Safe Harbor

This presentation contains forward-looking statements. All statements other than statements of historical fact contained in this presentation, including statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, 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 the Company’s 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 presentation 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.

Factors that could cause or contribute to differences in our future results include, but are not limited to: economic factors, such as interest rates and currency exchange fluctuations; our ability to acquire new customers and retain existing customers; our ability to sustain and/or manage our growth, including the expansion of our Wayfair Delivery Network; our ability to increase our net revenue per active customer; and our ability to build and maintain strong brands. A further list and description of these risks, uncertainties and other factors can be found under Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and the Company’s subsequent filings with the Securities and Exchange Commission. We qualify all of our forward-looking statements by these cautionary statements.

Market data information, including growth rates and online penetration, used in this presentation are based on management’s knowledge of the industry and the good faith estimates of management. Management has relied, to the extent available, upon their review of industry surveys and publications and other publicly available information prepared by a number of third party sources. The market data information, including indicative market growth and online penetration, included in this presentation involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such information. Although we believe that these sources are reliable as of their respective dates, we have not verified the accuracy or completeness of this information from independent sources. In addition, this information involves important risks, uncertainties and assumptions, including those discussed above, which could cause results to differ materially.

In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures. These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. A reconciliation of non-GAAP measures to GAAP measures is contained in the Appendix to this presentation.
Our Mission

To transform the way people shop for their homes
A Clear Online Leader in Home Goods

- MASSIVE ONLINE CATALOG with over 10 million home products
- INVENTORY-LIGHT MODEL partnering with ~10,000 suppliers
- FOUNDER-LED since inception; co-founders own significant equity
- $4.72 BILLION of LTM net revenue with minimal inventory
- 48% Q4 YoY GROWTH in direct retail, 46% total growth
Large, Highly Fragmented Market Moving Online

**US Home Market Growth by Channel**

- **2016**:
  - Offline: $242
  - Online: $27
  - Total: $269

- **2020**:
  - Offline: $268
  - Online: $48
  - Total: $316

- **2025**:
  - Offline: $291
  - Online: $96
  - Total: $386

**CAGR**

- **‘16-’20**:
  - 4.1%
  - 15.0%

- **‘20-25**:
  - 4.1%
  - 15.0%

- **2016-2025**:
  - 2.6%
  - 1.7%

**Significant Upside in Online Penetration**

- **Estimated Online Penetration of Selected Verticals**
  - Home Goods: 9%
  - Apparel: 20%
  - Consumer Electronics: 35%

**Millennials Beginning to Enter Our Target Demo**

- Illustrative Distribution of Home Goods Customers by Age
  - Millennials: Age 21 - 34
  - Age 35
  - Age 65

Source: Euromonitor for market size and penetration, Wayfair estimates for growth 2015-2025
Home Is Largely Browsed...

Annual Upholstery Event
Shop once-a-year price cuts on sofas, headboards, chairs, and more.
Uncover Savings

UP TO 70% OFF

UP TO 70% OFF

UNDER THE SUN
Spruce up your patio, lawn, and beyond with looks from our outdoor catalog.
Shop Now

6 Backsplash ideas to Steal
These tile looks will totally transform your kitchen.

There's no doubt your kitchen backsplash has to be durable—let that doesn't mean it can't also be stylish. Our editors gathered their favorite ideas to give your kitchen a little bit of extra character.

Subway

Related Stories

10 Rules for Nailing the Man Cave
Pick the perfect hobby space for men who love spending their time in the garage.

The 9 Places Every 30-Something's Bedroom Needs
These dreamy scenes prove your happiness should be the priority.

10 Ways to Give Your Kitchen a New Look
From overhaul and small renovations that hide an eyesore...
Most ecommerce shopping is done via branded search.

This is not possible in home where brands are not known...

Leading Furniture and Home Décor Brands

...And consumers can’t describe what they are looking for...
Unlike Other Retail Categories, Home Shoppers Desire Uniqueness

CPG Category Example: Paper Towels

VS.

Home Category Example: Lighting
Wayfair Is Focused on Mass Market and Is Well-Positioned vs. Other Retailers

Our typical customer: **35 to 65 year old woman** with annual household income of **$50k to $250k**; comScore **median household income of $82k**
Five Distinct Home Sites Each with Unique Brand Identity

**wayfair.com**
Est. 2011
An online destination for all things home

**Joss & Main**
Est. 2011
Where beautiful furniture and finds meet irresistible savings

**ALLMODERN**
Est. 2006
Your home for affordable modern design

**BIRCH LANE**
Est. 2014
A collection of classic furnishings and timeless home décor

**PERIGOLD**
Est. 2017
Unparalleled access to the finest home décor and furnishings
Brand Awareness Has Grown to 84% Since Wayfair Brand Launch in 2011

- Tested TV Ads
- Began Ramping TV Ads
- Launched first magazine partnership with Coastal Living
- First HGTV integration launched with “Brother vs. Brother”
- All TV buying moved in-house
- 84%

Source: Qualtrics and Hanover Research
Investing in Advertising Across Multiple Channels

- Three broad advertising channels - Online, TV and Direct Mail
- Online is the largest channel followed by TV and Direct Mail
- Strict adherence to channel derived ROIs
- Proprietary advertising technology stack

**Online**
- Display
- Social
- Transactional

**TV**

**Direct Mail**
Award-Winning, In-House Customer Service Organization

- Over 2,000 customer service employees located in the US and Europe
- Winner of multiple awards for best retail customer service
- Specialists with deeper expertise and training for select areas of the catalog, such as lighting, flooring and upholstery
Company culture deeply rooted in technology and data
Over 1,300 engineers and data scientists
Becoming employer of choice for engineering and developer talent in Boston
Growing Our House Brands in Partnership with Suppliers

- House brand penetration of Wayfair.com revenue is growing rapidly
- Partnering with suppliers to develop over 70 proprietary brands with exclusive products and no inventory
- Products are photographed and merchandized by Wayfair to create a curated brand experience across multiple styles and price points, enabling customers to more easily discover the products they are looking for
Investing in New Categories to Grow Share of Wallet

Home Improvement

- ~$45 billion US addressable market
- Focused on the finished areas of plumbing, lighting, flooring that our customer chooses herself

Wedding Registry & Housewares

- ~$5 billion US wedding registry market and $25 billion US housewares market
- Opportunity to capture millennials as they enter key age for buying home goods

Key Competitors

- Other category investment areas include mattresses, seasonal décor, and decorative accents

Key Competitors
Large Incremental Addressable Markets in Canada, UK & Germany

- Europe total addressable market approximately equal to North America
- Localized Wayfair sites currently live in Canada, the United Kingdom and Germany
- Fragmented markets with no real online market leader; competitive landscape similar to US

Addressable Market for Home Goods by Region

- USA (~$270B) & Canada (~$20B)
- Europe $300B
- ~$75B
- ~$50B
3D Models Enable Visual Imagery and Viewing 3D Products in context with Augmented Reality

- 3D images allow for inspiring visual imagery without the expense of product samples and physical photo studios.
- Augmented Reality allows customers to preview accurately sized 3D models in their homes. This feature is built into our iOS mobile app, making it available to millions of our customers with Apple devices. It is also available on Android phones with Google Tango technology and coming soon to 100M Android devices.

Image Rendered from 3D Models

Wayfair App on iPhone
• Search with Photo capability enables shoppers to conveniently find the product they are looking for on Wayfair

• Wayfair shoppers are able to simply take a photo, or upload an image, of a product they like and Wayfair will leverage artificial intelligence and deep learning to find similar items from our selection of more than 8 million products
Home Category Characterized by Heavy, Bulky, and Damage-Prone Items

**Average Wayfair Small Parcel Item**
- ~30 pounds
- ~3 cubic feet

**Average Wayfair Large Parcel Item**
- ~80 pounds
- ~22 cubic feet
Investing in Proprietary Logistics Network Purpose-Built for the Home Category

- Traditional drop-ship network leverages technology integration into supplier warehouses
- CastleGate warehouses forward-position supplier inventory to create very fast delivery for small parcel (1 – 2 day) and large parcel (1 week plus)
- Wayfair Delivery Network (WDN) directly manages Wayfair’s large parcel deliveries via consolidation centers, cross docks and last mile home delivery facilities, thereby speeding up deliveries, reducing damage and improving the customer delivery experience
CastleGate Warehouses Enable Next-Day & 2-Day Delivery for Small Parcel¹

Traditional Drop Ship Model for Small Parcel Example

SUPPLIER WAREHOUSE IN SOUTHERN CALIFORNIA  FEDEX / UPS  END CUSTOMER IN NEW YORK

6-8 total touches, 4 – 5 day delivery time

CASTLEGATE WAREHOUSE IN NEW JERSEY  WAYFAIR DEDICATED TRANSPORTATION  FEDEX / UPS  END CUSTOMER IN NEW YORK

- Pre-sorting at CastleGate warehouse
- Wayfair builds dedicated trailer for destination hubs

2-4 total touches, 1 day delivery time

¹ Large parcel shipments can also go out of CastleGate but would use WDN instead of FedEx / UPS for last mile
Wayfair Delivery Network (WDN) for Large Parcel Deliveries

- **Wayfair Delivery Network (WDN)** describes several areas of our large parcel network where we are taking direct operating control instead of relying on contracted third party operators.
- Enables schedule in cart, faster delivery speeds, increased customer satisfaction, reduced damage and costs.
- In December, approximately 80% of our US large parcel orders were flowing through the Wayfair-controlled middle mile, and today Wayfair last mile delivery facilities cover approximately 60% of US large parcel home deliveries.

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**Traditional Drop Ship Model for Large Parcel Example**

- **SUPPLIER WAREHOUSE IN SOUTHERN CALIFORNIA**
- **3RD PARTY CARRIERS TRAVELING LESS THAN TRUCKLOAD (MULTIPLE STOPS AND CARRYING NON-WAYFAIR PRODUCTS)**
- **3RD PARTY LAST MILE DELIVERY AGENT**
- **END CUSTOMER IN NEW YORK**

6-8 total touches, 2–3 week delivery time

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**Wayfair Delivery Network (WDN) Example**

- **SUPPLIER WAREHOUSE IN SOUTHERN CALIFORNIA**
- **WAYFAIR CONSOLIDATION CENTER & CROSS DOCKS**
- **FULL TRUCKLOAD TRANSPORTATION (ONLY WAYFAIR PRODUCTS)**
- **WAYFAIR LAST MILE DELIVERY AGENT (MAJOR MARKETS) OR 3RD PARTY (OTHER AREAS)**
- **END CUSTOMER IN NEW YORK**

3-4 total touches, 1+ week delivery time
Wayfair Delivery Network (WDN) for Large Parcel Deliveries

- Wayfair employees inside the four walls of the last mile home delivery facility; highly trained drivers running trucks out to the customer's home
- Feedback loop and incentives consistent with our brand, including bonuses based on the NPS score provided by the customer post-delivery
Wayfair.com Annual Cohort Performance as of 12/31/17

- Each cohort line is a function of the percent of customers in the cohort who make repeat purchases and how much these repeating customers spend.
- Cohort lines show a steady tail of repeating revenue.
- Newer cohorts have higher revenue yield per customer due to improvements in Wayfair site, selection, merchandising and delivery since early days of Wayfair brand in 2011.

Note on Methodology: First data point in chart is 31-60 days after the customer’s initial purchase. Cohort numerator includes revenue (indexed) from cohort customers in all future periods with at least 4 cohort data points through 12/31/17.
Customer Economics Continue to Improve: Strong Customer Acquisition

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Active Customers (mil)</th>
<th>Direct Retail Net Revenue / Active Customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1'14</td>
<td>2.41</td>
<td>$323</td>
</tr>
<tr>
<td>Q2'14</td>
<td>2.64</td>
<td>$332</td>
</tr>
<tr>
<td>Q3'14</td>
<td>2.86</td>
<td>$342</td>
</tr>
<tr>
<td>Q4'14</td>
<td>3.22</td>
<td>$342</td>
</tr>
<tr>
<td>Q1'15</td>
<td>3.60</td>
<td>$346</td>
</tr>
<tr>
<td>Q2'15</td>
<td>4.04</td>
<td>$357</td>
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<tr>
<td>Q3'15</td>
<td>4.59</td>
<td>$371</td>
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<tr>
<td>Q4'15</td>
<td>5.36</td>
<td>$381</td>
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<tr>
<td>Q1'16</td>
<td>6.07</td>
<td>$392</td>
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<tr>
<td>Q2'16</td>
<td>6.67</td>
<td>$404</td>
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<tr>
<td>Q3'16</td>
<td>7.36</td>
<td>$406</td>
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<tr>
<td>Q4'16</td>
<td>8.25</td>
<td>$395</td>
</tr>
<tr>
<td>Q1'17</td>
<td>8.85</td>
<td>$394</td>
</tr>
<tr>
<td>Q2'17</td>
<td>9.55</td>
<td>$402</td>
</tr>
<tr>
<td>Q3'17</td>
<td>10.25</td>
<td>$408</td>
</tr>
<tr>
<td>Q4'17</td>
<td>10.99</td>
<td>$422</td>
</tr>
</tbody>
</table>
Customer Economics Continue to Improve: Growing Repeat Orders

Orders from repeat customers ('000s)  Orders from new customers ('000s)

<table>
<thead>
<tr>
<th>Q1'14</th>
<th>Q2'14</th>
<th>Q3'14</th>
<th>Q4'14</th>
<th>Q1'15</th>
<th>Q2'15</th>
<th>Q3'15</th>
<th>Q4'15</th>
<th>Q1'16</th>
<th>Q2'16</th>
<th>Q3'16</th>
<th>Q4'16</th>
<th>Q1'17</th>
<th>Q2'17</th>
<th>Q3'17</th>
<th>Q4'17</th>
</tr>
</thead>
<tbody>
<tr>
<td>577</td>
<td>560</td>
<td>654</td>
<td>856</td>
<td>968</td>
<td>1,109</td>
<td>1,042</td>
<td>1,282</td>
<td>1,679</td>
<td>1,659</td>
<td>1,687</td>
<td>1,943</td>
<td>2,739</td>
<td>2,544</td>
<td>2,622</td>
<td>2,880</td>
</tr>
<tr>
<td>561</td>
<td>524</td>
<td>659</td>
<td>846</td>
<td>829</td>
<td>850</td>
<td>1,109</td>
<td>1,282</td>
<td>1,679</td>
<td>1,659</td>
<td>1,687</td>
<td>1,943</td>
<td>1,983</td>
<td>1,669</td>
<td>1,656</td>
<td>1,839</td>
</tr>
<tr>
<td>524</td>
<td>524</td>
<td>659</td>
<td>846</td>
<td>829</td>
<td>850</td>
<td>1,109</td>
<td>1,282</td>
<td>1,679</td>
<td>1,659</td>
<td>1,687</td>
<td>1,943</td>
<td>1,983</td>
<td>1,669</td>
<td>1,656</td>
<td>1,839</td>
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</tr>
</tbody>
</table>

% Orders from Repeat Customers

- Q1'14: 50.7%
- Q2'14: 51.6%
- Q3'14: 49.8%
- Q4'14: 50.3%
- Q1'15: 53.9%
- Q2'15: 56.6%
- Q3'15: 55.2%
- Q4'15: 54.3%
- Q1'16: 55.4%
- Q2'16: 57.6%
- Q3'16: 56.9%
- Q4'16: 58.0%
- Q1'17: 60.4%
- Q2'17: 61.3%
- Q3'17: 61.0%
- Q4'17: 62.4%
FCF Performance Consistently Better than Adjusted EBITDA

1 Average of last four quarters.
## Long-Term Target Model

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Q4 2017</th>
<th>Long-Term Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenue</strong></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>24.0%</td>
<td>24.0%</td>
<td>23.9%</td>
<td>23.3%</td>
<td>25 - 27%</td>
</tr>
<tr>
<td><strong>Customer Service +</strong></td>
<td>3.6%</td>
<td>3.7%</td>
<td>3.5%</td>
<td>3.6%</td>
<td>4%</td>
</tr>
<tr>
<td>Merchant Fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Advertising</strong></td>
<td>12.4%</td>
<td>12.1%</td>
<td>11.6%</td>
<td>11.5%</td>
<td>6 - 8%</td>
</tr>
<tr>
<td><strong>Selling, Operations,</strong></td>
<td>8.8%</td>
<td>10.9%</td>
<td>10.2%</td>
<td>9.7%</td>
<td>5 - 7%</td>
</tr>
<tr>
<td><strong>Technology, General &amp;</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Administrative</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>24.8%</td>
<td>26.6%</td>
<td>25.3%</td>
<td>24.8%</td>
<td>15 - 19%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>(0.7%)</td>
<td>(2.6%)</td>
<td>(1.4%)</td>
<td>(1.5%)</td>
<td>8 - 10%</td>
</tr>
</tbody>
</table>

Note: All expense line items exclude equity based compensation and related taxes and depreciation and amortization.
Key Strategic Priorities

• Continue building our leading retail home brands
• Grow active customer base
• Increase repeat purchasing
• Continue scaling depth, breadth and penetration of our house brands
• Invest in product/technology to further improve the customer experience
• Grow newer categories such as home improvement and housewares
• Enhance logistics infrastructure for faster and higher quality customer delivery experience
• Invest in and grow international business
• Opportunistically pursue strategic acquisitions
Appendix
<table>
<thead>
<tr>
<th></th>
<th>Q1'16</th>
<th>Q2'16</th>
<th>Q3'16</th>
<th>Q4'16</th>
<th>FY 2016</th>
<th>Q1'17</th>
<th>Q2'17</th>
<th>Q3'17</th>
<th>Q4'17</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US Direct Net Revenue</strong></td>
<td>$672.7</td>
<td>$702.4</td>
<td>$759.7</td>
<td>$858.6</td>
<td>$2,993.4</td>
<td>$837.6</td>
<td>$976.7</td>
<td>$1,033.7</td>
<td>$1,227.5</td>
<td>$4,075.4</td>
</tr>
<tr>
<td>Direct Growth</td>
<td>91.5%</td>
<td>67.9%</td>
<td>45.6%</td>
<td>31.3%</td>
<td>53.9%</td>
<td>24.5%</td>
<td>39.0%</td>
<td>36.1%</td>
<td>43.0%</td>
<td>36.1%</td>
</tr>
<tr>
<td><strong>US Total Net Revenue</strong></td>
<td>705.9</td>
<td>732.7</td>
<td>787.8</td>
<td>884.1</td>
<td>3,110.5</td>
<td>858.0</td>
<td>997.1</td>
<td>1,050.6</td>
<td>1,247.3</td>
<td>4,153.1</td>
</tr>
<tr>
<td>Total Growth</td>
<td>76.2%</td>
<td>57.7%</td>
<td>39.1%</td>
<td>25.6%</td>
<td>45.7%</td>
<td>21.5%</td>
<td>36.1%</td>
<td>33.4%</td>
<td>41.1%</td>
<td>33.5%</td>
</tr>
<tr>
<td><strong>US Adjusted EBITDA</strong></td>
<td>(1.0)</td>
<td>(2.9)</td>
<td>(7.9)</td>
<td>12.0</td>
<td>0.2</td>
<td>3.7</td>
<td>20.4</td>
<td>4.5</td>
<td>7.2</td>
<td>35.9</td>
</tr>
<tr>
<td>Margin</td>
<td>-0.1%</td>
<td>-0.4%</td>
<td>-1.0%</td>
<td>1.4%</td>
<td>0.0%</td>
<td>0.4%</td>
<td>2.0%</td>
<td>0.4%</td>
<td>0.6%</td>
<td>0.9%</td>
</tr>
<tr>
<td><strong>International Direct Net Revenue</strong></td>
<td>39.1</td>
<td>53.2</td>
<td>72.7</td>
<td>100.4</td>
<td>265.5</td>
<td>102.8</td>
<td>125.8</td>
<td>147.6</td>
<td>191.7</td>
<td>567.8</td>
</tr>
<tr>
<td>Direct Growth</td>
<td>116.5%</td>
<td>141.9%</td>
<td>214.5%</td>
<td>217.9%</td>
<td>180.0%</td>
<td>162.6%</td>
<td>136.2%</td>
<td>102.9%</td>
<td>90.9%</td>
<td>113.9%</td>
</tr>
<tr>
<td><strong>International Total Net Revenue</strong></td>
<td>41.4</td>
<td>54.3</td>
<td>73.7</td>
<td>100.5</td>
<td>269.9</td>
<td>102.8</td>
<td>125.8</td>
<td>147.6</td>
<td>191.7</td>
<td>567.8</td>
</tr>
<tr>
<td>Total Growth</td>
<td>74.1%</td>
<td>100.3%</td>
<td>165.7%</td>
<td>181.0%</td>
<td>136.0%</td>
<td>148.1%</td>
<td>131.8%</td>
<td>100.1%</td>
<td>90.7%</td>
<td>110.4%</td>
</tr>
<tr>
<td><strong>International Adjusted EBITDA</strong></td>
<td>(19.9)</td>
<td>(21.9)</td>
<td>(23.0)</td>
<td>(24.0)</td>
<td>(88.9)</td>
<td>(24.6)</td>
<td>(22.7)</td>
<td>(27.2)</td>
<td>(28.4)</td>
<td>(102.9)</td>
</tr>
<tr>
<td>Margin</td>
<td>-48.1%</td>
<td>-40.4%</td>
<td>-31.2%</td>
<td>-23.9%</td>
<td>-32.9%</td>
<td>-24.0%</td>
<td>-18.0%</td>
<td>-18.4%</td>
<td>-14.8%</td>
<td>-18.1%</td>
</tr>
</tbody>
</table>
### Reconciliation of Adjusted EBITDA ($ in Millions)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Q4 2016</th>
<th>Q4 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Loss</td>
<td>($77.4)</td>
<td>($194.4)</td>
<td>($244.6)</td>
<td>($44.0)</td>
<td>($72.8)</td>
</tr>
<tr>
<td>Depreciation and Amortization(^1)</td>
<td>$32.4</td>
<td>$55.6</td>
<td>$87.0</td>
<td>$17.0</td>
<td>$24.4</td>
</tr>
<tr>
<td>Equity-Based Compensation(^2)</td>
<td>$33.0</td>
<td>$52.0</td>
<td>$72.6</td>
<td>$14.7</td>
<td>$22.1</td>
</tr>
<tr>
<td>Interest (Income) Expense, net</td>
<td>($1.3)</td>
<td>($0.7)</td>
<td>$9.4</td>
<td>$0.1</td>
<td>$5.6</td>
</tr>
<tr>
<td>Other (Income) Expense, net</td>
<td>($2.7)</td>
<td>($1.8)</td>
<td>($0.7)</td>
<td>$0.0</td>
<td>($0.3)</td>
</tr>
<tr>
<td>Taxes</td>
<td>$0.1</td>
<td>$0.6</td>
<td>$0.5</td>
<td>$0.1</td>
<td>($0.2)</td>
</tr>
<tr>
<td>Other(^1)</td>
<td>--</td>
<td>--</td>
<td>$8.8</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>($15.9)</td>
<td>($88.7)</td>
<td>($67.0)</td>
<td>($12.0)</td>
<td>($21.2)</td>
</tr>
</tbody>
</table>

1. Includes one-time charges related to terminating use of our warehouse in Ogden, Utah in July 2017
2. Includes related taxes
## Reconciliation of Free Cash Flow ($ in Millions)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Q4 2016</th>
<th>Q4 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Cash Provided by Operating Activities</strong></td>
<td>$135.1</td>
<td>$62.8</td>
<td>$33.6</td>
<td>$73.5</td>
<td>$36.9</td>
</tr>
<tr>
<td><strong>Purchase of Property and Equipment</strong></td>
<td>($44.6)</td>
<td>($96.7)</td>
<td>($100.4)</td>
<td>($14.9)</td>
<td>($23.9)</td>
</tr>
<tr>
<td><strong>Site and Software Development Costs</strong></td>
<td>($17.5)</td>
<td>($31.4)</td>
<td>($46.4)</td>
<td>($9.9)</td>
<td>($11.6)</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>$72.9</td>
<td>($65.3)</td>
<td>($113.2)</td>
<td>$48.7</td>
<td>$1.4</td>
</tr>
</tbody>
</table>
• Total headcount of 7,751; 861 net new FTEs in Q4 2017
• These employees augment existing business areas (e.g., customer service) but also help us build new revenue streams (e.g., international, new product and service offerings)

Note: Totals may not match regulatory filings due to rounding. The expense related to a portion of the headcount in Technology is included in capitalized software development costs.
**Illustrative Customer Acquisition Cost**

*(All units in millions, except per customer figures)*

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Advertising Spend</td>
<td>$549.9</td>
</tr>
<tr>
<td>Partner Ad Spend (1)</td>
<td>$7.0</td>
</tr>
<tr>
<td>Direct Retail Ad Spend</td>
<td>$542.9</td>
</tr>
<tr>
<td>Active Customers</td>
<td>10.99</td>
</tr>
<tr>
<td>Total Orders</td>
<td>19.41</td>
</tr>
<tr>
<td>% of Orders from Repeat Customers</td>
<td>61.4%</td>
</tr>
<tr>
<td>Implied New Customers (2)</td>
<td>7.50</td>
</tr>
<tr>
<td>Customer Acquisition Cost (3)</td>
<td>$72</td>
</tr>
<tr>
<td>Annual Direct Retail Revenue per Customer</td>
<td>$422</td>
</tr>
<tr>
<td>Annual Contribution per Customer (4)</td>
<td>$84.96</td>
</tr>
<tr>
<td>Contribution Margin</td>
<td>20.1%</td>
</tr>
</tbody>
</table>

Note: Analysis above is most conservative calculation of customer acquisition cost. In reality, a significant portion of the direct retail ad spend goes toward repeat customers, which makes the true customer acquisition cost for new customers lower than the conservative calculation shown here.

Notes:

1. Retail partner fees disclosed in the 10K
2. Calculated as (1 - % of Orders from Repeat Customers) * Total Orders.
3. Calculated as Direct Retail Ad Spend divided by Implied New Customers.