

Wayfair Announces Second Quarter 2021 Results

*Q2 Net Revenue of \$3.9 billion
31.1 million Active Customers, up 20% Year over Year*

BOSTON, MA — August 5, 2021 — Wayfair Inc. (NYSE: W), one of the world’s largest online destinations for the home, today reported financial results for its second quarter ended June 30, 2021.

Second Quarter 2021 Financial Highlights

- Total net revenue of \$3.9 billion decreased \$0.4 billion, down 10.4% year over year
- U.S. net revenue of \$3.1 billion decreased \$0.6 billion, down 15.2% year over year
- International net revenue of \$0.8 billion increased \$0.1 billion, up 16.3% year over year. International Net Revenue Constant Currency Growth was 3.2%
- Gross profit was \$1.1 billion or 29.2% of total net revenue
- Net income was \$130.4 million and Non-GAAP Adjusted EBITDA was \$310.8 million
- Diluted earnings per share was \$1.14
- Non-GAAP Adjusted Diluted Earnings per Share was \$1.89
- Net cash from operating activities was \$275.4 million and Non-GAAP Free Cash Flow was \$206.9 million
- Cash, cash equivalents and short-term investments totaled \$2.6 billion

“Wayfair delivered \$3.9 billion in net revenue in Q2 — well above pre-pandemic run-rates, even as we began to lap the early heights of COVID-related lockdowns in 2020. While the current macro environment is dynamic, the home remains a high priority for our customers and longer term tailwinds to online category growth are firmly in place,” said Niraj Shah, CEO, co-founder and co-chairman, Wayfair. “Meaningful adjusted EBITDA and free cash flow in Q2 also reflect strong returns from many years of thoughtful investments behind each facet of our platform model. Even as we navigate any near-term volatility, we remain most focused on the long-term and further reinforcing Wayfair's position as the category leader for home with both customers and suppliers alike.”

Other Second Quarter Highlights

- The number of active customers reached 31.1 million as of June 30, 2021, an increase of 19.6% year over year
- LTM net revenue per active customer was \$478 as of June 30, 2021, an increase of 8.6% year over year
- Orders per customer, measured as LTM orders divided by active customers, was 1.96 for the second quarter of 2021, compared to 1.89 for the second quarter of 2020
- Repeat customers placed 75.6% of total orders in the second quarter of 2021, compared to 67.4% in the second quarter of 2020
- Repeat customers placed 10.5 million orders in the second quarter of 2021, a decrease of 17.6% year over year
- Orders delivered in the second quarter of 2021 were 13.9 million, a decrease of 26.5% year over year
- Average order value was \$278 for the second quarter of 2021, compared to \$227 for the second quarter of 2020
- In the second quarter of 2021, 59.4% of total orders delivered were placed via a mobile device, compared to 60.6% in the second quarter of 2020

Key Financial and Operating Metrics

| | <u>Three months ended June 30,</u> | | <u>Six months ended June 30,</u> | |
|---|---|--------------|----------------------------------|--------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| | (in thousands, except LTM Net Revenue per Active Customer, Average Order Value and per share data) | | | |
| Key Financial Statement Metrics: | | | | |
| Net revenue | \$ 3,857,626 | \$ 4,304,672 | \$ 7,335,144 | \$ 6,634,735 |
| Gross profit | \$ 1,128,060 | \$ 1,321,030 | \$ 2,131,087 | \$ 1,900,153 |
| Income from operations | \$ 145,207 | \$ 299,998 | \$ 171,549 | \$ 37,930 |
| Net income (loss) | \$ 130,428 | \$ 273,877 | \$ 148,662 | \$ (11,988) |
| Earnings (loss) per share: | | | | |
| Basic | \$ 1.26 | \$ 2.89 | \$ 1.44 | \$ (0.13) |
| Diluted | \$ 1.14 | \$ 2.54 | \$ 1.33 | \$ (0.13) |
| Net cash from operating activities | \$ 275,439 | \$ 1,135,251 | \$ 452,035 | \$ 878,961 |
| Key Operating Metrics: | | | | |
| Active customers | 31,067 | 25,979 | 31,067 | 25,979 |
| LTM net revenue per active customer | \$ 478 | \$ 440 | \$ 478 | \$ 440 |
| Orders delivered | 13,885 | 18,892 | 28,581 | 28,768 |
| Average order value | \$ 278 | \$ 227 | \$ 257 | \$ 230 |
| Non-GAAP Financial Measures: | | | | |
| Adjusted EBITDA | \$ 310,840 | \$ 439,813 | \$ 516,607 | \$ 312,536 |
| Free Cash Flow | \$ 206,937 | \$ 1,053,602 | \$ 318,127 | \$ 698,979 |
| Adjusted Diluted Earnings per Share | \$ 1.89 | \$ 3.13 | \$ 2.89 | \$ 1.33 |

Webcast and Conference Call

Wayfair will host a conference call and webcast to discuss its second quarter 2021 financial results today at 8 a.m. (ET). Investors and participants should register for the call in advance by visiting <https://bit.ly/39M9PMA> and entering the conference ID number 2282245. After registering, instructions will be shared on how to join the call. The call will also be available via live webcast at <https://bit.ly/2TkLGYF> and supporting slides will be available at investor.wayfair.com. An archive of the webcast conference call will be available shortly after the call ends at investor.wayfair.com.

About Wayfair

Wayfair is the destination for all things home: helping everyone, anywhere create their feeling of home. From expert customer service, to the development of tools that make the shopping process easier, to carrying one of the widest and deepest selections of items for every space, style, and budget, Wayfair gives everyone the power to create spaces that are just right for them.

The Wayfair family of sites includes:

- **Wayfair** - Everything home for every budget.
- **Joss & Main** - Stylish designs to discover daily.
- **AllModern** - The best of modern, priced for real life.
- **Birch Lane** - Classic home. Comfortable cost.
- **Perigold** - The widest-ever selection of luxury home furnishings.

Wayfair generated \$14.8 billion in net revenue for the twelve months ended June 30, 2021. Headquartered in Boston, Massachusetts with operations throughout North America and Europe, Wayfair employs approximately 16,000 people.

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Forward-Looking Statements

This press release contains forward-looking statements within the meaning of federal and state securities laws. All statements other than statements of historical fact contained in this press release, including statements regarding our investment plans and anticipated returns on those investments, our future customer growth, our future results of operations and financial position, available liquidity and access to financing sources, our business strategy, plans and objectives of management for future operations, consumer activity and behaviors, e-commerce adoption trends, developments in our technology and systems, increased shipping costs, our future real estate plans, and anticipated results of those developments and the impact of the novel coronavirus (COVID-19) pandemic and our response to it, are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions.

Forward-looking statements are based on current expectations of future events. We cannot guarantee that any forward-looking statement will be accurate, although we believe that we have been reasonable in our expectations and assumptions. Investors should realize that if underlying assumptions prove inaccurate or that known or unknown risks or uncertainties materialize, actual results could vary materially from our expectations and projections. Investors are therefore cautioned not to place undue reliance on any forward-looking statements. These forward-looking statements speak only as of the date of this press release and, except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events or otherwise.

A list and description of risks, uncertainties and other factors that could cause or contribute to differences in our results can be found in our filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K and subsequent filings. We qualify all of our forward-looking statements by these cautionary statements.

WAYFAIR INC.
CONSOLIDATED AND CONDENSED BALANCE SHEETS
(Unaudited)

| | June 30, 2021 | December 31, 2020 |
|--|---|----------------------|
| | (in thousands, except share and per share data) | |
| Assets: | | |
| Current assets | | |
| Cash and cash equivalents | \$ 2,078,451 | \$ 2,129,440 |
| Short-term investments | 523,390 | 461,698 |
| Accounts receivable, net | 129,410 | 110,299 |
| Inventories | 59,914 | 52,152 |
| Prepaid expenses and other current assets | 342,695 | 292,213 |
| Total current assets | 3,133,860 | 3,045,802 |
| Operating lease right-of-use assets | 842,670 | 808,375 |
| Property and equipment, net | 663,987 | 684,306 |
| Other non-current assets | 40,707 | 31,446 |
| Total assets | <u>\$ 4,681,224</u> | <u>\$ 4,569,929</u> |
| Liabilities and Stockholders' Deficit: | | |
| Current liabilities | | |
| Accounts payable | \$ 1,262,395 | \$ 1,156,624 |
| Other current liabilities | 963,235 | 1,008,970 |
| Total current liabilities | 2,225,630 | 2,165,594 |
| Long-term debt | 3,047,983 | 2,659,243 |
| Operating lease liabilities | 899,431 | 869,958 |
| Other non-current liabilities | 50,058 | 67,031 |
| Total liabilities | 6,223,102 | 5,761,826 |
| Stockholders' deficit: | | |
| Convertible preferred stock, \$0.001 par value per share: 10,000,000 shares authorized and none issued at June 30, 2021 and December 31, 2020 | — | — |
| Class A common stock, par value \$0.001 per share: 500,000,000 shares authorized, 77,013,108 and 72,980,490 shares issued and outstanding at June 30, 2021 and December 31, 2020 | 77 | 73 |
| Class B common stock, par value \$0.001 per share: 164,000,000 shares authorized, 26,563,837 and 26,564,234 shares issued and outstanding at June 30, 2021 and December 31, 2020 | 27 | 27 |
| Additional paid-in capital | 131,706 | 698,482 |
| Accumulated deficit | (1,669,009) | (1,885,950) |
| Accumulated other comprehensive loss | (4,679) | (4,529) |
| Total stockholders' deficit | (1,541,878) | (1,191,897) |
| Total liabilities and stockholders' deficit | <u>\$ 4,681,224</u> | <u>\$ 4,569,929</u> |

Note: Wayfair adopted a new accounting standards update for debt effective January 1, 2021. The adoption of this standards update had no effect on prior periods.

WAYFAIR INC.
CONSOLIDATED AND CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|--|-----------------------------|--------------|---------------------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| (in thousands, except per share data) | | | | |
| Net revenue | \$ 3,857,626 | \$ 4,304,672 | \$ 7,335,144 | \$ 6,634,735 |
| Cost of goods sold (1) | 2,729,566 | 2,983,642 | 5,204,057 | 4,734,582 |
| Gross profit | 1,128,060 | 1,321,030 | 2,131,087 | 1,900,153 |
| Operating expenses: | | | | |
| Customer service and merchant fees (1) | 144,630 | 143,773 | 291,871 | 233,236 |
| Advertising | 351,775 | 417,777 | 717,638 | 693,537 |
| Selling, operations, technology, general and administrative (1) | 486,448 | 459,482 | 937,817 | 935,450 |
| Customer service center impairment and other charges | — | — | 12,212 | — |
| Total operating expenses | 982,853 | 1,021,032 | 1,959,538 | 1,862,223 |
| Income from operations | 145,207 | 299,998 | 171,549 | 37,930 |
| Interest expense, net | (8,402) | (28,939) | (15,214) | (51,157) |
| Other (expense) income, net | (2,248) | 3,110 | (5,546) | 2,864 |
| Income (loss) before income taxes | 134,557 | 274,169 | 150,789 | (10,363) |
| Provision for income taxes, net | 4,129 | 292 | 2,127 | 1,625 |
| Net income (loss) | \$ 130,428 | \$ 273,877 | \$ 148,662 | \$ (11,988) |
| Earnings (loss) per share: | | | | |
| Basic | \$ 1.26 | \$ 2.89 | \$ 1.44 | \$ (0.13) |
| Diluted (2) | \$ 1.14 | \$ 2.54 | \$ 1.33 | \$ (0.13) |
| Weighted-average number of shares of common stock outstanding used in computing per share amounts: | | | | |
| Basic | 103,829 | 94,834 | 103,337 | 94,461 |
| Diluted | 122,092 | 119,932 | 118,640 | 94,461 |

(1) Includes equity-based compensation and related taxes as follows:

| | | | | |
|---|-----------|-----------|------------|------------|
| Cost of goods sold | \$ 3,086 | \$ 2,353 | \$ 6,091 | \$ 4,081 |
| Customer service and merchant fees | 6,201 | 4,313 | 12,095 | 6,432 |
| Selling, operations, technology, general and administrative | 78,421 | 64,035 | 156,423 | 124,180 |
| | \$ 87,708 | \$ 70,701 | \$ 174,609 | \$ 134,693 |

(2) Wayfair adopted a new accounting standards update for debt effective January 1, 2021. If Wayfair had not adopted the standard January 1, 2021, Wayfair's diluted earnings per share would have been \$0.95 and \$0.66 for the three and six months ended June 30, 2021.

WAYFAIR INC.
CONSOLIDATED AND CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

| | Six months ended June 30, | |
|--|---------------------------|---------------------|
| | 2021 | 2020 |
| (in thousands) | | |
| Cash flows from operating activities: | | |
| Net income (loss) | \$ 148,662 | \$ (11,988) |
| Adjustments used to reconcile net income (loss) to net cash from operating activities: | | |
| Depreciation and amortization | 158,237 | 135,957 |
| Equity-based compensation | 153,883 | 127,081 |
| Amortization of discount and issuance costs on convertible notes | 3,969 | 46,488 |
| Loss on impairment | 12,212 | — |
| Other non-cash adjustments | 498 | (531) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | (19,659) | (24,693) |
| Inventories | (7,458) | 18,828 |
| Prepaid expenses and other current assets | (51,782) | (114,296) |
| Other assets | (4,010) | 938 |
| Accounts payable and other current liabilities | 56,707 | 677,536 |
| Other liabilities | 776 | 23,641 |
| Cash flows from operating activities | <u>452,035</u> | <u>878,961</u> |
| Cash flows from investing activities: | | |
| Purchase of short- and long-term investments | (612,627) | — |
| Sale and maturities of short- and long-term investments | 550,131 | 368,310 |
| Purchase of property and equipment | (49,072) | (104,810) |
| Site and software development costs | (84,836) | (75,172) |
| Other investing activities, net | — | (124) |
| Net cash (for) from investing activities | <u>(196,404)</u> | <u>188,204</u> |
| Cash flows from financing activities: | | |
| Repurchase of common stock | (300,208) | — |
| Proceeds from borrowings | — | 200,000 |
| Repayment of borrowings | — | (200,000) |
| Proceeds from issuance of convertible notes, net of issuance costs | — | 527,423 |
| Other financing activities, net | 56 | 220 |
| Net cash (for) from financing activities | <u>(300,152)</u> | <u>527,643</u> |
| Effect of exchange rate changes on cash and cash equivalents | <u>(6,468)</u> | <u>3,910</u> |
| Net (decrease) increase in cash and cash equivalents | <u>(50,989)</u> | <u>1,598,718</u> |
| Cash and cash equivalents: | | |
| Beginning of period | 2,129,440 | 582,753 |
| End of period | <u>\$ 2,078,451</u> | <u>\$ 2,181,471</u> |

Non-GAAP Financial Measures

To supplement our unaudited consolidated and condensed financial statements presented in accordance with generally accepted accounting principles ("GAAP"), this earnings release and the accompanying tables and the related earnings conference call contain certain non-GAAP financial measures, including Adjusted EBITDA, Free Cash Flow, Adjusted Diluted Earnings per Share and Net Revenue Constant Currency Growth. 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. We have provided a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measure in this earnings release.

Net Revenue Constant Currency Growth is a non-GAAP financial measure that is calculated by translating the current period local currency net revenue by the currency exchange rates used to translate the financial statements in the comparable prior-year period. We believe Net Revenue Constant Currency Growth is an important indicator of our business performance, as it provides useful information to investors and others in understanding and evaluating trends in our operating results in the same manner as our management.

Adjusted EBITDA is a non-GAAP financial measure that is calculated as net income (loss) before depreciation and amortization, equity-based compensation and related taxes, interest expense, net, other (expense) income, net, provision for income taxes, net, non-recurring items and other items not indicative of our ongoing operating performance. We have included Adjusted EBITDA in this earnings release because it is a key measure used by our management and our board of directors to evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA facilitates operating performance comparisons on a period-to-period basis as these costs may vary independent of business performance. For instance, we exclude the impact of equity-based compensation and related taxes as we do not consider this item to be indicative of our core operating performance. Investors should, however, understand that equity-based compensation and related taxes will be a significant recurring expense in our business and an important part of the compensation provided to our employees. 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.

Adjusted Diluted Earnings per Share is a non-GAAP financial measure that is calculated as net income (loss) plus equity-based compensation and related taxes, provision for income taxes, net, non-recurring items and other items not indicative of our ongoing operating performance, and, if dilutive, interest expense associated with convertible debt instruments under the if-converted method divided by the weighted-average number of shares of common stock used in the computation of diluted earnings (loss) per share. We believe that these adjustments to our adjusted diluted net income before calculating per share amounts for all periods presented provides a more meaningful comparison between our operating results from period to period.

Free Cash Flow is a non-GAAP financial measure that is calculated as net cash from or for operating activities less net cash used to purchase property and equipment and site and software development costs (collectively, "Capital Expenditures"). We believe Free Cash Flow 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 (loss). We do not attempt to provide a reconciliation of forward-looking non-GAAP Adjusted EBITDA guidance to forward looking GAAP net income (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 measures 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.

The following tables present net revenues attributable to our reportable segments for the periods indicated:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---------------------------|-----------------------------|---------------------|---------------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | (in thousands) | | | |
| U.S. net revenue | \$ 3,098,157 | \$ 3,651,704 | \$ 5,918,843 | \$ 5,626,687 |
| International net revenue | 759,469 | 652,968 | 1,416,301 | 1,008,048 |
| Total net revenue | <u>\$ 3,857,626</u> | <u>\$ 4,304,672</u> | <u>\$ 7,335,144</u> | <u>\$ 6,634,735</u> |

The following table reflects the reconciliation of net income (loss) to Adjusted EBITDA for each of the periods indicated:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|-----------------------------|-------------------|---------------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | (in thousands) | | | |
| Reconciliation of Adjusted EBITDA | | | | |
| Net income (loss) | \$ 130,428 | \$ 273,877 | \$ 148,662 | \$ (11,988) |
| Depreciation and amortization | 77,925 | 69,114 | 158,237 | 135,957 |
| Equity-based compensation and related taxes | 87,708 | 70,701 | 174,609 | 134,693 |
| Interest expense, net | 8,402 | 28,939 | 15,214 | 51,157 |
| Other expense (income), net | 2,248 | (3,110) | 5,546 | (2,864) |
| Provision for income taxes, net | 4,129 | 292 | 2,127 | 1,625 |
| Other (1) | — | — | 12,212 | 3,956 |
| Adjusted EBITDA | <u>\$ 310,840</u> | <u>\$ 439,813</u> | <u>\$ 516,607</u> | <u>\$ 312,536</u> |

(1) In the six months ended June 30, 2021, we recorded \$12.2 million of customer service center impairment and other charges related to our plan to consolidate customer service centers. During the six months ended June 30, 2020, we recorded \$4.0 million in selling, operations, technology, general and administrative expenses for severance costs associated with February 2020 workforce reductions.

The following table presents Adjusted EBITDA attributable to our segments, and the reconciliation of net income (loss) to Adjusted EBITDA is presented in the preceding table:

| | Three months ended June 30, | | Six months ended June 30, | |
|--------------------------------|-----------------------------|-------------------|---------------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | (in thousands) | | | |
| Segment Adjusted EBITDA | | | | |
| U.S. | \$ 322,561 | \$ 434,574 | \$ 549,796 | \$ 389,479 |
| International | (11,721) | 5,239 | (33,189) | (76,943) |
| Adjusted EBITDA | <u>\$ 310,840</u> | <u>\$ 439,813</u> | <u>\$ 516,607</u> | <u>\$ 312,536</u> |

A reconciliation of the numerator and denominator for diluted earnings (loss) per share, the most directly comparable GAAP financial measure, to the numerator and denominator for Adjusted Diluted Earnings per Share, in order to calculate Adjusted Diluted Earnings per Share is as follows:

| | <u>Three months ended June 30,</u> | | <u>Six months ended June 30,</u> | |
|---|------------------------------------|----------------|----------------------------------|----------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| (in thousands, except per share data) | | | | |
| Numerator: | | | | |
| Net income (loss) | \$ 130,428 | \$ 273,877 | \$ 148,662 | \$ (11,988) |
| <i>Effect of dilutive securities:</i> | | | | |
| Interest expense associated with convertible debt instruments | 8,485 | 30,195 | 8,986 | — |
| Numerator for diluted EPS - net income (loss) available to common stockholders after the effect of dilutive securities | 138,913 | 304,072 | 157,648 | (11,988) |
| <i>Adjustments to net income (loss):</i> | | | | |
| Interest expense associated with convertible debt instruments | — | — | 6,438 | — |
| Equity-based compensation and related taxes | 87,708 | 70,701 | 174,609 | 134,693 |
| Provision for income taxes, net | 4,129 | 292 | 2,127 | 1,625 |
| Other | — | — | 12,212 | 3,956 |
| Numerator for Adjusted Diluted EPS - Adjusted net income | \$ 230,750 | \$ 375,065 | \$ 353,034 | \$ 128,286 |
| Denominator: | | | | |
| Denominator for basic EPS - weighted-average number of shares of common stock outstanding | 103,829 | 94,834 | 103,337 | 94,461 |
| <i>Effect of dilutive securities:</i> | | | | |
| Employee stock options | 4 | 31 | 9 | — |
| Restricted stock units | 2,722 | 2,788 | 3,001 | — |
| Convertible debt instruments | 15,537 | 22,279 | 12,293 | — |
| Dilutive potential common shares | 18,263 | 25,098 | 15,303 | — |
| Denominator for diluted EPS - adjusted weighted-average number of shares of common stock outstanding after the effect of dilutive securities | 122,092 | 119,932 | 118,640 | 94,461 |
| <i>Adjustments to effect of dilutive securities:</i> | | | | |
| Employee stock options | — | — | — | 36 |
| Restricted stock units | — | — | — | 2,078 |
| Convertible debt instruments | — | — | 3,639 | — |
| Denominator for Adjusted Diluted EPS - adjusted weighted-average number of shares of common stock outstanding after the effect of dilutive securities | 122,092 | 119,932 | 122,279 | 96,575 |
| Diluted Earnings (Loss) per Share | \$ 1.14 | \$ 2.54 | \$ 1.33 | \$ (0.13) |
| Adjusted Diluted Earnings per Share | <u>\$ 1.89</u> | <u>\$ 3.13</u> | <u>\$ 2.89</u> | <u>\$ 1.33</u> |

The following table presents a reconciliation of net cash from or for operating activities to Free Cash Flow for each of the periods indicated:

| | Three months ended June 30, | | Six months ended June 30, | |
|--------------------------------------|------------------------------------|---------------------|----------------------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | (in thousands) | | | |
| Cash flows from operating activities | \$ 275,439 | \$ 1,135,251 | \$ 452,035 | \$ 878,961 |
| Purchase of property and equipment | (24,624) | (44,846) | (49,072) | (104,810) |
| Site and software development costs | (43,878) | (36,803) | (84,836) | (75,172) |
| Free Cash Flow | \$ 206,937 | \$ 1,053,602 | \$ 318,127 | \$ 698,979 |