

The background is a textured orange color. On the right side, there are large, abstract, rounded shapes in a lighter orange and a blue color. The text is white and positioned on the left side of the image.

Etsy

Keep commerce human.

Investor Presentation
May 2023

Forward-looking Statements

This presentation contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements include statements relating to our financial guidance for the second quarter of 2023 and underlying assumptions and key drivers; our “vital few” initiatives and their ability to re-accelerate growth and increase our value proposition; our product development and marketing initiatives and their ability to improve customer experiences, engagement, increase customer spend and enhance our brand perception and awareness; our ability to attract, engage, retain and grow buyers and sellers; our investment approach and its positive impact on our growth and profitability; our ability to grow market share; our ability to re-accelerate our GMS/active buyer metric; the future of search on our marketplaces; and our ability to navigate the global macroeconomic uncertainty and volatility. Forward-looking statements include all statements that are not historical facts. In some cases, forward-looking statements can be identified by terms such as “anticipate,” “believe,” “could,” “enable,” “estimate,” “expect,” “goal,” “intend,” “may,” “outlook,” “plan,” “potential,” “target,” “will,” or similar expressions and derivative forms and/or the negatives of those words.

Forward-looking statements involve substantial risks and uncertainties that may cause actual results to differ materially from those that we expect. These risks and uncertainties include: (1) the level of demand for our services or products sold in our marketplaces and our ability to support our recent growth; (2) the importance to our success of the trustworthiness of our marketplaces and our ability to attract and retain active and engaged communities of buyers and sellers; (3) risks related to the COVID-19 pandemic; (4) the fluctuation of our quarterly operating results; (5) our failure to meet our publicly announced guidance or other expectations; (6) if we or our third-party providers are unable to protect against technology vulnerabilities, service interruptions, security breaches, or other cyber incidents; (7) our dependence on continued and unimpeded access to third-party services, platforms, and infrastructure; (8) macroeconomic events that are outside of our control; (9) operational and compliance risks related to our payments systems; (10) our ability to recruit and retain employees; (11) our ability to compete effectively; (12) our ability to enhance our current offerings and develop new offerings to respond to the changing needs of sellers and buyers; (13) our ability to demonstrate progress against our environmental, social, and governance Impact strategy; (14) our efforts to expand internationally; (15) our ability to successfully integrate and receive the expected benefits from the Depop and Elo7 acquisitions; (16) acquisitions that may prove unsuccessful or divert management attention; (17) regulation in the area of privacy and protection of user data; and (18) litigation and regulatory matters, including intellectual property claims. These and other risks and uncertainties are more fully described in our filings with the Securities and Exchange Commission, including in the section entitled “Risk Factors” in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, and subsequent reports that we file with the Securities and Exchange Commission. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, we cannot guarantee future results, levels of activity, performance, achievements, or events and circumstances reflected in the forward-looking statements will occur.

Forward-looking statements represent our beliefs and assumptions only as of the date hereof. We disclaim any obligation to update forward-looking statements.

This presentation is a high-level summary of our Q1 2023 financial results. For more information please refer to our press release dated May 3, 2023 and filings with the SEC. **Please see the appendix for a reconciliation of the non-GAAP financial measures used in this presentation to their respective most directly comparable financial measures, where available, calculated in accordance with GAAP.**

For our most recent TAM analysis and information about how we define active buyers, new buyers and reactivated buyers, see our Annual Report on Form 10-K for the year ended December 31, 2022.

Etsy Inc.'s Compelling Value Proposition

*Keep
Commerce
Human*

Our mission is to “Keep Commerce Human,” connecting millions of passionate and creative buyers and sellers globally with non-commoditized items



Our capital light business model allows us to deliver solid profitability and operating cash flow, even through uncertain times, while simultaneously investing in future growth



The Etsy marketplace has more than doubled in size since 2019, and we see enormous opportunity ahead by continuing to execute our Right to Win strategy



Etsy's leadership team is focused on delivering positive results for our business *AND* impact to our communities



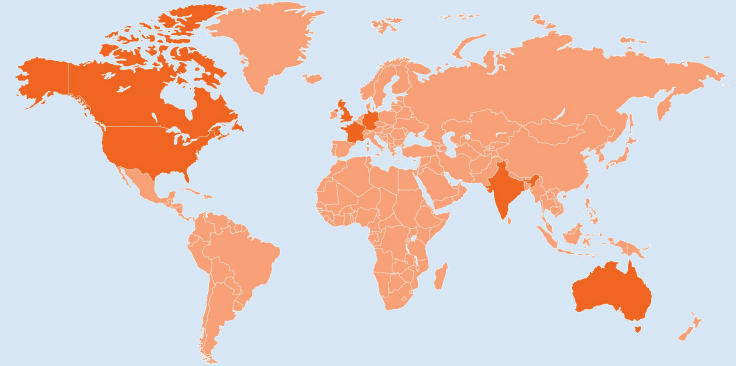
Our goal is to leverage our shared expertise in product, marketing, technology, and customer support to drive value across our House of Brands

Etsy Inc.'s strategy is focused on:

Our Right to Win, building our competitive value proposition



Expanding Etsy.com across our seven core geographies



Leveraging our Etsy playbook across our House of Brands

GMS by brand 2022:

Etsy

\$12B

Reverb

\$943M

depop

\$552M

elo7

\$70M

Our marketplaces have two sided vibrancy



Buyers

Go-to shopping destinations for unique and special goods

of Buyers in Q1 23
Consolidated: 95.5M
Etsy marketplace: 89.9M



of Sellers in Q1 23
Consolidated: 7.9M
Etsy marketplace: 5.9M

Sellers

Helping sellers start, manage and scale their creative businesses



We allow creative entrepreneurs to turn their passions into economic opportunities

Etsy sellers range from hobbyists to professional merchants with a broad range of personal and professional goals.

- 54%¹ are multi-channel sellers and Etsy represents their largest sales channel
- Our sellers sell in physical locations such as craft fairs, mall kiosks, or other live selling events, through their own websites or on other online marketplaces



97% run their shops from their homes



80% of sellers identify as women

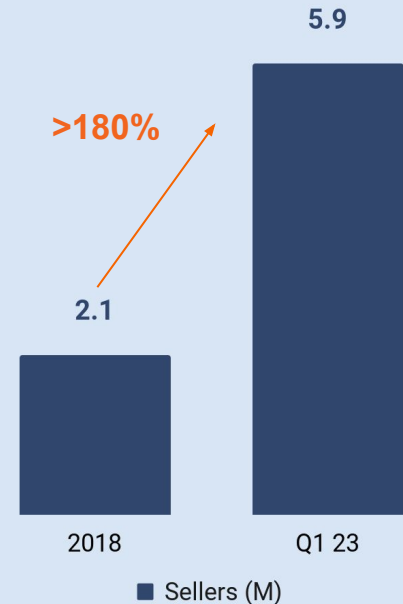


79% consider their shop a business



54% are multi-channel sellers

Etsy Marketplace Sellers (M)



Etsy marketplace only.

¹ November 2022 Etsy marketplace Seller Survey, which also applies to the seller graphics above.

Etsy is a brand that stands for something different

- A brand* that stands for “Intentional Shopping”
- Unique products
- Global reach
- Organic traffic base
- Connected experience across all devices
- Buyer intent; people come to Etsy marketplace to browse and be inspired

*Based on 2022 Etsy marketplace buyer survey



Etsy

87%* of buyers say
“Etsy has items I can’t find
anywhere else;” and 71%*
agree “there is no other store
or website similar to Etsy”

Exciting product development roadmap to improve customer experiences and engagement in 2023 aligned with our Right to win



Welcome new buyers to the joy of Etsy

Meet new buyers where they are



Deepen buyer curiosity and engagement

Etsy gets better the more you shop



Instill trust when transacting with us

Peace of Mind



Be the platform sellers love to sell on

Manage shop efficiently & effectively

Search improvements are central to this roadmap - continuing to make Etsy feel more 'made for you'



We *intelligently* blend results from *multiple search engines* that are good at solving different problems...
Generative AI coupled with Dynamic Information Retrieval unlocks exciting potential



Text-based: *Exact*

Do the **words you searched for** appear in listing title?



X-Walk: *Relational*

How can **interactions** between buyers, listings and shops help us find the right listing for you?



Neural IR: *Semantic – utilizes Large Language Models*

Do we **understand** what you are looking for even if you do not know how to describe it?

Etsy teams are working on Generative AI, Extreme MLL and GNN models

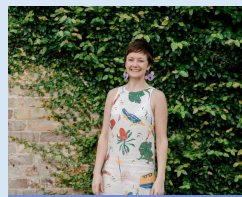
Can we move from keywords to **conversations?**

IR = Information Retrieval

Extreme MLL = Extreme Multi-Label Learning

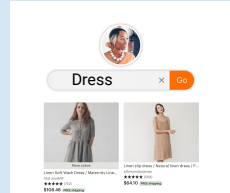
GNN = Graph Neural Network

Product and marketing investments can support long-term growth



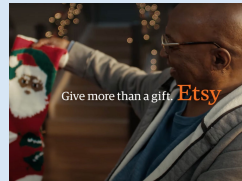
- Cohorts continue to come back over time
- Retaining gains made from the past few years and from our product and marketing efforts

Baseline GMS



- Investments focus on creating an improved buyer and seller experience; driving conversion rate and frequency improvements
- GMS lifts compound over time and provide benefits for many years

Product Investments



- Investments focus on bringing in new buyers and better retaining our existing buyers, improving the lifetime value of our buyer base

Marketing Investments



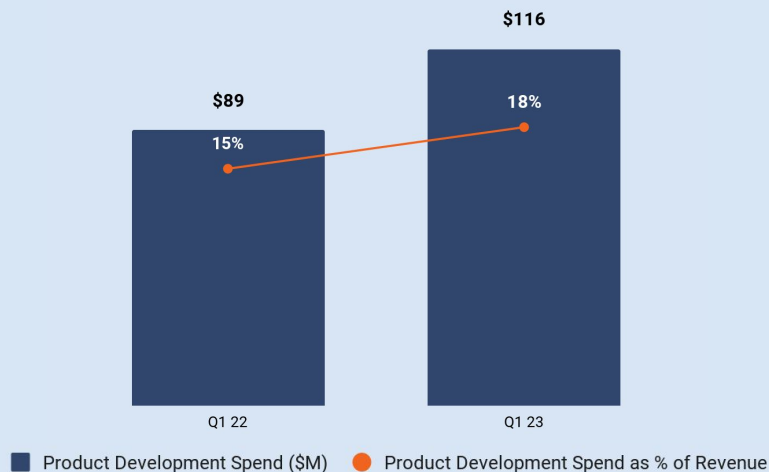
GMS Growth

Baseline denotes Etsy marketplace GMS performance without the impact of product and marketing investments

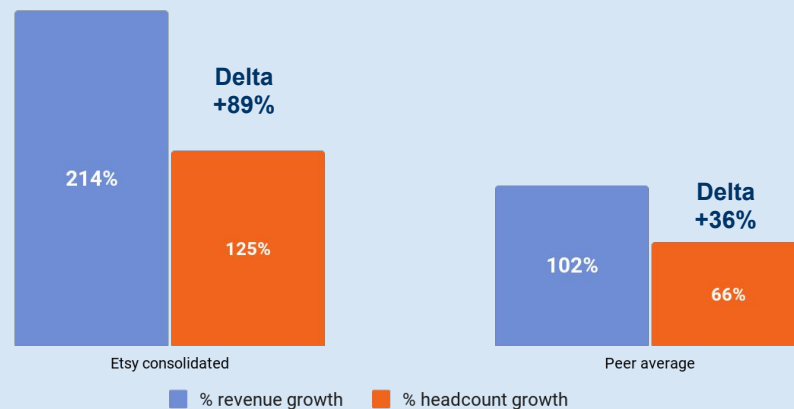
Intentional, disciplined investments in product & engineering to support future growth

Hiring pace aligned with revenue growth and the opportunities we see ahead

Quarterly Consolidated Product Development Spend (\$M)



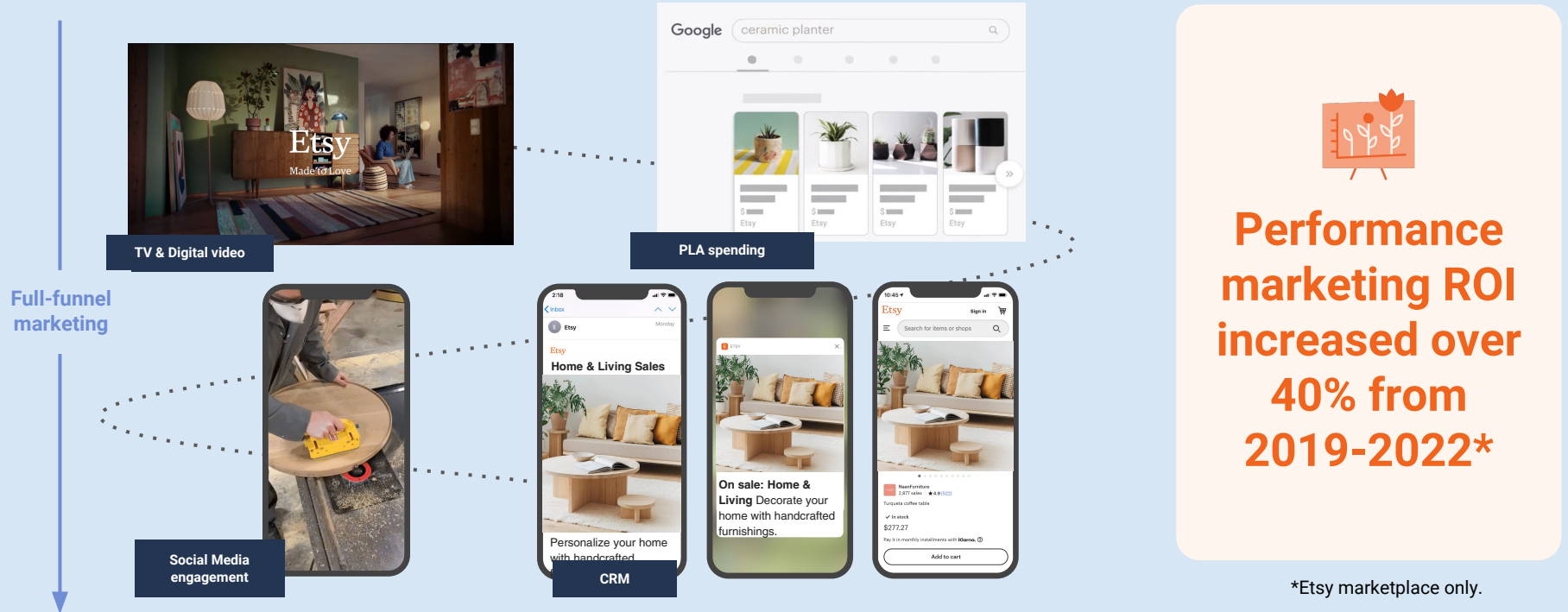
From 2019-2022, Etsy's revenue growth meaningfully outpaced our headcount growth, greatly outperforming peer trends



Note: Peer average is comprised of MercadoLibre, eBay, Amazon, Farfetch, Walmart, Target, Wayfair, Shopify, Wix, and GoDaddy.
Peer data source: Public company filings.

We utilize a full funnel, ROI focused marketing approach

Marketing spend works to **attract**, **retain**, and **reactivate** buyers



We maintained most of our gains and saw some 'green shoots' in Q1 23

Etsy marketplace GMS was \$2.7 billion, down 3% Y/Y on a currency neutral basis

Q1 23 Consolidated GMS

\$3.1B

-5% Y/Y and -3% Y/Y on a currency neutral basis

Q1 23 Consolidated Revenue

\$641M

+11% Y/Y

Q1 23 Consolidated Adj. EBITDA

\$170M

26.6% Adj. EBITDA Margin

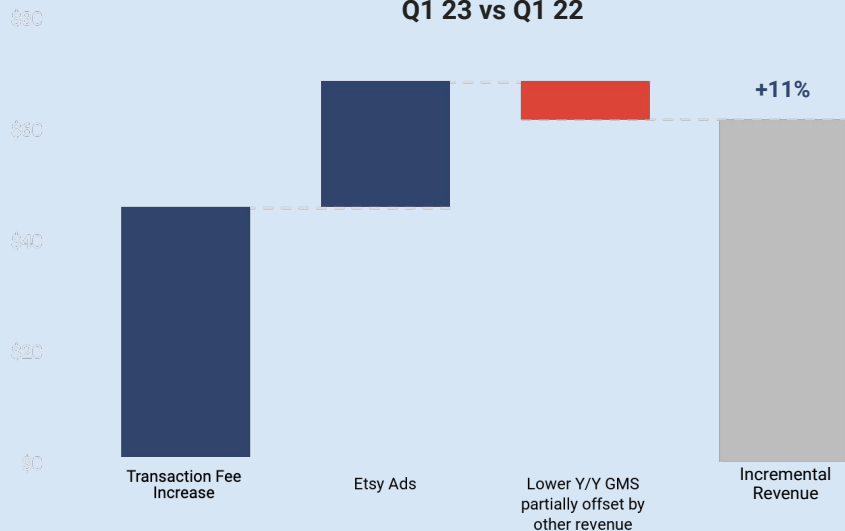
Y/Y reflects Q1 2023 vs. Q1 2022 except as noted.

GMS, revenue, and adjusted EBITDA are consolidated unless otherwise indicated.

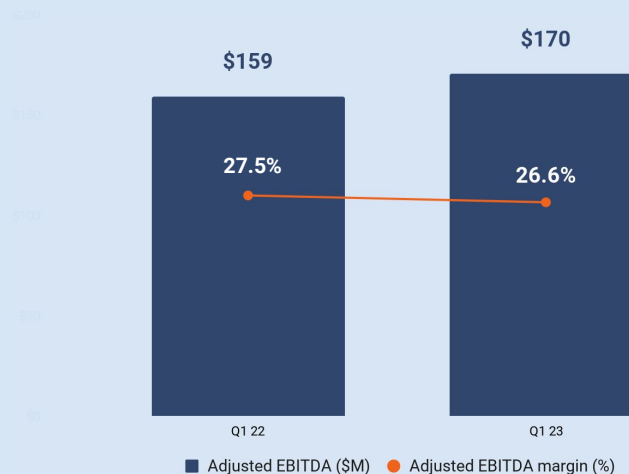
Strong revenue growth results in healthy profit flow through

Consolidated Results

Incremental Revenue Bridge Q1 23 vs Q1 22



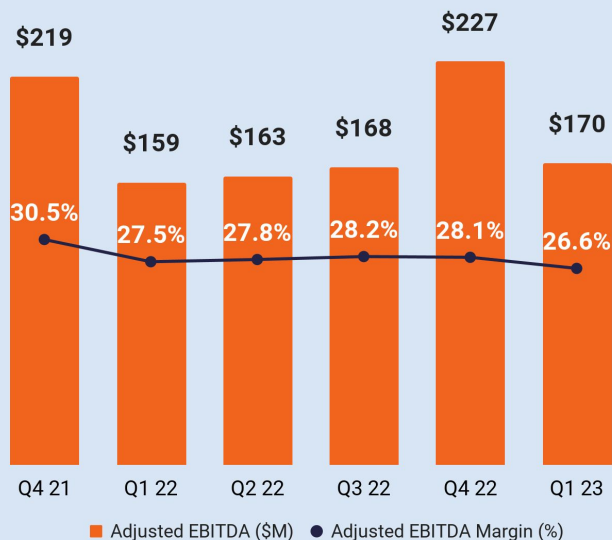
Etsy Consolidated Adjusted EBITDA and Adjusted EBITDA Margin



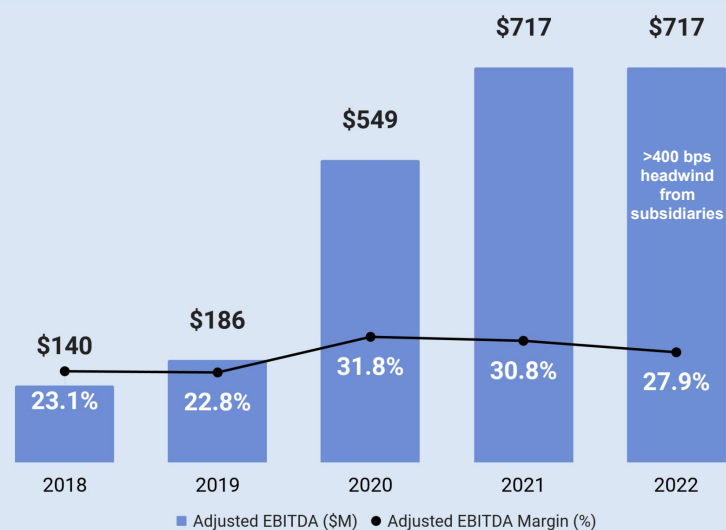
Q1 23 Consolidated Revenue
\$641M, up 11% Y/Y
Consolidated take rate ~21%

ROI-focused investment discipline continued to result in profitable growth

Etsy Consolidated Quarterly Adjusted EBITDA (\$) and Adjusted EBITDA Margin (%)*

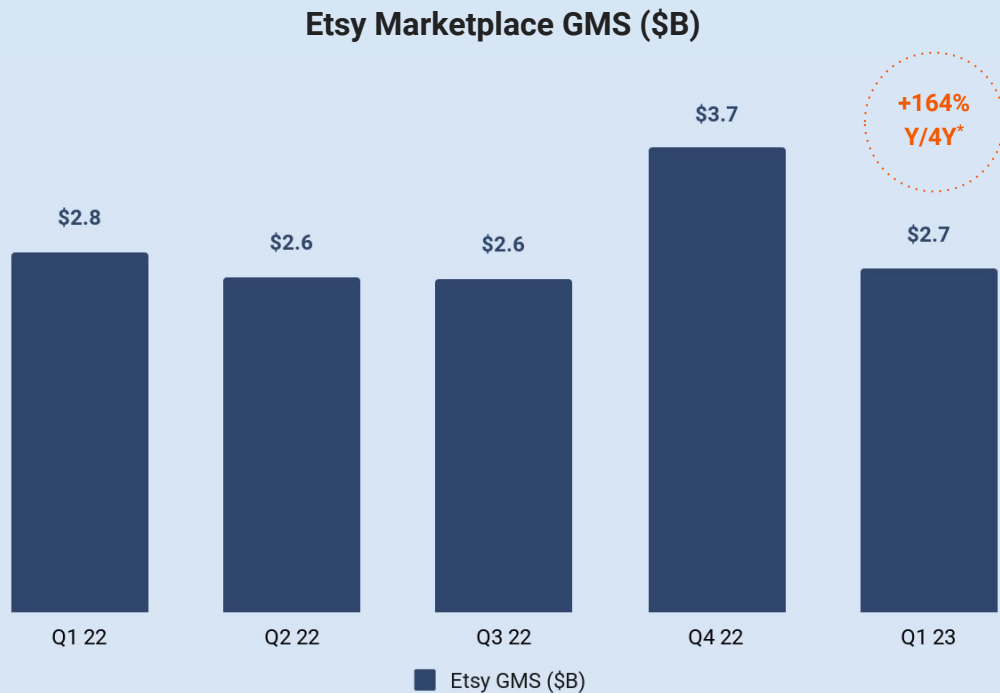


Etsy Consolidated Annual Adjusted EBITDA (\$) and Adjusted EBITDA Margin (%)*



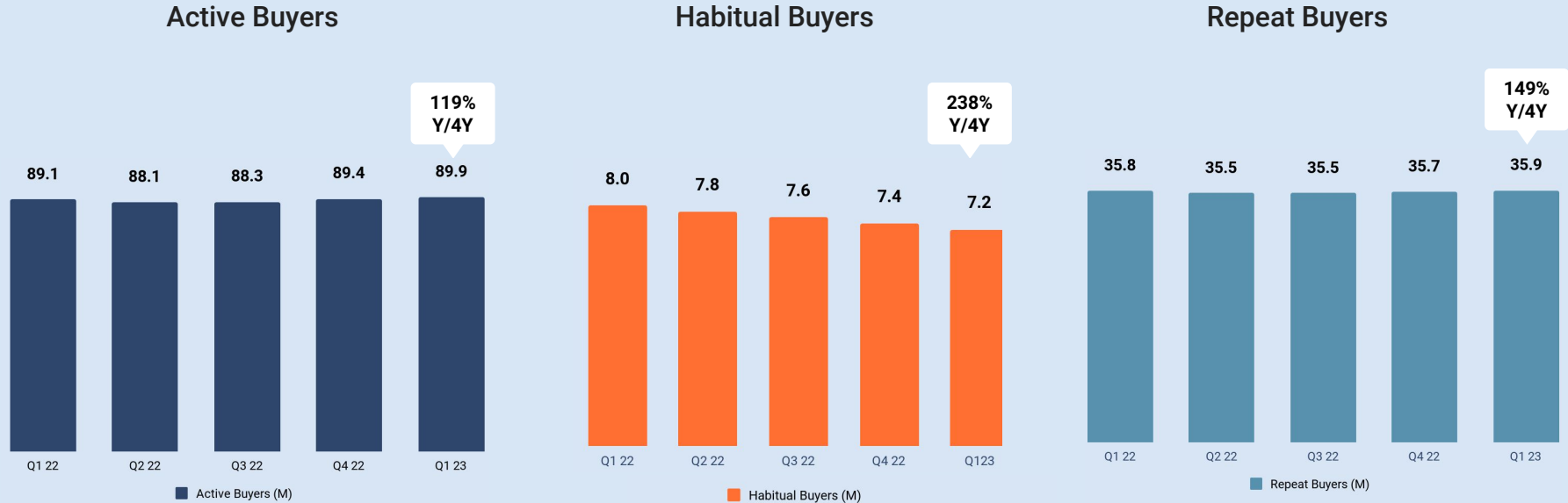
*Reconciliation of non-GAAP financial measures is contained in the Appendix.

The Etsy marketplace once again maintained the vast majority of our gains in Q1 23



*Y/4Y reflects Q1 2023 vs. Q1 2019.

We continue to see overall stability in buyers trends, and all metrics are much higher than pre-pandemic levels



Active buyers were up ~1% for the first time since Q4 21

Metrics presented are for the Etsy marketplace on a Trailing-Twelve Month basis and do not include Reverb, Depop, or Elo7.
Y/4Y reflects Q1 2023 vs Q1 2019.

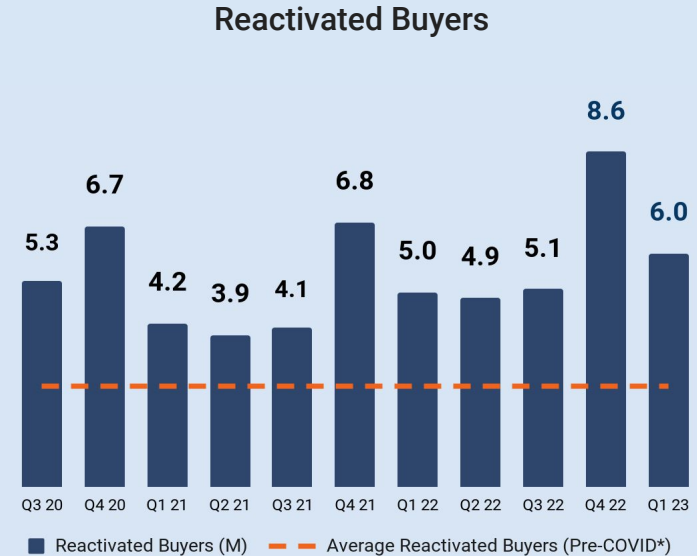
New buyer acquisition is staying well above pre-pandemic averages...



A buyer is considered new if they use a unique e-mail address that has never been used for a purchase on the Etsy marketplace.

Metrics presented are for the Etsy marketplace and do not include Reverb, Depop, or Elo7.
 *Average new buyers pre-COVID is the average of new buyers for the periods Q1 2017 through Q4 2019.

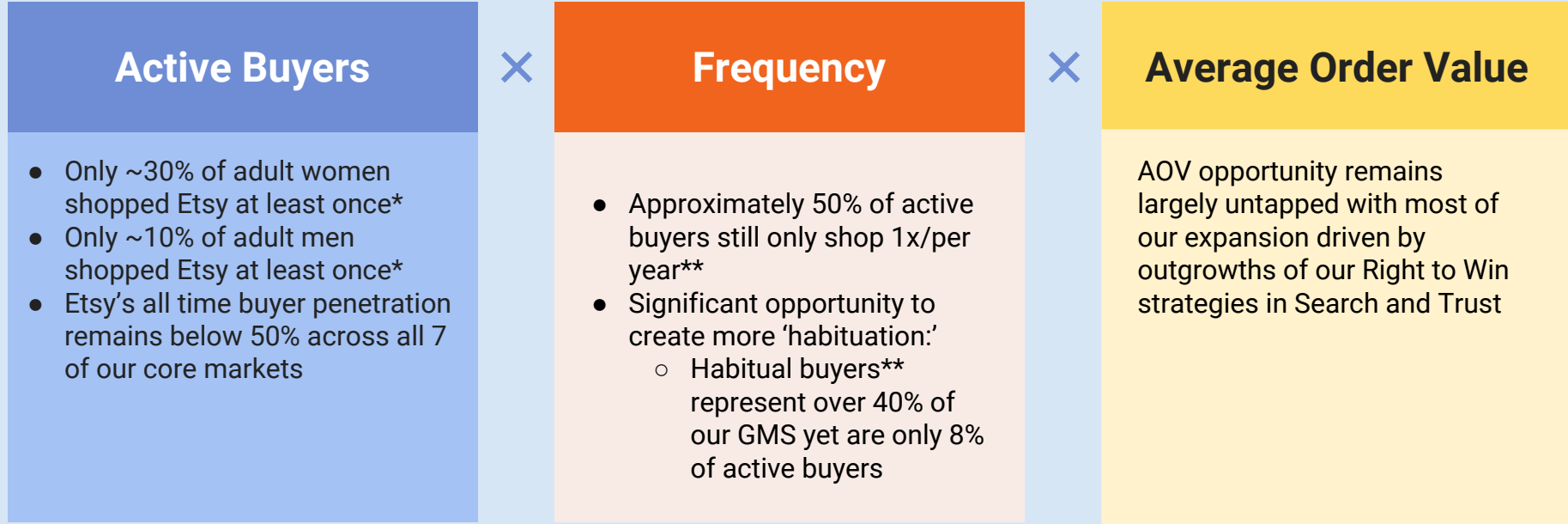
...We're reactivating more buyers than ever



The Etsy marketplace supports a community of approximately 90 million buyers. In 2021, this included 35 million new buyers and 19 million reactivated buyers. The number of reactivated buyers listed here reflects an immaterial reclassification across the categories of active buyers as reported in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

For Q1 21 reactivated buyers was 4.2 million versus 6.7 million previously disclosed.
 *Average reactivated buyers pre-COVID is the average of quarterly data for the periods Q1 2017 through Q4 2019.

We believe we have so much more growth ahead – levers of Etsy Marketplace GMS growth



Data is TTM as of March 31, 2022 unless otherwise specified.

*Data represents U.S. and U.K. population data. Etsy estimates based on internal data and, when relevant, data from Worldbank.org, the U.S. census and other publicly available U.S. and U.K. government data sets. While we believe that gender identity is widely recognized as a spectrum, gender data relates to the two largest cohorts: women and men.

** As of March 31, 2023

We believe our TAM is enormous... and it is early days gaining market share

Original 2019 Etsy.com analysis updated for 2021 estimates:



PLUS:

Our subsidiary brands deepen and expand our opportunity to include Brazil ecommerce, the resale market and musical instruments

Etsy

Etsy = ~2.5% Market Share

Estimated market share of online TAM for Etsy marketplace GMS based upon 2022 results

Our subsidiaries are also differentiated marketplace brands

The logo for Reverb, featuring the word "Reverb" in a stylized, orange, cursive font.

- Unique two-sided marketplace founded in 2013 to easily buy and sell musical instruments.
 - Buyers and sellers range from beginning musicians to professional musicians that utilize the platform to expand their tools, and retailers reach a larger audience.
 - In Q1 23, Reverb focused on affordability and optimizing its performance marketing investment.
-

The logo for Depop, featuring the word "depop" in a bold, red, lowercase sans-serif font.

- Depop is a community-powered fashion marketplace to buy and sell unique fashion for its Generation Z audience.
 - We believe Depop has a meaningful growth opportunity given its strong user engagement metrics, leading resale market position with Generation Z, and strong brand awareness in the U.K. and U.S.
 - In Q1 23, Depop launched nearly as many product experiments as it did in 2022 focused on improving the customer experience.
-

The logo for Elo7, featuring the word "elo7" in a stylized, orange, lowercase sans-serif font.

- The “Etsy of Brazil,” founded in 2008, provides a marketplace for unique custom and made-to-order merchandise in Latin America’s largest market.
- Offers items across over 40 retail categories, with a significant focus on “special event and life moment” categories, and ranked as a top 10 e-commerce site in Brazil*.
- In Q1 23, Elo7 focused on improving search and shipping.

We are committed to growing sustainably by aligning our mission and business strategy to help create economic impact through entrepreneurship



THE OVERARCHING IMPACT OF OUR BRANDS: **Create Economic Impact Through Entrepreneurship**



ENVIRONMENTAL

Building resilience for the long-term

Net Zero

Sustainable Operations

Marketplace Sustainability



SOCIAL

Ensuring equitable access to opportunity

Prioritizing People

Diversity, Equity & Inclusion
Employees | Suppliers | Creative Community



GOVERNANCE

Fostering a culture of ethics and accountability

Responsible Marketplace Practices

Thoughtful Corporate Governance

Integrated ESG Reporting

Risk Oversight & Management

Keep
Commerce
Human

Appendix

Condensed Consolidated Balance Sheets

	As of March 31, 2023	As of December 31, 2022
(in thousands)		
Cash and cash equivalents	\$786,796	\$921,278
Short-term investments	252,666	250,413
Accounts receivable, net	26,274	27,888
Funds receivable and seller accounts	202,354	233,961
Property and equipment, net	248,352	249,744
Goodwill	138,061	137,724
Intangible assets, net and other current and non-current assets	846,038	813,953
Total assets	\$2,500,541	\$2,634,961
Accounts payable	\$19,901	\$28,757
Accrued expenses	240,025	331,234
Funds payable and amounts due to sellers	202,354	233,961
Long-term debt, net	2,280,663	2,279,640
Other current and non-current liabilities	297,786	308,643
Total liabilities	3,040,729	3,182,235
Total stockholders' deficit	(540,188)	(547,274)
Total liabilities and stockholders' deficit	\$2,500,541	\$2,634,961

Condensed Consolidated Statement of Operations

	Three months ended 03/31/23	Three months ended 03/31/22
<i>(in thousands)</i>		
Revenue	\$640,877	\$579,266
Cost of revenue	195,453	172,995
Gross profit	445,424	406,271
<i>Marketing</i>	171,314	154,280
<i>Product development</i>	115,924	89,476
<i>General and administrative</i>	79,987	78,200
Operating expenses	367,225	321,956
Income from operations	78,199	84,315
Other income, net	3,072	1,672
(Provision) benefit for income taxes	(6,734)	122
Net income	\$74,537	\$86,109
Net income per share — diluted	\$0.53	\$0.60

Condensed Consolidated Statement of Cash Flows

	Three months ended 3/31/23	Three months ended 3/31/22
(in thousands)		
Net Income	\$74,537	\$86,109
<i>Net cash provided by operating activities</i>	55,631	59,544
<i>Net cash used in investing activities</i>	(36,097)	(10,155)
<i>Net cash used in financing activities</i>	(158,548)	(72,283)
Effect of exchange rate changes on cash	4,532	(1,065)
Net decrease in cash, cash equivalents, and restricted cash	(134,482)	(23,959)
Cash, cash equivalents, and restricted cash at the beginning of the period	926,619	785,537
Cash, cash equivalents, and restricted cash at the end of the period	\$792,137	\$761,578

Reconciliation of Quarterly Net Income (Loss) to Adj. EBITDA

	1Q23	4Q22	3Q22	2Q22	1Q22
(in thousands)					
Net income (loss)	\$74,537	\$109,548	\$(963,068)	\$73,123	\$86,109
<i>Excluding:</i>					
<i>Interest and other non-operating (income) expense, net</i>	(5,689)	(2,865)	230	2,557	3,290
<i>Provision (benefit) for income taxes</i>	6,734	18,342	14,051	39	(122)
<i>Depreciation and amortization</i>	23,172	22,794	24,127	25,027	24,754
<i>Stock-based compensation expense</i>	68,683	64,355	52,905	64,357	49,271
<i>Foreign exchange loss (gain)</i>	2,618	14,319	(5,993)	(3,158)	(4,962)
<i>Acquisition-related expenses</i>	289	726	487	759	858
<i>Goodwill Impairment</i>	-	-	1,045,022	-	-
Adjusted EBITDA	\$170,344	\$227,219	\$167,761	\$162,704	\$159,198
<i>Divided by:</i>					
<i>Revenue</i>	\$640,877	\$807,241	\$594,469	\$585,135	\$579,266
Adjusted EBITDA Margin	26.6%	28.1%	28.2%	27.8%	27.5%

Reconciliation of Operating Cash Flow to Free Cash Flow

Free cash flow is considered to be a non-GAAP financial measure. We believe that free cash flow, which measures our ability to generate cash from our business operations, is an important financial measure for use in evaluating the company's financial performance. Free cash flow should be considered in addition to, rather than as a substitute for, consolidated net income as a measure of our performance and net cash provided by operating activities as a measure of our liquidity. We believe it is important to view free cash flow as a measure that provides supplemental information to our Consolidated Statements of Cash Flows.

	Q1'23 (TTM) ¹	Q4'22 (TTM)	Q3'22 (TTM)	Q2'22 (TTM)	Q1'22 (TTM)	Q4'21 (TTM)
(in thousands)						
Net cash provided by operating activities	\$679,699	\$683,612	\$682,321	\$566,687	\$562,630	\$651,551
Purchases of property and equipment	(9,274)	(10,237)	(13,859)	(14,964)	(13,934)	(11,248)
Development of internal-use software	(20,458)	(20,506)	(22,315)	(21,405)	(19,701)	(16,922)
Free Cash Flow	\$649,967	\$652,869	\$646,147	\$530,318	\$528,995	\$623,381

¹TTM is defined as Trailing Twelve Month.