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Wayfair, Inc. (W)

Q1 2026 Earnings Call

CORPORATE PARTICIPANTS

Ryan Barney

Head of Investor Relations, Wayfair, Inc.

Niraj S. Shah

Chief Executive Officer, Co-Chairman & Co-Founder, Wayfair, Inc.

Kate S. Gulliver

Chief Financial Officer & Chief Administrative Officer, Wayfair, Inc.

OTHER PARTICIPANTS

Christopher Horvers

Analyst, JPMorgan Securities LLC

Peter Jacob Keith

Analyst, Piper Sandler & Co.

Oliver Wintermantel

Analyst, Evercore ISI

David Bellinger

Analyst, Mizuho Securities USA LLC

Simeon Ari Gutman

Analyst, Morgan Stanley & Co. LLC

Colin Alan Sebastian

Analyst, Robert W. Baird & Co., Inc.

Brian Nagel

Analyst, Oppenheimer & Co., Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Hello, everyone. Thank you for joining us, and welcome to the Wayfair First Quarter 2026 Earnings Conference Call. After today's prepared remarks, we will host a question-and-answer session. [Operator Instructions] I will now hand the conference call over to Ryan Barney, Investor Relations. Ryan, please go ahead.

Ryan Barney

Head of Investor Relations, Wayfair, Inc.

Good morning, and thank you for joining us. Today, we will review our first quarter 2026 results. With me are Niraj Shah, Co-Founder, Chief Executive Officer, and Co-Chairman; Steve Conine, Co-Founder and Co-Chairman; and Kate Gulliver, Chief Financial Officer and Chief Administrative Officer. We will all be available for Q&A following today's prepared remarks.

I would like to remind you that our call today will consist of forward-looking statements including but not limited to those regarding our future prospects, business strategies, industry trends, and our financial performance, including guidance for the second quarter of 2026. All forward-looking statements made on today's call are based on information available to us as of today's date. We cannot guarantee that any forward-looking statements will be accurate, although we believe that we have been reasonable in our expectations and assumptions.

Our 10-K for 2025, our 10-Q for this quarter, and our subsequent SEC filings identify certain factors that could cause the company's actual results to differ materially from those projected in any forward-looking statements made today. Except as required by law, we undertake no obligation to publicly update or revise any of these statements, whether as a result of any new information, future events, or otherwise. Also, please note that during

this call, we will discuss certain non-GAAP financial measures as we review the company's performance, including contribution profit, contribution margin, adjusted EBITDA, adjusted EBITDA margin, and free cash flow. These non-GAAP financial measures should not be considered replacements for and should be read together with, GAAP results.

Please refer to the Investor Relations section of our website to obtain a copy of our earnings release and investor presentation, which contain descriptions of our non-GAAP financial measures and reconciliation of non-GAAP measures to the nearest comparable GAAP measures. This call is being recorded and the webcast will be available for replay on our IR website.

I would now like to turn the call over to Niraj.

Niraj S. Shah

Chief Executive Officer, Co-Chairman & Co-Founder, Wayfair, Inc.

Thanks, Ryan, and good morning everyone. We're pleased to discuss our first quarter results with you. Wayfair has been off to a solid start to the year despite a volatile macroeconomic backdrop. Our net revenue grew by 7% in the first quarter, driven by order growth of 3% and AOV expansion of 4%. The home furnishings category has had a choppy start to the year, with weather disruptions in the front part of the quarter leading right into a broader pullback in consumer spending driven by elevated energy and fuel prices.

Sometimes we get asked why weather would impact an online business, and the answer is pretty simple. Weather disrupts our customers' lives. And when you have no power or your children are home from school, you're simply not shopping for home goods. By our estimates, the home furnishings category was down in the low single digit range for the first quarter, suggesting that we outperformed the market by a high single digit spread. However, our share spread success has held strong. We're thrilled with the customer engagement we saw during Way Day this past weekend, and we had a terrific opening to our Atlanta store earlier in the month.

Our strong revenue performance in Q1 translated to noteworthy profitability. Our 5.2% adjusted EBITDA margin in the first quarter is the best Q1 result we've delivered in five years, and it approaches what we reported in the first quarter of 2021. Years of work to optimize our capital structure puts us in a place to take advantage of the market dislocation to repurchase more of our convertible bonds in Q1. This functions essentially as a stock repurchase. This effort reduced potential dilution by more than 4 million shares.

Our plan remains consistent, increasingly outperform the category to drive topline growth. Follow that growth through in a manner that maximizes EBITDA dollars and grows them faster than revenue, and deploy our excess cash to manage both our upcoming maturities and dilution. We're sticking closely to this plan even as the macro environment remains turbulent. We have heard many questions for investors regarding the impact of higher energy and fuel costs.

Our platform puts us in a strategically valuable position here. While we face higher costs for fulfillment, those are reflected in the end retail price via the take rate. Suppliers ultimately decide the level of cost burden they're willing to bear as they determine the wholesale price they want to charge for each item. Ultimately, we see that suppliers are focused on remaining competitive, especially in such a demand-constrained period, and so prices remain generally stable.

This is a critical feature of our model. At every price threshold, we can ensure that we're offering the best value for shoppers due to the vast selection on our platform and the intense competition among suppliers to win each

order. We're continuing to closely watch the broader economic implications and how consumers are managing their wallets as they face higher prices at the gas pump.

We understand concerns that a high ticket, long consideration discretionary category like home furnishings would be impacted in a more meaningful economic pullback; however, it's helpful to contextualize the category's current state. It has seen steady contraction starting in 2022. The category tracked down in the double digits for most of 2022, 2023 and 2024, and saw some modest improvement to low to mid-single digit contraction in 2025. By our estimates, in Q1 of 2026, the category is now down between 25% to 30% versus the peak in 2021 and clearly below the 3% long term CAGR from the 2019 pre-pandemic baseline.

This data holds whether you use Census Bureau, Credit Card Panel, or any other available data source. This is a cyclical category, which is clearly in a down cycle, and a category that has historically always returned to trend over time. While we believe we're due for a mean reversion, the timing remains hard to predict. We take confidence in knowing that whichever direction the macro turns, Wayfair will be a key share winner, because our scale gives us the ability to build a customer experience that cannot be matched.

And to be clear, our plan to accelerate growth is not dependent on the mean reversion. We're very excited by how our share gain is widening and will continue to widen in this tough environment. The years of investment we've made to continually improve our core recipe, develop a global logistics network, and replatform our technology architecture benefit every customer we serve. This work extends beyond our Wayfair.com business to benefit our professional offering, our retail stores, our luxury business Perigold, as well as what I'd like to focus on today, our international markets.

We've made great progress since we last updated you, so I'd like to spend a bit of time highlighting the exciting work we're doing internationally. If you zoom out and look at the total addressable market across the U.S., Canada, the UK, and Ireland, we're talking about a category that approaches nearly half a trillion dollars, over \$100 billion of which comes outside the U.S. While our U.S. business naturally commands a lot of attention given its scale, Canada and the UK represent large, highly attractive markets with similar demographics and a similar online penetration rate. We've taken the deliberate, long-term oriented approach of building a global infrastructure that can be leveraged to support our efforts internationally, and we think we're set to reap the benefits.

In both countries, despite macro headwinds, we're seeing clear structural share gains. Particularly in a tough market, there's an opportunity for the strongest platforms to pull ahead. We're seeing this in both the UK and Canada, driven by a combination of one, focused execution against the basics of our customer offering; two, the leverage gained through our global technology infrastructure; and three, our ability to deliver relevant local nuance in our marketing flywheel to maximize impact and loyalty.

Let me start with the core recipe, offering the best possible selection, sharp pricing, and fast, reliable delivery. This is the fundamental consumer value proposition that wins in the home category anywhere. In Canada, which is our most mature international market, we achieved our highest non-COVID market share last year with growth nicely outperforming the market.

Historically, Canadian consumers faced a subpar retail experience compared to the U.S., defined by smaller assortments, higher pricing, and the friction of cross-border shipping. Since launching our Canadian business 10 years ago, we've been focused on dismantling those barriers and delivering a best in market offering. We offer nearly all of the 40 million products we show to U.S. customers, to our customers in Canada. This means we have one of, if not the most extensive catalog in the country, because we integrate across our entire North American supply chain.

Our supply chain enables forward positioning locally in Canadian CastleGate warehouses while also fulfilling cross-border orders, seamlessly utilizing our U.S. CastleGate sites. Our global footprint and advances in supply chain optimization has allowed us to shave nearly two days off of our delivery speeds over the past year. This operational agility also enables us to pivot quickly to meet the needs of the local shopper. In response to rising interest in domestic goods, we've made it easier than ever for customers to find Canadian-made products and products that ship from Canada through curated events, site navigation, filters and targeted marketing. These local-first initiatives are resonating deeply, driving 15% increase in customer engagement among this product segment.

In the UK, the story is very much the same. Despite intense consumer headwinds and pressure in the broader market, we've seen consistent share gains. We've grown our UK catalog to over 6 million products. Having the right item at the right price is only part of the recipe. Getting it to the customer quickly and safely is where we truly differentiate. Similar to our U.S. business, we see our post order service as a key differentiator in this complex category. 60% of our large parcel orders are now delivered within two days. We've added room of choice delivery, as well as both assembly on delivery, and assembled post delivery to ensure a seamless experience from the moment of purchase all the way to enjoying it at home.

We make it easy for a customer to buy a heavy, bulky item and have it assembled in their living room, which builds the type of loyalty that gets a shopper to come back time and time again. And similar to the advantage in Canada, we offer substantially all of the 6 million items to customers in Ireland and other underserved market. This brings me to the second pillar of our international momentum, our scale advantage in technology.

We have a technology organization of more than 2,000 talented engineers, data scientists and product managers. Our technology development is done centrally, which means we don't need to build from zero for each market, a durable competitive advantage that allows us to raise the bar on the customer experience every day. Nowhere is this more evident than in our rapid deployment of generative and agentic AI. We're not just experimenting with AI, we're actively using it to widen our competitive moat.

In Canada, localization is critical, particularly for our French-speaking customers in Quebec. Historically, translating and merchandising a catalog of millions of items with the necessary nuance and interior design context was a monumental, highly manual task. Today, we're leveraging advanced AI capabilities to execute in-depth merchandising and product detail page translations for our French catalog at incredible speed and accuracy. We're also using AI to speed up the time it takes to launch new products on our site.

In the UK, we're deploying agentic AI to autonomously enrich our catalog data. We built this capability for our U.S. business that are now rolling it out across our platforms. We're operating agents that automatically enrich and correct product attribute details across tens of thousands of products. This means that when a customer searches for a very specific aesthetic or finish, the results they see are highly accurate, visually inspiring, and complete. This kind of technological leverage allows us to use resources more efficiently while simultaneously delivering a richer and more intuitive shopping experience.

And finally, let me touch on the third pillar driving our success abroad, our marketing power and our intense focus on customer loyalty. As we've scaled our brand awareness to household name status in both Canada and the UK, we're evolving our marketing mix to mirror our U.S. strategy, moving beyond traditional channels to aggressively lean into platforms like TikTok, connected TV, and streaming audio. Central to this approach is speaking to the consumer in a voice they recognize through local influencer and celebrity collaborations.

In Canada, we've scaled our creator program from zero to more than 1,000 creators in the past year, generating tens of millions of views. That manifests in visuals of homes that feel familiar with a style and aesthetic that is highly relevant to local market trends. We can speak to and resonate directly with the consumer, looking for inspiration for her home in the suburbs of London or the heart of Toronto.

Acquiring a customer is only the first step. Our goal is to earn their repeat loyalty. In the home category, a customer may only make a purchase a few times a year. Our aim is to ensure that every time they think about their home, they think of Wayfair. And that's why we're so excited about the international rollout of Wayfair Rewards.

We spoke at length about the program last quarter and continue to see terrific response from our customers. We launched this program in Canada last month, and we just launched in the UK a couple of weeks ago. We're seeing Reward shoppers come back more frequently and at a lower acquisition cost, all of which contribute to a meaningful expansion in customer lifetime value.

When you step back and look at the whole picture across Canada and the UK, you see a business that is widening its gap to the market through a combination of our value proposition with local customers and our structural advantages versus local competitors. We're leveraging the considerable investments we have made in our proprietary global logistics, our expansive technology stack, and our data-driven marketing engine, and are bringing their full weight to bear on these international markets. We have a clear playbook. We have the right team in place, and we're incredibly excited about the compounding growth and profitability that lies ahead.

And I'm excited to say that we're now entering a new phase, where we have ramping programs that allow us to focus on profitable growth, a focus on accelerating our rate of taking market share despite the tough macro and opportunity to even further increase it, when we get to a good macro, but always in a manner that optimizes for the growth of EBITDA dollars, ultimately delivering terrific value to our customers and helping our suppliers to grow their business enables us to continually expand our market share in a manner that maximizes our profit. This is the outcome we have been and are expressly focused on delivering.

This year you will hear us talk about the levers to do this. They include things that we've discussed like stores, Verified, and Rewards, but will also increasingly include new topics like improvements on the consumer technology front, AI tools for suppliers, enhancements in our consumer financing options, and new convenient delivery offerings. These all drive up customer satisfaction and loyalty to our platforms and result in market share gains and more growth in EBITDA.

Thank you, and now let me turn it over to Kate for a review of our financials.

Kate S. Gulliver

Chief Financial Officer & Chief Administrative Officer, Wayfair, Inc.

Thanks, Niraj, and good morning, everyone. Let's dive into our results for the first quarter before talking through guidance for Q2. Revenue for the first quarter grew by 7.4% year-over-year, with the U.S. up by 7.5% and our international segment up by 6%. We delivered another impressive quarter of outperformance against a challenging macro backdrop by proving day in and day out that our core recipe of fast delivery, broad availability, and sharp pricing, combined with the growth of newer initiatives like Wayfair Loyalty and Verified, stands on its own against our peers.

Let me continue to walk down the P&L. As I do, please note that the remaining financials include depreciation and amortization, but exclude equity-based compensation, related taxes, and other adjustments. I will use the same basis when discussing our outlook as well.

Gross margin for the first quarter was 30.1% of net revenue. I talked at length in February about how the componentry of gross margin will evolve over 2026. As we scale up programs like Rewards and other investments in the customer experience, we increasingly see that maximizing profit takes our reported margin slightly lower, but leads to higher profit dollars. You can see that very clearly in the topline results. We're making gross margin investments, which drive our share spread wider.

The net result here was another quarter of very healthy order growth at 3%, versus the first quarter of last year. Within that, we saw a new order of growth of nearly 7% in the quarter, our best result since 2021, and saw our active customer growth finally flip to positive year-over-year after multiple quarters of positive sequential growth. Customer service and merchant fees were 3.8% of net revenue, while advertising was 11.2%. The net of these delivered a contribution margin of 15% in the first quarter, up by 70 basis points against the year-ago period. Selling operations, technology, general, and administrative expenses came in at \$356 million for Q1, the lowest it has been since the second quarter of 2019.

We're hearing many questions around efficiency, especially in light of all the ways AI is augmenting productivity across our corporate staff. I find it's helpful to remind investors where we are and how much we've already accomplished. From our peak in 2022, we've taken SOTG&A down by nearly 40% on an annualized basis, which translates to more than \$800 million in run rate reduction, and even more when you factor in stock-based compensation and capitalized labor. This efficiency has been coded into our DNA for years; and as we drive more productivity in our workforce, we expect to further lever our fixed costs as revenue grows by billions of dollars.

In total, we generated \$151 million of adjusted EBITDA in the quarter for a 5.2% margin on net revenue, up by 130 basis points year-over-year. We ended the quarter with \$1.1 billion of cash and equivalents, and \$1.5 billion of total liquidity when including our undrawn revolver. Cash for operations was an outflow of \$52 million, and capital expenditures totaled \$54 million for the quarter. Free cash flow was a negative \$106 million in Q1, an improvement by \$33 million from Q1 of 2025, which is simply a function of our typical negative working capital cycle after a successful Q4.

On the capital structure front, we made further progress in both leverage reduction and dilution management. Our gross leverage ending Q1 was 3.8 times, down a full three turns from where we stood just a year ago. We issued a partial redemption for \$250 million of principal on our 2027 convertible notes, and repurchased roughly \$56 million of principal on our 2028 convertible bonds as well. The over \$300 million of principal reduction is the equivalent of more than 4 million potential shares of dilution, which we essentially repurchased. We wanted to continue to take further advantage of the equity dislocation, so we bought back another \$43 million of principal of the 2028s in April through a 10b5-1 repurchase plan.

Our convertible exposure is quickly dwindling away. Today, we have just over \$700 million of principal remaining on the 2027 and 2028 convertible bonds, nearly half of what the original size of those issuances were, as well as the \$39 million stub on our 2026 bonds. You've seen us be strategic about the ways we've managed these obligations. This is one more area where we are firmly in control of our own destiny and taking the right steps to maximize free cash flow per share.

Now let's turn our attention to guidance for the second quarter. Beginning with the topline, we would guide you to mid-single digits year-over-year growth for Q2. We often hear a lot of questions from investors on how we formulate our guidance, so let me give a brief explanation.

When we think about topline performance for the full quarter, we look at how the category has performed so far and how our share spread has trended. From there, we build in any specific changes to the promotional calendar or other items that would impact the comparable to get to a final figure. So, in this case, we're looking at a category that has been volatile in April so far, trending down in the mid-single-digit range.

Our share spread has been holding nicely in the high single-digit range. Promotional intensity over the remainder of the quarter is expected to look very similar to the year-ago period, so the combination of those factors gets us to a place, where we expect mid-single digits year-over-year growth from a weakening macro, even as our share spread widens.

Turning to gross margins, we would guide you to a range of 29.5% to 30.5% of net revenue. As I mentioned a moment ago, with the ramp of Wayfair Rewards and broader consumer price elasticity, we see new opportunities to make investments out of gross margin, which should lead to benefits on adjusted EBITDA dollars and margin as we scale order volume faster.

Consistent with prior quarters, our expectation for customer service and merchant fees is just below 4%. We expect advertising in a 10.5% to 11.5% range, reaching a contribution margin of roughly 15% once more. SOTG&A is expected to continue to hold in the \$360 million to \$370 million range. Working your way down the P&L, this guidance suggests a second quarter adjusted EBITDA margin in the 6% to 7% of net revenue range.

Now let me touch on a few housekeeping items. We expect equity-based compensation and related taxes of roughly \$70 million to \$90 million. Depreciation and amortization should be approximately \$63 million to \$69 million, net interest expense of approximately \$38 million, weighted average shares outstanding of approximately \$132 million and CapEx in a \$55 million to \$65 million range.

As we wrap up, I want to zero in on the two core themes we hope you've taken away from the call this morning, our success on share capture and our ability to drive durable and expanding profitability. You'll see us widen both these over the course of 2026 as we focus on raising the bar on the customer experience and earning a greater share of our shopper spending. We're not going to wait for the macro environment to normalize.

We can drive growth on the basis of our outperformance and you'll see us deliver on that over the rest of 2026 and beyond. Our model is now honed to drive substantial incremental flow through from that growth, giving us the platform to meaningfully expand owners earnings and free cash flow per share in the quarters and years ahead.

Thank you and with that, Niraj, Steve, and I will take your questions.

QUESTION AND ANSWER SECTION

Operator: We will now begin the question-and-answer session. Please limit yourself to one question and one follow-up. [Operator Instructions] Please stand by while we compile the Q&A roster.

Your first question comes from the line of Christopher Horvers with JPMorgan. Christopher, your line is now open.

Christopher Horvers

Analyst, JPMorgan Securities LLC

Q

Thanks and good morning, and thanks for taking my question. So the first question is, I want to try to diagnose what's going on in the environment. Obviously, it got volatile in the back half of March. April continues to look that way. But at the same time, you had stimulus that helped the customer and helped drive I think overall retail spending. Do you think that actually helped in your category and your results in the first quarter?

And then, as you think about the second quarter, last year you extended Way Day, I think an extra day, but you didn't do it this year. So, that seems to provide, signal some confidence in your outlook. So, just trying to unpack what's going on. Do you think stimulus helped such that maybe you're misreading what the trend in the business might be? Thank you.

Niraj S. Shah

Chief Executive Officer, Co-Chairman & Co-Founder, Wayfair, Inc.

A

Thanks, Chris, for your question. So, here's my view. Let me start with the macro environment and then I'll do some micro comments on our business. I think the overall macro environment, it's – I would think of home as being a category that's still out of favor. I would think of it as kind of bumping along the bottom. I think in terms of how it's comping, you think of maybe that category comping like low single digits or something right now. You probably saw the Wall Street Journal article.

Kate S. Gulliver

Chief Financial Officer & Chief Administrative Officer, Wayfair, Inc.

A

Negative.

Niraj S. Shah

Chief Executive Officer, Co-Chairman & Co-Founder, Wayfair, Inc.

A

Negative, low single digits. You probably saw the Wall Street Journal article the other day where it said, hey, there's been some inflation. Anything that's had some inflation has basically seen consumer spending drop and they cited furniture as an example of that. So, I don't think the category is going off a cliff, but I don't think the category is actually great.

What I do think is happening though, and on your question about stimulus, like tax rebates, there – I think those clearly have been healthy, but I also think like good spending is not fantastic. And so, I don't know with the gas prices, oil prices, the headlines, I'm not sure that tax refunds have driven a lot of spending in the category which I think is part of the Wall Street Journal sort of article that I referenced.

So, what do I think is happening? I think we're doing particularly well, right. So, I think our share spread to the market, I think it's basically a double share spread. And the why, I think it has a lot to do with the programs we're

driving. Things like stores, Verified Rewards, we have a new delivery program launching, what we're doing with the app, what we're doing with our B2B Salesforce, and I think most of those are compounding programs and almost all of them are relatively early in the impact they can have.

On the Way Day extension, I think that's just another example of us optimizing our promotional calendar. In a category that's out of favor, promotional events are a great way to get the category to be top of mind. And what we found is that you could have a longer event, or you could have more events in the quarter, and we basically have optimized how the -- we try different things, and we basically optimize it for what gets us the maximum benefit. So, I wouldn't overly read into the Way Day event being three days versus five days.

So, I think we basically set ourselves up through our own actions to actually accelerate the rate of taking share for us to grow EBITDA faster than we grow revenue. And I think we're set up pretty well to aggressively take share in what is continuing to be a down market for the category.

Christopher Horvers

Analyst, JPMorgan Securities LLC

Q

Makes sense. And as a follow-up question, if you looked at your most recent investor presentation, at least the one, excuse me, before today, the bridge to the 10% plus adjusted EBITDA was taken out of the presentation. I know you're very focused on driving EBITDA dollars and contribution margin, but just was wondering, is there a signal there that we're supposed to read into it in terms of how you now think about the long-term profitability of the company? Thanks so much.

Niraj S. Shah

Chief Executive Officer, Co-Chairman & Co-Founder, Wayfair, Inc.

A

No, we're absolutely on track to get to 10% plus EBITDA over time. So, I'm not sure exactly what you're referring to, but the way we're going to grow the business, EBITDA is going to grow faster than revenue. And the way that's going to happen, a lot of that is through very profitably growing the size of the business, because we have a lot of fixed costs in the business. That's how EBITDA percentage also grows. And the share spread is a great indicator of how we're going to do that. And that's going to continue to expand. But let me turn it over to Kate.

Kate S. Gulliver

Chief Financial Officer & Chief Administrative Officer, Wayfair, Inc.

A

Yeah, Chris, I think you're referring to the IR presentation that we updated here in February. And we just took out the bridge slide that was a few years old at this point, but we still left the 10% goal on the profitability side. And in fact, as Niraj and I have both said, I think several times, we actually believe in going north of 10% adjusted EBITDA margins. We're quite confident in the path there. And if anything, you've seen us continue to build on that last year, this year in the guide for this coming quarter, right? So, that's nicely ticking up. And as Niraj spoke to, it's a result of the combination of share capture and that really nice solid flow through.

Christopher Horvers

Analyst, JPMorgan Securities LLC

Q

Makes sense. Thank you.

Operator: Our next question comes from the line of Peter Keith with Piper Sandler. Peter, your line is now open.

Peter Jacob Keith

Analyst, Piper Sandler & Co.



Thank you very much. Good morning, everyone. Maybe sticking on the longer-term topic; Niraj, in your shareholder letter last quarter, you talked about a 20%-plus organic growth rate that you guys are targeting. I would argue stock is not reflecting that type of growth looking forward. So, perhaps you could provide some high level background and some of the bridge dynamics in order to get to that growth level.

Niraj S. Shah

Chief Executive Officer, Co-Chairman & Co-Founder, Wayfair, Inc.



Yeah. Thanks, Peter. And the team here in the room is pointing out that I sound like I just got back from a nine-day business trip, which included spending the weekend in High Point, North Carolina, which turns out to be true. But they just handed me some throat lozenges, which are hopefully helping now.

So, to answer your question about the 20%-plus organic growth rate, yeah, the reason I pointed that out in the shareholder letter is that I understand folks want to model a quarter, talk about the current quarter, model the next quarter after that, et cetera. I prefer to think about how this business is going to durably grow over the meaningful long-term, mid-term, et cetera. And the 20% growth basically is where we think that this business can get to in the not too distant future through our own actions.

And so, what are some of those actions? And I've kind of recapped a bunch of those programs before, but let me just talk through maybe a little more than I have in the recent past. So, we talked a lot in the last year about Rewards, about Wayfair Verified, and about what we're doing with brick and mortar stores. And if you think about those three, they're meant to be meaningful moats relative to other competitors, and they're meant to be compounding advantages. And what do I mean by that? Well, on average, a customer is spending \$600 a year with us right now, and that's out of a \$3,000 or \$4,000 spend, and that's in a year where they're not moving.

And can we get more share of wallet? Then can we get more new customers? Can we grow that base of customers who, instead of spending \$600, start spending \$700 or \$800 a year with us? Well, we think we can. Well, the loyalty program is meant to bend that curve. Something like stores where the majority of customers are new to file, that's a great way to get new customers.

And by the way, our Atlanta store just opened a few weeks ago. The grand opening was a couple weeks ago. It's opened stronger than Chicago opened. It's a great proof point. It's hard to draw a line with one point. We now have two. You can draw a line. Well, soon, we'll have three this summer with Columbus, Ohio. We'll have four in November with Denver. We have more than three opening next year. We're pretty excited about what we're seeing there. These are profitable ways to grow the customer base and profitable ways to grow the dollars per customer per year.

Well, those are three programs we talked a lot about. But then if you think about the consumer tech investments we're making, now we're post-replatforming what we're doing with the native apps. If you think about the brand marketing, hopefully you've seen some of our new ads. I think our new ads are some of the best ads we've run in the last decade. I think our ads have gotten a little stale. And now I think they're a lot fresher and they're meant to really help people understand what we offer and, frankly, draw in a lot of new customers.

That's part of why you also see them running in places like NBA games and NFL games and the NCAA Final Four. This is all inside an ad budget that actually, on a percentage basis, has come down pretty nicely and on a dollar basis, frankly, gotten a lot leaner. I think that's meaningful.

In our B2B business, we've made a lot of changes to how we run the sales force there. We think that's got a big runway ahead of it. We have emerging categories like home improvement, where we sell things like cabinetry and large appliances, things we're not known for, which we're seeing some nice growth in. We're in the super early days on that.

So, how do we get to 20% growth over time? It's not one of these things. It's the aggregate of these things. And I think we're in the early days of proving that we can do that. We started last year at 0% year-over-year. We ended last year at 7% year-over-year. That was a year, where the category probably comped down mid-single digits or something like that. And so, we did that against the headwind that basically remained. This year, the headwind is probably a little less, but there's still a headwind. I don't know what the headwind is right now, but let's call it low single digit negative. But we're going to see that our rate of growth is going to accelerate as we go through time.

Peter Jacob Keith

Analyst, Piper Sandler & Co.

Q

Okay. That's helpful. It does sound like the throat lozenge is working, but I will pivot the next question to Kate.

Niraj S. Shah

Chief Executive Officer, Co-Chairman & Co-Founder, Wayfair, Inc.

A

They're fantastic. This is a cherry one. I would have picked a lemon if I had a lot of choices, but here we are.

Peter Jacob Keith

Analyst, Piper Sandler & Co.

Q

So, Kate, just to parse out the guidance for mid-single digit revenue growth in Q2, it does sound like the industry has stepped down and gotten a little bit worse in April, as you said, negative mid-single. But the Q2 guide is similar to the Q1 guide. So, walk us through the logic on getting that mid-single digit number when the industry is weakening. Do you think your share gains are accelerating? And I do believe that compares get a little bit tougher as the quarter progresses.

Kate S. Gulliver

Chief Financial Officer & Chief Administrative Officer, Wayfair, Inc.

A

Yeah. I mean, I actually think you hit on it in the way you framed the question and it aligns with Niraj's answer that he just gave, which is we do believe the share gains are accelerating. And so, we're quite confident in that guide, even with ongoing compression in the category.

And I think it speaks to all of these pieces that we're working on really building and combining together, so, Rewards, Verified, physical retail, improvements in the site experience, improvements in marketing. And that gives us that conviction around that widening share spread.

Peter Jacob Keith

Analyst, Piper Sandler & Co.

Q

Okay. Very helpful. Thanks so much.

Operator: Our next question comes from the line of Oli Wintermantel from Evercore. Oli, your line is now open.

Oliver Wintermantel

Analyst, Evercore ISI



Thanks very much. Good morning. So, Niraj, maybe you can help us walk through that EBITDA bridge over time a little bit, because at the last analyst day, we heard that gross margins should be a help to get to that 10% EBITDA margin.

And now it looks like gross margins for a period of time is going the other way. So, maybe you could talk a little bit about that. And then on the gross margin itself, maybe frame it how you think transportation costs, gas prices are headwind there, and how you think contribution margins are going to develop over the year.

Thank you very much.

Niraj S. Shah

Chief Executive Officer, Co-Chairman & Co-Founder, Wayfair, Inc.



Yeah. Thanks for the question. So, let me say a few thoughts, and I'm going to turn it over to Kate.

So, a few thoughts I want to share. So, we gave that bridge in the summer of 2023. And so we're kind of caught roughly three years later, and a few meaningful things have changed since then. Just to rattle off a couple, like one is we launched our loyalty program. Our loyalty program is a great program to grow revenue faster and grow EBITDA faster. It doesn't lower the gross margin percentage, for example, but it does lower the ad cost percentage. We started launching brick-and-mortar stores. Brick-and-mortar stores actually, where the costs get accounted for brick-and-mortar stores, go in different lines. So, a lot of the store staff goes into SACA, for example.

So, I would say, at some point, we need to update the bridge for you all with the updates we have now. But the long-term numbers we can get to haven't changed. The order of operations, I would say, of what we get to when could have changed. And so, I think it's important not to worry about the intermediate lines, but actually to focus on the topline and the bottom line, because those are really what matter. All the changes we've made are meant to basically facilitate the topline getting better and the bottom line getting better, which I think would be the two numbers everyone would care about the most.

But basically, in the long term, nothing has changed. And on gross margin, what do I mean by that? Like how can we get gross margin up with rewards perhaps being a drag on it, and we want to get more members and rewards, so maybe that would be more of a drag? Well, the answer is that as you scale the business, there's a lot of benefit to gross margin percentage as individual items get a lot more volume, the economics on individual items get better, and then the fixed cost of logistics is another item that gets a lot of leverage.

Because a lot of logistics is variable, but there's actually, we operate 20 million square feet of logistics space across roughly 70 buildings, and there's a fixed cost nature to how that works. So, there's a lot of puts and takes, but the trajectory of where we're going hasn't changed at all. But let me turn it over to Kate.

Kate S. Gulliver

Chief Financial Officer & Chief Administrative Officer, Wayfair, Inc.



Yeah, I'll add a little bit more color there, and then I'm happy to answer your second question about energy prices. So, I think on the sort of componentry to get from where we are today to the 10%, as Niraj mentioned, things in the business evolve, and that can move around a bit, but the conviction around getting to the north of 10%

obviously is still there. On the gross margin piece in particular, on that slide, we talked about three things that were going to drive gross margin.

The supplier ad, so the retail media piece, leverage in the business from CastleGate, and then the merch margin mix. And all of those things still exist. So, I think it's really important to understand that none of those pieces are actually operating any differently than we expected. We're seeing really nice gains in CastleGate. I think if you've been at Highpoint, you would hear that from folks. We're seeing really nice gains in the retail media business, but as we constantly evaluate where are the right place is to invest in the customer and the customer experience, where do we see things on sort of the optimal curve there, that may make sense for us to invest in that customer experience, like in the form of rewards, and actually then see the results of expanding gross profit dollars.

So, we actually -- you follow that guide down, we're talking about over a billion of gross profit dollars in the second quarter. That's where you see that expansion. So, things may move around, but the levers are all still there, and I think that's really important to understand.

We also, in that bridge, showed a little bit of leverage that we might get on SOTG&A, but throughout this year, or last year, we continued to show significant improvement in SOTG&A. In fact, we're back to 2019 levels on SOTG&A with \$3 billion more in revenue on the topline. So you're seeing efficiency pick up every stage of the game here.

And then the other piece that I just want to point out is on that bridge, we sort of show the path to 10%, but we said we believe that we can get to well north of 10%. And so, 10% is obviously a stop on the way, but we think we can continue to exceed that.

On your question around energy prices weighing on GM, I think you mean in the form of transportation, obviously, the way that our model works is, we have the wholesale cost. We add -- from our suppliers, we add on top of that the cost to deliver incidence and damage, and then our take rate. And so, effectively, we can maintain that growth margin even with fluctuations in the energy prices.

Oliver Wintermantel

Analyst, Evercore ISI



Thank you very much.

Operator: Our next question comes from the line of David Bellinger with Mizuho Securities. David, your line is now open.

David Bellinger

Analyst, Mizuho Securities USA LLC



Hey, guys. Good morning. Thanks for the question. I just want to follow up on an earlier one where you're talking about the higher energy prices, some of the macro issues. Can you talk about the cadence or sales growth through Q1? Are you seeing any of this actually show up in your business day to day to date?

And is there also any evidence that the category may be shifting even further online during these times of higher gas prices and maybe just store visits are starting to dwindle a bit more? Is there any evidence of that digital shift starting to take shape even further?

Niraj S. Shah

Chief Executive Officer, Co-Chairman & Co-Founder, Wayfair, Inc.

A

David, thanks for your question. You know, the energy prices, I would say, I don't think energy prices have had a direct impact. I don't think it's affected like sales moving online or anything like that. I would say that, obviously, in a world where customers have noticed prices going up, it doesn't help optically that they see the gas prices having jumped up 20% year-over-year or all the headlines are basically about how inflation is stubborn or there's new spikes to it. And so I think, why is the category still copping negative low single digits after being down for three years in a row? And why is it down fourth year in a row? I think that's mainly that people are not moving categories out of favor, but none of these headlines help matters. But I think the category is just bumping along. I don't think these are having any particular effects, but I don't know, .Kate, do you have any?

Kate S. Gulliver

Chief Financial Officer & Chief Administrative Officer, Wayfair, Inc.

A

Yeah, I mean, I think we've long talked about the impact of consumer sentiment on the category. And so, certainly that creates incremental challenge for us. But we go back to what can we can control right now, and we think we can continue to control the pace of our share gain. And so, we're focused on expanding those share gains, even while the category may be compressed.

David Bellinger

Analyst, Mizuho Securities USA LLC

Q

Got it. And then I'd just like to follow up on the consumer facing agentic AI. I know this is a very early stage. You're doing a lot with Google Gemini and their UCP. Any additional data points you can share around the traffic that's being driven to your digital properties? I mean just any data points around how referrals are looking and what this could mean over the next 6 to 12 months and adding to this share capture?

Niraj S. Shah

Chief Executive Officer, Co-Chairman & Co-Founder, Wayfair, Inc.

A

So, let me give you the answer. There's kind of two sides to it. So, one is the same way as the media landscape evolved, we were an early partner with Meta, an early partner with Google, an early partner with Pinterest, helped develop ad units with all of them, still do that, and all the alphas and betas with those guys. And so, we want to be everywhere. We want to be there early and we want to help shape the direction. That's the way we think about agentic commerce.

So, early partner with Perplexity, early partner with OpenAI, early partner with Google and what they're doing with Gemini, so on and so forth. Whether that be on shopping, the shopping protocols like UCP, whether that be with new advertising formats that different ones of them are trying, a number of them have publicly cited us. We're effectively partnering with them all and we're early in partnering with them all.

At the same time as I say that, the traffic levels we're talking about today are de minimis. They're very small. A lot of people talk about the growth rate of that traffic with high percentage, but that is a little bit misleading, because you have to put a high percentage on a very low number. So, where could that be over time? It could be meaningfully higher, but I tend to think that, frankly, a lot of what's going to happen in agentic commerce will really impact three categories of goods. One is going to be replenishment type items where agents can just execute replenishment for you, whether that's paper towels or dish soap or whatever, you know what you want, it knows what you want, cheapest way to get it by whenever you want it.

Second will be like commodity items. You want a few more iPhone cables, like give me some high quality ones inexpensively and get it for you. And the third will be technical items. You want a 55-inch TV. Hey, what's the best premium 55-inch TV out there right now? What's the best budget 55-inch TV out there? And it can figure out the right one for you. And they all look the same. You probably don't care what logo is on it. You care about getting the best value, best quality one, et cetera.

Categories like fashion, beauty, home, I think there's a lot that a consumer learns through the process of shopping. There's a lot of emotion there and consumers actually don't want to own the same items as each other. So, to be honest, I think the role that these platforms will play will be different than I think way a lot of it's talked about today, which hits those three use cases, but we're going to be there early. We're going to help shape the direction and that's the same role we've kind of played with tech platforms historically.

Kate S. Gulliver

Chief Financial Officer & Chief Administrative Officer, Wayfair, Inc.

A

And I think we shared a bit on previous calls and some of our prior – other remarks and even on the call today about how we're using AI to actually improve the customer experience. So there's, what you were asking about, which is sort of offsite shopping, but there's also how do we – we are 1P from the perspective of the data that we have and to the consumer and how do we leverage that to actually make a much better experience?

So, we talked about AI stylists at Shoptalk. We talked about on the call today how we use AI to improve the merchandising of products. On the two calls ago, we had Fiona Tan, our CTO, on the call talking about how we're using in some of the personalization trends on site. And so, what we get really excited about is we have this rich data set. We have engineers that have been using various forms of machine learning for years. How do they use AI to really accelerate how the consumer discovers and engages with the site?

David Bellinger

Analyst, Mizuho Securities USA LLC

Q

Great. Thank you, both.

Operator: Your next question comes from the line of Simeon Gutman with Morgan Stanley. Simeon, your line is now open.

Simeon Ari Gutman

Analyst, Morgan Stanley & Co. LLC

Q

Good morning. My first question, two parts on the financial model. So first, the gross margin, I guess, pullback; is that entirely due to the loyalty program investments? Are there any other puts and takes to it? And then, should we be less focused on an incremental margin, more focused on an EBITDA dollar growth for the near term? And then, I'll have a follow-up on agentic. Thanks.

Niraj S. Shah

Chief Executive Officer, Co-Chairman & Co-Founder, Wayfair, Inc.

A

I'll just say one thing and turn it over to Kate. But what I would say, I actually think if you net up the loyalty program, gross margin actually would be neutral to up, not down, but let me turn it over to Kate.

Kate S. Gulliver

Chief Financial Officer & Chief Administrative Officer, Wayfair, Inc.

A

Yeah. I mean, I think the way we've talked about the gross margin investment is there are a few pieces to that. Certainly, the loyalty program weighs on gross margin, although gives you improvements elsewhere, right? And we've talked nicely about the incrementality that we get in the customers from the loyalty program. We've also mentioned there are other ways that we think about investing in the customer experience, whether that be in the form of price on certain segments of the catalog or category in the form of delivery speed.

So, I would think about sort of multiple things that we look at on that gross margin line and we say, hey, these investments make sense because they're going to drive greater gross profit dollars over time. And so, therefore, it is the right thing to make those investments.

You also asked about EBITDA incrementals and dollar growth rate. I think you've heard us say a few times that EBITDA dollars and margin, right? So, EBITDA margin will continue to grow quite nicely and that EBITDA dollars should accelerate at a pace that's faster than topline growth. So, you're still seeing really nice EBITDA dollar growth.

The one thing I want to point out is, as you may be looking at in the 2025 incrementals relative to 2024, you did have some sort of astounding incrementals that year, where we were comping over some unusual periods in 2024. And so, as we spoke about at that time, those were a little bit unusual given the comps, but I think what you're seeing now is really steady profitability improvement.

Simeon Ari Gutman

Analyst, Morgan Stanley & Co. LLC

Q

Got it. Okay. And there is a follow-up on this agentic idea. Is there a scenario in which some of the vendors, whether it's even importers, wholesalers, have a way to get to the customer without using platform? I'm sure that always exists, but do you think agentic is an enabler and then it could decrease the value of a marketplace or your platform? And I'm wondering if that is tied into some of the loyalty you're working on now and then the share capture that you're focused on, or if those are just two separate thoughts.

Niraj S. Shah

Chief Executive Officer, Co-Chairman & Co-Founder, Wayfair, Inc.

A

The main reason to drive the loyalty is basically two things. One, obviously, you want to grow the dollars per customer per year, and the second is you want to do that and basically not be paying the advertising costs of having to reach that customer repeatedly, and you'd rather give the value to the customer which is effectively if you think about the benefits of rewards, that's what effectively rewards does. It gives value directly to the customer and it incents them to just come direct to us, right? So, that's the trade there.

In terms of suppliers wanting to go direct to customers, there's basically a few big problems with that notion. They're obviously welcome to do that, but the problem they find is that it's expensive to reach the customers. They have a relatively narrow catalog in the context of how customers want to shop the category overall once they're making a purchase decision, but the biggest issues have to do with customer service and logistics. To actually deliver these items economically in a manner that avoids damage and basically successful, it's quite difficult to do that. And so, this is why suppliers effectively in this industry don't go direct.

In fashion, for example, you see them go direct, and the reason is that an article of clothing you can actually ship very easily and you can take a return very easily, because you just think about putting an article of clothing in a poly bag and the logistics, the service on it, and the return processing on it's actually fairly trivial on a relative basis. And so, that's a big hurdle for these folks. So, I don't think anything around agentic would change how the supply chain would operate.

Simeon Ari Gutman

Analyst, Morgan Stanley & Co. LLC

Thank you.



Operator: Our next question comes from the line of Colin Sebastian with Baird. Colin, your line is now open.

Colin Alan Sebastian

Analyst, Robert W. Baird & Co., Inc.

Thanks, and good morning as well. Yeah. Really good to see the ongoing share gains here, and that's not with a shortage of competition, obviously. I guess, within that context, I know there's been some chatter about some of the more value-oriented marketplaces trying to move up markets.



So, I wonder if you're seeing that, and I guess related to that, given what, Niraj, you've sort of articulated on agentic commerce, if being more focused in the middle and higher ends of the consumer market, how is agentic benefiting you in terms of those integrations with agents that may be more price-oriented than traditional means that people in your focus category -- focused on the market, might be shopping, if that makes sense? Thank you.

Niraj S. Shah

Chief Executive Officer, Co-Chairman & Co-Founder, Wayfair, Inc.

Yeah, let me take a shot, but I'm not 100% sure I understand your question, but let me answer what I think you're pointing. So, I think you're saying at the commodity end of the market, at the opening price point end, where you could shop on a Walmart, on an Amazon, on Wayfair, and you can get that inexpensive commodity item, that \$29 barstool from anybody. How does agentic change that, because it's a price-driven commodity purchase? And I would say that that's a great example of the closest our category gets. When I mentioned agentic, I said there's replenishment, there's commodity, there's technical, as the three classes of goods I think are most likely to be impacted by agentic.



I think what you're saying is like there's a portion of the category that's commodity. And that's true. What I would point out is that commodity end is not where we really do much volume. And that commodity end is, in fact, where you can go to Target, you go to Walmart, you go to Amazon, you go to us, you can go to Temu, you go to TikTok, you go wherever. But it kind of -- there's really no margin in that volume. And that volume is not where the differentiation occurs.

And that's why we, as a category specialist, do particularly well, is that we actually become very strong as you come up off of that, as you shop all the way through the middle. And then if you think about especially retail brands up through the upper middle, and then if you think about Perigold and luxury all the way up through the top. And so, I think that's part of the point that I would make about how agentic doesn't impact us in the same way that I think it impacts some others. Because the tranche of our market that would be impacted is not really -- that is not the tranche that we're particularly strong in. But is that what you were asking about?

Operator: Just a reminder to unmute yourself locally.

Colin Alan Sebastian

Analyst, Robert W. Baird & Co., Inc.



Yeah, just in terms of the benefits to you that you see from integrating with agentic commerce, if the agents sort of facilitate more of that price orientation, and then also if you're seeing some of the more value-oriented marketplaces move up market. Thank you.

Niraj S. Shah

Chief Executive Officer, Co-Chairman & Co-Founder, Wayfair, Inc.

A

Yeah, so okay, so two thoughts on that. I think it's hard for folks to move up market or down market, if that's not what they're known for, not what they specialize in, if that's not where their supplier base is, and that's not the type of goods that they know how to merchandise and sell. So, I don't know that agentic enables that movement in the same way you're thinking.

Kate S. Gulliver

Chief Financial Officer & Chief Administrative Officer, Wayfair, Inc.

A

Yeah, maybe you're going to that agentic could enable more price discovery. We've long operated in a world of price discovery, and I think that's where parts of our catalogs that are more differentiated, the way that our delivery and service experience, we've spoken on this call quite a bit about actually the complexity of the category, differentiates our ability to service the customer in that way.

Niraj S. Shah

Chief Executive Officer, Co-Chairman & Co-Founder, Wayfair, Inc.

A

And I guess one last comment on that as well, because I rattled off a bunch of reasons why our share spread and our growth rate can keep climbing, and when I answered Peter's question about how we get to 20% plus, it's one of the things I rattled off, but I talked about Verified. If we just zoom in on Wayfair Verified for a moment, Wayfair Verified is where we actually do an editorial review, kind of like the old, for those of you old enough to remember, consumer report style, kind of review of an item that gets it like what the item really is to set expectations so that customers can make good choices are very happy. We do that on a selection of goods. Those goods are increasingly exclusive to Wayfair. And so, that's the other thing to think about as we scale.

Exclusive items give us differentiation because to your point about price competition, when you have an item that's exclusive and you have the merchandising and the information to support why it's a great item, someone might be able to find something that looks like it, but you have no certainties around quality or knowledge of what the item will be. And I think everyone on this call has probably had an experience where you order something and what you get is not what you thought you were getting. And I think that's a big concern for customers. It's yet another way that we can build a moat around what we provide.

David Bellinger

Analyst, Mizuho Securities USA LLC

Q

Thank you.

Operator: Our last question comes from the line of Brian Nagel with Oppenheimer. Brian, your line is now open.

Brian Nagel

Analyst, Oppenheimer & Co., Inc.

Q

Good morning, and thanks for taking my questions. So, I've got two. The first question, and again, at the risk of being a little repetitive here, I guess this is more for Kate. With regard to what we're seeing in gross margins, the question I want to ask is, if I'm hearing you correctly, the impact here is largely a function of the loyalty program.

But then obviously, as you discussed extensively, there's positive offsets elsewhere. So, I want to ask, how big is loyalty now?

Presumably, as loyalty continues to grow, does that suggest there's going to be an increasingly large impact upon the gross margin rate, or there's some type of offsets there? And then I have a follow-up question.

Kate S. Gulliver

Chief Financial Officer & Chief Administrative Officer, Wayfair, Inc.

A

Yes. So, yes, certainly a component of the gross margin is the loyalty program. We said on the last call that we ended 2025 at a little over a million members. And we obviously can -- intend to continue to grow the program in 2026. That's contemplated, of course, in the guide that we gave for the second quarter and the way that we've talked about gross margin throughout the year. I would focus you back to sort of how do we think about EBITDA dollars and EBITDA margin growth and the celebrating EBITDA dollars throughout 2026.

And what we said there is that even as we make investments in some places, there will be offsets throughout the P&L such that EBITDA dollar growth accelerates faster than revenue growth. And you've seen that this quarter. You will continue to see that. And I think that that's an important piece to keep in mind. So that can come in the form of certainly ACNR, but also in the form of how we think about leverage on the SOTG&A line and the efficiency there.

Brian Nagel

Analyst, Oppenheimer & Co., Inc.

Q

Okay. That's helpful. Okay. Then my follow-up question, a different topic, but you continue to make very nice progress here with regard to your balance sheet. So, I guess is you're sort of say improving the balance sheet. I mean, how do you think about how to manage dilution, your leverage ratios, and then any type of capital return to shareholders?

Kate S. Gulliver

Chief Financial Officer & Chief Administrative Officer, Wayfair, Inc.

A

Yeah. Thanks for the question. Obviously, in Q1, we continued to make nice progress on there. We essentially bought back roughly \$300 million of face value of the 2027s and 2028s. That's roughly the equivalent of managing 4 million shares of dilution, right? So you're seeing us make progress on this potential dilution that we had overhang of the 2027s and 2028s as we continue to buy that back.

And I think that speaks to how we're trying to manage ultimately to this free cash flow per share continuing to grow. And part of that piece is obviously on growing the numerator, but part of that is on how do we continue to take that denominator and make that as efficient as possible. And you're seeing that in the way that we're managing the 2027s and 2028s. You've also seen us manage that in the way that we've managed net withholding on the sort of employee share pieces. And so, nice progress there.

As we look going forward, what we said is we want to remain opportunistic about how we continue to grow or how we continue to manage these -- how we continue to manage these pieces on the 2027s and 2028s, how we continue to do that in a way that sort of manages for the dilution. And then eventually, you get to a place where you're sort of talking about outright repurchasing of shares. And I think that's been a goal of ours and a place that we're excited to keep making progress to get to that point.

Brian Nagel

Analyst, Oppenheimer & Co., Inc.

That's very helpful. Thanks again.



Operator: We have now reached the end of the Q&A session. I will now turn the call back to the Wayfair team for closing remarks.

Niraj S. Shah

Chief Executive Officer, Co-Chairman & Co-Founder, Wayfair, Inc.

You know, I'll just leave you with a -- first, thank you all for your interest in Wayfair. I'll just leave you with two thoughts. You can decide which one's more important. One is we're definitely very focused on how we can profitably grow the business, and that's really about accelerating the rate at which we grow the revenue, which will include spreading the share growth over the market in an increasing way. You'll see that manifest in a growth in EBITDA dollars and margins. And the second thought I'll leave you with is that it turns out throat lozenges work really well.

So, thank you all for your interest in Wayfair.

Kate S. Gulliver

Chief Financial Officer & Chief Administrative Officer, Wayfair, Inc.

Thanks very much.

Niraj S. Shah

Chief Executive Officer, Co-Chairman & Co-Founder, Wayfair, Inc.

Talk to you next quarter.

Operator: This concludes today's call. Thank you for attending. You may now disconnect.

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