

The slide features a dark navy blue background. In the top right corner, there is a large, abstract orange shape. In the bottom left corner, there is a blue curved shape. The text is centered and rendered in a white serif font.

Etsy

Q3 2022  
Financial Results

November 2, 2022

# 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, key drivers thereof and underlying assumptions; the global macroeconomic uncertainty and volatility, including the impacts general market, political, economic, and business conditions may have on our business, strategy, or operating results; uncertainty regarding and changes in the overall levels of consumer spending and e-commerce generally; our levers for GMS growth and our plans for investments in our marketplaces and in our member support programs; the potential impact of our strategic, marketing and product initiatives; the anticipated return on our investments and their ability to drive growth; and the impact and duration of the reopening headwinds and stabilization of COVID-19 driven economic trends. Forward-looking statements include all statements that are not historical facts. In some cases, forward-looking statements can be identified by terms such as “aim,” “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) our ability to manage our recent growth and sustained demand for our services; (2) risks related to the COVID-19 pandemic, which continues to impact our business and results of operations in numerous volatile and unpredictable ways, as well as risks the e-commerce gains experienced during the COVID-19 pandemic do not hold as the pandemic abates; (3) the fluctuation of our quarterly operating results; (4) our failure to meet our publicly announced guidance or other expectations; (5) our ability to successfully execute on our business strategy or if our strategy proves to be ineffective; (6) our ability to attract and retain active and engaged communities of sellers and buyers; (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 marketplaces and the connections within our communities; (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) our ability to successfully integrate the Depop and Elo7 acquisitions and execute on our “House of Brands” strategy; (17) acquisitions that may prove unsuccessful or divert management attention; and (18) the potential misuse or disclosure of sensitive information about members of our communities and the potential for cyber-attacks. 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 June 30, 2022, 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.

Strong  
performance  
during an  
uncertain time

*Etsy marketplace GMS was  
\$2.6 billion in Q3 22  
compared with \$1.1 billion in  
Q3 19.*

Q3 22 Consolidated GMS

**\$3.0B**

-3.3% Y/Y,  
+0.7% currency neutral  
basis

Q3 22 Consolidated Revenue

**\$594M**

+11.7% Y/Y

Q3 22 Consolidated Adj. EBITDA<sup>1</sup>

**\$168M**

28% Adj. EBITDA Margin

<sup>1</sup>Reconciliation of non-GAAP financial measures is contained in the Appendix.

Y/Y reflects Q3 2022 vs. Q3 2021 except as noted

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

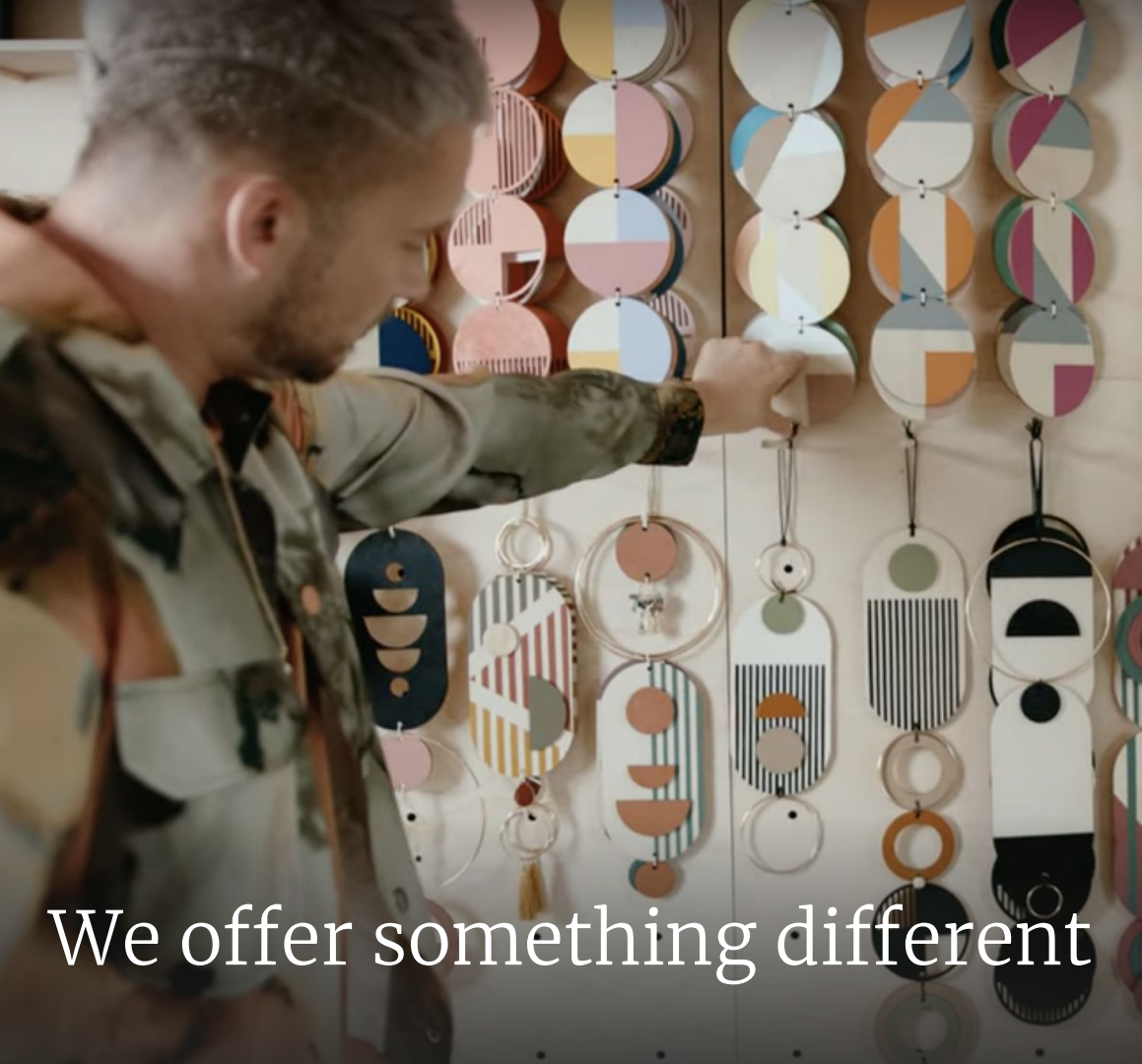
# Investments have really paid off: tremendous gains since 2019



Etsy marketplace only.

All data points are compared versus Q3 2019.

\*Active buyers are buyers who have made at least one purchase in the last 12 months; Repeat buyers are buyers who made purchases on two or more days in the previous 12 months; Habitual buyers are buyers who have spent \$200 or more and made purchases on six or more days in the previous 12 months



We offer something different

87%

of buyers surveyed say *'Etsy  
has items I can't find  
anywhere else'*\*

\*2021 Etsy buyer survey.

# We are just getting started advancing our 'Right to Win'

## Best-in-Class Search and Discovery

- Enhanced personalization utilizing multiple search engines
- Great progress rolling out search improvements to non-U.S. markets
- New Visual Discovery experiences



## Human Connections

- Continued improvement of messaging between buyers & sellers
- Continued to expand use of seller and buyer videos on Etsy.com



## A Trusted Brand

- Launched Purchase Protection
- Improved delivery transparency in non-U.S. markets
- Stepped-up Handmade Policy enforcement
- Improved clarity for returns

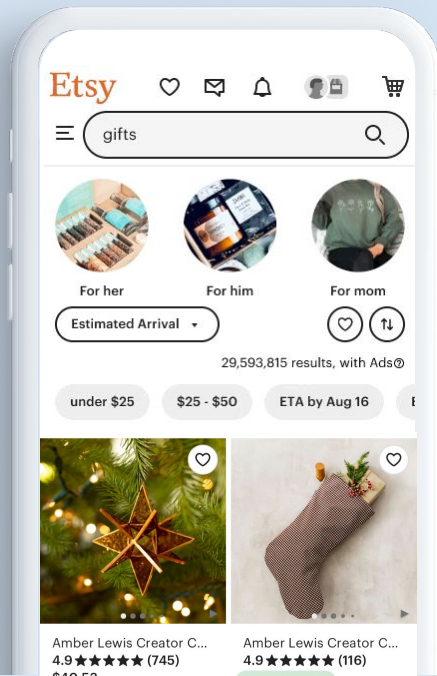
## Our Sellers' Collection of Unique Items

- Deepened usage of new Star Seller badging program
- Fully launched new Sell on Etsy App to all sellers

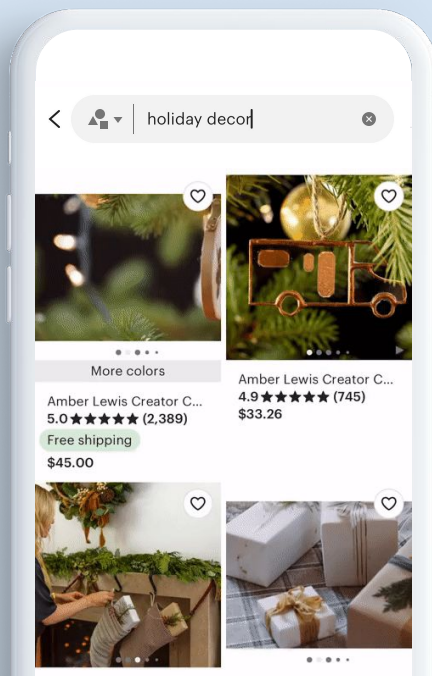


# On a journey to make Etsy 'Made for You'... a few examples of our progress

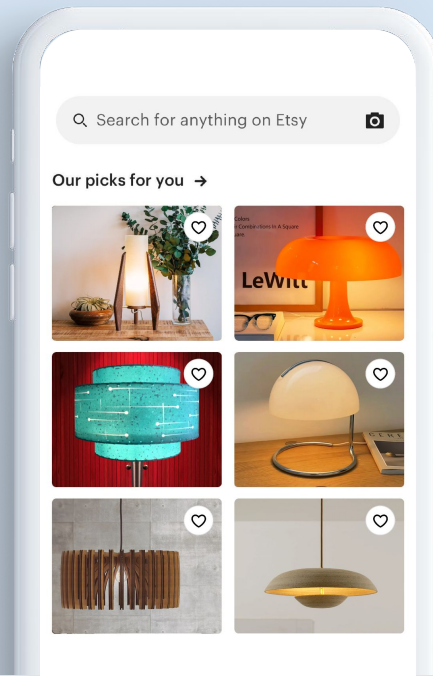
## Pricing and Quality Signals



## Listing videos in Search results

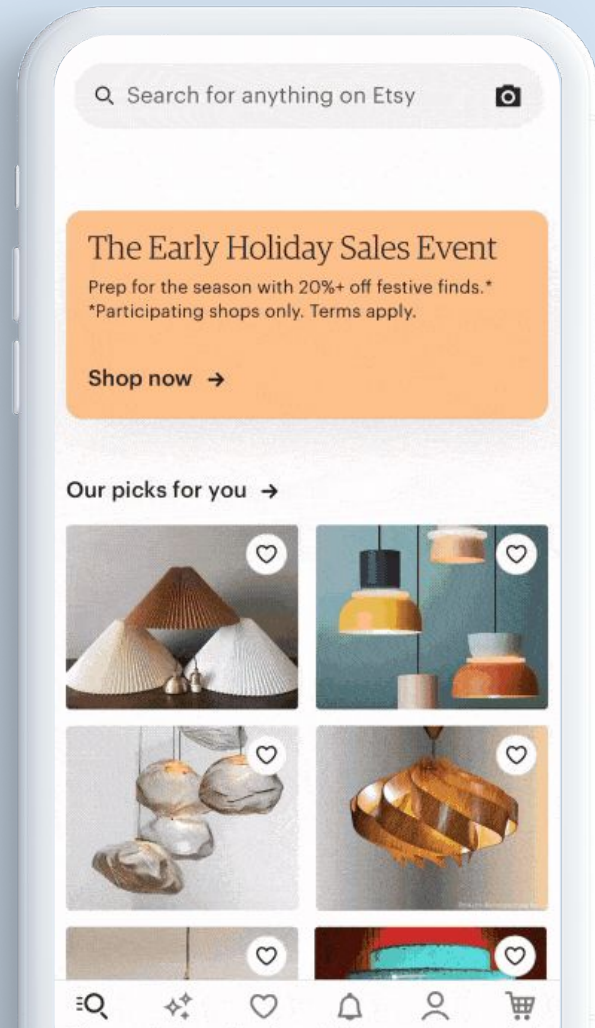


## More personalized recommendations



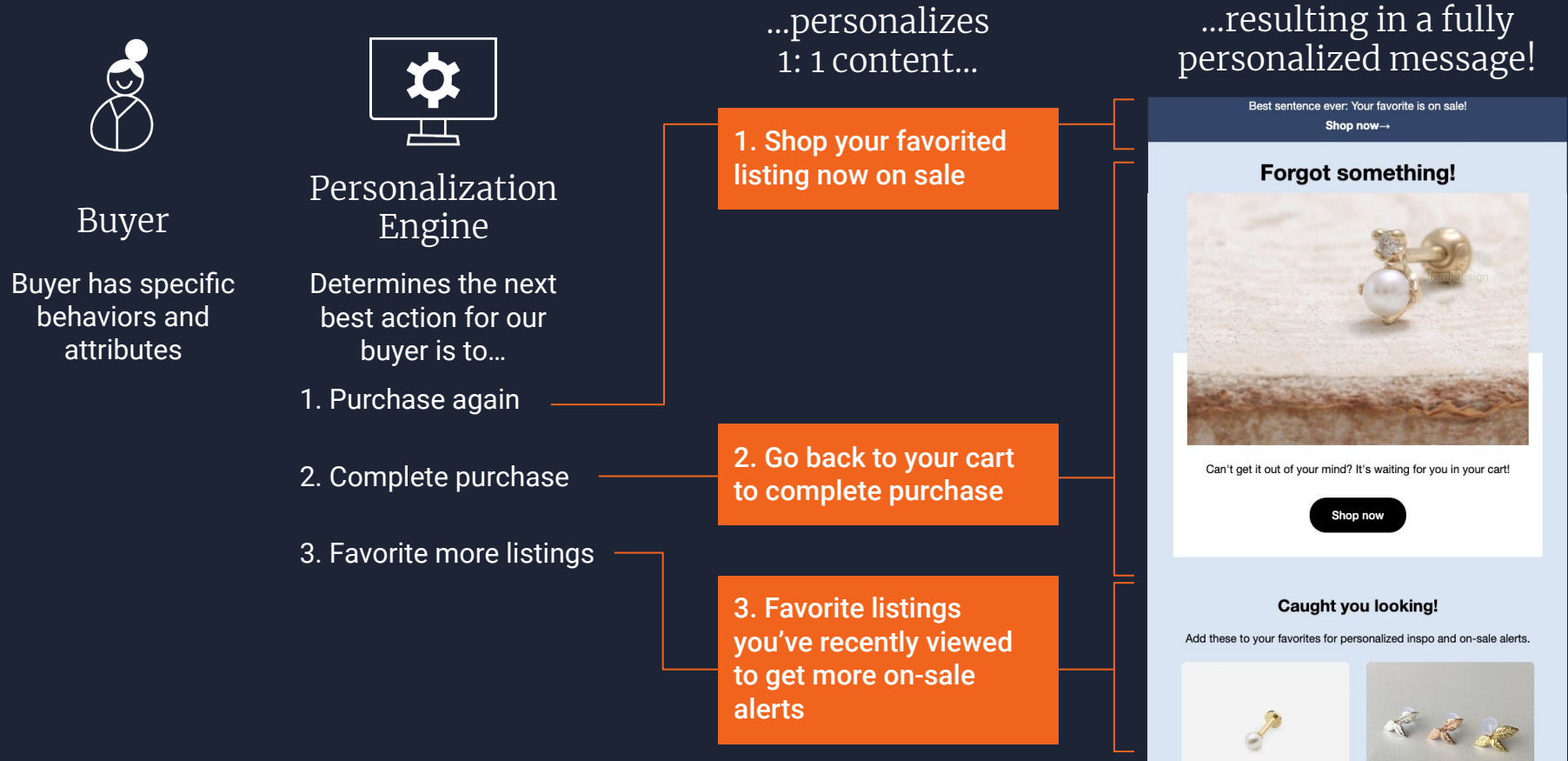
Just launched!

A new way to 'search by image' to find items you may not have the words to describe





# Personalization of Marketing efforts also contributing to buyer retention and reactivation



# Investing more than ever to help sellers grow

## Continuing to support and lift our community

- Over 150% Y/Y growth in Star Sellers
- Etsy Seller App fully launched globally
- Supporting sellers impacted by Hurricane Ian



# On a multi-year journey to build buyer loyalty and trust

Cost of Shipping

2019

2021

Delivery  
Transparency  
(U.S.)

Delivery Transparency  
(Non-U.S.)

2022

Etsy Purchase  
Protection

2022

Listing Level  
Return Policies

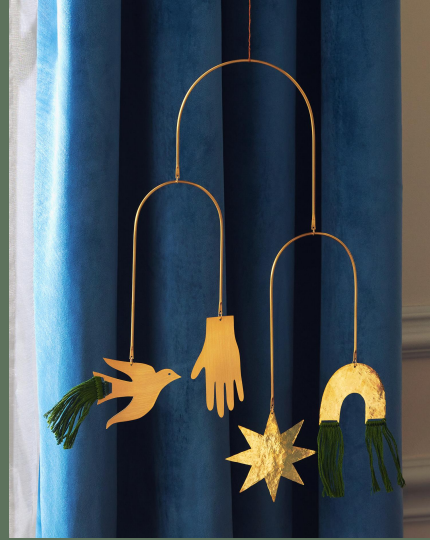
2022

Onward!



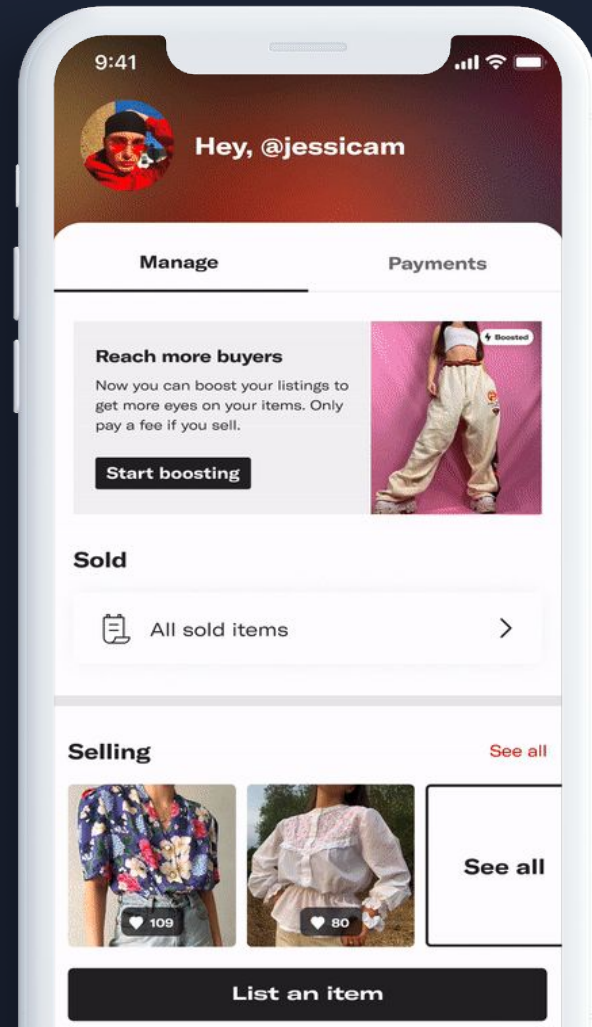


# Etsy for Holiday 2022: Extraordinary, Handmade and Affordable



**depop** will focus on the 'vital few,' utilizing the Etsy playbook to drive improved performance

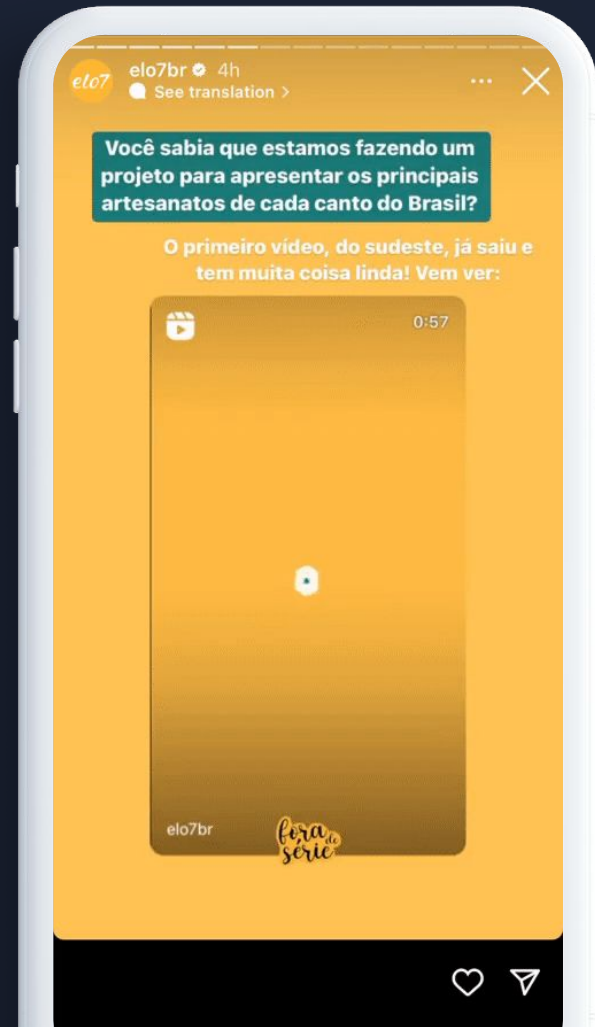
1. Focus on scaling conversion and influence user engagement
2. Deliver a trusted product experience
3. Increase product experimentation velocity and hit rate





## Building some momentum in 2022

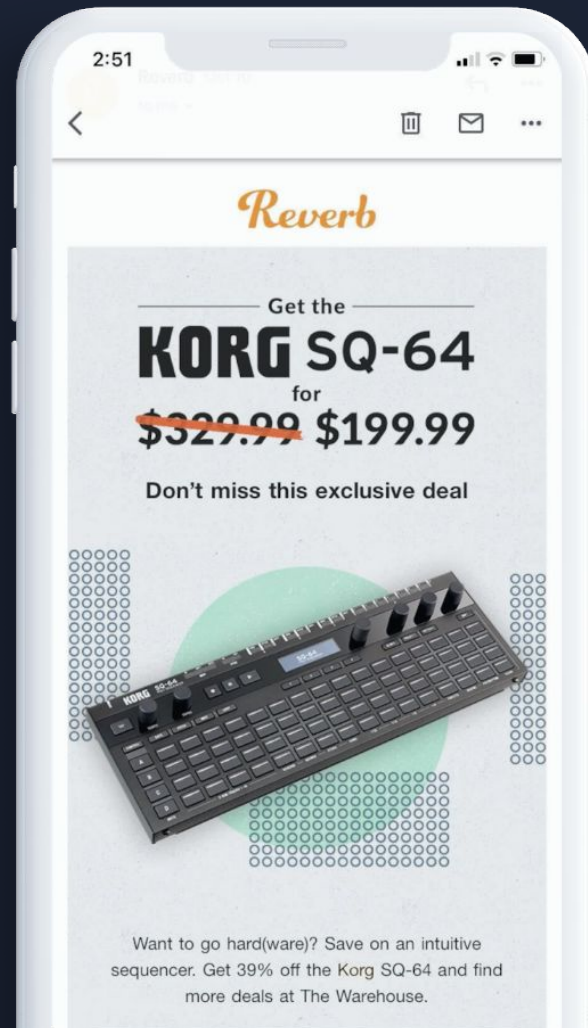
1. Rebuilding top of mind awareness
2. Improving search algorithms
3. Optimizing performance marketing
4. Better shipping arrangements





# Reverb

Responding to challenging economic times by helping music makers find great deals



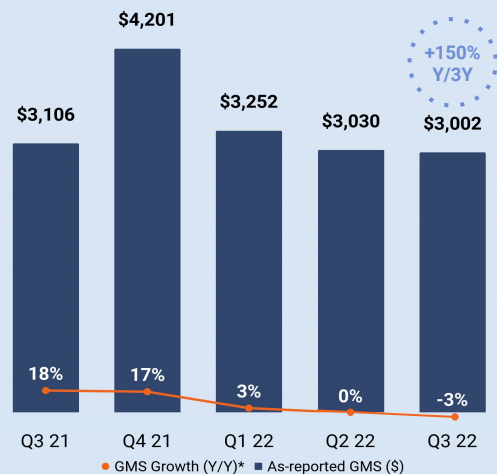
# Strong top and bottom line performance continues

## Consolidated Results

Q3 22 GMS

**\$3.0B**

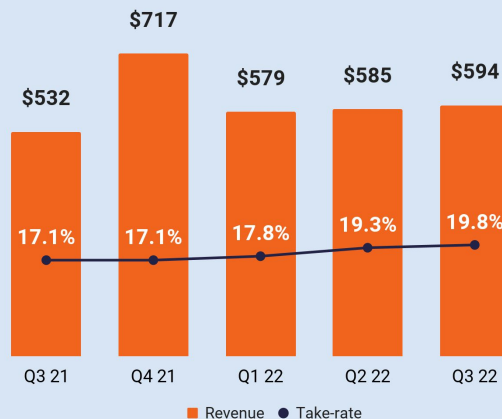
-3.3% Y/Y, +0.7% currency neutral basis



Q3 22 Revenue

**\$594M**

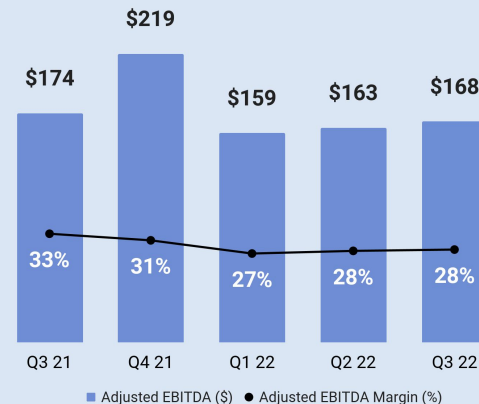
+11.7% Y/Y



Q3 22 Adjusted EBITDA<sup>1</sup>

**\$168M**

28% Adj. EBITDA Margin



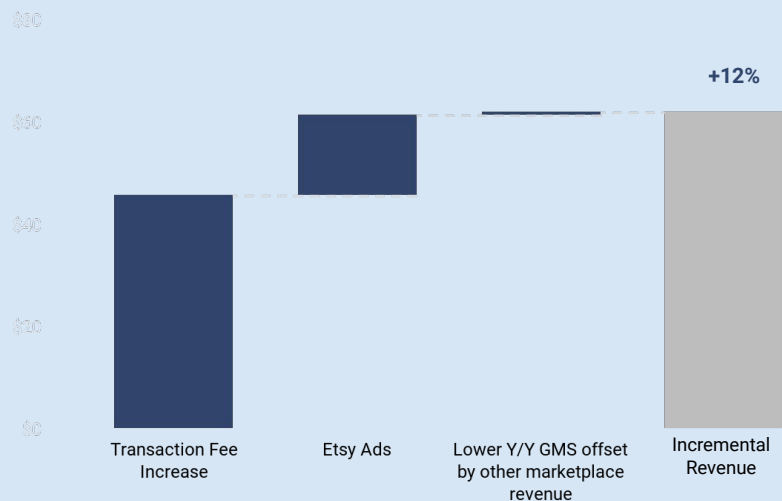
<sup>1</sup> Reconciliation of non-GAAP financial measures is contained in the Appendix.

\*Y/Y reflects quarter presented vs. same quarter of prior year, and Y/3Y reflects Q3 2022 vs Q3 2019, \$ in millions.

# Strong revenue and expense management yields solid profit flow-through

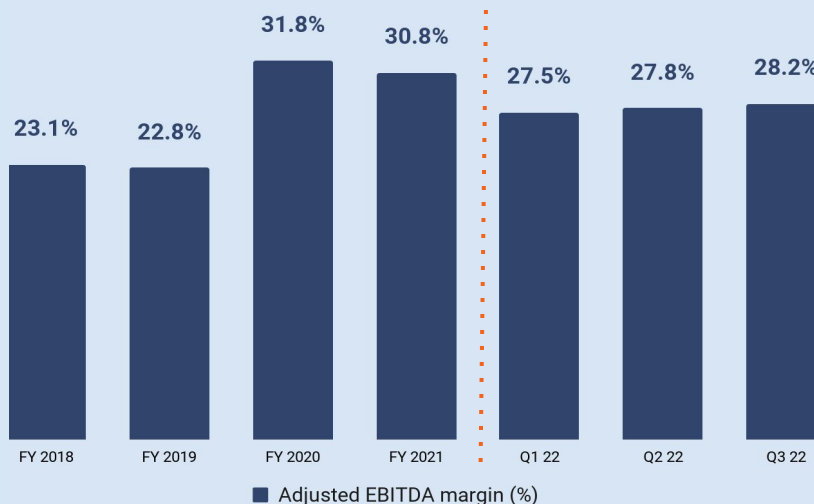
## Consolidated Results

**Incremental Revenue Bridge**  
Q3 21 vs Q3 22



Q3 22 Consolidated Revenue  
**\$594M, up 11.7% Y/Y**  
Consolidated take rate **19.8%**

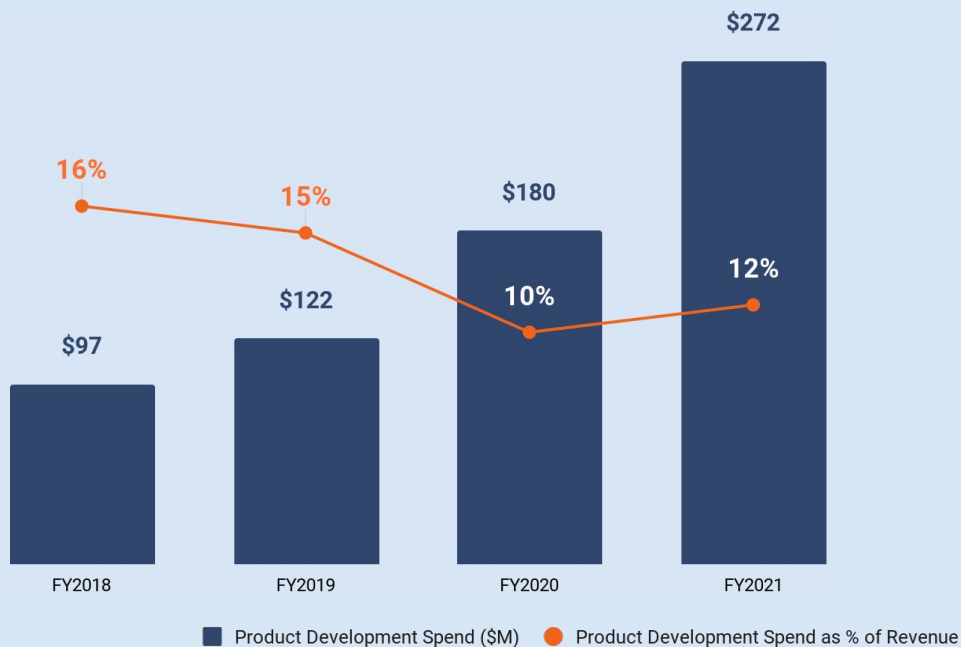
**Etsy Consolidated Adjusted EBITDA Margin (%)\***



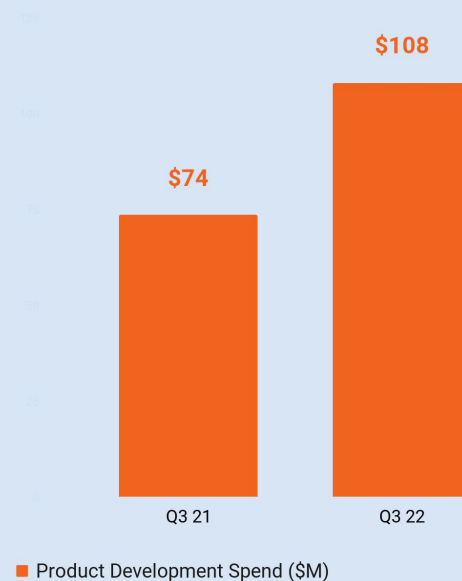
\*Reconciliation of non-GAAP financial measures is contained in the Appendix.

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

## Annual Product Development Spend (Consolidated)

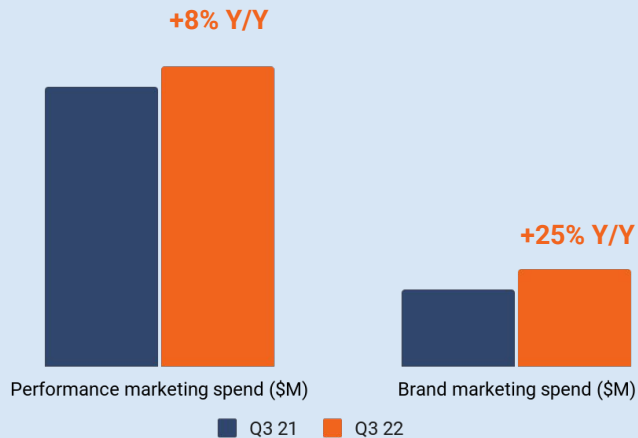


## Quarterly Product Development Spend (Consolidated)

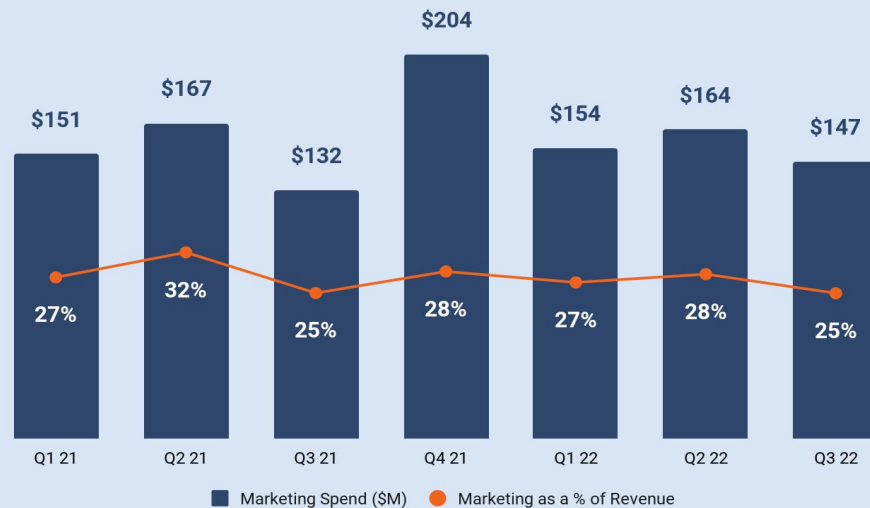


# Disciplined ROI focused marketing investments remain a priority

Performance and Brand  
Marketing Spend (Consolidated)

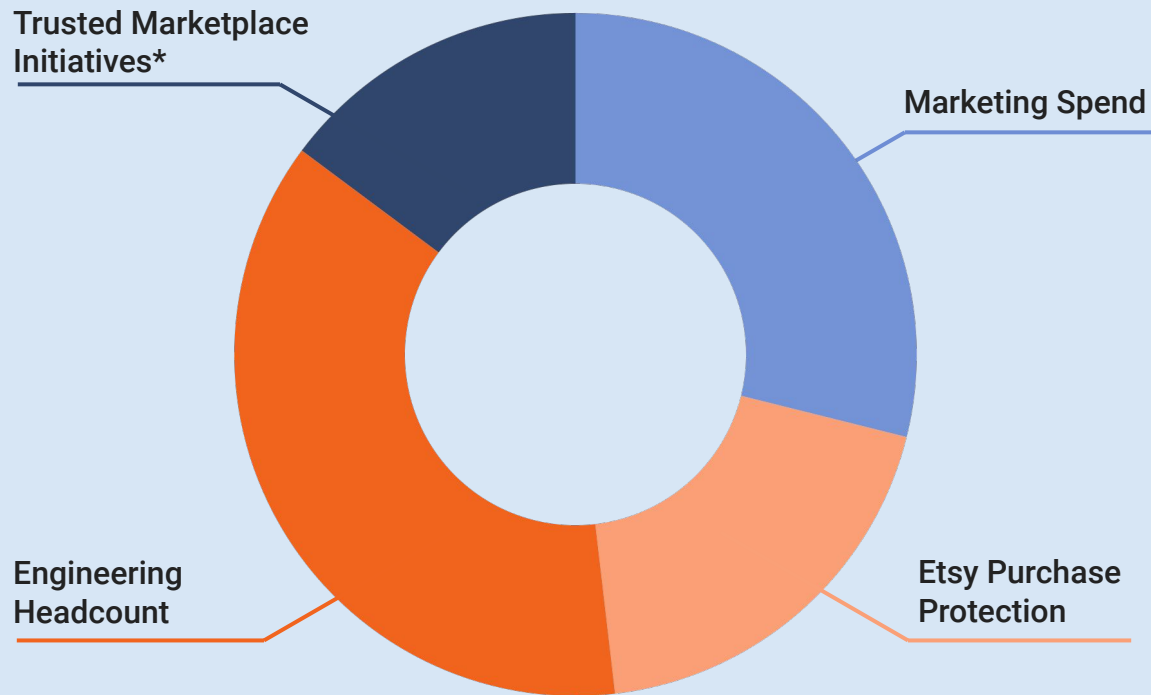


Marketing Spend (Consolidated)



We are investing to  
benefit the Etsy  
marketplace  
community

### Annualized Reinvestment of Incremental Revenue by Type (estimated)



\*Trusted Marketplace denotes investments in Customer Support and Trust & Safety

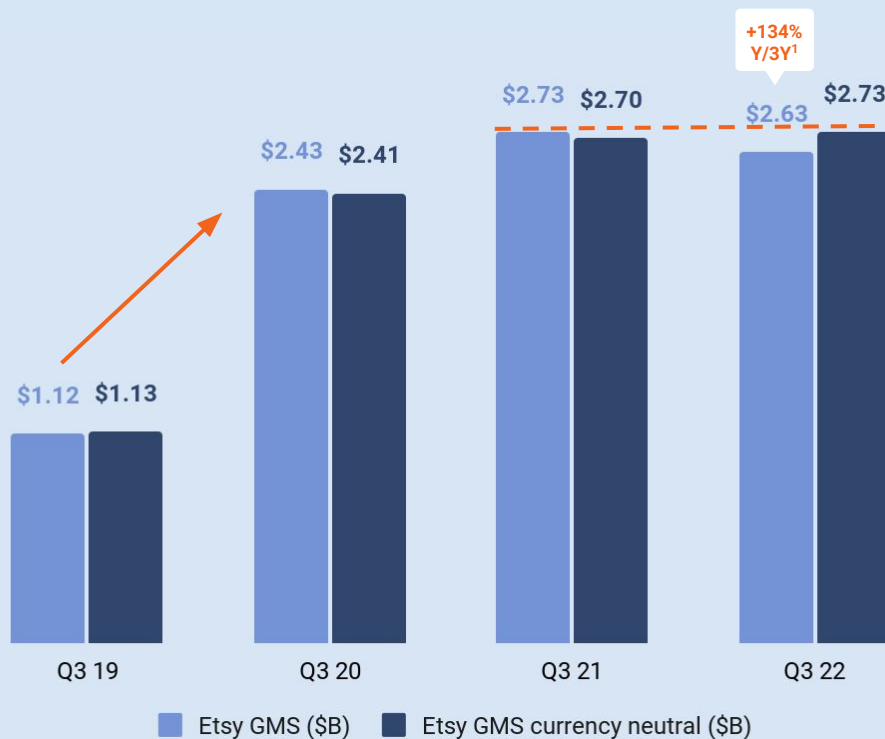


We're over 2X bigger than we were in 2019; and Q3 22 GMS grew slightly Y/Y on a currency neutral basis

3 Yr Etsy marketplace GMS growth<sup>1</sup>

134%

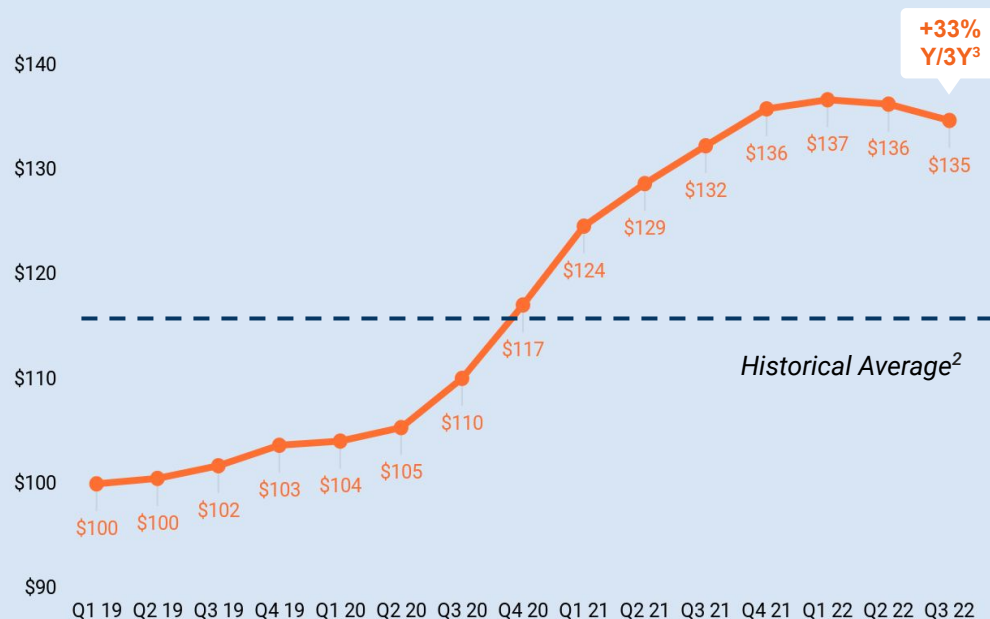
## Etsy Marketplace GMS (\$B)



<sup>1</sup>Y/3Y reflects Q3 2022 vs. Q3 2019

Etsy Marketplace  
GMS per active  
buyer remains  
above year ago  
levels and  
meaningfully  
higher than  
pre-pandemic

## Etsy Marketplace GMS per Active Buyer<sup>1</sup>

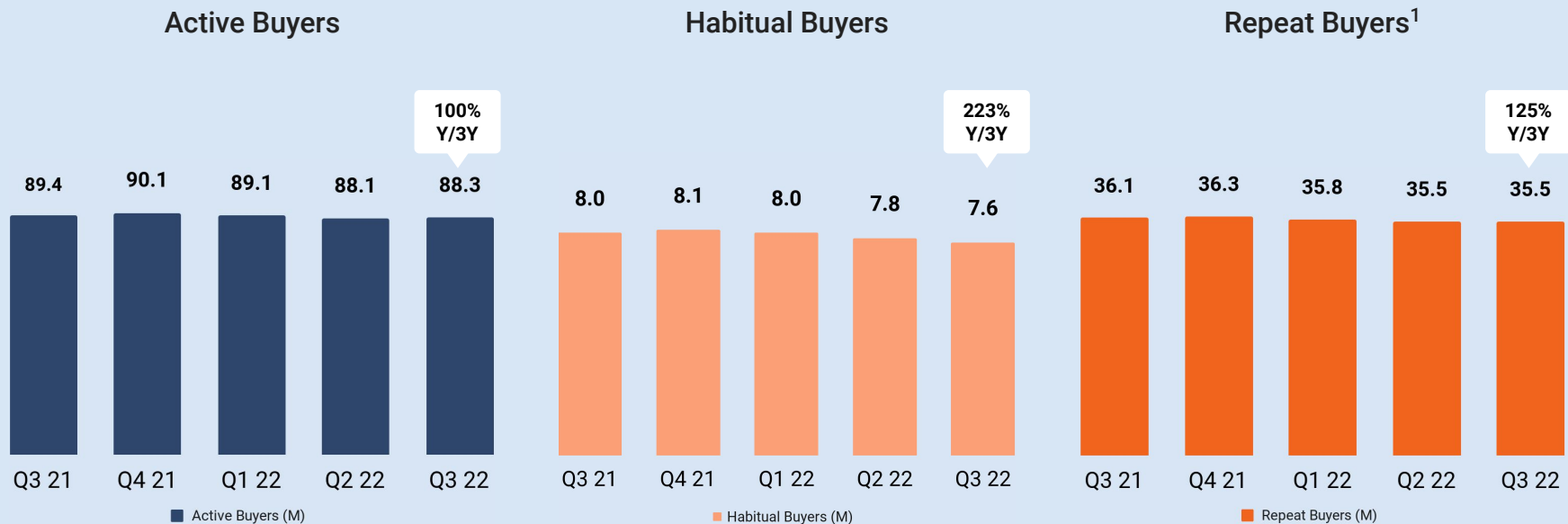


<sup>1</sup>TTM GMS per Active Buyer on the Etsy marketplace

<sup>2</sup>Historical average represents periods Q1 19 to Q3 22

<sup>3</sup>Y/3Y reflects Q3 2022 vs. Q3 2019

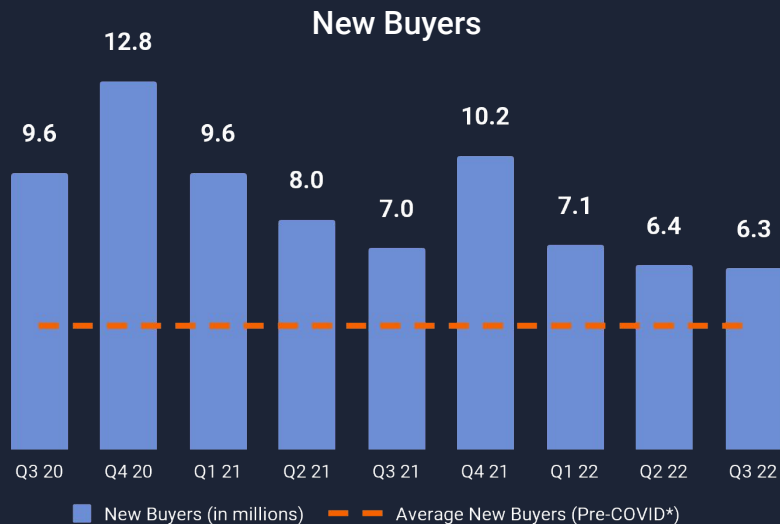
# Overall stability in buyers trends



Metrics presented are for the Etsy marketplace on a Trailing-Twelve Month basis and do not include Reverb, Depop, or Elo7.

<sup>1</sup>Repeat Buyers exclude Habitual Buyers on this slide.

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

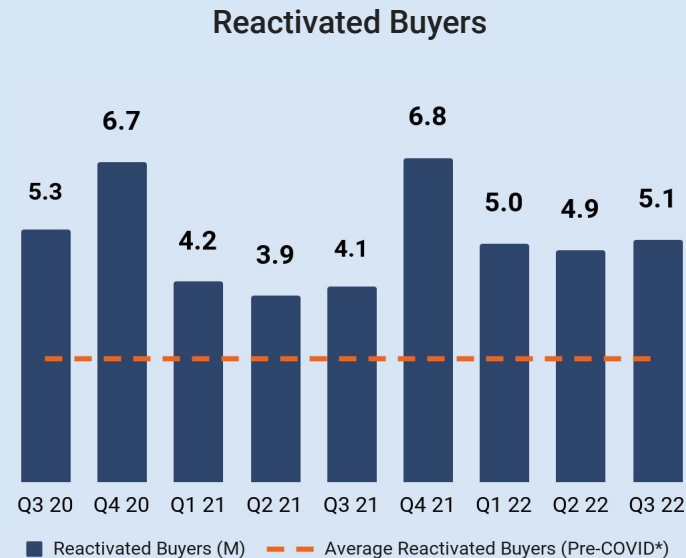


A buyer is considered new if they use a unique e-mail address that has never been used for a purchase on the Etsy marketplace.

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.

...and buyer reactivation improved sequentially



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.

Our capital light business model delivers strong operating cash flow

**Cash Balance 9/30/22<sup>1</sup>**

**\$1.1B**

**Q3 22 Quarterly Operating Cash Flow**

**\$206.6M**

<sup>1</sup>Cash and Cash Equivalents, Short-term and Long-term Investments  
Consolidated results

# Q4 22 Guidance for Consolidated GMS, Revenue and Adj. EBITDA Margin

Q4 22 Guidance  
November 2, 2022

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GMS	\$3.6B to \$4.0B
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Revenue	\$700M to \$780M
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Adj. EBITDA Margin	Approximately 27%
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Reconciliation of non-GAAP financial measures is contained in the Appendix. We are not able at this time to provide GAAP targets for net income or net income margin or to reconcile Adjusted EBITDA margin to those amounts because of the unreasonable effort of estimating certain items that are excluded from non-GAAP Adjusted EBITDA, including, for example, stock-based compensation expense, foreign exchange loss (gain), and acquisition-related and other non-recurring expenses, the effect of which may be significant.

Adjusted EBITDA margin assumes the midpoint of our revenue guidance.

Key factors potentially impacting our Q4 2022 guidance are contained in the Appendix.



# Q&A

# Appendix

# Key factors impacting our Q4 22 Guidance

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

- Headwinds and tailwinds, including but not limited to the following macro factors: the shift between offline and online, continued uncertainty from the COVID-19 pandemic and stabilization of COVID-19 driven economic trends, duration and impact of reopening headwinds, economic factors including inflation and rising interest rates, consumer discretionary spending patterns during the holiday season, and employment figures, competitive dynamics, retail store reopenings, as well as the crisis in Ukraine or other geopolitical events and uncertainty that impact trade and mindshare, weather events, and global supply chain and logistics challenges; and Etsy-specific factors including acquisition, frequency and retention of buyer cohorts as well as incremental GMS, brand awareness, and conversion rate improvements from product and marketing investments.
- Additional external factors that may impact performance include: changes to sales taxes and VAT, regulatory changes, and currency fluctuations.

**We also anticipate that revenue will be impacted by the transaction fee change for the Etsy marketplace from 5% to 6.5% effective April 11, 2022.**

## **We anticipate that the key factors impacting our Q4 Adjusted EBITDA margin will be:**

- Planned investments in product development, employees, technology infrastructure, and marketing, including investments in channels with more speculative and/or long-term returns.
- Our acquisitions, which are dilutive to Etsy, Inc.'s consolidated margin.

\*These and other risks and uncertainties are more fully described in our filings with the SEC.

# Condensed Consolidated Balance Sheets

	As of September 30, 2022	As of December 31, 2021
(in thousands)		
Cash and cash equivalents	\$789,990	\$780,196
Short-term investments	251,165	204,416
Accounts receivable, net	21,765	27,266
Funds receivable and seller accounts	195,493	220,206
Property and equipment, net	249,905	275,062
Goodwill	135,922	1,371,064
Intangible assets, net and other current and non-current assets	806,071	953,599
<b>Total assets</b>	<b>\$2,450,311</b>	<b>\$3,831,809</b>
Accounts payable	\$16,841	\$28,007
Accrued expenses	249,964	328,118
Funds payable and amounts due to sellers	195,493	220,206
Long-term debt, net	2,278,585	2,275,418
Other current and non-current liabilities	315,670	351,441
<b>Total liabilities</b>	<b>3,056,553</b>	<b>3,203,190</b>
<b>Total stockholders' (deficit) equity</b>	<b>(606,242)</b>	<b>628,619</b>
<b>Total liabilities and stockholders' (deficit) equity</b>	<b>\$2,450,311</b>	<b>\$3,831,809</b>

# Condensed Consolidated Statement of Operations

Three months ended 9/30/22      Three months ended 9/30/21

31

(in thousands)		
Revenue	\$594,469	\$532,429
Cost of revenue	174,401	153,660
Gross profit	420,068	378,769
Marketing	147,242	131,928
Product development	108,040	73,521
General and administrative	74,544	89,579
Goodwill impairment	1,045,022	-
Operating expenses	1,374,848	295,028
(Loss) Income from operations	(954,780)	83,741
Other income, net	5,763	58
(Provision) benefit for income taxes	(14,051)	6,131
Net (loss) income	\$(963,068)	\$89,930
Net (loss) income per share — diluted	\$(7.62)	\$0.62

# Condensed Consolidated Statement of Cash Flows

	Nine months ended 9/30/22	Nine months ended 9/30/21
(in thousands)		
<b>Net (Loss) Income</b>	<b>\$(803,836)</b>	<b>\$331,950</b>
<i>Net cash provided by operating activities</i>	391,862	361,092
<i>Net cash used in investing activities</i>	(29,936)	(1,534,861)
<i>Net cash (used in) provided by financing activities</i>	(322,410)	558,167
Effect of exchange rate changes on cash	(29,722)	(9,095)
Net increase (decrease) in cash, cash equivalents, and restricted cash	9,794	(624,697)
Cash, cash equivalents, and restricted cash at the beginning of the period	785,537	1,249,440
<b>Cash, cash equivalents, and restricted cash at the end of the period</b>	<b>\$795,331</b>	<b>\$624,743</b>

# Reconciliation of Quarterly Net Income to Adj. EBITDA

	3Q22	2Q22	1Q22	4Q21	3Q21
<b>Net (loss) income</b>	<b>\$(963,068)</b>	<b>\$73,123</b>	<b>\$86,109</b>	<b>\$161,557</b>	<b>\$89,930</b>
<i>Excluding:</i>					
<i>Interest and other non-operating expense, net</i>	230	2,557	3,290	3,323	2,640
<i>Provision (benefit) for income taxes</i>	14,051	39	(122)	(17,184)	(6,131)
<i>Depreciation and amortization</i>	24,127	25,027	24,754	24,991	23,211
<i>Stock-based compensation expense</i>	52,905	64,357	49,271	49,863	42,256
<i>Foreign exchange gain</i>	(5,993)	(3,158)	(4,962)	(5,447)	(2,698)
<i>Acquisition-related expenses</i>	487	759	858	1,730	25,030
<i>Goodwill Impairment</i>	1,045,022	-	-	-	-
<b>Adjusted EBITDA</b>	<b>\$167,761</b>	<b>\$162,704</b>	<b>\$159,198</b>	<b>\$218,833</b>	<b>\$174,238</b>
<i>Divided by:</i>					
<i>Revenue</i>	\$594,469	\$585,135	\$579,266	\$717,139	\$532,429
<b>Adjusted EBITDA Margin</b>	<b>28%</b>	<b>28%</b>	<b>27%</b>	<b>31%</b>	<b>33%</b>



# Reconciliation of Annual Net Income to Adj. EBITDA

	2021	2020	2019	2018
(in thousands, except percentages)				
<b>Net income</b>	<b>\$493,507</b>	<b>\$349,246</b>	<b>\$95,894</b>	<b>\$77,491</b>
Excluding:				
Interest and other non-operating expense, net	7,748	34,923	11,121	13,221
(Benefit) provision for income taxes for income taxes	(21,853)	16,463	(15,248)	(22,413)
Depreciation and amortization	74,267	58,189	48,031	26,742
Stock-based compensation expense	139,910	65,114	44,395	38,231
Foreign exchange (gain) loss	(13,670)	6,522	(3,006)	6,487
Acquisition-related expenses	36,704	1,804	3,917	-
Loss on extinguishment of debt	-	16,855	-	-
Non-ordinary course disputes	-	-	1,164	-
Restructuring and other exit income	-	-	-	(249)
<b>Adjusted EBITDA</b>	<b>\$716,613</b>	<b>\$549,116</b>	<b>\$186,268</b>	<b>\$139,510</b>
Divided by: Revenue	\$2,329,114	\$1,725,625	\$ 818,379	\$ 603,693
<b>Adjusted EBITDA Margin</b>	<b>31%</b>	<b>32%</b>	<b>23%</b>	<b>23%</b>



# Buyer GMS Retention Data\*



	Year 1 GMS	GMS Retention Rate			
		Year 1	Year 2	Year 3	Year 4
<b>2017 New Buyers</b>	\$1,146M	100%	36%	48%	76%
<b>2018 New Buyers</b>	\$1,312M	100%	46%	71%	
<b>2019 New Buyers</b>	\$1,578M	100%	62%		
<b>2020 New Buyers</b>	\$3,632M	100%			

In the above tables, each new buyer cohort includes the aggregate GMS from all buyers that made their first purchase on Etsy.com in the designated year. The GMS retention rate reflects the GMS purchased by each cohort as a percentage of the GMS purchased by that cohort in their initial year. Each buyer's GMS is calculated from the date of their first purchase such that "Year 1" represents the GMS purchased by a buyer within 365 days of their first purchase. As a result, we do not yet have a full "Year 2" data set for the 2020 new buyer cohort, as buyers who bought later in 2020 have not had two years to age.

\*Data represents a correction to an immaterial error in New Buyer Year 1 GMS data on page 13 of Etsy's 2021 Annual Report on Form 10-K filed February 25, 2022.