

**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 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 sales increased 10% in Q2 2023, and 5% for the six months ended June 30, 2023 compared to the comparable prior year periods, primarily due to increased unit sales, primarily by third-party sellers, advertising sales, and subscription services, partially offset by the impact of changes in foreign exchange rates. Increased unit sales were driven largely by our continued focus on price, selection, and convenience for our customers, including from our shipping offers. Changes in foreign exchange rates reduced International net sales by \$180 million for Q2 2023, and by \$2.4 billion for the six months ended June 30, 2023.

AWS sales increased 12% in Q2 2023, and 14% for the six months ended June 30, 2023 compared to the comparable prior year periods. The sales growth primarily reflects increased customer usage, partially offset by pricing changes, primarily driven by long-term customer contracts.

#### *Operating Income (Loss)*

Operating income (loss) by segment is as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
Operating Income (Loss)				
North America	\$ (627)	\$ 3,211	\$ (2,195)	\$ 4,109
International	(1,771)	(895)	(3,052)	(2,142)
AWS	5,715	5,365	12,233	10,488
Consolidated	<u>\$ 3,317</u>	<u>\$ 7,681</u>	<u>\$ 6,986</u>	<u>\$ 12,455</u>

Operating income increased from \$3.3 billion in Q2 2022 to \$7.7 billion in Q2 2023, and increased from \$7.0 billion for the six months ended June 30, 2022 to \$12.5 billion for the six months ended June 30, 2023. We believe that operating income is a more meaningful measure than gross profit and gross margin due to the diversity of our product categories and services.

The North America operating income in Q2 2023 and for the six months ended June 30, 2023, as compared to the operating loss in the comparable prior year periods, is primarily due to increased unit sales and increased advertising sales, partially offset by increased technology and infrastructure costs, increased shipping and fulfillment costs, and growth in certain operating expenses. Changes in foreign exchange rates negatively impacted operating income by \$7 million for Q2 2023, and positively impacted operating income by \$34 million for the six months ended June 30, 2023.

The decrease in International operating loss in absolute dollars in Q2 2023 and for the six months ended June 30, 2023, compared to the comparable prior year periods, is primarily due to increased unit sales and increased advertising sales, partially offset by increased fulfillment and shipping costs, increased technology and infrastructure costs, and growth in certain operating expenses. Changes in foreign exchange rates positively impacted operating loss by \$32 million for Q2 2023, and negatively impacted operating loss by \$142 million for the six months ended June 30, 2023.

The decrease in AWS operating income in absolute dollars in Q2 2023 and for the six months ended June 30, 2023, compared to the comparable prior year periods, is primarily due to increased payroll and related expenses and spending on technology infrastructure, both of which were primarily driven by additional investments to support AWS business growth, partially offset by increased sales. Changes in foreign exchange rates positively impacted operating income by \$79 million for Q2 2023, and by \$351 million for the six months ended June 30, 2023.

### Operating Expenses

Information about operating expenses is as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
Operating expenses:				
Cost of sales	\$ 66,424	\$ 69,373	\$ 132,923	\$ 137,164
Fulfillment	20,342	21,305	40,613	42,210
Technology and infrastructure	18,072	21,931	32,914	42,381
Sales and marketing	10,086	10,745	18,406	20,917
General and administrative	2,903	3,202	5,497	6,245
Other operating expense (income), net	90	146	339	369
Total operating expenses	<u>\$ 117,917</u>	<u>\$ 126,702</u>	<u>\$ 230,692</u>	<u>\$ 249,286</u>
Year-over-year Percentage Growth:				
Cost of sales	4 %	4 %	5 %	3 %
Fulfillment	15	5	19	4
Technology and infrastructure	30	21	25	29
Sales and marketing	34	7	34	14
General and administrative	35	10	33	14
Other operating expense (income), net	673	63	588	9
Percent of Net Sales:				
Cost of sales	54.8 %	51.6 %	55.9 %	52.4 %
Fulfillment	16.8	15.9	17.1	16.1
Technology and infrastructure	14.9	16.3	13.8	16.2
Sales and marketing	8.3	8.0	7.7	8.0
General and administrative	2.4	2.4	2.3	2.4
Other operating expense (income), net	0.1	0.1	0.1	0.1

### Cost of Sales

Cost of sales primarily consists of the purchase price of consumer products, inbound and outbound shipping costs, including costs related to sortation and delivery centers and where we are the transportation service provider, and digital media content costs where we record revenue gross, including video and music.

The increase in cost of sales in absolute dollars in Q2 2023 and for the six months ended June 30, 2023, compared to the comparable prior year periods, is primarily due to increased product and shipping costs resulting from increased sales, partially offset by fulfillment network efficiencies. Changes in foreign exchange rates reduced cost of sales by \$208 million for Q2 2023, and by \$1.8 billion for the six months ended June 30, 2023.

Shipping costs to receive products from our suppliers are included in our inventory and recognized as cost of sales upon sale of products to our customers. Shipping costs, which include sortation and delivery centers and transportation costs, were \$19.3 billion and \$20.5 billion in Q2 2022 and Q2 2023, and \$38.9 billion and \$40.4 billion for the six months ended June 30, 2022 and 2023. We expect our cost of shipping to continue to increase to the extent our customers accept and use our shipping offers at an increasing rate, we use more expensive shipping methods, and we offer additional services. We seek to mitigate costs of shipping over time in part through achieving higher sales volumes, optimizing our fulfillment network, negotiating better terms with our suppliers, and achieving better operating efficiencies. We believe that offering low prices to our customers is fundamental to our future success, and one way we offer lower prices is through shipping offers.

Costs to operate our AWS segment are primarily classified as “Technology and infrastructure” as we leverage a shared infrastructure that supports both our internal technology requirements and external sales to AWS customers.

### Fulfillment

Fulfillment costs primarily consist of those costs incurred in operating and staffing our North America and International fulfillment centers, physical stores, and customer service centers and payment processing costs. While AWS payment processing

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

See Item 1 of Part I, “Financial Statements — Note 4 — Commitments and Contingencies — Legal Proceedings.”

### Item 1A. Risk Factors

Please carefully consider the following discussion of significant factors, events, and uncertainties that make an investment in our securities risky. The events and consequences discussed in these risk factors could, in circumstances we may or may not be able to accurately predict, recognize, or control, have a material adverse effect on our business, growth, reputation, prospects, financial condition, operating results (including components of our financial results), cash flows, liquidity, and stock price. These risk factors do not identify all risks that we face; our operations could also be affected by factors, events, or uncertainties that are not presently known to us or that we currently do not consider to present significant risks to our operations. In addition to the factors discussed in Item 2 of Part I, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and in the risk factors below, global economic and geopolitical conditions and additional or unforeseen circumstances, developments, or events may give rise to or amplify many of the risks discussed below. Many of the risks discussed below also impact our customers, including third-party sellers, which could indirectly have a material adverse effect on us.

#### Business and Industry Risks

##### *We Face Intense Competition*

Our businesses are rapidly evolving and intensely competitive, and we have many competitors across geographies, including cross-border competition, and in different industries, including physical, e-commerce, and omnichannel retail, e-commerce services, web and infrastructure computing services, electronic devices, digital content, advertising, grocery, and transportation and logistics services. Some of our current and potential competitors have greater resources, longer histories, more customers, and/or greater brand recognition, particularly with our newly-launched products and services and in our newer geographic regions. They may secure better terms from vendors, adopt more aggressive pricing, and devote more resources to technology, infrastructure, fulfillment, and marketing.

Competition continues to intensify, including with the development of new business models and the entry of new and well-funded competitors, and as our competitors enter into business combinations or alliances and established companies in other market segments expand to become competitive with our business. In addition, new and enhanced technologies, including search, web and infrastructure computing services, practical applications of artificial intelligence and machine learning, digital content, and electronic devices continue to increase our competition. The Internet facilitates competitive entry and comparison shopping, which enhances the ability of new, smaller, or lesser known businesses to compete against us. As a result of competition, our product and service offerings may not be successful, we may fail to gain or may lose business, and we may be required to increase our spending or lower prices, any of which could materially reduce our sales and profits.

##### *Our Expansion into New Products, Services, Technologies, and Geographic Regions Subjects Us to Additional Risks*

We may have limited or no experience in our newer market segments, and our customers may not adopt our product or service offerings. These offerings, which can present new and difficult technology challenges, may subject us to claims if customers of these offerings experience, or are otherwise impacted by, service disruptions, delays, setbacks, or failures or quality issues. In addition, profitability, if any, in our newer activities may not meet our expectations, and we may not be successful enough in these newer activities to recoup our investments in them, which investments are often significant. Failure to realize the benefits of amounts we invest in new technologies, products, or services could result in the value of those investments being written down or written off. In addition, our sustainability initiatives may be unsuccessful for a variety of reasons, including if we are unable to realize the expected benefits of new technologies or if we do not successfully plan or execute new strategies, which could harm our business or damage our reputation.

##### *Our International Operations Expose Us to a Number of Risks*

Our international activities are significant to our revenues and profits, and we plan to further expand internationally. In certain international market segments, we have relatively little operating experience and may not benefit from any first-to-market advantages or otherwise succeed. It is costly to establish, develop, and maintain international operations and stores, and promote our brand internationally. Our international operations may not become profitable on a sustained basis.