



qurate
RETAIL, INC.

Curated Experiences.
Infinite Possibilities.®

Q2 2023
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 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, possible changes in market acceptance of new products or services, failure to successfully implement Project Athens, competitive issues, regulatory matters affecting our businesses, continued access to capital on terms acceptable to Qurate Retail, Inc. (“QRI”) and QVC, Inc. (“QVC”), changes in law and government regulations, availability of investment opportunities, general market conditions (including as a result of COVID-19 or other public health crises), 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-K and 10-Q, 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.

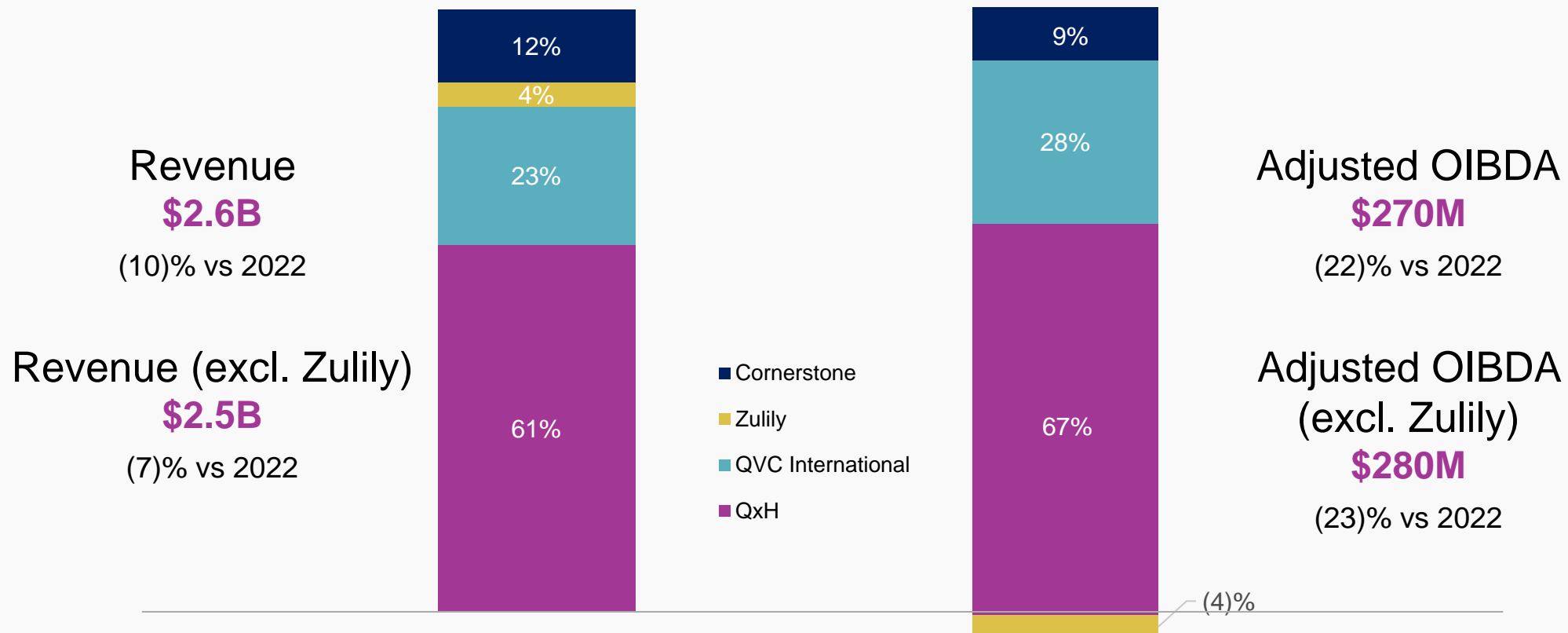
This presentation includes non-GAAP financial measures including adjusted OIBDA, adjusted OIBDA margin, free cash flow, and constant currency. Information regarding the comparable GAAP metrics, along with required definitions and reconciliations, can be found in this presentation or in the earnings press release issued August 4, 2023, 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 4, 2023 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 measure. Free cash flow is not meant to replace or supersede this GAAP measure, but rather to supplement such GAAP measure 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 2023



\$1.6B eCommerce Revenue | 61% of Revenue
 (11)% vs 2022

Note: Zulily was divested on May 24, 2023. Its results are included in Q2-23 up to the date of sale. Percentages within the stacked bars exclude intersegment eliminations and unallocated corporate costs.

Revenue & Adjusted OIBDA

Prior Year Quarterly Comparative

REVENUE							
	2022					2023	
	Q1	Q2	Q3	Q4	FY-22	Q1	Q2
QxH	(13)%	(12)%	(8)%	(11)%	(11)%	(5)%	(8)%
QVC International	(13)%	(19)%	(21)%	(18)%	(18)%	(12)%	(5)%
QVC International ^A	(7)%	(8)%	(5)%	(4)%	(6)%	(3)%	(3)%
Cornerstone	19%	4%	8%	(3)%	6%	(13)%	(7)%
Total Qurate Retail (excluding Zulily)							(7)%
Total Qurate Retail (excluding Zulily) ^A							(7)%
Zulily	(38)%	(45)%	(39)%	(28)%	(38)%	(17)%	NM
As Reported Total Qurate Retail	(14)%	(16)%	(13)%	(13)%	(14)%	(8)%	(10)%
As Reported Total Qurate Retail ^A	(12)%	(13)%	(9)%	(10)%	(11)%	(6)%	(10)%

ADJUSTED OIBDA							
	2022					2023	
	Q1	Q2	Q3	Q4	FY-22	Q1	Q2
QxH	(36)%	(41)%	(56)%	(60)%	(48)%	(38)%	(20)%
QVC International	(27)%	(34)%	(46)%	(39)%	(36)%	(31)%	(19)%
QVC International ^A	(22)%	(24)%	(35)%	(26)%	(27)%	(23)%	(15)%
Cornerstone	15%	(15)%	(58)%	NM	(43)%	(87)%	(43)%
Total Qurate Retail (excluding Zulily)							(23)%
Total Qurate Retail (excluding Zulily) ^A							(22)%
Zulily	NM	NM	(47)%	(260)%	(708)%	(72)%	NM
As Reported Total Qurate Retail	(35)%	(40)%	(57)%	(64)%	(49)%	(47)%	(22)%
As Reported Total Qurate Retail ^A	(34)%	(38)%	(54)%	(60)%	(46)%	(44)%	(21)%

A – Constant Currency

Note: Zulily was divested on May 24, 2023. Its results are included in Q2-23 up to the date of sale. Percentages on a segment basis exclude intersegment eliminations and unallocated corporate costs.



QxH Category Performance

Prior-Year Comparative

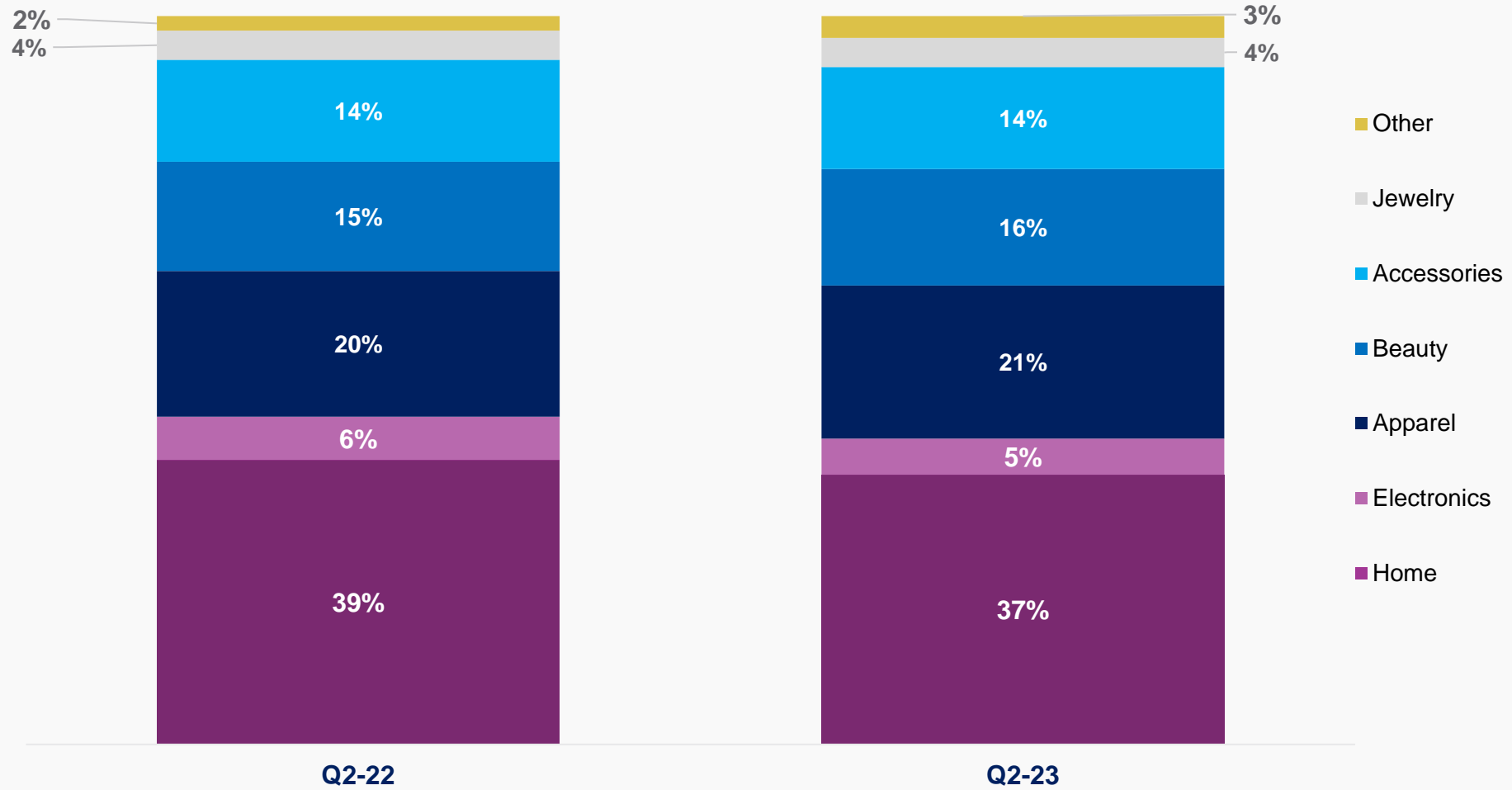
	2022					2023	
	Q1	Q2	Q3	Q4	FY-22	Q1	Q2
Home	(16)%	(12)%	(9)%	(13)%	(13)%	(2)%	(11)%
Electronics	(27)%	(33)%	(11)%	(14)%	(20)%	(25)%	(27)%
Apparel	2%	(1)%	(2)%	(15)%	(4)%	(0)%	(4)%
Beauty	(9)%	(14)%	(10)%	(6)%	(9)%	(6)%	4%
Accessories	(15)%	(11)%	(10)%	(10)%	(12)%	(5)%	(7)%
Jewelry	(11)%	(7)%	(23)%	(11)%	(13)%	(11)%	(8)%
Total	(13)%	(12)%	(8)%	(11)%	(11)%	(5)%	(8)%

Notable Brands



QxH Category Mix

Category % of Revenue

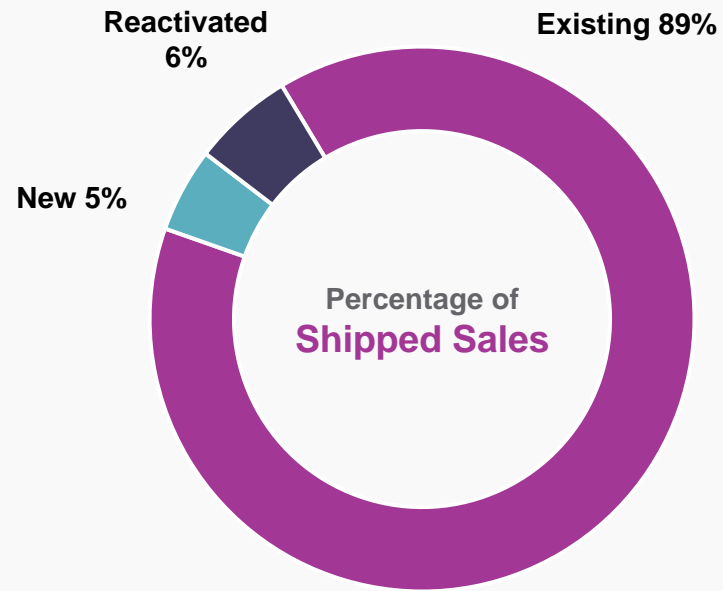
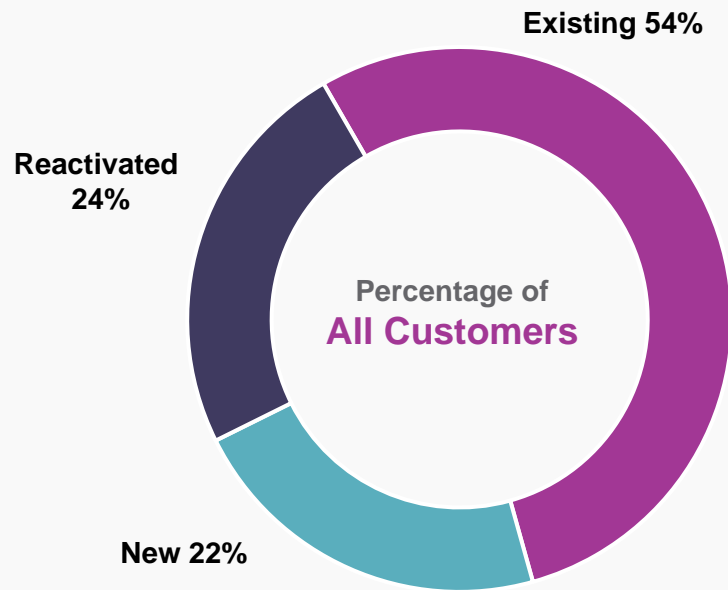


Fashion Categories: Apparel, Beauty, Accessories and Jewelry

Home Categories: Home and Electronics

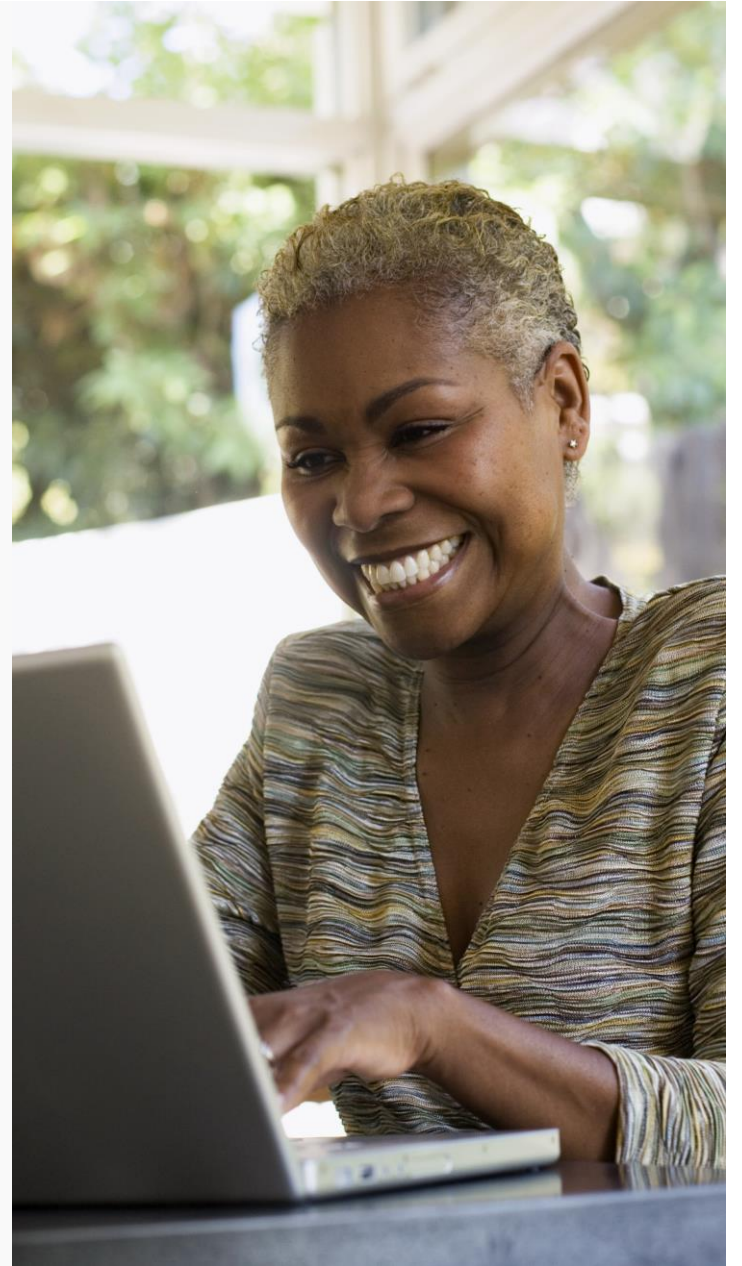
QxH Customer Profile

Trailing Twelve Months
Ended June 2023

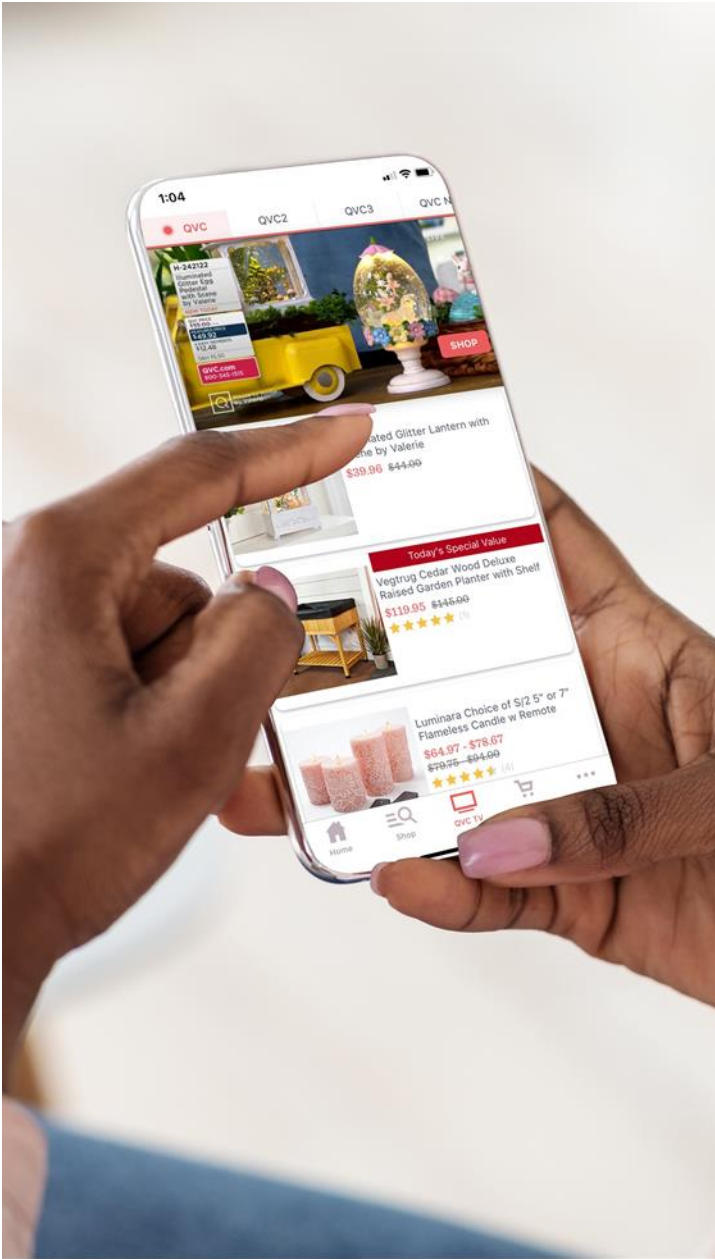


Existing Customers

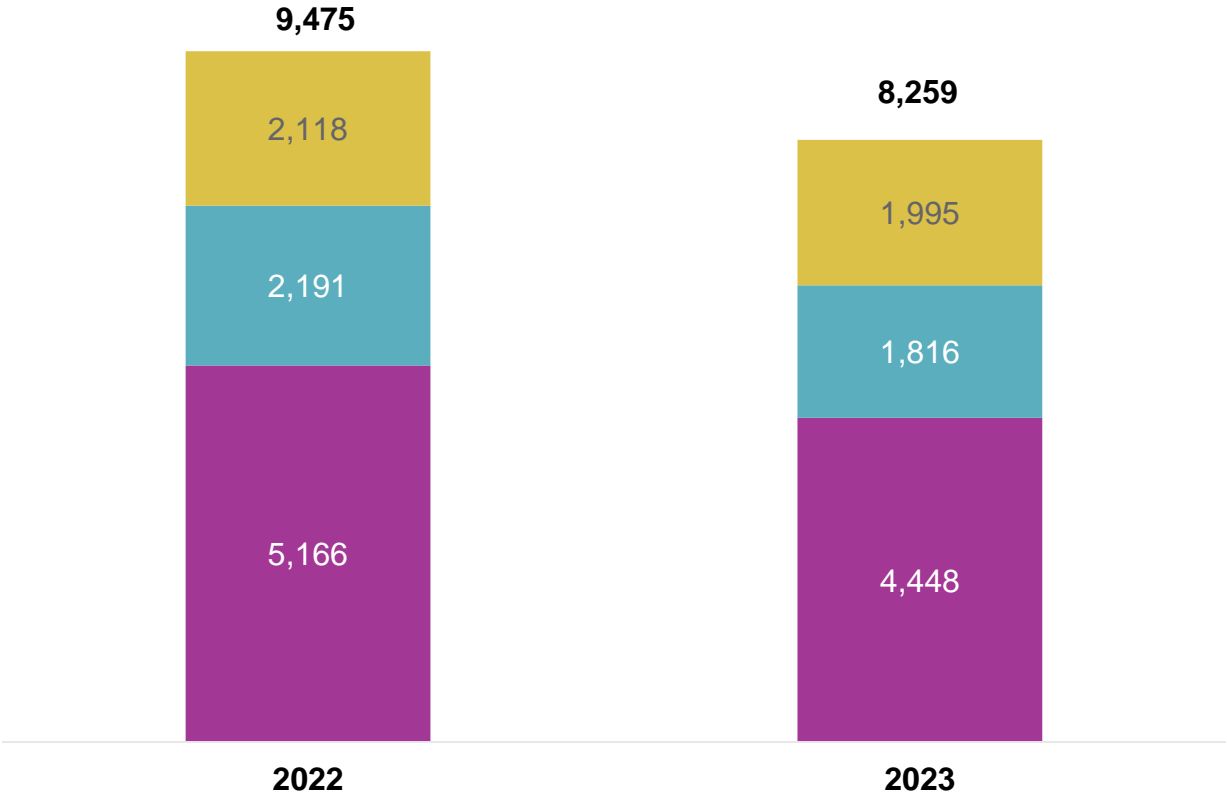
Annual Purchases: **30** Items purchased | **\$1.5K** Spend



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 June (‘000s)



■ Existing ■ New ■ Reactivated

- 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 2023		Q2 Trend Driver
		Q1	Q2	
Prior Year		13.4%	13.2%	
Gross Margin	Product Margin ¹	(125)	70	+ Pricing > - Returns Shipping & Handling Revenue
Gross Margin	Fulfillment ²	(180)	35	+ Detention and Demurrage Volume > - Freight and Labor Rates FC Rent
Gross Margin	Obsolescence	140	30	Reduced Inventory Levels
Operating Expense	Commissions	(65)	(55)	Expanded Linear Distribution
SGA	Marketing	40	(25)	Sales Deleverage
SGA	Bad Debt	30	60	Provision Adjustments
SGA	Administrative Costs ³	(310)	(300)	Costs Related to Project Athens Transformation Benefits Sales Deleverage
	Other ⁴	0	5	
Current Year		8.7%	11.4%	
Δ vs. LY		(470)	(180)	

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, corporate rent, 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	
	2022	2023
Net Cash Provided (Used) by Operating Activities	(58)	468
Plus: Insurance Proceeds Related to Fixed Assets	70	54
Less: Capital Expenditures	(101)	(105)
Less: Expenditures for Television Distribution Rights	(15)	(107)
Less: Investments in Green Energy ¹	(6)	--
Less: Dividends Paid to Non-controlling Interest	(27)	(24)
Free Cash Flow	(137)	286

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

Sale Leaseback Transactions Summary

- **Completed sale leaseback for Ontario, CA fulfillment center on 6/28/22**
 - \$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 leaseback for five US properties on 7/15/22**
 - \$445 million aggregate consideration
 - \$443 million cash proceeds
 - \$207 million right-of-use asset, offset by \$205 million operating lease liability
 - Average annual expense impacting QxH adjusted OIBDA: \$33 million
 - Annual cash rent expense: \$27 million⁽¹⁾ in year 1, increasing 2% per annum
- **Completed sale leaseback for UK and German properties on 1/6/23**
 - \$182 million US dollar-equivalent cash proceeds
 - Average annual expense impacting QVC International adjusted OIBDA: approximately \$15 million⁽²⁾
- **Weighted average tenor of lease agreements across the eight closed properties is approximately 19 years**
- **Aggregate expected after-tax proceeds for Qurate Retail from eight closed properties of approximately \$765 million**
- **QVC, Inc. leverage as of 6/30/23 is 2.3x as defined in QVC's credit agreement**
 - Gains from leaseback transactions are included in adjusted EBITDA for purposes of the covenant calculations under QVC's bank credit facility⁽³⁾

(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.

(2) Approximate rent expense expected in US Dollars based on prevailing exchange rates.

(3) In the third quarter of 2022, QVC recorded \$277 million of gains related to the sale leaseback for the five US properties. In the first quarter of 2023, QVC International recorded \$113 million of gains related to the sale leaseback of the UK and German properties.

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)
 - QVC, Inc. leverage as of 6/30/23 is 2.3x as defined in QVC’s credit agreement
 - Inclusive of debt, cash and adjusted EBITDA⁽¹⁾ of QVC, Inc. and Cornerstone
 - Gains from leaseback transactions and a portion of expected cost savings are included in adjusted EBITDA for purposes of the covenant calculations under QVC’s bank credit facility
 - Zulily was divested as of 5/24/23 and is no longer a co-borrower in the credit facility; Zulily repaid its outstanding borrowings of approximately \$80m under the credit facility using cash contributed by Qurate Retail
- 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 information 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)
 - As of 6/30/23, QVC’s consolidated leverage ratio (as calculated under QVC’s senior secured notes) was greater than 3.5x
 - Inclusive of debt, cash and adjusted EBITDA⁽³⁾ of QVC, Inc.
 - Cornerstone sits outside of QVC, Inc.
- 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

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 | BALLARD DESIGNS | FRONTGATE | Garnet Hill | **grandinroad.**