

February 2026

To our Shareholders:

Thank you for your continued interest in Wayfair.

2025 was a defining year for Wayfair — the year we moved from the "great stabilization" into a new era of expansion. It was the year that we put the Covid era and its hangover behind us.

We entered 2025 at 0% growth. The macro environment remained choppy, but we focused on the plan we discussed in last year's letter — to be ambitious in utilizing technology to drive numerous prioritized efforts, and to execute with rigor and speed. This worked — and so even while the TAM shrunk, our growth rate accelerated from 0% at the start of the year to 7% by the end, and more importantly, adjusted EBITDA grew by over 60% over the same period.

This is just the beginning of what we can accomplish now that Wayfair is returning to full form. If 2025 was the year we returned to growth, 2026 will be the year of acceleration.

### **Our 5 Moats**

As we turn our focus toward the next phase of growth, it is worth revisiting the five moats we have articulated over the past two years. These moats are central to understanding what we are building and provide a framework for evaluating our priorities, initiatives, and investments. I will reshare what I wrote last year:

1. A Trusted and Beloved Brand that is the Go-To Place for All Things Home: Wayfair's specialization and expertise within home provides us with unique capabilities to understand and solve the significant challenges that customers face when shopping the category which results in a platform that customers are loyal to and rely on as their first stop for their most important purchases.
2. A Delivery Experience Built for Home: A proprietary logistics network and delivery experience optimized for large and bulky home items that enables lower retails, faster speed and higher customer satisfaction.
3. A Differentiated Customer Discovery Experience: We combine inspiration, curation, and seamless navigation along with a powerful and trustworthy approach to product validation — ensuring customers find exactly what they're looking for and feel confident that they will love what they buy.

4. A True Omni-Channel Experience: As we talked about in the letter last year, home is unique. As a dominant retailer we will meet customers wherever they want to shop. With a growing physical retail presence, Wayfair provides customers with the flexibility to shop and engage with Wayfair how they want while ensuring seamless experiences between on- and off-line.
5. A True Partnership with Our Suppliers: Wayfair invests in building strong and deep relationships with our key suppliers — partnering with and empowering them to provide our customers with a world class offering and thereby driving significant mutual growth.

## Growth

*“Ideas are easy. Execution is everything.”*

— John Doerr

Our company was built around the idea that we could leverage technology to build a very large business in an underserved retail category with a massive TAM by innovating across the end-to-end customer experience for how customers shop for home. We have remained solely focused on improving this experience within an inherently challenging category and our strong execution of this strategy has led to rapid organic growth and an ever larger business through the wonders of compounding.

We are now working our way back up to the 20%+ organic growth rates we expect the business to generate, and doing so while increasing profits even faster than the topline. While not an overnight climb, we are excited by our momentum and the initiatives we have underway to make this happen.

Our growth efforts are not separate from our moats — they are how we strengthen them. Our efforts this year generally fall into one of three buckets: (1) improving our core recipe of selection, price, availability, and speed of delivery, (2) inventing and scaling new business initiatives which can meaningfully contribute, and (3) leveraging technology to improve how we operate, how our suppliers build their businesses on our platform, and how customers engage with us.

The first bucket we’ve referenced before and is generally well understood — selection, price, availability, and speed of delivery are hallmarks of any leading online retail platform, yet our efforts are specifically nuanced for the home goods market. For selection, over 750 Wayfairians

located across the globe focus on building deep supplier relationships to ensure the most expansive offering in home. For price, we deliver the best value by optimizing logistics, making it transparent to suppliers how their pricing impacts volumes, effectively communicating value to customers by enabling them to make the right tradeoffs for them between price and quality, and delivering compelling, unique and meaningful promotions. On availability and speed, we leverage cutting edge tools and technology to forecast demand across our platforms, share this with suppliers, and use our extensive CastleGate Logistics capabilities to position and keep items in stock, accelerating delivery whether via partners like FedEx or our proprietary Wayfair Delivery Network.

The initiatives in the second bucket encompass many things we have discussed recently such as Wayfair Verified, Wayfair Rewards, physical retail stores, and the expansion of CastleGate, but also others that we have not discussed in detail such as investments into our mobile app, project shopping functionality for our Wayfair Professional B2B business, a forthcoming new delivery program called Wayfair Delivery+, improvements in how customers access financing at both the purchase and the project level, and an expanded approach to helping our customer with kitchen and other household renovation projects. We have a lengthy, but not overwhelming, list of growth initiatives and we are excited about how these are progressing. This focused list allows us to remain very ambitious by parallel pathing numerous efforts, while still ensuring that we will have enough time and resources for each.

The third bucket is perhaps the most interesting one. In 2025 we got far enough into our multi-year technology replatforming efforts that we were able to increasingly steer technology development capacity to new features and functions. Product-led growth is a staple of how we built Wayfair and we are back to having it as a lever. This unlock will continue to scale throughout 2026 as we complete more of the replatforming work.

And the last thing that happened in the technology realm, which will be no surprise, is that the age of AI is upon us and the potential utility and benefits from it are larger than we would have thought possible just a couple of years ago.

## **The Age of AI**

Artificial Intelligence has captured everyone's imagination — and for good reason. Its capabilities are expanding at an extraordinary pace. Every so often, an innovation breaks the usual trade-offs. Most advances improve quality or speed — sometimes both — but almost

always at a higher cost. The real question then becomes whether the incremental benefit justifies the expense. Rarely, something does all three: improves quality, increases speed, and reduces cost. In the past 24 years, we've experienced it once — when we built our proprietary logistics network. It delivered better quality and faster service at lower cost. That was meaningful. What we're seeing with AI, however, appears far larger in magnitude.

We have been early adopters in machine learning applications that are now core to many of our systems — from search, personalized recommendation and sort systems, marketing innovation, retail pricing, and logistics optimization. With the advent of more powerful and accessible AI / LLM technologies, we are rapidly pushing our adoption further. Our background as a technology company, with a talented technology team, a willingness to participate on the leading edge of technology, and a culture where we embrace change is helping enable our push.

So this all begets the question — what are we doing with AI today? Currently we are doing three key things: 1) our corporate staff is routinely using LLMs for chatbot applications in day-to-day use, 2) our developers are using code-assistants as a part of routine workflows and we are seeing the percent of LLM assisted or written code in our repositories increase daily, and 3) we are using LLMs to automate or improve a number of key areas; these include increasing the efficiency and quality of customer service, transforming search by leveraging AI to decipher and rewrite complex customer queries, enhancing the accuracy and depth of information across our extensive product catalog, generating large volumes of ad units to enable faster testing and optimization, and producing photorealistic environmental imagery featuring our actual products for use across our sites and apps. These efforts are progressing well and continuing to gain momentum.

So what is next? We are now focused on rapidly moving to the next level in AI adoption. At the individual level this moves past using a chatbot to answer questions to leveraging agentic systems capable of complex reasoning, chaining actions together, and multi-modal understanding. Unlike simple automation, these agents can 'think' through multi-step problems and 'see' the world as our customers do — analyzing images, floor plans, and spatial constraints alongside text. This allows us to automate not just routine data tasks, but more subjective workflows — like assessing a damaged item from a photo, or curating a room design — that previously required extensive manual review. Stating what is now obvious — we have already seen that this will free up significant amounts of effort from work that is time intensive and repetitive, and do so in a way that is faster and higher quality.

Second, we are reimagining what we can do for our customers, moving beyond simple navigation and new interfaces to true inspiration. We see a future where Wayfair acts as an always-on 'digital interior designer.' This begins with discovery — helping customers explore new aesthetics and uncover style ideas — and extends into full spatial visualization. Through initiatives like our AI Designer and Muse, we go further by enabling customers to upload photos of their actual rooms and populate them with real, purchasable inventory from our catalog. By combining new finds with furniture they already own, the experience becomes more engaging and they can instantly validate their design choices. Crucially, we are the only platform that can complete the lifecycle from ideation to installation. Powered by our wide selection and a supply chain built specifically for the home, we don't just help customers dream up a room — we can actually deliver it.

And lastly we are also looking to reinvent how we work with our suppliers and external partners. For our suppliers this starts by helping them minimize and remove a lot of process work that is laborious (essentially the transfer of data) so that they can expend their efforts on growing their business on our platform. For our AI platform partners this starts by positioning us as the trusted “first-party truth” for home across an emerging AI-driven commerce ecosystem, and by partnering to build the core infrastructure for how this operates.

Those of us who have run businesses through past tech transformation cycles (Internet, Social, Mobile, Cloud) recognize the opportunities and challenges that come during these times. We see many parallels between this technology cycle and past ones, with one notable difference: the pace of technology evolution is faster now than in the past. What used to be roughly two year cycles is compressing to be closer to six months. With this we must change our mental model for the pace of change and continue to adapt how we run the business. We are not a company who tries to exploit the hype cycles of technology. We are a company who uses technology to build a durable business that will last for many cycles to come. And notably we are well set up to orient around these shorter six month cycles versus those who have more rigid and lengthier planning and budgeting processes.

## **Summary**

Across Wayfair, there is real excitement about where we stand today. We are firmly in control of our own destiny — exactly where we want to be. From here, our outcomes will be driven by the quality of our plans and our execution. We are in a dramatically different position than we were

two years ago, and the numbers clearly reflect that. And while we are proud of the progress, we believe there is significantly more ahead of us.

We are set to not only grow our topline rapidly but to grow profits even faster. We believe that the combination of free cash flow (growing) and share count (shrinking) are the two best ways to measure the long term financial success of the business. We believe that this lens of considering all costs, whether it be in the form of cash or dilution, and sizing how the profits are then shared will maximize the value for all shareholders.

As founders we tend to think with a long-term focus. When you combine this with our scale, you get a company that can invest for the future, grow at a rapid pace, and can do this while scaling profits even faster.

We have an amazing team, and we are doing all of this while our category is shrinking. We are in a notoriously cyclical category that has been underspent for years — when it turns we will benefit from even more upside. For now we will simply focus on accelerating the rate at which we are compounding.

Thank you for your interest in Wayfair and we hope you are excited to see what happens next.

Sincerely,

A handwritten signature in black ink that reads "NIRAJ" in a stylized, cursive font.

Niraj Shah

Co-Founder, Co-Chairman & CEO

A handwritten signature in black ink that reads "Steve" in a cursive font.

Steve Conine

Co-Founder & Co-Chairman

*Use of Non-GAAP Financial Measures: To supplement our consolidated financial statements presented in accordance with generally accepted accounting principles ("GAAP"), we use certain non-GAAP financial measures, including Adjusted EBITDA and Free Cash Flow. We use these non-GAAP financial measures internally in analyzing our financial results and believe they are useful to investors, as a supplement to GAAP measures, in evaluating our ongoing operational performance. Non-GAAP financial measures should not be considered replacements for, and should be read together with, the most comparable GAAP financial measures.*

*Adjusted EBITDA is a non-GAAP financial measure that is calculated as net income or loss before depreciation and amortization, equity-based compensation and related taxes, interest income or expense, net, other income or expense, net, provision or benefit for income taxes, net, non-recurring items and other items that we believe are not indicative of our core operating performance. We disclose Adjusted EBITDA because it is a key measure used by our management and board of directors to evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. In particular, management uses Adjusted EBITDA as a measure of profitability, and our references in this letter to profitability (other than references to GAAP gross profit) are references to Adjusted EBITDA. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.*

*Free Cash Flow is a non-GAAP financial measure that is calculated as net cash provided by or used in operating activities less net cash used to purchase property and equipment and site and software development costs. We disclose Free Cash Flow because it is an important indicator of our business performance as it measures the amount of cash we generate. Accordingly, we believe that Free Cash Flow provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management.*

*We calculate forward-looking non-GAAP Adjusted EBITDA based on internal forecasts that omit certain amounts that would be included in forward-looking GAAP net income or loss. We do not attempt to provide a reconciliation of forward-looking non-GAAP Adjusted EBITDA guidance to forward looking GAAP net income or loss because forecasting the timing or amount of items that have not yet occurred and are out of our control is inherently uncertain and unavailable without unreasonable efforts. Further, we believe that such reconciliations would imply a degree of precision and certainty that could be confusing to investors. Such items could have a substantial impact on GAAP measures of financial performance.*

*The non-GAAP financial measures discussed in this letter have limitations as analytical tools. We do not, nor do we suggest that investors should consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Investors should also note that the non-GAAP financial measures we use may not be the same non-GAAP financial measures and may not be calculated in the same manner as that of other companies, including other companies in our industry. For full financial data and a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measure, please refer to Wayfair's earnings release issued on February 19, 2026, available at <https://investor.wayfair.com/reporting/quarterly-results/default.aspx>.*

*Caution concerning forward-looking statements: This letter contains forward-looking statements within the meaning of federal and state securities laws. All statements other than statements of historical fact contained in this letter are forward looking statements, including statements regarding our future results of operations and financial position, plans for growth and acceleration, business and capital markets*

*strategy and plans, profitability and operational goals, and objectives of management for future operations, including developments in our technology and systems such as our use of artificial intelligence and other machine learning technologies, and the anticipated results of those developments. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “goals,” “aim,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” or “continue,” or the negative of these terms or other similar expressions. You are cautioned not to rely on these forward-looking statements, which are based on current expectations of future events. For important information about the risks and uncertainties that could cause actual results to vary materially from the assumptions, expectations, and projections expressed in any forward-looking statements, please review the “Forward-Looking Statements” section of the Wayfair earnings release issued on February 19, 2026 as well as the most recently filed Wayfair Reports on Forms 10-K and 10-Q. Wayfair does not undertake to update any forward-looking statement as a result of new information or future events or developments.*