



qurate
RETAIL, INC.

Curated Experiences.
Infinite Possibilities.®

Q2 2022
Earnings Presentation

Safe Harbor and Non-GAAP Measures

This presentation includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about business strategies and initiatives and their expected benefits (including the sale leaseback transactions); market conditions (including inflation and supply chain issues), expectations regarding consumer trends and other matters that are not historical facts.

These forward-looking statements involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, including, without limitation, the impact of the COVID-19 pandemic on our businesses, the impact of the fire at QVC's Rocky Mount fulfillment center, insurance recoveries, possible changes in market acceptance of new products or services, competitive issues, regulatory matters affecting our businesses, continued access to capital on terms acceptable to Qurate Retail, Inc. ("QRI") and QVC, Inc. ("QVC"), availability of investment opportunities, issues impacting the global supply chain and labor market and market conditions conducive to stock repurchases. These forward-looking statements speak only as of the date of this presentation, and each of QRI and QVC expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in QRI's or QVC's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Please refer to the publicly filed documents of QRI and QVC, including their most recent Forms 10-Q and 10-K, for additional information about QRI and QVC and about the risks and uncertainties related to their respective

businesses which may affect the statements made in this presentation.

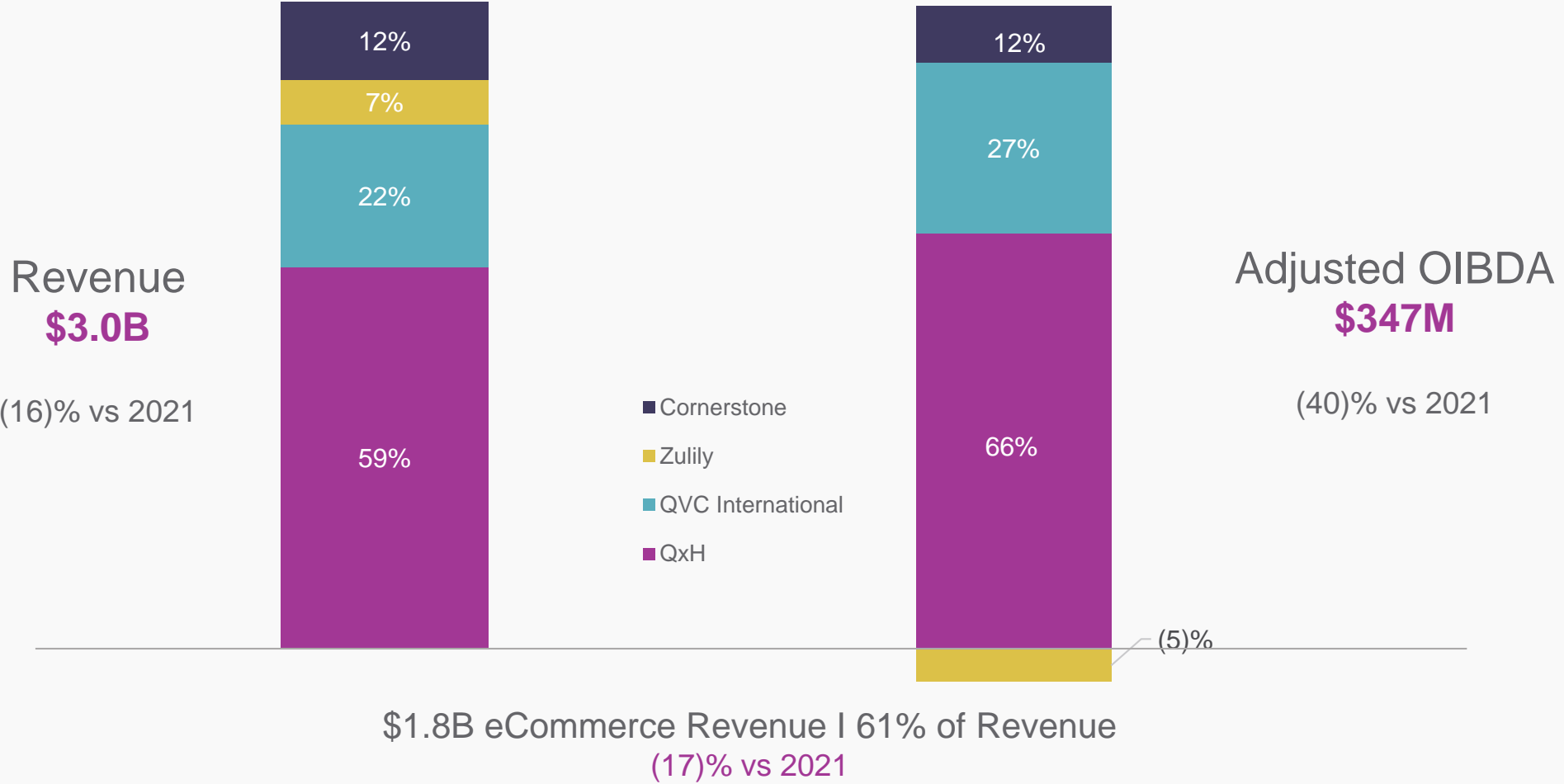
This presentation includes non-GAAP financial measures including adjusted OIBDA, adjusted OIBDA margin, free cash flow, and constant currency. Information regarding the comparable GAAP metrics, along with required definitions and reconciliations, can be found in this presentation or in the earnings press release issued August 5, 2022, as well as earnings press releases relating to prior periods, all of which are available on our website. This presentation is designed to be read in conjunction with the August 5, 2022 earnings press release, which is available on our website.

This presentation includes reference to free cash flow, which is a non-GAAP financial measure for QRI. QRI defines free cash flow as cash flows from operating activities less capital expenditures, expenditures for television distribution rights, investments in green energy and dividends paid to non-controlling interests. QRI believes free cash flow is an important indicator of the financial stability of our business. QRI believes cash flows from operating activities is the most directly comparable GAAP measures. Free cash flow is not meant to replace or supersede this GAAP measure, but rather to supplement such GAAP measures in order to present investors with a supplemental metric of financial performance. Please see the reconciliation of free cash flow to cash flows from operating activities calculated in accordance with GAAP for QRI on slide 10 of this presentation.

Revenue & Adjusted OIBDA

Business Segment Contribution

Q2 2022



Note: Percentages within the stacked bars exclude intersegment eliminations and unallocated corporate costs.

Revenue & Adjusted OIBDA

Prior Year Quarterly Comparative

REVENUE							
	2021					2022	
	Q1	Q2	Q3	Q4	FY-21	Q1	Q2
QxH	8%	(1)%	(8)%	(7)%	(3)%	(13)%	(12)%
QVC International	22%	11%	(3)%	(9)%	4%	(13)%	(19)%
QVC International ^A	15%	5%	(4)%	(5)%	2%	(7)%	(8)%
Zulily	19%	(6)%	(17)%	(30)%	(11)%	(38)%	(45)%
Cornerstone	41%	18%	7%	8%	16%	19%	4%
Total Qurate Retail	14%	2%	(7)%	(9)%	(1)%	(14)%	(16)%
Total Qurate Retail ^A	13%	1%	(7)%	(8)%	(1)%	(12)%	(13)%

ADJUSTED OIBDA							
	2021					2022	
	Q1	Q2	Q3	Q4	FY-21	Q1	Q2
QxH	19%	1%	(14)%	(23)%	(7)%	(36)%	(41)%
QVC International	47%	21%	(13)%	(1)%	10%	(27)%	(34)%
QVC International ^A	38%	16%	(14)%	2%	8%	(22)%	(24)%
Zulily	200%	(80)%	NM	NM	NM	NM	NM
Cornerstone	1,450%	148%	(31)%	(15)%	46%	15%	(15)%
Total Qurate Retail	35%	3%	(24)%	(19)%	(5)%	(35)%	(40)%
Total Qurate Retail ^A	32%	2%	(24)%	(19)%	(6)%	(34)%	(38)%

QxH Category Performance

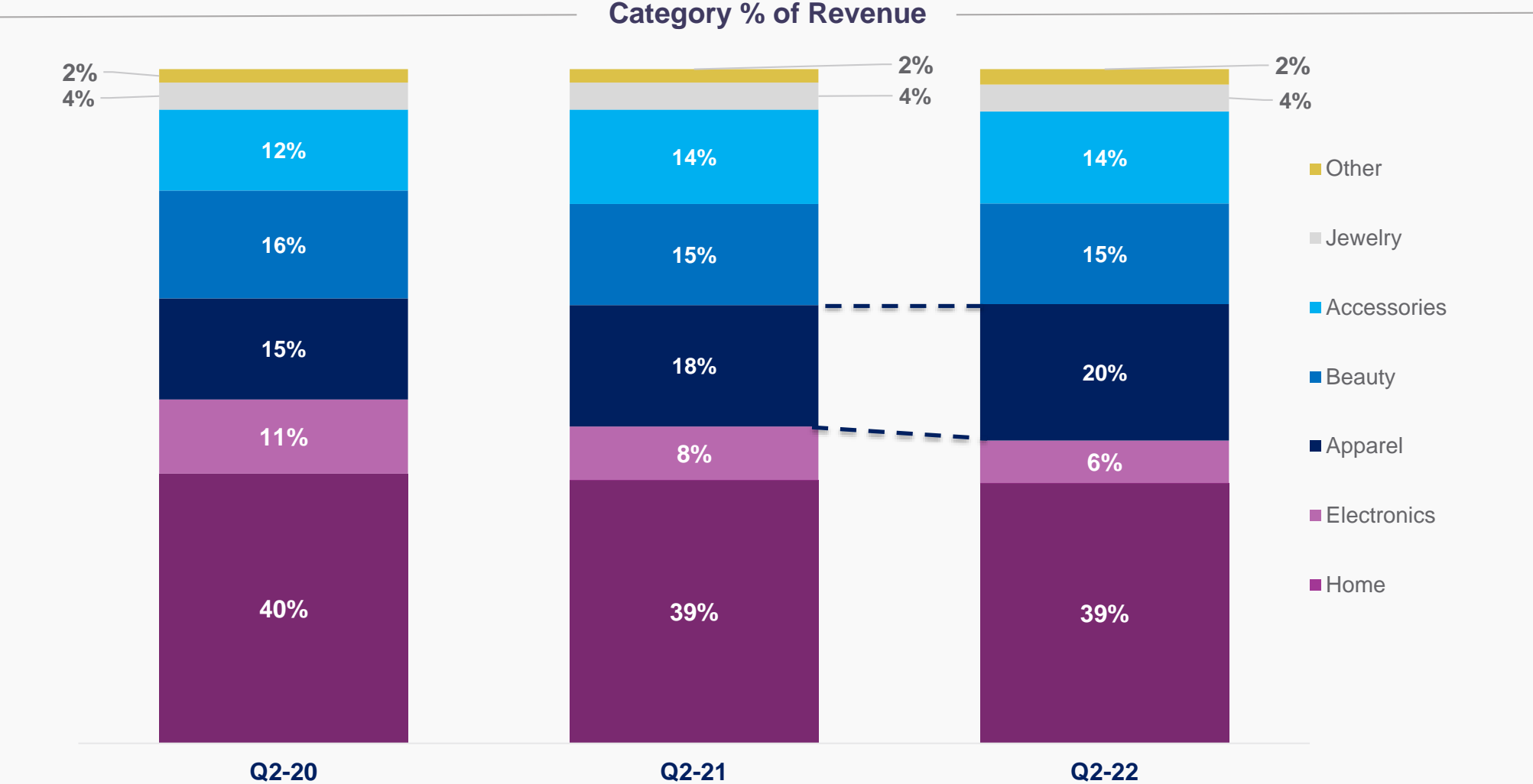
Prior-Year Comparative

	2021					2022	
	Q1	Q2	Q3	Q4	FY-21	Q1	Q2
Home	14%	(3)%	(17)%	(14)%	(7)%	(16)%	(12)%
Electronics	16%	(23)%	(13)%	(12)%	(10)%	(27)%	(33)%
Apparel	(3)%	19%	8%	19%	10%	2%	(1)%
Beauty	(1)%	(10)%	(6)%	4%	(3)%	(9)%	(14)%
Accessories	12%	11%	(4)%	(3)%	4%	(15)%	(11)%
Jewelry	0%	(7)%	2%	0%	(1)%	(11)%	(7)%
Total	8%	(1)%	(8)%	(7)%	(3)%	(13)%	(12)%

Notable Brands



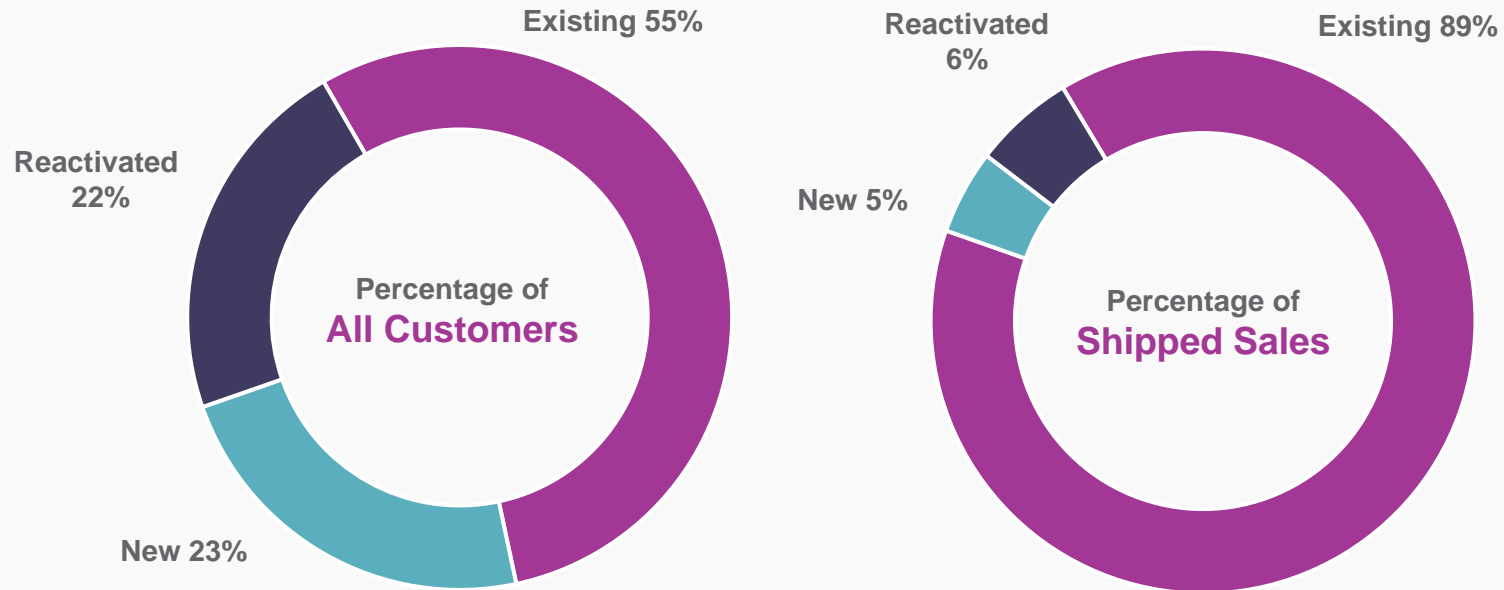
QxH Category Mix Shift to Apparel



Fashion Categories: Apparel, Beauty, Accessories and Jewelry
 Home Categories: Home and Electronics

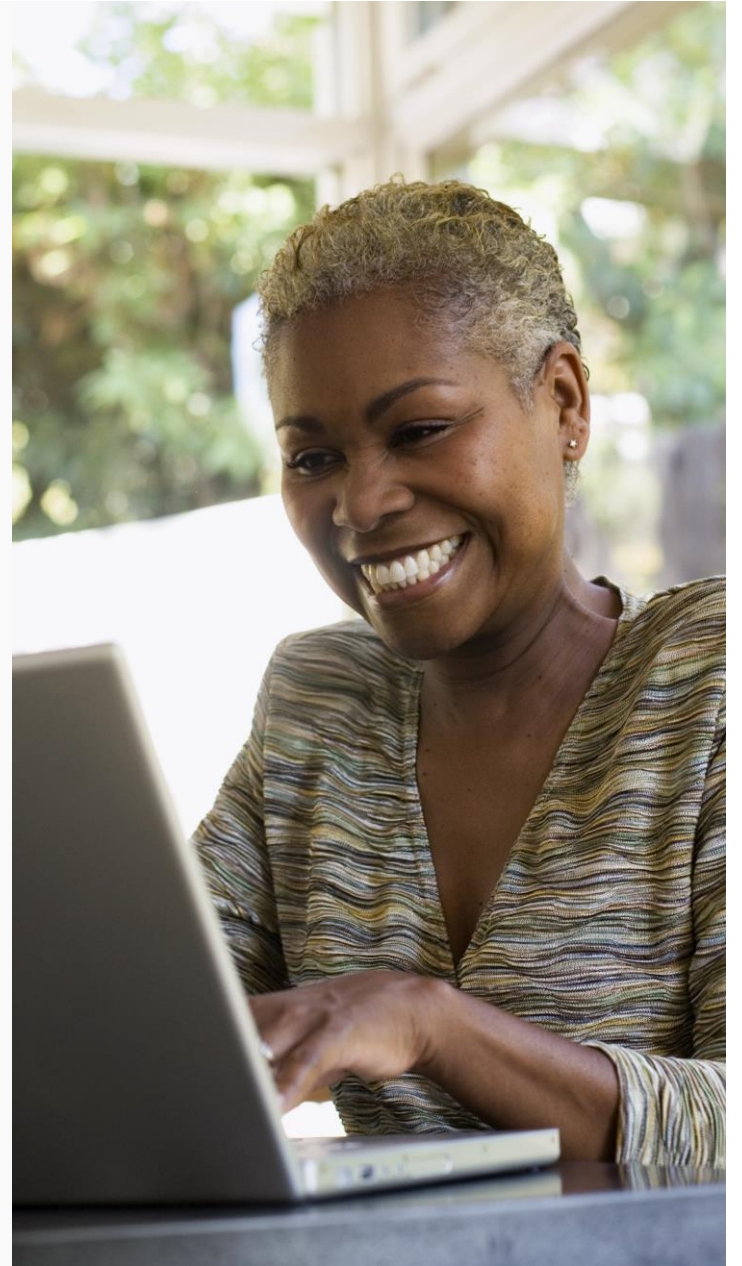
QxH Customer Profile

Trailing Twelve Months
Ended June 2022

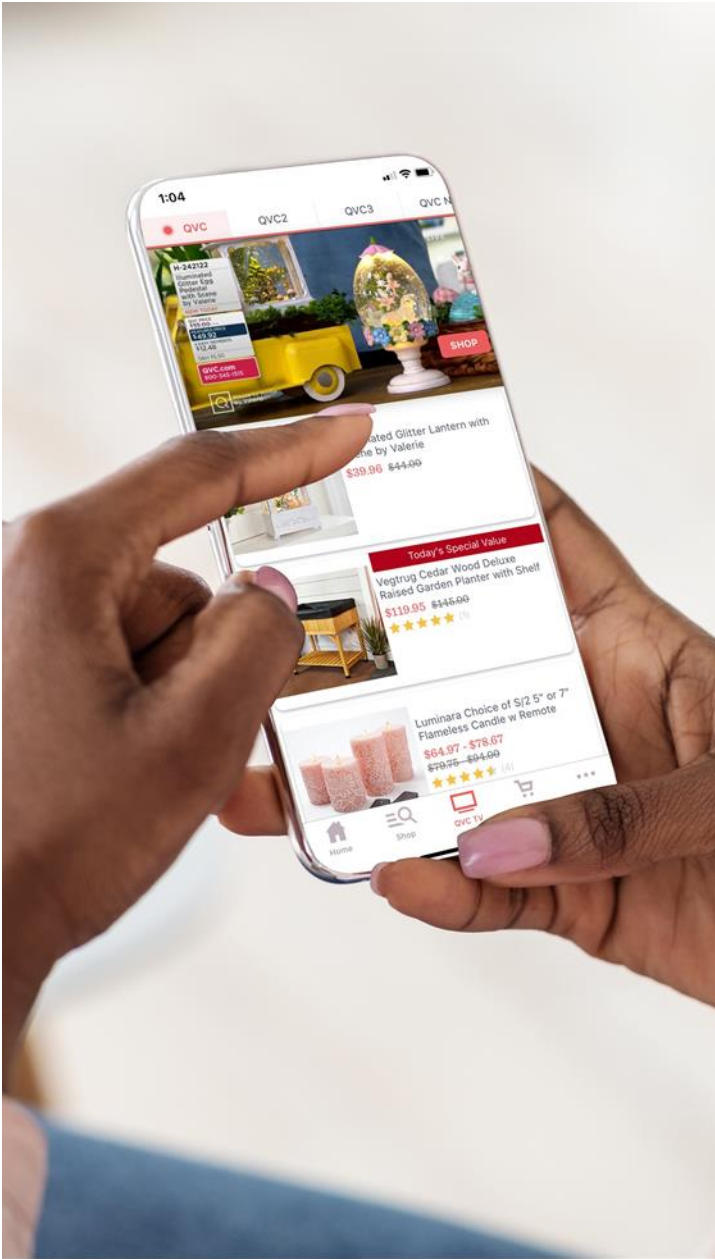


Existing Customers

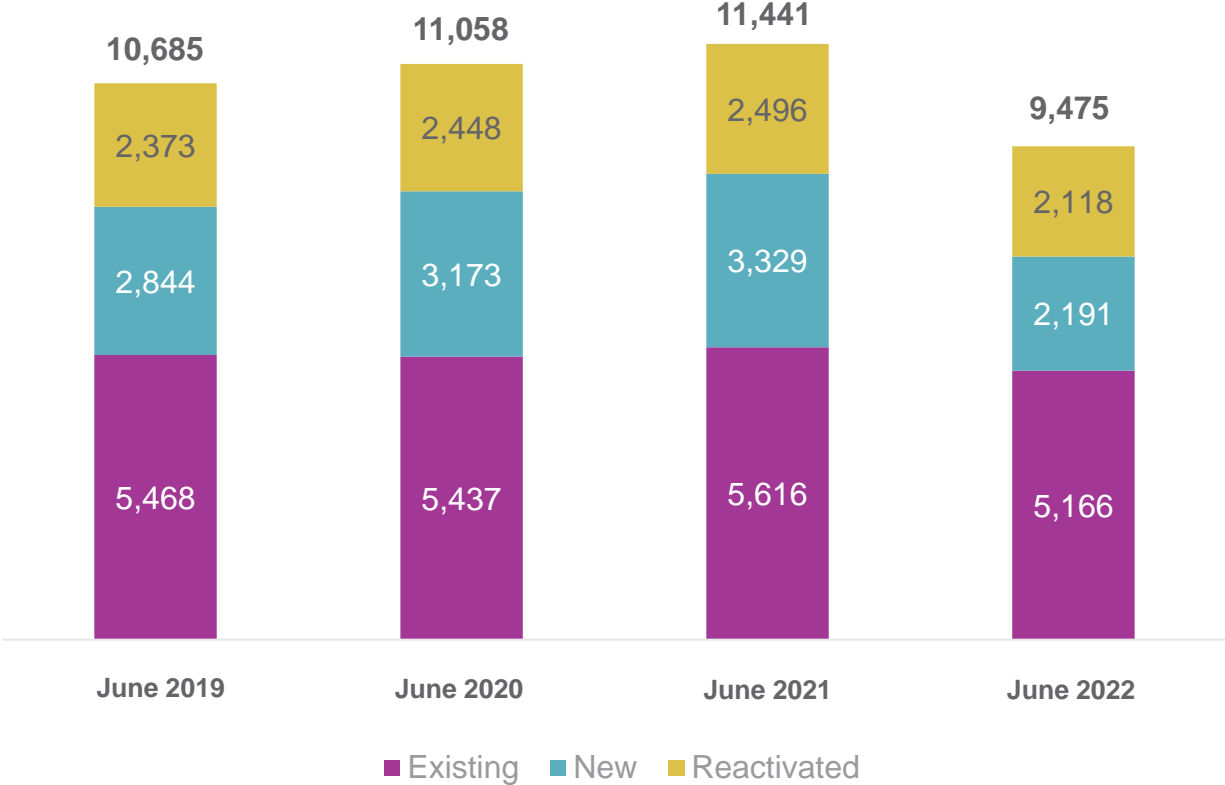
Annual Purchases: **28** Items purchased | **\$1.4K** Spend



New: Never purchased previously
Reactivated: Purchased in past, but not in last 12 months
Existing: Made a purchase in two consecutive 12-month periods



QxH Customer Count Last 12 Months Ended (‘000s)



New: Never purchased previously
Reactivated: Purchased in past, but not in last 12 months
Existing: Made a purchase in two consecutive 12-month periods

QxH Adjusted OIBDA Margin

Basis Point Change Year Over Year

		Fiscal 2022		Q2 Trend Driver	
		Q1	Q2		
Prior Year		18.0%	19.7%		
Gross Margin	Product Margin ¹	140	10	▲ ▼	Category Mix and Pricing Inventory Clearance Inbound Transportation Cost Inflation
Gross Margin	Fulfillment ²	(165)	(230)	▲ ▼	Network Optimization Cost Inflation (Freight, Labor Rates Fuel) Capacity & Operating Inefficiencies Sales Deleverage
Gross Margin	Obsolescence	(105)	(145)	▼	PY Reserve Release (Methodology Change) CY Higher Reserves
Operating Expense	Commissions	(25)	(25)	▼	Higher Mix of Sales in Commissionable Window Expanded Distribution
SGA	Marketing	(25)	(25)	▼	Inflation & Lower Efficiency
SGA	Bad Debt	(65)	(85)	▼	PY Reserve Release CY Higher Reserves
SGA	Administrative Costs ³	(155)	(110)	▼	Sales Deleverage
	Other ⁴	(60)	(40)	▼	Customer Service
Current Year		13.4%	13.2%		
Δ vs. LY		(460)	(650)		

Note: All figures rounded to the nearest 5 bps

¹ Includes Net Revenue less Product Cost of Goods Sold (including shipping & handling revenue, private label card income, returns, royalties, and liquidation costs)

² Includes owned facilities warehouse and freight, Manpower and Non-Manpower expenses, and drop-ship

³ Includes other Manpower and Non-Manpower expenses (including bonus accrual, outside services, legal settlements, severance, remote work allowances, COVID-related costs, and travel & entertainment)

⁴ Includes other items not included in above categories

Qurate Retail, Inc. Free Cash Flow

US\$ Millions

	Six Months Ended June 30	
	2021	2022
Net Cash Provided (Used) by Operating Activities	702	(58)
Plus: Insurance Proceeds Related to Fixed Assets	--	70
Less: Capital Expenditures	(110)	(101)
Less: Expenditures for Television Distribution Rights	(170)	(15)
Less: Investments in Green Energy ¹	(60)	(6)
Less: Dividends Paid to Non-controlling Interest	(31)	(27)
Free Cash Flow	331	(137)

¹Included within investments in and loans to cost and equity investees

QxH Sale and Leaseback Summary Transactions

- Completed sale and leaseback for Ontario, CA fulfillment center on 6/28
 - \$340 million aggregate consideration
 - \$250 million cash proceeds
 - \$84 million debt forgiveness related to previous lease
 - \$37 million right-of-use asset, offset by \$31 million operating lease liability
 - Annual expense impacting QxH adjusted OIBDA: \$14 million
- Completed sale and leaseback for five US properties on 7/15
 - \$443 million cash proceeds
 - Average annual expense impacting QxH adjusted OIBDA: \$33 million
 - Annual cash rent expense: \$27 million⁽¹⁾ in year 1, increasing 2% per annum
- Weighted average tenor of lease agreements across the six properties is approximately 19 years
- Aggregate after-tax proceeds for Qurate Retail of approximately \$685 million
- QVC, Inc. leverage as of 6/30 is 2.3x as defined in QVC's credit agreement (prior to closing July sale leaseback transactions)
 - All cash proceeds used to repay QVC bank credit facility

(1) Cash rent of \$27 million in year 1, increasing 2% per annum. Rent expense impacting adjusted OIBDA reflected as average cash rent expected over term of lease.

QVC, Inc. Headline Financial Covenant Summary

➤ Liberty Interactive, LLC (“LI LLC”) Debt

- No material covenants other than liens tests

➤ QVC, Inc. Credit Facility

- Primary covenant is 4.5x net leverage test (maintenance based)
 - Inclusive of debt, cash and adjusted EBITDA⁽¹⁾ of QVC, Inc., Cornerstone and Zulily
 - QVC, Inc. leverage as of 6/30 is 2.3x as defined in QVC’s credit agreement
- Debt service of LI LLC debt (principal and interest) and tax sharing payments are carved out of restricted payments
- Dividends payable to holders of Qurate Retail’s preferred stock is not carved out of restricted payments
- Additional limitation can be found in QVC, Inc.’s publicly filed documents⁽²⁾

➤ QVC, Inc. Bond Indentures

- Restricted payment test of 3.5x gross leverage (incurrence based)
 - Inclusive of debt, cash and adjusted EBITDA⁽³⁾ of QVC, Inc.
 - Cornerstone and Zulily sit outside of QVC, Inc.
 - However, as a result of current performance, debt borrowed at Zulily under QVC’s credit agreement is currently included in QVC, Inc. debt due to the accounting for obligations resulting from joint and several liability arrangements
- Debt service of LI LLC debt (principal and interest) and tax sharing payments are carved out of restricted payments
- Dividends payable to holders of Qurate Retail’s preferred stock is not carved out of restricted payments
- 2:1 fixed charge coverage ratio in order to incur new debt

(1) As defined in QVC’s credit agreement.

(2) https://www.sec.gov/Archives/edgar/data/0001254699/000110465921131049/tm2131224d1_ex4-1.htm

(3) As defined in QVC’s bond indenture.

Glossary

Average Daily Reach: Pertains to linear TV broadcasts and is the count of distinct homes that watch at least 20 consecutive seconds within a day.

Total Minutes Viewed: Pertains to linear TV broadcasts and is the sum of total daily minutes viewed within a specified time period.

Monthly Active Users: Pertains to our streaming services and is the number of unique households that watched for any length of time during the month.

Existing Customer: Made a purchase in two consecutive 12-month periods.

New Customer: Never made a purchase previously.

Reactivated Customer: Purchased in past, but not in last 12 months.

Best Customer (QVC): Purchased 20+ units in last 12 months.

qurate

RETAIL, INC.

 QVC |  HSN | *zulily* | BALLARD DESIGNS | FRONTGATE | Garnet Hill | **grandinroad.**