

# Etsy

Keep commerce human.

Investor Presentation  
March 2024

# Forward-looking Statements

This presentation contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements include but are not limited to: statements relating to the anticipated impact of our 2024 portfolio growth initiatives; the anticipated impact of our “Right to Win” strategy; our ability to increase buyer frequency and earn more buyer consideration and market share including by retaining focus on our “Vital Few,” highlighting value and improving reliability; our expectations regarding our subsidiaries’ ability to gain market share; our opportunity to expand in the gifting market; and our ability to achieve market share gains across our core categories.

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 but are not limited to: (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) the fluctuation of our quarterly operating results; (4) our failure to meet our publicly announced guidance or other expectations; (5) if we or our third-party providers are unable to protect against technology vulnerabilities, service interruptions, security breaches, or other cyber incidents; (6) our dependence on continued and unimpeded access to third-party services, platforms, and infrastructure; (7) macroeconomic events that are outside of our control; (8) operational and compliance risks related to our payments systems; (9) our ability to recruit and retain employees; (10) our ability to compete effectively; (11) our ability to enhance our current offerings and develop new offerings to respond to the changing needs of sellers and buyers; (12) our ability to demonstrate progress against our environmental, social, and governance Impact strategy; (13) our efforts to expand internationally; (14) acquisitions that may prove unsuccessful or divert management attention; (15) regulation in the area of privacy and protection of user data; and (16) 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 Annual Report on Form 10-K for the year ended December 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.

**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 a discussion of our TAM analysis and information about how we define active buyers, new buyers, reactivated buyers, repeat buyers and habitual buyers, see our most recent Annual Report on Form 10-K.

# Our Compelling Value Proposition



Etsy is a special business and has scaled significantly since 2019. We believe our vibrant two-sided marketplace offers clear value for buyers and sellers. We see similar attributes across our House of Brands.



We believe the Etsy marketplace has a clear runway for growth in a large and attractive market; with additional growth vectors from subsidiary brands.



We believe our mission to Keep Commerce Human and 'Right to Win' strategy set us apart from other e-commerce players.



Our disciplined investment strategy and attractive business model have delivered healthy financial results.



We are focused on driving 'Consideration' to bring more buyers and have them shop on Etsy more frequently.



Etsy is a special business and has scaled significantly since 2019. We believe our vibrant two-sided marketplace offers **clear value for buyers and sellers**. We see similar attributes across our House of Brands.

# We believe our vibrant two-sided Etsy marketplace offers clear value for buyers and sellers



## Buyers

Go-to shopping destinations for unique and special goods

**92M Active Buyers\***  
~60% US/~40% Non-US



## 7M Active Sellers\*

~50% US/~50% Non-US

## Sellers

Helping sellers start, manage and scale their creative businesses



# Etsy marketplace sellers can turn their creative passions into economic opportunities

Sellers range from hobbyists to professional merchants, with a broad range of personal and professional goals.

- 54%<sup>1</sup> 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

**~270% Growth**  
in active sellers from 2017-2023



97% run their businesses from their homes



80% of sellers identify as women



79% consider their shop a business



54% are multi-channel sellers

# Why buyers value Etsy

**~86%**

of buyers agree that "Shopping on Etsy means supporting small businesses."

**~84%**

of buyers agree that "Etsy allows me to shop and support real people."

**~83%**

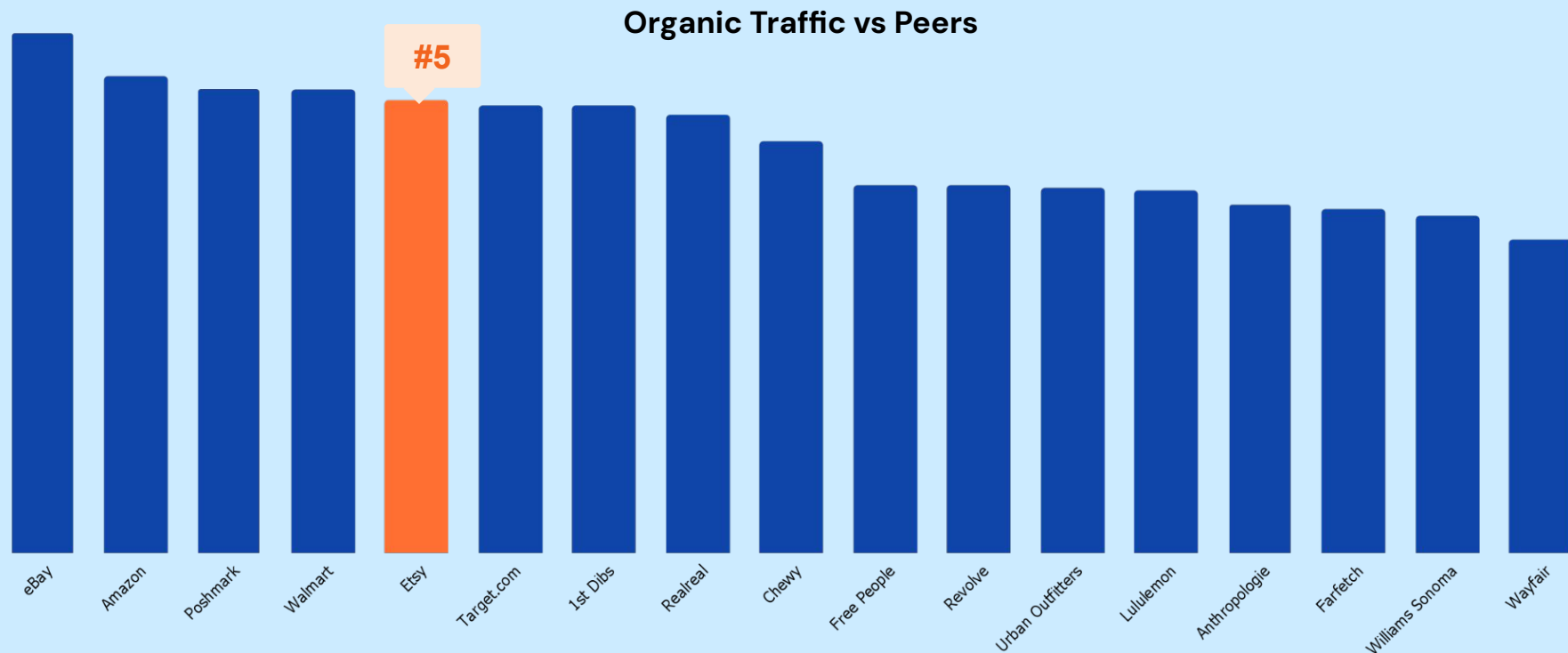
of buyers say that "Etsy has items that I can't find anywhere else."

**~68%**

of buyers agree that "Etsy consistently offers high quality items."



The Etsy brand stands for something: ~80% of our visits comes to us directly or through organic search





# By any measure, Etsy is a much more meaningful e-commerce player than just a few years ago

We have **more buyers:**

45.7M

2019 Active Buyers\*

92.0M

2023 Active Buyers\*,  
+101% Y/4Y

Buyers are **shopping Etsy more frequently:**

41%

2019 Repeat Buyers\*

48%

2023 Repeat Buyers\*,  
+660 bps Y/4Y

Buyers are **spending more** with Etsy:

\$103

2019 TTM GMS per  
Active Buyer

\$126

2023 TTM GMS  
per Active Buyer,  
+22% Y/4Y

We've become **'more of a habit':**

2.5M

2019 Habitual Buyers\*

7.1M

2023 Habitual Buyers\*,  
+184% Y/4Y

Etsy marketplace only.

Y/4Y reflects Q4 2019 vs. Q4 2023.

\*Active buyers are buyers who have made at least one purchase in the last 12 months; on this slide, repeat buyers includes any buyer who made purchases on two or more days in the previous 12 months, including habitual buyers (percent shown is percent of total active buyers); habitual buyers are buyers who have spent \$200 or more and made purchases on six or more days in the previous 12 months.

# Reverb

2023 GMS \$942M, flat Y/Y

Founded in 2013, Reverb has become the third largest seller of musical instruments in the United States<sup>1</sup>.

**845 thousand** active buyers

**229 thousand** active sellers

**Nearly 80%**  
Reverb's GMS is from the sale of used instruments

**~80%**  
traffic is unpaid

**~56%**  
Reverb's active sellers also bought on Reverb, and those that bought and sold gear spent nearly three times more than those that bought gear on Reverb but did not sell on Reverb

**Over 40%**  
Reverb's GMS comes from its mobile app

<sup>1</sup>Based upon third party data and Etsy estimates.

\*Reverb marketplace as of December 31, 2023



# depop

**2023 GMS \$600M, up 9% Y/Y**

Depop has been a people-powered fashion marketplace where anyone can buy, sell, explore, and discover incredible secondhand fashion. Strong affinity with the Generation Z (“Gen Z”) and Millennial consumer demographics, who are adopting resale shopping faster than other demographics.

**~35 M**

registered users

**1.8M**

active sellers

**3.6 M**

active buyers

**~56%**

Depop sellers who made a sale in 2023 also made at least one purchase in 2023, which we believe shows the strong engagement of Depop’s user base.

**Nearly 95%**

Of Depop’s GMS is in the apparel category.



We believe our mission to Keep Commerce Human and 'Right to Win' strategy **set us apart** from other e-commerce players.

**Right-to-Win Strategy:**  
sets us apart from other ecommerce players

*Keep  
Commerce  
Human*

Best-in-Class  
Search and  
Discovery

×

Human  
Connections

×

A Trusted  
Brand

Our Sellers' Unique Items

# Select 2023 Initiatives aligned with our Right to Win



Elevating the best of Etsy in our Search results, including our 'Curation at Scale' efforts to combine human curation with machine learning models to show quality listings.



Continuing to build trust in our marketplace by expanding proactive listing review and enforcement of our Handmade Policy.



Highlighting the great value Etsy has to offer.



Creating category experiences for Gifting, Home & Living, and Style purchase occasions.



Supporting our sellers with multiple product launches to help grow their business.



We are focused on driving  
‘Consideration’ to **bring more  
buyers** and have them **shop  
more frequently** on Etsy.

Additional work to do to knock down barriers and make Etsy more top of mind



*"I only come to Etsy for a specific need"*



*"It takes a lot of work to find the best things"*



*"I worry that something will go wrong on Etsy"*

Our ambition is for Etsy to become the starting point for many more e-commerce journeys



To gain share and drive  
buyer **Consideration &  
Frequency...** we're  
launching some bold  
**'Vital Few'** initiatives in  
2024 & beyond.





## Consideration

Get buyers to think of Etsy more often

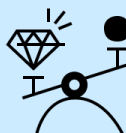
Gift Mode™ + Loyalty Program



## Quality

Make it easier to find  
'the good stuff' on Etsy

Search & Listing Quality



## Great Value

Drive association that there  
are great deals on Etsy

Highlighting and promoting  
great value  
More predictable Delivery Cost



## Reliability

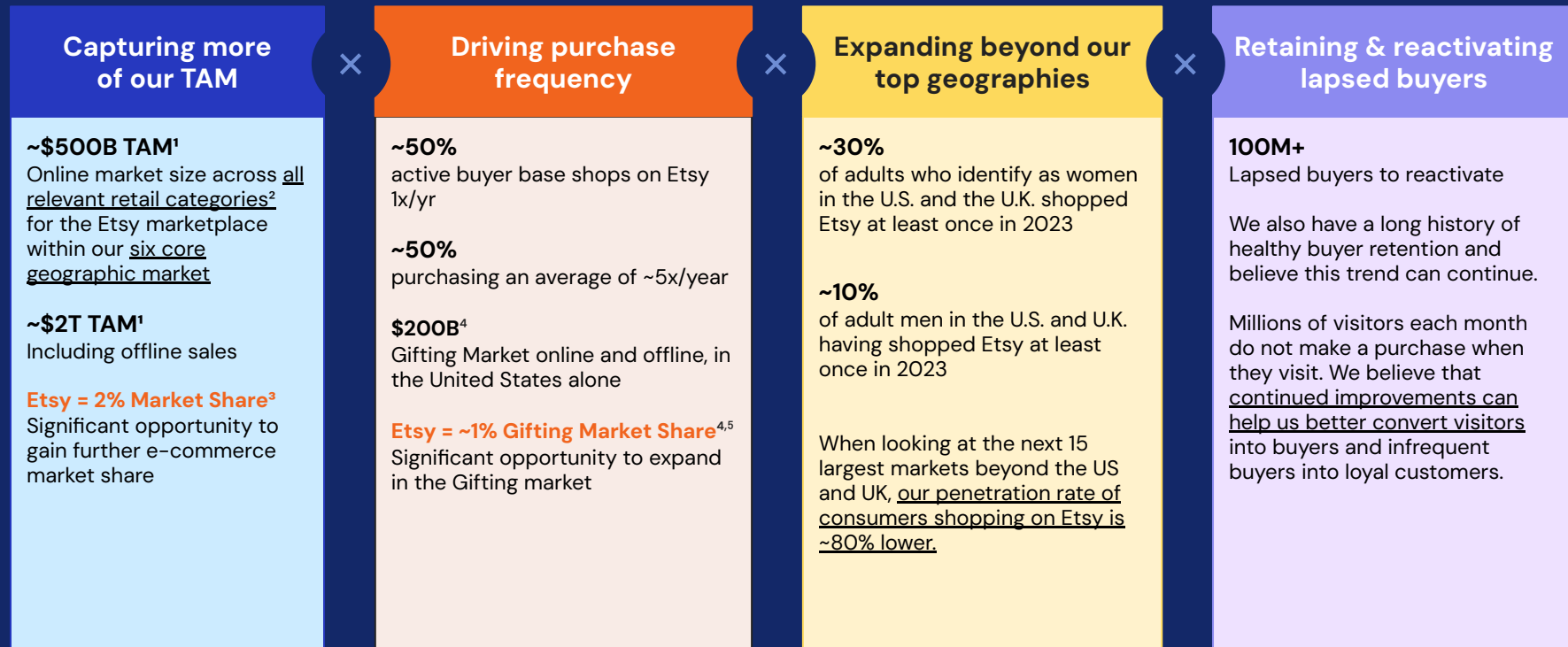
Make shopping on Etsy  
more convenient

Machine learning investments in  
Delivery Speed  
X-Border in Europe  
Payment Improvements



We believe the Etsy marketplace has a **clear runway for growth** in a large and attractive market; with additional growth vectors from subsidiary brands.

# The Etsy marketplace growth opportunity



<sup>1</sup>TAM analysis was completed in 2023. Sources: Euromonitor and Etsy estimates. See 10K.

<sup>2</sup>The "relevant retail categories" included in our estimate of total market size are apparel and footwear, beauty and personal care, home and living, craft supplies, paper and party, art and collectibles, personal accessories and eyewear, pet care, and toys and games.

<sup>3</sup>Estimated market share of online TAM for Etsy marketplace GMS based upon 2023 results

<sup>4</sup>Based upon Etsy estimates and external sources including National Retail Federation, Gallup, Deloitte, Mintel, Lending Tree, Gitnux Market data, eMarketer, Finder, Numerator, The Knot, Independent, Bankrate, Statista. Online & offline categories included: clothing, jewelry & accessories, home & living, toys, personal care & beauty, gift cards, books & other media, candy, food, among others.

<sup>5</sup>Estimated based on 2023 active buyers who marked a purchase as a gift, purchased a listing with 'gift' in the title or entered 'gift' in a search query during the trailing twelve month period.

# Subsidiary brands expand our reach & growth opportunity



## depop

Well positioned to capitalize on resale market growth opportunity, hinging on its core differentiation including its unique inventory, affinity with Gen Z and Millennial consumer demographics, matching capabilities between buyers and sellers, value offered on the marketplace, and trust in the Depop brand.

- **Global secondhand apparel market<sup>1</sup>** (including resale and thrifting) forecasted to grow **~3x faster** on average than the broader global apparel market **through 2027, reaching an estimated \$350B.**
- **U.S. resale market<sup>1</sup>** forecasted to grow **9x faster** than the broader retail clothing sector and reach about **\$40B by 2027.**



## Reverb

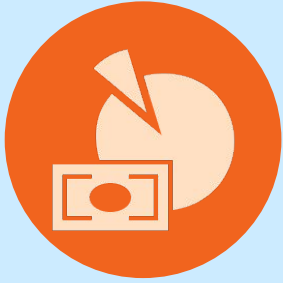
Opportunity to continue to gain market share given its broad and deep range of supply, large and loyal community, and value offered on the marketplace.

- **\$24B**  
TAM opportunity for musical instruments<sup>2</sup>
- **~\$16B**  
in new instruments
- **~\$8B**  
in used instruments

**Reverb = ~4% Musical Instruments Market Share**

<sup>1</sup>According to 2023 ThredUp Annual Resale Report.

<sup>2</sup>According to Music Trades Global Market for Music Products Report (as of December 31, 2022)



Our **disciplined investment strategy** and **attractive business model** have delivered healthy financial results.

# We invest with discipline in Product Development to improve customer experiences, drive conversion rate and frequency



Cross functional teams that deliver key customer outcomes aligned with our **Right to Win Strategy**



Customer and market research and analysis, data analysis, A/B and multivariate experimentation, prototyping and testing, quality assurance, and go-to-market strategies



Core buyer & seller experiences

Trust & Safety

Search & Ads

Payments

Member support

Payments, Tax, Fulfillment, & More

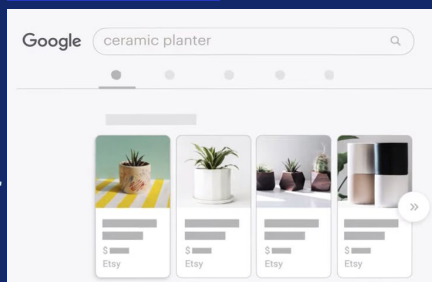
**Goal to build joyful customer experiences that lift GMS over time and provide benefits for many years**

# We invest with discipline in full funnel, ROI-focused marketing: to attract new, retain existing and reactivate lapsed buyers

TV & Digital video

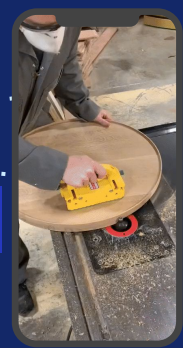


PLA spending

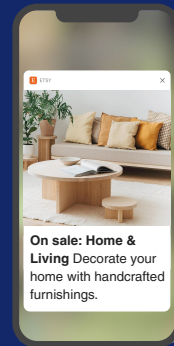
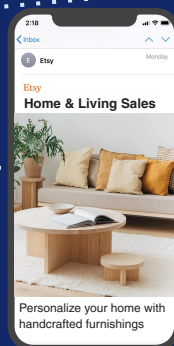


Full-funnel marketing

Social Media engagement



CRM





# All Etsy marketplace brands share our capital light business model



No planning future styles/trends



No fulfillment centers\*



No inventory management



Sellers share in marketing/promotion



No manufacturing facilities



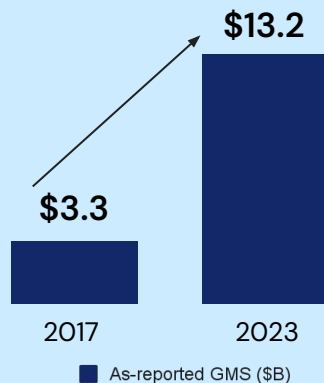
Loyal & engaged customer cohorts

# Strong track record of excellent financial results...

Consolidated Results

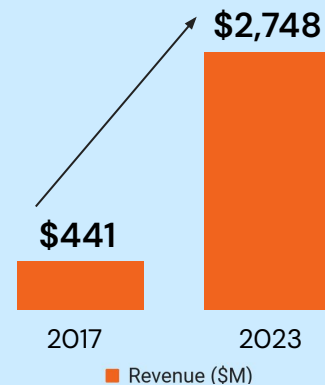
## GMS

+26%  
6yr CAGR



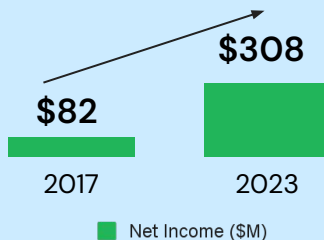
## Revenue

+36%  
6yr CAGR



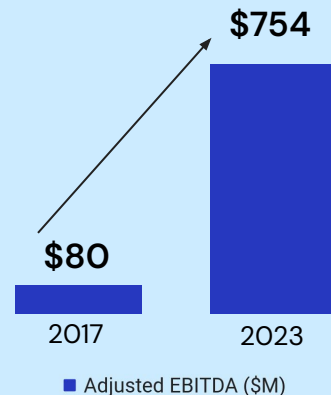
## Net Income

+25%  
6yr CAGR



## Adj. EBITDA\*

+45%  
6yr CAGR



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

...including high conversion of Adjusted EBITDA to free cash flow and a very healthy balance sheet

Consolidated Free Cash Flow  
(\$M)



Cash Balance 12/31/23<sup>1</sup>

**\$1.2B**

In Q4 2023, we converted **nearly 90%** of our Adj. EBITDA to free cash flow on a trailing twelve month basis

# Appendix

# Condensed Consolidated Balance Sheets

	As of December 31, 2023	As of December 31, 2022
<b>(in thousands)</b>		
Cash and cash equivalents	\$ 914,323	\$ 921,278
Short-term investments	236,118	250,413
Accounts receivable, net	24,734	27,888
Funds receivable and seller accounts	265,387	233,961
Property and equipment, net	249,794	249,744
Goodwill and intangible assets, net	595,517	673,130
Other current and non-current assets	399,527	278,547
<b>Total assets</b>	<b>\$ 2,685,400</b>	<b>\$ 2,634,961</b>
Accounts payable	\$ 29,920	\$ 28,757
Accrued expenses	353,553	331,234
Funds payable and amounts due to sellers	265,387	233,961
Long-term debt, net	2,283,817	2,279,640
Other current and non-current liabilities	296,438	308,643
<b>Total liabilities</b>	<b>3,229,115</b>	<b>3,182,235</b>
<b>Total stockholders' deficit</b>	<b>(543,715)</b>	<b>(547,274)</b>
<b>Total liabilities and stockholders' deficit</b>	<b>\$ 2,685,400</b>	<b>\$ 2,634,961</b>

# Condensed Consolidated Statement of Operations

	Three months ended 12/31/23	Three months ended 12/31/22
<b>(in thousands)</b>		
<b>Revenue</b>	<b>\$ 842,322</b>	<b>\$ 807,241</b>
Cost of revenue	255,757	225,775
Gross profit	586,565	581,466
<i>Marketing</i>	261,076	244,809
<i>Product development</i>	117,488	112,787
<i>General and administrative</i>	92,543	84,526
Operating expenses	471,107	442,122
Income from operations	115,458	139,344
Other expense, net	(6,290)	(11,454)
Income before income taxes	109,168	127,890
Provision for income taxes	(25,902)	(18,342)
<b>Net income</b>	<b>\$ 83,266</b>	<b>\$ 109,548</b>
Net income per share — diluted	\$ 0.62	\$ 0.77

# Condensed Consolidated Statement of Operations

	Twelve months ended 12/31/23	Twelve months ended 12/31/22
<i>(in thousands)</i>		
<b>Revenue</b>	<b>\$ 2,748,377</b>	<b>\$ 2,566,111</b>
Cost of revenue	828,675	744,592
Gross profit	1,919,702	1,821,519
<i>Marketing</i>	759,196	710,399
<i>Product development</i>	469,332	412,398
<i>General and administrative</i>	343,242	312,260
<i>Asset impairment charges</i>	68,091	1,045,022
Operating expenses	1,639,861	2,480,079
Income (loss) from operations	279,841	(658,560)
Other income (expense), net	12,979	(3,418)
Income (loss) before income taxes	292,820	(661,978)
Benefit (provision) for income taxes	14,748	(32,310)
<b>Net income (loss)</b>	<b>\$ 307,568</b>	<b>\$ (694,288)</b>
Net income (loss) per share — diluted	\$ 2.24	\$ (5.48)

# Condensed Consolidated Statement of Cash Flows

	Twelve months ended 12/31/23	Twelve months ended 12/31/22
<b>(in thousands)</b>		
<b>Net Income (loss)</b>	<b>\$ 307,568</b>	<b>\$ (694,288)</b>
<i>Net cash provided by operating activities</i>	705,513	683,612
<i>Net cash used in investing activities</i>	(73,307)	(30,024)
<i>Net cash used in financing activities</i>	(656,533)	(506,484)
Effect of exchange rate changes on cash	12,031	(6,022)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(12,296)	141,082
Cash, cash equivalents, and restricted cash at beginning of period	926,619	785,537
<b>Cash, cash equivalents, and restricted cash at end of period</b>	<b>\$ 914,323</b>	<b>\$ 926,619</b>



# 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.*

	Year ended 12/31/23	Year ended 12/31/22	Year ended 12/31/21	Year ended 12/31/20	Year ended 12/31/19	Year ended 12/31/18	Year ended 12/31/17
<b>(in thousands)</b>							
Net cash provided by operating activities	\$ 705,513	\$ 683,612	\$ 651,551	\$ 678,956	\$ 206,920	\$ 198,925	\$ 69,101
Purchases of property and equipment	(12,938)	(10,237)	(11,248)	(1,445)	(7,528)	(1,019)	(3,948)
Development of internal-use software	(26,958)	(20,506)	(16,922)	(5,665)	(7,750)	(19,537)	(9,208)
<b>Free Cash Flow</b>	<b>\$ 665,617</b>	<b>\$ 652,869</b>	<b>\$ 623,381</b>	<b>\$ 671,846</b>	<b>\$ 191,642</b>	<b>\$ 178,369</b>	<b>\$ 55,945</b>

# Reconciliation of Annual Net Income to Adj. EBITDA

	Year ended December 31, 2023	Year ended December 31, 2017
<b>(in thousands)</b>		
<b>Net income</b>	<b>\$ 307,568</b>	<b>\$ 81,800</b>
<i>Excluding:</i>		
<i>Interest and other non-operating (income) expense, net</i>	(21,957)	8,736
<i>Benefit for income taxes</i>	(14,748)	(49,535)
<i>Depreciation and amortization</i>	91,323	27,197
<i>Stock-based compensation expense</i>	284,558	23,857
<i>Foreign exchange loss (gain)</i>	6,348	(29,105)
<i>Acquisition, divestiture, and corporate structure-related expenses</i>	3,921	-
<i>Asset impairment charges</i>	68,091	3,162
<i>Loss on sale of business</i>	2,630	-
<i>Restructuring and other exit costs</i>	26,577	13,897
<b>Adjusted EBITDA</b>	<b>\$ 754,311</b>	<b>\$ 80,009</b>
<i>Divided by:</i>		
Revenue	\$ 2,748,377	\$ 441,231
<b>Adjusted EBITDA Margin</b>	<b>27.4%</b>	<b>18.1%</b>