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

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**FORM 10-Q**

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(Mark One)

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

For the quarterly period ended September 30, 2022  
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 ☒

10,201,654,176 shares of common stock, par value \$0.01 per share, outstanding as of October 19, 2022

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### International

The International segment primarily consists of amounts earned from retail sales of consumer products (including from sellers) and subscriptions 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 September 30,		Nine Months Ended September 30,	
	2021	2022	2021	2022
<b>North America</b>				
Net sales	\$ 65,557	\$ 78,843	\$ 197,473	\$ 222,517
Operating expenses	64,677	79,255	189,996	225,124
Operating income (loss)	\$ 880	\$ (412)	\$ 7,477	\$ (2,607)
<b>International</b>				
Net sales	\$ 29,145	\$ 27,720	\$ 90,515	\$ 83,544
Operating expenses	30,056	30,186	89,812	89,062
Operating income (loss)	\$ (911)	\$ (2,466)	\$ 703	\$ (5,518)
<b>AWS</b>				
Net sales	\$ 16,110	\$ 20,538	\$ 44,422	\$ 58,718
Operating expenses	11,227	15,135	31,183	41,082
Operating income	\$ 4,883	\$ 5,403	\$ 13,239	\$ 17,636
<b>Consolidated</b>				
Net sales	\$ 110,812	\$ 127,101	\$ 332,410	\$ 364,779
Operating expenses	105,960	124,576	310,991	355,268
Operating income	4,852	2,525	21,419	9,511
Total non-operating income (expense)	(537)	419	1,798	(14,485)
Benefit (provision) for income taxes	(1,155)	(69)	(4,179)	1,990
Equity-method investment activity, net of tax	(4)	(3)	3	(16)
Net income (loss)	\$ 3,156	\$ 2,872	\$ 19,041	\$ (3,000)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2022	2021	2022
Net Sales:				
Online stores (1)	\$ 49,942	\$ 53,489	\$ 156,000	\$ 155,473
Physical stores (2)	4,269	4,694	12,387	14,006
Third-party seller services (3)	24,252	28,666	73,046	81,377
Subscription services (4)	8,148	8,903	23,645	26,029
Advertising services (5)	7,612	9,548	21,444	26,182
AWS	16,110	20,538	44,422	58,718
Other (6)	479	1,263	1,466	2,994
Consolidated	\$ 110,812	\$ 127,101	\$ 332,410	\$ 364,779

- (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 product 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 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 increased inflation and interest rates, the prolonged COVID-19 pandemic, global supply chain constraints, and global economic and geopolitical developments, have direct and indirect impacts on our results of operations that are difficult to isolate and quantify. These factors contributed to increases in our operating costs during Q3 2022, particularly across our North America and International segments, primarily due to a return to more normal, seasonal demand volumes in relation to our fulfillment network fixed costs, increased transportation and utility costs, and increased wage rates. In addition, rising fuel, utility, and food costs, rising interest rates, and recessionary fears may impact customer demand. We expect some or all of these factors to continue to impact our operations into Q4 2022.

### 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 content subscriptions. Net sales information is as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2022	2021	2022
Net Sales:				
North America	\$ 65,557	\$ 78,843	\$ 197,473	\$ 222,517
International	29,145	27,720	90,515	83,544
AWS	16,110	20,538	44,422	58,718
Consolidated	<u>\$ 110,812</u>	<u>\$ 127,101</u>	<u>\$ 332,410</u>	<u>\$ 364,779</u>
Year-over-year Percentage Growth (Decline):				
North America	10 %	20 %	23 %	13 %
International	16	(5)	35	(8)
AWS	39	27	36	32
Consolidated	15	15	28	10
Year-over-year Percentage Growth, excluding the effect of foreign exchange rates:				
North America	10 %	20 %	22 %	13 %
International	15	12	29	4
AWS	39	28	36	32
Consolidated	15	19	26	13
Net sales mix:				
North America	59 %	62 %	60 %	61 %
International	26	22	27	23
AWS	15	16	13	16
Consolidated	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

Sales increased 15% in Q3 2022, and 10% for the nine months ended September 30, 2022 compared to the comparable prior year periods. Changes in foreign currency exchange rates impacted net sales by \$(5.0) billion for Q3 2022 and by \$(10.5) billion for the nine months ended September 30, 2022. For a discussion of the effect of foreign exchange rates on sales growth, see “Effect of Foreign Exchange Rates” below.

North America sales increased 20% in Q3 2022, and 13% for the nine months ended September 30, 2022 compared to the comparable prior year periods. The sales growth primarily reflects increased unit sales, including sales by third-party sellers, and advertising sales. Increased unit sales were driven largely by our continued focus on price, selection, and convenience for our customers, including from our shipping offers.

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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 ☒

10,260,353,688 shares of common stock, par value \$0.01 per share, outstanding as of April 19, 2023

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

	Three Months Ended March 31,	
	2022	2023
<b>North America</b>		
Net sales	\$ 69,244	\$ 76,881
Operating expenses	70,812	75,983
Operating income (loss)	<u>\$ (1,568)</u>	<u>\$ 898</u>
<b>International</b>		
Net sales	\$ 28,759	\$ 29,123
Operating expenses	30,040	30,370
Operating loss	<u>\$ (1,281)</u>	<u>\$ (1,247)</u>
<b>AWS</b>		
Net sales	\$ 18,441	\$ 21,354
Operating expenses	11,923	16,231
Operating income	<u>\$ 6,518</u>	<u>\$ 5,123</u>
<b>Consolidated</b>		
Net sales	\$ 116,444	\$ 127,358
Operating expenses	112,775	122,584
Operating income	3,669	4,774
Total non-operating expense	(8,934)	(655)
Benefit (provision) for income taxes	1,422	(948)
Equity-method investment activity, net of tax	(1)	1
Net income (loss)	<u>\$ (3,844)</u>	<u>\$ 3,172</u>

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

	Three Months Ended March 31,	
	2022	2023
Net Sales:		
Online stores (1)	\$ 51,129	\$ 51,096
Physical stores (2)	4,591	4,895
Third-party seller services (3)	25,335	29,820
Subscription services (4)	8,410	9,657
Advertising services (5)	7,877	9,509
AWS	18,441	21,354
Other (6)	661	1,027
Consolidated	\$ 116,444	\$ 127,358

- (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 product 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, shipping services, and health care 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, rising 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 Q2 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 content subscriptions. Net sales information is as follows (in millions):

	Three Months Ended March 31,	
	2022	2023
Net Sales:		
North America	\$ 69,244	\$ 76,881
International	28,759	29,123
AWS	18,441	21,354
Consolidated	\$ 116,444	\$ 127,358
Year-over-year Percentage Growth (Decline):		
North America	8 %	11 %
International	(6)	1
AWS	37	16
Consolidated	7	9
Year-over-year Percentage Growth, excluding the effect of foreign exchange rates:		
North America	8 %	11 %
International	0	9
AWS	37	16
Consolidated	9	11
Net sales mix:		
North America	59 %	60 %
International	25	23
AWS	16	17
Consolidated	100 %	100 %

Sales increased 9% in Q1 2023 compared to the comparable prior year period. Changes in foreign exchange rates reduced net sales by \$2.4 billion for Q1 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 Q1 2023 compared to the comparable prior year period. 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.

International sales increased 1% in Q1 2023 compared to the comparable prior year period, primarily due to increased unit sales, primarily by third-party sellers, advertising sales, and subscription services, partially offset by the impact of changes in



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

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**FORM 10-Q**

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(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**

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(Exact name of registrant as specified in its charter)

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**91-1646860**  
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Common Stock, par value \$.01 per share	AMZN	Nasdaq Global Select Market

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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
<b>North America</b>				
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
<b>International</b>				
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)
<b>AWS</b>				
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
<b>Consolidated</b>				
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.

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### 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.

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(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 ☒

10,334,030,586 shares of common stock, par value \$0.01 per share, outstanding as of October 18, 2023

segment based on usage. There are no internal revenue transactions between our reportable segments. These segments reflect the way our chief operating decision maker evaluates the Company's business performance and manages its operations.

#### North America

The North America segment primarily consists of amounts earned from retail sales of consumer products (including from sellers) and advertising and subscription services through North America-focused online and physical stores. This segment includes export sales from these online stores.

#### 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 September 30,		Nine Months Ended September 30,	
	2022	2023	2022	2023
<b>North America</b>				
Net sales	\$ 78,843	\$ 87,887	\$ 222,517	\$ 247,314
Operating expenses	79,255	83,580	225,124	238,898
Operating income (loss)	\$ (412)	\$ 4,307	\$ (2,607)	\$ 8,416
<b>International</b>				
Net sales	\$ 27,720	\$ 32,137	\$ 83,544	\$ 90,957
Operating expenses	30,186	32,232	89,062	93,194
Operating loss	\$ (2,466)	\$ (95)	\$ (5,518)	\$ (2,237)
<b>AWS</b>				
Net sales	\$ 20,538	\$ 23,059	\$ 58,718	\$ 66,553
Operating expenses	15,135	16,083	41,082	49,089
Operating income	\$ 5,403	\$ 6,976	\$ 17,636	\$ 17,464
<b>Consolidated</b>				
Net sales	\$ 127,101	\$ 143,083	\$ 364,779	\$ 404,824
Operating expenses	124,576	131,895	355,268	381,181
Operating income	2,525	11,188	9,511	23,643
Total non-operating income (expense)	419	1,001	(14,485)	228
Benefit (provision) for income taxes	(69)	(2,306)	1,990	(4,058)
Equity-method investment activity, net of tax	(3)	(4)	(16)	(12)
Net income (loss)	\$ 2,872	\$ 9,879	\$ (3,000)	\$ 19,801

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2023	2022	2023
Net Sales:				
Online stores (1)	\$ 53,489	\$ 57,267	\$ 155,473	\$ 161,329
Physical stores (2)	4,694	4,959	14,006	14,878
Third-party seller services (3)	28,666	34,342	81,377	96,494
Subscription services (4)	8,903	10,170	26,029	29,721
Advertising services (5)	9,548	12,060	26,182	32,252
AWS	20,538	23,059	58,718	66,553
Other (6)	1,263	1,226	2,994	3,597
Consolidated	\$ 127,101	\$ 143,083	\$ 364,779	\$ 404,824

- (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 Q4 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 September 30,		Nine Months Ended September 30,	
	2022	2023	2022	2023
Net Sales:				
North America	\$ 78,843	\$ 87,887	\$ 222,517	\$ 247,314
International	27,720	32,137	83,544	90,957
AWS	20,538	23,059	58,718	66,553
Consolidated	\$ 127,101	\$ 143,083	\$ 364,779	\$ 404,824
Year-over-year Percentage Growth (Decline):				
North America	20 %	11 %	13 %	11 %
International	(5)	16	(8)	9
AWS	27	12	32	13
Consolidated	15	13	10	11
Year-over-year Percentage Growth, excluding the effect of foreign exchange rates:				
North America	20 %	11 %	13 %	11 %
International	12	11	4	10
AWS	28	12	32	13
Consolidated	19	11	13	11
Net Sales Mix:				
North America	62 %	61 %	61 %	61 %
International	22	23	23	23
AWS	16	16	16	16
Consolidated	100 %	100 %	100 %	100 %

Sales increased 13% in Q3 2023, and 11% for the nine months ended September 30, 2023 compared to the comparable prior year periods. Changes in foreign exchange rates increased net sales by \$1.4 billion for Q3 2023, and reduced net sales by \$1.3 billion for the nine months ended September 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 Q3 2023, and 11% for the nine months ended September 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.