

Corporate Intelligence Brief

Amazon.com, Inc. (AMZN)
(Report generated February 06, 2026)

Executive Summary

Over the five-year period analyzed, Amazon executed a profound strategic transformation defined by two distinct phases: post-pandemic operational rationalization and an aggressive, capital-intensive pivot toward Artificial Intelligence (AI). The company successfully navigated macroeconomic volatility—inflation, foreign exchange fluctuations, and supply chain constraints—to emerge with a structurally more profitable retail business and a re-accelerated cloud division.

The AI Pivot and Infrastructure Reallocation Capital allocation shifted decisively from fulfillment capacity to technology infrastructure. Following a deceleration in 2022-2023, Amazon Web Services (AWS) re-accelerated in 2024-2025, fueled by record capital expenditures targeting Generative AI and machine learning. This pivot included strategic external investments, notably in Anthropic PBC, which generated substantial non-operating gains. However, the pace of innovation forced a reversal in accounting strategy: after years of extending server useful lives to boost margins, Amazon reduced them in 2025, creating near-term depreciation headwinds.

Retail Rationalization and Profitability The Global Stores segment transitioned from "growth at all costs" to rigorous cost efficiency. After 2020-2021 expansion led to overcapacity, the company optimized its footprint in 2022, resulting in material impairments. By 2024, this discipline—combined with regionalization—allowed the International segment to swing to operating profitability. The retail model increasingly relies on high-margin third-party services and advertising to subsidize rising fulfillment costs.

The Advertising and Media Flywheel Advertising emerged as a critical profit lever, consistently outpacing retail unit growth and buffering operational cost pressures. This revenue stream is intrinsically linked to the Prime ecosystem, fortified by escalating investments in digital content (MGM, video, music). Media serves as the primary retention tool for Prime, driving the traffic monetized by the advertising business.

Regulatory and Legal Headwinds Despite operational success, regulatory friction has intensified from general scrutiny to specific enforcement. "Gatekeeper" regulations in the EU, privacy fines (GDPR, BIPA), and a \$2.5 billion FTC settlement charge in 2025 are reshaping the operating landscape, imposing ex-ante constraints and increasing global compliance costs.

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Source Filings: 69 SEC documents

Analysis Period: January 27, 2021 to February 06, 2026

System Version: WebGlyphs Analytics v4.01

Methodology and Limitations

What This Report Provides: This intelligence brief systematically extracts and synthesizes strategic disclosures from Amazon 69 SEC filings (10-K, 10-Q, 8-K) published between January 27, 2021 and February 06, 2026. The system identifies strategic themes, competitive positioning, business model evolution, and management priorities as disclosed by management in regulatory filings. Every factual claim is traceable to source documents through links to specific filing excerpts and to the filings themselves. Users are encouraged to review source excerpts and independently verify material claims before relying on this analysis (See [Audit Table](#));

What This Report Does NOT Provide: - Financial performance calculations, projections, or forecasts - Valuation analysis or price targets - Investment recommendations (buy/sell/hold) - Predictive modeling of future outcomes - Comparison to consensus estimates or peer benchmarks - Verification of management claims against external data sources

Analytical Approach: The analysis is fully automated using large language models with structured extraction protocols and quality assurance validation. The system synthesizes narrative patterns and strategic shifts across multiple years of filings without manual analyst interpretation. While rigorous quality assurance protocols are applied, AI systems can misinterpret ambiguous language, fail to capture unstated context, synthesize patterns that reflect correlation rather than causation, and reflect biases in training data or extraction algorithms. Users bear responsibility for verifying AI-generated analysis and management's claims before relying on them for investment decisions.

Known Limitations:

- Extraction is limited to narrative prose sections of SEC filings (e.g., Management's Discussion & Analysis, Business Description, Risk Factors, Strategy sections). Financial statements, GAAP data tables, performance metrics tables, charts, and structured data exhibits are not processed.
- Analysis reflects filing language as of publication dates; rapid market changes after filing dates are not incorporated
- Segment definitions, reporting structures, and terminology may change over time, affecting year-over-year comparability
- The selection of 'strategic themes' involves algorithmic judgment on materiality. Significant disclosures may be omitted if they do not align with the system's thematic extraction definitions
- Management tone and emphasis may reflect positioning rather than operational reality
- Automated extraction may miss subtle contextual signals that human analysts would detect

Note on monetary values: All monetary values are presented verbatim from source materials or LLM analysis without automated correction. We do not attempt to normalize apparent inconsistencies (e.g., \$20,000 where \$20M may be intended) as programmatic interpretation can introduce errors. In case of doubt, users must verify material amounts against original SEC filings using the provided hexid references.

Intended Use: This report is designed as a **starting point for investment research**, not a substitute for comprehensive due diligence. Users should:

- Verify material claims by reviewing hexid-linked source excerpts
- Supplement this analysis with financial data, industry research, and independent analysis
- Consult qualified investment professionals before making investment decisions

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Strategic Intelligence Report: Amazon

AWS & Cloud Infrastructure: The AI Pivot

AWS Growth Dynamics and Revenue Evolution Amazon Web Services (AWS) maintains a volume-based flywheel strategy where increased usage drives revenue, partially offset by strategic pricing reductions and long-term contracts [1]. Revenue recognition couples usage-based mechanisms for compute/storage with ratable recognition for fixed-term contracts [2].

The segment's growth trajectory weathered three distinct phases:

- **2021 Expansion:** Sales increased 39% in Q3 and 36% year-to-date, demonstrating robust momentum [3].
- **2022-2023 Deceleration:** Growth moderated to 29% in 2022 and slowed to 12-14% in early 2023 [4]. This was explicitly linked to "enterprise customer cost optimization" amidst recessionary fears [5].
- **2024-2025 Re-acceleration:** Driven by AI demand, sales grew 17% in Q1 2024 and reached 20% in 2025 [6].

Throughout these periods, Amazon secured long-term commitments, trading immediate pricing leverage for future volume [7]. Consequently, unearned revenue—driven by prepayments and enterprise contracts—rose from \$11.6 billion in 2020 to \$16.1 billion by year-end 2022 [8].

Infrastructure Strategy and Capital Allocation Management consistently signals that CapEx for technology infrastructure will increase indefinitely to support AWS and business growth [9].

- **2021:** CapEx reached \$38.9 billion (nine months), up from \$21.9 billion prior [10].
- **2022:** Total cash CapEx hit \$58.3 billion, with fulfillment spend decreasing to direct capital toward AWS [11].
- **2025:** Supporting Generative AI, CapEx surged to \$128.3 billion (from \$77.7 billion in 2024), with further increases expected in 2026 [12].

Finance lease activities further supported this, totaling \$7.1 billion in 2021 for infrastructure [13]. Accordingly, AWS asset composition is distinct from retail, concentrating heavily on property and equipment [14].

The AI Pivot: Investments, Supply Chain, and Risks Amazon aggressively pursued Generative AI through organic investment in proprietary chips and external partnerships [15]. A cornerstone was the \$4 billion cumulative investment in Anthropic PBC [16]. This generated \$14.1 billion in non-operating gains in the first nine months of 2025 via valuation adjustments and note conversions [17].

However, rapid infrastructure expansion introduced vulnerabilities. The company acknowledges reliance on limited suppliers for GPUs, noting availability constraints could impede development [18]. Additionally, expanding data center capabilities has increased network complexity [19].

Profitability and the "Useful Life" Accounting Arc Management actively utilized server useful life estimates to manage margins, evolving through two phases:

- **Phase 1: Extension (2020–2024):** Amazon repeatedly extended hardware useful life. A 2022 extension (4 to 5 years) reduced Q1 depreciation by \$973 million [20]. A 2024 extension of useful lives contributed to Q1 operating income increasing from \$4.8 billion to \$15.3 billion [21].
- **Phase 2: The AI Reversal (2025):** AI evolution forced a material revision. Effective January 1, 2025, useful life for specific servers was reduced to five years due to accelerated obsolescence [22]. This created immediate headwinds, increasing Q2 2025 depreciation by \$280 million following \$920 million in accelerated charges in late 2024 [23].

Global Stores, Marketplace & Fulfillment Operations

Strategic Overview: The Retail Flywheel and Capital Cycle The core retail strategy relies on a price-selection-convenience flywheel. Shipping offers and Prime benefits are categorized as indefinite marketing tools rather than profit centers, driving volume to fund lower prices [24].

From Expansion to Optimization (2020–2024) Responding to pandemic demand, Amazon aggressively expanded capacity, with CapEx hitting \$38.9 billion in the first nine months of 2021 [25]. As sales decelerated in late 2021 [26], the strategy pivoted in 2022 from expansion

to optimization [27]. This shift resulted in significant impairments for facility closures and physical store cancellations [28], alongside a push for "lean culture" efficiencies [29].

By 2025, while CapEx focused on AWS, fulfillment investment resumed, supported by an accounting shift extending heavy equipment useful life from ten to thirteen years [30].

Operational Headwinds and Cost Structure Operations faced pressure from wage inflation and carrier rates [31]. Shipping costs rose consistently:

- **2021:** \$76.7 billion [32].
- **2023:** \$89.5 billion [33].
- **2024–2025:** Continued increases weighed on Q3 2025 operating income [34].

However, by late 2023, "fulfillment network efficiencies" and lower transportation rates began partially offsetting these increases, indicating infrastructure maturation [35].

Marketplace Dynamics and International Turnaround North America growth is propelled by third-party sellers, advertising, and subscriptions [36]. While third-party reliance expands selection, it requires substantial capacity and incurs higher processing costs [37].

Crucially, the International segment swung to operating income in H1 2024 [38]. This turnaround was driven by leveraging fixed costs against increased unit sales and advertising revenue, overcoming persistent foreign exchange headwinds [39].

Advertising, Media & Prime Ecosystem

Prime Ecosystem as a Strategic Flywheel Amazon views Prime benefits as effective "worldwide marketing tools" intended for indefinite retention [40]. Costs for benefits—shipping and content—are viewed as effective worldwide marketing tools [41].

Advertising as a High-Margin Profit Engine Advertising has evolved into a high-margin mechanism for offsetting retail costs [42].

- **Strategic Resilience:** By 2022, advertising revenue buffered core retail volatility and International sales declines [43].
- **Profitability Driver:** From 2023 to 2025, advertising was a primary driver of North American operating income [44] and instrumental in achieving International profitability in 2024 [45].

Aggressive Media Content Investment To reinforce Prime, Amazon intensified capital allocation toward digital content, recording it as both capitalized assets and long-term liabilities [46].

- **Escalating Costs:** Video and music expense grew to \$18.9 billion in 2023 [47], with capitalized costs reaching \$20.3 billion by March 2025 [48].
- **Strategic Acquisitions:** The \$6.1 billion MGM Holdings acquisition in 2022 significantly expanded content depth [49].
- **Accounting Adjustments:** In 2023, extending the useful life of video content (2.6 to 3.6 years) boosted operating income by ~\$1.0 billion [50].

Strategic Investments & Emerging Initiatives

Strategic Portfolio Evolution and Financial Volatility The investment portfolio drives significant non-operating financial volatility, evident in "Other income (expense), net" fluctuations [51].

- **Rivian Automotive:** A \$11.8 billion valuation gain in 2021 was followed by an \$8.6 billion net expense in Q1 2022 due to market corrections [52], highlighting net income exposure to partner valuations [53].
- **Anthropic & AI:** Conversely, the Anthropic investment yielded a \$10.2 billion net gain in Q3 2025 (\$14.1 billion year-to-date) via valuation adjustments and note conversions [54].

Deep Tech and Infrastructure: Project Kuiper Amazon continues to fund "deep tech" initiatives like the Project Kuiper satellite network. Through 2024, the company expensed most costs as pre-commercial [55]. Capitalization of network costs will commence only upon "commercial viability" (sales commencement) [56].

Macroeconomic Environment & Operational Restructuring

Operational Evolution: From Pandemic Response to Structural Efficiency Operational strategy shifted from pandemic crisis management to structural efficiency.

- **Pandemic Response (2020–2021):** Prioritizing safety/capacity over efficiency led to high costs [57]. As demand normalized in 2022, inefficiencies and inflation constrained performance [58].
- **Restructuring (2023–2025):** Management implemented role eliminations and facility closures. By Q3 2025, severance costs reached ~\$1.8–\$2.0 billion [59].

Foreign Exchange and Fiscal Environment Foreign exchange shifted from a severe headwind in 2022 (reducing International sales by \$15.0 billion) [60] to a tailwind in 2025, boosting sales by \$4.4 billion [61].

Taxation structure also evolved. While 2022 changes required capitalizing R&D expenses [62], the "2025 Tax Act" reinstated 100% accelerated depreciation and immediate R&D expensing, significantly improving projected liquidity for 2025-2026 [63].

Regulatory, Legal & Antitrust Dynamics

Evolution of Antitrust and Competition Frameworks Global regulation has pivoted toward pre-emptive structural constraints, particularly in the EU.

- **European Enforcement:** The Italian Competition Authority fined Amazon (reduced to EUR 752 million) for marketplace practices [64].
- **United States Challenges:** A \$2.5 billion charge was recorded in Q3 2025 to settle an FTC lawsuit [65], materially impacting North America operating income [66].

Data Privacy and Fiscal Policy Privacy compliance has become a significant liability. A EUR 746 million GDPR fine remains under appeal [67], while U.S. BIPA litigation challenges biometric data practices [68]. Concurrently, Digital Services Taxes (DST) increasingly target high-margin advertising revenue [69], alongside specific disputes like Indian cloud service taxes [70].

Strategic Trajectory and Outlook

Filings through 2026 reveal a successful transition from logistics builder to AI-centric powerhouse. The strategic trajectory is defined by decoupling revenue growth from fulfillment headcount via automation, and a massive capital reallocation toward AWS.

While the retail business has achieved a new equilibrium of profitability—aided by the high-margin advertising engine—future growth is unequivocally tethered to Generative AI. The aggressive Anthropic investment and infrastructure spend suggest Amazon accepts near-term depreciation headwinds (exacerbated by the 2025 useful life reduction) to secure long-term AI dominance. However, this growth faces heightened regulatory costs, where "gatekeeper" status and antitrust settlements are now recurring operating expenses.

Audit Trail Table

[Back to Methodology](#)

Main Report Text (Top Section) - Strategic narrative with citation numbers in brackets: [1], [2], [3], etc. - Example: "Intel's manufacturing strategy transformed... [1]" - These numbers link to evidence below

In the Audit Trail Table, each numbered entry contains:

1. **Citation number** - [1], [2], [3]
2. **Claim being supported** - The specific statement from the main text (often slightly paraphrased/excerpted)
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 - **Document type & date:** "10-K::2021-01-22"
 - **Hexid:** "5388f3375ce4e512" (snippet unique hexadecimal identifier)
 - **Snippet text:** Extracted passage from SEC filing
 - **(More..)** link to Google search query derived from snippet

Forward reference (reading report):

- See [29] in main text ⇒ Jump to appendix entry [29] and check supporting snippets
 - Then either jump back to [29] location in text
 - Or use the "More.." Google Search Feature to get the source document and related context. In most cases, clicking on "Read more" on the Google entry for the original SEC document will return the exact original text of the snippet

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- PDF version: Limited interactivity, better serves traditional document workflows and printing.
- Chronological audit trail: All evidence organized by filing date rather than thematic structure. Available as:
 - HTML for browsing
 - JSON for programmatic access and LLM integration ([see example use cases](#))

Paragraph 1	
[1]	Amazon Web Services (AWS) maintains a volume-based flywheel strategy where increased usage drives revenue, partially offset by strategic pricing reductions and long-term contracts
10-Q:2024-05-01 55e993749113bca7	Changes in foreign exchange rates reduced International net sales by \$248M for Q1 2024. AWS sales increased 17 in Q1 2024 compared to the comparable prior year period. The sales growth primarily reflects increased customer usage partially offset by pricing changes primarily driven by long term customer contracts. Operating Income Loss Operating income loss by segment is as follows in millions Operating income increased from \$4.8B in Q1 2023 to \$15.3B in Q1 2024. (More..)
10-Q:2021-07-30 0d954986c5e460d	The increase in AWS operating income in absolute dollars in Q2 2021 and for the six months ended June 30 2021 compared to the comparable prior year periods is primarily due to increased customer usage and cost structure productivity partially offset by increased spending on technology infrastructure payroll and related expenses and software licensing expenses all of which were primarily driven by additional investments to support the business growth and reduced prices for our customers. (More..)
[2]	Revenue recognition couples usage-based mechanisms for compute/storage with ratable recognition for fixed-term contracts
10-K:2026-02-06 7d8d873da421b6f6	Revenue is allocated to services using stand alone selling prices and is primarily recognized when the customer uses these services based on the quantity of services rendered such as compute or storage capacity delivered on demand. Certain services including compute and database are also offered as a fixed quantity over a specified term for which revenue is recognized ratably. (More..)
Paragraph 2	
[3]	2021 Expansion: Sales increased 39% in Q3 and 36% year-to-date, demonstrating robust momentum
10-Q:2021-10-29 959e8cc1ec1064de	We expect our International sales growth rate to decelerate in Q4 2021 compared to the increases we experienced in 2020. Changes in foreign currency exchange rates impacted International net sales by \$323M for Q3 2021 and by \$4.3B for the nine months ended September 30 2021. AWS sales increased 39 in Q3 2021 and 36 for the nine months ended September 30 2021 compared to the comparable prior year periods. The sales growth primarily reflects increased customer usage partially offset by pricing changes. (More..)
Paragraph 3	
[4]	2022-2023 Deceleration: Growth moderated to 29% in 2022 and slowed to 12-14% in early 2023
10-K:2023-02-03 0d848a23a3a00c01	Increased unit sales were driven largely by our continued focus on price selection and convenience for our customers including from our shipping offers. Changes in foreign currency exchange rates reduced International net sales by \$15.0B in 2022. AWS sales increased 29 in 2022 compared to the prior year. The sales growth primarily reflects increased customer usage partially offset by pricing changes primarily driven by long term customer contracts. (More..)
10-Q:2023-08-04 80a4557f6e55e6b6	Increased unit sales were driven largely by our continued focus on price selection and convenience for our customers including from our shipping offers. Changes in foreign exchange rates reduced International net sales by \$180M for Q2 2023 and by \$2.4B for the six months ended June 30 2023. AWS sales increased 12 in Q2 2023 and 14 for the six months ended June 30 2023 compared to the comparable prior year periods. (More..)
[5]	This was explicitly linked to "enterprise customer cost optimization" amidst recessionary fears
10-K:2023-02-03 86c01794e524fc43	We also expect the current macroeconomic environment and enterprise customer cost optimization efforts to impact our AWS revenue growth rates. We expect some or all of these factors to continue to impact our operations into Q1 2023. Net Sales Net sales include product and service sales. Product sales represent revenue from the sale of products and related shipping fees and digital media content where we record revenue gross. (More..)
10-Q:2023-04-28 530054a62157124b	In addition rising fuel utility and food costs rising interest rates and recessionary fears may impact customer demand and our ability to forecast consumer spending patterns. We also expect the current macroeconomic environment and enterprise customer cost optimization efforts to impact our AWS revenue growth rates. We expect some or all of these factors to continue to impact our operations into Q2 2023. Net Sales Net sales include product and service sales. (More..)
Paragraph 4	
[6]	2024-2025 Re-acceleration: Driven by AI demand, sales grew 17% in Q1 2024 and reached 20% in 2025
10-Q:2024-05-01 55e993749113bca7	Changes in foreign exchange rates reduced International net sales by \$248M for Q1 2024. AWS sales increased 17 in Q1 2024 compared to the comparable prior year period. The sales growth primarily reflects increased customer usage partially offset by pricing changes primarily driven by long term customer contracts. Operating Income Loss Operating income loss by segment is as follows in millions Operating income increased from \$4.8B in Q1 2023 to \$15.3B in Q1 2024. (More..)
10-K:2026-02-06 b5b692059546650	Changes in foreign exchange rates increased International net sales by \$4.9B in 2025. AWS sales increased 20 in 2025 compared to the prior year. The sales growth primarily reflects increased customer usage partially offset by pricing changes primarily driven by long term customer contracts. (More..)

Paragraph 5

[7]	Throughout these periods, Amazon secured long-term commitments, trading immediate pricing leverage for future volume
10-K:2023-02-03 03848ad3af6a00d1	Increased unit sales were driven largely by our continued focus on price selection and convenience for our customers including from our shipping offers. Changes in foreign currency exchange rates reduced International net sales by \$15.0B in 2022. AWS sales increased 29 in 2022 compared to the prior year. The sales growth primarily reflects increased customer usage partially offset by pricing changes primarily driven by long term customer contracts. (More...)
[8]	Consequently, unearned revenue—driven by prepayments and enterprise contracts—rose from \$11.6 billion in 2020 to \$16.1 billion by year-end 2022
10-K:2022-02-04 e2313d3f6845592	Unearned revenue primarily relates to prepayments of AWS services and Amazon Prime memberships. Our total unearned revenue as of December 31 2020 was \$ 11.6B of which \$ 9.3B was recognized as revenue during the year ended December 31 2021 and our total unearned revenue as of December 31 2021 was \$ 14.0B. Included in Other long term liabilities on our consolidated balance sheets was \$ 1.9B and \$ 2.2B of unearned revenue as of December 31 2020 and 2021. (More...)
10-K:2023-02-03 874f54a85e643d1b	Our total unearned revenue as of December 31 2021 was \$ 14.0B of which \$ 11.3B was recognized as revenue during the year ended December 31 2022 and our total unearned revenue as of December 31 2022 was \$ 16.1B. Included in Other long term liabilities on our consolidated balance sheets was \$ 2.2B and \$ 2.9B of unearned revenue as of December 31 2021 and 2022. (More...)
10-K:2023-02-03 cb2399f6ad15c4	Unearned Revenue Unearned revenue is recorded when payments are received or due in advance of performing our service obligations and is recognized over the service period. Unearned revenue primarily relates to prepayments of AWS services and Amazon Prime memberships. (More...)

Paragraph 6

[9]	Management consistently signals that CapEx for technology infrastructure will increase indefinitely to support AWS and business growth
10-Q:2021-10-29 475a766537b4316	Cash capital expenditures were \$9.8B and \$14.8B during Q3 2020 and Q3 2021 and \$21.9B and \$38.9B for the nine months ended September 30 2020 and 2021 which primarily reflect investments in additional capacity to support our fulfillment operations and in support of continued business growth in technology infrastructure the majority of which is to support AWS which investments we expect to continue over time. (More...)
10-Q:2023-08-04 598e8cab8299514a	We expect spending in technology and infrastructure to increase over time as we continue to add employees and infrastructure. These costs are allocated to segments based on usage. (More...)

Paragraph 7

[10]	2021: CapEx reached \$38.9 billion (nine months), up from \$21.9 billion prior
10-Q:2021-10-29 475a766537b4316	Cash capital expenditures were \$9.8B and \$14.8B during Q3 2020 and Q3 2021 and \$21.9B and \$38.9B for the nine months ended September 30 2020 and 2021 which primarily reflect investments in additional capacity to support our fulfillment operations and in support of continued business growth in technology infrastructure the majority of which is to support AWS which investments we expect to continue over time. (More...)

Paragraph 8

[11]	2022: Total cash CapEx hit \$58.3 billion, with fulfillment spend decreasing to direct capital toward AWS
10-K:2023-02-03 08efc6f08d9f4836	Cash provided by used in investing activities was \$58.2 billion and \$ 37.6 billion in 2021 and 2022 with the variability caused primarily by purchases sales and maturities of marketable securities. Cash capital expenditures were \$55.4B and \$58.3B in 2021 and 2022 which primarily reflect investments in technology infrastructure the majority of which is to support AWS business growth and in additional capacity to support our fulfillment network. (More...)
10-Q:2022-10-28 f5ae47e216fb1611	Cash capital expenditures were \$14.8B and \$15.0B during Q3 2021 and Q3 2022 and \$38.9B and \$42.9B for the nine months ended September 30 2021 and 2022 which primarily reflect investments in technology infrastructure the majority of which is to support AWS business growth and in additional capacity to support our fulfillment network. We expect to continue these investments over time with increased spending on technology infrastructure and decreased spending on our fulfillment network in 2022. (More...)

Paragraph 9

[12]	2025: Supporting Generative AI, CapEx surged to \$128.3 billion (from \$77.7 billion in 2024), with further increases expected in 2026
10-K:2026-02-06 0af740444760a203	Cash capital expenditures were \$77.7B and \$128.3B in 2024 and 2025 which primarily reflect investments in technology infrastructure the majority of which is to support AWS business growth and in additional capacity to support our fulfillment network both of which we expect to increase in 2026. (More...)

Paragraph 10

[13]	Finance lease activities further supported this, totaling \$7.1 billion in 2021 for infrastructure
10-K:2022-02-04 6ce0da0e5db8e56c	Property and equipment acquired under finance leases was \$11.6B and \$7.1B in 2020 and 2021 reflecting investments in support of continued business growth primarily due to investments in technology infrastructure for AWS. We had no borrowings outstanding under the unsecured revolving credit facility \$725M of borrowings outstanding under the commercial paper programs and \$803M of borrowings outstanding under our secured revolving credit facility the Credit Facility as of December 31 2021. (More...)

[14]	Accordingly, AWS asset composition is distinct from retail, concentrating heavily on property and equipment
10-K:2022-02-04 7caec15c961de991	Total segment assets reconciled to consolidated amounts are as follows in millions 1 North America and International segment assets primarily consist of property and equipment operating leases inventory and accounts receivable.2 AWS segment assets primarily consist of property and equipment and accounts receivable. (More...)

Paragraph 11

[15]	Amazon aggressively pursued Generative AI through organic investment in proprietary chips and external partnerships
10-K:2025-02-07 6f6db5e3a30ea8d	We also have a commercial arrangement primarily for the provision of AWS cloud services which includes the use of AWS chips. (More...)
10-K:2023-02-03 a20336884e2772e4	To best take advantage of these continued advances in technology we are investing in AWS which offers a broad set of on demand technology services including compute storage database analytics and machine learning and other services to developers and enterprises of all sizes. (More...)

[16]	A cornerstone was the \$4 billion cumulative investment in Anthropic PBC
10-Q:2024-08-02 973ceb91ac4259f	In Q3 2023 we invested \$1.25B in a convertible note from Anthropic. In Q1 2024 we invested \$2.75B in a second convertible note. Cash provided by used in financing activities was \$ 6.5 billion and \$ 4.5 billion for Q2 2023 and Q2 2024 and \$ 185 million and \$ 5.7 billion for the six months ended June 30 2023 and 2024. (More...)

[17]	This generated \$14.1 billion in non-operating gains in the first nine months of 2025 via valuation adjustments and note conversions
10-Q:2025-10-31 5202c9550f054545	The net gain of \$10.2B in Q3 2025 and \$14.1B for the nine months ended September 30 2025 is primarily from an upward adjustment for observable changes in price relating to our nonvoting preferred stock in Anthropic and the adjustments for the gains on available for sale debt securities from the portions of our convertible notes investments in Anthropic that were converted to nonvoting preferred stock during Q3 2025 and for the nine months ended September 30 2025. (More...)

Paragraph 12

[18]	However, rapid infrastructure expansion introduced vulnerabilities. The company acknowledges reliance on limited suppliers for GPUs, noting availability constraints could impede development
10-K:2024-02-02 f609d0709a299b3a	For example we rely on a limited group of suppliers for semiconductor products including products related to artificial intelligence infrastructure such as graphics processing units. Constraints on the availability of these products could adversely affect our ability to develop and operate artificial intelligence technologies products or services. (More...)

[19]	Additionally, expanding data center capabilities has increased network complexity
10-K:2024-02-02 b1b25b7301850c05	As we continue to add fulfillment and data center capability or add new businesses with different requirements our fulfillment and data center networks become increasingly complex and operating them becomes more challenging. (More...)

Paragraph 13

[20]	Phase 1: Extension (2020–2024): Amazon repeatedly extended hardware useful life. A 2022 extension (4 to 5 years) reduced Q1 depreciation by \$973 million
10-K:2023-02-03 4de14cb08633e2	Depreciation and amortization is recorded on a straight line basis over the estimated useful lives of the assets generally the lesser of 40 years or the remaining life of the underlying building four years prior to January 1 2022 and five years subsequent to January 1 2022 for our servers five years prior to January 1 2022 and six years subsequent to January 1 2022 for our networking equipment ten years for heavy equipment and three to ten years for other fulfillment equipment. (More...)
10-Q:2022-04-29 c34085f988262e9	The effect of this change in estimate for Q1 2022 based on servers and networking equipment that were included in Property and equipment net as of December 31 2021 and those acquired during the quarter ended March 31 2022 was a reduction in depreciation and amortization expense of \$973M and a benefit to net loss of \$ 769M or \$ 1.51 per basic share and \$ 1.51 per diluted share. (More...)

[21]	<p>10-Q:-2024-05-01 55e93749113ca27</p> <p>10-Q:-2024-08-02 317d5a32ba572c92</p>	<p>A 2024 extension of useful lives contributed to Q1 operating income increasing from \$4.8 billion to \$15.3 billion</p> <p>Changes in foreign exchange rates reduced International net sales by \$248M for Q1 2024. AWS sales increased 17 in Q1 2024 compared to the comparable prior year period. The sales growth primarily reflects increased customer usage partially offset by pricing changes primarily driven by long term customer contracts. Operating Income Loss Operating income loss by segment is as follows in millions Operating income increased from \$4.8B in Q1 2023 to \$15.3B in Q1 2024. (More...)</p> <p>The increase in AWS operating income in Q2 2024 and for the six months ended June 30 2024 compared to the comparable prior year periods is primarily due to increased sales decreased payroll and related expenses and a reduction in depreciation and amortization expense from our change in the estimated useful lives of our servers partially offset by spending on technology infrastructure that was primarily driven by additional investments to support AWS business growth. (More...)</p>
Paragraph 14		
[22]	<p>10-Q:-2025-05-02 e78e9793de77533a</p>	<p>Phase 2: The AI Reversal (2025): AI evolution forced a material revision. Effective January 1, 2025, useful life for specific servers was reduced to five years due to accelerated obsolescence</p> <p>Actual results could differ materially from these estimates. We review the useful lives of equipment on an ongoing basis. Effective January 1 2025 we changed our estimate of the useful lives of a subset of our servers and networking equipment from six years to five years. The shorter useful lives are due to the increased pace of technology development particularly in the area of artificial intelligence and machine learning. (More...)</p>
[23]	<p>10-Q:-2025-08-01 c176e51b276c595c</p> <p>10-K:-2025-02-07 86f939b2a2e2229b</p>	<p>This created immediate headwinds, increasing Q2 2025 depreciation by \$280 million following \$920 million in accelerated charges in late 2024</p> <p>The effect of this change in estimate for Q2 2025 based on servers and networking equipment that were included in Property and equipment net as of March 31 2025 and those acquired during the three months ended June 30 2025 was an increase in depreciation and amortization expense of \$280M and a reduction in net income of \$ 217M or \$ 0.02 per basic share and \$ 0.02 per diluted share which primarily impacted our AWS segment. (More...)</p> <p>We recorded approximately \$ 920M of accelerated depreciation and related charges for the quarter ended December 31 2024 related to these decisions. The accelerated depreciation will continue into 2025 and decrease operating income by approximately \$ 0.6B in 2025. These two changes above are due to an increased pace of technology development particularly in the area of artificial intelligence and machine learning. (More...)</p>
Paragraph 15		
[24]	<p>10-K:-2022-02-04 9c478073a39676b6</p> <p>10-Q:-2022-07-29 b4049f69f1cd185</p>	<p>The core retail strategy relies on a price-selection-convenience flywheel. Shipping offers and Prime benefits are categorized as indefinite marketing tools rather than profit centers, driving volume to fund lower prices</p> <p>While costs associated with Amazon Prime membership benefits and other shipping offers are not included in marketing expense we view these offers as effective worldwide marketing tools and intend to continue offering them indefinitely. (More...)</p> <p>The sales growth primarily reflects increased unit sales including sales by third party sellers and advertising sales. Increased unit sales were driven largely by our continued focus on price selection and convenience for our customers including from our shipping offers. (More...)</p>
Paragraph 16		
[25]	<p>10-Q:-2021-10-29 475a76b5373b4316</p>	<p>Responding to pandemic demand, Amazon aggressively expanded capacity, with CapEx hitting \$38.9 billion in the first nine months of 2021</p> <p>Cash capital expenditures were \$9.8B and \$14.8B during Q3 2020 and Q3 2021 and \$21.9B and \$38.9B for the nine months ended September 30 2020 and 2021 which primarily reflect investments in additional capacity to support our fulfillment operations and in support of continued business growth in technology infrastructure the majority of which is to support AWS which investments we expect to continue over time. (More...)</p>
[26]	<p>10-Q:-2021-07-30 335a27b1f2375289</p> <p>10-Q:-2021-10-29 715a94779590630c</p>	<p>As sales decelerated in late 2021</p> <p>The sales growth primarily reflects increased unit sales including sales by third party sellers. Increased unit sales were driven largely by our continued efforts to reduce prices for our customers including from our shipping offers and increased demand partially offset by fulfillment network capacity and supply chain constraints. We expect our North America sales growth rate to decelerate in Q3 2021 compared to the increases we experienced in 2020 and the first quarter of 2021. (More...)</p> <p>However we expect our net sales growth rate to decelerate in Q4 2021 compared to the increases we experienced in 2020. (More...)</p>
[27]	<p>10-Q:-2022-10-28 f5ae47e216bc161</p>	<p>the strategy pivoted in 2022 from expansion to optimization</p> <p>Cash capital expenditures were \$14.8B and \$15.0B during Q3 2021 and Q3 2022 and \$38.9B and \$42.9B for the nine months ended September 30 2021 and 2022 which primarily reflect investments in technology infrastructure the majority of which is to support AWS business growth and in additional capacity to support our fulfillment network. We expect to continue these investments over time with increased spending on technology infrastructure and decreased spending on our fulfillment network in 2022. (More...)</p>
[28]	<p>10-Q:-2023-04-28 69e07ac74fb08846</p> <p>10-Q:-2023-10-27 30d8cc4b4fdaabab</p>	<p>This shift resulted in significant impairments for facility closures and physical store cancellations</p> <p>For the three months ended March 31 2022 and 2023 we recorded approximately \$ 190M and \$ 180M of impairments of property and equipment and operating leases primarily related to physical stores in Q1 2022 and fulfillment network facilities in Q1 2023. (More...)</p> <p>Other Operating Expense Income Net Other operating expense income net was \$165M and \$244M for Q3 2022 and Q3 2023 and \$504M and \$613M for the nine months ended September 30 2022 and 2023 and was primarily related to asset impairments for physical store closures in 2022 and for fulfillment network facilities and physical store closures in 2023 and the amortization of intangible assets. (More...)</p>
[29]	<p>10-K:-2023-02-03 9012188e615523a</p>	<p>alongside a push for "lean culture" efficiencies</p> <p>To decrease our variable costs on a per unit basis and enable us to lower prices for customers we seek to increase our direct sourcing increase discounts from suppliers and reduce defects in our processes. To minimize unnecessary growth in fixed costs we seek to improve process efficiencies and maintain a lean culture. We seek to turn inventory quickly and collect from consumers before our payments to vendors and sellers become due. (More...)</p>
Paragraph 17		
[30]	<p>10-K:-2025-02-07 e3ff1e4048e7d71</p>	<p>By 2025, while CapEx focused on AWS, fulfillment investment resumed a useful life, supported by an accounting shift extending heavy equipment useful life from ten to thirteen years</p> <p>We review the useful lives of equipment on an ongoing basis. In Q4 2024 we completed a useful life study for certain types of heavy equipment and are increasing the useful life from ten years to thirteen years for such equipment effective January 1 2025. (More...)</p>
Paragraph 18		
[31]	<p>10-Q:-2021-10-29 45b3b0b9b791426</p> <p>10-Q:-2021-10-29 6039e71630e9017</p>	<p>Operations faced pressure from wage inflation and carrier rates</p> <p>The increase in fulfillment costs in absolute dollars in Q3 2021 and for the nine months ended September 30 2021 compared to the comparable prior year periods is primarily due to variable costs corresponding with increased product and service sales volume and inventory levels increased wage rates and incentives and fulfillment network inefficiencies resulting from a constrained labor market and global supply chain constraints and costs from expanding our fulfillment network. (More...)</p> <p>The increase in cost of sales in absolute dollars in Q3 2021 and for the nine months ended September 30 2021 compared to the comparable prior year periods is primarily due to increased product and shipping costs resulting from increased sales costs from expanding our fulfillment network and increased wage rates and incentives and fulfillment network inefficiencies resulting from a constrained labor market and global supply chain constraints. (More...)</p>
Paragraph 19		
[32]	<p>10-K:-2022-02-04 a2ec3edde3c8832</p>	<p>2021: \$76.7 billion</p> <p>Shipping costs to receive products from our suppliers are included in our inventory and recognized as cost of sales upon sale of products to our customers. Shipping costs which include sortation and delivery centers and transportation costs were \$61.1B and \$76.7B in 2020 and 2021. (More...)</p>
Paragraph 20		
[33]	<p>10-K:-2024-02-02 b444823aa6a060f</p>	<p>2023: \$89.5 billion</p> <p>The increase in cost of sales in absolute dollars in 2023 compared to the prior year is primarily due to increased product and shipping costs resulting from increased sales partially offset by fulfillment network efficiencies and lower transportation rates. Changes in foreign exchange rates reduced cost of sales by \$254M in 2023. Shipping costs were \$83.5B and \$89.5B in 2022 and 2023. (More...)</p>
Paragraph 21		
[34]	<p>10-Q:-2025-10-31 42c2b67dda1456af</p> <p>10-Q:-2025-10-31 41e088e451c02d9f</p>	<p>2024-2025: Continued increases weighed on Q3 2025 operating income</p> <p>The decrease in North America operating income in Q3 2025 compared to the comparable prior year period is primarily due to increased other operating fulfillment technology and infrastructure and shipping costs inclusive of the FTC settlement and severance costs partially offset by increased unit sales and increased advertising sales. (More...)</p> <p>The decrease in International operating income in Q3 2025 compared to the comparable prior year period is primarily due to increased shipping and fulfillment costs inclusive of severance costs partially offset by increased unit sales and increased advertising sales. (More...)</p>

Paragraph 22	
[35]	However, by late 2023, "fulfillment network efficiencies" and lower transportation rates began partially offsetting these increases, indicating infrastructure maturation
10-Q-2023-10-27 a0d9e99019089f4	The increase in cost of sales in absolute dollars in Q3 2023 and for the nine months ended September 30 2023 compared to the comparable prior year periods is primarily due to increased product and shipping costs resulting from increased sales partially offset by fulfillment network efficiencies and lower transportation rates. Changes in foreign exchange rates increased cost of sales by \$818M for Q3 2023 and reduced cost of sales by \$1.0B for the nine months ended September 30 2023. (More.)
Paragraph 23	
[36]	North America growth is propelled by third-party sellers, advertising, and subscriptions
10-Q-2023-04-28 14d35b1458059988	Changes in foreign exchange rates reduced net sales by \$2.4B for Q1 2023. For a discussion of the effect of foreign exchange rates on sales growth see Effect of Foreign Exchange Rates below. North America sales increased 11 in Q1 2023 compared to the comparable prior year period. The sales growth primarily reflects increased unit sales primarily by third party sellers advertising sales and subscription services. (More.)
10-K-2026-02-06 29f41781198490ca	Changes in foreign exchange rates increased net sales by \$4.4B in 2025. For a discussion of the effect of foreign exchange rates on sales growth see Effect of Foreign Exchange Rates below. North America sales increased 10 in 2025 compared to the prior year. The sales growth primarily reflects increased unit sales including sales by third party sellers advertising sales and subscription services. (More.)
Paragraph 24	
[37]	While third-party reliance expands selection, it requires substantial capacity and incurs higher processing costs
10-Q-2023-04-28 4c2a20c4973e20f	Under these agreements we provide web services technology fulfillment computing digital storage and other services as well as enable sellers to offer products or services through our stores. These arrangements are complex and require substantial infrastructure capacity personnel and other resource commitments which may limit the amount of business we can service. (More.)
10-Q-2023-04-28 9355b97526f9488	Additionally sales by our sellers have higher payment processing and related transaction costs as a percentage of net sales compared to our retail sales because payment processing costs are based on the gross purchase price of underlying transactions. The increase in fulfillment costs in absolute dollars in Q1 2023 compared to the comparable prior year period is primarily due to increased sales partially offset by fulfillment network efficiencies. (More.)
Paragraph 24	
[38]	Crucially, the International segment swung to operating income in H1 2024
10-Q-2024-08-02 6e231256856db45	The International operating income in Q2 2024 and for the six months ended June 30 2024 as compared to the operating loss in the comparable prior year periods is primarily due to increased unit sales and increased advertising sales partially offset by increased shipping and fulfillment costs. Changes in foreign exchange rates did not significantly impact operating income for Q2 2024 or for the six months ended June 30 2024. (More.)
Paragraph 25	
[39]	This turnaround was driven by leveraging fixed costs against increased unit sales and advertising revenue, overcoming persistent foreign exchange headwinds
10-Q-2024-11-01 2e0f9a78848384	The sales growth primarily reflects increased unit sales including sales by third party sellers advertising sales and subscription services. Increased unit sales were driven largely by our continued focus on price selection and convenience for our customers including from our fast shipping offers. Changes in foreign exchange rates did not significantly impact International net sales for Q3 2024 but reduced International net sales by \$1.3B for the nine months ended September 30 2024. (More.)
10-K-2024-02-02 4fe572833f2585ee	The decrease in International operating loss in absolute dollars in 2023 compared to the prior year is primarily due to increased unit sales and increased advertising sales partially offset by increased fulfillment and shipping costs and increased technology and infrastructure costs. Changes in foreign exchange rates positively impacted operating loss by \$246M in 2023. (More.)
Paragraph 25	
[40]	Amazon views Prime benefits as effective "worldwide marketing tools" intended for indefinite retention
10-K-2022-02-04 5c4784073a393f7b	While costs associated with Amazon Prime membership benefits and other shipping offers are not included in marketing expense we view these offers as effective worldwide marketing tools and intend to continue offering them indefinitely. (More.)
10-K-2022-02-03 3457c739a5e6abb34	The increase in sales and marketing costs in absolute dollars in 2022 compared to the prior year is primarily due to increased payroll and related expenses for personnel engaged in marketing and selling activities and higher marketing spend. While costs associated with Amazon Prime membership benefits and other shipping offers are not included in sales and marketing expense we view these offers as effective worldwide marketing tools and intend to continue offering them indefinitely. (More.)
Paragraph 26	
[41]	Costs for benefits—shipping and content—are viewed as effective worldwide marketing tools
10-K-2023-02-03 3457c739a5e6abb34	The increase in sales and marketing costs in absolute dollars in 2022 compared to the prior year is primarily due to increased payroll and related expenses for personnel engaged in marketing and selling activities and higher marketing spend. While costs associated with Amazon Prime membership benefits and other shipping offers are not included in sales and marketing expense we view these offers as effective worldwide marketing tools and intend to continue offering them indefinitely. (More.)
10-Q-2024-05-01 06f94c4623a65af	The decrease in sales and marketing costs in Q1 2024 compared to the comparable prior year period is primarily due to decreased payroll and related expenses for personnel engaged in marketing and selling activities and decreased advertising expenses. While costs associated with Amazon Prime membership benefits and other shipping offers are not included in sales and marketing expense we view these offers as effective worldwide marketing tools and intend to continue offering them indefinitely. (More.)
Paragraph 26	
[42]	Advertising has evolved into a high-margin mechanism for offsetting retail costs
10-Q-2024-11-01 0c48f6a15a09099	The increase in North America operating income in Q3 2024 and for the nine months ended September 30 2024 compared to the comparable prior year periods is primarily due to increased unit sales and increased advertising sales partially offset by increased fulfillment and shipping costs. (More.)
Paragraph 27	
[43]	Strategic Resilience: By 2022, advertising revenue buffered core retail volatility and International sales declines
10-Q-2022-04-29 725b89f0200475b9	International sales decreased 6 in Q1 2022 compared to the comparable prior year period primarily due to the impact of foreign currency exchange rates and also due to decreased unit sales partially offset by increased subscription services and advertising sales. Unit sales decreased in Q1 2022 compared to the higher levels we experienced in Q1 2021 due to widespread regional and national COVID 19 lockdowns in Q1 2021. (More.)
Paragraph 28	
[44]	Profitability Driver: From 2023 to 2025, advertising was a primary driver of North American operating income
10-Q-2024-11-01 0c48f6a15a09099	The increase in North America operating income in Q3 2024 and for the nine months ended September 30 2024 compared to the comparable prior year periods is primarily due to increased unit sales and increased advertising sales partially offset by increased fulfillment and shipping costs. (More.)
10-Q-2025-05-02 541539c6c6b70ca	The increase in North America operating income in Q1 2025 compared to the comparable prior year period is primarily due to increased unit sales and increased advertising sales partially offset by increased fulfillment and shipping costs. The increase in International operating income in Q1 2025 compared to the comparable prior year period is primarily due to increased unit sales and increased advertising sales partially offset by increased fulfillment and shipping costs. (More.)
Paragraph 29	
[45]	and instrumental in achieving International profitability in 2024
10-Q-2024-08-02 6e231256856db45	The International operating income in Q2 2024 and for the six months ended June 30 2024 as compared to the operating loss in the comparable prior year periods is primarily due to increased unit sales and increased advertising sales partially offset by increased shipping and fulfillment costs. Changes in foreign exchange rates did not significantly impact operating income for Q2 2024 or for the six months ended June 30 2024. (More.)
Paragraph 29	
[46]	To reinforce Prime, Amazon intensified capital allocation toward digital content, recording it as both capitalized assets and long-term liabilities
10-K-2026-02-06 4a4f78112aeeccaf	Other Assets Included in Other assets on our consolidated balance sheets are amounts primarily related to convertible notes and certain equity investments video and music content net of accumulated amortization long term deferred tax assets acquired intangible assets net of accumulated amortization satellite network launch services deposits and affordable housing loans. (More.)
10-K-2025-02-07 38ac3524997068f3	However the amount and timing of revenue recognition is largely driven by customer usage which can extend beyond the original contractual term. Other Long Term Liabilities Included in Other long term liabilities on our consolidated balance sheets are liabilities primarily related to financing obligations unearned revenue asset retirement obligations tax contingencies deferred tax liabilities and digital video and music content. (More.)
Paragraph 30	
[47]	Escalating Costs: Video and music expense grew to \$18.9 billion in 2023
10-K-2024-02-02 912493e9441c28e	The total capitalized costs of video which is primarily released content and music as of December 31 2022 and 2023 were \$ 16.7B and \$ 17.4B. Total video and music expense was \$ 16.6B and \$ 18.9B for the year ended December 31 2022 and 2023. Total video and music expense includes licensing and production costs associated with content offered within Amazon Prime memberships and costs associated with digital subscriptions and sold or rented content. (More.)
Paragraph 30	
[48]	with capitalized costs reaching \$20.3 billion by March 2025
10-Q-2025-05-02 3767743446ba8af	Digital Video and Music Content Included in Other assets on our consolidated balance sheets are the total capitalized costs of video which is primarily released content and music which as of December 31 2024 and March 31 2025 were \$ 19.6B and \$ 20.3B. Total video and music expense was \$ 4.6B and \$ 5.1B in Q1 2024 and Q1 2025. Unearned Revenue Unearned revenue is recorded when payments are received or due in advance of performing our service obligations and is recognized over the service period. (More.)

Paragraph 31

[49]	Strategic Acquisitions: The \$6.1 billion MGM Holdings acquisition in 2022 significantly expanded content depth
10-Q:2022-04-29 786dc8d4be1baf743	The weighted average remaining life of our long term contracts is 3.8 years. However the amount and timing of revenue recognition is largely driven by customer usage which can extend beyond the original contractual term. Acquisition Activity On March 17 2022 we acquired MGM Holdings Inc. MGM for cash consideration of approximately \$ 6.1B net of cash acquired to provide more digital media content options for customers. We also assumed \$ 2.5B of debt which we repaid immediately after closing. (More...)

Paragraph 32

[50]	Accounting Adjustments: In 2023, extending the useful life of video content (2.6 to 3.6 years) boosted operating income by ~\$1.0 billion
10-K:2023-02-03 ff4380b2aa344c6e	We also develop original video content for which the production costs are capitalized and amortized to Cost of sales predominantly on an accelerated basis that follows the estimated viewing patterns associated with the content. The weighted average remaining life of our capitalized video content is 2.6 years. We review usage and viewing patterns impacting the amortization of capitalized video content on an ongoing basis and reflect any changes prospectively. (More...)
10-Q:2023-08-04 21d33a656726f5d1	We estimate losses on receivables based on expected losses including our historical experience of actual losses. The allowance for doubtful accounts was \$ 1.4B and \$ 1.5B as of December 31 2022 and June 30 2023. Digital Video and Music Content The total capitalized costs of video which is primarily released content and music as of December 31 2022 and June 30 2023 were \$ 16.7B and \$ 17.8B. The weighted average remaining life of our capitalized video content is 3.6 years. (More...)
10-K:2023-02-03 506c861d6e554d4b	Changes in historical and anticipated viewing patterns are lengthening the weighted average life of our capitalized video content. We anticipate the changes in viewing patterns will positively impact 2023 operating income by approximately \$ 1.0B generally ratably throughout the year. Our produced and licensed video content is primarily monetized together as a unit referred to as a film group in each major geography where we offer Amazon Prime memberships. (More...)

Paragraph 33

[51]	The investment portfolio drives significant non-operating financial volatility, evident in "Other income (expense), net" fluctuations
10-K:2021-02-03 77e21c5d364ee5e3	Other Income Expense Net Other income expense net was \$203M and \$2.4B during 2019 and 2020. The primary components of other income expense net are related to equity warrant valuations equity securities valuations and adjustments and foreign currency. (More...)
10-Q:2021-10-29 aa85cc62e8ec2e6e	The primary components of other income expense net are related to equity securities valuations and adjustments equity warrant valuations and foreign currency. Income Taxes Our income tax provisions for the nine months ended September 30 2020 and 2021 were \$2.3B and \$4.2B which included \$1.5B and \$1.7B of net discrete tax benefits primarily attributable to excess tax benefits from stock based compensation and audit related developments. (More...)

Paragraph 34

[52]	Rivian Automotive: A \$11.8 billion valuation gain in 2021 was followed by an \$8.6 billion net expense in Q1 2022 due to market corrections
10-K:2022-02-04 0e81c3442c03e	Other Income Expense Net Other income expense net was \$2.4B and \$14.6B during 2020 and 2021. The primary components of other income expense net are related to equity securities valuations and adjustments equity warrant valuations and foreign currency. Included in other income expense net in 2021 is a valuation gain of \$11.8B from our equity securities of Rivian Automotive Inc. which completed an initial public offering in November 2021. (More...)
10-Q:2022-04-29 89f9c2f62e92d42e	Interest expense was \$399M and \$472M during Q1 2021 and Q1 2022 and was primarily related to debt and finance leases. Other Income Expense Net Other income expense net was \$1.7B and \$ 8.6 billion during Q1 2021 and Q1 2022. The primary components of other income expense net are related to equity securities valuations and adjustments equity warrant valuations and foreign currency. (More...)

Paragraph 35

[53]	highlighting net income exposure to partner valuations
10-K:2022-02-04 0e81c3442c03e	Other Income Expense Net Other income expense net was \$2.4B and \$14.6B during 2020 and 2021. The primary components of other income expense net are related to equity securities valuations and adjustments equity warrant valuations and foreign currency. Included in other income expense net in 2021 is a valuation gain of \$11.8B from our equity securities of Rivian Automotive Inc. which completed an initial public offering in November 2021. (More...)

Paragraph 35

[54]	Anthropic & AI: Conversely, the Anthropic investment yielded a \$10.2 billion net gain in Q3 2025 (\$14.1 billion year-to-date) via valuation adjustments and note conversions
10-Q:2025-10-31 520c959586954645	The net gain of \$10.2B in Q3 2025 and \$14.1B for the nine months ended September 30 2025 is primarily from an upward adjustment for observable changes in price relating to our nonvoting preferred stock in Anthropic and the adjustments for the gains on available for sale debt securities from the portions of our convertible notes investments in Anthropic that were converted to nonvoting preferred stock during Q3 2025 and for the nine months ended September 30 2025. (More...)

Paragraph 36

[55]	Amazon continues to fund "deep tech" initiatives like the Project Kuiper satellite network. Through 2024, the company expensed most costs as pre-commercial
10-Q:2024-11-01 327f4e6026d17a7f	Changes in foreign exchange rates did not significantly impact technology and infrastructure costs for Q3 2024 but reduced technology and infrastructure costs by \$166M for the nine months ended September 30 2024. We currently expense the majority of the costs associated with the development of our satellite network for global broadband service including production launch and payroll costs and launch services deposits upon launch. (More...)
10-K:2025-02-07 2ba44433ec2901b	Changes in foreign exchange rates reduced technology and infrastructure costs by \$244M in 2024. We currently expense the majority of the costs associated with the development of our satellite network for global broadband service including production launch and payroll costs and launch services deposits upon launch. We will capitalize certain of these costs once the service achieves commercial viability including sales to customers. (More...)

Paragraph 36

[56]	Capitalization of network costs will commence only upon "commercial viability" (sales commencement)
10-Q:2025-08-01 6436c766bfaa8eb	We will capitalize certain of these costs once the service achieves commercial viability including sales to customers. (More...)
10-K:2025-02-07 2ba44433ec2901b	Changes in foreign exchange rates reduced technology and infrastructure costs by \$244M in 2024. We currently expense the majority of the costs associated with the development of our satellite network for global broadband service including production launch and payroll costs and launch services deposits upon launch. We will capitalize certain of these costs once the service achieves commercial viability including sales to customers. (More...)

Paragraph 37

[57]	Pandemic Response (2020–2021): Prioritizing safety/capacity over efficiency led to high costs
10-K:2021-02-03 365884a729569024	To serve our customers while also providing for the safety of our employees and service providers we have modified numerous aspects of our logistics transportation supply chain purchasing and third party seller processes. (More...)
10-K:2021-02-03 3c12ec6664949206	The increase in cost of sales in absolute dollars in 2020 compared to the prior year is primarily due to increased product and shipping costs resulting from increased sales. We expect cost of sales as a percentage of net sales to continue to be negatively impacted through at least Q1 2021 by COVID 19 related costs. Shipping costs to receive products from our suppliers are included in our inventory and recognized as cost of sales upon sale of products to our customers. (More...)

Paragraph 37

[58]	As demand normalized in 2022, inefficiencies and inflation constrained performance
10-Q:2022-04-29 14b1c318ca0c1c71	The factors described above contributed to a deceleration in our net sales growth rate and increases in our operating costs during Q1 2022 particularly across our North America and International segments due to increased wage rates and incentives increased transportation costs and fulfillment network inefficiencies resulting from constrained labor markets and global supply chain constraints. We expect some or all of these factors to continue to impact our operations into Q2 2022. (More...)

Paragraph 38

[59]	Restructuring (2023–2025): Management implemented role eliminations and facility closures. By Q3 2025, severance costs reached ~\$1.8–\$2.0 billion
10-Q:2025-10-31 3ba99c0fae83359b	Operating Income Operating income by segment is as follows in millions Operating income was \$17.4B in Q3 2024 and Q3 2025 and \$47.4B for the nine months ended September 30 2024 and \$55.0B for the nine months ended September 30 2025. Operating income in Q3 2025 includes charges of \$2.5B related to the settlement of a lawsuit with the FTC and \$1.8B of estimated severance costs primarily related to planned role eliminations. (More...)
10-Q:2025-10-31 714ad73b039f9a1b	During Q3 2025 we recorded \$ 2.5B of expense related to the settlement of a lawsuit with the Federal Trade Commission FTC. This charge was recorded in Other operating expense income net and impacted our North America segment. For the three and nine months ended September 30 2025 we recorded approximately \$ 1.8B and \$ 2.0B of estimated severance costs primarily related to planned role eliminations. (More...)

Paragraph 39

[60]	Foreign exchange shifted from a severe headwind in 2022 (reducing International sales by \$15.0 billion)
10-K:2023-02-03 8a8d3b3635a0a01	Upon consolidation as foreign exchange rates vary net sales and other operating results may differ materially from expectations and we may record significant gains or losses on the remeasurement of intercompany balances. For example as a result of fluctuations in foreign exchange rates throughout the year compared to rates in effect the prior year International segment net sales decreased by \$15.0B in comparison with the prior year. (More...)

Paragraph 39

[61]	to a tailwind in 2025, boosting sales by \$4.4 billion
10-K:2026-02-06 29f4178119890ca	Changes in foreign exchange rates increased net sales by \$4.4B in 2025. For a discussion of the effect of foreign exchange rates on sales growth see Effect of Foreign Exchange Rates below. North America sales increased 10 in 2025 compared to the prior year. The sales growth primarily reflects increased unit sales including sales by third party sellers advertising sales and subscription services. (More...)

Paragraph 40

[62]		Taxation structure also evolved. While 2022 changes required capitalizing R&D expenses
10-Q:2022-04-29 3b563af7ad1d5e47	Effective January 1 2022 research and development expenses are required to be capitalized and amortized for U.S. tax purposes which delays the deductibility of these expenses. Cash taxes paid net of refunds were \$801M and \$453M for Q1 2021 and Q1 2022. (More...)	
10-K:2022-02-04 15b6d5b961930c7	Cash taxes paid net of refunds were \$1.7B and \$3.7B for 2020 and 2021. Effective January 1 2022 research and development expenses are required to be capitalized and amortized for U.S. tax purposes which will delay the deductibility of these expenses and potentially increase the amount of cash taxes we pay. (More...)	
[63]		the "2025 Tax Act" reinstated 100% accelerated depreciation and immediate R&D expensing, significantly improving projected liquidity for 2025-2026
10-Q:2025-08-01 399fcd4f97e7e7e	The 2025 Tax Act makes changes to the U.S. corporate income tax including reinstating the option to claim 100 accelerated depreciation deductions on qualified property with retroactive application beginning January 20 2025 and immediate expensing of domestic research and development costs with retroactive application beginning January 1 2025. While we are still evaluating the full extent of the 2025 Tax Act's impact we expect these changes to significantly reduce U.S. cash taxes we pay in 2025. (More...)	
10-K:2026-02-06 415b3e600d9105a	Cash paid for U.S. federal and state and foreign income taxes net of refunds totaled \$12.3B and \$8.3B for 2024 and 2025. We expect the 2025 Tax Act to have a similar effect on our cash taxes in 2026. See Item 8 of Part II Financial Statements and Supplementary Data Note 9 Income Taxes for additional cash taxes paid information. (More...)	

Paragraph 41

[64]		European Enforcement: The Italian Competition Authority fined Amazon (reduced to EUR 752 million) for marketplace practices
10-Q:2025-10-31 3753dbf49ed2b955	In September 2025 the Italian Administrative Tribunal the TAR affirmed the ICA's decision but reduced the fine to EUR 752M. We believe the TAR's ruling affirming the ICA's decision to be without merit and will continue to defend ourselves vigorously in this matter. (More...)	

Paragraph 42

[65]		United States Challenges: A \$2.5 billion charge was recorded in Q3 2025 to settle an FTC lawsuit
10-Q:2025-10-31 3b6b9f0fac83159b	Operating Income Operating income by segment is as follows in millions Operating income was \$17.4B in Q3 2024 and Q3 2025 and \$47.4B for the nine months ended September 30 2024 and \$55.0B for the nine months ended September 30 2025. Operating income in Q3 2025 includes charges of \$2.5B related to the settlement of a lawsuit with the FTC and \$1.8B of estimated severance costs primarily related to planned role eliminations. (More...)	
10-Q:2025-10-31 714ad73bd039f9a1b	During Q3 2025 we recorded \$ 2.5B of expense related to the settlement of a lawsuit with the Federal Trade Commission FTC. This charge was recorded in Other operating expense income net and impacted our North America segment. For the three and nine months ended September 30 2025 we recorded approximately \$ 1.8B and \$ 2.0B of estimated severance costs primarily related to planned role eliminations. (More...)	

[66]		materially impacting North America operating income
10-Q:2025-10-31 42c0967cda1456af	The decrease in North America operating income in Q3 2025 compared to the comparable prior year period is primarily due to increased other operating fulfillment technology and infrastructure and shipping costs inclusive of the FTC settlement and severance costs partially offset by increased unit sales and increased advertising sales. (More...)	

Paragraph 43

[67]		Privacy compliance has become a significant liability. A EUR 746 million GDPR fine remains under appeal
10-K:2022-02-04 6e4189ba05563e5e	In July 2021 the Luxembourg National Commission for Data Protection the CNPD issued a decision against Amazon Europe Core S. a r.l. claiming that Amazon's processing of personal data did not comply with the EU General Data Protection Regulation. The decision imposes a fine of EUR 746M and corresponding practice revisions. We believe the CNPD's decision to be without merit and intend to defend ourselves vigorously in this matter. (More...)	
10-Q:2025-05-02 5b4bc26830978bc	claiming that Amazon's processing of personal data did not comply with the EU General Data Protection Regulation. The decision imposes a fine of EUR 746M and corresponding practice revisions. In March 2025 the Luxembourg Administrative Court dismissed our appeal of the CNPD's decision. In April 2025 we appealed the court's decision to the Luxembourg Administrative Court of Appeal. (More...)	

[68]		while U.S. BIPA litigation challenges biometric data practices
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[69]		Concurrently, Digital Services Taxes (DST) increasingly target high-margin advertising revenue
10-K:2021-02-03 751f81a2c5e0df5a	For example the European Union certain member states and other countries have proposed or enacted taxes on online advertising and marketplace service revenues. (More...)	
10-K:2022-02-04 280881086af24d9f	For example non U.S. jurisdictions have proposed or enacted taxes on online advertising and marketplace service revenues. Proliferation of these or similar unilateral tax measures may continue unless broader international tax reform is implemented. (More...)	

[70]		alongside specific disputes like Indian cloud service taxes
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