

**Q1 2026 Coupang Earnings Call Script**  
**New York: Tue. 5/5/2026, 5:30 PM**

---

**Mike Parker:**

Thanks, operator. Welcome, everyone, to Coupang's first quarter 2026 earnings conference call. 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 may include forward-looking statements. Actual results may differ materially. Additional information about factors that could potentially impact our financial results is included in today's press release and in our filings with the SEC, including our most recent annual report on Form 10-K and subsequent filings.

As we share our first quarter 2026 results on today's call, the comparisons we make to prior periods will be on a year-over-year basis, unless otherwise noted. We may also present both GAAP and non-GAAP financial measures. Additional disclosures regarding these non-GAAP measures, including reconciliations of these measures to the most comparable GAAP measures, are included in our earnings release, our slides accompanying this webcast and our SEC filings, which are posted on the company's Investor Relations website.

And now, I'll turn the call over to Bom.

## **Bom Kim:**

Thanks, everyone, for joining us today. I'd like to cover a few things: where we stand in the recovery from last quarter's data incident, how we see the path forward on growth, and the nature of the temporary dislocation in margins and how we think about it over the longer term.

Starting with where we are. Customer obsession, operational excellence, and disciplined capital allocation have guided us since our inception, and they're the same principles guiding us through this period.

As we shared previously, January marked the low point in our Product Commerce revenue growth rate. Each month since has improved on a year-over-year basis, and the pace of improvement strengthened through February and March.

Our recovery is powered by the same drivers that have shaped our business since we launched Rocket Delivery over ten years ago: a relentless focus on wowing customers across selection, price, and service. That experience was built over many years and billions of dollars of investment, and one which we believe continues to widen its lead in the market.

The customer behavior we've seen since the data incident reinforces this. For example, the vast majority of WOW members never left and they have continued to compound their spend at double-digit rates throughout this period. Of those who did leave, the majority have come back and picked up where they left off, resuming the levels of spend they were at before the incident, and they're now compounding alongside the members who stayed. Through the end of April, we've closed nearly 80% of the decline in WOW membership that followed the incident, through a combination of those returning members and strong new sign-ups. New WOW sign-ups and churn have returned to historical, stable levels. Across the board, customers are re-engaging in ways that reflect the conviction they've long placed in the Coupang experience.

It's worth spending a moment on how this recovery shows up in the reported numbers in Product Commerce. Year-over-year growth will take time to fully reflect the underlying recovery. The months of paused compounding from the affected period continue to weigh on the comps even as customer behavior normalizes. Our revenue growth rate trajectory from January to March is running ahead of historical patterns, and we expect the year-over-year comps to continue improving throughout the year.

Turning to margins. Two distinct factors are pressuring profitability this quarter, and I want to describe them separately because they behave very differently going forward.

The first is the customer vouchers we issued in response to the incident. These are one-time in nature. The bulk of the impact is contained to Q1, with a modest tail into the first part of Q2.

The second is a set of temporary inefficiencies in our network. Our capacity build-out and supply chain commitments are all made well in advance, calibrated to a demand trajectory we project based on a stable, predictable customer pattern. That's how we manage cost to serve efficiently, and that's the path we were on before the incident. When an external event of this kind disrupts that pattern, actual demand falls short of what those commitments were sized for, and we carry the cost of underutilized capacity and inventory secured through the period. As demand returns to a predictable curve, we expect our capacity and supply chain to come back into balance and the inefficiencies to work their way out. We're adapting our network and supply chain through this period as we did when we came out of COVID, and we expect those adjustments will show up progressively in the P&L.

Stepping back from the near-term, we believe the long-term drivers of margin expansion at Coupang remain intact and continue to improve. We expect operational efficiencies across our network, supply chain optimization, ongoing investment in automation and technology, and the scaling of our margin-accretive categories and offerings to drive further margin expansion over the long-term. We expect annual margin expansion to resume next year, and we have strong conviction in the underlying margin potential of the business over the long term.

Beyond the recovery, the work of building the business continues. Selection remains the primary lever for unlocking the underlying growth potential in our Product Commerce segment. A meaningful portion of what customers want to buy is still not available on Rocket, and we believe the combination of our first-party catalog and Fulfillment and Logistics by Coupang is the path to closing that gap at scale. Automation and AI across our services, including our fulfillment and logistics network, continue to improve service levels and lower cost to serve in parallel, and we expect them to be meaningful contributors to both the customer experience and margin expansion in the years ahead.

Turning to Developing Offerings. In Taiwan, we're building the foundation for a truly differentiated customer experience. Our own last-mile delivery network, which guarantees next-day delivery, now covers the vast majority of our volume and that coverage continues to expand. We're still in the early stages of bringing the full Rocket Delivery experience to Taiwan customers, but even at this stage, the response from customers has been remarkable. Cohort retention behavior is reminiscent of what we saw in the early years of Product Commerce in Korea. Our conviction in the long-term opportunity, both to "wow" customers and to generate attractive returns on the capital we're deploying, grows stronger each quarter.

Given that conviction, this year, our focus in Taiwan is on building the foundation for an unparalleled customer experience and durable growth over the long term. That

means deliberate, long-term investments in network design, last-mile logistics build-out, and supply chain improvements — the kind of foundation that takes time to lay, but that will define the customer experience and competitive position of the service for years to come.

In Eats, as I mentioned, the recovery is following a similar path to Product Commerce, which speaks to the strength of the customer value proposition we're building across both services. In Developing Offerings, our approach is unchanged: we start with small investments, test rigorously, and deploy more capital only into opportunities we believe can generate lasting customer wow and durable cash flows. We remain disciplined capital allocators, taking the long view.

Our recovery is ongoing, and we have more work ahead. We're focused on continuing to build and improve on the experience that brought customers to Coupang in the first place, across Product Commerce and Developing Offerings.

I'll now turn the call over to Gaurav to walk through the financials in more detail.

## **Gaurav Anand:**

Thanks, Bom. As we guided coming into the year, Q1 reflected the impacts from last quarter's data incident, and our results are consistent with the trajectory we outlined in February. The underlying business has continued to strengthen as we've progressed through this period, and we expect the impacts on Product Commerce to diminish as we now move further from the affected quarter.

I will first walk through the segment operating results, and then speak to our consolidated performance.

In Product Commerce, we reported segment net revenues of \$7.2 billion, growing 4% on a reported basis and 5% in constant currency. As we look at each month within the quarter, the constant currency growth rate, adjusted for timing of holidays, reached its low point in January and accelerated sequentially in February and March, consistent with the recovery that we have described earlier.

Product Commerce active customers for the quarter were 23.9 million, growing 2% year-over-year, but down 3% over last quarter. The sequential decline reflects the lagging effect of the data incident on the metric – because active customers are measured on a trailing three-month basis and the incident occurred late in Q4, the affected period is more fully reflected in this quarter's count than in the last quarter. The most recent trend is the more meaningful signal: we've seen stabilization and improvement in the underlying metrics this quarter, with encouraging momentum in account reactivations and new customer growth.

The recent positive momentum in WOW membership we spoke to last quarter has also accelerated over the past few months. As we noted, the vast majority of WOW members never left, and through the end of April, we have closed 80% of the decline in WOW membership that followed the incident. And the majority of WOW members who left have returned, and they have resumed the levels of spend they were at before the incident.

Product Commerce gross profit for the quarter was \$2.2 billion, with a gross profit margin of 30.3%. This represents a contraction of approximately 100 basis points year-over-year and 160 basis points quarter-over-quarter. The decline in gross profit margin is the result of near-term factors tied to the data incident, including the impact of the vouchers we issued in response to the incident, and the temporary inefficiencies in our network, such as excess capacity and supply chain commitments positioned against our pre-incident demand curve.

We believe the long-term drivers of margin expansion at Coupang remain intact and will continue to compound, including operational efficiencies, supply chain optimization, ongoing investment in automation and technology, and the scaling of our margin-accretive categories and offerings. We expect them to resume driving margin expansion and their underlying impact to become more evident as we move past these temporary inefficiencies.

Segment adjusted EBITDA for Product Commerce was \$358 million for the quarter, resulting in an adjusted EBITDA margin of 5%. This represents a contraction of roughly 300 basis points year-over-year and 270 basis points quarter-over-quarter, driven primarily by the gross profit dynamics I just described, along with the near-term pressure from operating costs that were sized for our pre-incident demand curve. We expect this to normalize as we work through those commitments and we make adjustments.

Turning to Developing Offerings, we reported segment net revenues of \$1.3 billion, growing 28% on a reported basis and 25% in constant currency. The growth is primarily driven by the hypergrowth rate in Taiwan, along with a continued high growth rate in Eats and Rocket Now in Japan.

We generated \$123 million in gross profit for the quarter in Developing Offerings, down 25% over last year, as we continue to make investments in response to the encouraging customer engagement we are seeing across these early-stage offerings. Segment adjusted EBITDA losses were \$329 million, consistent with our expected cadence of investment underlying our full-year guidance of between \$950 million and \$1 billion in segment adjusted EBITDA losses that we communicated last quarter.

On a consolidated basis, we reported total net revenues of \$8.5 billion for the quarter, representing growth of 8% on both a reported and constant currency basis. This is consistent with the 5% to 10% constant currency growth range we guided to last quarter.

Consolidated gross profit was \$2.3 billion, with a gross profit margin of 27.0%, a contraction of approximately 230 basis points year-over-year and 180 basis points quarter-over-quarter. This margin compression reflects the temporary impacts that I outlined in Product Commerce from the data incident along with the increased level of investment in Developing Offerings.

OG&A expense was \$2.5 billion, or 29.9% of total net revenues, roughly 250 basis points higher than Q1 of last year. The year-over-year increase largely reflects two dynamics: much of our cost base was sized for the demand trajectory we were on before the incident, which creates a near-term gap between the cost base and current revenue, and the increase in operating costs within Developing Offerings, consistent with the levels of investment we are making to support those growth initiatives.

Our loss before income taxes was \$255 million and we incurred income tax expense of \$11 million. Our effective tax rate this quarter was elevated because the losses in our early-stage operations in Taiwan and Japan don't generate offsetting tax benefits at the consolidated level. We anticipate an effective tax rate of between 75% to 80% for the full year. We continue to expect this to normalize closer to 25% over the long term.

We are reporting an operating loss for the quarter of \$242 million, and net loss attributable to Coupang stockholders of \$266 million, resulting in a diluted loss per share of 15 cents.

Consolidated adjusted EBITDA was \$29 million, resulting in an adjusted EBITDA margin of 0.3%. This represents a contraction of approximately 450 basis points year-over-year and 270 basis points quarter-over-quarter, driven primarily by the Product Commerce gross profit dynamics from the data incident and the increased level of investment in Developing Offerings.

On cash flow, for the trailing 12-month period we generated operating cash flow of \$1.6 billion and free cash flow of \$301 million. The year-over-year decrease in trailing 12-month free cash flow is primarily driven by the increased losses in Developing Offerings as well as higher levels of cap ex.

This quarter we also repurchased 20.4 million shares of our Class A common stock for \$391 million dollars.

Our Board of Directors has recently approved an additional \$1 billion to be added to our stock repurchase program, as part of our broader capital allocation strategy to generate meaningful returns for our shareholders.

Now a few final comments on our outlook. For Q2, we anticipate consolidated constant currency revenue growth of 9-10%. We also expect our top-line growth rates to continue improving over the course of the year as the impacts from the data incident diminish.

We also expect consolidated adjusted EBITDA margin year-over-year contraction of approximately 300-400 basis points for Q2, primarily reflecting the near-term factors from the recent data incident. As we've noted, the long-term drivers of margin expansion remain intact. As we work our way through the temporary inefficiencies in our network we expect margins to improve throughout the year with annual margin expansion resuming next year.

The levels of service and value we are able to consistently provide to customers, and the response we increasingly see from those customers, give us confidence that the recovery will continue to build through the year. And we remain intensely focused on delivering moments of "wow" for our customers every day.

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