

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2023
or

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

For the transition period from to .
Commission File No. 000-22513

AMAZON.COM, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

91-1646860
(I.R.S. Employer
Identification No.)

410 Terry Avenue North, Seattle, Washington 98109-5210
(206) 266-1000
(Address and telephone number, including area code, of registrant's principal executive offices)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value \$.01 per share	AMZN	Nasdaq Global Select Market

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 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

10,317,750,796 shares of common stock, par value \$0.01 per share, outstanding as of July 21, 2023

International

The International segment primarily consists of amounts earned from retail sales of consumer products (including from sellers) and advertising and subscription services through internationally-focused online stores. This segment includes export sales from these internationally-focused online stores (including export sales from these online stores to customers in the U.S., Mexico, and Canada), but excludes export sales from our North America-focused online stores.

AWS

The AWS segment consists of amounts earned from global sales of compute, storage, database, and other services for start-ups, enterprises, government agencies, and academic institutions.

Information on reportable segments and reconciliation to consolidated net income (loss) is as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
North America				
Net sales	\$ 74,430	\$ 82,546	\$ 143,674	\$ 159,427
Operating expenses	75,057	79,335	145,869	155,318
Operating income (loss)	\$ (627)	\$ 3,211	\$ (2,195)	\$ 4,109
International				
Net sales	\$ 27,065	\$ 29,697	\$ 55,824	\$ 58,820
Operating expenses	28,836	30,592	58,876	60,962
Operating loss	\$ (1,771)	\$ (895)	\$ (3,052)	\$ (2,142)
AWS				
Net sales	\$ 19,739	\$ 22,140	\$ 38,180	\$ 43,494
Operating expenses	14,024	16,775	25,947	33,006
Operating income	\$ 5,715	\$ 5,365	\$ 12,233	\$ 10,488
Consolidated				
Net sales	\$ 121,234	\$ 134,383	\$ 237,678	\$ 261,741
Operating expenses	117,917	126,702	230,692	249,286
Operating income	3,317	7,681	6,986	12,455
Total non-operating expense	(5,970)	(118)	(14,904)	(773)
Benefit (provision) for income taxes	637	(804)	2,059	(1,752)
Equity-method investment activity, net of tax	(12)	(9)	(13)	(8)
Net income (loss)	\$ (2,028)	\$ 6,750	\$ (5,872)	\$ 9,922

Net sales by groups of similar products and services, which also have similar economic characteristics, is as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
Net Sales:				
Online stores (1)	\$ 50,855	\$ 52,966	\$ 101,984	\$ 104,062
Physical stores (2)	4,721	5,024	9,312	9,919
Third-party seller services (3)	27,376	32,332	52,711	62,152
Subscription services (4)	8,716	9,894	17,126	19,551
Advertising services (5)	8,757	10,683	16,634	20,192
AWS	19,739	22,140	38,180	43,494
Other (6)	1,070	1,344	1,731	2,371
Consolidated	\$ 121,234	\$ 134,383	\$ 237,678	\$ 261,741

- (1) Includes product sales and digital media content where we record revenue gross. We leverage our retail infrastructure to offer a wide selection of consumable and durable goods that includes media products available in both a physical and digital format, such as books, videos, games, music, and software. These product sales include digital products sold on a transactional basis. Digital media content subscriptions that provide unlimited viewing or usage rights are included in "Subscription services."
- (2) Includes product sales where our customers physically select items in a store. Sales to customers who order goods online for delivery or pickup at our physical stores are included in "Online stores."
- (3) Includes commissions and any related fulfillment and shipping fees, and other third-party seller services.
- (4) Includes annual and monthly fees associated with Amazon Prime memberships, as well as digital video, audiobook, digital music, e-book, and other non-AWS subscription services.
- (5) Includes sales of advertising services to sellers, vendors, publishers, authors, and others, through programs such as sponsored ads, display, and video advertising.
- (6) Includes sales related to various other offerings, such as certain licensing and distribution of video content, health care services, and shipping services, and our co-branded credit card agreements.

Results of Operations

We have organized our operations into three segments: North America, International, and AWS. These segments reflect the way the Company evaluates its business performance and manages its operations. See Item 1 of Part I, “Financial Statements — Note 8 — Segment Information.”

Overview

Macroeconomic factors, including inflation, increased interest rates, significant capital market and supply chain volatility, and global economic and geopolitical developments, have direct and indirect impacts on our results of operations that are difficult to isolate and quantify. In addition, changes in fuel, utility, and food costs, rising interest rates, and recessionary fears may impact customer demand and our ability to forecast consumer spending patterns. We also expect the current macroeconomic environment and enterprise customer cost optimization efforts to impact our AWS revenue growth rates. We expect some or all of these factors to continue to impact our operations into Q3 2023.

Net Sales

Net sales include product and service sales. Product sales represent revenue from the sale of products and related shipping fees and digital media content where we record revenue gross. Service sales primarily represent third-party seller fees, which includes commissions and any related fulfillment and shipping fees, AWS sales, advertising services, Amazon Prime membership fees, and certain digital media content subscriptions. Net sales information is as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
Net Sales:				
North America	\$ 74,430	\$ 82,546	\$ 143,674	\$ 159,427
International	27,065	29,697	55,824	58,820
AWS	19,739	22,140	38,180	43,494
Consolidated	\$ 121,234	\$ 134,383	\$ 237,678	\$ 261,741
Year-over-year Percentage Growth (Decline):				
North America	10 %	11 %	9 %	11 %
International	(12)	10	(9)	5
AWS	33	12	35	14
Consolidated	7	11	7	10
Year-over-year Percentage Growth (Decline), excluding the effect of foreign exchange rates:				
North America	10 %	11 %	9 %	11 %
International	(1)	10	0	10
AWS	33	12	35	14
Consolidated	10	11	10	11
Net sales mix:				
North America	62 %	61 %	60 %	61 %
International	22	22	24	22
AWS	16	17	16	17
Consolidated	100 %	100 %	100 %	100 %

Sales increased 11% in Q2 2023, and 10% for the six months ended June 30, 2023 compared to the comparable prior year periods. Changes in foreign exchange rates reduced net sales by \$285 million for Q2 2023, and by \$2.7 billion for the six months ended June 30, 2023. For a discussion of the effect of foreign exchange rates on sales growth, see “Effect of Foreign Exchange Rates” below.

North America sales increased 11% in Q2 2023, and 11% for the six months ended June 30, 2023 compared to the comparable prior year periods. The sales growth primarily reflects increased unit sales, primarily by third-party sellers, advertising sales, and subscription services. Increased unit sales were driven largely by our continued focus on price, selection, and convenience for our customers, including from our shipping offers.