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PARTICIPANTS

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Bom Kim – Chief Executive Officer & Chairman, Coupang, Inc.
Gaurav Anand – Chief Financial Officer, Coupang, Inc.

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Susie Lee – Analyst, Bank of America Merrill Lynch
Stanley Yang – Analyst, JPMorgan Securities Far East Ltd. (South Korea)
Seungjoo Ro – Analyst, CLSA Ltd.
James Lee – Analyst, Mizuho Securities USA LLC
John Yu – Analyst, Citigroup Global Markets Korea Securities Ltd.

MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon. My name is Josh and I will be your conference operator today. At this time, I would like to welcome everyone to the Coupang Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions] Thank you.

Now I'd like to turn the call over to Mr. Michael Senno, Vice President of Investor Relations. Please go ahead.

Michael Senno, Vice President-Investor Relations, Coupang, Inc.

Thanks, operator. Welcome to Coupang, Inc.'s quarterly earnings conference call for the third quarter ended September 30, 2021. I'm pleased to be joined on the call today by our Founder and CEO, Bom Kim; and our CFO, Gaurav Anand. The following discussion, including responses to your questions, reflects management's views as of today's date only. We do not undertake any obligation to update or revise this information except as required by law.

Certain statements made on today's call are forward-looking statements. You should not place undue reliance on forward-looking statements. Actual results may differ materially from these forward-looking statements. Please refer to today's earnings release, as well as the risks and uncertainties described in our most recent quarterly report on Form 10-Q filed with the SEC on August 16, 2021 and in other filings made with the SEC for information about factors which could cause our actual results to differ materially from these forward-looking statements.

During today's call, we will present both GAAP and non-GAAP financial measures. Additional disclosures regarding these non-GAAP measures, including reconciliations of non-GAAP measures to the most comparable GAAP measures, are included in our earnings release and our SEC filing each of which is posted on the company's Investor Relations website at ir.aboutcoupang.com. And I'll remind you that these numbers are unaudited and may be subject to change.

Let me now turn the call over to Bom.

Bom Kim, Chief Executive Officer & Chairman, Coupang, Inc.

Thanks, Michael, and thank you to everyone for joining us today. We continue to extend our lead in the fast growing Korean e-commerce segment, posting total revenue growth of 48% in the third quarter. That builds on last year's massive growth for a two-year compounded annual growth rate of 70%. That growth is underpinned by our expanding customer base and compounding customer cohort behavior. Even against elevated COVID comps, we posted our 15th straight quarter of at least 20% year-over-year growth in active customers. And spend grew at least 25% year-over-year for every annual customer cohort, including our oldest cohort from 2010.

Our strategy to build compounding customer loyalty and long-term shareholder value is reflected in our core operating tenets. One, we exist to deliver new moments of WOW for customers and create a world where they ask, how did we ever live without Coupang. Two, we don't start with what looks easy. We embrace the hard work of challenging trade-offs 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 prioritize growth in long-term cash flows. Five, we are disciplined capital allocators. We start with small investments then increase investments over time in the opportunities with the best long-term potential.

The opportunity in the Korean market remains as attractive as ever. The total retail market in Korea, excluding autos, was up 10% year-over-year in Q3 and boasts a two-year CAGR of 5%. Bolstered by that broader retail market tailwind, the total e-commerce segment grew 20% year-over-year in Q3; and e-commerce, excluding travel, has now grown at least 20% for 12 straight quarters. The Korean e-commerce segment is on track to reach annual sales of approximately $200 billion by 2024 and is projected to become the third largest in the world after only the US and China.

Even at our scale as the leader in Korean e-commerce, we continue to grow at a multiple of the e-commerce segment. And our growth is broad based with all of our offerings growing at least twice as fast as the respective segments. The backbone of our sustained growth is our strong customer retention and engagement. WOW members whose spend and purchase frequency are significantly higher, continue to grow faster than active customers. The number of active customers buying across six or more categories has more than doubled from just two years ago, further evidence of our strengthening flywheel.

The result is that the customers spend for newer cohorts is starting higher and compounding faster. What's more, the 25% or higher growth across every one of our annual customer cohorts did not reflect the full customer demand that we saw in Q3. Korea imposed Level 4 COVID restrictions starting in July, stricter than at any point in the pandemic, contributing to a decline in attendance and hiring at our facilities. The shortage was exacerbated by the loss of one of our largest fulfillment centers to a fire in June and continued operation center closures due to COVID cases. We sacrificed some growth by taking measures such as not accepting orders beyond daily capacity to preserve our delivery promise to customers. In doing so, we maintained the average Rocket Delivery times under 12 hours and delivered nearly 99% of orders in one day.

We're investing to expand capacity to keep up with high demand and extend our competitive moat. We increased our fulfillment and logistics infrastructure footprint by over 8 million square feet year-to-date through Q3 and will add millions more over the next year. For context, we've now added as much square footage of infrastructure since the beginning of 2020 as we did in every year prior to 2020 combined. This includes a significant expansion for our fresh offering, which has been particularly capacity constrained since COVID started and accelerated adoption.

We're on track to double our fresh fulfillment center footprint in 2021 and we believe we now have more than double the total infrastructure footprint of our largest online fresh competitors combined. We're cautiously optimistic that attendance and hiring will rebound much as they did after the

government relaxed the previous round of restrictions in early 2021. In addition, our operational teams are focused on enhancing recruiting processes and making technology improvements that we believe will also help scale our workforce with greater efficiency in the future.

Amid these strong demand tailwinds, our underlying profit drivers are also improving with scale. Retail product level profit before operational costs has increased in each of the past six quarters. Our highest profit categories are also growing the fastest. We're still far from entitlement on both margin and mix and we see a long runway for continued improvement.

Our monetization efforts are also gaining traction. Advertising revenue nearly tripled year-on-year in Q3. We're still in the early innings and expect advertising to contribute significantly to margins in the future. Other merchant services are also showing promise. Merchants beta testing our fulfillment and logistics offering are seeing a significant sales uplift, and we expect fulfillment and logistics by Coupang to become another meaningful contributor to profits over time.

These improving profit drivers were obscured by short-term disruptions and timing of investments. First, we invested approximately $95 million in incremental labor and operational costs following the increase in COVID-19 cases and heightened restrictions in Korea in Q3. Second, a higher percentage of capacity was underutilized due to the timing of infrastructure investments. For example, as part of our aggressive expansion efforts in Fresh, nearly half of our fulfillment centers in Fresh recently opened or are still under construction. These centers generate little to no revenue today but account for a sizable portion of our Fresh investments. We believe this capacity will enable us to capitalize on the massive demand for our offerings, drive strong future growth, and improve profitability as we scale.

Third, we're also investing in WOW membership benefits, expanding our free shipping services, and delivering more orders by same day or dawn delivery. The rapidly growing share of orders by WOW members creates higher costs in the short term. But over time, as this share stabilizes, we expect cost per order to improve as operating leverage against fixed costs will only continue to grow with scale.

Meanwhile, the higher loyalty and engagement from these differentiated experiences will further broaden our customer funnel and accelerate our flywheel. We've also seen some productivity decline as we add record levels of capacity and reduced delivery times for an increasing number of orders in the current environment. We have seen similar dips in past periods of heavy investment. As was the case with previous investment cycles, we expect to ramp up our new facilities, drive process improvements, and leverage increasing order density and other economies of scale to improve unit costs over time.

Additionally, we have significant opportunities to amplify efficiency gains with continued investment in technology and automation. Our size and scale put us in a unique position to make such investments and, in doing so, further differentiate our offerings for customers while building on our structural cost advantage.

We're also excited to continue investing in our most promising new offerings, demand for Fresh has outpaced capacity for much of the past year. As I noted, we're aggressively expanding to capitalize on that opportunity and expect significant operating leverage as we grow into the new capacity. Fresh is following a similar trajectory as Rocket, which gained leverage on investments as it scaled and turned profitable in time.

Eats is much earlier on that journey. It's been our fastest-scaling major offering marked by strong customer adoption and retention. The monthly order frequency for our early cohorts where we first launched is now approaching the same level as WOW members. And we're increasingly confident in the long-term profitability. That gives us conviction to continue to invest in the near term to scale Eats.

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In closing, we're encouraged by the underlying trends of the business and confident that continuing to execute in our operating principles will lead to significant shareholder value creation in the long run.

Now, I'll turn the call over to Gaurav to go through the financials.

Gaurav Anand, Chief Financial Officer, Coupang, Inc.

Thanks, Bom. Our reported revenue growth of 48% and constant currency growth of 44% were driven by a strength across all our product offerings. Net other revenue exceeded $500 million for the first time in Q3, increasing 113% year-over-year, led by our Eats and advertising offerings. The flywheel we ignited with our 1P offering continues to strengthen, and it is fueling a strong growth in 3P and on our new product offerings, and we expect that momentum to only build.

Quarterly active customers increased 20% in Q3 to 16.8 million. Year-over-year growth for returning customers has been healthy and remained consistent throughout 2020 and 2021, and customers' engagement is rising with customers buying across more categories and adopting new offerings. Revenue per customer grew 23% in Q3, driven by a compounding spend across all our customer cohorts. Even our oldest 2010 cohort grew over 25%, further evidence that we still have a significant potential to capture wallet share.

We were less aggressive on the customer acquisition this quarter to protect the experience for the existing customers, prioritizing what's best for customers drives loyalty and engagement, and we believe that that is the best long-term approach. We are still very early in our growth potential with the opportunity to more than double our active customer count over time as we systematically penetrate the 37 million active Internet shoppers in Korea.

As Bom noted, we invested nearly $95 million in incremental labor and operations to service as much customer demand as possible in the face of the COVID-related headwinds. This included increased operations costs to keep our employees safe and healthy and higher worker incentives and recruiting costs to navigate the labor constraint.

When COVID cases spike and restrictions increased in Q3 last year, it led to a similar increase in COVID-related costs. These costs then declined when restrictions were loosened in the first half of 2021. While we expect these labor and operating investments to remain elevated at least in Q4, we believe they are temporary and expect the costs to diminish when COVID conditions normalize.

Moving down to P&L, gross profit increased 62% year-over-year to $755 million in Q3 with gross margin expanding 130 basis points to 16.3%. Prior to COVID, our gross margin was approaching 20%, and the underlying fundamental drivers are even stronger today. The incremental COVID-related costs and investments to expand infrastructure and grow our WOW service obscure the full extent of the progress. But we are confident that as we move past these short-term headwinds, we'll unlock meaningful margin expansion.

The increased adjusted EBITDA losses in Q3 compared to Q2 primarily stemmed from the incremental COVID-related labor and operations costs. Excluding such costs from all periods, the Q3 adjusted EBITDA margin was similar to the margin in the first half of the year. Investments to scale Fresh and Eats and develop new long-term growth initiatives continue to drive the balance of adjusted EBITDA loss, offset in part by increasing profit from our mature offerings.

Trailing 12-month operating cash flow was negative $191 million in the third quarter due to higher losses and a modest working capital headwind. The working capital reflects less benefit from accounts payable. Our cash conversion cycle is unchanged, and we expect the combination of

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favorable working capital dynamics in our business and improving profitability to drive healthy cash flows over time.

With nearly $4 billion of unrestricted cash on our balance sheet, we are well positioned to invest aggressively to extend our lead in Korean e-commerce and capitalize on the significant demand for our offering. And we are excited to build on a momentum and continue driving strong growth for many years to come.

Operator, we are now ready to begin the Q&A.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question comes from Eric Cha with Goldman Sachs. Please go ahead.

<Q – Eric Cha – Goldman Sachs (Asia) LLC (South Korea)>: Yes, hi. Thank you for the opportunity. I think you mentioned in your presentation that was disclosed earlier there was a $95 million incremental labor and operational costs, mostly related to COVID-19 issues. I think this probably refers to the capacity issues that you flagged during the last quarter earnings call, and I'm sure this also may have partially affected the company's top line as well, considering the company's philosophy for the consumer experience. So I think the key question that everybody has now is are you seeing some improvement into the fourth quarter? And if not, when do you expect this to be alleviated and normalize the situation, not only the cost but to top line growth to its full potential?

My next question is and I'm pretty sure and people will be wondering about this as well, the active customers, the year-over-year growth still looks pretty solid. But if I'm not mistaken, this would be, I think, for the first sequential active customer decline for the company, so could we get some color on this, please? Thank you.

<A – Bom Kim – Coupang, Inc.>: Hi, Eric. Thanks for the question. You're right, there was some effect on the top line as well that not only affected our revenue growth but also affected our active customer growth. First thing on active customer point, as you point out, it was still strong growth year-over-year, 20% year-over-year growth. It did not reflect, just as our revenues did not reflect our full demand. We sacrificed to preserve customer experience several percentage points of revenue growth. By our estimates, we sacrificed at least 5 percentage points. And, it was done through measures such as not taking orders when we reach our daily capacity.

It's a difficult decision in the short run but for us, it was an easy decision for the – under our operating principles. We've made difficult choices like this in the past but it preserves long-term customer trust. It's one of the reasons you see our customer cohorts compounding at the rate that they are. And even in spite of that constraint, we still saw, not only strong growth in active customers, but we're growing at a multiple of the e-commerce overall growth rate. We're capturing a higher percentage of every incremental dollar of growth than we ever had. Q3 recorded the highest share, more cents per dollar of incremental growth than in any quarter in our company's history.

As for how long this will persist, it's difficult to say. We've been through these cycles before. As you know, Eric, last 2020, when restriction levels were heightened in Q3, we saw the same impact on – similar impact on our labor, on our hiring and our attendance. As restrictions were loosened and social unease and concerns declined, cases declined, we saw a return to normalcy, and I think that's a very different phenomenon. That's the difference between Korea, for example, and the US is that we've been through a cycle where we've seen glimpses of normalcy.

In the early part of the year, when things returned to a sense of normalcy, we saw those constraints on labor, particularly hiring and attendance dissipate. As the restrictions have been loosened as of November 1, but cases still remain high. So, in the near term, I think the situation still remains very fluid, but we are cautiously optimistic in the long run that we are going to see the kind of return to normalcy that we saw a glimpse of early in the year. But we are also not resting and assuming that that would take care of all of the issues.

Even though in the near term we face that uncertainty, we continue to make investments in process improvements and recruiting, for example, that we think will help us scale more efficiently. There were also been efforts, projects on automation and process improvement. That's a source of capacity increase. Some of those projects have been delayed because we've been trying to keep up with record demand over the last couple of years. So, we'll continue to make investments in

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automation and process improvements that we believe will help us scale our business going forward. Certainly, again, that takes time. It'll take several quarters. But over the next – over the long term, we are optimistic, cautiously optimistic that the current constraints will be transitory and short fell.

Operator: Your next question comes from the line of Susie Lee with Bank of America. Your line is open.

<Q – Susie Lee – Bank of America Merrill Lynch>: Hello. Thank you very much for the opportunity. I have two questions, first, on the profitability. Well, I recall that during the second quarter earnings call, last time, you mentioned that the EBITDA from traditional e-commerce business, so excluding Coupang Fresh and Coupang Eats, almost broke even. So, I was wondering that if this such a trend continued, hopefully, in third quarter, the traditional e-commerce business was able to turn to profit in EBITDA line. So, that is my first question.

And then the second question is about Coupang Eats. I think investors are quite interested in your initiative in Coupang Eats further market share gain. So, is there any indicator that the management could share with us to help us better understand your presence in this market, like could be traffic or number of orders or probably the best indicator would be a market share in terms of GMV or the total gross order value? So, anything you can share will be super helpful. Thank you.

<A – Bom Kim – Coupang, Inc.>: Thanks for the questions. I'll start with the second one first. On Eats, we've continued to see great momentum in that service. It remains our fastest growing service in the company's history. And we shared in the earnings release that customer adoption, we're excited by the momentum we're seeing there. The Eats app as an indication was the most downloaded app in all of Korea on iOS and the second most downloaded app in Android in all of 2021 to-date. The only app that's been downloaded more than our Coupang Eats app, which was on Android, is the government released app for COVID vaccine.

And what's actually more encouraging than that and even the adoption is the retention that we're seeing, which we think is always a reflection of the customer value proposition that we're still working – we're still far from where we want to be. But we believe we want to – we're focused on creating the best experience at the lowest cost and the retention levels that we're seeing in our customers, the customer cohort compounding, frequency increases are all moving in a positive direction.

In fact, in our earliest areas where we launched earliest cohorts, we're seeing now the frequency approaching that of WOW member frequency, which is exceptional. So, we're very excited by the momentum there. It's still early. We're still focused on improving our customer experience, our value proposition around selection, service and, of course, cost structure, which allows us to benefit customers as well as merchants.

To your first question around profitability, the underlying drivers of profitability are improving. And as you pointed out, there are some short-term noise that – quarter-to-quarter, there's always some noise that might obscure the improvements that we're seeing in the underlying profit drivers, short-term disruptions like COVID, as you point out, timing of investments. Overall, the story remains consistent.

If you exclude, there's COVID impact of $95 million. We have – Fresh and Eats continues to be our focus for investment. Mature parts of our business are investing – we're able to take the cash flow from mature investments – mature offerings and reinvest it in areas like Fresh and Eats. And of course, there's additional initiatives. There's international small amounts and new initiatives like international, fintech and so forth that we continue to make, but the overall dynamics are moving in the right direction.

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Timing of investments, as we mentioned, we have a record level of capacity that we're building out to have a higher rate of underutilized capacity. Fresh, for example, nearly half of the facilities are under construction or just opened, so producing no revenue. Those things will be positive sources of strength for us over the long term allowing us to create a better experience, continue to expand our value proposition to more customers, but creates some noise in the short term that might obscure the improvements that we're making.

Operator: Your next question comes from the line of Stanley Yang with JPMorgan. Please go ahead.

<Q – Stanley Yang – JPMorgan Securities Far East Ltd. (South Korea)>: Thank you. I have two questions. First question is about this ongoing margin pressure. So, you attributed the margin pressure to COVID-19-driven labor and logistic cost pressure, but how about this competitive landscape perspective? The competitors are trying to catch up the faster delivery logistic capabilities. Is this another reason of the structural cost pressure in the midterm? And also, separately, when do you expect each business to reach breakeven OP or EBITDA, at which scale?

And [ph] the other – my (00:27:52) question is actually the – your logistic capacity. So, are you on track with your previous guidance of 50% growth of the fulfillment center capacity over the next one year? And when do you think your 3P fulfillment service to meaningfully take off? Those are my questions. Thanks.

<A – Bom Kim – Coupang, Inc.>: Stanley, your last question, was that around 3P, or, sorry, could you repeat your last question again?

<Q – Stanley Yang – JPMorgan Securities Far East Ltd. (South Korea)>: Sure.

<A – Bom Kim – Coupang, Inc.>: I didn't hear the 3P.

<Q – Stanley Yang – JPMorgan Securities Far East Ltd. (South Korea)>: Yeah. So, the – oh, sure, sure. Actually, the 3P fulfillment service is now...

<A – Bom Kim – Coupang, Inc.>: I see.

<Q – Stanley Yang – JPMorgan Securities Far East Ltd. (South Korea)>: ... is still now on the testing stage [ph] to get (00:28:38) deliveries.

<A – Bom Kim – Coupang, Inc.>: Yeah.

<Q – Stanley Yang – JPMorgan Securities Far East Ltd. (South Korea)>: But we was – the market was anticipating the meaningful take-up, right? When is going to be the right timing?

<A – Bom Kim – Coupang, Inc.>: Yup. Yup. Got it. Got it. No. Thanks for the questions. So, there's several things to unpack there. On the competitive front, we did not see – we saw virtually no impact from competitive factors. I think it's safe to say, from our perspective, more so than at any point in our company's history, we think the drivers of our business are unaffected by competition.

As you saw, our demand was not constrained. It was really our capacity. In fact, this past quarter, we reduced efforts to acquire new customers, for example, because we're trying to protect customer experience. Now, there's 37 million new customers. We're well on that track and we've had periods like this where we've leaned into more customer acquisition, other periods where we've leaned back. This was a quarter where we leaned back because we wanted to protect customer experience. So, it hasn't been demand constrained, it really has not – we did not see that – in fact,

as I pointed out, we are seeing more momentum in terms of taking share of every incremental dollar growth in the market.

On the Eats front, we've been encouraged when we've had projects trying to optimize our efficiency there, the gains that we've been able to drive. We've also been able to leverage technology and processes that we've built for core e-commerce, whether it's around labor management, route optimization and so forth on Eats to improve that efficiency. We also think that there are the same structural – tailwinds are there increasing orders, economies of scale from that order density. Those factors are still applicable there. So, we're excited about that character – that trait of Eats.

We also have plans in the long run to generate more synergies between our core e-commerce and Eats. Just as we've been able to share the economies of scale from our – in our core commerce with Fresh, we believe there are opportunities to share core e-commerce's economies of scale with Eats as well. But still we're early in that journey. And there, we're focused on building the right customer experience and making sure that it can get to some critical scale where we can build operating leverage.

On the logistics capacity and growth, I think, Gaurav, you can talk a little bit more about that. We've been adding record capacity. We're leading into it. I believe Gaurav can add more color there. Let me quickly address the 3P performance by logistics. I think, Stanley, you asked a number of questions. I want to make sure I get to all of them.

That's been, as you point out, in beta testing. We've done that to build confidence and also to understand exactly the needs of the merchants and operations to scale it. We're coming out of our efforts this year in beta testing with very high conviction around this offering. Merchants who have participated in our services – in our test services have seen significant sales lift, particularly small, medium-sized enterprises. We're very encouraged by that. We think the value proposition for customers as well as for merchants is very clear.

We're focusing on building the right technology and building the capacity to scale this. That won't happen overnight. We now have a much clearer understanding of exact requirements that's speeding – that we're scaling up our efforts to build the right technology tools to scale this service. Capacity, as you know, we're building out for core, but we're also going to be adding more capacity build-out for a fulfillment, logistics by Coupang.

So, in the near term, we're going to be focused on – we're focusing on building out those underlying capabilities to scale fulfillment and logistics by Coupang. I think you'll see that – you'll see it start to become a meaningful contributor to the business in the second half towards the later part – latter part of next year, toward the end of next year. Certainly, over the long term, we expect this offering to be a meaningful contributor to the top line as well as to the bottom line.

<A – Gaurav Anand – Coupang, Inc.>: And to answer your question on capacity buildup, we have built about 8 million square feet of capacity this year to date. And since 2020, we have built as much capacity as we have built in the multiple years prior to it. And we continue to invest aggressively, especially in the context of fulfillment – in the merchant services of fulfillment and logistics. We would be actually building and continuing to invest more. And for that to take off, we have been capacity constrained also and I'm not sure, if Bom [ph] pressed on that (00:34:12). We've been capacity constrained on that but we would plan to build for that also next year.

Operator: Your next question comes from the line of Seungjoo Ro with CLSA. Please go ahead.

<Q – Seungjoo Ro – CLSA Ltd.>: Hi. Thank you very much for the opportunity. So, I have two questions as well. So the first one would be whether we could have some update over your overseas expansion plans and share a little bit in terms of how your experiments in markets such

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as Japan, Southeast Asia are progressing at the moment? And are we near to a point where we will become more aggressive in some of these markets in terms of its investments?

My second question is related to the growth outlook and apologies for being a bit more short-term sighted, but what would be your sort of growth outlook in terms of revenue over the next six months? I mean, on top of the constraints that you have mentioned earlier, we are seeing a bit of a deceleration in revenue growth and partially that's because of the high base. But Korea offline space is also gradually opening up. COVID policy have now turned more with COVID from zero COVID. So are we going to see more continued deceleration into the year-end into the first half next year? And what will be the degree of such deceleration would be? Thank you.

<A – Bom Kim – Coupang, Inc.>: Thanks for your question. I'll start with the second one first. I think – you pointed out that there is some deceleration. As we mentioned, our growth did not reflect the full demand. We took active measures to protect customer experience. Now that operating principle will continue to apply in future quarters. So we will continue to take steps to protect our long-term customer trust even at the cost of short term. So our overall philosophy is to not maximize growth quarter-to-quarter.

In fact, actually, if you look at our overall business, to answer your – to address your question about what it looks like over the next two quarters, our business is really an amalgamation of several offerings at different stages of its life cycle. So, one, we certainly will take – make the decisions that optimize for long-term customer loyalty and long-term value maximization and free cash flow over short-term growth.

We also have certain – but we also have offerings and services that are at different stages of the life cycle. And any quarterly snapshot is really an aggregation of these different offerings with different strategies. So, for example, certain offering lines, we're going to be leaning into growth, aggressively, even more so. There are other service lines where we may be focused on testing and building conviction. There are other offering lines that are more mature that we now need to build the operating efficiency, the excellence, build the operating leverage to start generating meaningful cash flows.

We make the analogy internally that many of our offerings are like kids. There are some kids who are toddlers where we just focus on getting them to be big and healthy, physically big and healthy, but there are other kids that are in college that are more mature, and we need to now build the capabilities for them to become contributing adults. And, really, any quarterly snapshot is going to be an aggregation of these multiple strategies.

But what you should see over time is that not only are we growing areas of investment, leaning in when we know that we have to get to critical scale, many of these offerings have to get to some critical scale to generate those economies of scale. But we also should now start to see us consolidating some of that, the gains from that growth when certain offerings reach maturity to get operating leverage, and we've had these periods where you look at our company's history, even with Rocket where we leaned in to getting to that critical scale and mass but then making sure that we turn our focus to create that operational excellence than now to create that leverage.

In spite of all of that – so, I can't predict for you exactly because we don't manage to a quarterly growth rate. I can't predict for you what it's going to look like on a quarter-to-quarter basis, but I can tell you that that's the overarching trajectory and arc of our business. And even in spite of us taking those measures and taking measures such as sacrifice some short-term growth, we're still growing at a multiple of the e-commerce segment this past quarter. I think that – we are – and a lot of that is driven by our compounding customer cohorts.

Our oldest cohort, I don't know if this came through enough, our oldest cohort, which is 11 years old, still grew in spend over 25% this past quarter even with those constraints that we talked about.

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Every single one of our cohorts are compounding at an extremely fast rate. That's because of the investments we've made, of the hard decisions that we made for the long term that we think are ultimately beneficial to not only customers but the business and shareholders. And we also will continue to demonstrate that we do consolidate gains from that scale, that we're able to grow the operating leverage, and we'll continue to make progress for our mature offerings towards the entitlement profitability of those services and offerings as well.

On a related note, on overseas expansion, that happens to be in an earlier life-stage cycle. That's in a more nascent stage. I've spent some time exploring those markets. We continue to be very encouraged by what we see. We see opportunities to create WOW experiences for customers, very reminiscent of the kind of opportunities we saw when we were at the earlier part of our journey in Korea. But it's still early and we're still building out testing, building out the teams, making sure that – you'll start to see us – you'll always see us start with small investments and grow investments as we learn more and build more confidence. That's the disciplined approach we've taken with all of our investments and we'll continue to take with our international as well.

Operator: Your next question comes from the line of James Lee with Mizuho. Your line is open.

<Q – James Lee – Mizuho Securities USA LLC>: Great. Thanks for taking my questions. Two question here. Any update on the impact of your warehouse fire? Did you have to incur additional costs to rent temporary warehousing to the extent that you can maybe quantify that cost? And also secondly on competition, can we get an update on that? Are you seeing your peers maybe ramping up capacity investment to catch up to your capability? Thanks.

<A – Bom Kim – Coupang, Inc.>: Thanks for the questions. On the warehouse side, as you pointed out, we did have to take – there's always capacity when you add on short notice. It's going to be inefficient. If any unplanned capacity that you add last minute tends to be less efficient, it did lead to some inefficiency in the network. And over time, that will be replaced with more permanent capacity, with better automation, more improved processes. So, there were some short-term disruption, as you point out.

And there's short-term disruption not only with that kind of last minute capacity, but with any kind of additional capacity that we add. For example, with where Fresh is, we're adding capacity that wasn't planned because the customer demand is high and we're trying to minimize the negative impact, of course, also not taking orders, for example. But we're working our way through that. And we'll continue to improve not only the efficiency of operations within a specific warehouse, but also the network inefficiency that comes from sometimes from unplanned capacity – last minute capacity additions. Those things we have seen are now over time.

On competition, I can't say this with enough emphasis, we just have not seen any impact from it. We know what is coming. We have unmatched investments just to give you a sense of we've added 8 million square feet of fulfillment infrastructure net of the loss of capacity from the fire, for example, this year so far.

We have just an overwhelming, massive capacity advantage. And I don't believe anybody has even come close or announced that they're making any investments close to the investments we're making. So, yeah, I mean, we spend – the only very, very little time thinking about external factors. Most of our – almost all of our time is really focused on the things that we control, the things that we have to do to serve our customers, and frankly, keep up with the demand that we know is waiting for us.

Operator: And our last question comes from the line of John Yu with Citigroup. Please go ahead.

<Q – John Yu – Citigroup Global Markets Korea Securities Ltd.>: Hi. Thank you for the opportunity to ask questions. My question is also about the capacity constraint in the third quarter. I

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would like to understand more details, especially if it was more related to labors or more related to physical assets like warehouses? Also, recently, local press is highlighting that there is a shortage of gig workers in Seoul and nearby metropolitan cities due to the increased demand from food delivery players and also e-commerce warehouses. So, it'll be helpful if you could elaborate more on how Coupang Flex is managing the labor shortage and the increase of daily rates to hire enough number of gig workers? Thank you.

<A – Bom Kim – Coupang, Inc.>: Thanks for the question, John. So, the capacity constraint was both physical and labor. In the case of Fresh, for example, we experienced both in physical capacity is something that we're focused on adding. I think to the earlier question as well, just to give you a sense, we are – in Fresh, for example, we were doubling – we're on pace to double our physical capacity this year. We believe now we have doubled the physical capacity of our closest competitors combined, double that. So, we're continuing to build on that and it's still not enough to keep up with the full demand.

So, there is, of course, a physical component of it. We're investing in it. We're ramping that up aggressively. About half of our facilities in Fresh are under construction or just opened. And we're not sparing our investments on that front.

Labor – and then the labor, we've talked about labor from COVID disruptions and so forth. We've seen [ph] these go through the (00:46:51) cycles. We hope it will rebound, but we're also taking steps there again to – we're continuing to beef up our improvements on recruiting – our resources that [ph] we continue to (00:47:03) recruiting as well as to efficiency improvements, automation that'll also help us with capacity going forward.

On the gig workers capacity side, I think some of the important context to set, at least in the Korean market, is that this is different from the US, and I think, even Europe in the sense that there isn't a huge ride hailing industry here. So you're not seeing this. One of the biggest employers of gig workers that tends to be – that takes a huge chunk of that supply out is usually ride hailing. There isn't that there. We continue to be – so that's a positive context, as there's a lot of – I think, the penetration is still lower as a percentage of the total workforce labor, compared to other markets where ride hailing and other services have taken a huge shift. Eats, which is still – even in food delivery, we are the largest logistics food delivery service in the market. We're the largest employer of those food delivery drivers. It's still early for us.

So I think there's still a lot – we believe that there are no macro constraints so far. Of course, it still takes investment to build that pool. So we're continuing to make investments in building that pool. But so far, we haven't seen the kind of macro constraints that one might see, I think, sooner in more mature situations in other markets.

Operator: There are no further questions at this time, and this does conclude today's conference call. Thank you for your participation. You may now disconnect.

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