Wayfair Inc.
FY2024 Financial Statements Analysis

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Table of Contents

Report Overview & Background

Description

This report is designed to provide a detailed overview of Wayfair Inc. ("Wayfair").

Methodology

This report solely relies on data from each company's financial statements.

Company Overview

Wayfair Inc.

Business

Wayfair is a leading American e-commerce company specializing I furniture and home goods.

Wayfair.com represents the vast majority of the company's net revenue and is currently the only one of its sites that also operates internationally, serving customers in Canada, the United Kingdom, and Ireland. The company also operated in Germany until it exited that market in January 2025.

On Wayfair's sites, they also feature certain products under its own house brands, such as Three Post® and Mercury Row®.

The majority of its products are shipped directly from suppliers to customers (a drop-ship model integrated with suppliers' systems), with an increasing proportion now handled through the company's own logistics network as the company has invested considerably in its logistics network and leverage these capabilities to improve the experience for both customers and suppliers. Wayfair's CastleGate facilities allow suppliers to forward-position inventory in Wayfair's warehouses, enabling faster delivery times. Through the Wayfair Delivery Network (WDN), the company also directly manages large parcel deliveries via consolidation centers, cross docks, and last mile delivery facilities. Together with CastleGate, this allows Wayfair to speed up deliveries, decrease reliance on third party carriers, and minimize damage during transit. For products shipped from distant regions like Asia, the company also offers CastleGate Forwarding (CGF) services. These help suppliers to improve efficiency in inbound logistics by offering solutions like product consolidation and port-to-door freight forwarding, ultimately enabling faster delivery to customers.

Wayfair believes these investments in logistics capabilities enhance the overall experience for both customers and suppliers. In addition to logistics, the company offers a range of supplemental media services in support of a seamless selling experience for suppliers. Wayfair also places a strong emphasis on customer service. Its global customer service locations are staffed with over 2,000 full-time highly trained sales and service employees.

Challenges and Opportunities in Home Goods Retail

Consumers shopping for home goods often cannot articulate exactly what they are looking for and they rarely know the names of the manufacturer brands they like, as the category is largely unbranded. Wayfair believes search-based websites have difficulty serving customers shopping for home products in this more emotional, visual, and inspirational manner. People want to *browse* — like walking around a big store, looking at ideas and getting inspired.

In the market for home goods, consumers with different tastes, styles, purchasing goals and budgets require a broad selection of products and choices. Traditional brick and mortar home goods retailers must balance scale of selection with the challenges of high inventory carrying costs and limited showroom and storage space. As a result, consumers must shop in multiple stores in order to browse and access a vast selection of products. Other e-commerce retailers that sell home goods typically focus their shopping experiences around keyword search, instead of a brose-oriented journey that encourages discovery. Wayfair believes the lack of an easy-to-browse, one-stop shopping experience with massive selection has led to consumer dissatisfaction with home goods shopping both online and off.

Logistics, fulfillment, and customer service for home goods producers are challenging given the variety of categories and price points and the mix of heavy and bulky items. Home goods often have a low dollar value to weight ratio compared to other categories of retail, therefore requiring a robust and reliable logistics network that is optimized for items with those characteristics. Many consumers also seek first-rate customer service, so they are not burdened with managing delivery, shipping, and returning logistics on their own. Wayfair believes big box retailers that serve the mass market for home goods are often unable or unwilling to provide this level of service.

Wayfair’s business is affected by seasonality, which historically has resulted in higher sales volume during its fourth quarter, which ends December 31 and includes the November and December holiday sales period.

Key Benefits for Wayfair’s Customers

Wayfair offers customers a vast range of selection of over 30 million home products, personalized inspiration, and a convenient, mobile-friendly shopping experience with fast delivery and competitive prices. They support the full shopping experience with financing, rewards, and excellent customer service.

Key Benefits for Wayfair’s Suppliers

Wayfair gives suppliers — many of them small or family-run businesses — affordable access to over 21 million customers, helping them grow in the e-commerce space. With advanced tech tools, marketing services, and a strong logistics network, suppliers can easily manage products, boost sales, and deliver efficiently through Wayfair’s platform.

Competition

While Wayfair is primarily focused on the mass market, the company comptes across all segments of the home goods market. Competitors include furniture stores, big box retailers, department stores, specialty retailers and online retailers and marketplace, including:

- *Furniture Stores*: American Freight, Ashley Furniture, Bob’s Discount Furniture, Havertys, etc.
- *Big Box Retailers*: Home Depot, IKEA, Lowe’s, Target, Walmart, etc.
- *Department Stores*: JCPenny, Macy’s, Neiman Marcus, etc.
- *Specialty Retailers*: Arhaus, At Home, Container Store, Crate and Barrel, Ethan Allen, etc.
- *Online Retailers and Marketplaces*: Amazon, eBay, Etsy, etc.

Wayfair believes that the primary competitive factors in the mass market are vast selection, visually inspiring browsing, compelling merchandising, ease of product discovery, price, convenience, reliability, speed of fulfillment and customer service.

Employees & Labor Relations

As of December 31, 2024, Wayfair employed approximately 13,500 employees worldwide, including 12,100 full-time equivalents. The company's reported headcount includes the approximately 730 employees impacted by the Germany Restructuring, although the company expects approximately half of these positions to relocate to other corporate offices.

Key Risk Factors Unique to Las Vegas Sands Corp.

The company's expansion into physical retail stores may not achieve sales or operations targets and may negatively impact on its financial results.

In 2024, Wayfair continued its expansion into physical retail with the opening of five new physical retail stores across its family of brands, and two new outlet stores. The company's growth strategy is dependent on its ability to identify and open future store locations in new and existing markets. Its ability to open stores in a timely and successful manner depends on a number of factors, including: the availability of desirable store locations; the availability and costs of construction labor and materials; labor and materials; local permitting timelines; the ability to negotiate acceptable lease terms at reasonable rates; the ability to obtain all required approvals and comply with other regulatory requirements; relationships with current and prospective landlords; the ability to secure and manage the inventory necessary for the launch and operation of new stores; the availability of capital funding for expansion; and general economic conditions. Any of these factors could materially and adversely affect the company's business, financial condition, and results of operations.

New store openings may negatively impact the company's financial results due to the costs of acquiring new store locations and opening new stores, as well as lower sales during the initial period following opening. New stores, particularly those in new markets, build their brand recognition and customer base over time and, as a result, may have lower margins and incur higher operating expenses relative to generated revenue. The company may not anticipate all of the challenges posed by the expansion of its operations into new asset classes and geographic markets. The company may not manage its expansion effectively, and its failure to achieve or properly execute its expansion plans could limit its growth or have a material adverse effect on tits business, financial condition, and results of operations.

The company has had a history of losses and may be unable to achieve or sustain profitability and positive cash flow in the future as it continues to expand business.

Wayfair has a history of losses and negative cash flow. The company incurred losses in 2022, 2023, and 2024, and there is no assurance that it will be profitable in future years or achieve its goal of sustained profitability. Because the market for purchasing home goods online is rapidly evolving, it is difficult for the company to predict its future operating results. As a result, Wayfair may incur future losses that are larger than anticipated. Also, the company's operating expenses may increase if it continues to expand internationally, open additional physical retail locations, grow its proprietary logistics network, invest in paid marketing channels, hire more employees, or develop new brands, features and services. Furthermore, if its future growth and operating performance fail to meet investor or analyst expectations, or if it experiences continued negative cash flow or losses resulting from investments in acquiring new customers, its financial condition and stock price could be materially adversely affected.

The company's reliance on single service providers for certain business operations may result in disruptions to its business and adversely affect its financial results.

Wayfair exclusively relies on Google Cloud to facilitate certain aspects of its business. Google Cloud provides a distributed computing infrastructure platform. The company has designed its software and computer systems to utilize data processing, storage capabilities and other services across multiple Google Cloud data centers. Given this, along with the company's inability to rapidly switch its Google Cloud operations to another cloud provider, any disruption of or interference with its use of Google Cloud or any widespread disruption in Google Cloud itself would impact operations and adversely affect the business. In addition, if hosting costs increase over time, or if Wayfair is unable to optimize its applications for the cloud environment, or requires greater computing or storage capacity, its expenses could increase disproportionately. If the company is unable to grow revenue at a pace that outstrips these costs, its business and financial condition could be adversely affected.

Wayfair also primarily relies on a single delivery carrier, FedEx, for the delivery of its small parcel products. In the event of an interruption or disruption in the delivery capabilities of FedEx, the company may not be able to obtain an alternate delivery service without incurring material additional costs and substantial delays for the delivery of its small parcel products, which could adversely impact Wayfair's business and operating results.

Properties (as of December 31, 2024)

	Leased Square Footage [1]	Reportable Segment
	(square footage in thousands)	
Description of Use:		
Logistics	18,878	United States
Logistics	3,510	International
Customer service	125	United States
Customer service	30	International
Retail	420	United States
Boston headquarters	1,341	United States
Office space	132	United States
Office space	311	International
Total	24,747	

[1] Represents the total leased space excluding subleases and leases that have not yet commenced.

Horizontal Analysis

KPIs

Operating Metrics

Key Operating Metrics						% Change			
(active customers and orders delieved in millions)	2024	2023	2022	2021	2020	2024	2023	2022	2021
KPIs									
Active customers [1]	21	22	22	27	31	-4.5%	+0.0%	-18.5%	-12.9%
LTM net revenue per active customer [2]	$ 555	$ 537	$ 553	$ 501	$ 453	+3.4%	-2.9%	+10.4%	+10.6%
Orders delivered [3]	40	41	40	52	61	-2.4%	+2.5%	-23.1%	-14.8%
Average order value [4]	$ 300	$ 292	$ 305	$ 265	$ 232	+2.7%	-4.3%	+15.1%	+14.2%

[1] The total number of individual customers who have purchased at leaset once directly from Wayfair's sites during the preceding twelve-month period. The change captures both the inflow of new customers as well as the outflow of existing customers. An indicator of growth.

[2] total net revenue in the last twelve months divided by total number of active customers for the same preceding tweleve-month period. An indicator of customers' purchasing patterns.

[3] The total orders delivered in any period, inclusive of orders that may eventually be returned. As Wayfair ships a large volume of packages through multiple carriers, actual delivery dates may not always be available, and as such the company estimates delivery dates based on historical data. The company recognizes net revenue when an order is delivered, and therefore orders delivered, together with average order value, s an indicator of the net revenue the company expects to recognize in a given period. An indicator of growth.

[4] Total net revenue in a given period divided by the orders delivered in that period. An indicator of the mix of products on Wayfair's sites, the mix of offers and promotions and the purchasing behavior of customers.

Adjusted EBITDA

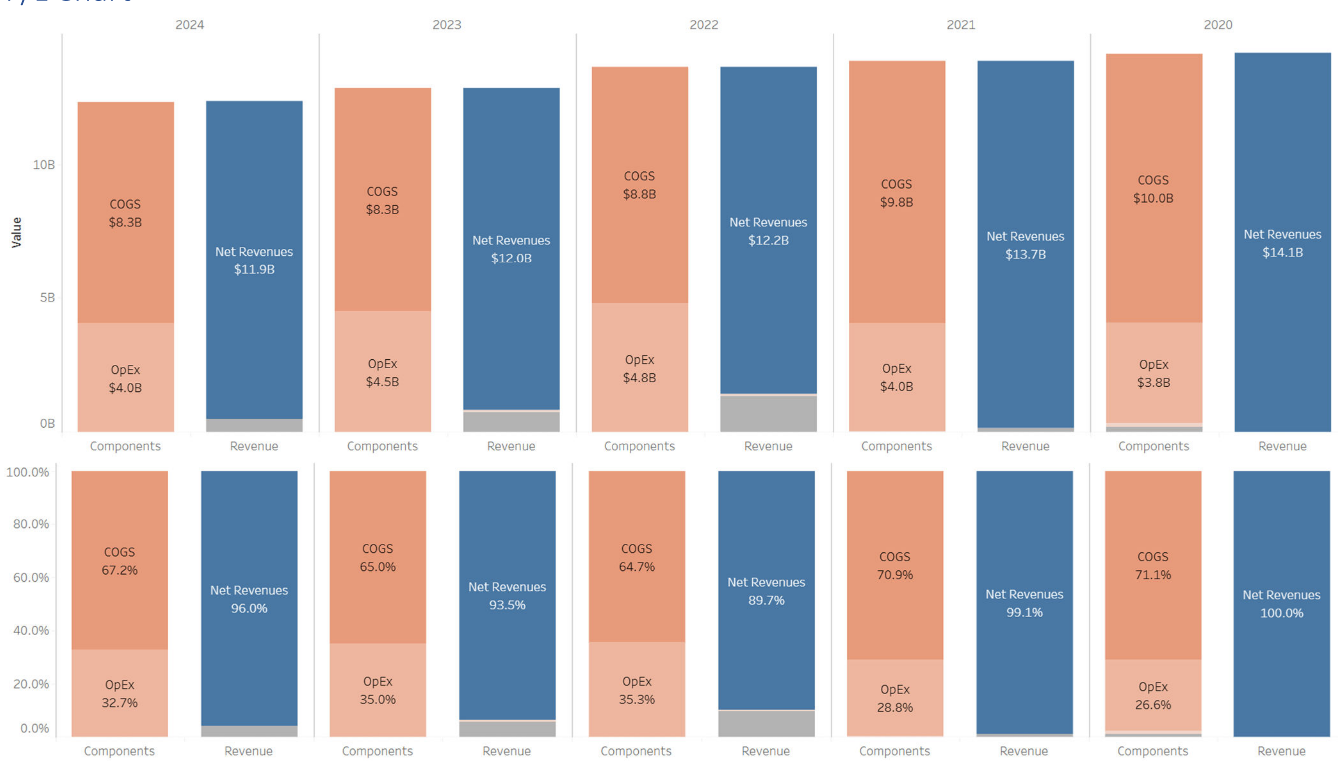
Adjusted EBITDA						% Change			
($ in millions)	2024	2023	2022	2021	2020	2024	2023	2022	2021
Adjusted EBITDA	$ 453	$ 306	$ (416)	$ 614	$ 947	+48.0%	+173.6%	-167.8%	-35.2%
Adjusted EBITDA margin	3.8%	2.5%	-3.4%	4.5%	6.7%	1.3 pp	6.0 pp	-7.9 pp	-2.2 pp

Operating Expenses

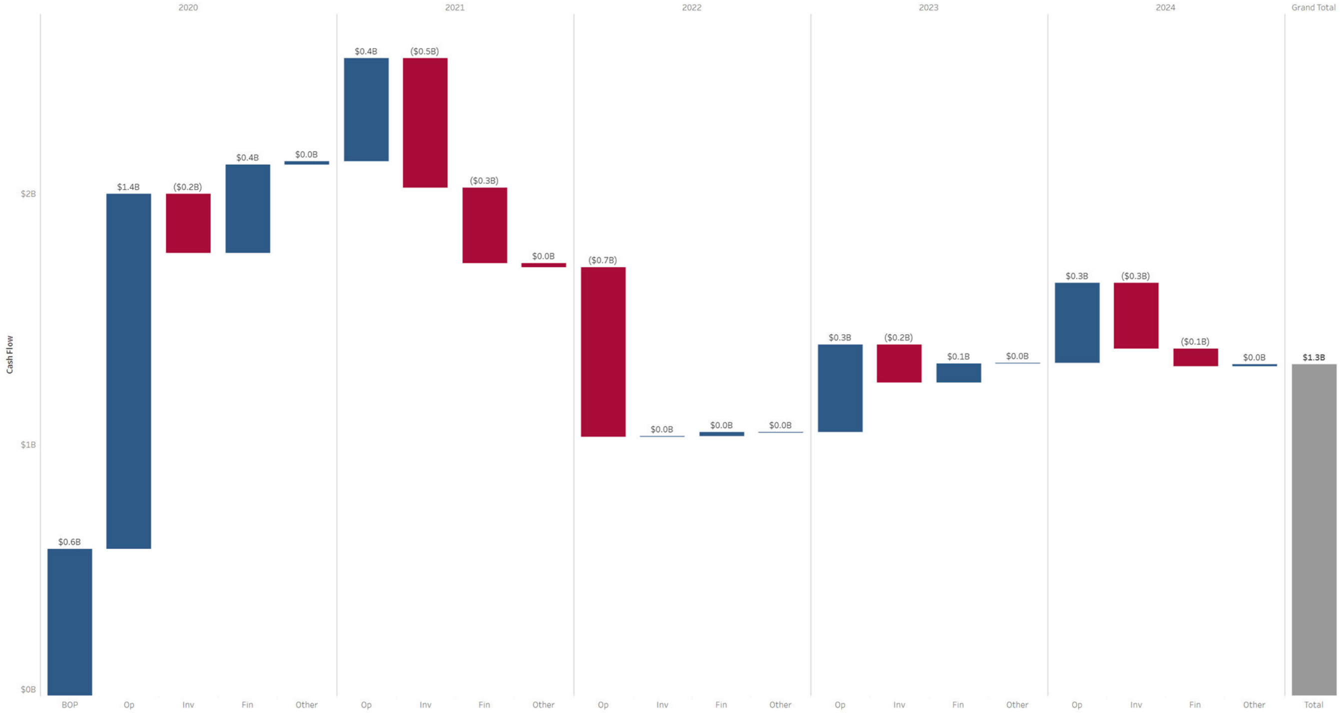
Operating Expenses:						% of Total					% Change			
($ in millions)	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020	2024	2023	2022	2021
Customer service and merchant fees	470	557	632	584	510	11.6%	12.4%	13.2%	14.6%	13.6%	-15.6%	-11.9%	+8.2%	+14.5%
Advertising	1,472	1,397	1,473	1,378	1,412	36.5%	31.2%	30.7%	34.5%	37.6%	+5.4%	-5.2%	+6.9%	-2.4%
Selling, operations, technology, general and administrative	1,977	2,447	2,625	2,015	1,826	49.0%	54.6%	54.7%	50.5%	48.7%	-19.2%	-6.8%	+30.3%	+10.4%
Impairment and other related net charges	37	14	39	12	0	0.9%	0.3%	0.8%	0.3%	0.0%	+164.3%	-64.1%	+225.0%	n/a
Restructuring charges	79	65	31	0	4	2.0%	1.5%	0.6%	0.0%	0.1%	+21.5%	+109.7%	n/a	-100.0%
Total operating expenses	**4,035**	**4,480**	**4,800**	**3,989**	**3,752**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**-9.9%**	**-6.7%**	**+20.3%**	**+6.3%**

Balance Sheet Chart

P/L Chart



Cash Flow Chart (left to right)



Historical Financial Ratios

	Ratio	2024	2023	2022	2021	2020	5 Yrs Avg
Activity Ratio	DSO	4.54	6.26	7.44	4.47	2.71	**5.08**
	DIO	3.33	3.61	3.30	2.25	2.07	**2.91**
	DPO	54.68	53.47	49.02	43.13	37.37	**47.53**
	Cash Conversion Cycle	-46.80	-43.59	-38.29	-36.40	-32.60	**-39.54**
	Fixed Assets Turnover	17.54	15.77	16.88	20.19	21.62	**18.40**
	Working Capital Turnover	-28.87	-51.40	37.25	16.37	43.82	**3.43**
	Total Assets Turnover	3.42	3.40	3.00	3.00	3.76	**3.32**
	Equity Turnover	-4.34	-4.57	-5.86	-9.75	-13.24	**-7.55**
Liquidity Ratio	Current Ratio	0.79	0.85	0.93	1.36	1.41	**1.07**
	Quick Ratio	0.64	0.68	0.75	1.18	1.25	**0.90**
	Cash Ratio	0.56	0.61	0.51	0.77	0.98	**0.68**
	Defensive Interval	44.45	41.28	41.37	69.49	82.73	**55.86**
Solvancy Ratio	Debt-to-Equity	-1.45	-1.51	-1.63	-2.50	-3.04	**-2.03**
	Debt-to-Capital	3.24	2.96	2.59	1.66	1.49	**2.39**
	Debt-to-Assets	1.15	1.18	1.16	0.89	0.79	**1.03**
	Financial Leverage	-1.27	-1.34	-1.95	-3.25	-3.52	**-2.27**
	Interest Coverage	-15.62	-41.88	-47.85	-3.06	2.40	**-21.20**
Profitability	Gross Profit Margin	30.2%	30.6%	28.0%	28.4%	29.1%	**29.2%**
	Operating Profit Margin	-3.9%	-6.8%	-11.3%	-0.7%	2.5%	**-4.0%**
	EBIT Margin	-3.8%	-5.9%	-10.6%	-0.7%	2.5%	**-3.7%**
	Pre-Tax Margin	-4.1%	-6.1%	-10.8%	-0.9%	1.4%	**-4.1%**
	Net Profit Margin	-4.2%	-6.1%	-10.9%	-1.0%	1.3%	**-4.2%**
	Return on Assets	-14.2%	-20.9%	-32.7%	-2.9%	4.9%	**-13.1%**
	Operating Return on Assets	-13.3%	-23.1%	-34.0%	-2.1%	9.6%	**-12.6%**
	Reuturn on Total Capital	-35.3%	-54.5%	-68.5%	-3.9%	18.7%	**-28.7%**
	Return on Equity	18.0%	28.1%	63.9%	9.3%	-17.3%	**20.4%**
Valuation	Earnings Per Share (Basic)	-4.01	-6.47	-12.54	-1.26	1.93	**-4.47**
	Earnings Per Share (Diluted)	-4.01	-6.47	-12.54	-1.26	1.86	**-4.48**
	P/E Ratio	0.00	0.00	0.00	0.00	161.29	**32.26**
	Dividend Payout Ratio (DPR)	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**
	Dividend Yield	0.000%	0.000%	0.000%	0.000%	0.000%	**0.0%**

* conditional formatting applied by row

Long-Term Debt (Most Recent Years)

Debt Instrument	December 31, 2024 Principal Amount	December 31, 2024 Unamortized Debt Discount	December 31, 2024 Net Carrying Amount	December 31, 2023 Principal Amount	December 31, 2023 Unamortized Debt Discount	December 31, 2023 Net Carrying Amount
			(in millions)			
Revolving Credit Facility			$ —			$ —
2024 Notes	$ —	$ —	—	$ 117	$ —	117
2025 Notes	237	(1)	236	754	(3)	751
2026 Notes	734	(3)	731	949	(5)	944
2027 Notes	690	(7)	683	690	(10)	680
2028 Notes	690	(9)	681	690	(11)	679
2029 Secured Notes	800	(13)	787	—	—	—
2025 Accreting Notes	—	—	—	38	—	38
Total Debt			$ 3,118			$ 3,209
Short-term debt [1]			236			117
Long-term debt			$ 2,882			$ 3,092

[1] Short-term debt consists of $236 million for the 2025 Notes as of December 31, 2024, and $117 million for the 2024 Notes as of December 31, 2023. Short-term debt and is presented within other current liabilities in the consolidated balance sheets.

Key Financial Insights

Refer to the Supplemental Data section for additional details on eBay's Balance Sheet, Income Statement, Equity Statement, and Cash Flow Statement to better understand the insights discussed below.

(BL) ***The company's negative equity is significant and has increased over the past 5 years.***

Wayfair's equity primarily consists of accumulated deficit, partially offset by additional paid-in capital. The company has carried an accumulated deficit since its IPO in 2014, which worsened to about $4.5 billion by 2024 due to continued net losses. Notably, Wayfair's equity first turned negative in 2017.

The company has recorded operating losses in each of the past 5 years, except in 2020, primarily due to operating expenses — particularly advertising and SG&A — exceeding gross profit. This reflects Wayfair's growth-focused business model, which prioritizes market share over short-term profitability, with the expectation that scale will eventually drive operational efficiency and stronger margins. Currently, the company appears focused on acquiring/retaining customers — spending heavily on advertising — and on developing its proprietary logstics network (CastleGate) to better control delivery times and reduce reliance on third parties. While these initiatives are capital-intensive upfront, they aim to ensure long-term control over customer experience and fulfillment reliability, while maintaining the ability to meet financial obligations.

(PL) ***The company has had net losses since 2021.***

These continued net losses are primarily due to operating expenses exceeding gross profit. Wayfair has spent heavily on advertising and SG&A.

Over the past five years, Wayfair's has spent about 38% of its gross profit on advertising alone, as the company's success depends, in part, on its ability to attract customers who have historically purchased home goods through traditional retailers. To accomplish this, the company needs to incur significantly higher and sustained advertising and promotional expenditures in order to attract additional online consumers to its sites and convert them into purchasing customers.

Wayfair's advertising includes direct response performance marketing costs, such as display advertising, paid search advertising, social media advertising, search engine optimization, comparison shopping engine advertising, television advertising, direct mail, catalog and print advertising. **Given that the company's revenue has been decreasing over the past five years, it is likely that its marketing efforts have not been fully effective or successful**.

The company's SG&A primarily consists of labor-related costs of the operations group — including the supply chain and logistics team, the technology team that builds and supports sites, category managers, buyers, site merchandisers, merchants, marketers and the team who executes the advertising strategy and the corporate general and administrative team, which includes human resources, finance and accounting personnel. Also included are administrative and professional service fees which include audit and legal fees, insurance, depreciation, rent and other corporate expenses.

(PL) ***Net revenue has been decreasing since 2020.***

According to the company's annual reports, a continuing decline in net revenue reflects ongoing macroeconomic pressures felt by consumers. The decrease in net revenue is due to lower order volume, driven by challenges in the category such as macroeconomic pressures, including inflation, consumer spending patterns and housing market conditions. These factors have made consumers more cautious about their spending, particularly on big-ticket items like furniture.

(CF) ***The company's recent cash flow activities have followed 3 distinct patterns: cash flows from operating, investing, and financing activities were "+, -, +" in 2020 and 2023, and "+ , -, -" in 2021 and 2024. The pattern was "-, +, +" in 2022.***

These cash flow trends provide insight into Wayfair's capital strategies:

In 2020 and 2023, the company generated cash from operating activities and increased its cash balance by taking on more debt. This cash flow pattern typically indicates a company with a clear plan for utilizing the increased cash balance in the following year(s). In Wayfair's case, it appears that the company financed in 2020 to purchase short-term and long-term investments and repurchase shares in 2021, while in 2023, it used financing to invest more in site and software development.

In 2022, the company experienced a significant cash outflow from operating activities. Cash flows from investing activities remained flat, as sales and maturities of investments offset capital expenditures and the purchase of other investments. Similarly, cash flows from financing activities also remained flat, as debt extinguishment payments offset proceeds from debt issuance.

(Ratio) ***The company's profitability is very low, it is not solvent, and it lacks sufficient liquidity.***

Wayfair operates in a low-margin business for several key reasons. Primarily, the company is a giant drop-shipper (though it also operates private label brands), making it a retail business where margins are squeezed between supplier costs and competitive pricing. Additionally, furniture is bulky and expensive to ship. Furthermore, Wayfair operates in a highly competitive industry against companies like Amazon and IKEA, necessitating frequent discounts and promotional pricing, which further erodes margins. The company has also been spending heavily on advertising.

Wayfair's liquidity ratios (current, quick, and cash ratios) are all below 1.0, and its solvency ratios indicate low solvency. Since its operating cash flow is insufficient to service debt, it appears the company has been managing its debt obligations through refinancing and extending maturities. While refinancing is a relatively common strategy, particularly among growth-oriented firms like Wayfair, the company is doing this while still posting net losses, having negative equity, and experiencing declining revenues. This refinancing strategy seems more like a survival tactic than strategic optimization.

Moreover, Wayfair has primarily used convertible notes to raise capital, likely due to their interest rates, the absence of collateral requirements, and the appeal of stock options to investors. However, the company has recently issued senior secured notes, which are backed by collateral, tying up assets and increasing financial pressure. There are several possible reasons for this shift: investors may no longer favor convertible notes, forcing Wayfair to offer something more secure; or if the company's stock price is down or too volatile, investors may be less interested in stock-based returns.

Final Notes

Capital Structure

- Primarily, Wayfair is a giant drop-shipper, while also operating a few private label brands.
- The company has a significant negative equity due to continued net losses and an accumulating deficit.
- The company primarily uses convertible notes to raise capital but recently raised additional capital through secured senior notes, which might indicate a shift in investors' mindset.

Revenue & Profitability

- Due to its drop-shipping business model, margins are squeezed between supplier costs and competitive pricing. Additionally, furniture is bulky and expensive to ship. Furthermore, Wayfair operates in a highly competitive industry against companies like Amazon and IKEA, necessitating frequent discounts and promotional pricing, which further erodes margins. The company has also been spending heavily on advertising for customer acquisition.

Liquidity & Solvency

- The company has low liquidity and solvency. It has been managing its debt obligations through refinancing.

Cash Flow

- Investing activities primarily include capital expenditures and investments, while its financing activities primarily consist of debt issuance.

Supplemental Data

Wayfair Inc.

Historical Operating Expenses

(In Millions)

Operating Expenses (excl. COGS):						% of Total					% Change			
($ in millions)	**2024**	**2023**	**2022**	**2021**	**2020**	**2024**	**2023**	**2022**	**2021**	**2020**	**2024**	**2023**	**2022**	**2021**
Customer service and merchant fees	470	557	632	584	510	11.6%	12.4%	13.2%	14.6%	13.6%	-15.6%	-11.9%	+8.2%	+14.5%
Advertising	1,472	1,397	1,473	1,378	1,412	36.5%	31.2%	30.7%	34.5%	37.6%	+5.4%	-5.2%	+6.9%	-2.4%
Selling, operations, technology, general and administrative	1,977	2,447	2,625	2,015	1,826	49.0%	54.6%	54.7%	50.5%	48.7%	-19.2%	-6.8%	+30.3%	+10.4%
Impairment and other related net charges	37	14	39	12	0	0.9%	0.3%	0.8%	0.3%	0.0%	+164.3%	-64.1%	+225.0%	n/a
Restructuring charges	79	65	31	0	4	2.0%	1.5%	0.6%	0.0%	0.1%	+21.5%	+109.7%	n/a	-100.0%
Total operating expenses	**4,035**	**4,480**	**4,800**	**3,989**	**3,752**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**-9.9%**	**-6.7%**	**+20.3%**	**+6.3%**

Historical Balance Sheet with % Change

						% Change			
CONSOLIDATED BALANCE SHEETS - USD ($) $ in Millions	**Dec. 31, 2024**	**Dec. 31, 2023**	**Dec. 31, 2022**	**Dec. 31, 2021**	**Dec. 31, 2020**	**Dec. 31, 2024**	**Dec. 31, 2023**	**Dec. 31, 2022**	**Dec. 31, 2021**
Current assets:									
Cash and cash equivalents	$ 1,316	$ 1,322	$ 1,050	$ 1,706	$ 2,130	-0.5%	25.9%	-38.5%	-19.9%
Short-term investments	56	29	228	693	462	93.1%	-87.3%	-67.1%	50.0%
Accounts receivable, net	155	140	272	226	110	10.7%	-48.5%	20.4%	105.5%
Inventories	76	75	90	69	52	1.3%	-16.7%	30.4%	32.7%
Prepaid expenses and other current assets	274	289	293	318	292	-5.2%	-1.4%	-7.9%	8.9%
Total current assets	**1,877**	**1,855**	**1,933**	**3,012**	**3,046**	**1.2%**	**-4.0%**	**-35.8%**	**-1.1%**
Non-current assets:									
Operating lease right-of-use assets	925	820	839	849	808	12.8%	-2.3%	-1.2%	5.1%
Property and equipment, net	603	748	774	674	684	-19.4%	-3.4%	14.8%	-1.5%
Long-term investments	0	0	0	0	0	n/a	n/a	n/a	n/a
Other non-current assets	54	51	34	35	32	5.9%	50.0%	-2.9%	9.4%
Total non-current assets	**1,582**	**1,619**	**1,647**	**1,558**	**1,524**	**-2.3%**	**-1.7%**	**5.7%**	**2.2%**
Total assets	**3,459**	**3,474**	**3,580**	**4,570**	**4,570**	**-0.4%**	**-3.0%**	**-21.7%**	**0.0%**
Current liabilities:									
Accounts payable	1,246	1,234	1,204	1,166	1,157	1.0%	2.5%	3.3%	0.8%
Other current liabilities	1,124	949	868	1,051	1,009	18.4%	9.3%	-17.4%	4.2%
Total current liabilities	**2,370**	**2,183**	**2,072**	**2,217**	**2,166**	**8.6%**	**5.4%**	**-6.5%**	**2.4%**
Non-current liabilities:									
Long-term debt	2,882	3,092	3,137	3,052	2,659	-6.8%	-1.4%	2.8%	14.8%
Operating lease liabilities, net of current	929	862	893	892	870	7.8%	-3.5%	0.1%	2.5%
Other non-current liabilities	33	44	28	28	67	-25.0%	57.1%	0.0%	-58.2%
Total non-current liabilities	**3,844**	**3,998**	**4,058**	**3,972**	**3,596**	**-3.9%**	**-1.5%**	**2.2%**	**10.5%**
Total liabilities	**6,214**	**6,181**	**6,130**	**6,189**	**5,762**	**0.5%**	**0.8%**	**-1.0%**	**7.4%**
Stockholders’ deficit:									
Convertible preferred stock, $0.001 par value per share	0	0	0	0	0	n/a	n/a	n/a	n/a
Additional paid-in capital	1,751	1,316	737	337	699	33.1%	78.6%	118.7%	-51.8%
Accumulated deficit	(4,510)	(4,018)	(3,280)	(1,949)	(1,886)	-12.2%	-22.5%	-68.3%	-3.3%
Accumulated other comprehensive income (loss)	4	(5)	(7)	(7)	(5)	180.0%	28.6%	0.0%	-40.0%
Total stockholders' deficit	**(2,755)**	**(2,707)**	**(2,550)**	**(1,619)**	**(1,192)**	**-1.8%**	**-6.2%**	**-57.5%**	**-35.8%**
Total liabilities and stockholders' deficit	**3,459**	**3,474**	**3,580**	**4,570**	**4,570**	**-0.4%**	**-3.0%**	**-21.7%**	**0.0%**
Working Capital	**(493)**	**(328)**	**(139)**	**795**	**880**	**-50.3%**	**-136.0%**	**-117.5%**	**-9.7%**

Historical Balance Sheet with % of Total

CONSOLIDATED BALANCE SHEETS - USD ($) $ in Millions	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	% of Total Dec. 31, 2024	% of Total Dec. 31, 2023	% of Total Dec. 31, 2022	% of Total Dec. 31, 2021	% of Total Dec. 31, 2020
Current assets:										
Cash and cash equivalents	$ 1,316	$ 1,322	$ 1,050	$ 1,706	$ 2,130	38.0%	38.1%	29.3%	37.3%	46.6%
Short-term investments	56	29	228	693	462	1.6%	0.8%	6.4%	15.2%	10.1%
Accounts receivable, net	155	140	272	226	110	4.5%	4.0%	7.6%	4.9%	2.4%
Inventories	76	75	90	69	52	2.2%	2.2%	2.5%	1.5%	1.1%
Prepaid expenses and other current assets	274	289	293	318	292	7.9%	8.3%	8.2%	7.0%	6.4%
Total current assets	**1,877**	**1,855**	**1,933**	**3,012**	**3,046**	**54.3%**	**53.4%**	**54.0%**	**65.9%**	**66.7%**
Non-current assets:										
Operating lease right-of-use assets	925	820	839	849	808	26.7%	23.6%	23.4%	18.6%	17.7%
Property and equipment, net	603	748	774	674	684	17.4%	21.5%	21.6%	14.7%	15.0%
Long-term investments	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Other non-current assets	54	51	34	35	32	1.6%	1.5%	0.9%	0.8%	0.7%
Total non-current assets	**1,582**	**1,619**	**1,647**	**1,558**	**1,524**	**45.7%**	**46.6%**	**46.0%**	**34.1%**	**33.3%**
Total assets	**3,459**	**3,474**	**3,580**	**4,570**	**4,570**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Current liabilities:										
Accounts payable	1,246	1,234	1,204	1,166	1,157	36.0%	35.5%	33.6%	25.5%	25.3%
Other current liabilities	1,124	949	868	1,051	1,009	32.5%	27.3%	24.2%	23.0%	22.1%
Total current liabilities	**2,370**	**2,183**	**2,072**	**2,217**	**2,166**	**68.5%**	**62.8%**	**57.9%**	**48.5%**	**47.4%**
Non-current liabilities:										
Long-term debt	2,882	3,092	3,137	3,052	2,659	83.3%	89.0%	87.6%	66.8%	58.2%
Operating lease liabilities, net of current	929	862	893	892	870	26.9%	24.8%	24.9%	19.5%	19.0%
Other non-current liabilities	33	44	28	28	67	1.0%	1.3%	0.8%	0.6%	1.5%
Total non-current liabilities	**3,844**	**3,998**	**4,058**	**3,972**	**3,596**	**111.1%**	**115.1%**	**113.4%**	**86.9%**	**78.7%**
Total liabilities	**6,214**	**6,181**	**6,130**	**6,189**	**5,762**	**179.6%**	**177.9%**	**171.2%**	**135.4%**	**126.1%**
Stockholders' deficit:										
Convertible preferred stock, $0.001 par value per share	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Additional paid-in capital	1,751	1,316	737	337	699	50.6%	37.9%	20.6%	7.4%	15.3%
Accumulated deficit	(4,510)	(4,018)	(3,280)	(1,949)	(1,886)	-130.4%	-115.7%	-91.6%	-42.6%	-41.3%
Accumulated other comprehensive income (loss)	4	(5)	(7)	(7)	(5)	0.1%	-0.1%	-0.2%	-0.2%	-0.1%
Total stockholders' deficit	**(2,755)**	**(2,707)**	**(2,550)**	**(1,619)**	**(1,192)**	**-79.6%**	**-77.9%**	**-71.2%**	**-35.4%**	**-26.1%**
Total liabilities and stockholders' deficit	**3,459**	**3,474**	**3,580**	**4,570**	**4,570**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Working Capital	**(493)**	**(328)**	**(139)**	**795**	**880**					

Historical P/L Statement

CONSOLIDATED STATEMENTS OF OPERATIONS - USD ($) shares in Millions, $ in Millions	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	% Change Dec. 31, 2024	% Change Dec. 31, 2023	% Change Dec. 31, 2022	% Change Dec. 31, 2021
Income Statement [Abstract]									
Net revenue	**$ 11,851**	**$ 12,003**	**$ 12,218**	**$ 13,708**	**$ 14,145**	-1.3%	-1.8%	-10.9%	-3.1%
Cost of goods sold	8,277	8,336	8,802	9,813	10,033	-0.7%	-5.3%	-10.3%	-2.2%
Gross profit	**3,574**	**3,667**	**3,416**	**3,895**	**4,112**	**-2.5%**	**+7.3%**	**-12.3%**	**-5.3%**
Operating expenses:									
Customer service and merchant fees	470	557	632	584	510	-15.6%	-11.9%	+8.2%	+14.5%
Advertising	1,472	1,397	1,473	1,378	1,412	+5.4%	-5.2%	+6.9%	-2.4%
Selling, operations, technology, general and administrative	1,977	2,447	2,625	2,015	1,826	-19.2%	-6.8%	+30.3%	+10.4%
Impairment and other related net charges	37	14	39	12	0	+164.3%	-64.1%	+225.0%	n/a
Restructuring charges	79	65	31	0	4	+21.5%	+109.7%	n/a	-100.0%
Total operating expenses	**4,035**	**4,480**	**4,800**	**3,989**	**3,752**	**-9.9%**	**-6.7%**	**+20.3%**	**+6.3%**
Loss from operations	**(461)**	**(813)**	**(1,384)**	**(94)**	**360**	**+43.3%**	**+41.3%**	**-1372.3%**	**-126.1%**
Interest expense, net	(29)	(17)	(27)	(32)	(146)	-70.6%	+37.0%	+15.6%	+78.1%
Other (expense) income, net	(21)	1	(4)	(4)	(9)	-2200.0%	+125.0%	+0.0%	+55.6%
Gain on debt extinguishment	29	100	96	0	0	-71.0%	+4.2%	n/a	n/a
Loss before income taxes	**(482)**	**(729)**	**(1,319)**	**(130)**	**205**	**+33.9%**	**+44.7%**	**-914.6%**	**-163.4%**
Provision for income taxes, net	10	9	12	1	20	+11.1%	-25.0%	+1100.0%	-95.0%
Net loss	**$ (492)**	**$ (738)**	**$ (1,331)**	**$ (131)**	**$ 185**	**+33.3%**	**+44.6%**	**-916.0%**	**-170.8%**

Historical Equity Statement
(In Millions)

	Class A and Class B Common Stock					
	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Deficit
	(in millions)					
Balance at December 31, 2021	105	$ —	$ 337	$ (1,949)	$ (7)	$ (1,619)
Net loss	—	—	—	(1,331)	—	(1,331)
Issuance of common stock upon vesting of RSUs	5	—	—	—	—	—
Equity-based compensation	—	—	555	—	—	555
Repurchase of common stock	(1)	—	(75)	—	—	(75)
Premiums paid for capped calls	—	—	(80)	—	—	(80)
Balance at December 31, 2022	109	—	737	(3,280)	(7)	(2,550)
Net loss	—	—	—	(738)	—	(738)
Other comprehensive income	—	—	—	—	2	2
Issuance of common stock upon vesting of RSUs	9	—	—	—	—	—
Equity-based compensation	—	—	666	—	—	666
Premiums paid for capped calls	—	—	(87)	—	—	(87)
Balance at December 31, 2023	118	—	1,316	(4,018)	(5)	(2,707)
Net loss	—	—	—	(492)	—	(492)
Other comprehensive income	—	—	—	—	9	9
Issuance of common stock upon vesting of RSUs	7	—	—	—	—	—
Equity-based compensation	—	—	432	—	—	432
Unwind of capped calls	—	—	3	—	—	3
Balance at December 31, 2024	125	$ —	$ 1,751	$ (4,510)	$ 4	$ (2,755)

Historical Cash Flow Statement

CONSOLIDATED STATEMENTS OF CASH FLOWS - USD ($) $ in Millions	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Cash flows from (for) operating activities:					
Net loss	$ (492)	$ (738)	$ (1,331)	$ (131)	$ 185
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:					
Depreciation and amortization	387	417	371	322	286
Equity-based compensation expense	395	605	513	344	276
Amortization of debt discount and issuance costs	9	8	8	7	134
Impairment and other related net charges	37	14	39	12	0
Gain on debt extinguishment	(29)	(100)	(96)	0	0
Other non-cash adjustments	(1)	(3)	41	6	13
Changes in operating assets and liabilities:					
Accounts receivable, net	(35)	132	(48)	(118)	(15)
Inventories	(2)	16	(21)	(17)	10
Prepaid expenses and other assets	10	16	27	(28)	(62)
Accounts payable and other liabilities	38	(18)	(177)	13	590
Net cash provided by (used in) operating activities	**317**	**349**	**(674)**	**410**	**1,417**
Cash flows (for) from investing activities:					
Purchase of short- and long-term investments	(67)	(36)	(430)	(989)	(481)
Sale and maturities of short- and long-term investments	39	233	889	749	580
Purchase of property and equipment	(73)	(148)	(186)	(101)	(186)
Site and software development costs	(161)	(203)	(272)	(179)	(149)
Other investing activities, net	0	2	0	5	0
Net cash (used in) provided by investing activities	**(262)**	**(152)**	**1**	**(515)**	**(236)**
Cash flows (for) from financing activities:					
Repurchase of common stock	0	0	(75)	(300)	(380)
Proceeds from issuance of debt, net of issuance costs	786	678	678	0	2,028
Premiums paid for capped call confirmations	0	(87)	(80)	0	(255)
Payment of principal upon maturity of debt	(117)	0	(3)	0	0
Proceeds from borrowings				0	200
Repayment of borrowings				0	(200)
Payments to extinguish debt	(741)	(514)	(504)	0	(1,040)
Other financing activities, net	3	0	0	(3)	0
Net cash (used in) provided by financing activities	**(69)**	**77**	**16**	**(303)**	**353**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	8	2	1	(16)	13
Net (decrease) increase in cash, cash equivalents and restricted cash	**(6)**	**276**	**(656)**	**(424)**	**1,547**
Beginning of year	**1,326**	**1,050**	**1,706**	**2,130**	**583**
End of year	**1,320**	**1,326**	**1,050**	**1,706**	**2,130**
Free Cash Flow	**244**	**201**	**(860)**	**309**	**1,231**

DuPont Analysis

DuPont Analysis is a financial performance framework that helps break down a company's ROE into 6 key components. This analysis provides insights into the drivers of a company's financial performance, helping stakeholders understand how each factor contributes to the overall return.

2024

Return on Equity										
0.1802										
Net Profit Margin		Equity Turnover								
-4.15%	*	-4.34	=	**0.1802**						
Net Profit Margin		Asset Turnover		Financial Leverage						
-4.15%	*	3.42	*	-1.27	=	**0.1802**				
Tax Burden		Interest Burden		Operating Profit Margin		Asset Turnover		Financial Leverage		
1.02	*	1.06	*	-3.82%	*	3.42	*	-1.27	=	**0.1802**

2023

Return on Equity										
0.2808										
Net Profit Margin		Equity Turnover								
-6.15%	*	-4.57	=	**0.2808**						
Net Profit Margin		Asset Turnover		Financial Leverage						
-6.15%	*	3.40	*	-1.34	=	**0.2808**				
Tax Burden		Interest Burden		Operating Profit Margin		Asset Turnover		Financial Leverage		
1.01	*	1.02	*	-5.93%	*	3.40	*	-1.34	=	**0.2808**

Financial Ratios Formula

Activity Ratios

Receivables Turnover

Meaning: The efficiency of a company in collecting its receivables
Formula: Revenue / Average Receivables

DSO

Meaning: The average number of days a company takes to collect its receivables from clients
Formula: 365 / Receivables Turnover

Inventory Turnover

Meaning: The efficiency of a company in terms of inventory management
Formula: COGS / Average Inventory

DIO

Meaning: The average inventory processing period
Formula: 365 / Inventory Turnover

Payables Turnover

Meaning: The efficiency of a company in allowing its credit to suppliers
Formula: Purchases / Average Payables

DPO

Meaning: The average number of days a company takes to pay its suppliers
Formula: 365 / Payables Turnover

Cash Conversion Cycle

Meaning: The number of days a company takes to convert its investments in inventory and other resources into cash flows from sales

Formula: DSO + DIO - DPO

Fixed Assets Turnover

Meaning: The efficiency of a company in utilizing its fixed assets to generate revenue
Formula: Revenue / Average Fixed Assets

Working Capital Turnover

Meaning: The efficiency of a company in managing its working capital (current assets – current liabilities)
Formula: Revenue / Average Working Capital

Total Assets Turnover

Meaning: The efficiency of a company in utilizing its total assets to generate revenue
Formula: Revenue / Average Total Assets

Equity Turnover

Meaning: The efficiency of a company in utilizing equity to generate revenue
Formula: Revenue / Average Total Equity

Liquidity Ratios

Current Ratio

Meaning: The ability of a company to meet current liabilities (with total current assets)
Formula: Current Assets / Current Liabilities

Quick Ratio

Meaning: The ability of a company to meet current liabilities (with total current assets, excluding inventory and prepaid expenses)

Formula: (Total Current Assets – Inventory – Prepaid Expenses) / Current Liabilities

Cash Ratio

Meaning: The ability of a company to meet current liabilities (with cash only)
Formula: Cash / Current Liabilities

Defensive Interval

Meaning: The number of days a company can cover its average daily expenses with the use of current liquid assets only

Formula: (Total Current Assets – Inventory – Prepaid Expenses) / Average Daily Expenditure

Solvency Ratios

Debt-to-Equity

Meaning: Debt as a percentage of total equity
Formula: Total Debt / Total Equity

Debt-to-Capital

Meaning: Debt as a percentage of total capital
Formula: Total Debt / (Total Debt + Total Equity)

Debt-to-Assets

Meaning: Debt as a percentage of total assets
Formula: Total Debt / Total Assets

Financial Leverage

Meaning: An indicator of a company's debt financing usage
Formula: Average Total Assets / Average Total Equity

Interest Coverage

Meaning: The ability of a company to cover its interest expenses
Formula: EBIT (Operating Income) / Interest Payments

Profitability Ratios

Gross Profit Margin

Meaning: Gross profitability as a percentage of total revenue
Formula: (Revenue – COGS) / Revenue

Operating Profit Margin

Meaning: Operating profitability (before interest and tax) as a percentage of total revenue
Formula: Operating Income (EBIT) / Revenue

Pre-Tax Profit Margin

Meaning: Operating profitability (before tax) as a percentage of total revenue
Formula: EBT / Revenue

Net Profit Margin

Meaning: Net profitability as a percentage of total revenue
Formula: Net Income / Revenue

ROA (Return on Assets)

Meaning: Net profitability (excluding interest and tax) as a percentage of total invested funds
Formula: Net Income / Average Total Assets

Operating ROA

Meaning: Net profitability (including interest and tax) as a percentage of total invested funds
Formula: Operating Income (EBIT) / Average Total Assets

ROC (Return on Total Capital)

Meaning: Operating profitability as a percentage of total capital
Formula: Operating Income (EBIT) / Average Total Capital

ROE (Return on Equity)

Meaning: Net profitability as a percentage of total equity
Formula: Net Income / Average Equity

Valuation Ratios

EPS (Earnings Per Share)

Meaning: Income earned per 1 common share outstanding

Data is obtained from each company's financial statement.

PE Ratio

Meaning: The price that investors are willing to pay per $1 of earnings

Data is obtained from Macrotrends.

Dividend Payout Ratio (DPR)

Meaning: The measure of dividends paid out to shareholders relative to the company's net income

Formula: Dividends Paid to Common Shareholders / Net Income

Dividend Yield

Meaning: The ratio that shows how much a company pays out in dividends each year relative to its stock price

Formula: Dividends Paid to Common Shareholders / Net Income