

The background of the slide is a solid orange color. On the right side, there are large, abstract, organic shapes in a lighter orange and a medium blue color, overlapping each other and the orange background. The Etsy logo is positioned in the upper left area.

Etsy

Keep commerce human.

Investor Presentation
October 2020

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 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.

Etsy's Value Proposition

1

One of a kind platform offering unique handcrafted goods from creative entrepreneurs around the world

2

Significant early stage opportunity to own “special” and capture a greater share of a very large and growing TAM

3

Successfully executing a long-term growth strategy focused on our Right to Win

4

Leveraging our strong brand awareness with marketing initiatives to drive frequency and growth

5

Flexible business model, delivering strong top and bottom line operating & financial performance

6

Agile team, able to execute successfully through an extraordinary time to support our global community



1

One of a kind platform offering unique
handcrafted goods from creative
entrepreneurs around the world

Our marketplaces have two-sided vibrancy...



Buyers

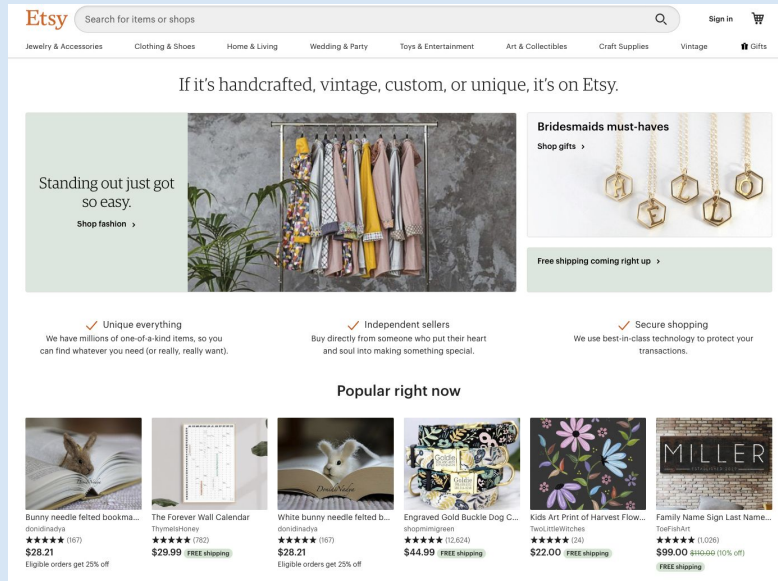
69.6 Million*
Active Buyers



Sellers

3.7 Million*
Active Sellers

Etsy connects those who love unique, handcrafted and differentiated goods



Etsy

Personalization

Made to customer specification

Product Range

Large assortment of unique, original and vintage products from all over the world

Categories

Unique goods listed across dozens of retail categories

Buyer Intent

People come to Etsy to browse and be inspired



In a survey of Etsy buyers,
88% agreed that Etsy has items you
can't find anywhere else

*2019 survey of Etsy buyers

In a sea of sameness,
we offer something unique...

everyday
commodities \neq

fun

self-expression

special

human

personal



2

Significant early stage opportunity to own
“special” and capture a greater share of a
large and growing TAM

How we built our total available market opportunity in March 2019

2018 TOTAL RETAIL AND ONLINE TAM

\$1.7T

6 core geographies
Across all relevant retail categories

Top Geographies:
United States
United Kingdom
Canada
Germany
Australia
France

\$249B

Expanded to include online spend
in ALL relevant retail categories
and core geographies

~\$100B

Market for “Special”

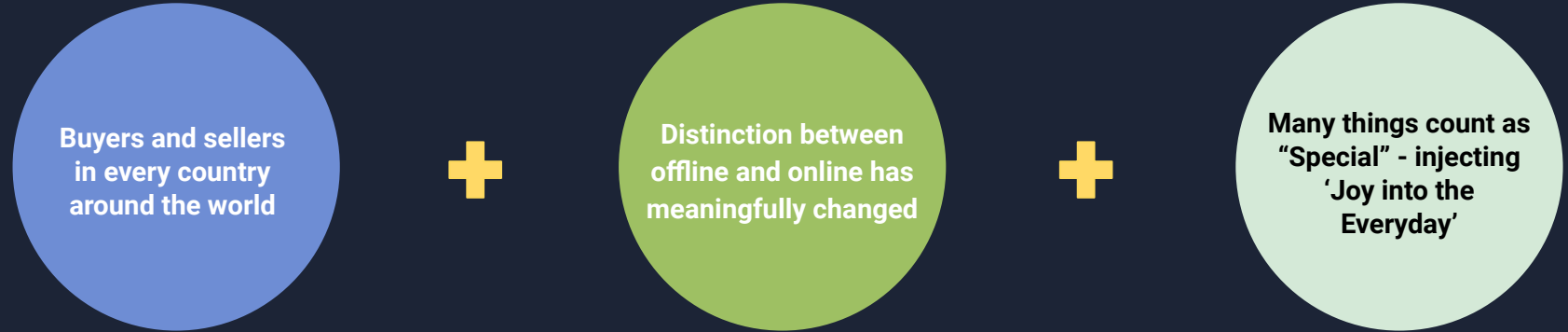
\$5B

2019 Global GMS

Etsy Estimated
Market Share:
~5%

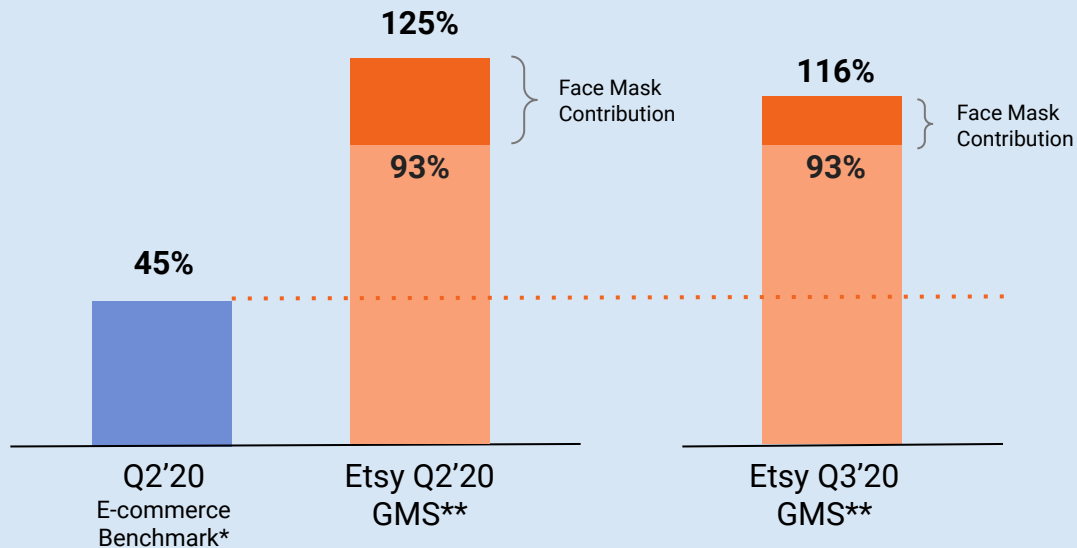


COVID-19 challenged all of these assumptions – Etsy is not a niche marketplace: we believe our TAM starts with a “T” and not a “B”



We are outpacing
e-commerce
growth rates...
highlighting Etsy's
strong execution
and the size of the
prize

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



*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

3

Successfully executing a long-term growth strategy focused on our Right-to-Win

Disciplined and focused long-term growth strategy

1.

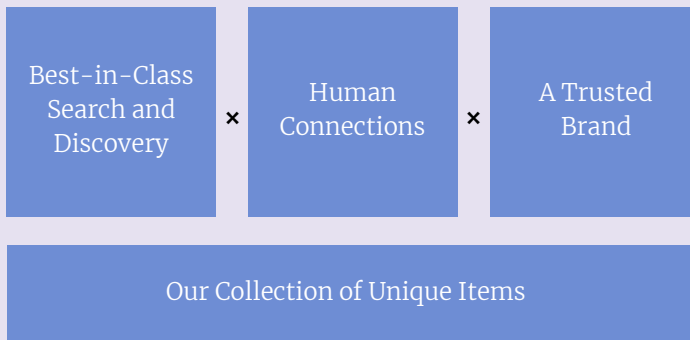
Focus on the core Etsy marketplace
in our 6 core geographies



United States
United Kingdom
Canada
Germany
Australia
France

2.

Build a sustainable competitive advantage
around four key elements



New product development aligned with our Right to Win

Best-in-Class Search
and Discovery

Q3 Ex: Personalized search



Human
Connections

*Q3 Ex: Increased adoption of
seller Listing Videos*



A Trusted
Brand

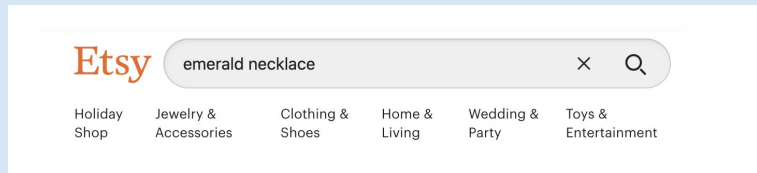
*Q3 Ex: Improved shipping
transparency & post-purchase
experience*

Our Collection of Unique Items

Q3 Ex: More visual and scrollable shop sections

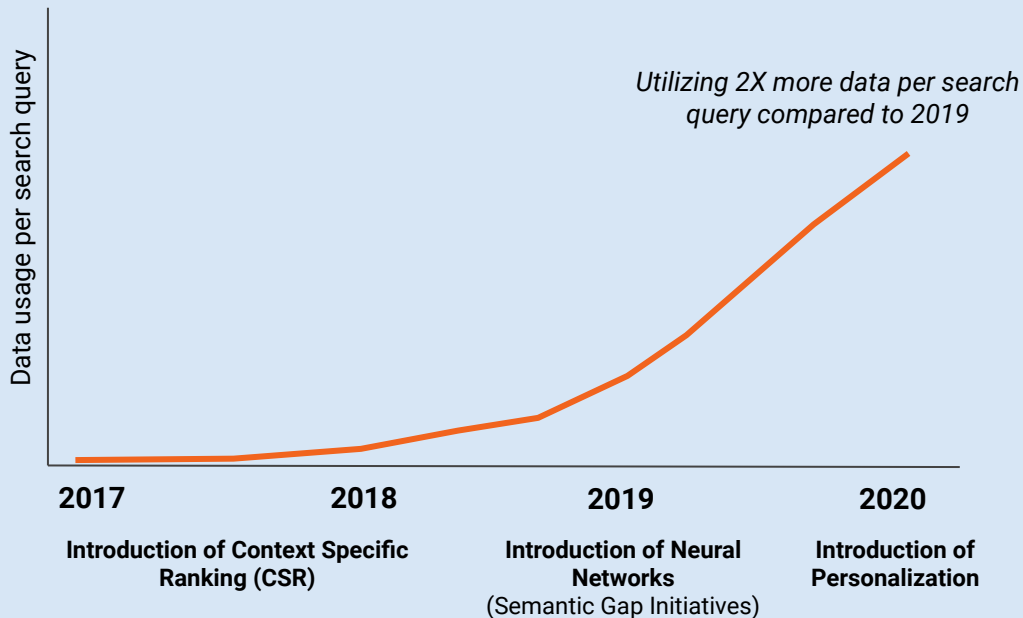
We are driving to best-in-class search

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





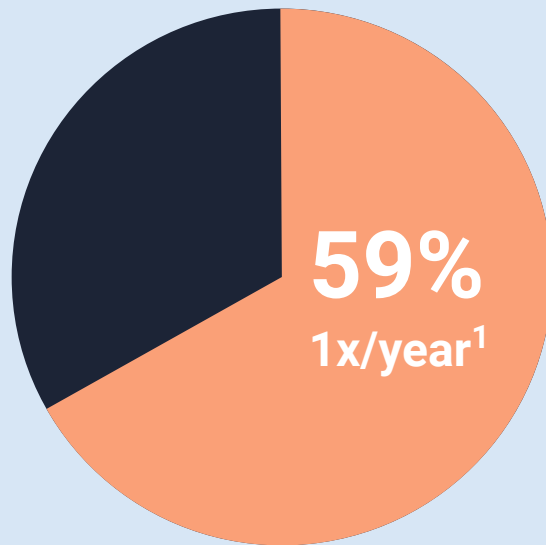
4

Leveraging our strong brand awareness
with marketing investments to drive buyer
frequency and growth

Our buyers love Etsy, but many have traditionally only shopped once a year...

60+ NPS score among recent purchasers²

46 Million*

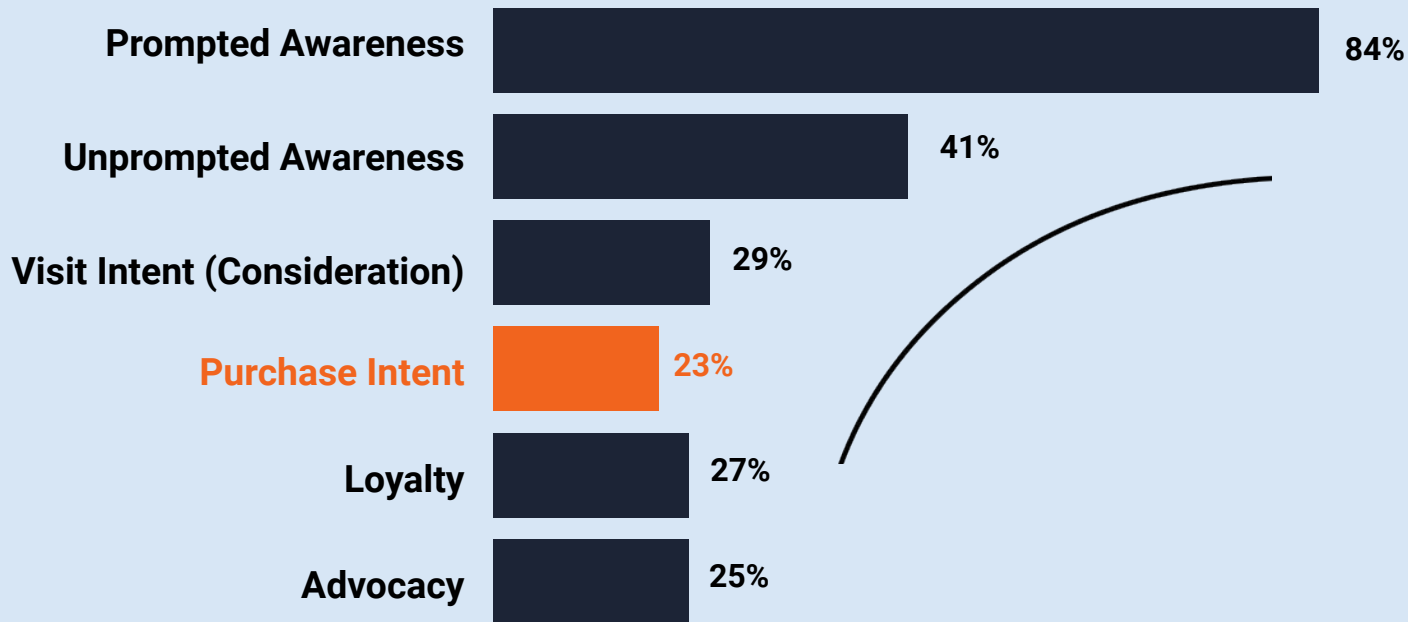


*Active buyers for Etsy marketplace includes Reverb and were approximately 46.4 million, as of December 31, 2019.

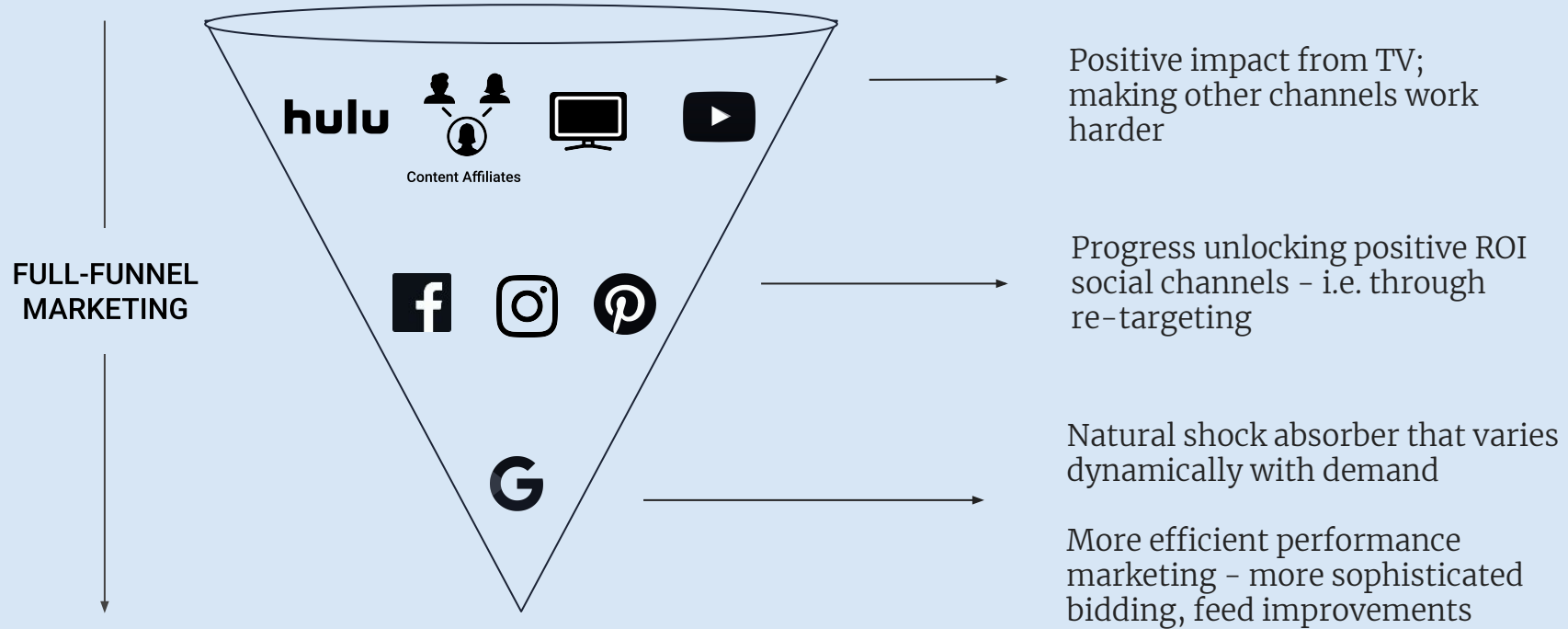
¹Percent of buyers who have made purchases on only one day in the previous 12 months, as of December 31, 2019.

²Net Promoter Score for recent purchasers in Jan 2020 Etsy buyer survey; recent purchasers defined as having made purchase within past 30 days of answering survey.

And while millions love us, they don't know when to think of us...



We are moving our marketing investments to “full funnel” strategies; focused on delivering positive ROI



Leaning into TV in Q4'20 as part of our 'Gift like you mean it' campaign



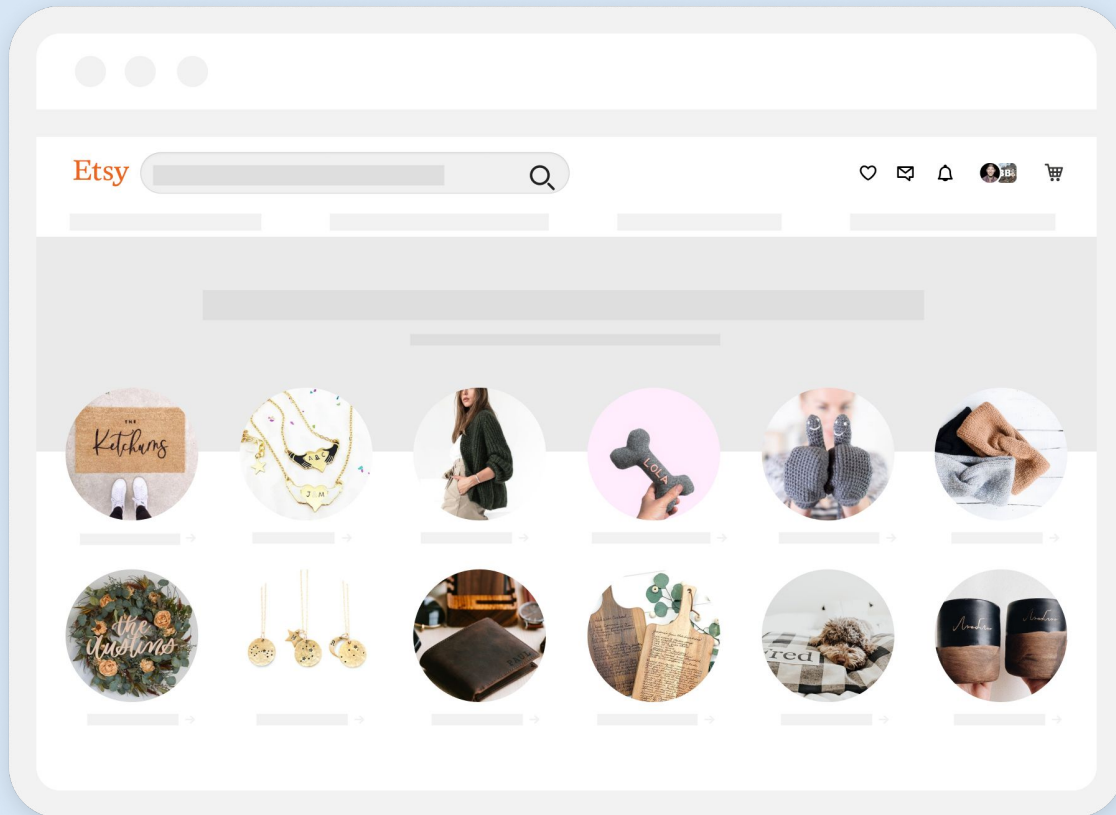
- Introducing new creative focused on building brand affinity and deepening the emotional connection to Etsy
- Creative focused on driving purchases

'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





5

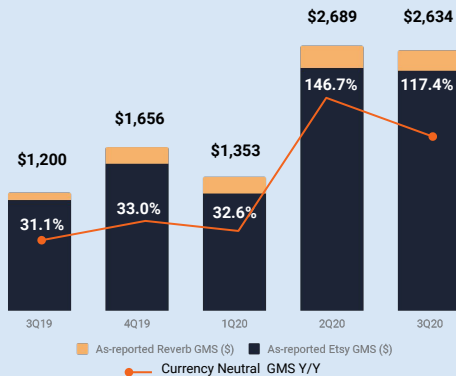
Flexible business model, delivering strong
top and bottom line operational and
financial performance

Better than expected GMS, Revenue and Adjusted EBITDA

GMS

\$2.6B

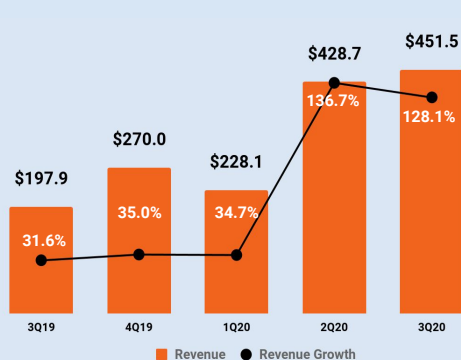
+117% Y/Y
Currency-Neutral



Revenue

\$451M

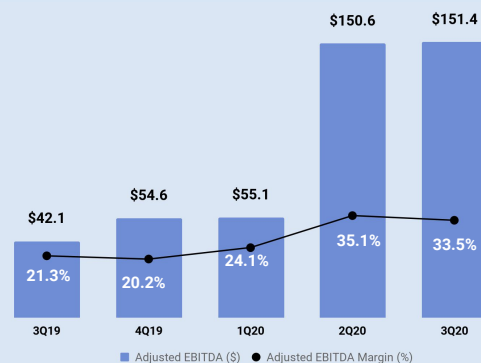
+128% Y/Y



Adjusted EBITDA¹

\$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)

Helped by our diversified revenue model consisting of marketplace fees and optional value-added services

Q3 2020 CONSOLIDATED REVENUE \$452M, UP 128% YOY

Marketplace
Revenue

Listing Fee

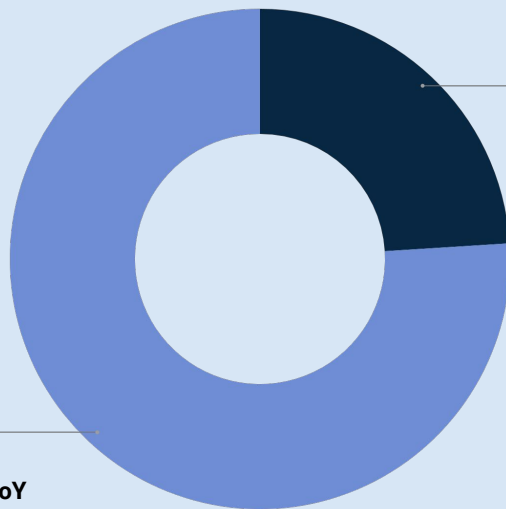
Transaction Fee

Payments Platform

Marketplace

76.0%

\$342M, up 141% YoY



Services Revenue

24.0%

\$110M, up 95% YoY

Services Revenue
(Optional value-added services)

On-Site Advertising

Shipping Label /Protection

Other

Includes Reverb results

Etsy transaction fee 5% and Reverb transaction fee 3.5% both including shipping fees. Beginning in Q2 2020, transaction fees also include an additional fee related to Offsite Ads.

Etsy Payments (3-4.5% +flat fee) plus Reverb Payments (2.5%-2.7% +flat fee)

Record quarterly operating metrics for the Etsy marketplace

Active Buyers

1+ purchase days (TTM)

69M

+56% Y/Y

Mask Only Buyers

1+ mask purchases (TTM)

7M

Repeat Buyers¹

2+ purchases days per year
(TTM)

27M

+70% Y/Y

Habitual Buyers

6+ purchases days per year
(TTM)

5M

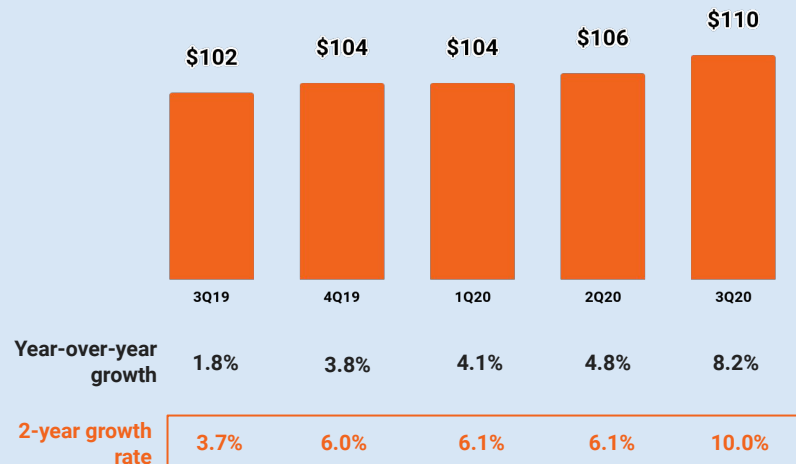
+104% Y/Y

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 Buyer²



Capital light business model delivers strong EBITDA and Free Cash Flow

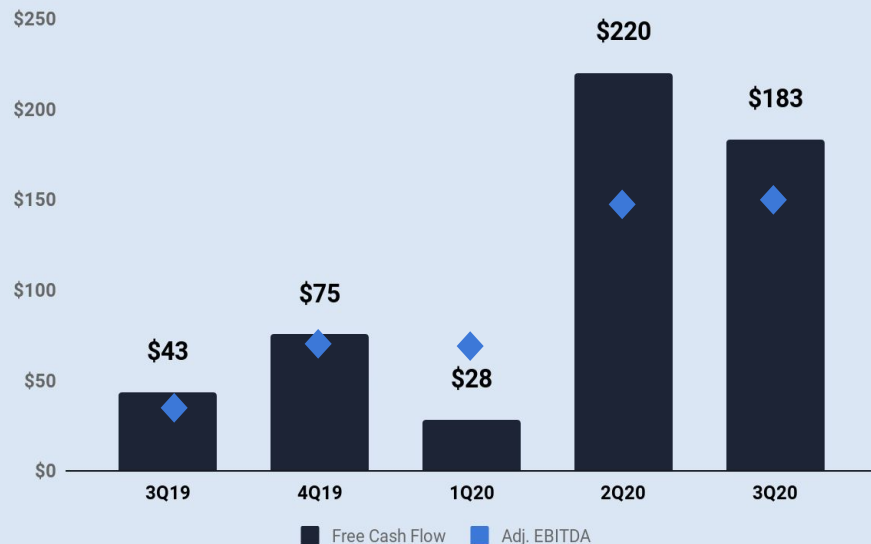
Cash Balance 9/30/20¹

\$1.5B

¹Cash, Cash Equivalents, and Short Term Investments

²Reconciliation 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

Adj. EBITDA & Free Cash Flow² (\$M)



We use our cash to invest for growth and value creation

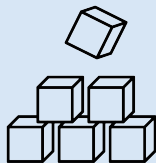


Organic Growth

Product and engineering resources

Marketing

Back office efficiencies to scale



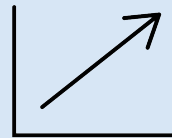
Opportunistic M&A

Geographies (e.g. DaWanda*)

Adjacent marketplaces (e.g. Reverb)

Technology (e.g. Blackbird)

Vertical extensions



Return of Capital

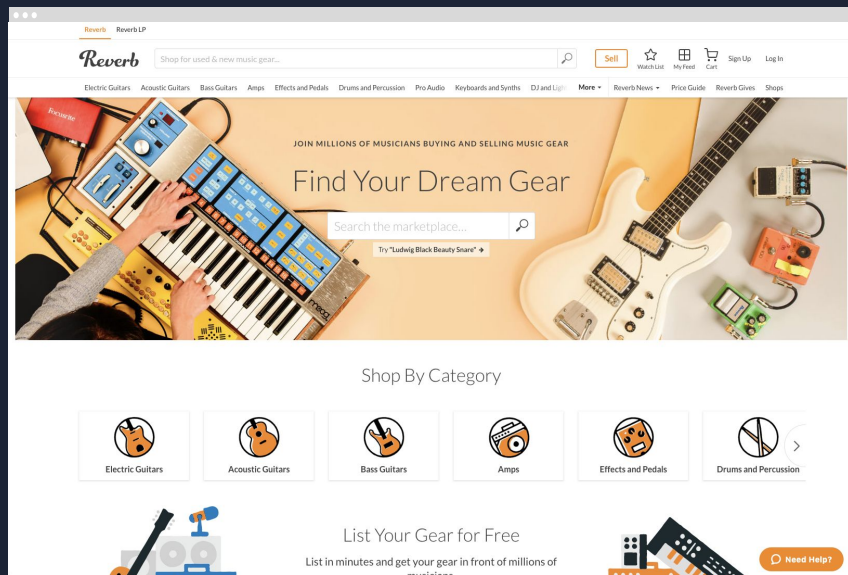
\$222.5m worth of shares repurchased from Q4 2017 through Q3 2020 ¹

Cumulative average repurchase price of \$33.78 ¹

*DaWanda Referral Agreement June 2018

¹ Pursuant to board approved plan; excludes concurrent purchase with Q3 2019 and Q3 2020 debt offerings.

Reverb: the Etsy of musical instruments – acquired August 2019



Reverb

Founded in 2013 and based in Chicago with core markets in US, UK, Germany, France & Australia

Mission & business model aligned with Etsy

Focused on inspiring content, price transparency and musician focused e-commerce tools to create a significant competitive advantage

Marketplace operated separately from Etsy.com

Reverb's 2020 focus areas include:

- Investing in infrastructure
- Establishing a product experimentation process and
- Maturing marketing channels to drive growth

6

Agile team, able to execute successfully
through an 'extraordinary' time
to support our global community

Our Leadership Team

Josh Silverman
Chief Executive Officer



- Member of Etsy's Board of Directors
- Two decades of leadership experience include growing consumer technology companies and scaling global marketplaces
- Previously served as President of Consumer Products and Services at American Express, CEO of Skype, and CEO of shopping.com, and held various executive roles at eBay

Rachel Glaser
Chief Financial Officer



- Brings more than 30 years of senior financial experience to Etsy
- Previously at Leaf Group, where she served as CFO since 2015
- As the CFO at Move, Inc. she helped lead a successful sale of the company to News Corporation

Mike Fisher
Chief Technology Officer



- Manages our technology strategy helping to further scale our global platform
- Prior to joining Etsy, Mike was the co-founder and managing partner of the consulting firm AKF Partners
- Mike's career in technology has also included the roles of Chief Technology Officer of Quigo, Vice President of Engineering & Architecture for PayPal, and various roles at General Electric

Ryan Scott
Chief Marketing Officer



- Two decades of marketing and e-commerce experience.
- Leads Etsy's digital marketing, advertising, communications, brand, market research and international growth initiatives.
- Prior to joining Etsy, Ryan was Chief Consumer and Marketing Officer at Slice, CMO of SoulCycle, Co-CEO at Pond5 and served as the first CMO of Seamless.

Jill Simeone
Chief Legal Officer and Corporate Secretary



- Brings more than 15 years of experience in international strategic advising, compliance, and public company reporting
- Before joining Etsy, Jill served as Vice President, Senior Counsel and Assistant Secretary at American Express Global Business Travel

Kruti Patel Goyal
Chief Product Officer



- Manages our services platform globally overseeing development of the tools and services that enable our sellers to effectively start, scale and manage their creative businesses
- Held many integral roles at Etsy over the past six years from Business & Corporate Development, International, Marketplace Integrity and Trust & Safety

Raina Moskowitz
Chief Operations, Strategy & People Officer



- Raina Moskowitz is Etsy's Senior Vice President of People, Strategy, and member services. In this role, her mission is to develop and enable Etsy's strategy by delivering exceptional service and experiences for both employees and customers.
- She comes to Etsy after nearly 13 years at American Express, where she held multiple leadership roles in product, strategy, operations and marketing.

Track record of making a positive impact

2018

Unveiled Economic, Social and Ecological Impact Strategy and Goals

2019

2020

Social

Set a goal to approximately double the percentage of Black and Latinx employees in Etsy's workforce by 2023

We doubled the number of new hires from underrepresented minorities

Set a goal to include more underrepresented minority groups in Etsy's marketing creative

17% of YTD hires were Black and Latinx

Curated lists of Black owned shops holds rank as the #1 Editors Picks page

Ecological

Set a goal to mitigate the carbon impacts of our marketplace that aligns with business growth

Etsy became the first global ecommerce company to offset 100% of carbon emissions from shipping, making us a carbon neutral company

Reverb began offsetting 100% of emissions from shipping



Economic

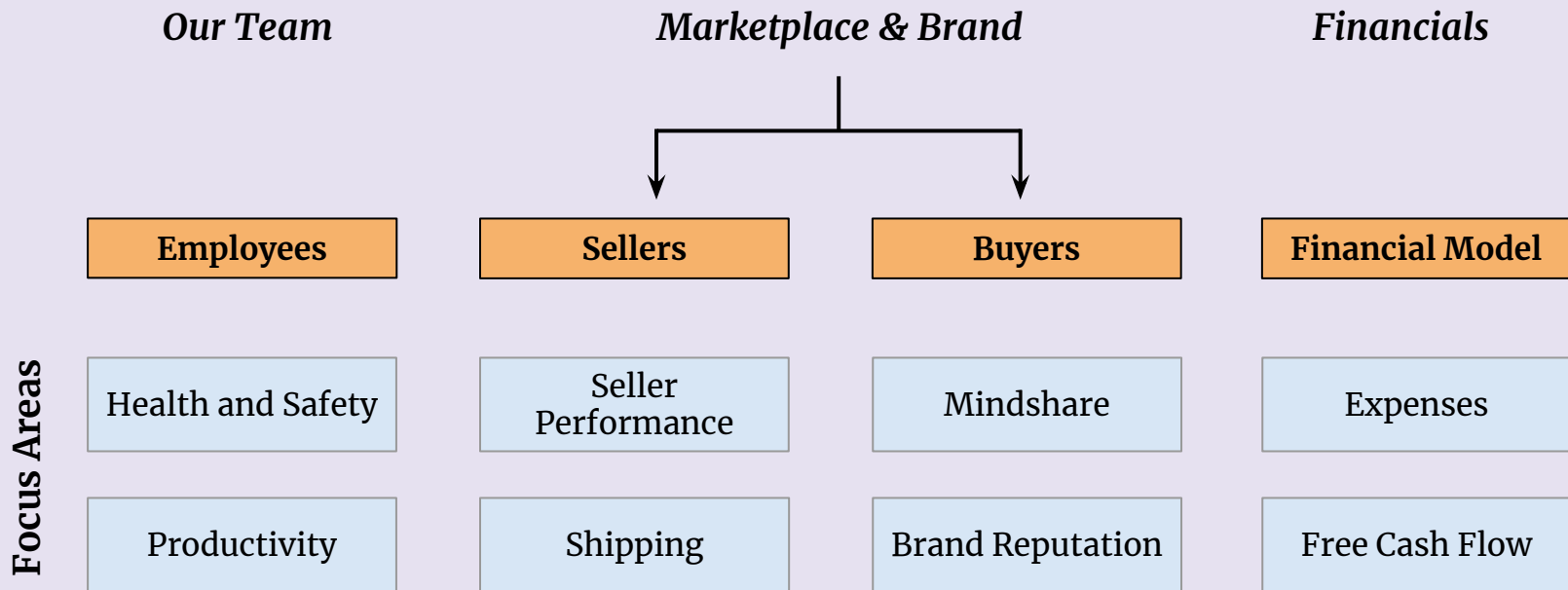
Set a goal to double U.S. Etsy sellers' economic output by 2023

Contributed \$6.16 billion to the U.S. economy, a 14.7% increase compared to 2018

Set a goal to advance public policies that increase economic security and reduce administrative burdens for creative entrepreneurs

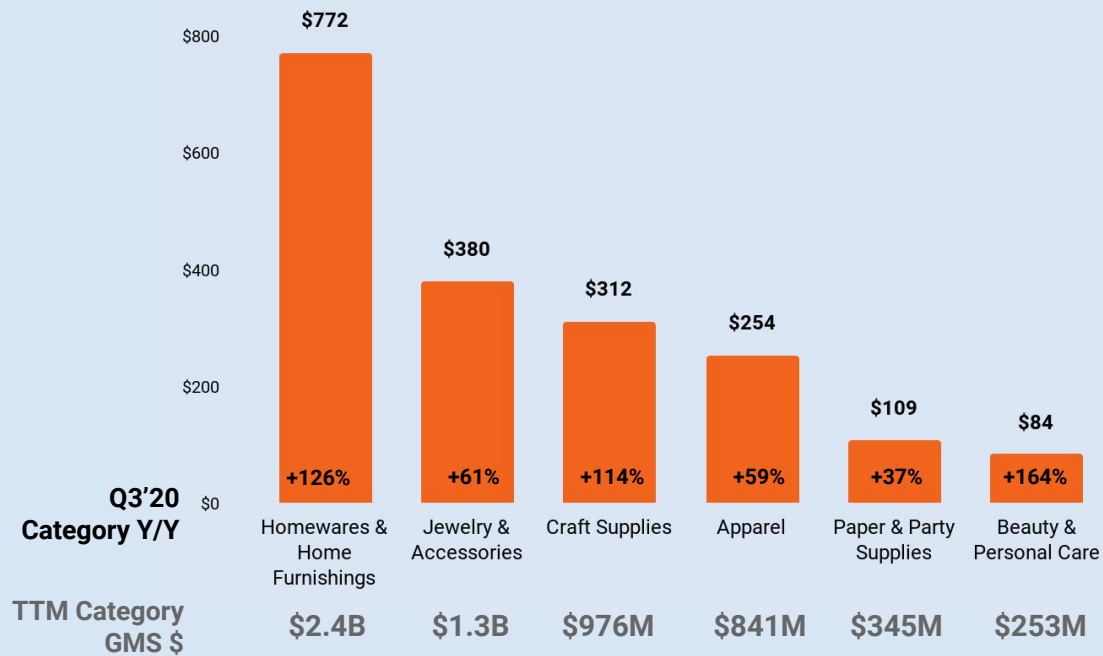
Initiated advocacy work urging Congress to pass COVID-19 relief for the self-employed

Covid-19 focus areas: Team, Marketplace & Brand and Financial Performance



Continued tremendous growth in our traditional top categories continues

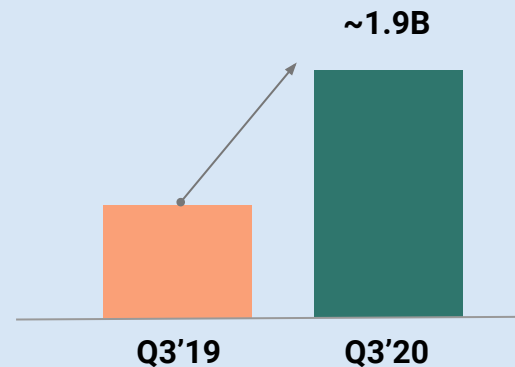
Q3'20 Category GMS (\$M) and Y/Y Growth*



Top 6 Categories

79% of Overall GMS

+92% Y/Y



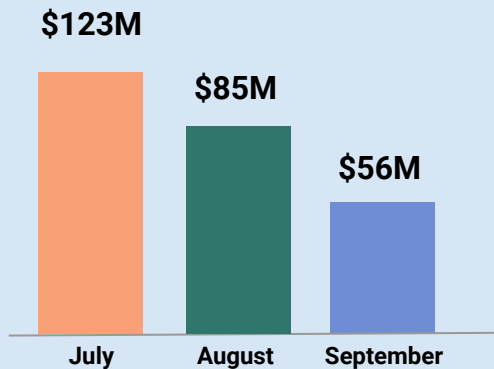
*Category GMS \$ exclude face mask sales

Chart data is reflected based on Q3 Category GMS \$

Masks remain a large category for Etsy...but are steadily declining

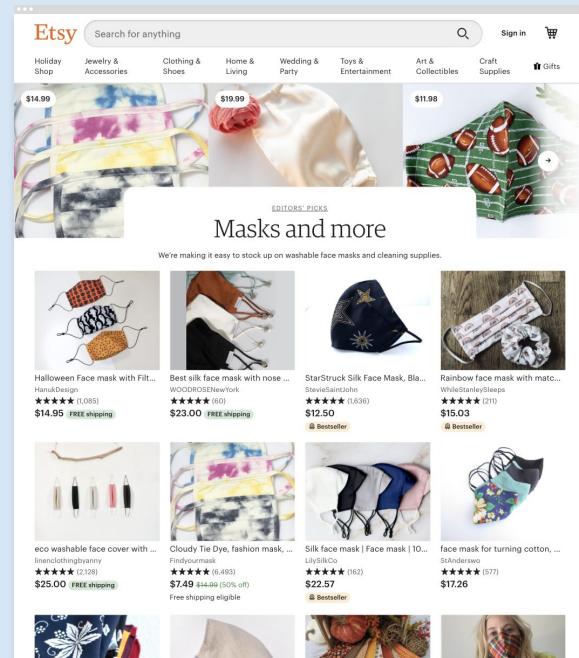
Mask Sales Q3'20

\$264M in GMS



Number of Masks Sold Q3'20

24M units

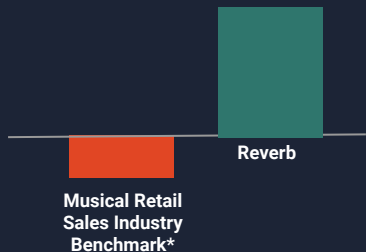


Reflects results of Etsy Standalone in Q3 2020

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

The screenshot shows a Reverb listing for a Gibson Les Paul Standard '60s 2019-2020 guitar. The guitar is a dark red, solid-body electric guitar with a white pickguard and two humbucker pickups. It is displayed against a brick wall background.

Electric Guitars > Solid Body > Gibson

Gibson Les Paul Standard '60s 2019 - 2020

Excellent

\$2,499.99

+ \$10 Shipping

\$2 shipping when combined

As low as \$81/month with **affirm** [Learn more](#)

Add to Cart

Make an Offer **☆ Watch**

This seller is open to offers

Buy With Confidence
Reverb Protection has you covered. We provide a safe community for finding the gear you want.

SHIPPED FROM
Sam Ash NYC
New York City, NY, United States
★★★★★ (821)
Sales 1000+ Joined Reverb 2014

Preferred Seller
Quick Responder
Quick Shipper

Message Seller **Payment & Returns**

FIND MORE ON REVERB

Gibson Les Paul Standard '60s 2019 - 2020

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.

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 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.

Condensed Consolidated Statements of Operations

	Three Months Ended 9/30/20	Three Months Ended 9/30/19
(in thousands)		
Revenue	\$451,478	\$197,947
Cost of revenue	120,168	68,949
Gross profit	331,310	128,998
<i>Marketing</i>	126,779	50,098
<i>Product development</i>	45,908	32,465
<i>General and administrative</i>	40,454	32,203
Operating expenses	213,141	114,766
Income from operations	118,169	14,232
Other expense, net	(27,776)	(4,143)
Benefit for income taxes	1,368	4,712
Net income	\$91,761	\$14,801
Net income per share — diluted	\$0.70	\$0.12

Condensed Consolidated Statements of Cash Flows

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

Condensed Consolidated Balance Sheets

	As of Sept. 30, 2020	As of Dec. 31, 2019
(in thousands)		
Cash and cash equivalents	\$1,144,974	\$443,293
Short-term investments	379,586	373,959
Accounts receivable, net	16,311	15,386
Property and equipment, net	118,141	144,864
Other current and non-current assets	555,493	564,850
Total assets	\$2,214,505	\$1,542,352
Accounts payable	\$22,130	\$26,324
Long-term debt, net	1,054,604	785,126
Other current and non-current liabilities	471,104	324,268
Total liabilities	1,547,838	1,135,718
Total stockholders' equity	666,667	406,634
Total liabilities and stockholders' equity	\$2,214,505	\$1,542,352

Reconciliation of Quarterly Net Income to Adj. EBITDA

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

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.

	Nine months ended 9/30/20	Nine months ended 9/30/19	2019	2018
(in thousands)				
Operating Cash Flow	\$435,289	\$128,339	\$206,920	\$198,925
Purchases of property and equipment	(388)	(5,889)	(7,528)	(1,019)
Development of internal-use software	(3,685)	(6,242)	(7,750)	(19,537)
Free Cash Flow	\$431,216	\$116,208	\$191,642	\$178,369