

Item 2.02. Results of Operations and Financial Condition.

On May 7, 2021, Qurate Retail, Inc. (the “Company”) issued a press release (the “Earnings Release”) setting forth information, including financial information, which is intended to supplement the financial statements and related Management's Discussion and Analysis of Financial Condition and Results

SIGNATURE

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

Date: May 7, 2021

QURATE RETAIL, INC.

By: /s/ Wade Haufschild
Name: Wade Haufschild
Title: Senior Vice President

Zulily

Zulily revenue increased on customer growth and broad-based gains across categories, led by home, apparel and beauty. Operating income and adjusted OIBDA margin increased primarily due to leverage of administrative expenses and improved product margins. These gains were partially offset by higher fulfillment costs and marketing expense.

Cornerstone

Cornerstone revenue increased primarily due to strong demand in its home brands (Frontgate, Ballard Designs and Grandin Road). Garnet Hill sustained revenue growth in the quarter on the strength of apparel and home textiles. Operating income and adjusted OIBDA margin increased primarily from sales growth and product margin gains, partially offset by higher fulfillment costs.

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Capital Returns

From February 1, 2021 through April 30, 2021, Qurate Retail repurchased approximately 5.0 million shares of Series A common stock (Nasdaq: QRTEA) at an average cost per share of \$12.12 for total cash consideration of \$61 million. The remaining repurchase authorization for Qurate Retail is approximately \$354 million as of May 1, 2021.

FOOTNOTES

- 1) Qurate Retail's President and CEO, Mike George, and Executive Chairman, Greg Maffei will discuss

Qurate Retail benefits from an indemnification agreement with Liberty Broadband with respect to its Charter exchangeable debentures. The indemnification agreement compensates Qurate Retail for any payments made in excess of the adjusted principal amount of the debentures to any holder that exercises its exchange right on or before the put/call date of October 5, 2023. This indemnity is supported by a negative pledge in favor of Qurate Retail on the 1.0 million reference shares of Class A common stock of Charter held at Liberty Broadband that underlie the Charter exchangeable debentures. The indemnification asset on Qurate Retail's balance sheet is valued based on the estimated exchange feature in the Charter exchangeable debentures. As of March 31, 2021, a holder of the Charter exchangeable debentures has the ability to exchange and, accordingly, the indemnification asset is included as a current asset in our consolidated balance sheet as of that date.

Important Notice: Qurate Retail, Inc. (Nasdaq: QRTEA, QRTEB, QRTEP) President and CEO, Mike George, and Executive Chairman, Greg Maffei, will discuss Qurate Retail's earnings release on a conference call which will begin at 8:30 a.m. (E.D.T.) on May 7, 2021. The call can be accessed by dialing (800) 289-0571 or (323) 794-2093, passcode 3973031, at least 10 minutes prior to the start time. The call will also be broadcast live across the Internet and archived on our website. To access the webcast go to <http://ir.qurateretail.com/events-and-presentations>. Links to this press release and replays of the call will also be available on Qurate Retail's website.

This press release includes certain forward-looking statements, including statements about business strategies and initiatives and their expected benefits, market potential, future financial performance and prospects, Qurate Retail's estimated ongoing annual tax rate, market conditions, the indemnification by Liberty Broadband, future repayment of debt, the continuation of our stock repurchase program, the payment of quarterly cash dividends on the Preferred Stock 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, competitive issues, regulatory matters affecting our businesses, continued access to capital on terms acceptable to Qurate Retail, changes in law and government regulations, the availability of investment opportunities, general market conditions (including as a result of COVID-19) and market conditions conducive to stock repurchases. These forward-looking statements speak only as of the date of this press release, and Qurate Retail expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in circumstances.

This press release also references certain financial metrics on a constant currency basis, which is a non-GAAP measure, for Qurate Retail. Constant currency financial metrics, as presented herein, are calculated by translating the current-year and prior-year reported amounts into comparable amounts using a single foreign exchange rate for each currency.

Qurate Retail believes constant currency financial metrics are an important indicator of financial performance, in particular for QVC, due to the translational impact of foreign currency fluctuations relating to its subsidiaries in the UK, Germany, Italy and Japan. We use constant currency financial metrics to provide a framework to assess how our businesses performed excluding the effects of foreign currency exchange fluctuations. Please see the financial tables at the beginning of this press release for a reconciliation of the impact of foreign currency fluctuations on revenue, operating income, Adjusted OIBDA and average selling price.

SCHEDULE 3

The following table provides a reconciliation of Qurate Retail's net income (loss) to its adjusted net income and diluted earnings (loss) per share to adjusted earnings per share, in each case, calculated in accordance with GAAP for the three months ended March 31, 2020, June 30, 2020, September 30, 2020, December 31, 2020 and March 31, 2021, respectively.

ADJUSTED NET INCOME AND ADJUSTED EPS RECONCILIATION

(amounts in millions)

	1Q20	2Q20	3Q20	4Q20	1Q21
Qurate Retail, Inc. Net Income (Loss) (GAAP)	\$ (20)	220	\$ 338	\$ 666	\$ 206
Purchase accounting amort., net of deferred tax benefit ^(a)	29	24	28	27	26
Gain on transactions, net of tax impact	—	—	(167)	—	—
Loss on extinguishment of debt, net of tax impact	—	—	30	—	—
Mark-to-market adjustments, net ^(b)	105	(18)	9	(13)	(31)
Adjusted Net Income	\$ 114	\$ 226	\$ 238	\$ 680	\$ 201
Diluted earnings (loss) per share (GAAP)	\$ (0.05)	\$ 0.53	\$ 0.80	\$ 1.56	\$ 0.49
Total adjustments per share, net of tax	0.32	0.01	(0.24)	0.03	(0.01)
Adjusted earnings per share	\$ 0.27	\$ 0.54	\$ 0.57	\$ 1.59	\$ 0.48

a) Add-back relates to non-cash, non-tax deductible purchase accounting amortization from Qurate Retail's acquisitions of QVC, HSN, Zulily and Cornerstone, net of book deferred tax benefit.

b) Add-back includes realized and unrealized gains/losses on financial instruments, net of tax.

QURATE RETAIL, INC.
BALANCE SHEET INFORMATION
(unaudited)

	March 31, 2021	December 31, 2020
	amounts in millions	
Assets		
Current assets:		
Cash and cash equivalents	\$ 739	806
Trade and other receivables, net	1,245	1,640
Inventory, net	1,374	1,301
Indemnification asset	293	345
Other current assets	484	473
Total current assets	4,135	4,565
Property and equipment, net	1,222	1,300
Intangible assets not subject to amortization	9,769	9,806
Intangible assets subject to amortization, net	831	779
Other assets, at cost, net of accumulated amortization	614	549
Total assets	\$ 16,571	16,999
Liabilities and Equity		
Current liabilities:		
Accounts payable	1,129	1,305
Accrued liabilities	1,088	1,418
Current portion of debt	1,767	1,750
Other current liabilities	236	231
Total current liabilities	4,220	4,704
Long-term debt	5,263	5,186
Deferred income tax liabilities	1,349	1,359
Preferred stock	1,259	1,249
Other liabilities	716	768
Total liabilities	12,807	13,266
Equity	3,636	3,598
Non-controlling interests in equity of subsidiary	1	

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