coupang

Q4 2023 Financial Results

February 27, 2024

Disclaimer

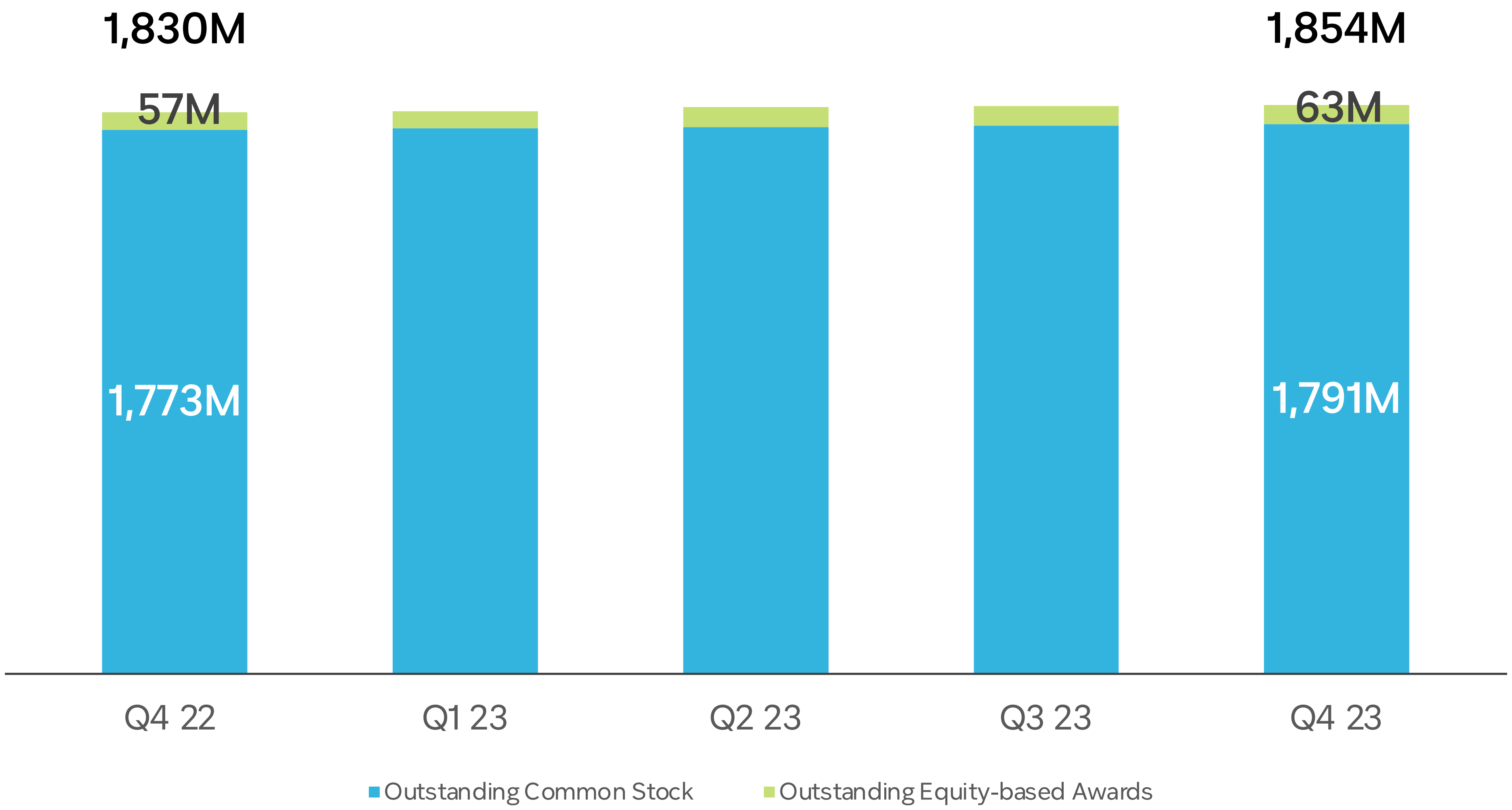
Forward-Looking Statements

This presentation may contain statements that may be deemed to be "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Act”), that are intended to enjoy the protection of the safe harbor for forward-looking statements provided by the Act as well as protections afforded by other federal securities laws. We have based the forward-looking statements contained in this report on our current expectations and projections about future events and trends that we believe may affect our industry, business, financial condition, and results of operations. Actual results and outcomes could differ materially for a variety of reasons, including, among others: the continued growth of the retail market and the increased acceptance of online transactions by potential customers, competition in our industry, managing our growth and expansion into new markets and offerings, risks associated with current and future acquisitions, mergers, dispositions, joint ventures or investments, our financial performance, the extent to which we owe income or other taxes, our ability to retain existing suppliers and to add new suppliers, our market position, our operation and management of our fulfillment and delivery infrastructure, legal and regulatory developments, and the impact of the global economy including inflation, foreign currency exchange rates and geopolitical events. For additional information on other potential risks and uncertainties that could cause actual results to differ from the results predicted, please see our most recent Annual Report on Form 10-K and subsequent filings. All forward-looking statements in this presentation are based on information available to Coupang and assumptions and beliefs as of the date hereof, and we disclaim any obligation to update any forward-looking statements, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements.

Additional information relating to certain of our financial measures contained herein, including non-GAAP financial measures, is available in the appendix to this presentation, our most recent earnings release and at our website at www.ir.aboutcoupang.com.

Common Stock

1.3% YoY Dilution

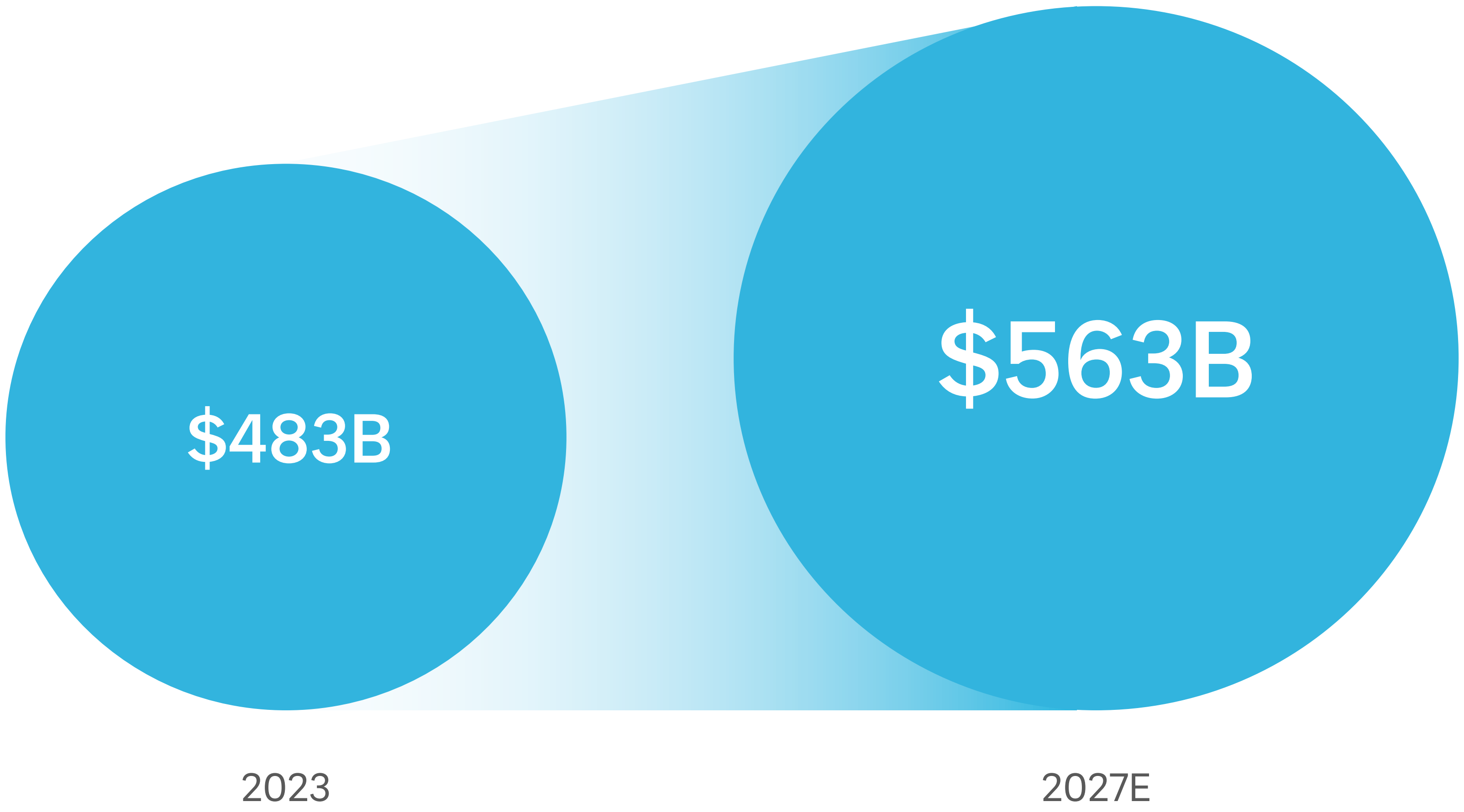


Note: Dilution represents the change in the total of outstanding common stock and outstanding equity-based awards.

Korea is a massive and fast-growing commerce market

CAGR 2023 - 2027E

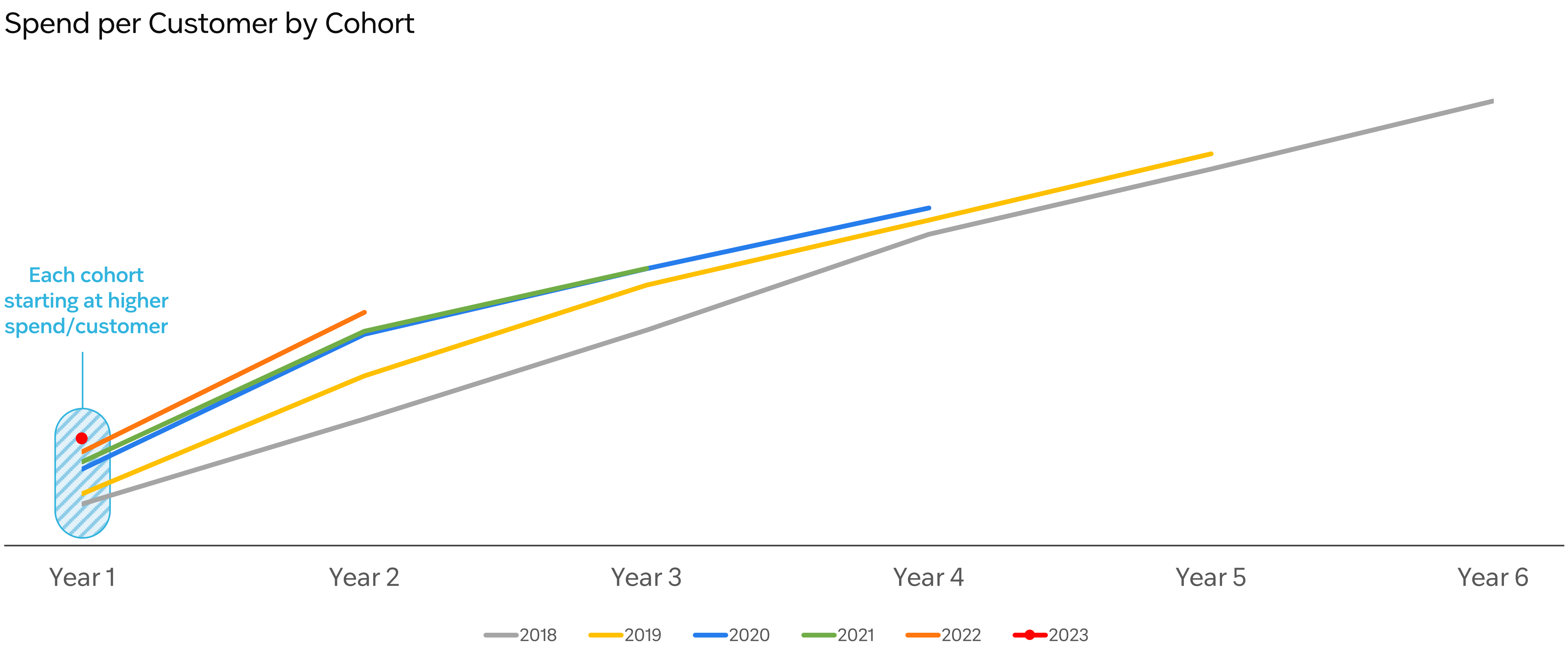
Total Commerce CAGR: 4%



Note: All figures exclude automobiles and fuel

Source: Euromonitor International Ltd, Coupang estimates based on Euromonitor's Retailing 2024, Consumer Foodservice 2024, and Travel 2024 editions; "Total commerce" defined to include all online and offline retail —including grocery—consumer foodservice, and travel spend. Retail value RSP incl sales tax, US$, fixed exchange rate, constant terms.

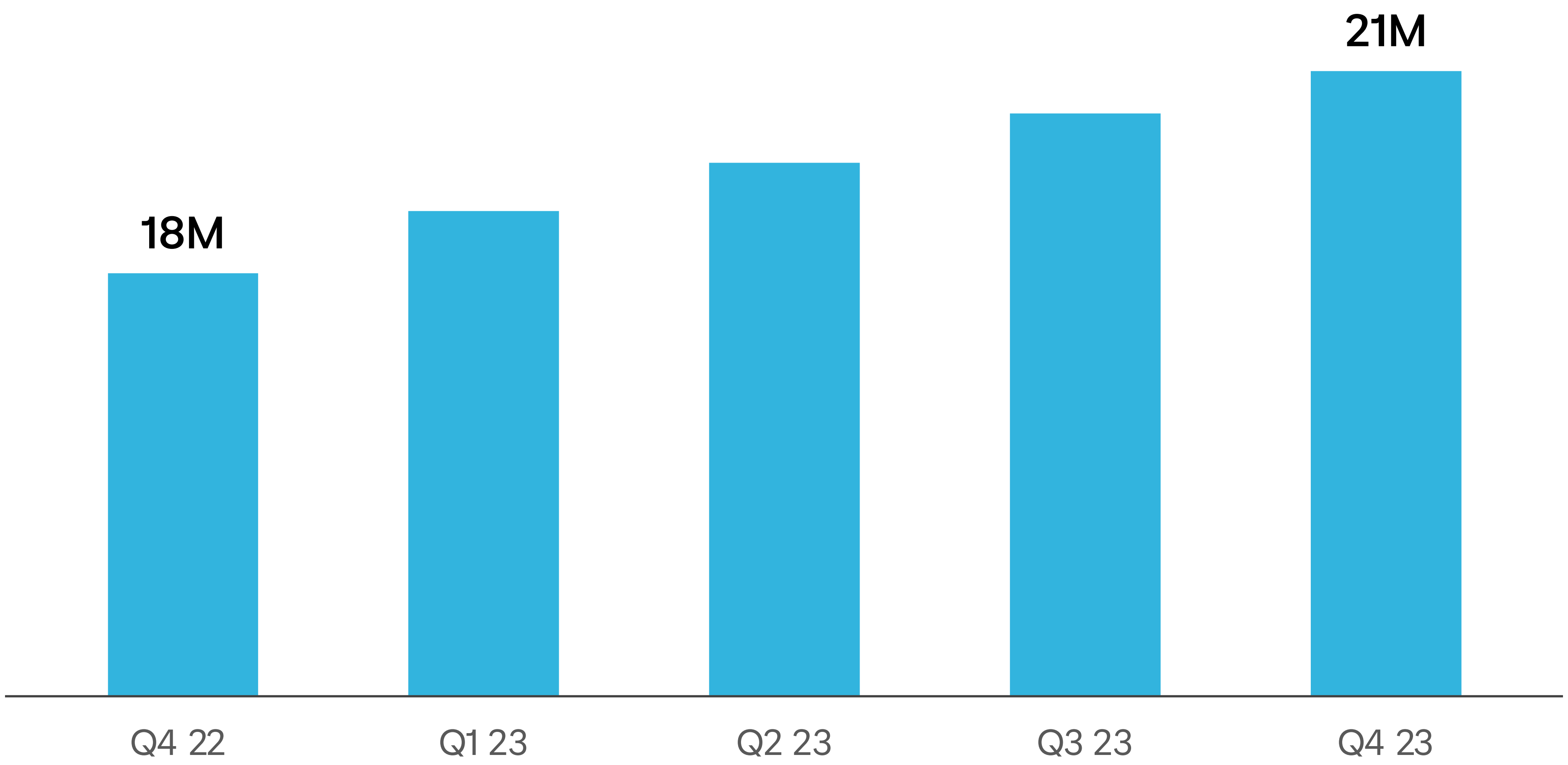
Older cohorts still growing fast, newer cohorts growing faster



Note: Spend per customer equates to total gross spending per customer. Amounts above are in local currency and are before cancellations and returns.

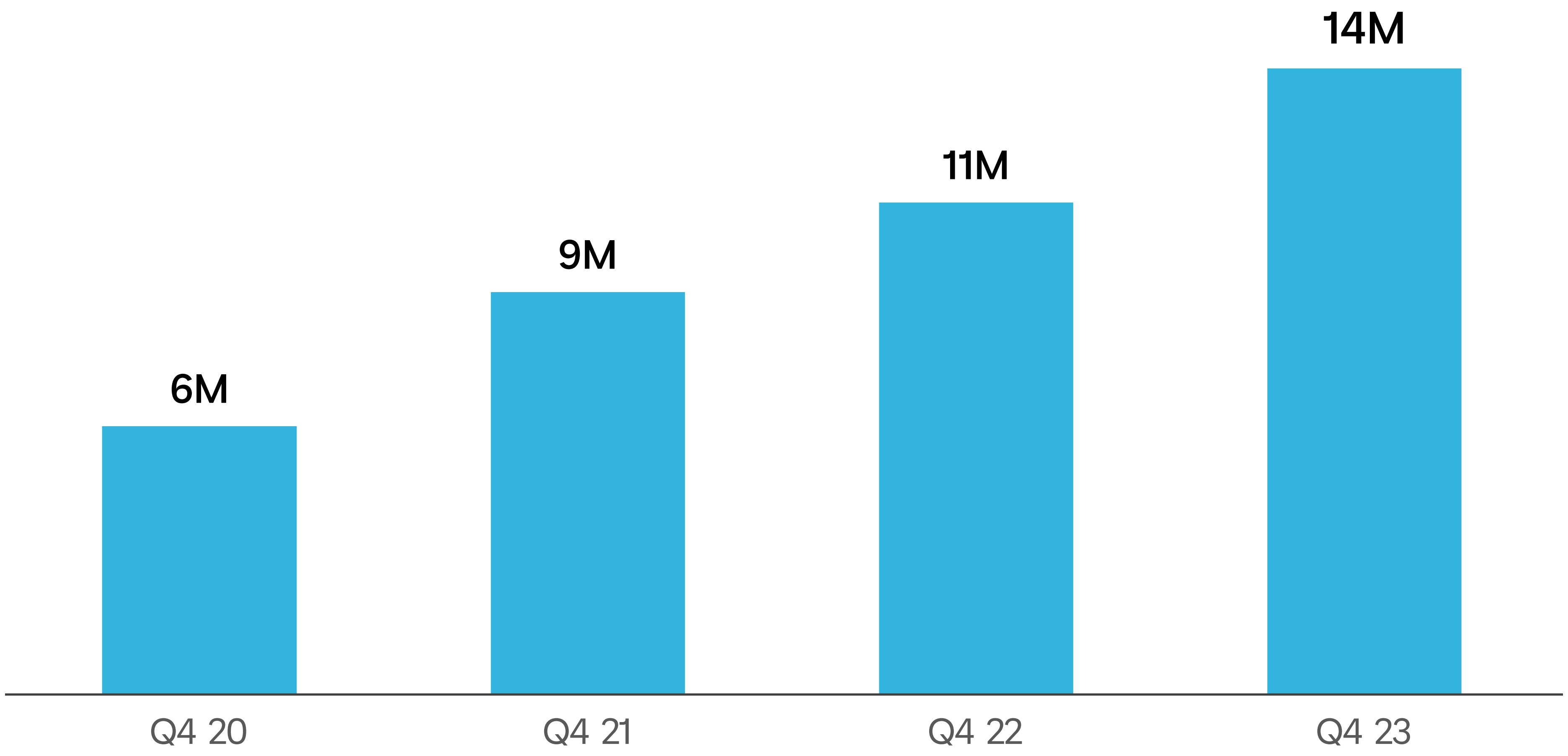
Active Customers

Up 16% YoY



WOW Members

Up 27% YoY

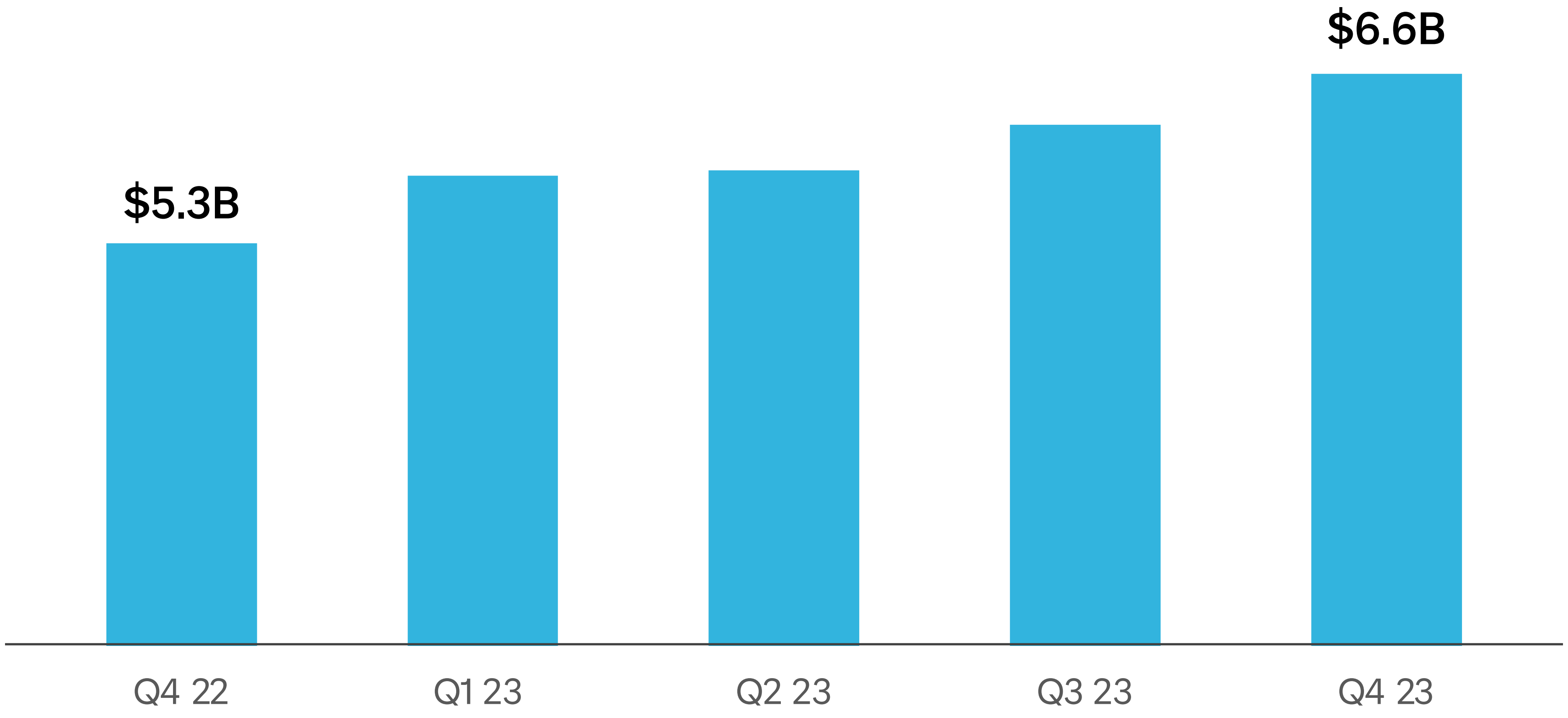


WOW members represents paid WOW members at the end of each quarter presented

Total Net Revenues

Up 23% YoY
Up 20% YoY FX-neutral

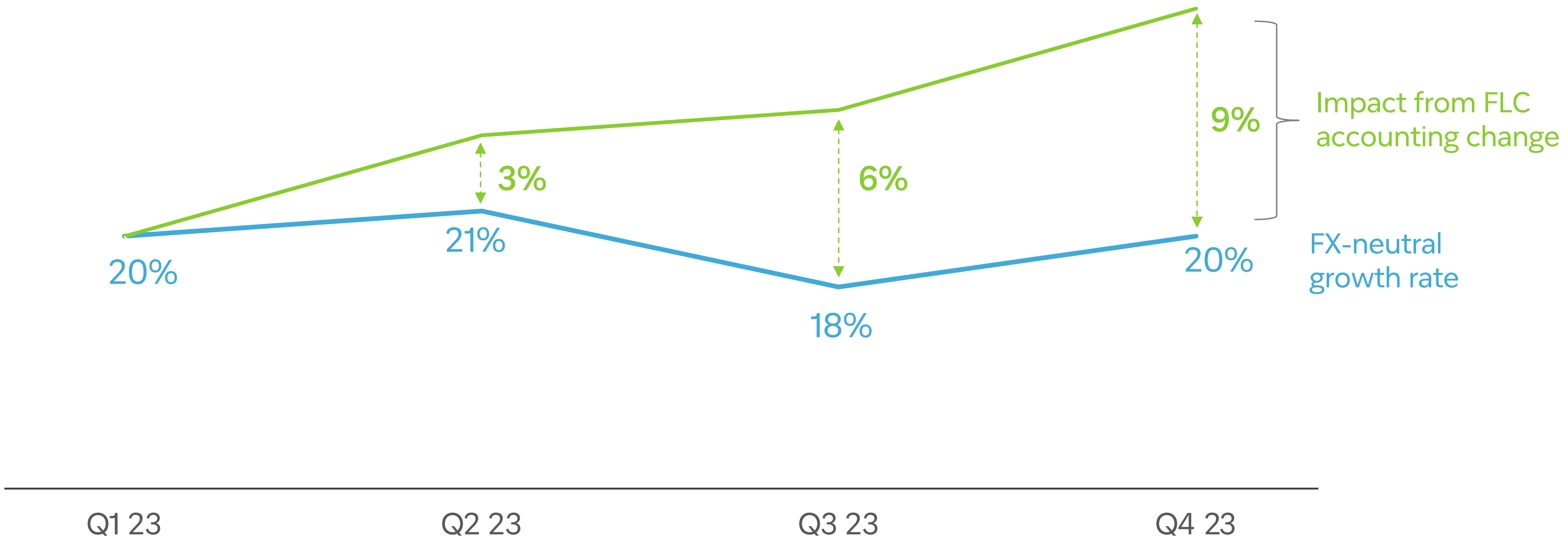
Would have been **~940 bps** higher without FLC accounting change



Note: Starting in Q2 2023, we implemented certain contract changes that resulted in a change to the prospective accounting for FLC revenue (previously on a gross basis, and now on a net basis). We estimate the Q4 2023 growth rate would have been approximately 940 bps higher without this accounting change.

Note: FX-neutral represents the change in net revenues as though the foreign exchange rates remained the same as those in effect in the comparable prior year period.

Total Net Revenues Accelerating Growth Rate

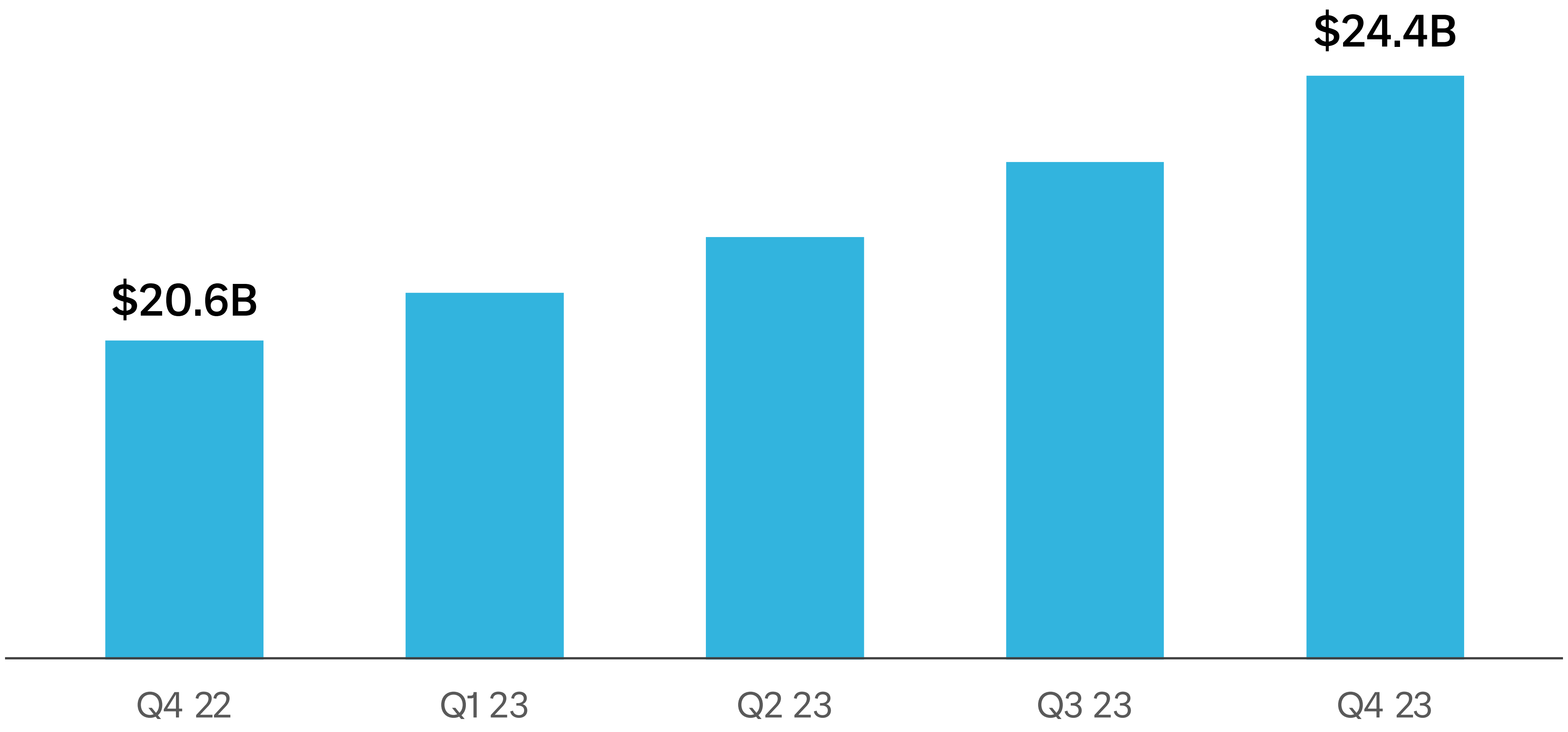


Note: Starting in Q2 2023, we implemented certain contract changes that resulted in a change to the prospective accounting for FLC revenue (previously on a gross basis, and now on a net basis). We estimate that the growth rates for each quarter would have been higher on a comparative basis without this accounting change.

Total Net Revenues - TTM

Up 18% YoY
Up 20% YoY FX-neutral

Would have been **~520 bps** higher without FLC accounting change

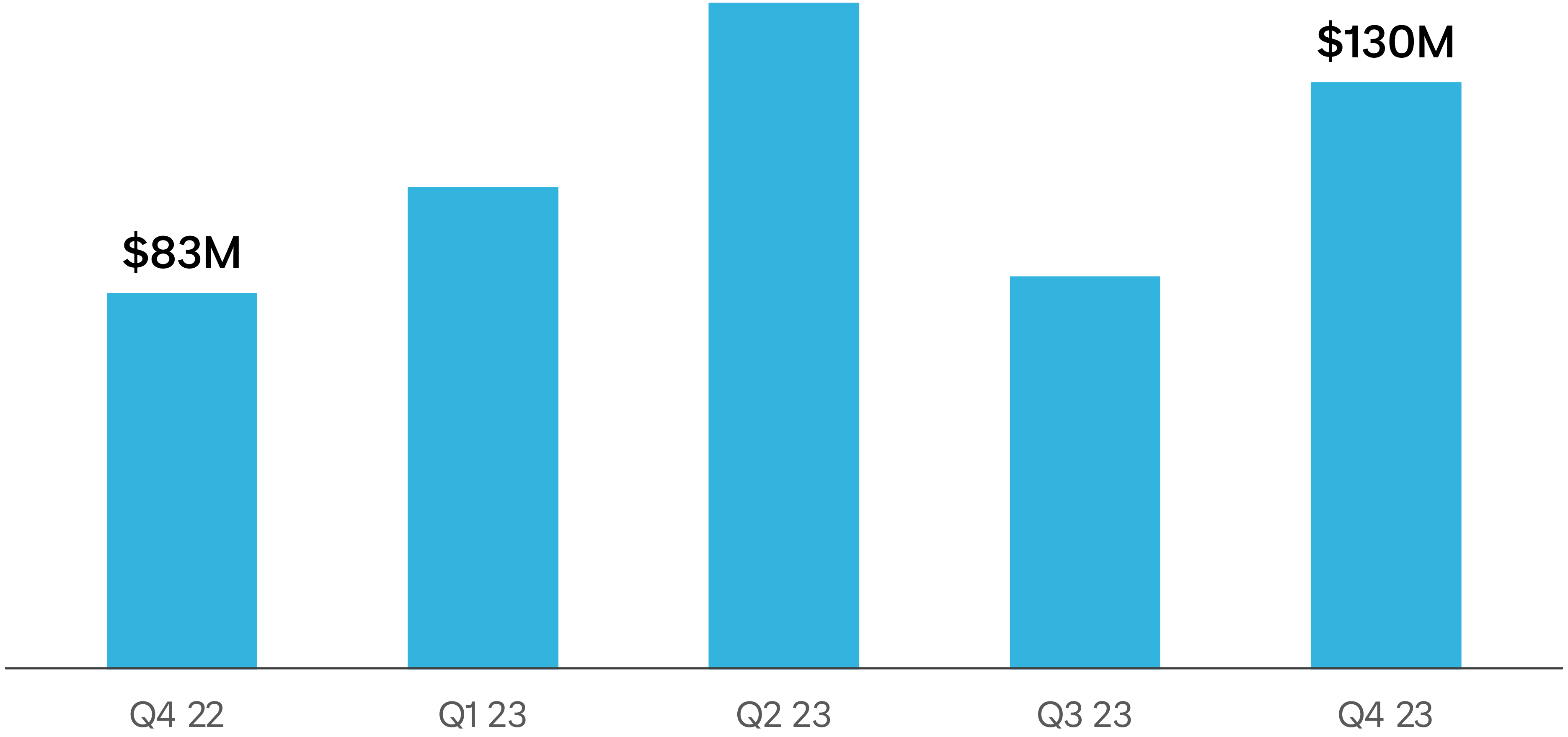


Note: Starting in Q2 2023, we implemented certain contract changes that resulted in a change to the prospective accounting for FLC revenue (previously on a gross basis, and now on a net basis). We estimate the Q4 2023 TTM growth rate would have been approximately 520 bps higher without this accounting change.

Note: TTM represents trailing twelve months.

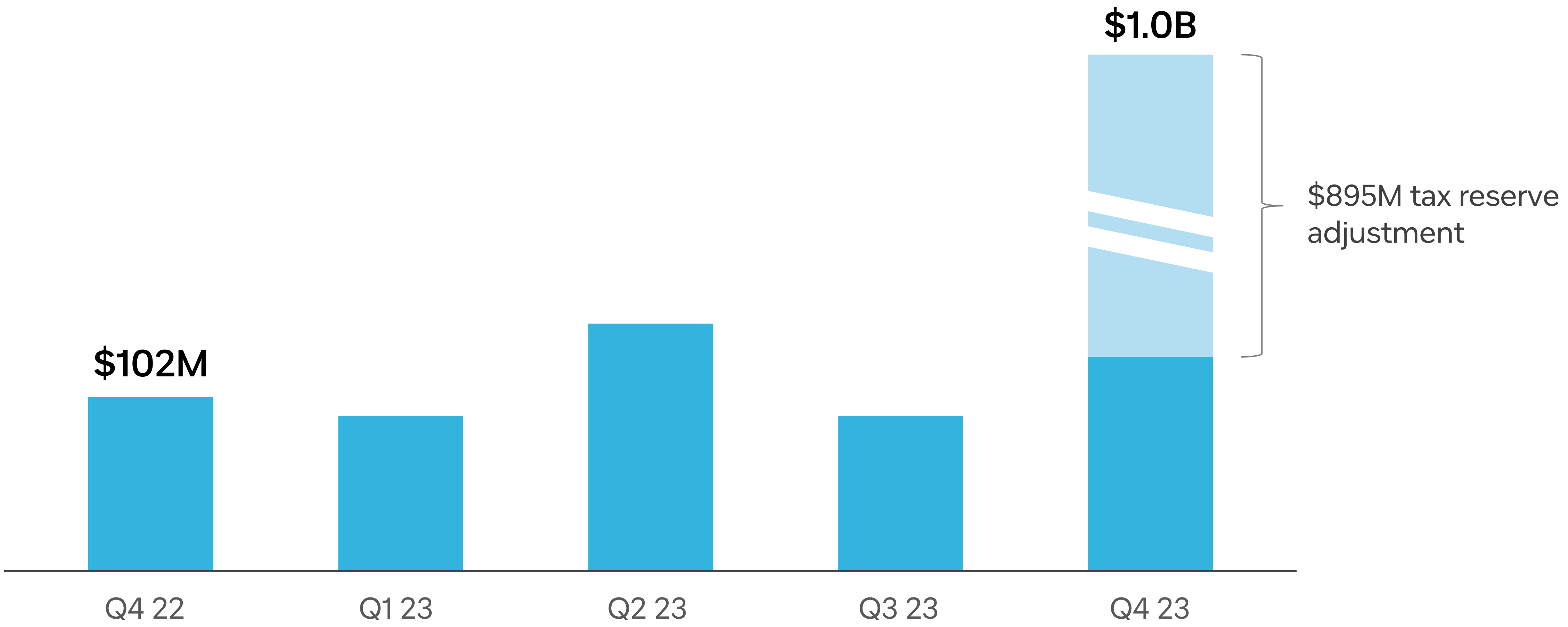
Operating Income

Up 57% YoY



Net Income

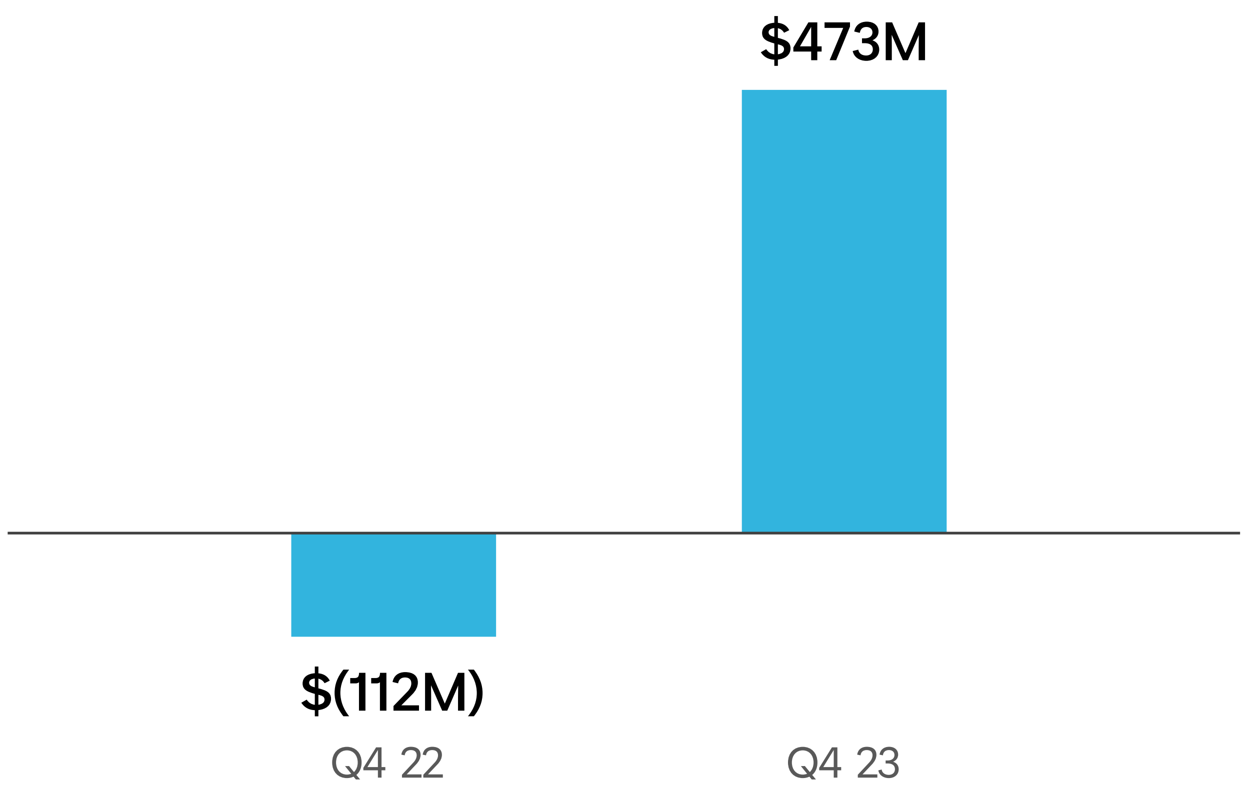
Up $930M YoY



Note: During Q4 2023 we recorded a non-recurring adjustment of $895M million from changes in tax-related reserves, including the release of valuation allowances related to certain deferred tax assets from historical net operating losses.

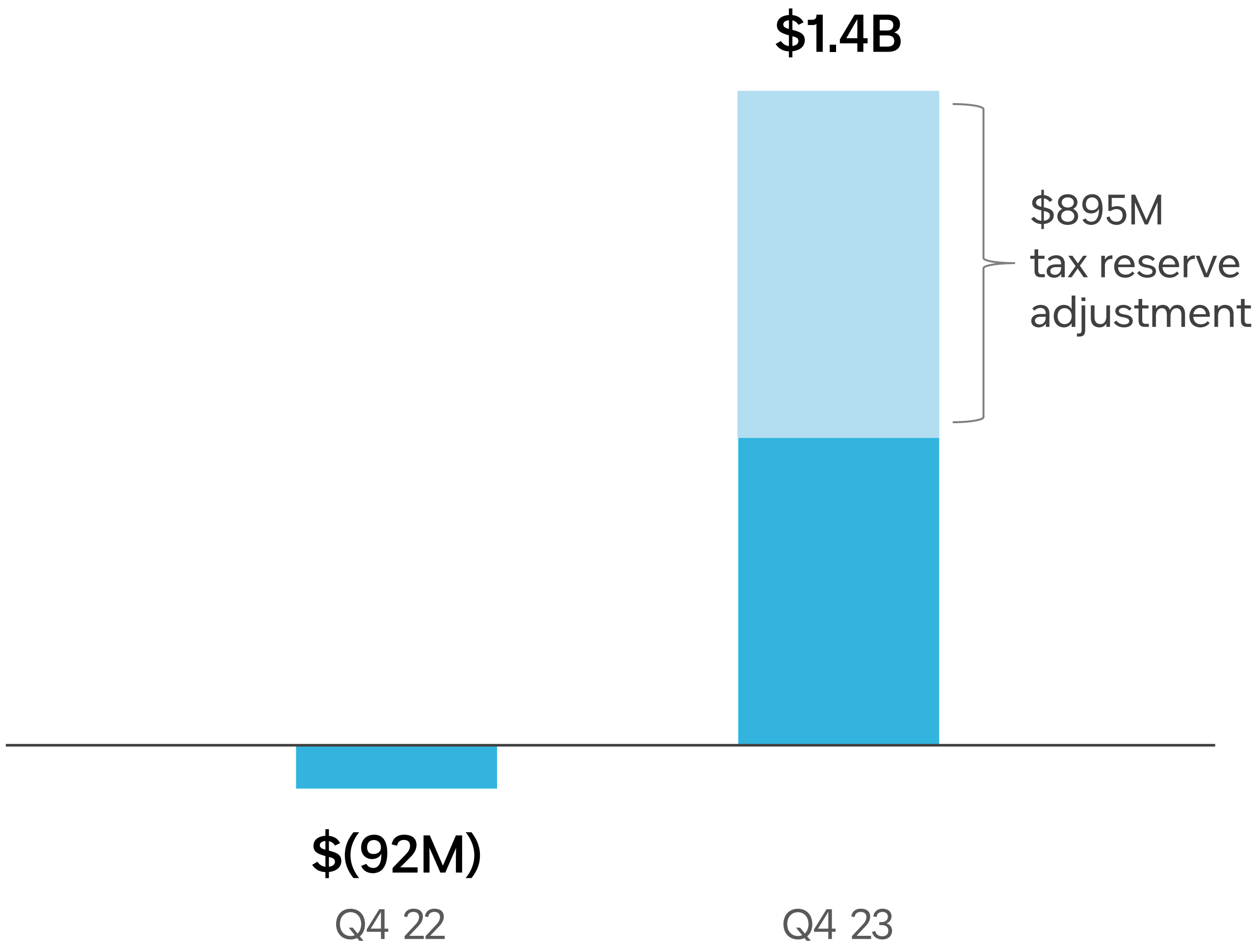
Operating Income (Loss) - TTM

Up $585M YoY



Net Income (Loss) - TTM

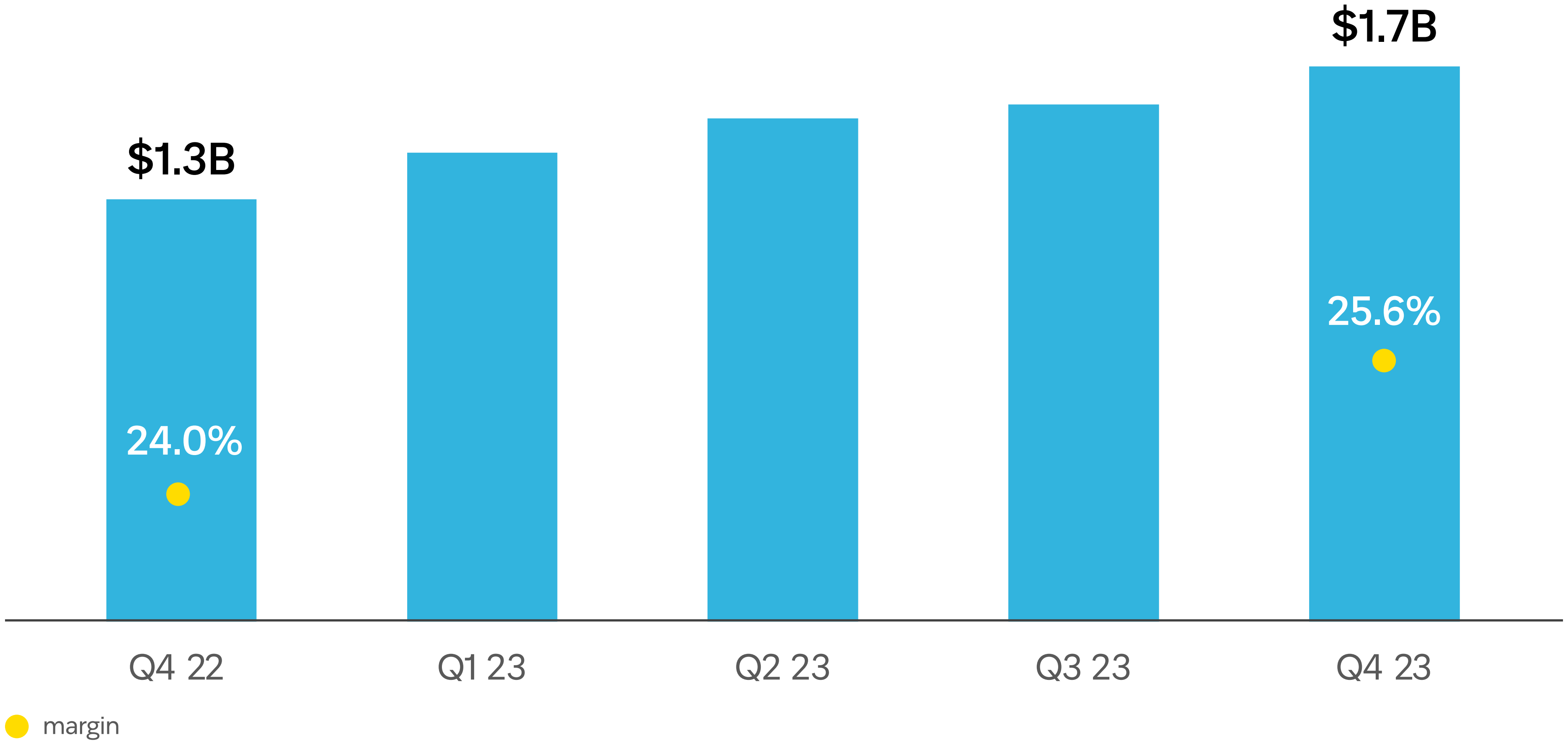
Up $1.5B YoY



Note: During Q4 2023 we recorded a non-recurring adjustment of $895M million from changes in tax-related reserves, including the release of valuation allowances related to certain deferred tax assets from historical net operating losses.

Gross Profit

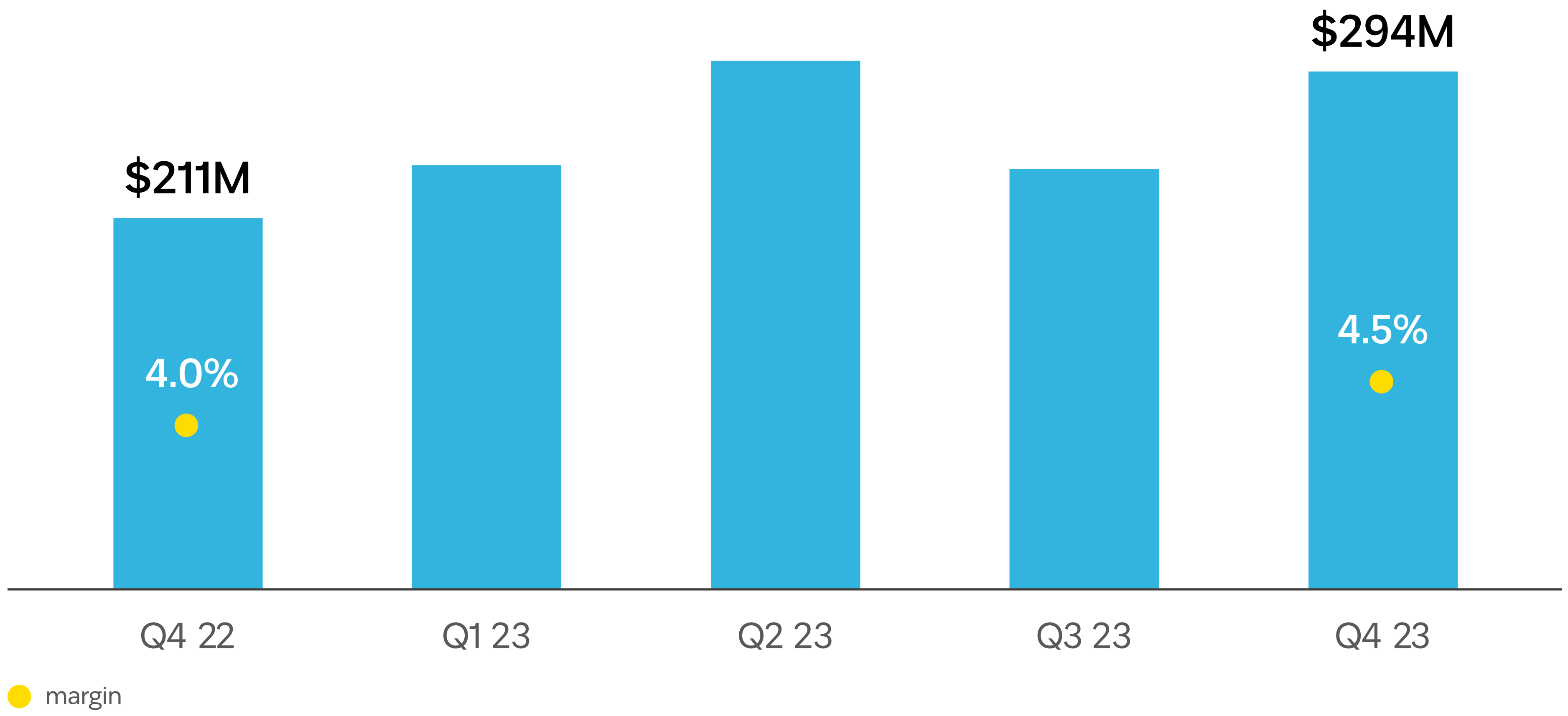
Up 32% YoY
GPM up 160 bps YoY



Adjusted EBITDA

Up $83M YoY
4.5% margin, up 50 bps YoY

Would have been **~40 bps** lower without FLC accounting change

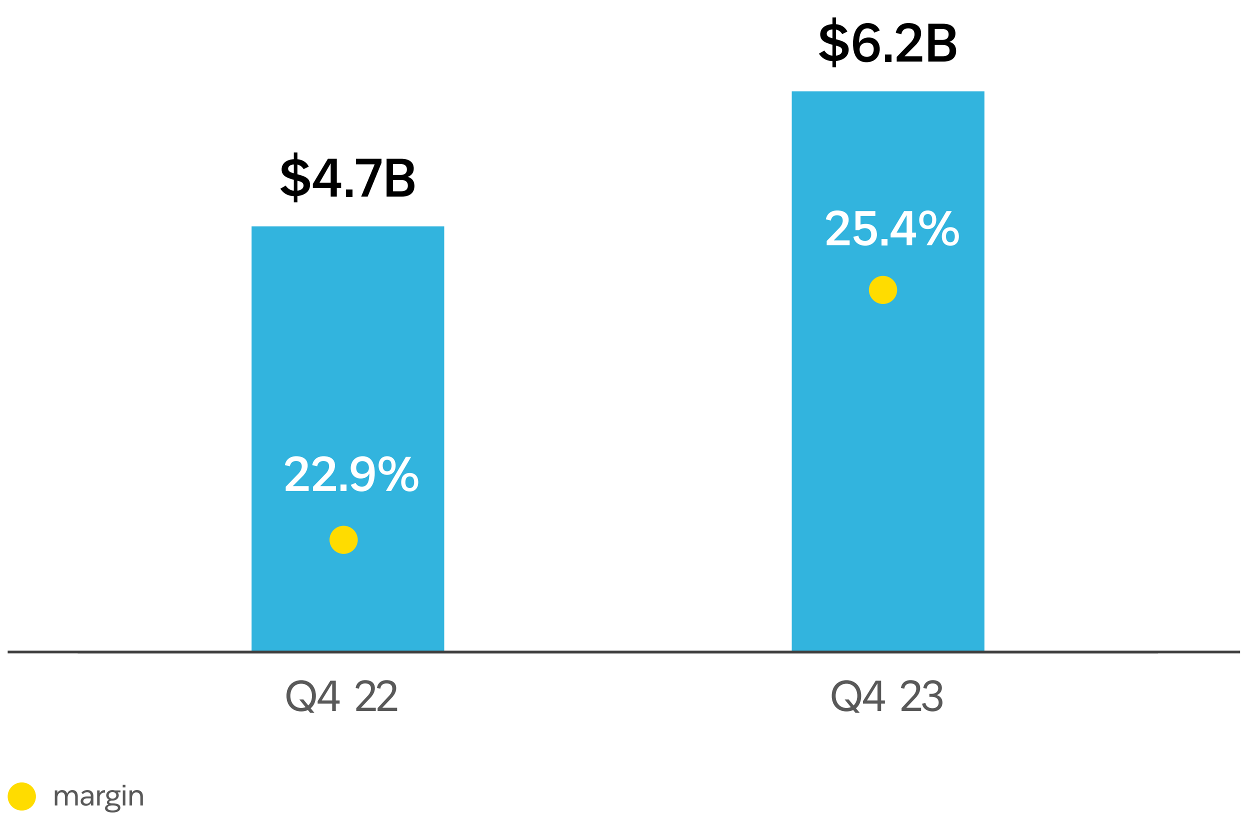


Note: Adjusted EBITDA defined as net income (loss) excluding the effects of: depreciation and amortization, interest expense and income, other income (expense), income tax expense (benefit), equity-based compensation, impairments, and other items not reflective of our ongoing operations. See Appendix for a reconciliation of net income to adjusted EBITDA.

Note: Starting in Q2 2023, we implemented certain contract changes that resulted in a change to the prospective accounting for FLC revenue (previously on a gross basis, and now on a net basis). We estimate the Q4 2023 Adjusted EBITDA margin would have been approximately 40 bps lower without this accounting change.

Gross Profit - TTM

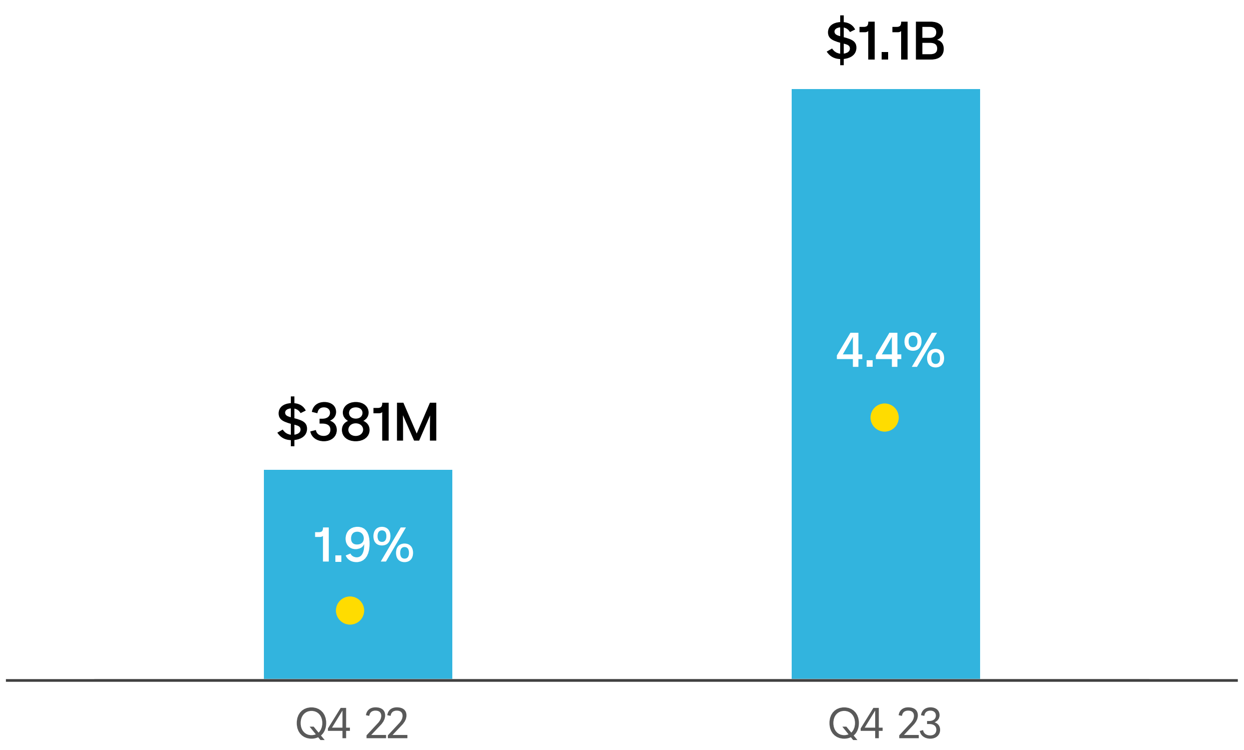
Up 31% YoY
GPM up 250 bps YoY



Adjusted EBITDA - TTM

Up $693M YoY
4.4% margin, up 250 bps YoY

Would have been ~30 bps lower without FLC accounting change



Note: Starting in Q2 2023, we implemented certain contract changes that resulted in a change to the prospective accounting for FLC revenue (previously on a gross basis, and now on a net basis). We estimate the Q4 2023 TTM Adjusted EBITDA margin would have been approximately 30 bps lower without this accounting change.

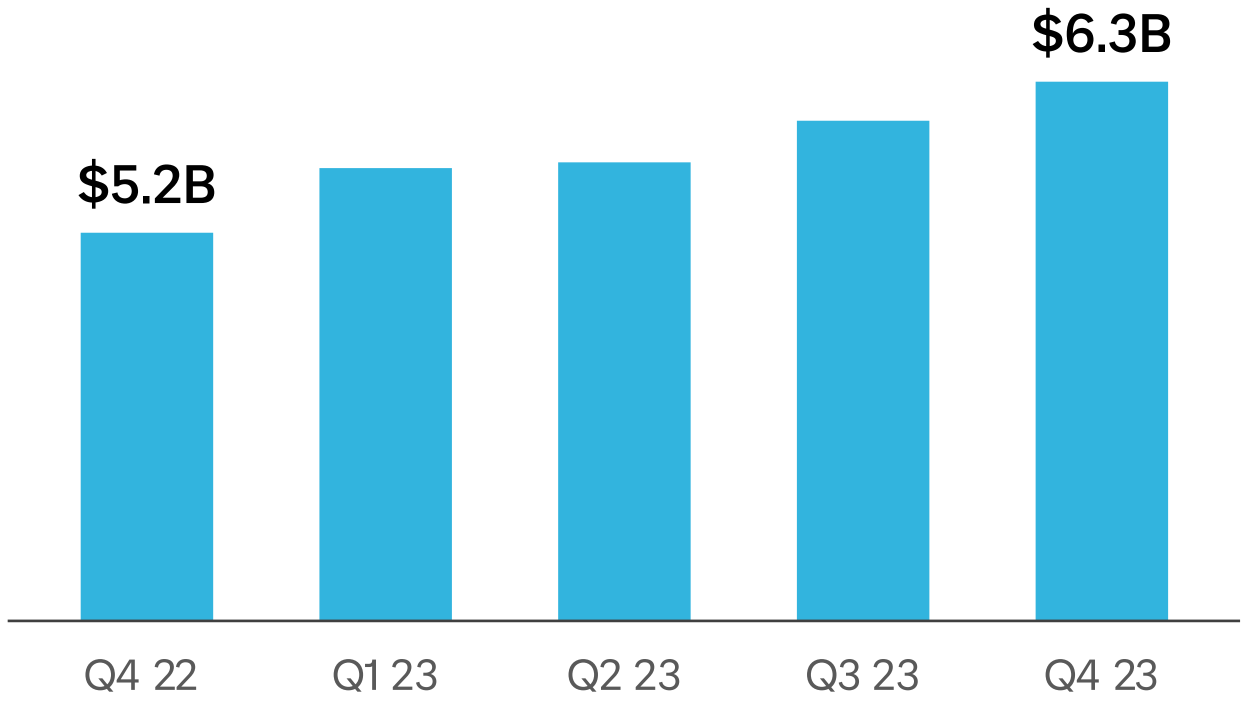
Segment Results: Product Commerce

Net Revenue

Up 21% YoY

UP 18% YoY F/X neutral

Would have been ~960 bps higher without FLC accounting change



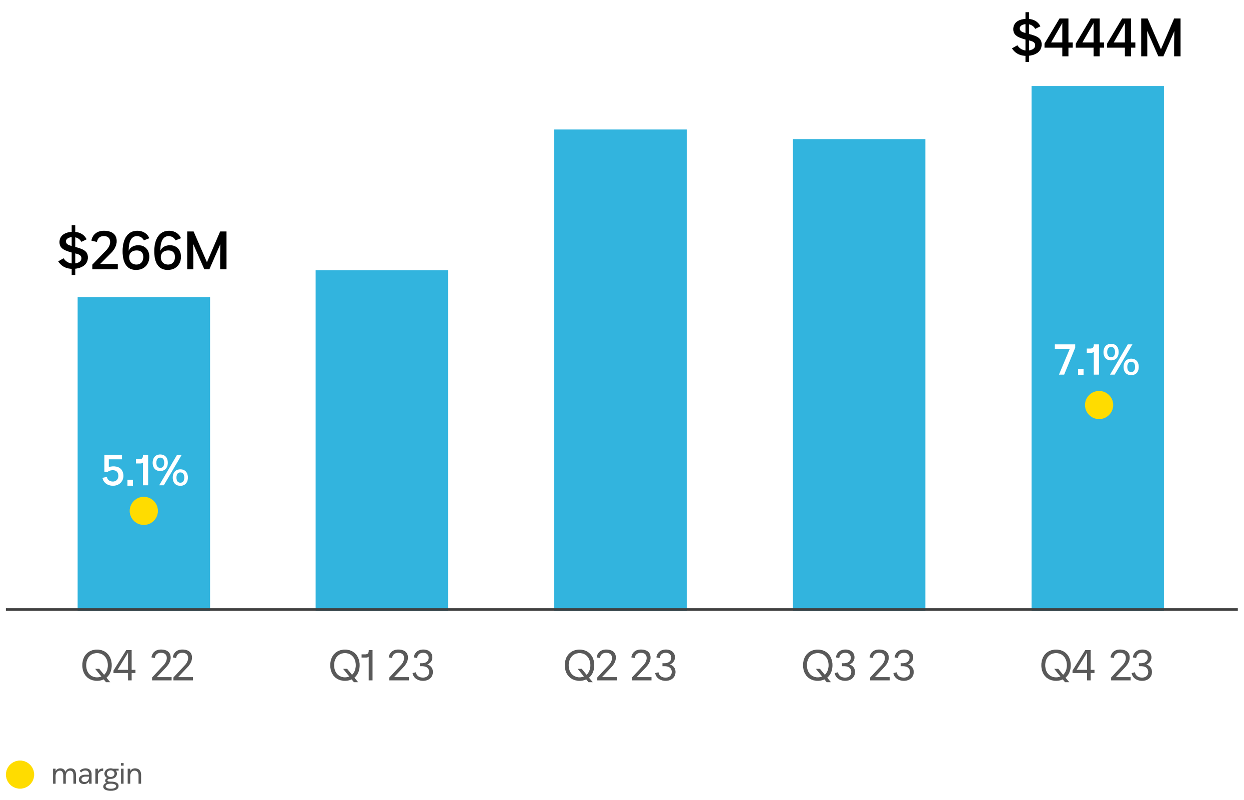
Note: Starting in Q2 2023, we implemented certain contract changes that resulted in a change to the prospective accounting for FLC revenue (previously on a gross basis, and now on a net basis). We estimate the Q4 2023 growth rate would have been approximately 960 bps higher for net revenue and Adjusted EBITDA margin would have been approximately 60 bps lower without this accounting change.

Adj. EBITDA

Up $178M YoY

7.1% margin, up 190 bps YoY

Would have been ~60 bps lower without FLC accounting change

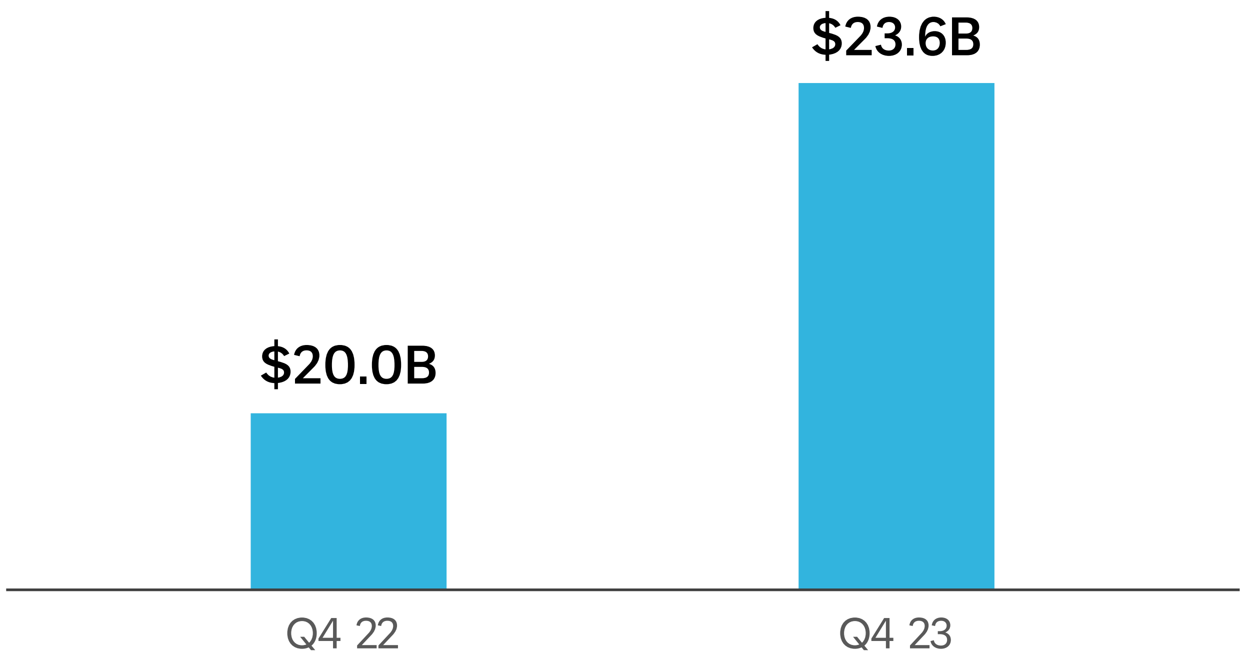


Segment Results: Product Commerce - TTM

Net Revenue - TTM

Up 18% YoY

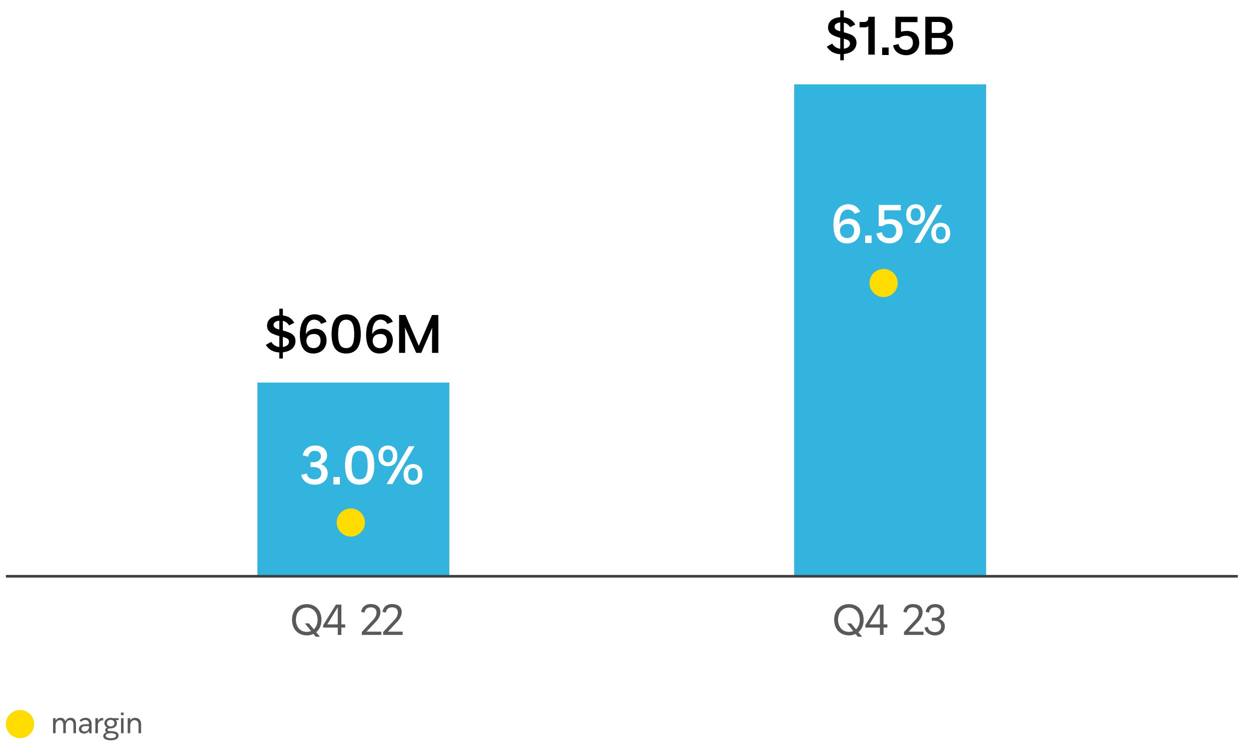
UP 19% YoY F/X neutral — Would have been ~530 bps higher without FLC accounting change



Adj. EBITDA - TTM

Up $0.9B YoY

6.5% margin, up 350 bps YoY — Would have been ~40 bps lower without FLC accounting change

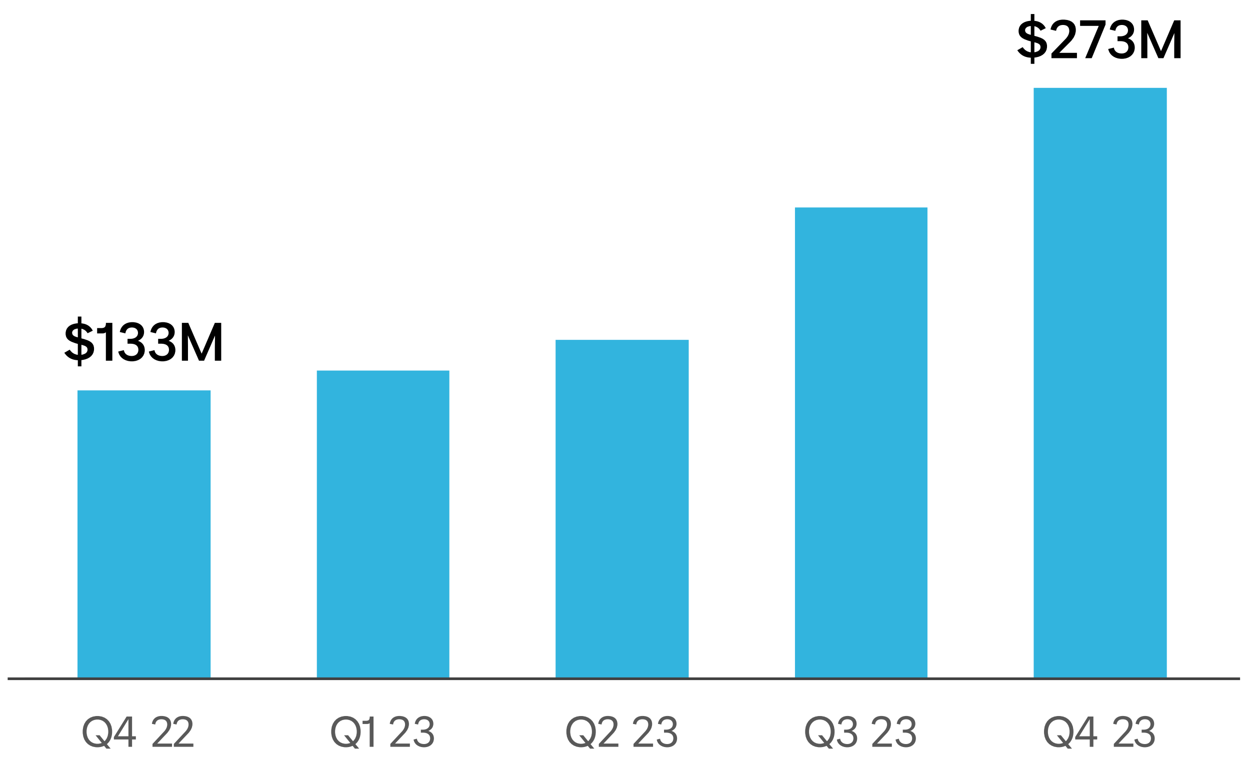


Note: Starting in Q2 2023, we implemented certain contract changes that resulted in a change to the prospective accounting for FLC revenue (previously on a gross basis, and now on a net basis). We estimate the Q4 2023 TTM growth rate would have been approximately 530 bps higher for net revenue and Adjusted EBITDA margin would have been approximately 40 bps lower without this accounting change.

Segment Results: Developing Offerings

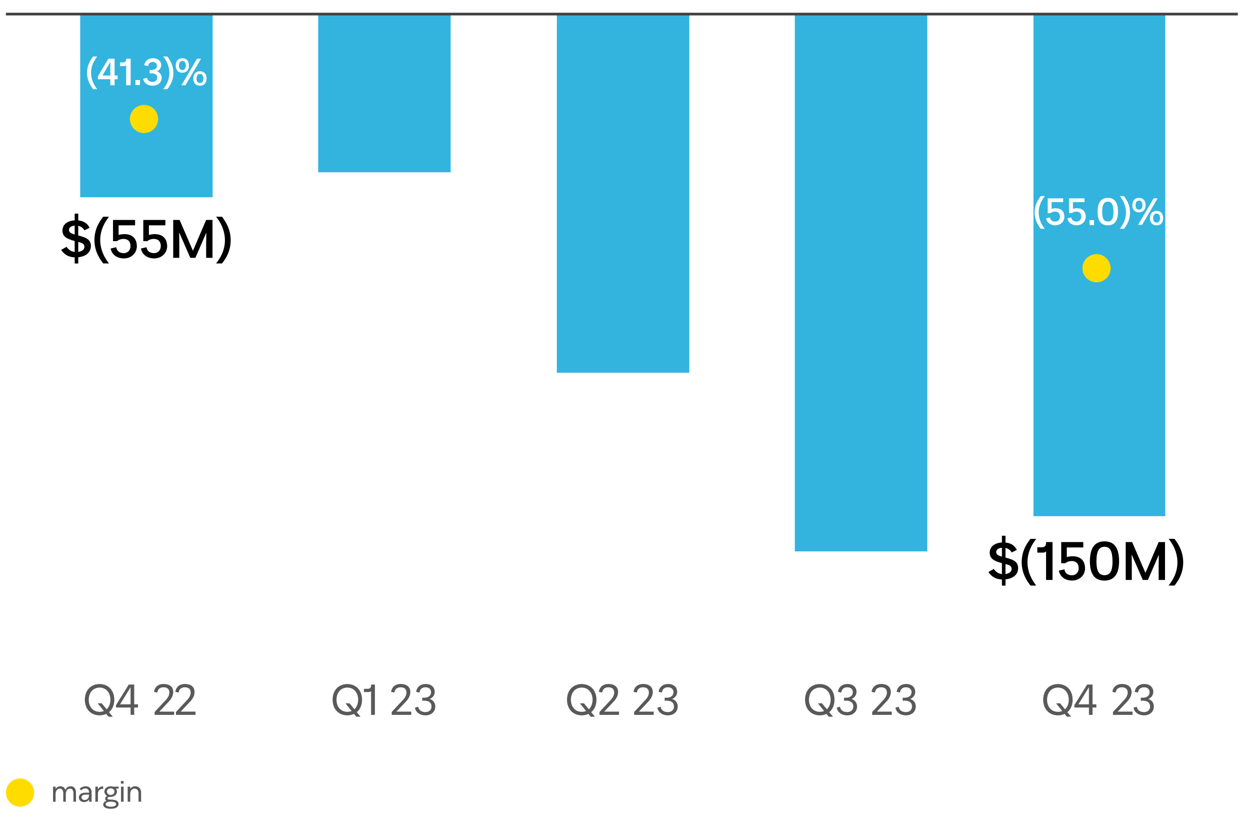
Net Revenue

Up 105% YoY
Up 102% YoY F/X neutral



Adj. EBITDA

Down $95M YoY

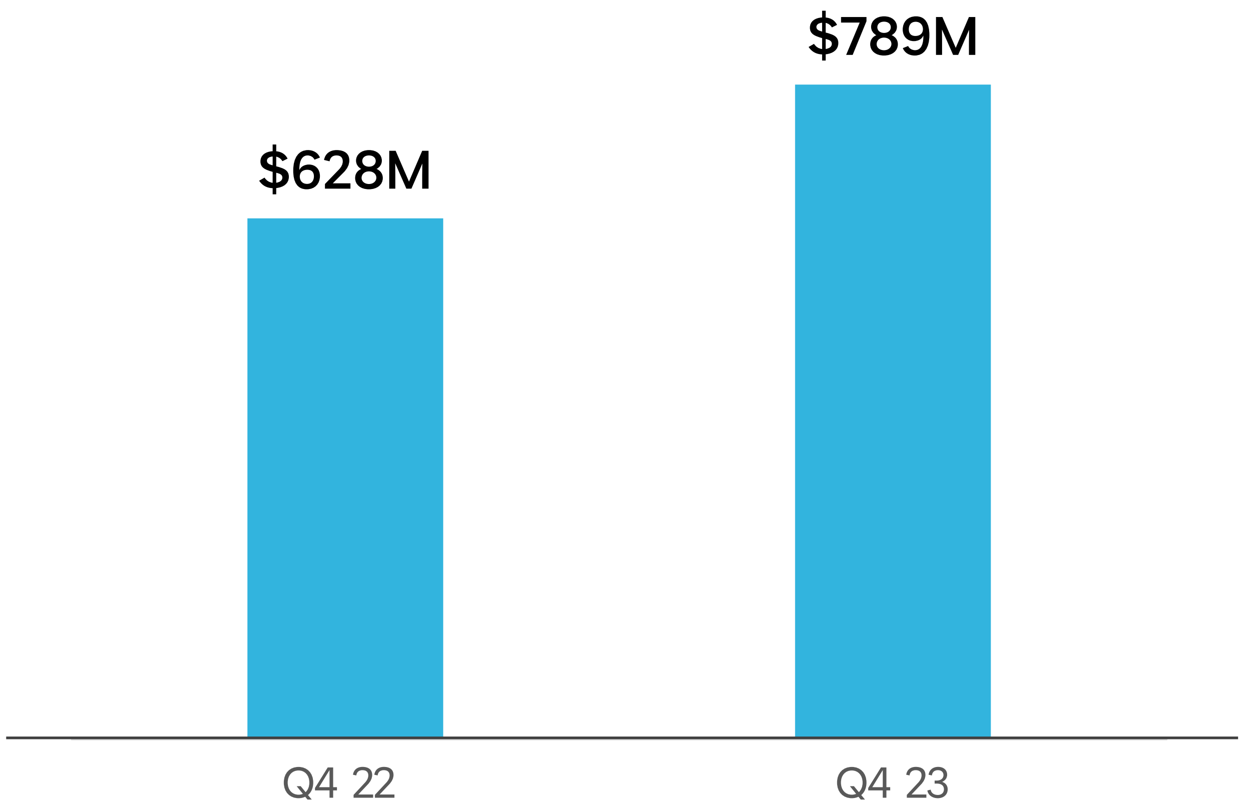


Segment Results: Developing Offerings - TTM

Net Revenue - TTM

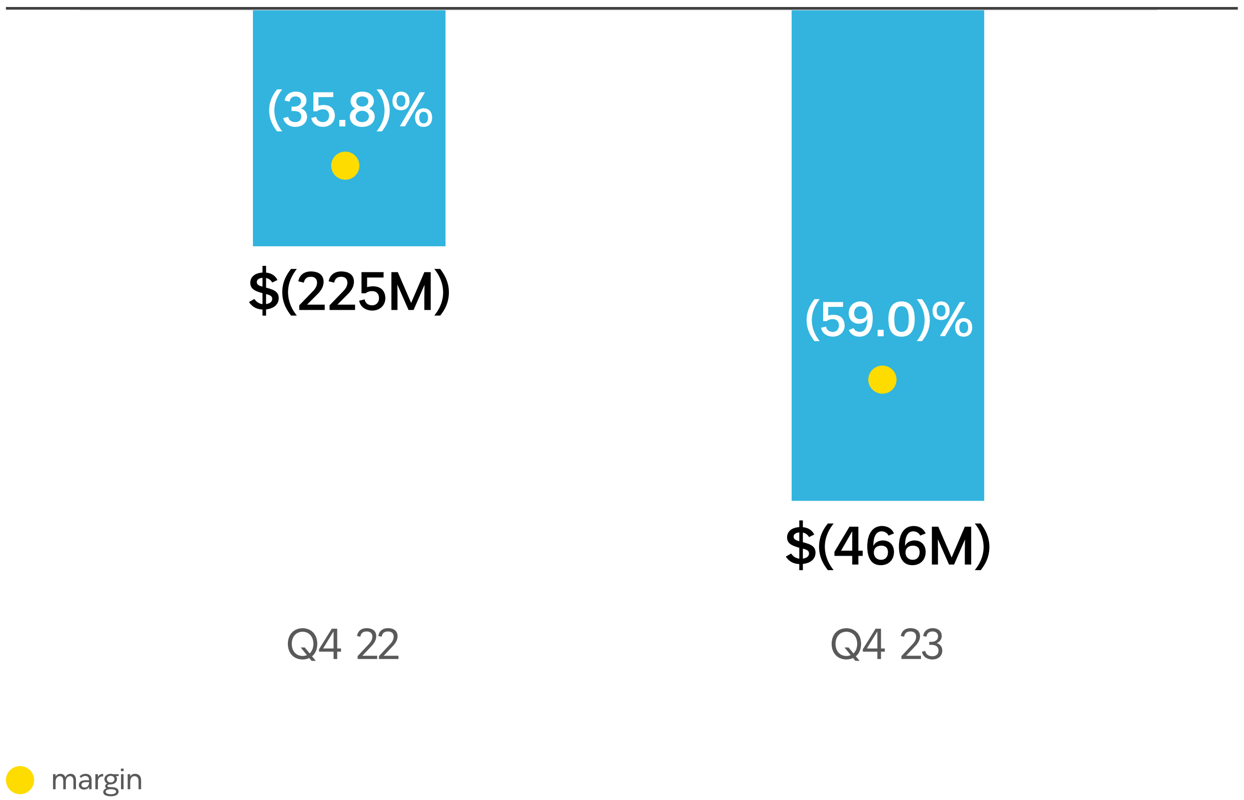
Up 26% YoY

Up 27% YoY F/X neutral



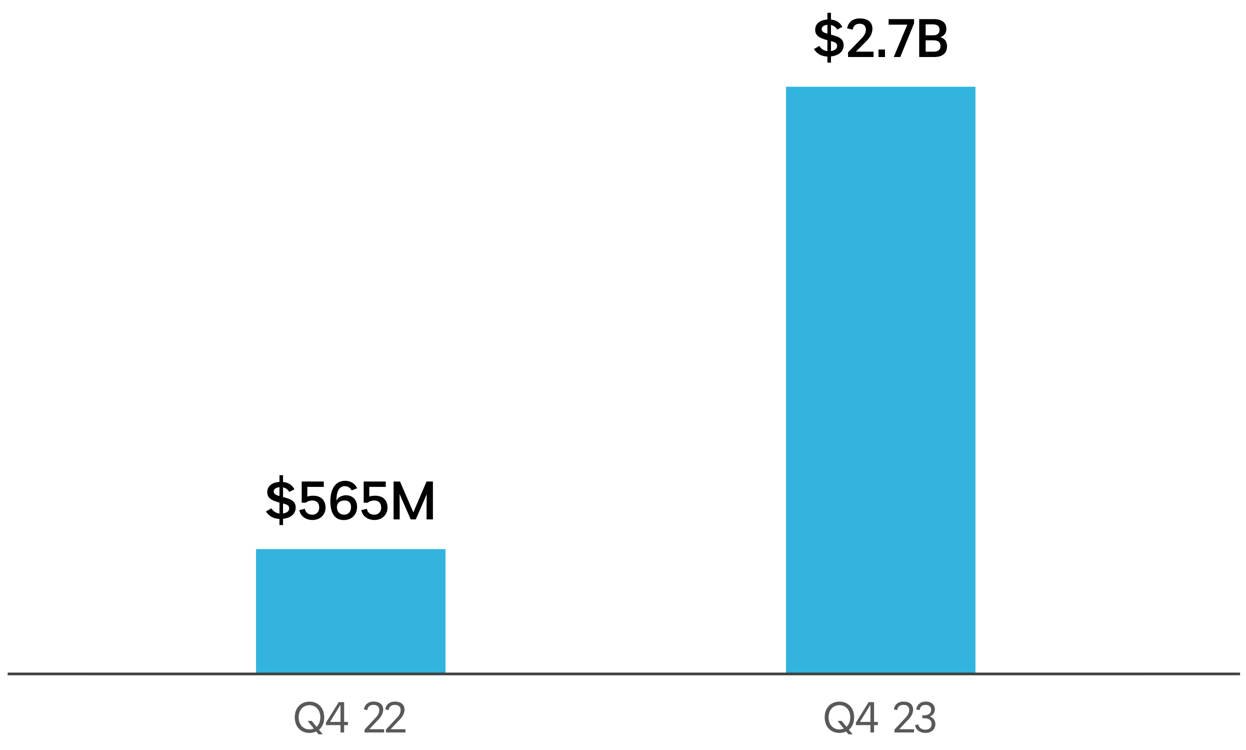
Adj. EBITDA - TTM

Down $241M YoY



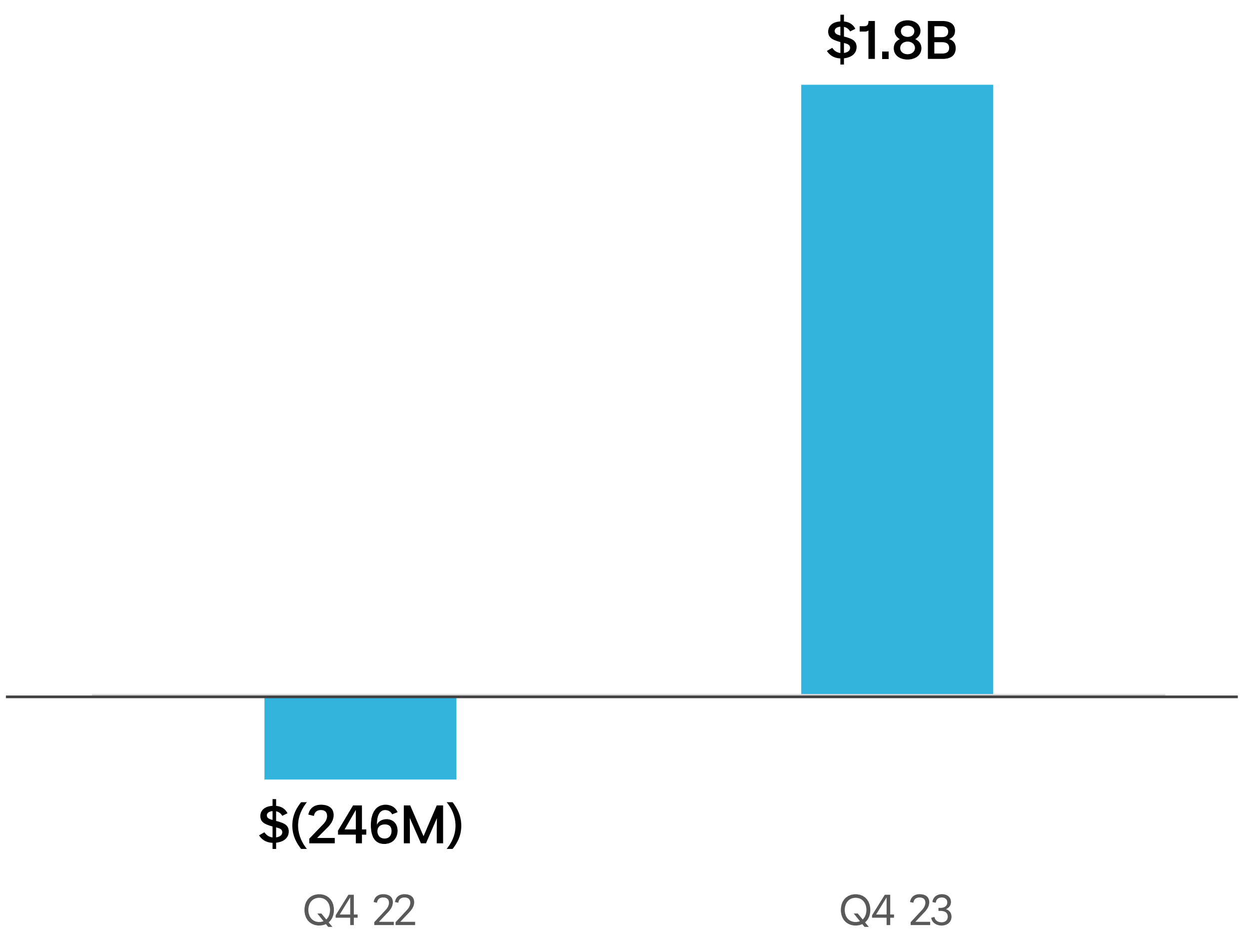
Operating Cash Flow - TTM

Up $2.1B YoY



Free Cash Flow - TTM

Up $2.0B YoY



Note: Q4 2023 TTM Free Cash Flow is significantly higher than the corresponding TTM adjusted EBITDA due to certain one-time and seasonal working capital benefits during the year, among other factors.

Long-term Margin Opportunity

	Year Ended December 31,			Long-Term Target
	2021	2022	2023	
Product Commerce Adj. EBITDA margin	(2.0) %	3.0 %	6.5 %	10+%
Consolidated Adj. EBITDA margin	(4.1) %	1.9 %	4.4 %	

Key long-term margin drivers:

1 Efficiency and supply chain optimization

2 Operating leverage

3 Scaling accretive offerings

Our Operating Tenets

One, we exist to deliver new moments of wow for customers.

Two, we don’t start with what looks easy. We work backwards from imagining jaw-dropping customer experiences and we embrace the hard work required to challenge trade-offs that customers take for granted.

Three, we will employ technology, process innovation and economies of scale to create amazing customer experiences and drive operating leverage and significant cash flows over time.

Four, we always prioritize growth in long-term cash flows.

Five, we are disciplined capital allocators. We start with small investments, then test and iterate rigorously. We invest more capital over time in opportunities that have the best long-term cash flow potential.

Create a world where customers wonder
“How did I ever live without Coupang?”

Appendix

Growth Rates

	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Active Customers	5 %	10 %	14 %	16 %
Total net revenues	13 %	16 %	21 %	23 %
Total net revenues (constant currency)	20 %	21 %	18 %	20 %
Impact from the FLC accounting change in Q2 2023 (constant currency)	—	+3 %	+6 %	+9 %

Note: Starting in Q2 2023, we implemented certain contract changes that resulted in a change to the prospective accounting for FLC revenue (previously on a gross basis, and now on a net basis). We estimate that the growth rates for each quarter would have been higher on a comparative basis without this accounting change.

Non-GAAP Measure: Adjusted EBITDA

(in millions)	Three Months Ended December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Total net revenues	$ 5,327	$ 5,801	$ 5,838	$ 6,184	$ 6,561
Net income	**102**	**91**	**145**	**91**	**1,032**
Net income margin	1.9 %	1.6 %	2.5 %	1.5 %	15.7 %
Adjustments:					
Depreciation and amortization	57	64	66	67	77
Interest expense	7	8	13	13	13
Interest income	(26)	(32)	(42)	(50)	(54)
Income tax (benefit) expense	(9)	33	26	25	(861)
Other expense, net	9	7	6	9	—
Equity-based compensation	71	70	86	84	86
Adjusted EBITDA	**$ 211**	**$ 241**	**$ 300**	**$ 239**	**$ 294**
Adjusted EBITDA margin	**4.0 %**	**4.2 %**	**5.1 %**	**3.9 %**	**4.5 %**

Note: Certain amounts may not foot due to rounding.

Non-GAAP Measure: Adjusted EBITDA - TTM

	Trailing Twelve Months Ended					
(in millions)	December 31, 2021	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Total net revenues	$ 18,406	$ 20,583	$ 21,266	$ 22,067	$ 23,149	$ 24,383
Net (loss) income	**(1,543)**	**(92)**	**208**	**429**	**429**	**1,360**
Net (loss) income margin	(8.4) %	(0.4) %	1.0 %	1.9 %	1.9 %	5.6 %
Adjustments:						
Depreciation and amortization	201	231	236	242	255	275
Interest expense	45	27	28	35	42	48
Interest income	(9)	(53)	(81)	(115)	(150)	(178)
Income tax (benefit) expense	1	(1)	32	57	76	(776)
Other expense, net	12	7	14	11	29	19
Equity-based compensation	249	262	277	290	311	326
FC fire loss	$ 296					
Adjusted EBITDA	**$ (748)**	**$ 381**	**$ 713**	**$ 947**	**$ 991**	**$ 1,074**
Adjusted EBITDA margin	**(4.1) %**	**1.9 %**	**3.4 %**	**4.3 %**	**4.3 %**	**4.4 %**

Note: Certain amounts may not foot due to rounding.

Non-GAAP Measure: Free Cash Flow - TTM

(in millions)	Trailing Twelve Months Ended December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Net cash provided by operating activities	**$ 565**	**$ 1,122**	**$ 1,960**	**$ 2,623**	**$ 2,652**
Adjustments:					
Purchases of land and buildings	(226)	(231)	(477)	(353)	(374)
Purchases of equipment	(598)	(450)	(400)	(431)	(522)
Total purchases of property and equipment	(824)	(681)	(876)	(783)	(896)
Proceeds from sale of property and equipment	13	10	13	15	19
Total adjustments	$ (811)	$ (671)	$ (864)	$ (768)	$ (877)
Free cash flow	**$ (246)**	**$ 451**	**$ 1,096**	**$ 1,855**	**$ 1,775**
Net cash used in investing activities	$ (848)	$ (682)	$ (931)	$ (793)	$ (927)
Net cash provided by financing activities	$ 247	$ 127	$ 495	$ 383	$ 199

Note: Certain amounts may not foot due to rounding.