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# Investor Presentation

## Q4 2021



# Safe Harbor

This presentation contains forward-looking statements within the meaning of federal and state securities laws. All statements other than statements of historical fact contained in this presentation—including statements regarding our future results of operations and financial position, business strategy and plans, and objectives of management for future operations—are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” or “continue,” or the negative of these terms or other similar expressions.

Forward-looking statements are based on current expectations of future events. We cannot guarantee that any forward-looking statement will be accurate, although we believe that we have been reasonable in our expectations and assumptions. Investors should realize that if underlying assumptions prove inaccurate or that known or unknown risks or uncertainties materialize, actual results could vary materially from the Company's expectations and projections. Investors are therefore cautioned not to place undue reliance on any forward-looking statements. These forward-looking statements speak only as of the date of this presentation and, except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, or otherwise.

A list and description of risks, uncertainties and other factors that could cause or contribute to differences in our results can be found under Part I, Item 1A, Risk Factors, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and the Company's subsequent filings with the Securities and Exchange Commission. We qualify all of our forward-looking statements by these cautionary statements.

Market data information, including growth rates and online penetration, used in this presentation are based on management's knowledge of the industry and their good-faith estimates. Management has relied, to the extent available, upon their review of industry surveys and publications and other publicly available information prepared by a number of third-party sources. The market data information, including indicative market growth and online penetration, provided in this presentation involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such information. Although we believe that these sources are reliable as of their respective dates, we have not verified the accuracy or completeness of this information from independent sources. In addition, this information involves important risks, uncertainties, and other factors, including those discussed above, which could cause results to differ materially.

In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures. These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. A reconciliation of non-GAAP measures to GAAP measures is contained in the Appendix to this presentation. If and when we calculate forward-looking non-GAAP Adjusted EBITDA, it is based on internal forecasts that omit certain amounts that would be included in forward-looking GAAP net income. We do not attempt to provide a reconciliation of forward-looking non-GAAP Adjusted EBITDA guidance to forward-looking GAAP net income because forecasting the timing or amount of items that have not yet occurred and are out of the Company's control is inherently uncertain and unavailable without unreasonable efforts. Further, we believe that such reconciliations would imply a degree of precision and certainty that could be confusing to investors. Such items could have a substantial impact on GAAP measures of financial performance.



Wayfair is a **platform** focused  
exclusively on the **\$800B+ home goods market.**

**>27 Million**  
Active Customers

**>23,000**  
Suppliers

**>16,000**  
Employees

**>3,000**  
Engineers

**Strong brand recognition** in North America and Western Europe

**Purpose-built technology** solving unique category challenges

**Fragmented and largely unbranded supplier base**

Proprietary end-to-end **logistics network**

**Profitable growth at scale**

**Co-founders lead the business** and are the largest shareholders

A modern dining room interior featuring a light-colored wooden table and two grey chairs with black wire frames and light-colored wooden legs. In the background, there's a white cabinet with glass doors displaying various items like cups and glasses. To the left, a three-tiered chrome bar cart holds a bottle of wine, glasses, and a bowl of fruit. A large window offers a view of a city skyline. A purple diagonal shape covers the right side of the slide.

# OVERVIEW

1. Our Market
2. Who We Are
3. How We Win
4. Financial Results
5. Appendix

# 1. OUR MARKET



# Shopping for the Home Is Different



Home shopping is **browse-based**,  
not search-based



Customers value individuality and have  
an **emotional connection** to their homes



The Home category is largely  
**unbranded** and very **fragmented**



Bulky and damage-prone products require  
**tailored delivery** and **customer service**

The Home Category Will  
**Exceed \$1T by 2030**  
Across North America  
and Western Europe

Wayfair 2021  
**\$14B**

2030 TAM  
**\$1.2T**

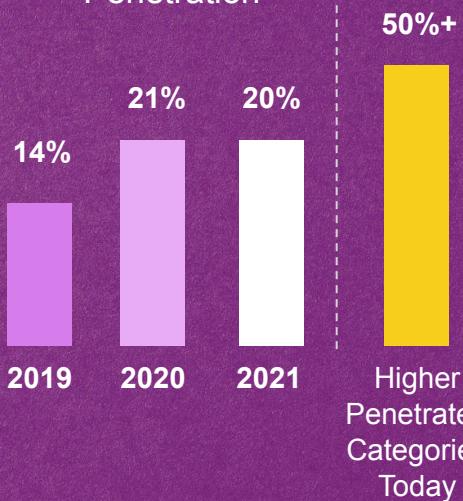
2021 TAM  
**\$800B+**



Source: Euromonitor (2021 Report), Wayfair internal estimates

**Wayfair is on a path to be significantly larger as e-commerce penetration rises and we continue to gain share through an omni-channel strategy**

U.S. Home Category  
B2C Online  
Penetration



Wayfair Share of  
Incremental U.S. B2C  
Online Dollars Each Year

**20%+**  
*5-Year Average*

Wayfair Revenue Potential  
Over the Next Decade



## 2. WHO WE ARE

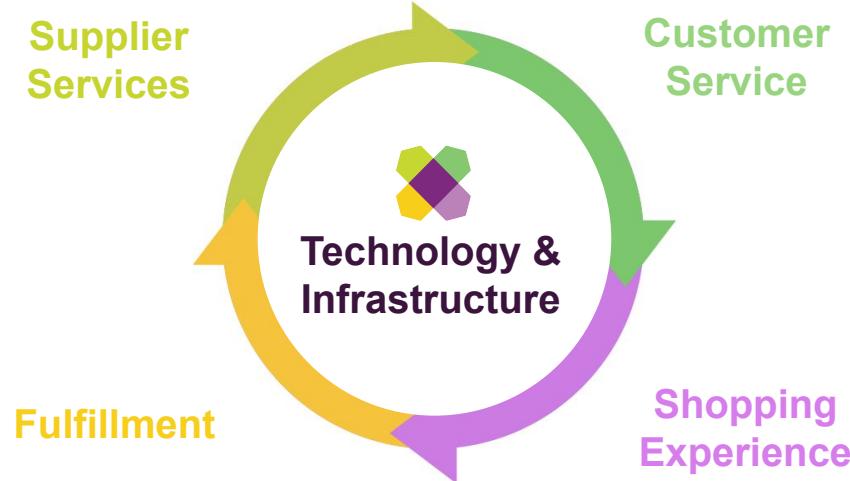


# An E-Commerce Platform Exclusively Focused on the Home



## Suppliers **>23,000**

Wayfair partners with our suppliers via a **3P model** to ensure marketplace success for each vendor



## Customers **>27M Active**

Wayfair offers its customers a **1P experience** that enhances and unifies every step of shopping for the home

We bring together suppliers and customers. Our technology and services create market-leading experiences for both.



# wayfair® Is Our Marquee Brand & the Main Driver of Our Business

In the U.S., Wayfair is a **top performing brand recognized as a source for home inspiration** across all customers<sup>1</sup>

**Category aided awareness continues to grow** with double digit Y/Y improvement across key investment classes<sup>1,2</sup>

**Household brand status** in 3 of our 4 markets, as measured by aided brand awareness<sup>1</sup>:

- **82%** in the U.S.
- **85%** in Canada
- **77%** in the U.K.
- **Germany tracking same trajectory as other markets**, though at earlier stage

In Canada and the UK, Wayfair is considered a **top three brand for fast delivery and broad selection** among our customers<sup>1</sup>

## Our Portfolio of Brands Addresses Specific Customer Styles & Segments

**PERIGOLD**

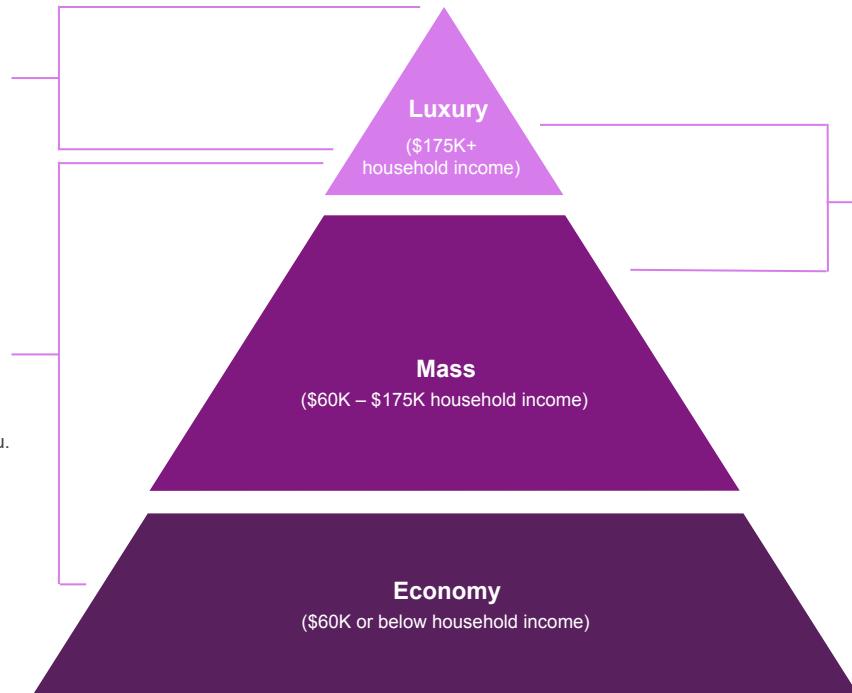
Est. 2017

An undiscovered world of luxury design.

 **wayfair**<sup>®</sup>

Est. 2011

Everything home – for a space that's all you.



**ALLMODERN**

Est. 2006

All of modern, made simple.

 **BIRCH LANE**

Est. 2014

A fresh take on the classics.

**Joss&Main**

Est. 2011

The ultimate style edit for home.

## Our 27 Million Active Customers Are Highly Engaged and Dedicated to Our Platform

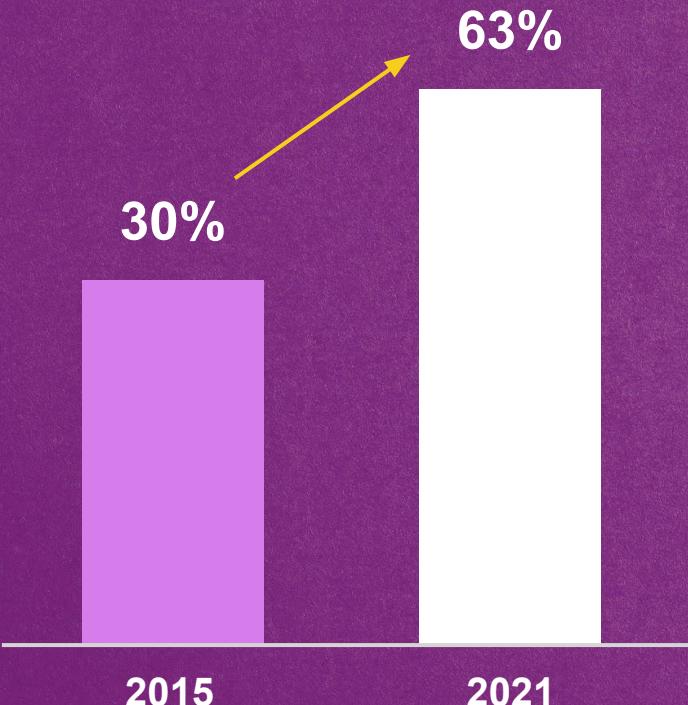
### During 2021:

- Customers visited Wayfair 10+ times and browsed across 30+ products on average as part of each purchase cycle
- Wayfair.com shoppers added more than 8 million reviews across the catalog

Data as of Q4 2021

### Our Loyal Customer Base Is Expanding

Wayfair.com orders from customers with 3+ lifetime purchases



"Wayfair stood out in 2021 with CastleGate Forwarding, which was a real difference maker for us during a period of tremendous capacity constraints."

"Wayfair's growing set of supplier services helps us **optimize our business, and reach new levels of scale.** They are a driving force of innovation for the industry."

## WHO WE ARE

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# Our Supplier Universe Is Broad, Highly Fragmented and Unbranded

**Our supplier partners are highly diverse, so Wayfair's solutions and insights are tailored and flexible**

- 23,000+ suppliers
- No supplier represents more than 2% of our revenue

# 3. HOW WE WIN



# Our **Thousands of Engineers** Create Purpose-Built Technology That Powers Everything We Do



Shopping  
Experience



Merchandising



Marketing



Operations



Supplier  
Services

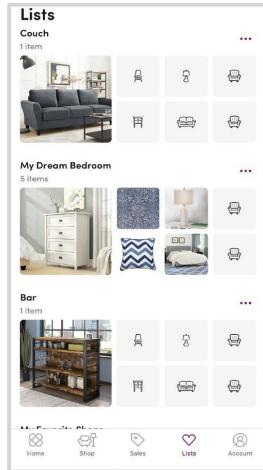
3,000+ Engineers



# Our Dynamic Shopping Experience Supports Customers at Each Step of Their Purchasing Journey

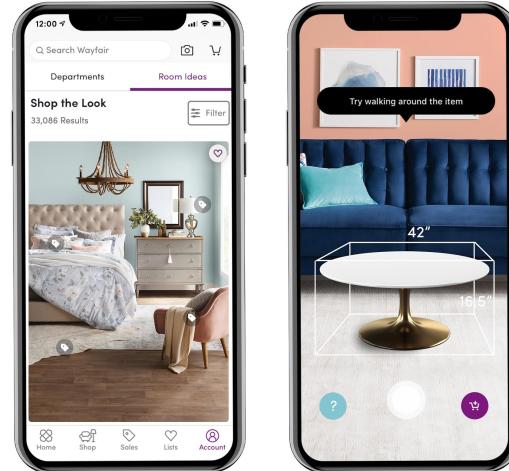
## Inspiration & Discovery:

Find the Right Product Faster - Idea Boards. Visual Filters. Curation.



## Products Visualization:

Customers “See” Before They Buy - Inspiring Spaces from Wayfair & Its Customers. “Shop the Look”. 3D View In Room.



## Confidence To Buy:

In-depth Information Q&A. Specialized sales support. Reviews. Samples and Swatches.



## Our Curated House Brands Enable Our Customers to Easily Discover Items They Love From 33 Million Products



KELLY CLARKSON  
*home*



GREYLEIGH



ESTD 2014  
ANDOVER MILLS

**124**  
House Brands

**72%**  
of U.S. Revenue

Wayfair-Produced  
Imagery

**Millions**  
of Reviews

**AI-Enhanced**  
Curation

**Growing**  
**Exclusivity**

## Data-Driven Marketing Grows Our Customer Base, Drives Repeat, and Maximizes Lifetime Value

In 2021:



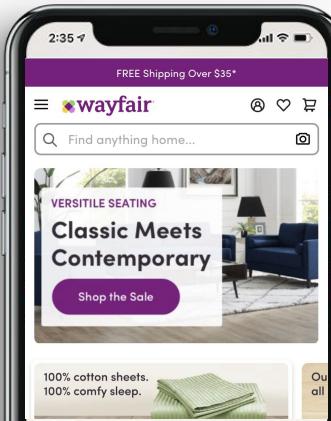
**~41 Billion**  
Messages



**~152 Billion**  
Ad Impressions

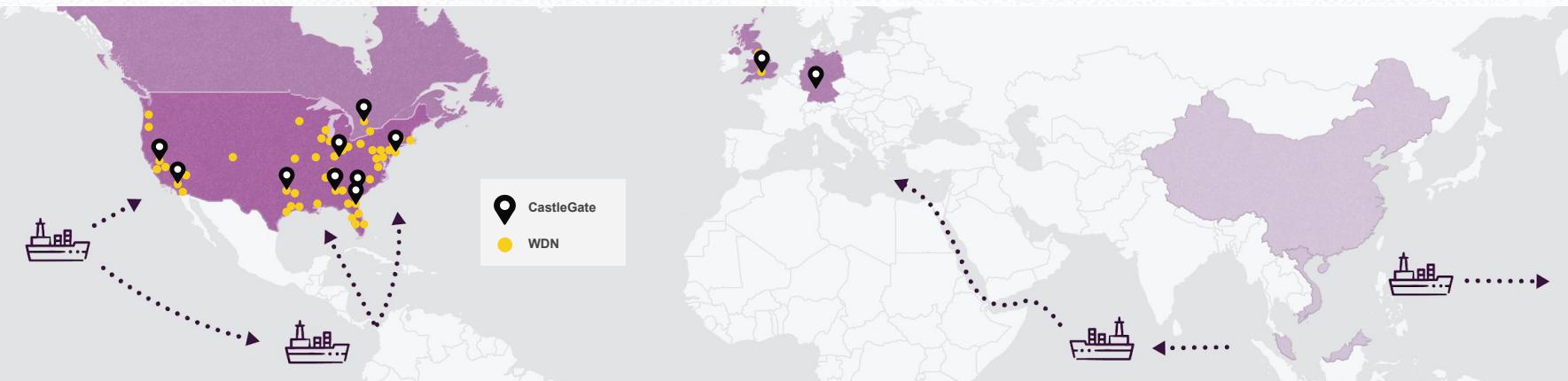


**~4 Billion**  
Site/App Visits



- Led by **200+** quantitative marketers, engineers, and data scientists
- **ROI and payback targets** finely tuned across all channels
- Proprietary, purpose-built advertising technology stack
- Close collaboration with advertising partners to create and unlock new ad units
- Highly personalized promotional content

# Proprietary End-to-End Logistics Network Enables Us to Drive Faster Delivery Speeds, Reduce Damage, and Lower Costs



## CastleGate Forwarding (CGF)

- More than 80,000 TEUs<sup>1</sup> carried in 2021 – the equivalent of a top 20 importer into the U.S. by volume
- ~80% of all CastleGate-bound containers flow through our CGF services<sup>2</sup>

## Wayfair Fulfillment (CastleGate)

- 21% of U.S. small-parcel sales and 19% of U.S. large-parcel sales originate from CastleGate fulfillment centers<sup>2</sup>
- A small parcel shipped from CastleGate can reach 95% of the U.S. population in 2 days or less

## Wayfair Delivery Network (WDN)

- 90% of our U.S. large-parcel orders flow through the Wayfair-controlled middle-mile network<sup>2</sup>
- Our last-mile delivery operations cover 75% of our U.S. large-parcel deliveries<sup>2</sup>

<sup>1</sup>Twenty-foot Equivalent Unit containers

<sup>2</sup>As of Q4 2021

## HOW WE WIN

# Our Top Priority Is Ensuring Every Customer Has an Exceptional Experience With Us

- **In-house customer service team of over 4,900 people in the U.S. and Europe**
- **Specialized teams with deep expertise** in specific product categories
- **NPS-incentivized compensation structure**



*[My Wayfair Customer Service Consultant] was literally the most helpful and cheerful customer service rep I have ever talked with. You could tell she was happy to help and cared about the problem."*



*[My Wayfair Customer Service Consultant] was very kind and helped me quickly and efficiently. She went above and beyond - I am very impressed by both the level and quality of customer service I received and look forward to shopping more with Wayfair."*



*I am very impressed with Wayfair and the service I've received over the years. There's never a hesitation to resolve an issue and the timing of replacement pieces and returns is excellent. A phone call from a person is very rare these days, so that is great."*



# Value-Added Services Drive Supplier Success on the Platform

Leveraging our **scale**  
for the benefit of our suppliers

## End-to-End Logistics

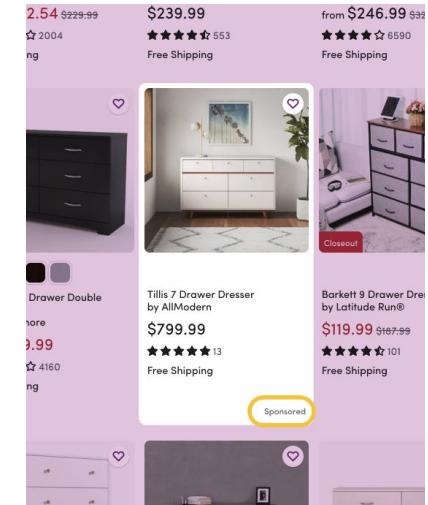


Leveraging our **technology**  
for the benefit of our suppliers

## Merchandising & Imagery



## Advertising



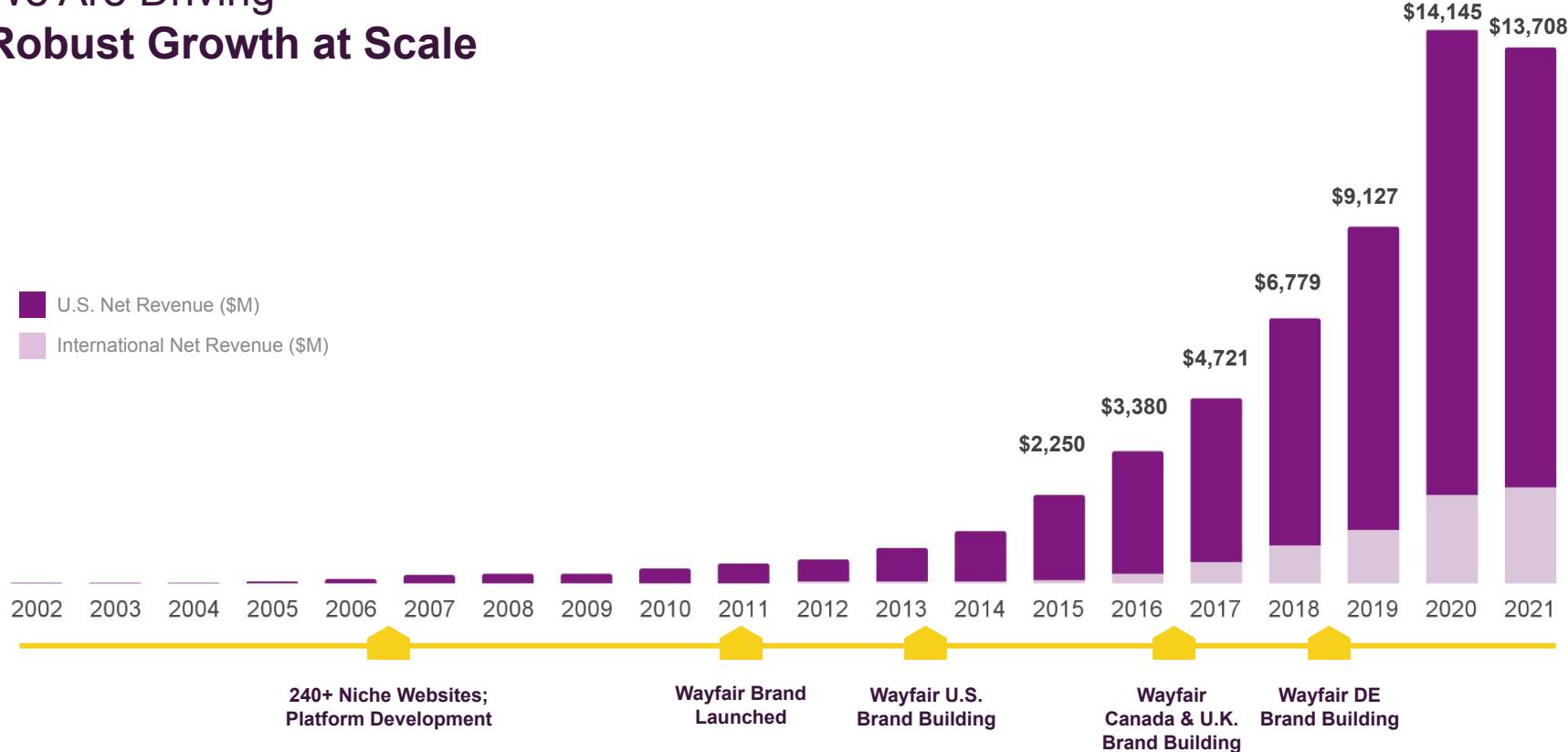
# 4. FINANCIAL RESULTS



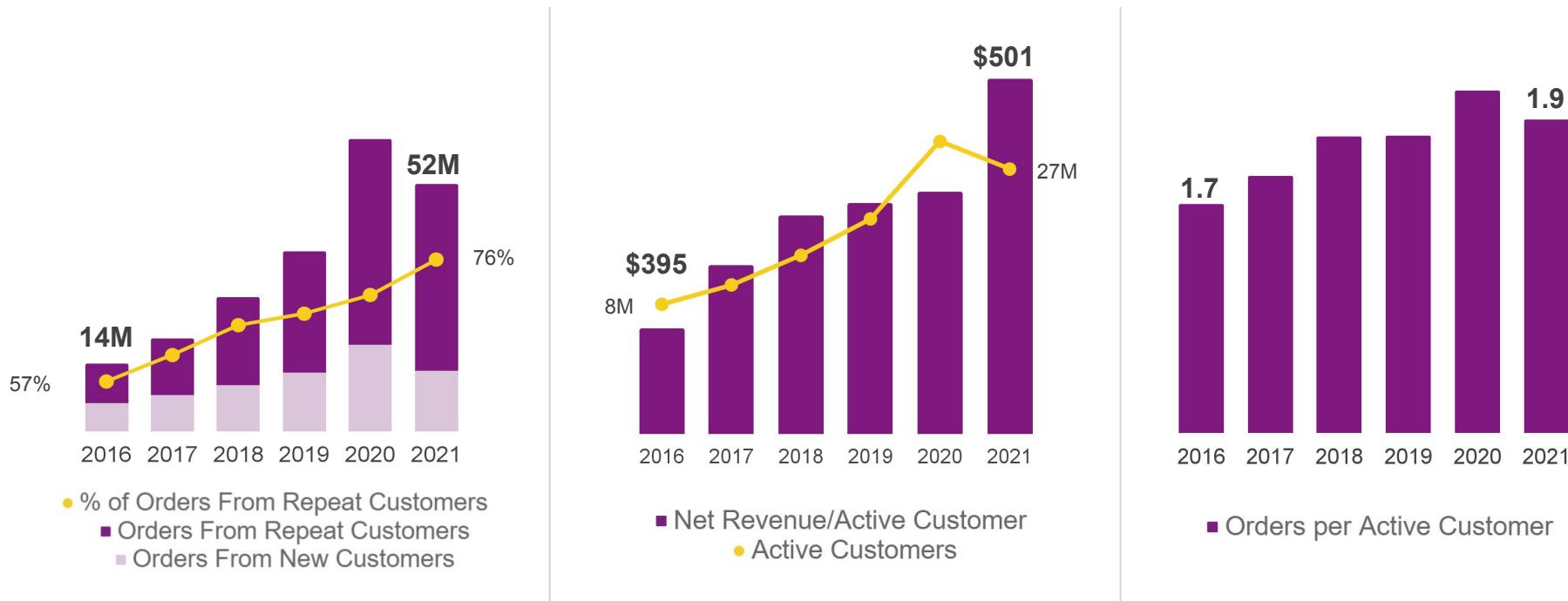
## FY21 Key Financial Highlights

Sustained Growth at Scale	Loyal Customer Base	Strong Unit Economics	Profitability
<p><b>\$13.7B</b> 2021 Net Revenue</p> <p><b>40%</b> CAGR since 2014 IPO</p>	<p><b>76%</b> Repeat Orders as % of 2021 Total</p>	<p><b>29%</b> LTM Non-GAAP Gross Margin</p>	<p><b>\$614M</b> 2021 Adjusted EBITDA <b>4.5%</b> of Net Revenue</p>
Inventory-Light Model	Limited Capex	Free Cash-Flow Generation	Significant Cash Cushion
<p><b>0.5%</b> 2021 Inventory as % of Net Revenue</p>	<p><b>2.0%</b> 2021 Capex as % of Net Revenue</p>	<p><b>\$130M</b> 2021 Free Cash Flow \$410M 2021 Net Cash from Operating Activities</p>	<p><b>\$2.4B</b> FY21 Cash &amp; Cash Equivalents and Highly Liquid Investments</p>

# We Are Driving Robust Growth at Scale



# We Are Building Customer Loyalty and Gaining Share of Wallet



# Our Multiple Long-Term Initiatives Support Continued Profit Growth

	2014 (IPO)	2021	Pre-IPO Targets as % of Net Revenue	Revised Long-Term View Direction vs. Pre-IPO Targets	Primary Drivers
Net Revenue	100%	100%	100%		
Gross Margin	23.6%	28.5%	25–27%	↑	<ul style="list-style-type: none"> <li>- Improving wholesale economics</li> <li>- Logistics efficiencies</li> <li>- Merchandising gains</li> <li>- Higher-mix supplier services</li> </ul>
Customer Service + Merchant Fees	4.1%	4.1%	4%	→	
Advertising	14.5%	10.1%	6–8%	→	<ul style="list-style-type: none"> <li>- Leverage from greater repeat share and brand awareness</li> </ul>
Selling, Operations, Technology, General & Administrative	9.8%	12.3%	5–7%	→	<ul style="list-style-type: none"> <li>- Revenue to scale faster than corporate headcount over time</li> </ul>
Adjusted EBITDA	(4.7%)	4.5%	8–10%	↑	

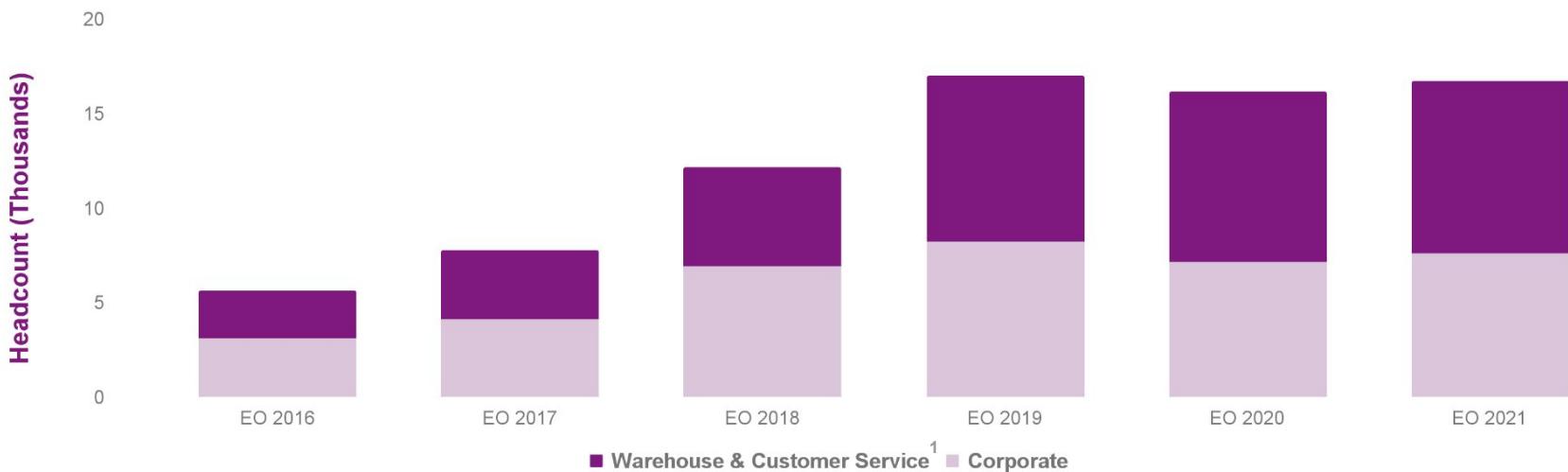
Note: Metrics are presented on a Non-GAAP basis. Gross margin excludes equity-based compensation and related taxes; SOTG&A excludes equity-based compensation and related taxes, depreciation, amortization, and other adjustments.

↑ Updated long-term view now higher than pre-IPO target  
→ Updated long-term view consistent with pre-IPO target

# 5. APPENDIX



# Global Headcount Across Variable and Corporate Roles



## Reconciliation of Adjusted EBITDA and Free Cash Flow (\$ in Millions)

	2020	2021	Q4'20	Q4'21		2020	2021	Q4'20	Q4'21
Net Revenue	\$14,145	\$13,708	\$3,671	\$3,252	Net cash flows from Operating Activities	\$1,417	\$410	\$207	\$89
Net (loss) income	\$185	(\$131)	\$24	(\$202)	Purchase of property and equipment	(\$186)	(\$101)	(\$40)	(\$24)
Net (loss) income Margin	1.3%	-1.0%	0.7%	-6.2%	Site and software development costs	(\$149)	(\$179)	(\$39)	(\$50)
Depreciation and amortization	\$286	\$322	\$77	\$82	<b>Free Cash Flow</b>	\$1,082	\$130	\$128	\$15
Equity-based compensation and related taxes	\$297	\$374	\$85	\$110	<b>Cash and cash equivalents<sup>2</sup></b>	\$2,592	\$2,399	\$2,592	\$2,399
Interest expense, net	\$146	\$32	\$59	\$8					
Other expense (income) , net	\$9	\$4	(\$2)	\$3					
(Benefit) Provision for income taxes, net	\$20	\$1	\$20	(\$5)					
Other <sup>1</sup>	\$4	\$12	-	-					
<b>Adjusted EBITDA</b>	<b>\$947</b>	<b>\$614</b>	<b>\$263</b>	<b>(\$4)</b>					
<i>Adjusted EBITDA Margin</i>	6.7%	4.5%	7.2%	-0.1%					

*Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by Net Revenue.*

*Net (loss) income Margin is calculated by dividing Net income (loss) by Net Revenue*

<sup>1</sup> See Q4 2021 earnings press release for further details

<sup>2</sup>Includes cash & cash equivalents and highly liquid investments

Convertible note financing contributed to the balance in 2020

*In the current year, Wayfair changed its presentation from thousands to millions. As a result of the change in presentation, prior period amounts in the consolidated financial statements and notes thereto have been reclassified to conform to current period presentation and certain prior period amounts may not recalculate and certain figures may not add due to rounding.*

