

Etsy

to acquire

depop

Investor Presentation
June 2, 2021

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 potential addressable market, the potential benefits of the acquisition of Depop, the expected impact of the acquisition of Depop on our future financial performance and the potential impact on our consolidated financial results, the anticipated timing of the closing of the acquisition of Depop, the anticipated impact of applying Etsy's expertise to Depop's business and the potential of Depop's business. 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," "plan," "potential," "target," "will," 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, among others, the possibility that the conditions to the closing of the acquisition of Depop may not be satisfied or waived or that other events may cause the acquisition to not be completed, the potential impact to the business of Depop or Depop's relationships with its marketplace community due to the announcement of the acquisition, Etsy's ability to successfully integrate the acquisition and execute on its business plan and 'house of brands' model, general economic conditions and other risks and uncertainties, many of which are beyond our control, that 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, 2021, and in any 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 such risks, readers are cautioned not to place undue reliance on such forward looking statements.

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.

Overview of Transaction: **Etsy** to Acquire **depop**

Terms	Acquisition of 100% of Depop's share capital in exchange for \$1.625 billion consisting primarily of cash, subject to certain adjustments for Depop's working capital, transaction expenses, cash and indebtedness, and certain deferred and unvested equity for Depop management and employees.
Structure / Leadership	Depop will operate as a standalone marketplace run by its existing leadership team
Timing to close	Currently expected to close in the third quarter of 2021, subject to satisfaction of customary closing conditions, including antitrust review in the United States and the United Kingdom
Funding	Etsy has sufficient liquidity to fund the acquisition*

*As of March 31, 2021 Etsy had approximately \$2.0 billion in total liquidity consisting of \$1.8B in cash, cash equivalents and short and long term investments on its balance sheet and an undrawn \$200 million revolving credit facility

Depop exhibits strong marketplace financials

2020 GMS

\$650M

>100% Y/Y growth

2020 Revenue

\$70M

>100% Y/Y growth

2020 Take-Rate

~10%

We currently expect Depop to be accretive to our top line growth rate and modestly dilutive to Etsy's adjusted EBITDA margin.

Etsy's marketplace M&A criteria

Aligns with Etsy mission, strategy and values

Expands our TAM in a large and fast-growing market, category or geography

Market leadership, with authentic, organic brand traction

Shares our two-sided marketplace business model

Well positioned to benefit from Etsy's expertise to accelerate growth and value creation

... Depop is an ideal fit

- ✓ Shares Etsy's DNA, with a parallel growth strategy that highlights sellers' unique merchandise by improving search & discovery, driving human connections, and building marketplace trust
- ✓ Expected to extend Etsy's market opportunity in the high frequency apparel sector, specifically in the fast-growing resale space
- ✓ Deepens our reach into the Gen Z consumer, with differentiated brand strength, strong user engagement and unit economics
- ✓ Peer-to-peer marketplace with similar capital-light operating model and financial characteristics
- ✓ Early stage business that we believe can leverage our proven value creation roadmap to drive further growth and profitability

Depop shares Etsy's DNA, expanding our 'house of brands' that stands for creativity, community and 'special'

Etsy

Handmade, Vintage, Craft

Millennial & Gen X women

US, UK, DE, CAN, FR, AUS, IN



Reverb

Music Recommerce

Millennial & Gen X men

US, UK, CAN, FR, DE, AUS

CEO: David Mandelbrot



depop

Fashion Recommerce

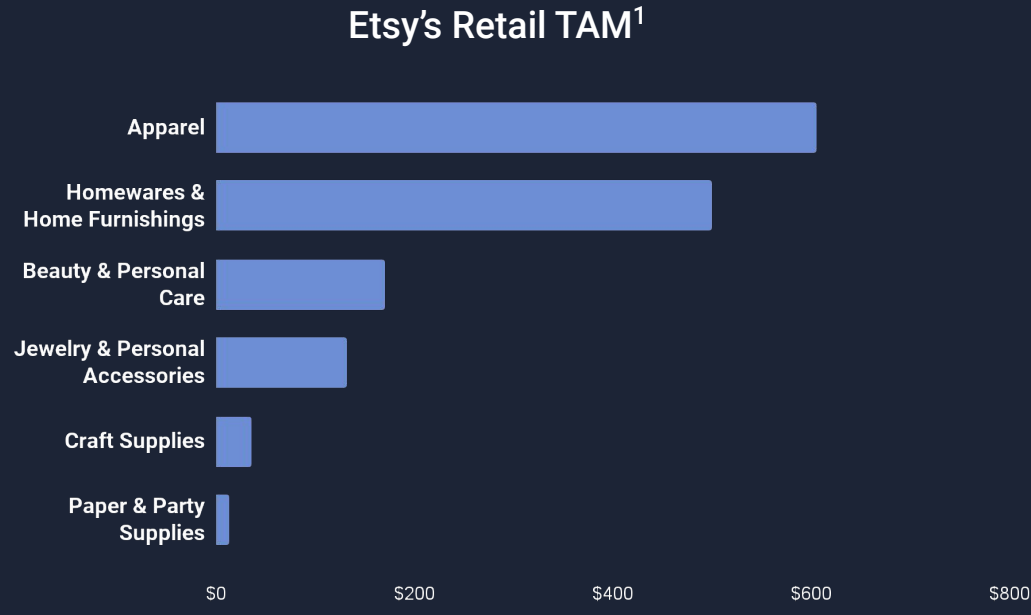
Gen Z

UK, US, AUS

CEO: Maria Raga



Depop extends our market opportunity further into the high frequency apparel sector...



\$1.7T

6 core geographies outlined in 2019

Across all relevant retail categories (including fashion/ apparel)¹

Apparel is the single largest category within ecommerce with a **\$364B TAM growing at a projected 9% CAGR to reach an estimated \$543B in 2025²**

Apparel is widely considered a **high frequency category** that we believe can build the foundation for customer habituation

¹Sources: Euromonitor (2018), Assoc. for Creative Ind. (Jan 2018), Art Basel (2018), Hiscox (2018), IBIS, Etsy Consumer Survey. Note that India, Etsy's newest core geography, was not included when this TAM was calculated in 2019

²Source: Euromonitor

...specifically in the
fast-growing resale
space

The US second hand market is projected to
grow to

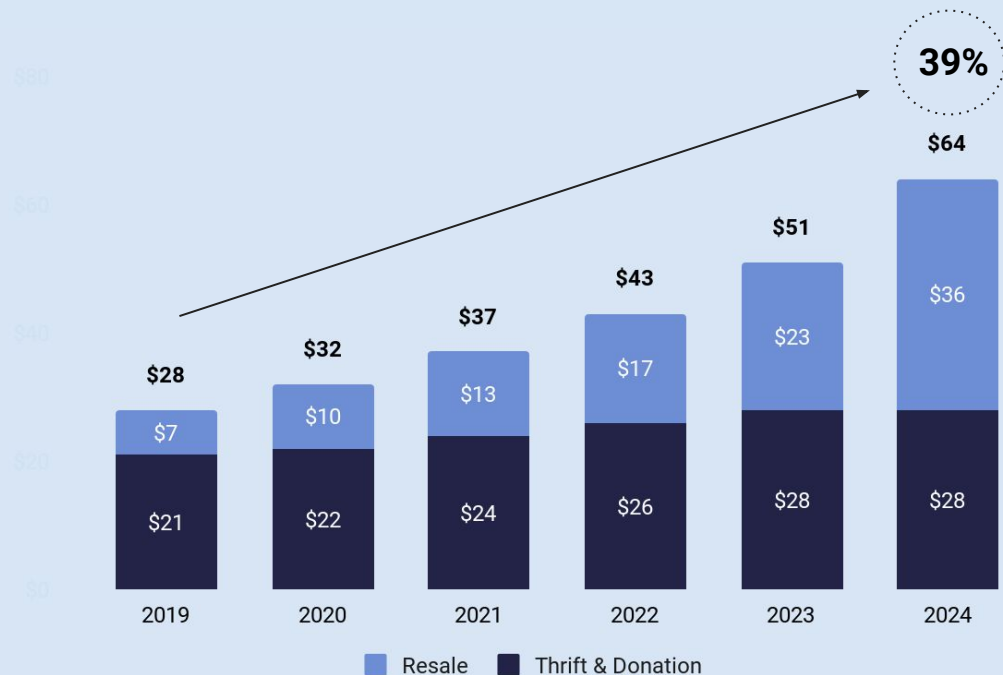
\$64B

at a projected CAGR of

39%

from 2019-2024¹

US Secondhand Retail Market (\$B)¹



¹US resale market: ThredUP 2020 Resale report. Resale is defined as a sector of the broader 'secondhand' market that includes more curated product assortments, often well merchandised and/or higher end. These secondhand options are primarily, but not exclusively, online.



Depop is focused on Gen Z:
community-led and
purpose-driven

Well positioned with generational shifts in self-expression, sustainability and entrepreneurship

1 Self-expression

Individual diversity, uniqueness and experimentation

46%
of Gen Z say
"self-expression"
is very important
to them, vs. 37%
of Millennials

2 Sustainability

Elevated social and environmental consciousness and activism

90%
of Gen Z believe
firms should
address social &
environmental
issues

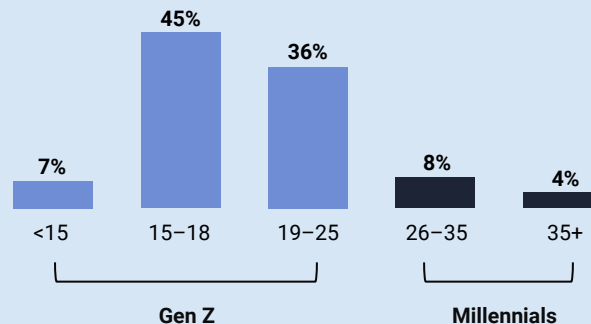
3 Entrepreneurial opportunities

Pursuing non-traditional career paths

50%
of Gen Z want
to start their
own company

Nearly 90% of active users are Gen Z¹

Depop users' age distribution



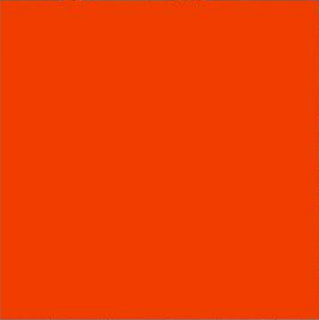
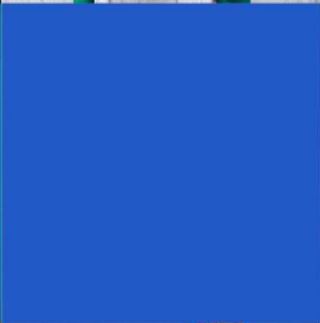
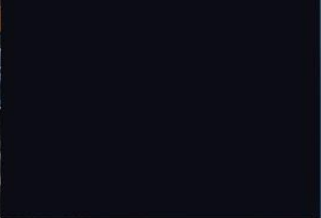
High prompted awareness for the Gen Z demographic¹

The 10th most popular site among all teens in the US by traffic volume

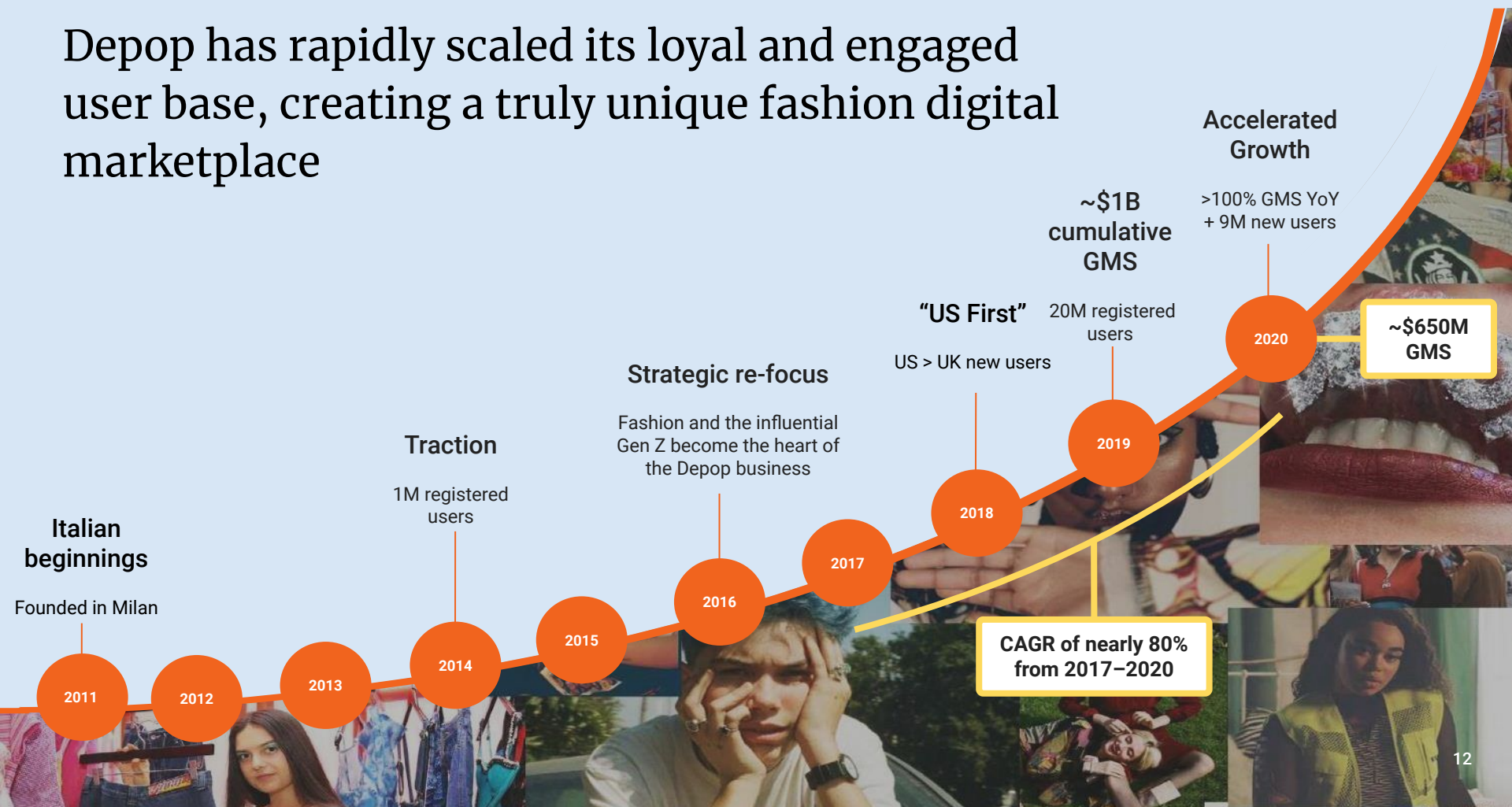
1 in 3 16-24 year olds in the UK have downloaded the Depop app

¹Source: Depop data

All other data sourced from Piper Sandler Investment Research ("Taking Stock With Teens Survey – Fall 2020 Results")

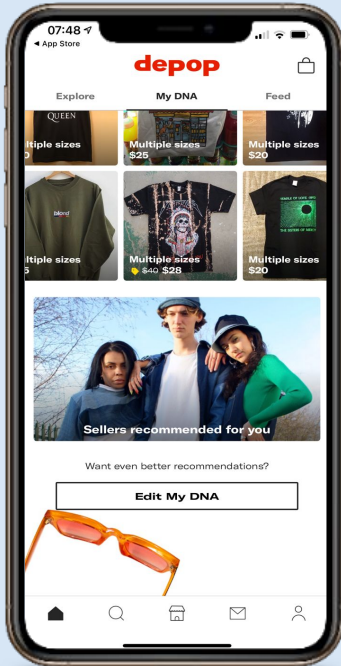


Depop has rapidly scaled its loyal and engaged user base, creating a truly unique fashion digital marketplace

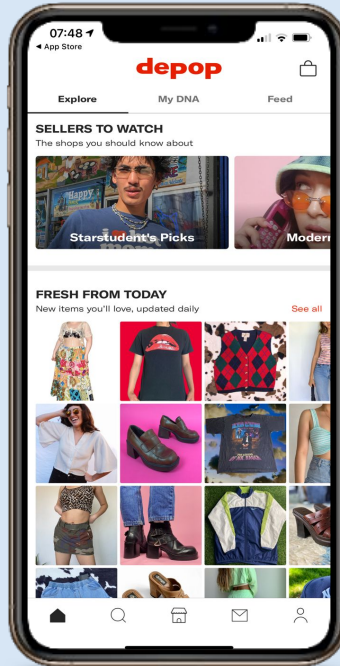


Depop offers a highly curated, engaging and visual-first selling and buying experience

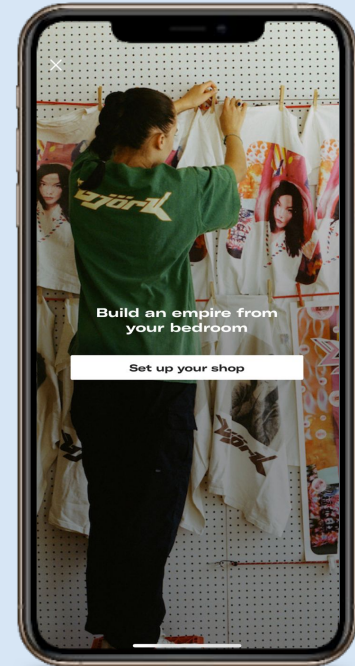
Engaging



Intuitive



Frictionless



With differentiated brand strength and user engagement that drives strong organic traffic and unit economics

Large and Growing Audience	28M Users ¹	7M App MAU ¹	4M / 2M Annual buyers / sellers ²
Significant social and transactional engagement	50M Messages sent per month ¹	~40 Average app sessions per month per MAU ¹	8M Items listed per month ¹
Strong economics	75% of 2020 GMS was from existing buyers	49% Buyers who buy again within 1 year ³	74% Sellers that are also buyers ⁴

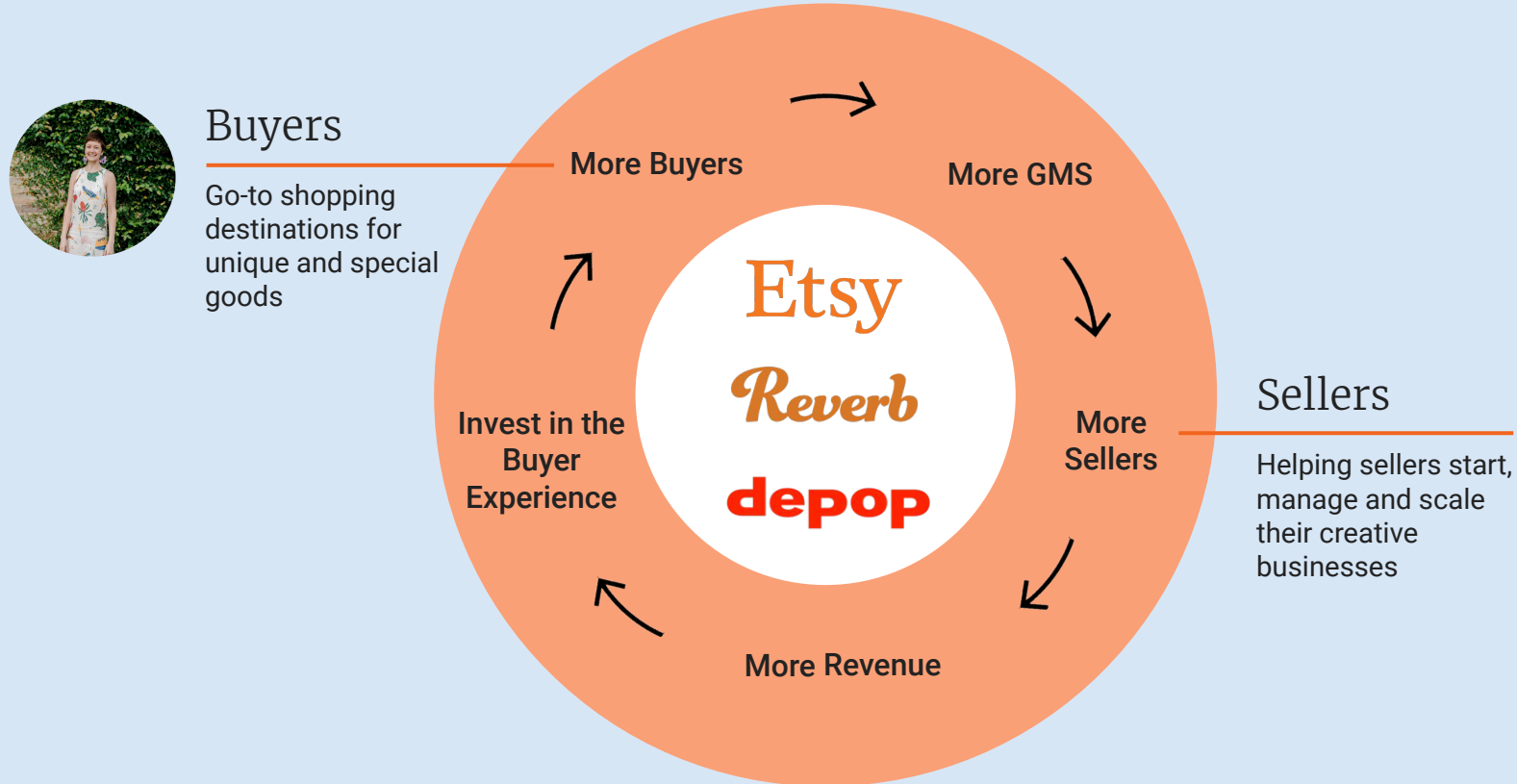
¹As of January 2021. MAU is defined as Monthly Active User

²As of December 31, 2020

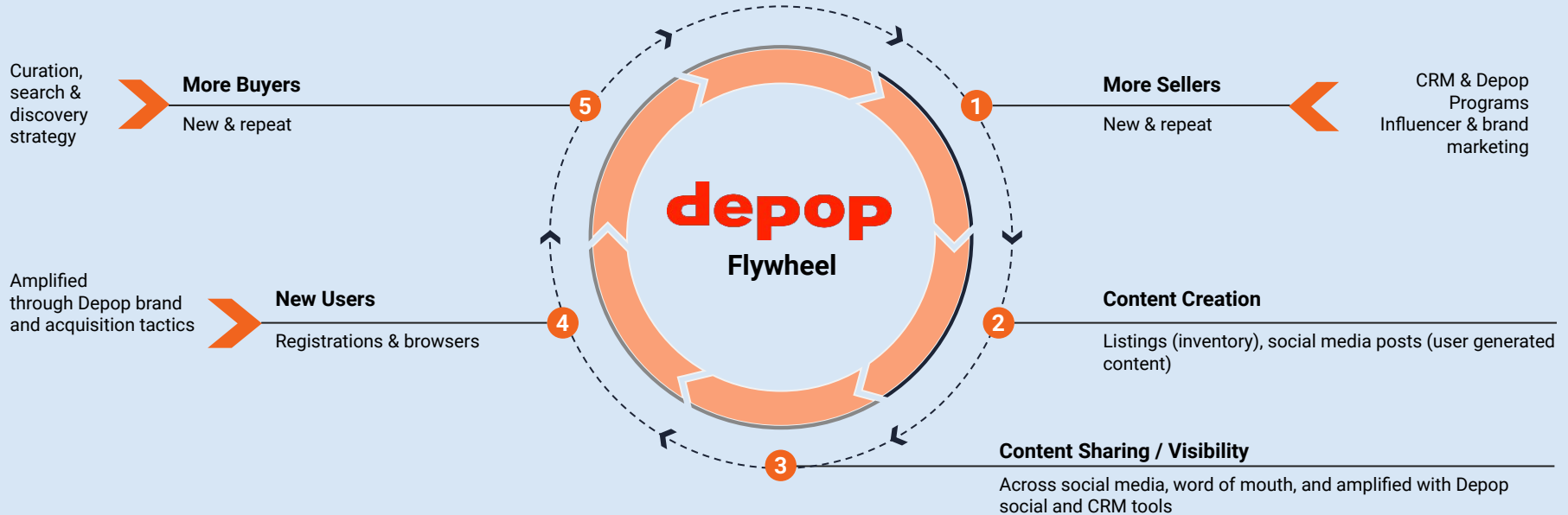
³49% of users who purchased an item in 2019 purchased again in 2020

⁴74% of users who sold an item in 2020 have purchased items on the platform

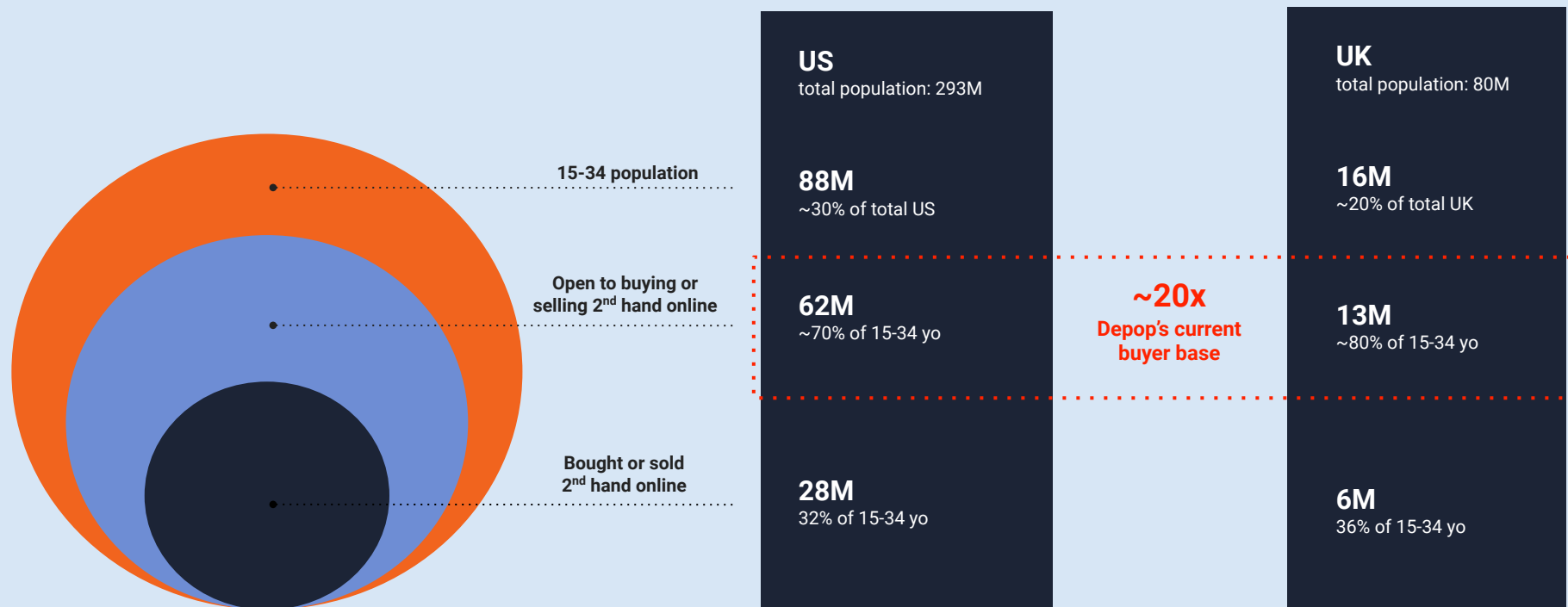
Depop shares our capital light marketplace model...



Depop's flywheel is further amplified by its strong content machine



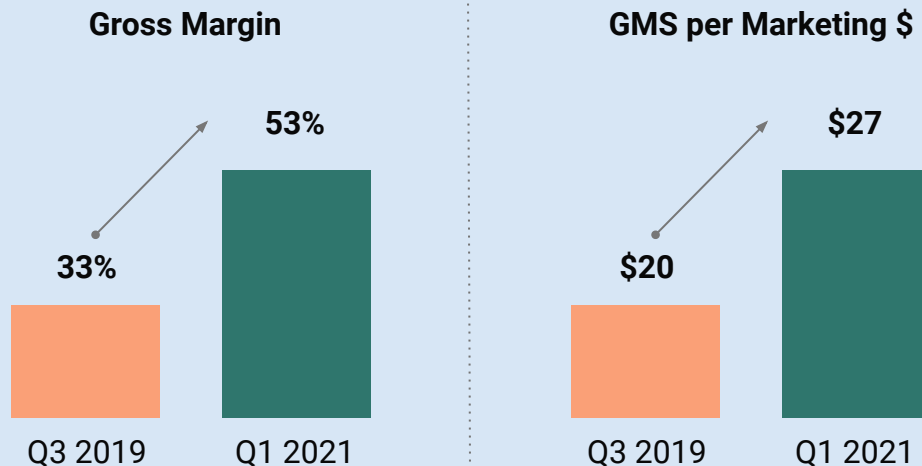
Just beginning to grow its global community



We believe we have a proven playbook for creating value...

- Marketing expertise and spend efficiency
- Product development discipline and culture
- Review fair exchange of value, seller services and platform opportunities
- Improve financial and legal processes critical to managing business growth
- Support HR practices, diversity, equity & inclusion, key technology platforms
- Integrate Impact strategies into business

Reverb Financial Metrics

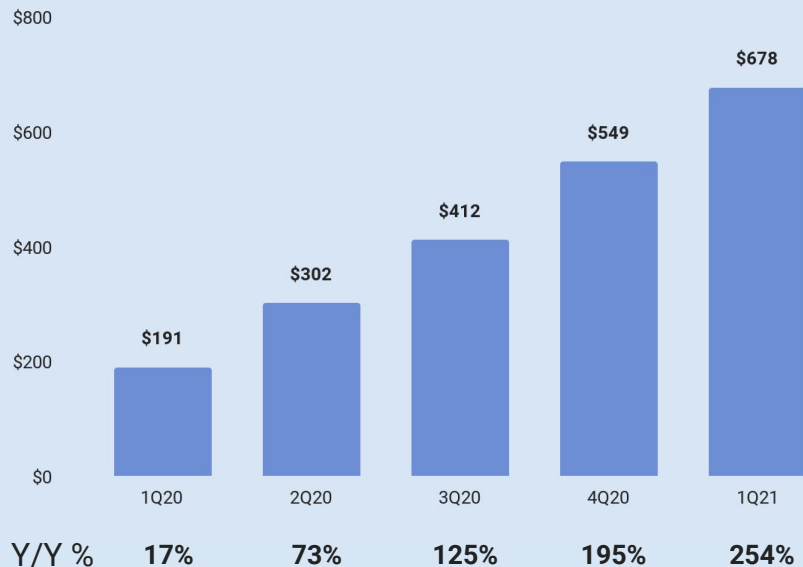


Reflects Reverb marketplace results as of acquisition date August 15, 2019
Scales for illustrative purposes

Etsy's model has delivered strong Adjusted EBITDA and free cash flow conversion

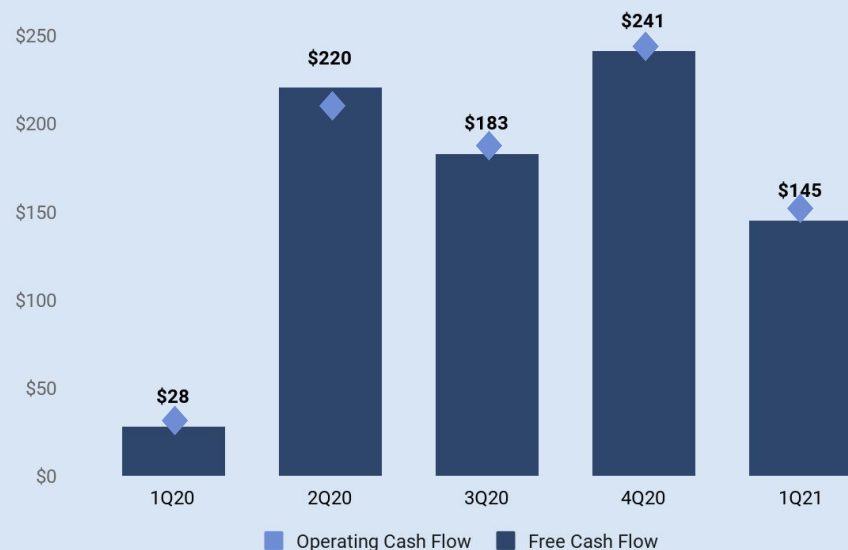
Etsy TTM Adjusted EBITDA (\$M)

Rapidly scaling profitability



Etsy Operating Cash Flow & Free Cash Flow (\$M)

Converting nearly 100% of Operating Cash Flow to FCF



We see similar opportunities to invest in Depop's growth



1

Expose more people to the brand globally



2

Improve customer experiences via product investments



3

Grow value added seller services



4

Expand ROI focused marketing strategies and investments

Keep Commerce Human

Our mission matters now more than ever

Facilitating human connections through commerce

Opportunity to make a positive impact

Long runway of growth for Etsy, Reverb and now another 'special' marketplace – **Depop**

Q&A

Appendix

Reconciliation of TTM Net Income to Adj. EBITDA

	1Q20	2Q20	3Q20	4Q20	1Q21
Net income	\$76,837	\$155,039	\$231,999	\$349,246	\$480,490
<i>Excluding:</i>					
<i>Interest and other non-operating expense, net</i>	16,207	23,214	30,477	34,923	29,275
<i>(Benefit) Provision for income taxes</i>	-17,935	-190	3,154	16,463	33,254
<i>Depreciation and amortization</i>	53,052	57,413	60,359	58,189	56,106
<i>Stock-based compensation expense</i>	50,124	56,012	61,003	65,114	71,654
<i>Foreign exchange loss (gain)</i>	7,374	5,712	5,227	6,522	-10,593
<i>Acquisition-related expenses</i>	4,634	4,020	2,677	1,804	1,087
<i>Non-ordinary course disputes</i>	1,164	1,164	–	–	–
<i>Loss on extinguishment of debt</i>	–	–	16,855	16,855	16,855
Adjusted EBITDA	\$191,457	\$302,384	\$411,751	\$549,116	\$678,128

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 Etsy'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.

	1Q20	2Q20	3Q20	4Q20	1Q21
Net cash provided by operating activities	\$29,664	\$220,431	\$185,194	\$243,667	\$148,465
Purchases of property and equipment	(567)	358	(179)	(1,057)	(526)
Development of internal-use software	(1,261)	(782)	(1,642)	(1,980)	(3,226)
Free Cash Flow	\$27,836	\$220,007	\$183,373	\$240,630	\$144,713