Etsy

Q3 2020
Financial Results

October 28, 2020
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 fourth quarter of 2020 and key drivers thereof; the impact of our investments on topline growth; our ability to capitalize on our large market opportunity; and the uncertain impacts that the COVID-19 pandemic may have on our business, strategy, operating results, key metrics, financial condition, profitability, and cash flows and changes in overall level of consumer spending and volatility in the global economy.

Forward-looking statements include all statements that are not historical facts. In some cases, forward-looking statements can be identified by terms such as "anticipates," "believes," "could," "estimates," "expects," "may," "plans," "will," "intends," or similar expressions and 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) risks related to the ongoing COVID-19 pandemic, which continues to impact our GMS, other key metrics and results of operations in numerous ways that remain volatile and unpredictable; (3) our failure to meet our publicly announced guidance or other expectations; (4) our ability to successfully execute on our business strategy or if our strategy proves to be ineffective; (5) our ability to attract and retain an active and engaged community of sellers and buyers; (6) our ability to maintain our growth; (7) macroeconomic events that are outside of our control; (8) our ability to recruit and retain employees; (9) the importance to our success of the trustworthiness of our marketplace and the connections within our community; (10) our ability to enhance our current offerings and develop new offerings to respond to the changing needs of sellers and buyers; (11) the effectiveness of our marketing efforts; (12) the effectiveness of our mobile solutions for sellers and buyers; (13) our ability to expand our business in our core geographic markets; (14) regulation in the area of privacy and protection of user data; (15) our dependence on third-party payment providers; (16) acquisitions that may prove unsuccessful or divert management attention, including our acquisition of Reverb; and (17) the potential misuse or disclosure of sensitive information about members of our community and the potential for cyber-attacks. These 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 for the quarter ended June 30, 2020, 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 of this presentation. We disclaim any obligation to update forward-looking statements.

This presentation is a high-level summary of our Q3 2020 and financial results. For more information please refer to our press release dated October 28, 2020 and filings with the SEC.
Another quarter of solid execution across the board

**Sustained momentum**

116%

Etsy Marketplace standalone Y/Y GMS growth

**Business model strength**

**Engaged & focused team**

95%

Proud to work at Etsy
10% higher than benchmark

Data from Etsy’s Sept 2020 employee engagement survey
Consolidated results ahead of expectations as macro factors remained more favorable than we had anticipated

Revenue
$451M
+128% Y/Y
Currency-Neutral

GMS
$2.6B
+117% Y/Y

Adjusted EBITDA
$151M
~34% Adjusted EBITDA Margin

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

All results are Consolidated and include Reverb financial results from the date of acquisition (August 15, 2019).
Continued increase in new buyers, and reactivation of our large base of buyers

Etsy Standalone results as of September 30, 2020, which exclude Reverb buyers

**Q3 20 Buyer Segments**

- **Total Buyers**: 138M
  - **Active Buyers**: 69M (+56% Y/Y)
  - **New and Reactivated Buyers**: 15M (+112% Y/Y)
  - **Never shopped on Etsy or who haven’t shopped on Etsy in prior 12 months**: 5M

**New and Reactivated Buyers**: Never shopped on Etsy or who haven’t shopped on Etsy in prior 12 months

**Active Buyers**: Half of Total Buyers purchased at least once in the past year

**Total Buyers**: All-time buyers on the Etsy platform
Step function change in buyer cohorts: GMS per buyer from historical cohorts is up >60%

Historical Cohorts:
~75% of Q3’20 GMS was from cohorts prior to 2020

Chart provided to show an example of GMS per buyer from historical Etsy marketplace cohorts, all of which have performed similarly

Scale for illustrative purposes
A Q2’20 buyer, whose first purchase was not a face mask, spent 50% more than a Q2’19 new buyer in first 90 days on Etsy.

...and a Q2’20 buyer, whose first purchase on Etsy was a face mask, is primarily buying more face masks.

New Buyer Cohort - First purchase was not a Face Mask

<table>
<thead>
<tr>
<th>Non-Mask GMS per Buyer +20%</th>
<th>Mask GMS per Buyer +30%</th>
<th>+50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3'20</td>
<td>Q2'20</td>
<td></td>
</tr>
</tbody>
</table>

New Buyer Cohort - First purchase was a face mask

<table>
<thead>
<tr>
<th>Non-Mask GMS per New Buyer -40%</th>
<th>Mask GMS per New Buyer +90%</th>
<th>+50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2'19</td>
<td>Q2'20</td>
<td></td>
</tr>
</tbody>
</table>

Scale for illustrative purposes
*90 day GMS excluding the first purchase
New 2020 cohorts represent ~25% of Q2’20 GMS per new buyer.
Etsy stands for something different

Unique & Personalized
Human
Dynamic Inventory

Express Individuality
Support Small Business
Marketplace Agility
We are outpacing e-commerce growth rates... highlighting Etsy’s strong execution and the size of the prize.

Etsy marketplace standalone GMS growth vs. e-commerce benchmark growth

- Q2'20 E-commerce Benchmark*
  - 45%
- Etsy Q2'20 GMS**
  - 125%
  - Face Mask Contribution 93%
- Etsy Q3'20 GMS**
  - 116%
  - Face Mask Contribution 93%

*E-commerce industry benchmark: Census Bureau of the Department of Commerce Estimated Quarterly Total E-commerce Sales excluding Food and Travel

**Etsy Standalone results excluding Reverb
Tremendous growth in our traditional top categories continues

Q3'20 Category GMS ($M) and Y/Y Growth*

- Homewares & Home Furnishings: $772, +126%
- Jewelry & Accessories: $380, +61%
- Craft Supplies: $312, +114%
- Apparel: $254, +59%
- Paper & Party Supplies: $109, +37%
- Beauty & Personal Care: $84, +164%

TTM Category GMS $:
- Homewares & Home Furnishings: $2.4B
- Jewelry & Accessories: $1.3B
- Craft Supplies: $976M
- Apparel: $841M
- Paper & Party Supplies: $345M
- Beauty & Personal Care: $253M

Top 6 Categories
- 79% of Overall GMS
- +92% Y/Y

*Category GMS $ exclude face mask sales
Chart data is reflected based on Q3 Category GMS $
Etsy Standalone results excluding Reverb
Masks remain a large category for Etsy...but are steadily declining

**Mask Sales Q3’20**

$264M in GMS

**Number of Masks Sold Q3’20**

24M units

Reflects results of Etsy Standalone in Q3 2020

<table>
<thead>
<tr>
<th>Month</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$123M</td>
</tr>
<tr>
<td>August</td>
<td>$85M</td>
</tr>
<tr>
<td>September</td>
<td>$56M</td>
</tr>
</tbody>
</table>
Etsy’s Right to Win

Best-in-Class Search and Discovery

Human Connections

A Trusted Brand

Our Collection of Unique Items
We are driving to best-in-class search

We’ve improved our infrastructure to enable significant advancements in search on Etsy

Prior to 2017, Etsy search was driven by keywords, tags and titles

**Etsy’s evolution in search indexed by data usage**

Utilizing 2X more data per search query compared to 2019
Ramping Investments in Search Personalization

We’re categorizing historical and contextual personalization features to learn a user’s tastes and preferences.

Personalized Search

As of September, different buyers receive different results for similar queries.

Next up:

Etsy Ads

Applying personalization to drive relevance for on-site advertising.
Frequency investments focused on buyer engagement

Example: New Buyer Offer

Get $5 off

Three cheers for making your very first purchase! Discovering a one-of-a-kind creation is just the best.

Here's a gift from us, to help you make the next item you buy, all yours. Maybe it'll be a cozy new accent? Perhaps a gorgeous, personalized pick. Whichever find you fall for, we know it will be fantastic.

To use your Etsy Credit, activate this code—XXXXXXX—by DATE. Then, you can apply it towards your next order.*

Happy hunting.

Claim your Credit

A gentle reminder that your $9 Etsy Credit expires by DATE.**

Don't forget to activate your code—XXXXXXX. Then, add a find to your cart and get excited. It's a welcome to Etsy treat!

Dive into these delights

There's much more to explore

Last chance ($5 off)

It's reliably free to make your move. Activate your unique Etsy code—XXXXXXX—by DATE to apply towards your next purchase.*

Use and enjoy, we're so thrilled you're here!

Looking for inspiration?

Ideas for staying in ➔
Home decor ➔
Gifts for everyone ➔
Support small shops ➔

Ideas for staying in ➔
Home decor ➔
Gifts for everyone ➔
Support small shops ➔

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Home decor ➔
Gifts for everyone ➔
Support small shops ➔
‘Gift like you mean it’ on Etsy

Sales Hub to encourage early Holiday shopping incorporating influencer activations during peak shopping

Earlier visibility of Holiday onsite by curating merch on landing pages highlighting holiday decor and gifting

Gift guides to make Etsy the go-to destination for Holiday
Introducing new creative focused on building brand affinity and deepening the emotional connection to Etsy
Leaning into TV in Q4 as part of our ‘Gift like you mean it’ campaign

CREATIVE FOCUSED ON DRIVING PURCHASES
Amping up our full-funnel marketing investments

- Scaling investments across new and mature channels (PLA, SEM, Social, Podcasts, Video, and TV)
- Utilizing new approaches – influencer marketing, exclusive “Collections” with celebrities
- Broadening our reach to international markets and connecting with new audiences
- Leveraging CRM to drive efficiency and repeat behavior

Influencer Collections were popular among new buyers in Q3’20
Infrastructure investments enable more efficiency as we scale and have a long-term positive impact

**Search Infrastructure**
- 1 Infrastructure Engineer for every 4 engineers

**Site Performance**
- Reduced page load times on mobile by 26% vs 2017

**Developer Platform**
- Maintained our rapid deployment cadence of pushing code every 30 minutes on average
Reverb performs well; invests in growth

Reports $205M in GMS

Investments in product, marketing and customer support

*Q3 20 Music Trades Music Retail Sales Report

**Combine & Save** feature enables sellers to offer more competitive shipping rates
Better than expected GMS, Revenue, and Adjusted EBITDA

**GMS**

- **$2.6B**
- +119% Y/Y

**Revenue**

- **$451M**
- +128% Y/Y

**Adjusted EBITDA**

- **$151M**
- ~34% Adjusted EBITDA Margin

1Reconciliation of non-GAAP financial measures is contained in the appendix
All results are Consolidated and include Reverb financial results from the date of acquisition (August 15, 2019)
Sequential deceleration in GMS growth primarily driven by a steady decrease in mask sales, and the deceleration of new buyer growth.

### GMS Growth & Non-Mask GMS Growth Y/Y

- **Non-Mask GMS holds steady**
  - Q2'20: 125%
  - Q3'20: 116%
  - Non-Mask GMS Growth:
    - Q2'20: 93%
    - Q3'20: 93%

### Masks as a % of GMS

- **Masks contract**
  - Q2'20: 14%
  - Q3'20: 11%

### New Buyer Growth Y/Y

- **New buyers decelerate**
  - Q2'20: 159%
  - Q3'20: 127%

Etsy Standalone results, which excludes Reverb.
Key Revenue Drivers

**Marketplace Revenue* up 141% Y/Y**
(76% of Q3’20 revenue)

Revenue growth driven by GMS volume

**Transaction revenue* Y/Y**

+121%

**Services Revenue* up 95% Y/Y**
(24% of Q3’20 revenue)

Continued expansion of Etsy Payments

Q3’20 GMS Processed through Etsy Payments

92%

Up from 88% in Q3’19

**Etsy Ads Y/Y**

+106%

*Metrics represented are Consolidated and include Reverb from the date of acquisition
2020 take-rate by quarter

Consolidated results...Scale for illustrative purposes only

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2020 Take-rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1'20</td>
<td>16.9%</td>
</tr>
<tr>
<td>Q2'20</td>
<td>15.9%</td>
</tr>
<tr>
<td>Q3'20</td>
<td>17.1%</td>
</tr>
</tbody>
</table>

Etsy Ads product improvements:
- Context specific bidding
- Faster budget availability
- Refined ad badging
Optimizing investments across marketing channels

### Etsy Standalone Marketing Spend Channel Mix

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Brand</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 20</td>
<td>$5.1</td>
<td>$26.3</td>
</tr>
<tr>
<td>Q2 20</td>
<td>$19.8</td>
<td>$77.5</td>
</tr>
<tr>
<td>Q3 20</td>
<td>$22.5</td>
<td>$85.8</td>
</tr>
</tbody>
</table>

### Marketing Spend Highlights

- Total consolidated marketing spend was $127M, up 153%
- Leaning more heavily into upper funnel strategies to elevate the brand and amplify our sellers
- Upper funnel marketing spend for the Etsy standalone marketplace, including television and digital video, was 18% of consolidated marketing spend, or approximately $23 million, in the third quarter
- As we shift a greater percentage of our spend to brand marketing, more of the return will be realized in future quarters

Chart data reflects direct marketing, Performance and Brand, for the Etsy Standalone marketplace, which excludes headcount related spend and Reverb
Investing in the future...hiring has yet to catch up with our growth and scale

**Average Revenue per Employee**

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>Q3 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>$380,000</td>
<td>$490,000</td>
<td>$730,000</td>
<td>$800,000</td>
<td>$1,100,000</td>
<td></td>
</tr>
</tbody>
</table>

*Peer Group Average includes select marketplace peers
Average Revenue per Employee is based on the Etsy Standalone marketplace.
Q3 2020 reflects TTM revenue and YTD average headcount
Record quarterly operating metrics for the Etsy marketplace

**Active Buyers**
1+ purchase days (TTM)

- **69M**
- **+56% Y/Y**

**Repeat Buyers**¹
2+ purchases days per year (TTM)

- **27M**
- **+70% Y/Y**

**Mask Only Buyers**
1+ mask purchases (TTM)

- **7M**

**Habitual Buyers**
6+ purchases days per year (TTM)

- **5M**
- **+104% Y/Y**

Metrics represented are for the Etsy standalone marketplace and do not include Reverb

¹Repeat Buyers exclude Habitual Buyers

²TTM GMS per Active Buyer reflects results from the Etsy standalone marketplace

**GMS per Active Buyer**²

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Year-over-year growth</th>
<th>2-year growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q19</td>
<td>1.8%</td>
<td>3.7%</td>
</tr>
<tr>
<td>4Q19</td>
<td>3.8%</td>
<td>6.0%</td>
</tr>
<tr>
<td>1Q20</td>
<td>4.1%</td>
<td>6.1%</td>
</tr>
<tr>
<td>2Q20</td>
<td>4.8%</td>
<td>6.1%</td>
</tr>
<tr>
<td>3Q20</td>
<td>8.2%</td>
<td>10.0%</td>
</tr>
</tbody>
</table>
Encouraging buyer frequency metrics

New and Reactivated Buyers (whose first or 'reactivated' purchase was in Q2 20) with 4 or more purchases across 2 or more categories (90 day look after first purchase)

12%

New Buyers Y/Y  159%  127%
Reactivated Buyers Y/Y  158%  88%

New buyers are defined as buyers who are unique and never made a purchase before
Reactivated buyers are buyers that haven't purchased in a year or more
Metrics represented are for the Etsy standalone marketplace and do not include Reverb
Driving seller success

<table>
<thead>
<tr>
<th>Active Sellers (TTM)</th>
<th>TTM GMS per Seller</th>
<th>Active Listings</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.5M</td>
<td>$2,166</td>
<td>80M</td>
</tr>
<tr>
<td>+43% Y/Y</td>
<td>+18% Y/Y</td>
<td>+20% Y/Y</td>
</tr>
</tbody>
</table>

Seller Initiatives

- Helping Sellers Scale
- Investing in Member Support
- Etsy Payments Expansion

Metrics represented are for the Etsy standalone marketplace and do not include Reverb
Strong trends in international markets

Q3’20 % International GMS

37%

+340 bps Q/Q

International vs. US GMS

<table>
<thead>
<tr>
<th></th>
<th>Q2 20</th>
<th>Q3 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>% International GMS</td>
<td>33%</td>
<td>37%</td>
</tr>
<tr>
<td>% US GMS</td>
<td>67%</td>
<td>63%</td>
</tr>
<tr>
<td>Etsy Y/Y Growth</td>
<td>125%</td>
<td>116%</td>
</tr>
</tbody>
</table>

UK domestic growth up 250% Y/Y as Etsy is now identified as a top-10 UK e-commerce site*

International GMS was driven in part by strong trends in the UK and Germany

Metrics represented are for the Etsy standalone marketplace and do not include Reverb

*Source: Comscore MMX Multi-Platform, Total Audience, Jan 2019-Sept 2020, UK
Capital light business model delivers strong EBITDA and Free Cash Flow

Cash Balance 9/30/20\(^1\)

$1.5B

\(^1\)Cash, Cash Equivalents, and Short Term Investments

\(^2\)Reconciliation of non-GAAP financial measures is contained in the Appendix. Free Cash Flow is based on trailing twelve month operating cash flow, PP&E, and development of internal use software
Q4 Guidance

Q4 Consolidated Guidance
October 28, 2020

GMS ($) ~$2.7B-$3.1B
GMS Growth (%) 65% - 85%

Revenue ($) ~$459M-$513M
Revenue Growth (%) 70% - 90%

Adj. EBITDA* ($) ~$117M-$131M
Adj. EBITDA Margin (%) 24% - 27%

*Based on the mid-point of Q4 2020 revenue guidance. Reconciliation of non-GAAP financial measures is contained in the Appendix.
Key factors potentially impacting our 2020 guidance are contained in the Appendix.
Further scaling marketing investments in Q420

Scale for illustrative purposes
Etsy
Appendix
Key factors impacting our Q4 Guidance

We anticipate that the key factors impacting Q4 GMS and revenue guidance will be:

- Headwinds and tailwinds, including but not limited to the following: macro factors including holiday-related consumer spending, shift in spend from offline to online, economic environment, competitive dynamics, retail store closures, consumer confidence, government stimulus, job losses; and Etsy-specific factors including demand for face masks and mask adjacent items, and frequency of new buyer cohorts.
- Continued visit growth and conversion rate improvements driven by global product launches enhancing the buying experience.
- Incremental GMS and brand awareness from marketing investments.
- The continued impact from Offsite Ads, which is expected to generate incremental revenue in the form of an advertising fee to sellers.
- Additional external factors that may offset some growth include: changes to sales taxes and VAT, regulatory changes, currency fluctuations, global elections, and the potential for geopolitical events that impact trade and mindshare, including, among other things, the COVID-19 pandemic and the US election.
- The lapping of Etsy's acquisition of Reverb (which we currently expect will grow more slowly than the Etsy marketplace in Q4) and the benefit of Etsy's free shipping initiative.

We anticipate that the key factors impacting our Q4 Adjusted EBITDA guidance will be:

- Planned investments in product development, employees, technology infrastructure, and marketing, including investments in channels with more speculative and/or long-term returns.
- Adjusted EBITDA associated with the acquisition of Reverb, which we expect to be a drag on consolidated EBITDA margin for Q4.

*These and other risks and uncertainties are more fully described in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 filed with the SEC, and subsequent reports that we file with the SEC.
<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended 9/30/20</th>
<th>Three Months Ended 9/30/19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(in thousands)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$451,478</td>
<td>$197,947</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>120,168</td>
<td>68,949</td>
</tr>
<tr>
<td>Gross profit</td>
<td>331,310</td>
<td>128,998</td>
</tr>
<tr>
<td><strong>Marketing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>126,779</td>
<td>50,098</td>
</tr>
<tr>
<td><strong>Product development</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>45,908</td>
<td>32,465</td>
</tr>
<tr>
<td><strong>General and administrative</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>40,454</td>
<td>32,203</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>213,141</td>
<td>114,766</td>
</tr>
<tr>
<td>Income from operations</td>
<td>118,169</td>
<td>14,232</td>
</tr>
<tr>
<td>Other expense, net</td>
<td>(27,776)</td>
<td>(4,143)</td>
</tr>
<tr>
<td>Benefit for income taxes</td>
<td>1,368</td>
<td>4,712</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$91,761</td>
<td>$14,801</td>
</tr>
<tr>
<td>Net income per share — diluted</td>
<td>$0.70</td>
<td>$0.12</td>
</tr>
</tbody>
</table>

Condensed Consolidated Statements of Operations
## Condensed Consolidated Statements of Cash Flows

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Nine months ended 9/30/20</th>
<th>Nine months ended 9/30/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$200,708</td>
<td>$64,603</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>435,289</td>
<td>128,339</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) investing activities</strong></td>
<td>41,643</td>
<td>(208,255)</td>
</tr>
<tr>
<td><strong>Net cash provided by financing activities</strong></td>
<td>220,574</td>
<td>388,188</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash</td>
<td>4,175</td>
<td>(3,488)</td>
</tr>
<tr>
<td>Net increase in cash, cash equivalents, and restricted cash</td>
<td>701,681</td>
<td>304,784</td>
</tr>
<tr>
<td>Cash, cash equivalents, and restricted cash at the beginning of the period</td>
<td>448,634</td>
<td>372,326</td>
</tr>
<tr>
<td>Cash, cash equivalents, and restricted cash at the end of the period</td>
<td>$1,150,315</td>
<td>$677,110</td>
</tr>
</tbody>
</table>
Condensed Consolidated Balance Sheets

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>As of Sept. 30, 2020</th>
<th>As of Dec. 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,144,974</td>
<td>$443,293</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>379,586</td>
<td>373,959</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>16,311</td>
<td>15,386</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>118,141</td>
<td>144,864</td>
</tr>
<tr>
<td>Other current and non-current assets</td>
<td>555,493</td>
<td>564,850</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$2,214,505</strong></td>
<td><strong>$1,542,352</strong></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$22,130</td>
<td>$26,324</td>
</tr>
<tr>
<td>Long-term debt, net</td>
<td>1,054,604</td>
<td>785,126</td>
</tr>
<tr>
<td>Other current and non-current liabilities</td>
<td>471,104</td>
<td>324,268</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>1,547,838</strong></td>
<td><strong>1,135,718</strong></td>
</tr>
<tr>
<td><strong>Total stockholders’ equity</strong></td>
<td><strong>666,667</strong></td>
<td><strong>406,634</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and stockholders’ equity</strong></td>
<td><strong>$2,214,505</strong></td>
<td><strong>$1,542,352</strong></td>
</tr>
</tbody>
</table>
## Reconciliation of Quarterly Net Income to Adj. EBITDA

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Three months ended 9/30/20</th>
<th>Three months ended 9/30/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$91,761</td>
<td>$14,801</td>
</tr>
<tr>
<td>Excluding:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and other non-operating expense, net</td>
<td>9,457</td>
<td>2,194</td>
</tr>
<tr>
<td>Benefit for income taxes</td>
<td>(1,368)</td>
<td>(4,712)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>15,754</td>
<td>12,808</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>17,128</td>
<td>12,137</td>
</tr>
<tr>
<td>Foreign exchange loss</td>
<td>1,464</td>
<td>1,949</td>
</tr>
<tr>
<td>Acquisition-related expenses</td>
<td>392</td>
<td>1,735</td>
</tr>
<tr>
<td>Non-ordinary course disputes</td>
<td>-</td>
<td>1,164</td>
</tr>
<tr>
<td>Loss on extinguishment of debt</td>
<td>16,855</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$151,443</td>
<td>$42,076</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Nine months ended 9/30/20</th>
<th>Nine months ended 9/30/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Cash Flow</td>
<td>$435,289</td>
<td>$128,339</td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(388)</td>
<td>(5,889)</td>
</tr>
<tr>
<td>Development of internal-use software</td>
<td>(3,685)</td>
<td>(6,242)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$431,216</td>
<td>$116,208</td>
</tr>
</tbody>
</table>

| | 2019        | 2018        |
| | $206,920    | $198,925    |
| | (7,528)     | (1,019)     |
| | (7,750)     | (19,537)    |
| | $191,642    | $178,369    |