution provisions of the Qurate Incentive Plans under which the Options were granted. Adjustments to the exercise prices and the numbers of shares subject to the original awards were made to preserve the intrinsic values prior to each Special Cash Dividend. Outstanding RSUs received the Special Cash Dividend which was subject to the same vesting schedules as those applicable to the corresponding original QRTEA RSU.

(a) Stock options

A summary of the activity of the Qurate Incentive Plans with respect to the QRTEA Options granted to QVC employees and officers as of and during the year ended December 31, 2023 is presented below:

	Options	Weighted average exercise price	Aggregate intrinsic value (000s)	Weighted average remaining life (years)
Outstanding as of January 1, 2023	18,127,954	\$ 9.16	—	2.8
Exercised	—	—		
Forfeited	(4,697,784)	10.49		
Outstanding as of December 31, 2023	13,430,170	8.70	—	2.1
Exercisable as of December 31, 2023	13,430,170	\$ 8.70	—	2.1

Upon employee exercise of the Options, the exercise price is remitted to Qurate Retail in exchange for the shares. The aggregate intrinsic value of all Options exercised was \$1 million and \$15 million for the years ended December 31, 2022 and 2021, respectively. There were no options exercised during the year ended December 31, 2023.

The weighted average fair value at date of grant of a QRTEA Option granted during the year ended December 31, 2021 was \$5.70. There were no options granted during the years ended December 31, 2023 and December 31, 2022.

During the year ended December 31, 2021, the fair value of each QRTEA Option was determined as of the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2021
Expected volatility	57.0 %
Expected term (years)	5.8
Risk free interest rate	1 %
Expected dividend yield	—

QVC, Inc.

Notes to Consolidated Financial Statements (continued)

Expected volatility is based on historical and implied volatilities of QRTEA common stock over a period commensurate with the expected term of the options. The Company estimates the expected term of the Options based on historical exercise and forfeiture data. The volatility used in the calculation for the Options is based on the historical volatility of Qurate Retail's stocks and the implied volatility of publicly traded Qurate Retail Options. The Company uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject Options.

The fair value of the Options is recognized as expense over the requisite service period.

During the years ended December 31, 2023, 2022 and 2021, the Company recorded \$4 million, \$5 million and \$9 million, respectively, of stock-based compensation expense related to the Options. As of December 31, 2023, the total unrecognized compensation cost related to unvested Options was \$3 million. Such amount will be recognized in the Company's consolidated statement of operations over a weighted average period of 1.0 year.

(b) Restricted stock units

A summary of the activity of the Qurate Incentive Plans with respect to the QRTEA RSUs granted to QVC employees and officers as of and during the year ended December 31, 2023 is presented below:

	Restricted shares	Weighted average grant date fair value
Outstanding as of January 1, 2023	15,421,922	\$ 5.13
Granted	23,670,666	1.27
Vested	(5,885,582)	5.31
Forfeited	(4,052,665)	3.34
Outstanding as of December 31, 2023	29,154,341	2.20

During the year ended December 31, 2023, QVC employees and officers were granted 17.3 million performance-based, cash-settled RSUs. These RSUs vest equally over three years, subject to the satisfaction of certain performance objectives. The liability and compensation expense related to such awards is adjusted at the end of each reporting period based on the closing market price of QRTEA 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.

During the years ended December 31, 2023, 2022 and 2021, the Company recorded \$32 million, \$27 million and \$32 million, respectively, of stock-based compensation expense related to these awards. As of December 31, 2023, the total unrecognized compensation cost related to unvested RSUs of common stock was \$33 million. Such amount will be recognized in the Company's consolidated statement of operations over a weighted average period of 1.5 years.

Fair value of RSUs is calculated based on the market price on the day the shares are granted. The weighted average grant date fair value of the QRTEA RSUs granted to QVC employees and officers during the years ended December 31, 2023, 2022 and 2021 was \$1.27, \$3.71, and \$11.58, respectively.

The aggregate fair value of all RSUs of common stock that vested during the years ended December 31, 2023, 2022 and 2021 was \$31 million, \$13 million and \$38 million, respectively.

As of December 31, 2023, the Company had approximately 22,000 unvested RSUs of Qurate Retail 8.0% Series A Cumulative Redeemable Preferred Stock held by certain officers and employees of the Company. During the year ended December 31, 2023, the Company recorded an incremental \$1 million of stock-based compensation expense related to these shares and the total incremental unrecognized compensation cost related to these awards as of December 31, 2023 was \$0.2 million. Such amount will be recognized in the Company's consolidated statements of operations in 2024.

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

(11) Income Taxes

Income tax expense consisted of the following:

(in millions)	Years ended December 31,		
	2023	2022	2021
Current:			
U.S. federal	\$ 72	159	329
State and local	(6)	38	44
Foreign jurisdictions	84	84	117
Total	150	281	490
Deferred:			
U.S. federal	21	(43)	(67)
State and local	7	1	(13)
Foreign jurisdictions	27	(19)	(2)
Total	55	(61)	(82)
Total income tax expense	\$ 205	220	408

Pre-tax income was as follows:

(in millions)	Years ended December 31,		
	2023	2022	2021
QxH	\$ 114	(1,812)	883
QVC-International	302	222	376
Consolidated QVC	\$ 416	(1,590)	1,259

Total income tax expense differs from the amounts computed by applying the U.S. federal income tax rate of 21% in 2023, 2022 and 2021, as a result of the following:

	Years ended December 31,		
	2023	2022	2021
Provision at statutory rate	\$ 87	(334)	264
State income taxes, net of federal benefit	1	31	24
Foreign taxes	24	(7)	19
Goodwill Impairment	68	508	—
Valuation allowance	7	(1)	12
Tax on foreign earnings, net of federal tax benefits	6	16	87
Other permanent differences	12	4	4
Other, net	—	3	(2)
Total income tax expense	\$ 205	220	408

For the years ended December 31, 2023 and 2022, income tax expense differs from the U.S. statutory rate of 21% primarily due to an impairment of goodwill of \$326 million in 2023 and \$2,420 million in 2022 that are not deductible for tax purposes, in addition to state income tax expense and foreign tax expense. The above 2023 state income tax includes a one-time reversal relating to prior year accruals for uncertain tax positions.

During the fourth quarter of 2021, the Company, through a wholly owned foreign subsidiary, recognized income related to the exchange and redemption of the outstanding MSI Exchangeables and the extinguishment of related hedges. The income is subject to tax under the U.S. GILTI rules. The tax effect of this GILTI income including the federal tax benefit of related foreign tax credits, is treated by the Company as a period cost. In addition, the Company recorded a U.S. federal tax benefit for foreign derived intangible income deductions claimed on royalty income recognized by the Company in the U.S. during 2021. The tax effect of these items is included in Tax on foreign earnings, net of federal tax benefits in the above table.

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

The tax effects of temporary differences that gave rise to significant portions of the deferred income tax assets and deferred income tax liabilities are presented below:

(in millions)	2023	December 31, 2022
Deferred tax assets:		
Accounts receivable, principally due to the allowance for credit losses and related reserves for the uncollectible accounts	\$ 19	22
Inventories, principally due to obsolescence reserves and additional costs of inventories for tax purposes pursuant to the Tax Reform Act of 1986	37	31
Allowance for sales returns	21	16
Deferred revenue	68	80
Deferred compensation	14	10
Unrecognized federal and state tax benefits	10	16
Net operating loss and other carryforwards	119	113
Foreign tax credits carryforward	57	54
Lease obligations	129	90
Cumulative translation of foreign currencies	5	5
Accrued liabilities	12	15
Other	2	25
Subtotal	493	477
Valuation allowance	(177)	(169)
Total deferred tax assets	316	308
Deferred tax liabilities:		
Depreciation and amortization	(779)	(751)
Lease assets	(126)	(89)
Total deferred tax liabilities	(905)	(840)
Net deferred tax liability	\$ (589)	(532)

In the above table, valuation allowances exist due to the uncertainty of whether or not the benefit of certain U.S. federal and foreign tax credits and losses will ultimately be utilized for income tax purposes. The 2023 net deferred tax liability above includes deferred tax assets of \$32 million relating to foreign jurisdictions which are included within other noncurrent assets in the consolidated balance sheet and deferred tax liabilities of \$621 million in domestic jurisdictions which are included within deferred income taxes in the consolidated balance sheet. The 2022 net deferred tax liability above includes deferred tax assets of \$45 million relating to foreign jurisdictions which are included within other noncurrent assets in the consolidated balance sheet and deferred tax liabilities of \$577 million in domestic jurisdictions which are included within deferred income taxes in the consolidated balance sheet.

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

The Company is party to the Tax Agreement with Qurate Retail. The Tax Agreement establishes the methodology for the calculation and payment of income taxes in connection with the consolidation of the Company with Qurate Retail for income tax purposes. Generally, the Tax Agreement provides that the Company will pay Qurate Retail an amount equal to the tax liability, if any, that it would have if it were to file as a consolidated group separate and apart from Qurate Retail, with exceptions for the treatment and timing of certain items, including but not limited to deferred intercompany transactions, credits, and net operating and capital losses. To the extent that the separate company tax expense is different from the payment terms of the Tax Agreement, the difference is recorded as either a dividend or capital contribution. These differences are related primarily to foreign tax credits recognized by QVC that are creditable under the Tax Agreement when and if utilized in Qurate Retail's consolidated tax return. The difference recorded during the year ended December 31, 2023 and 2022 were dividends of \$3 million and \$1 million respectively, primarily related to foreign tax credits recognized by QVC and not utilized in Qurate's consolidated tax return. The difference recorded during the year ended December 31, 2021 was a capital contribution of \$73 million, primarily related to foreign tax credit carryovers being utilized in Qurate's consolidated tax return in excess of those recognized by QVC during the 2021 tax year. The amounts of the tax-related payable (receivable) balance due to Qurate Retail as of December 31, 2023 and 2022 were \$(59) million and \$23 million, respectively, and are included in accrued liabilities in the consolidated balance sheets.

A reconciliation of the 2022 and 2023 beginning and ending amount of the liability for unrecognized tax benefits is as follows:

(in millions)	
Balance at January 1, 2022	\$ 73
Increases related to prior year tax positions	7
Decreases related to prior year tax positions	(7)
Decreases related to settlements with taxing authorities	(4)
Increases related to current year tax positions	7
Balance at December 31, 2022	76
Increases related to prior year tax positions	7
Decreases related to prior year tax positions	(14)
Decreases related to settlements with taxing authorities	(26)
Increases related to current year tax positions	4
Balance at December 31, 2023	\$ 47

Included in the balance of unrecognized tax benefits as of December 31, 2023 and 2022 are potential benefits of \$37 million (net of a \$10 million federal tax effect) and \$60 million (net of a \$16 million federal tax effect), respectively, that if recognized, would be reflected in income tax expense and affect the effective rate.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in interest expense in the consolidated statements of operations. The Company did not have a material amount of interest or tax penalties accrued related to unrecognized tax benefits for the years ended December 31, 2023, 2022 or 2021.

The Company has tax positions for which the amount of related unrecognized tax benefits could change during 2024. These consist of nonfederal transfer pricing and other nonfederal tax issues. It is reasonably possible that the amount of the Company's gross unrecognized tax benefits may decrease within the next 12 months by up to \$1 million.

The Company participates in a consolidated federal return filing with Qurate Retail. As of December 31, 2023, the Internal Revenue Service ("IRS") has completed its examination of Qurate Retail's tax years through 2021. The Company's 2022 and 2023 tax years are being examined currently as part of the Qurate Retail consolidated return under the IRS's Compliance Assurance Process program. The Company files income tax returns in various states and foreign jurisdictions. As of December 31, 2023, the Company was under examination in Colorado, Massachusetts, Minnesota, Pennsylvania, South Carolina, Wisconsin, Utah, New York City, Germany and the U.K.

(12) Commitments and Contingencies

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 the Company 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 the amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying consolidated financial statements.

Notes to Consolidated Financial Statements (continued)

Network and information systems, including the Internet and telecommunication systems, third party delivery services and other technologies are critical to QVC's business activities. Substantially all of QVC's customer orders, fulfillment and delivery services are dependent upon the use of network and information systems, including the use of third party telecommunication and delivery service providers. If information systems including the Internet or telecommunication services are disrupted, or if the third party delivery services experience a disruption in their transportation delivery services, the Company could face a significant disruption in fulfilling QVC's customer orders and shipment of QVC's products. The Company has active disaster recovery programs in place to help mitigate risks associated with these critical business activities.

(13) Related Party Transactions

During the years ended December 31, 2023, 2022 and 2021, QVC and Zulily engaged in multiple transactions relating to sales, sourcing of merchandise, marketing initiatives, and business advisory services. Prior to Qurate Retail's divestiture of Zulily, QVC allocated expenses of \$3 million, \$6 million, and \$8 million to Zulily for the years ended December 31, 2023, 2022 and 2021, respectively. Zulily allocated expenses of \$3 million, \$9 million, and \$8 million to QVC for the years ended December 31, 2023, 2022, and 2021, respectively.

In September 2020, QVC and Zulily executed a Master Promissory Note ("Promissory Note") whereby Zulily may borrow up to \$100 million at a variable interest rate equal to the LIBOR rate plus an applicable margin rate. In connection with Qurate Retail's divestiture of Zulily, the Promissory Note was terminated in May 2023. There were no borrowings on the Promissory Note as of December 31, 2022.

During the years ended December 31, 2023, 2022 and 2021, QVC and CBI engaged in multiple transactions relating to personnel and business advisory services. QVC allocated expenses of \$25 million, \$29 million and \$22 million to CBI for the years ended December 31, 2023, 2022 and 2021, respectively. CBI allocated expenses of \$1 million to QVC for each of the years ended December 31, 2023, 2022 and 2021.

CBI is a co-borrower under the Fifth Amended and Restated Credit Agreement (see note 7). In accordance with the accounting guidance for obligations resulting from joint and several liability arrangements, QVC will record a liability for amounts it has borrowed under the senior secured credit facility plus any additional amount it expects to repay on behalf of CBI. There were no borrowings by CBI outstanding on the Fifth Amended and Restated Credit Agreement as of December 31, 2023. As of December 31, 2022, there was \$18 million borrowed by CBI on the senior secured credit facility, none of which the Company expected to repay on behalf of CBI.

On December 30, 2020, the Company and LIC completed an internal realignment of the Company's global finance structure that resulted in a common control transaction with Qurate Retail. As part of the common control transaction, LIC issued a promissory note ("LIC Note") to a subsidiary of the Company with an initial face amount of \$1.8 billion, a stated interest rate of 0.48% and a maturity of December 29, 2029. Interest on the LIC Note is paid annually. QVC recorded \$9 million of related party interest income for each of the years ended December 31, 2023 and 2022, included in interest expense, net in the consolidated statement of operations.

(14) Financial Instruments and Fair Value Measurements

For assets and liabilities required to be reported or disclosed at fair value, U.S. 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, other than quoted market prices included within Level 1, are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

The Company measures the fair value of money market funds based on quoted prices in active markets for identical assets. Money market funds are included as cash equivalents Level 1 fair value instruments in the table below. The 2067 Notes (ticker: QVCD) and the 2068 Notes (ticker: QVCC) are traded on the New York Stock Exchange, which the Company considers to be an "active market," as defined by U.S. GAAP. Therefore, these Notes are measured based on quoted prices in an active market and included as Level 1 fair value instruments in the table below. The remainder of the Company's debt instruments and derivative instruments are considered Level 2 fair value instruments and measured based on quoted market prices that are not considered to be traded on "active markets." Accordingly, these financial instruments are reported in the below tables as Level 2 fair value instruments.

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

The Company's assets and liabilities measured or disclosed at fair value were as follows:

(in millions)	Fair value measurements at December 31, 2023 using			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Current assets:				
Cash equivalents	\$ 41	41	—	—
Current liabilities:				
Debt (note 7)	420	—	420	—
Long-term liabilities:				
Debt (note 7)	2,950	328	2,622	—

(in millions)	Fair value measurements at December 31, 2022 using			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Current assets:				
Cash equivalents	\$ 64	64	—	—
Current liabilities:				
Debt (note 7)	213	—	213	—
Foreign currency forward	10	—	10	—
Long-term liabilities:				
Debt (note 7)	3,520	346	3,174	—

Interest Rate Swap Arrangement

In July 2019, the Company entered into a three-year interest swap arrangement with a notional amount of \$125 million to mitigate the interest rate risk associated with interest payments related to its variable rate debt. The swap arrangement did not qualify as a cash flow hedge under U.S. GAAP. Changes in the fair value of the swap arrangement are reflected in (losses) gains on financial instruments in the consolidated statements of operations. The swap arrangement expired in July 2022.

Foreign Currency Forward Contracts

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 forwards did not qualify as a cash flow hedge under U.S. GAAP. Changes in the fair value of the forwards are reflected in (losses) gains on financial instruments in the consolidated statements of operations. The forwards were in a net liability position of \$10 million as of December 31, 2022, which was included in accrued liabilities. The contracts expired in January 2023 which resulted in a net cash settlement of \$12 million.

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

(15) Information about QVC's Operating Segments and Geographical Data

The Company evaluates performance and makes decisions about allocating resources to its operating segments based on financial measures such as net revenue, Adjusted OIBDA, gross margin, average sales price per unit, number of units shipped and revenue or sales per customer. For segment reporting purposes, the Company defines Adjusted OIBDA, as net revenue less cost of goods sold (excluding fire related costs, net of recoveries and Rocky Mount inventory losses, see note 17), operating expenses, and selling, general and administrative expenses (excluding stock-based compensation and restructuring costs). The Company believes this measure is an important indicator of the operational strength and performance of its segments by identifying those items that are not directly a reflection of each segment's performance or indicative of ongoing business trends. In addition, this measure allows management to view operating results and perform analytical comparisons and benchmarking among the Company's businesses and identify strategies to improve performance. This measure of performance excludes depreciation, amortization, impairment losses, gains on sale leaseback transactions, restructuring and fire related costs, net of recoveries, Rocky Mount inventory losses and stock-based compensation that are included in the measurement of operating income pursuant to U.S. GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with U.S. GAAP.

The Company's chief operating decision maker ("CODM") is the Company's Chief Executive Officer who has ultimate responsibility for enterprise decisions. QVC's CODM determines, in particular, resource allocation for, and monitors performance of, the consolidated enterprise, QxH, and QVC-International. The segment managers have responsibility for operating decisions, allocating resources and assessing performance within their respective segments. QVC's CODM relies on internal management reporting that analyzes enterprise results and segment results to the Adjusted OIBDA level (see below).

For the year ended December 31, 2023, QVC has identified QxH and QVC-International as its two reportable segments. Both operating segments are retailers of a wide range of consumer products, which are marketed and sold primarily by merchandise-focused televised-shopping programs as well as via the Internet and mobile applications in certain markets.

QVC allocates certain corporate costs for management reporting purposes from its QxH segment to the QVC-International segment. These management cost allocations are related to certain functions such as merchandising, commerce platforms, information technology, human resources, legal, finance, brand and communications, corporate development and administration that support all of QVC's operations. For the years ended December 31, 2023, 2022 and 2021, the costs allocated to QVC-International totaled \$49 million, \$46 million and \$37 million, respectively.

Performance measures

(in millions)	2023		2022		Years ended December 31, 2021	
	Net revenue	Adjusted OIBDA	Net revenue	Adjusted OIBDA	Net revenue	Adjusted OIBDA
QxH	\$ 6,995	746	7,359	750	8,277	1,439
QVC-International	2,454	325	2,528	358	3,077	562
Consolidated QVC	\$ 9,449	1,071	9,887	1,108	11,354	2,001

Other information

(in millions)	2023		2022		Years ended December 31, 2021	
	Depreciation	Amortization	Depreciation	Amortization	Depreciation	Amortization
QxH	\$ 59	265	77	277	105	256
QVC-International	31	17	34	13	54	14
Consolidated QVC	\$ 90	282	111	290	159	270

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

(in millions)	Years ended December 31,			
	2023		2022	
	Total assets	Capital expenditures	Total assets	Capital expenditures
QxH	\$ 9,828	128	10,471	178
QVC-International	1,892	54	1,933	38
Consolidated QVC	\$ 11,720	182	12,404	216

Property and equipment, net of accumulated depreciation, by segment was as follows:

(in millions)	December 31,	
	2023	2022
QxH	\$ 263	280
QVC-International	164	192
Consolidated QVC	\$ 427	472

The following table provides a reconciliation of Adjusted OIBDA to income before income taxes:

(in millions)	Years ended December 31,		
	2023	2022	2021
Adjusted OIBDA	\$ 1,071	1,108	2,001
Gains on sale of assets and sale leaseback transactions	113	520	—
Restructuring, penalties and fire related costs, net of (recoveries) (including Rocky Mount inventory losses)	196	10	(21)
Impairment losses	(326)	(2,600)	—
Stock-based compensation	(37)	(36)	(44)
Depreciation and amortization	(372)	(401)	(429)
Operating income (loss)	645	(1,399)	1,507
Equity in losses of investee	—	—	(2)
(Losses) gains on financial instruments	(1)	(9)	8
Interest expense, net	(228)	(228)	(249)
Foreign currency (loss) gain	(10)	32	(9)
Gain (loss) on extinguishment of debt	10	(6)	(7)
Other income	—	20	11
Income (loss) before income taxes	\$ 416	(1,590)	1,259

The following table summarizes net revenues based on revenues generated by subsidiaries located within the identified geographic area:

(in millions)	Years ended December 31,		
	2023	2022	2021
United States	\$ 6,995	7,359	8,277
Japan	945	1,017	1,167
Germany	788	813	1,027
United Kingdom	594	565	722
Other countries	127	133	161
Consolidated QVC	\$ 9,449	9,887	11,354

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

The following table summarizes property and equipment, net of accumulated depreciation, based on physical location:

(in millions)		2023	December 31, 2022
United States	\$	263	280
Japan		91	104
Germany		19	36
United Kingdom		26	25
Other countries		28	27
Consolidated QVC	\$	427	472

(16) Employee Benefit Plans

In certain countries, QVC sponsors defined contribution plans, which provide employees an opportunity to make contributions to a trust for investment in a variety of securities. Generally, the Company makes matching contributions to the plans based on a percentage of the amount contributed by employees. The Company's cash contributions to the plans were \$24 million for the year ended December 31, 2023 and \$25 million for each of the years ended December 31, 2022 and 2021.

(17) Restructuring, penalties and fire related costs, net of (recoveries)

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 the Company's second-largest fulfillment center for QxH and the Company's primary returns center for hard goods. The Company maintains property, general liability and business interruption insurance coverage. Based on the provisions of QVC's insurance policies, the Company recorded estimated insurance recoveries for fire related costs for which recovery was deemed probable. As of December 31, 2022 the Company had an insurance receivable of \$40 million, recorded in accounts receivable in the consolidated balance sheet.

During the year ended December 31, 2022, the Company recorded \$157 million of fire related costs including \$95 million for the write-down of Rocky Mount inventory which was included in Cost of goods sold. Due to the circumstances surrounding the write-down of the inventory, this write-down has been excluded from Adjusted OIBDA (as defined in note 15).

In February 2023, QVC sold the Rocky Mount fulfillment center to an independent third party and as of December 31, 2023 received net cash proceeds of \$19 million. QVC recognized gains on the sale of \$17 million during the year ended December 31, 2023, calculated as the difference between the aggregate consideration received and the carrying value of the property. The gain is included in restructuring, penalties and fire related costs, net of (recoveries) in the consolidated statement of operations.

In June 2023, the Company agreed to a final insurance settlement with its insurance company and received all remaining proceeds related to the Rocky Mount claim. As of December 31, 2022 and 2023, the Company recorded cumulative fire related costs of \$407 million and \$439 million, respectively. Cumulative costs as of December 31, 2022 and December 31, 2023 include \$119 million of costs that were not reimbursable by QVC's insurance policies. As of December 31, 2022 and 2023, the Company received cumulative insurance proceeds of \$380 million and \$660 million, respectively and recorded net gains, representing the proceeds received in excess of recoverable losses recognized, of \$132 million and \$208 million respectively. Of the \$280 million of insurance proceeds received during the year ended December 31, 2023, \$210 million represents recoveries for business interruption losses. The fire related costs and gains related to insurance recoveries are included in restructuring, penalties and fire related costs, net of (recoveries) in the consolidated statement of operations.

Project Athens

On June 27, 2022, Qurate Retail announced a five-point turnaround plan designed to stabilize and differentiate its core HSN and QVC-U.S. 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. QVC is focused on rebuilding stronger connections with their customers. In order to improve customer experience and grow relationships, QVC 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 reducing shipping time and improving shipment tracking visibility. QVC will continue to focus on customer loyalty through providing customers with a more personalized experience.

Rigorously execute core processes. QVC 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, QVC 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. QVC will also focus on growing our private label brands to drive revenue and margin at productive scale.

Lower cost to serve. QVC is right sizing its cost base to improve profitability and cash generation. In order to lower cost to serve, QVC will enhance review of spending to identify cost savings opportunities and opportunities to create new operational efficiencies, through end-to-end product and process reviews and leveraging technology and process automation. Additionally, we will improve product margin through lower fulfillment costs, freight optimization and higher productivity.

Optimize the brand portfolio. Qurate Retail divested Zulily in the second quarter of 2023 consistent with its goal of optimizing the brand portfolio. Qurate Retail is exploring untapped opportunities to maximize brand value.

Build new high growth business anchored in strength. Finally, QVC is focused on expanding in the video streaming shopping market. In order to build new high growth businesses anchored in strength, QVC expects to expand streaming viewership by improving the current streaming experience with enhanced video and navigation and seamless transactions. Additionally, QVC is 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 that was completed in February 2023. These initiatives are consistent with QVC's strategy to operate more efficiently as it implements its turnaround plan. During the year ended December 31, 2023, QVC implemented a workforce reduction and recorded restructuring charges of \$13 million in restructuring, penalties and fire related costs, net of (recoveries) in the consolidated statement of operations.

Other

In October 2023, HSN entered into a settlement agreement with the CPSC in which HSN agreed to pay a civil penalty of \$16 million to settle the CPSC's claim that HSN allegedly failed to timely submit a report under the CPSA in relation to handheld clothing steamers sold by HSN under the Joy Mangano brand names My Little Steamer® and My Little Steamer® Go Mini that were subject to a voluntary recall previously announced on May 26, 2021. The settlement agreement also requires HSN to implement and maintain a compliance program to ensure compliance with the CPSA. The civil penalty was recorded in restructuring, penalties and fire related costs, net of (recoveries) in the consolidated statement of operations.

QVC, Inc.
Notes to Consolidated Financial Statements (continued)

(18) Subsequent Events

In December 2023, QVC entered into an agreement to sell an owned and operated property in Germany to an independent third party. This property is owned as of December 31, 2023, but is included in assets held for sale noncurrent in the accompanying consolidated balance sheet.

On February 27, 2024, QVC delivered a notice of redemption to the trustee and holders of the 2024 Notes. Pursuant to the notice of redemption, QVC expects to redeem the remaining outstanding 2024 Notes in full on March 28, 2024.

QVC declared and paid dividends to Qurate Retail in the amount of \$42 million from January 1, 2024 to February 28, 2024.

PART III**Item 10. Directors, Executive Officers and Corporate Governance**

Intentionally omitted in accordance with General Instruction I(2)(c) of Form 10-K.

Item 11. Executive Compensation

Intentionally omitted in accordance with General Instruction I(2)(c) of Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Intentionally omitted in accordance with General Instruction I(2)(c) of Form 10-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Intentionally omitted in accordance with General Instruction I(2)(c) of Form 10-K.

Item 14. Principal Accounting Fees and Services***Audit Fees and All Other Fees***

The following table presents fees for professional audit services rendered by KPMG LLP and its international affiliates for the audit of QVC's consolidated financial statements for 2023 and 2022 and fees billed for other services rendered by KPMG LLP:

	Year ended December 31,	
	2023	2022
Audit fees (1)	\$ 7,240,488	\$ 7,356,793
Audit related fees	—	—
Audit and audit related fees	7,240,488	7,356,793
Tax fees (2)	474,474	147,113
Total fees	\$ 7,714,962	\$ 7,503,906

(1) For both years, fees for the annual audit of the Company's consolidated financial statements included in the Company's Form 10-K filing and review of financial statements included in the Company's Form 10-Q filings. The amount also includes other services normally provided in connection with statutory and regulatory filings and engagements.

(2) Tax fees consist of tax compliance and consultations regarding the tax implications of certain transactions.

Policy on Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditor

The audit committee of Qurate Retail has adopted a policy regarding the pre-approval of all audit and permissible non-audit services provided by QVC's independent auditor. Pursuant to this policy, Qurate Retail's audit committee has approved the engagement of QVC's independent auditor to provide the following services (all of which are collectively referred to as "pre-approved services"):

- Audit services as specified in the policy, including (i) financial audits of QVC and its subsidiaries, (ii) services associated with QVC's registration statements, periodic reports and other documents filed or issued in connection with securities offerings (including comfort letters and consents), (iii) attestations of management reports on QVC's internal controls and (iv) consultations with management as to accounting or disclosure treatment of transactions;
- Audit related services as specified in the policy, including (i) due diligence services, (ii) financial statement audits of employee benefit plans, (iii) consultations with management as to the accounting or disclosure treatment of transactions, (iv) attest services not required by statute or regulation, (v) certain audits incremental to the audit of QVC's consolidated financial statements, (vi) closing balance sheet audits related to dispositions, and (vii) general assistance with implementation of the requirements of certain SEC rules or listing standards; and
- Tax services as specified in the policy, including federal, state, local and international tax planning, compliance and review services, and tax due diligence and advice regarding mergers and acquisitions.

Notwithstanding the foregoing general pre-approval, if an individual project involving the provision of pre-approved services is expected to result in fees in excess of \$100,000, or if individual projects under \$100,000 are expected to total \$500,000 during the period between the regularly scheduled meetings of Qurate Retail's audit committee, then such projects will require the specific pre-approval of Qurate Retail's audit committee. Qurate Retail's audit committee has delegated the authority for the foregoing approvals to the chairman of the audit committee, subject to his subsequent disclosure to the entire audit committee of the granting of any such approval. M. Ian G. Gilchrist currently serves as the chairman of Qurate Retail's audit committee. In addition, the independent auditor is required to provide a report at each regularly scheduled audit committee meeting on all pre-approved services incurred during the preceding quarter. Any engagement of QVC's independent auditor for services other than the pre-approved services requires the specific approval of Qurate Retail's audit committee.

Qurate Retail's pre-approval policy prohibits the engagement of QVC's independent auditor to provide any services that are subject to the prohibition imposed by Section 201 of the Sarbanes-Oxley Act.

All services provided by QVC's independent auditor during 2023 and 2022 were approved in accordance with the terms of the policy.

Item 15. Exhibits and financial statement schedules

(a) (1) *Financial Statements*

Included in Part II of this report:

	Page
QVC, Inc.:	
Report of Independent Registered Public Accounting Firm (KPMG LLP, Philadelphia, PA, Auditor Firm ID: 185)	II-23
Consolidated Balance Sheets, December 31, 2023 and 2022	II-25
Consolidated Statements of Operations, Years ended December 31, 2023, 2022 and 2021	II-26
Consolidated Statements of Comprehensive Income (Loss), Years ended December 31, 2023, 2022 and 2021	II-27
Consolidated Statements of Cash Flows, Years ended December 31, 2023, 2022 and 2021	II-28
Consolidated Statement of Equity, Years ended December 31, 2023, 2022 and 2021	II-29
Notes to Consolidated Financial Statements, December 31, 2023, 2022 and 2021	II-30

(a) (2) *Financial Statement Schedules*

(i) All schedules have been omitted because they are not applicable, not material or the required information is set forth in the financial statements or notes thereto.

(a) (3) *Exhibits*

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

3 - Articles of Incorporation and Bylaws:

- 3.1 [Restated Certificate of Incorporation of the Registrant dated October 26, 2009 \(incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-4 \(File No. 333-184501\) as filed on October 19, 2012 \(the "2012 S-4"\)\)](#).
- 3.2 [Amended and Restated By-Laws of the Registrant \(effective September 30, 2015\) \(incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K \(file No. 000-55409\) as filed on October 6, 2015\)](#)

4 - Instruments Defining the Rights to Securities Holders, Including Indentures:

- 4.1 [Indenture dated as of March 18, 2013 among the Registrant, the guarantors party thereto and U.S. Bank National Association \(incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 \(File No. 333-184501\) as filed on May 9, 2013\).](#)
- 4.2 [Form of Indenture dated as of March 18, 2014 among the Registrant, the guarantors party thereto and U.S. Bank National Association \(incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-4 \(File No. 333-195586\) as filed on April 30, 2014\).](#)
- 4.3 [Indenture dated as of August 21, 2014 among the Registrant, the guarantors party thereto and U.S. Bank National Association \(incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-4 \(File No. 333-199254\) as filed on October 10, 2014\).](#)
- 4.4 [Fifth Amended and Restated Credit Agreement, dated as of October 27, 2021, among the Registrant, Zulily, LLC, QVC Global Corporate Holdings, LLC and Cornerstone Brands, Inc., as Borrowers, JPMorgan Chase Bank, N.A., as Lead Arranger, Lead Bookrunner and Administrative Agent and the parties named therein as Lenders, Co-Bookrunners, Co-Syndication Agents and Co-Documentation Agents \(incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K \(File No. 001-38654\) as filed on October 28, 2021\).](#)
- 4.5 [Indenture, dated September 13, 2018, by and among the Registrant, Affiliate Investment, Inc., Affiliate Relations Holdings, Inc., AMI 2, Inc., ER Marks, Inc., QVC Global Holdings I, Inc., QVC Global Holdings II, Inc., QVC Rocky Mount, Inc., QVC San Antonio, LLC and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-A \(File No. 001-38654\), as filed on September 13, 2018 \(the "Form 8-A"\)\)\).](#)
- 4.6 [First Supplemental Indenture, dated September 13, 2018, by and among the Registrant, Affiliate Investment, Inc., Affiliate Relations Holdings, Inc., AMI 2, Inc., ER Marks, Inc., QVC Global Holdings I, Inc., QVC Global Holdings II, Inc., QVC Rocky Mount, Inc., QVC San Antonio, LLC and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.2 to the Form 8-A\).](#)
- 4.7 [Form of 6.375% Senior Secured Notes due 2067 \(incorporated by reference to Exhibit 4.3 to the Form 8-A\).](#)
- 4.8 [Second Supplemental Indenture, dated November 26, 2019, by and among the Registrant, Affiliate Investment, Inc., Affiliate Relations Holdings, Inc., AMI 2, Inc., ER Marks, Inc., QVC Global Holdings I, Inc., QVC Global Holdings II, Inc., QVC Rocky Mount, Inc., QVC San Antonio, LLC, QVC Deutschland GP, Inc., HSN, Inc., HSNi, LLC, HSN Holding LLC, AST Sub, Inc., Home Shopping Network En Espanol, L.L.C., Home Shopping Network En Espanol, L.P., H.O.T. Networks Holdings \(Delaware\) LLC, HSN of Nevada LLC, Ingenious Designs LLC, NLG Merger Corp., Ventana Television, Inc., and Ventana Television Holdings, Inc., as guarantors, and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-A \(File No. 001-38654\), as filed on November 26, 2019 \(the "2019 Form 8-A"\)\)\).](#)
- 4.9 [Form of 6.250% Senior Secured Notes due 2068 \(incorporated by reference to Exhibit 4.3 to the 2019 Form 8-A\).](#)
- 4.10 [Third Supplemental Indenture, dated February 4, 2020, by and among the Registrant, Affiliate Investment, Inc., Affiliate Relations Holdings, Inc., AMI 2, Inc., ER Marks, Inc., QVC Global Holdings I, Inc., QVC Global Holdings II, Inc., QVC Rocky Mount, Inc., QVC San Antonio, LLC, QVC Deutschland GP, Inc., HSN, Inc., HSNi, LLC, HSN Holding LLC, AST Sub, Inc., Home Shopping Network En Espanol, L.L.C., Home Shopping Network En Espanol, L.P., H.O.T. Networks Holdings \(Delaware\) LLC, HSN of Nevada LLC, Ingenious Designs LLC, NLG Merger Corp., Ventana Television, Inc., and Ventana Television Holdings, Inc., as guarantors, and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K \(File No. 001-38654\) as filed on February 4, 2020 \(the "February 2020 Form 8-K"\)\)\).](#)
- 4.11 [Form of 4.75% Senior Secured Notes due 2027 \(incorporated by reference to Exhibit 4.3 to the February 2020 Form 8-K\).](#)
- 4.12 [Fourth Supplemental Indenture, dated August 20, 2020, by and among the Registrant, Affiliate Investment, Inc., Affiliate Relations Holdings, Inc., AMI 2, Inc., ER Marks, Inc., QVC Global Holdings I, Inc., QVC Global Holdings II, Inc., QVC Rocky Mount, Inc., QVC San Antonio, LLC, QVC Deutschland GP, Inc., HSN, Inc., HSNi, LLC, HSN Holding LLC, AST Sub, Inc., Home Shopping Network En Espanol, L.L.C., Home Shopping Network En Espanol, L.P., H.O.T. Networks Holdings \(Delaware\) LLC, HSN of Nevada LLC, Ingenious Designs LLC, NLG Merger Corp., Ventana Television, Inc., and Ventana Television Holdings, Inc., as guarantors, and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K \(File No. 001-38654\) as filed on August 20, 2020 \(the "August 2020 Form 8-K"\)\)\).](#)
- 4.13 [Form of 4.375% Senior Secured Notes due 2028 \(incorporated by reference to Exhibit 4.3 to the August 2020 Form 8-K\).](#)
- 4.14 [Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 \(incorporated by reference to Exhibit 4.13 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2019 \(File No. 001-38654\) as filed on February 26, 2020\).](#)

10 - Material Contracts:

- 10.1 [Forms of Indemnification Agreements between the Registrant and executive officers \(incorporated by reference to Exhibit 10.16 to the 2012 S-4\).](#)
- 10.2 [SOFR Transition and Other Agreements, dated as of June 20, 2023, among the Registrant, QVC Global Corporate Holdings, LLC and Cornerstone Brands, Inc., as Borrowers, and the parties thereto, related to the Fifth Amended and Restated Credit Agreement \(incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 filed on August 4, 2023 \(File No. 001-33982\)\).](#)

21 - Subsidiaries:*

- 21.1 [Subsidiaries of QVC, Inc.*](#)

22 - Subsidiary Guarantors and Issuers of Guaranteed Securities and Affiliates Whose Securities Collateralize Securities of the Registrant:*

- 22.1 [List of Subsidiary Guarantors*](#)

23 - Consents:*

- 23.1 [Consent of KPMG LLP*](#)

31 - Certification Letters:*

- 31.1 [Rule 13a-14\(a\)/15d-14\(a\) Certification*](#)
- 31.2 [Rule 13a-14\(a\)/15d-14\(a\) Certification*](#)

32 - Section 1350 Certification Letter:**

- 32.1 [Section 1350 Certification**](#)

37 - Policy Relating to Recovery of Erroneously Awarded Compensation

- 97.1 [QVC, Inc. Clawback Policy*](#)

101 - XBRL:*

- 101.INS 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 XBRL Taxonomy Extension Schema Document*
- 101.CAL XBRL Taxonomy Calculation Linkbase Document*
- 101.LAB XBRL Taxonomy Label Linkbase Document*
- 101.PRE XBRL Taxonomy Presentation Linkbase Document*
- 101.DEF XBRL Taxonomy Definition Document*
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)*

*Filed herewith.

**Furnished herewith.

EXHIBIT INDEX

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 28, 2024

QVC, Inc.
By: /s/ DAVID L. RAWLINSON II
David L. Rawlinson II
President and Chief Executive Officer (Principal Executive Officer)

Date: February 28, 2024

By: /s/ BILL WAFFORD
Bill Wafford
Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Date: February 28, 2024

By: /s/ BILL WAFFORD
Bill Wafford
Chief Financial Officer of Qurate Retail Group, Inc., as Stockholder-Director of QVC, Inc.

Date: February 28, 2024

By: /s/ DAVID L. RAWLINSON II
David L. Rawlinson II
President and Chief Executive Officer (Principal Executive Officer)

Date: February 28, 2024

By: /s/ BILL WAFFORD
Bill Wafford
Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

QVC, Inc. and Subsidiaries**Exhibit 21.1**

Entity Name	Domicile
QVC, Inc.	DE
DMS DE, Inc.	DE
NSTBC, Inc.	DE
Diamonique Canada Holdings, Inc.	DE
RQ Holdings Corp.	Nova Scotia
ER Development International, Inc.	PA
HSN, Inc.	DE
Home Shopping Network En Espanol, L.L.C.	DE
Home Shopping Network En Espanol, L.P.	DE
Home Shopping Network En Espanol, L.P.	DE
HSN Holding LLC	DE
HSNi, LLC	DE
Ingenious Designs LLC	DE
NLG Merger Corp.	DE
Ventana Television Holdings, Inc.	DE
Ventana Television Inc.	DE
Innovative Retailing, Inc.	DE
Live Shop Ventures, LLC	DE
QHealth, Inc.	DE
QLocal, Inc.	DE
Qurate Digital Ventures, LLC	DE
QVC Chesapeake, LLC	VA
QVC China Licensing, Inc.	DE
QVC Global DDGS, Inc.	DE
QVC India, Ltd.	DE
QVC Grundstücksverwaltungs GmbH	Germany
QVC Global Holdings I, Inc.	DE
Affiliate Investment, Inc.	DE
Affiliate Relations Holdings, Inc.	DE
Affiliate Distribution & Mktg., Inc.	DE
AMI 2, Inc.	DE
ER Marks, Inc.	DE
GC Marks, Inc.	DE
IC Marks, Inc.	DE
QC Marks, Inc.	DE
IM Experience, Inc.	PA
QVC China, Inc.	DE
QVC Delaware Holdings, Inc.	DE
QVC France Holdings, S.a.r.l.	Luxembourg
QVC Global Markets SARL	Luxembourg

QVC Global Corporate Holdings, LLC	DE
QVC GCH Company, LLC	DE
QVC International Holdings SARL	Luxembourg
QVC Germany I SARL	Luxembourg
QVC Handel S.a.r.l. & Co. KG	Germany
QVC eService LLC & Co. KG	Germany
QVC Delaware LLC	DE
QVC Realty LLC	DE
QVC eService LLC & Co. KG	Germany
QVC eDistribution Inc. & Co. KG	Germany
QVC Grundstücksverwaltungs GmbH	Germany
QVC Grundstücksverwaltungs GmbH	Germany
QVC UK Holdings Limited	UK
QVC Britain	UK
QVC UK	UK
QVC Japan, Inc.	Japan
QVC Satellite, Inc.	Japan
QVC Japan Services, LLC	DE
QVC UK	UK
QVC Iberia, S.L.	Spain
QVC Germany II SARL	Luxembourg
QVC Handel S.a.r.l. & Co. KG	Germany
QVC International Management GP S.a.r.l.	Luxembourg
QVC Suisse Holdings GmbH	Switzerland
QVC (Barbados) International Finance SRL	Barbados
Qurate Retail Group Global Business Services Sp. z.o.o.	Poland
QVC Suisse Finance GmbH	Switzerland
QVC SFPO SARL	Luxembourg
QVC Italy Holdings, LLC	DE
QVC Italia S.r.l.	Italy
QVC Vendor Development, Inc.	DE
Shopping Holdings, LLC	DE
QVC HK Holdings, LLC	DE
QVC China Holdings Limited	Hong Kong
QVC Trading (Shanghai) Co., Ltd.	China
QVC Trading (Shenzhen) Co., Ltd.	China
QVC Northeast, LLC	DE
QVC Ontario Holdings, LLC	DE
QVC Ontario, LLC	DE
QVC Rocky Mount, Inc.	NC
QVC San Antonio, LLC	TX
QVC Shop International, Inc.	DE

QVC St. Lucie, Inc.
QVC Suffolk, LLC

FL
MN

LIST OF SUBSIDIARY GUARANTORS

The following subsidiaries of QVC, Inc. (the “Company”) were, as of December 31, 2023, guarantors of the Company’s 4.375% Senior Secured Notes due 2023, 4.850% Senior Secured Notes due 2024, 4.45% Senior Secured Notes due 2025, 4.75% Senior Secured Notes due 2027, 4.375% Senior Secured Notes due 2028, 5.45% Senior Secured Notes due 2034, 5.95% Senior Secured Notes due 2043, 6.375% Senior Secured Notes due 2067 and 6.250% Senior Secured Notes due 2068:

NAME OF SUBSIDIARY

Affiliate Investment, Inc.
Affiliate Relations Holdings, Inc.
AMI 2, Inc.
ER Marks, Inc.
QVC Global Corporate Holdings, LLC
QVC GCH Company, LLC
QVC Global Holdings I, Inc.
QVC Rocky Mount, Inc.
QVC San Antonio, LLC
HSN, Inc.
HSNi, LLC
HSN Holding LLC
Home Shopping Network En Espanol, L.L.C.
Home Shopping Network En Espanol, L.P.
Ingenious Designs LLC
NLG Merger Corp.
Ventana Television, Inc.
Ventana Television Holdings, Inc.

Consent of Independent Registered Public Accounting Firm

To the Stockholder-Director
QVC, Inc.:

We consent to the incorporation by reference in the registration statements (No. 333-233799 and 333-244803) on Form S-3 of QVC, Inc. of our report dated February 28, 2024, with respect to the consolidated financial statements of QVC, Inc. as of December 31, 2023 and 2022.

/s/ KPMG LLP

Philadelphia, Pennsylvania
February 28, 2024

CERTIFICATION

I, David L. Rawlinson II, certify that:

1. I have reviewed this report on Form 10-K of QVC, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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 we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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: February 28, 2024

By: /s/ DAVID L. RAWLINSON II

David L. Rawlinson II
President and Chief Executive Officer (Principal Executive Officer)

CERTIFICATION

I, Bill Wafford, certify that:

1. I have reviewed this report on Form 10-K of QVC, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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 we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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: February 28, 2024

By: /s/ BILL WAFFORD

Bill Wafford
Executive Vice President and Chief Financial Officer (Principal Financial Officer
and Principal Accounting 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 QVC, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Report on Form 10-K for the period ended December 31, 2023 (the "Form 10-K") 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-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2024

By:/s/ DAVID L. RAWLINSON II

David L. Rawlinson II

President and Chief Executive Officer (Principal Executive Officer)

Date: February 28, 2024

By:/s/ BILL WAFFORD

Bill Wafford

Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting 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-K or as a separate disclosure document.

QVC, INC.

POLICY FOR THE RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

1. **Purpose.** The purpose of this Policy is to describe circumstances in which the Company will recover Erroneously Awarded Compensation and the process for such recovery. This Policy is intended to comply with (a) Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as codified in Section 10D of the Exchange Act, and implemented by Rule 10D-1 thereunder adopted by the Commission and (b) and Section 303A.14 of the New York Stock Exchange Listed Company Manual.

2. **Administration.** This Policy shall be administered by the Shareholder-Director. Any determinations made by the Shareholder-Director shall be final and binding on all affected individuals.

3. **Definitions.** For purposes of this Policy, the following capitalized terms shall have the meanings set forth below.

- a. “**Commission**” means the United States Securities and Exchange Commission.
- b. “**Company**” means QVC, Inc., a Delaware corporation.
- c. “**Compensation Eligible for Recovery**” means Incentive-based Compensation received by an individual:
 - i. after beginning service as an Executive Officer,
 - ii. who served as an Executive Officer at any time during the performance period for the applicable Incentive-based Compensation (regardless of whether such individual is serving as an Executive Officer at the time the Erroneously Awarded Compensation is required to be repaid to the Company),
 - iii. while the Company had a class of securities listed on a national securities exchange or a national securities association,
 - iv. during the applicable Recovery Period, and
 - v. on or after the Effective Date.
- d. “**Effective Date**” means December 1, 2023.
- e. “**Erroneously Awarded Compensation**” means the Compensation Eligible for Recovery less the amount of such compensation as it would have been determined based on the restated amounts, computed without regard to any taxes paid.
- f. “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.
- g. “**Executive Officer**” means the Company’s principal executive officer, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice president of the Company in charge of a principal business unit, division, or function (such as sales, administration or finance) and any other officer who performs a significant policy-making function, and any other person who performs similar policy-making functions for the Company. For purposes of this policy, Executive Officers would include, at a minimum, executive officers identified pursuant to 17 C.F.R. 229.401(b).
- h. “**Financial Reporting Measure**” means measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are considered Financial Reporting Measures. For the avoidance of doubt, a Financial Reporting Measure need not be presented within the financial statements or included in a filing with the Commission.
- i. “**Incentive-based Compensation**” means any compensation, including, for the avoidance of doubt, any cash bonus, cash award, option, equity award, or other non-equity incentive award, in each case, that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.
- j. “**NYSE**” means the New York Stock Exchange LLC.
- k. “**Policy**” means this Policy for the Recovery of Erroneously Awarded Compensation, as the same may be amended or amended and restated from time to time.

l. “**Recovery Period**” means the three completed fiscal years immediately preceding the Restatement Date and any transition period (that results from a change in the Company’s fiscal year) of less than nine months within or immediately following those three completed fiscal years.

m. “**Restatement**” means an accounting restatement:

- i. due to material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or
- ii. that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

n. “**Restatement Date**” means the earlier of:

- i. the date the Shareholder-Director concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement, or
- ii. the date a court, regulator, or other legally authorized body directs the Company to prepare a Restatement.

o. “**Shareholder-Director**” means Qurate Retail Group, Inc., a Delaware corporation and the sole shareholder-director of the Company.

1. Recovery of Erroneously Awarded Compensation.

a. The Principal Financial Officer and Chief Accounting Officer or Corporate Controller of the Company shall promptly report to the Shareholder-Director any instance in which the Company is required to prepare a Restatement.

b. Upon learning of a required Restatement, the Shareholder-Director shall determine the Restatement Date.

c. The Principal Financial Officer and Chief Accounting Officer or Corporate Controller (or another appropriate officer or third party designated by the Shareholder-Director) shall promptly (but in any event within 90 days following the Restatement) calculate the Erroneously Awarded Compensation for each affected individual, which calculation shall be subject to Shareholder-Director approval. For purposes of calculating Erroneously Awarded Compensation:

- i. Incentive-based Compensation shall be deemed received in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-based Compensation award is attained, even if the payment or grant of the Incentive-based Compensation occurs after the end of that period.
- ii. Incentive-based Compensation based on (or derived from) stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in a Restatement, shall be based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Incentive-based Compensation was received. The Company shall maintain documentation of the determination of such reasonable estimate and provide such documentation to NYSE.

d. Promptly following the Shareholder-Director’s approval of the Erroneously Awarded Compensation calculated by the Principal Financial Officer and Chief Accounting Officer or Corporate Controller (or another appropriate officer or third party designated by the Shareholder-Director), the Company shall notify in writing each individual who received Erroneously Awarded Compensation of the amount of Erroneously Awarded Compensation received by such individual and shall demand payment or return, as applicable, of such Erroneously Award Compensation.

e. The Company shall demand recovery and recover Erroneously Awarded Compensation in compliance with this Policy except to the extent that the Shareholder-Director determines that (I) recovery of the Erroneously Awarded Compensation would be duplicative of compensation recovered by the Company from the individual pursuant to Section 304 of the Sarbanes-Oxley Act or pursuant to other recovery obligations (in which case, the amount of Erroneously Awarded Compensation shall be appropriately reduced to avoid such duplication), or (II) recovery would be impracticable, and one of the following conditions applies:

- i. the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to NYSE;

- ii. recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to NYSE, that recovery would result in such a violation, and must provide such opinion to NYSE; or
- iii. recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

f. Except as provided in Section 4(e), in no event may the Company accept repayment from the affected individual of less than the full amount of the Erroneously Awarded Compensation received by such individual.

g. The Shareholder-Director shall determine, in its sole discretion, the method of recovering any Erroneously Awarded Compensation pursuant to this Policy, taking into account all facts and circumstances (including the time value of money and the cost to shareholders of delayed recovery), so long as such method complies with the terms of Section 303A.14 of the NYSE Listed Company Manual. If the Shareholder-Director determines that an appropriate method of recovery is one other than the prompt repayment by the affected individual in cash or property, the Company may offer to enter into a repayment agreement with the affected individual (in a form and with terms reasonably acceptable to the Shareholder-Director).

h. If the affected individual fails to repay to the Company when due the full amount of the Erroneously Awarded Compensation received by such affected individual, the Company shall take all actions reasonable and appropriate to recover the full amount of the Erroneously Awarded Compensation from the affected individual.

2. Disclosure. The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the securities laws, including the disclosure required by the applicable Commission filings.

3. No Indemnification. The Company shall not indemnify any current or former Executive Officer against the loss of Erroneously Awarded Compensation, and shall not pay, or reimburse any current or former Executive Officers for premiums for any insurance policy to fund such Executive Officer's potential recovery obligations.

4. Effective Date. This Policy shall be effective as of the Effective Date.

5. Amendment and Interpretation. The Shareholder-Director may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary or advisable to reflect the regulations adopted by the Commission and to comply with any rules or standards adopted by NYSE. The Shareholder-Director may at any time in its sole discretion, supplement, amend or terminate any provision of this Policy in any respect as the Shareholder-Director determines to be necessary or appropriate. The Shareholder-Director shall interpret and construe this Policy and make all determinations necessary or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and Rule 10D-1 thereunder and Section 303A.14 of the NYSE Listed Company Manual and any other applicable rules adopted by the Commission.

6. Other Recoupment Rights. The Shareholder-Director intends that this Policy will be applied to the fullest extent of the law. The Shareholder-Director may require that any employment agreement, equity award agreement or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require the party thereto to agree to abide by the terms of this Policy or implement arrangements designed to facilitate the administration hereof. Although not a prerequisite to enforcement of this Policy, each Executive Officer shall be required to sign and return to the Company the Acknowledgment Form attached hereto as Exhibit A pursuant to which such Executive Officer will agree to be bound by the terms and comply with this Policy. Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company pursuant to the terms of any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

7. Successors. This Policy shall be binding and enforceable against all current and former Executive Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.

EXHIBIT A

QVC, INC.

POLICY FOR THE RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

ACKNOWLEDGEMENT FORM

By signing below, the undersigned acknowledges and confirms the undersigned has received and reviewed a copy of the QVC, Inc. Policy for the Recovery of Erroneously Awarded Compensation (the "**Policy**"). Capitalized terms used but not otherwise defined in this Acknowledgement Form shall have the meanings ascribed to such terms in the Policy.

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with the Company. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner permitted by, the Policy. For the avoidance of doubt, any recovery affected under the Policy shall not constitute grounds to terminate the undersigned's employment for "Good Reason" (or any term of similar meaning) under any employment or compensation arrangements, agreements, plans or programs, if applicable.

Signed

Name (Printed)

Date