

Etsy

Q4/FY 2021  
Financial Results

February 24, 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 for the first quarter of 2022 and key drivers thereof; our opportunity; the impact of our “Right to Win” and other growth strategies, including our strategies for integrating our “House of Brands” marketplaces, marketing and product initiatives, and investments and other levers of growth on our business and operating results, including future GMS and revenue growth; our ability to attract, engage, and retain buyers and sellers; our plans for newly announced transaction fee increase and plans for marketplace investments; strategic investments or acquisitions and the potential benefits thereof; our intended environmental and social impacts; the uncertain macroeconomic environment and impacts that the COVID-19 pandemic may have on our business, strategy, operating results, key metrics, financial condition, profitability, and cash flows; changes in overall levels of consumer spending and e-commerce generally; 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 “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 continue our rapid growth; (2) risks related to the ongoing COVID-19 pandemic, which continues to impact our business and results of operations in numerous volatile and unpredictable ways, as well as risks of reversal of the shift to e-commerce when 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 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 ending September 30, 2021 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.

We delivered  
tremendous  
performance in  
2021

1 Yr Etsy marketplace GMS growth

**+29%**

2 Yr Etsy marketplace GMS growth

**+158%**

FY 21 GMS

**\$13.5B**

+29.6% Y/Y  
*Currency-Neutral*

FY 21 Revenue

**\$2.3B**

+35% Y/Y

FY 21 Adjusted EBITDA<sup>1</sup>

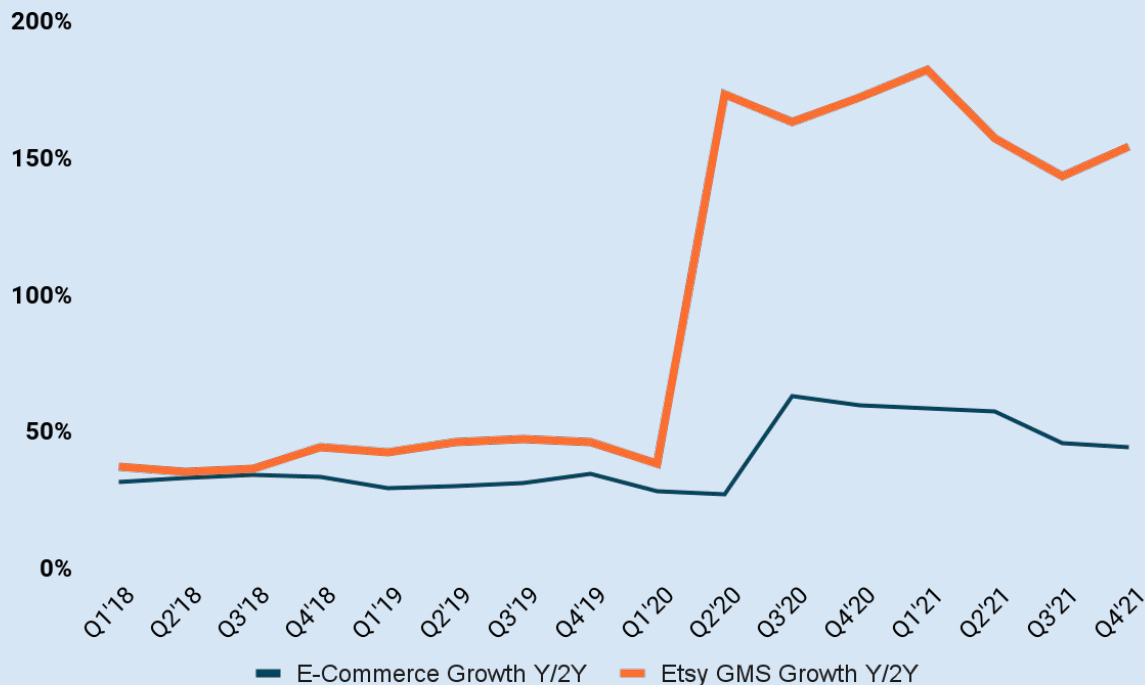
**\$717M**

~31% Adj. EBITDA Margin

<sup>1</sup> Reconciliation of non-GAAP financial measures is contained in the Appendix  
GMS, revenue and adjusted EBITDA are consolidated unless otherwise indicated. Y/Y reflects FY 2021 vs. FY 2020,  
two-year growth reflects FY 2021 vs. FY 2019.

We gained  
market share

### Etsy Marketplace GMS growth vs. U.S. E-commerce benchmark\* growth



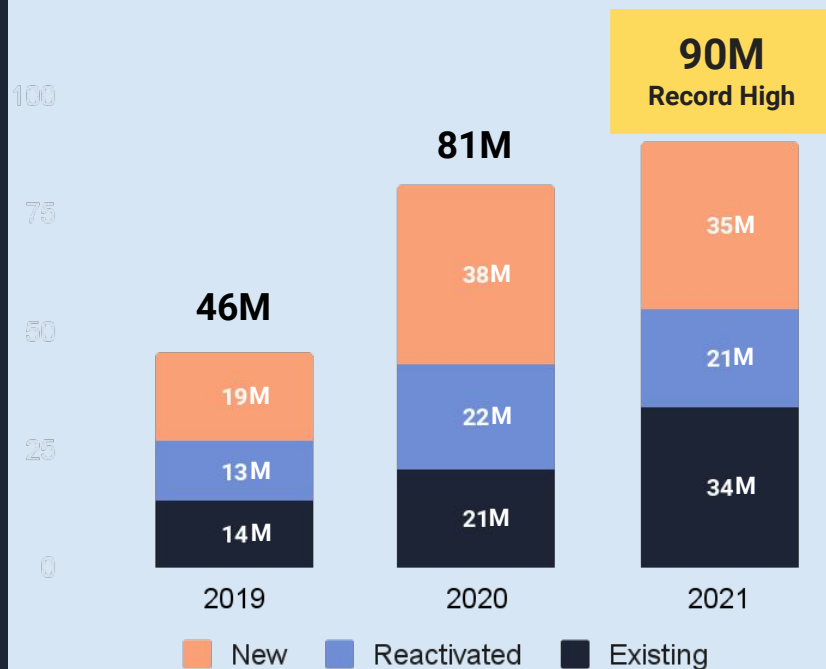
\*U.S. E-commerce industry benchmark: U.S. Census Bureau of the Department of Commerce  
Estimated Quarterly Total E-commerce Sales  
Etsy Marketplace results excluding Reverb, Depop and Elo7

# We meaningfully engaged, retained and grew our community

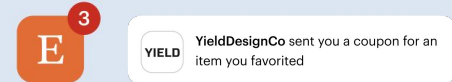
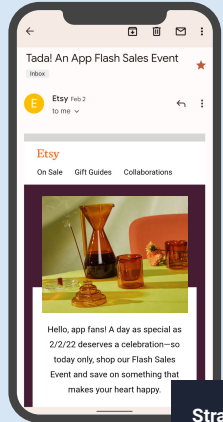
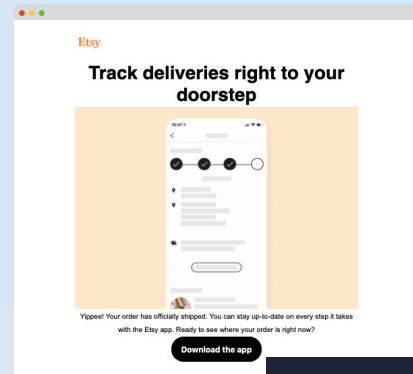
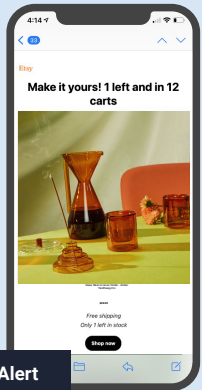
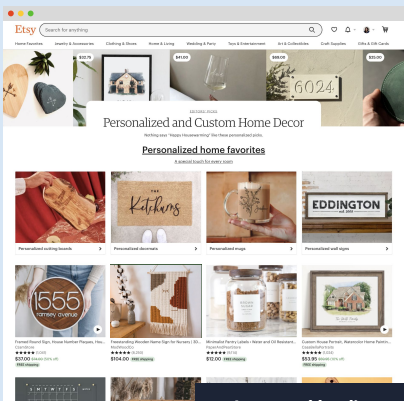
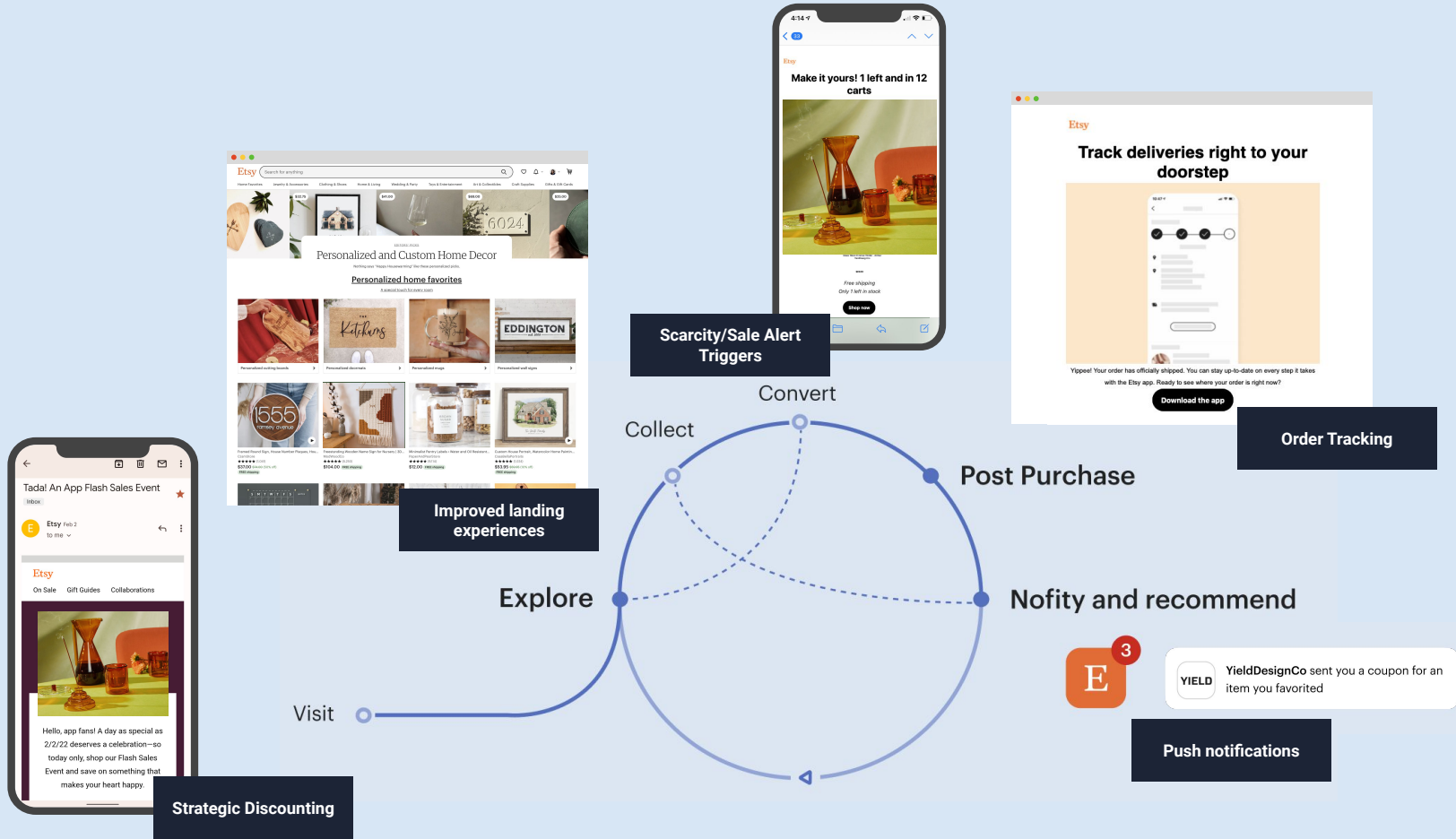
- **53%** of *all* active buyers and **37%** of *new* buyers who made a purchase in 2020 returned to make a purchase in 2021
- **49%** of 2021 active buyers had 2+ purchase days; up from 48% in 2020 and 41% in 2019
- GMS/active buyer TTM hit **\$136** in Q4

Etsy Marketplace buyers only. Active buyers and buyer segment percentages are rounded to the nearest whole number.

## Etsy Marketplace Active Buyers and Buyer Segments



# By improving many points along the buyer journey...



Improved landing experiences

Scarcity/Sale Alert Triggers

Order Tracking

Strategic Discounting

Push notifications

We made Etsy feel more 'made for you'

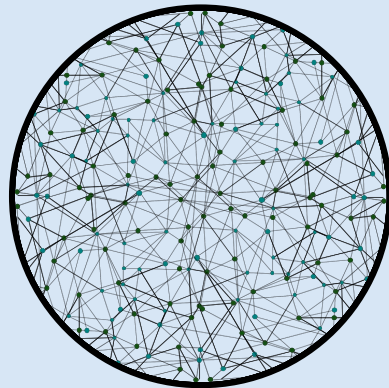
**XWalk:**

Large-scale, real-time graph retrieval engine that provides more relevant search results and narrows the semantic gap, boosting conversion and repeat purchase rate for buyers

All Etsy marketplace data as of December 31, 2021  
(Search investment data represents U.S. search results only)

**4B**

Data points leveraged for XWalk  
**+50%** since launch in Q2 21



**16X**

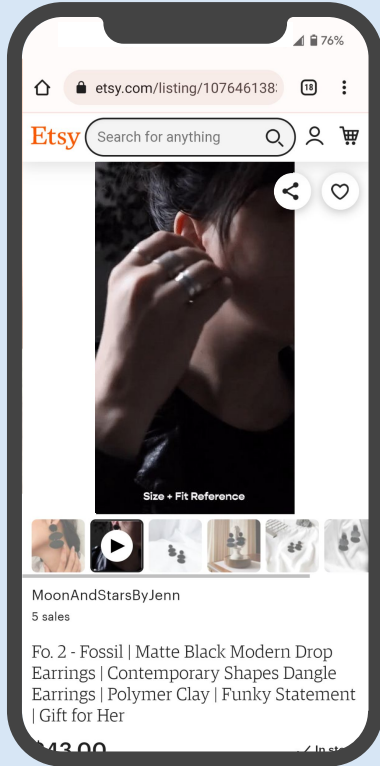
Increase in real-time data used to capture semantic meaning across all of our inventory

up from 11X at launch when compared to prior search capabilities

**Search investments paying off...**

- **~95%** of search purchases made from 1st page of search results, **up 10 pts** from the beginning of 2021
- **90% +** of searches have at least **100 relevant results**
- Lowered dead ends to **<1%** of searches

# We made Etsy more Human



**+13M**  
Videos uploaded<sup>1</sup>

<sup>1</sup>Listing videos uploaded to the Etsy marketplace as of December 31, 2021



**Investments in better customer support  
to help make interactions more joyful,  
safe and efficient**

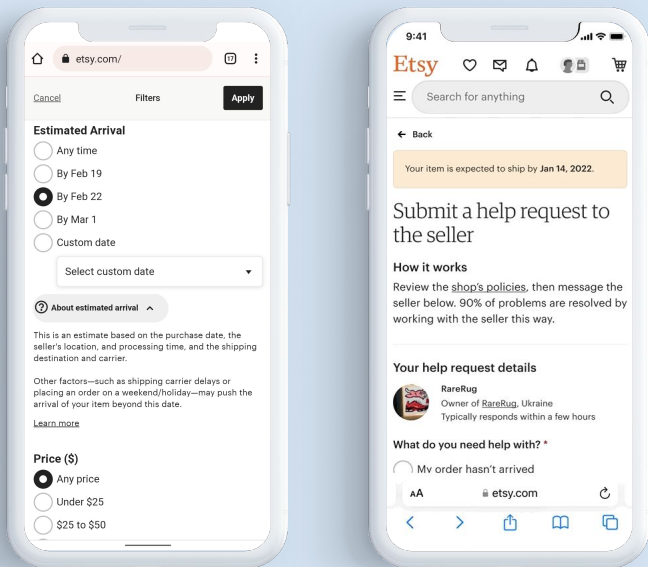
**>\$100M**  
2021 Total Investment\*

**~35%**  
People Hired\*

\*Figures represent headcount growth and dollars invested in Etsy marketplace Member Support and Trust & Safety products, teams and activities in 2021

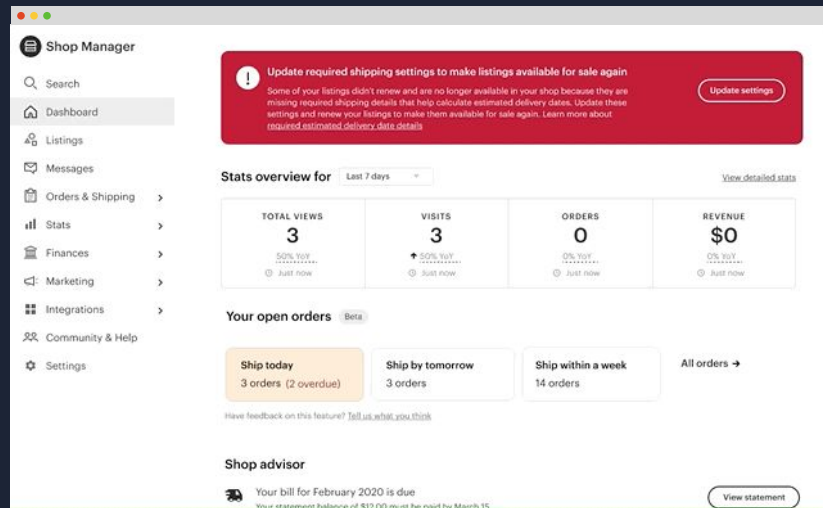


# We made Etsy more reliable



## +20

Product Launches related to buyer fulfillment and post-purchase experience in 2021



## Nearly 100%

Expected Delivery Date U.S. Listings Coverage\*

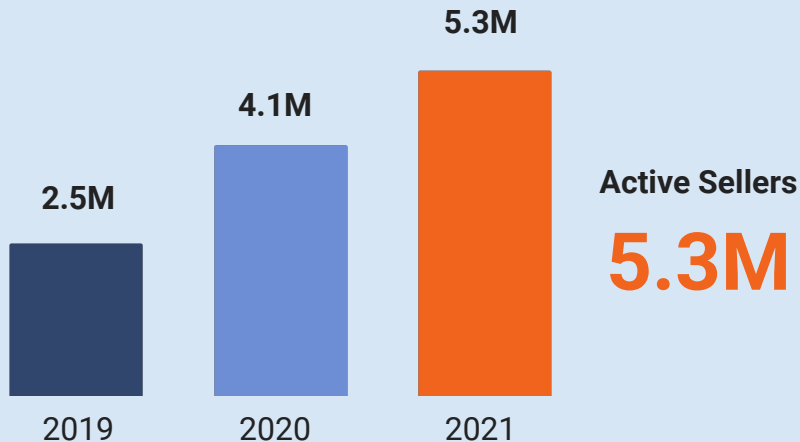
## 90%

of U.S. 'Holiday' orders delivered on time\*\*

\*% of US listings with estimated arrival dates based on shipping and processing times as of December 31, 2021  
 \*\*On time for Holiday refers to all U.S domestic orders between November 17 and December 24 with a max estimated delivery date of December 24, 2021 that arrived by their estimated delivery date

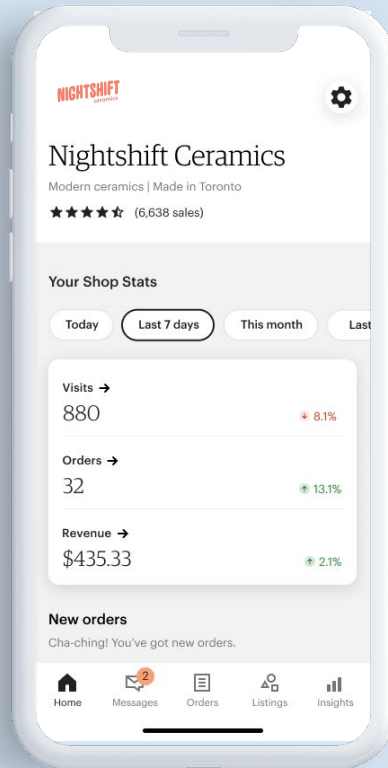
# We helped Etsy Sellers grow

Our seller cohorts retain more GMS in subsequent years on the platform



Seller information for Etsy Marketplace only.

## Sell on Etsy App



**Star Sellers**  
**represented**  
**31% of**  
**Q4 21 GMS**

Screen is illustrative and does not represent actual Seller performance.

# Transaction fee increase – fair exchange of value between Etsy and our sellers

**Etsy marketplace transaction fee to increase from**

**5% to 6.5%**

**effective April 11, 2022**

- We are adding more value for sellers
- More investments to make Etsy the best place to run a creative business
- We will reinvest most of the incremental revenue from this fee increase in marketing, seller tools, and creating world-class customer experiences



# We invested in full-funnel marketing strategies to tell the world about Etsy

Buyer Lifecycle

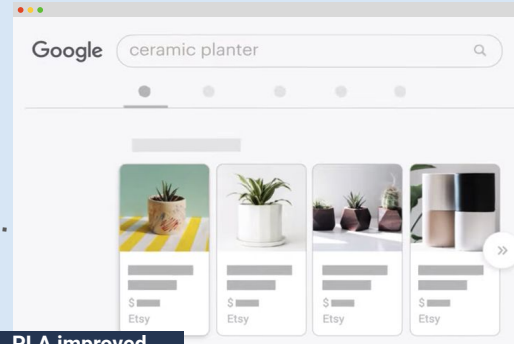
Acquisition

Activation

Retention



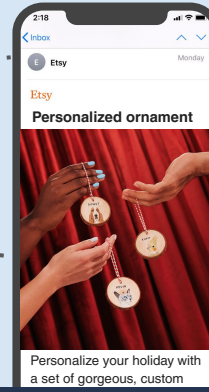
TV & Digital video



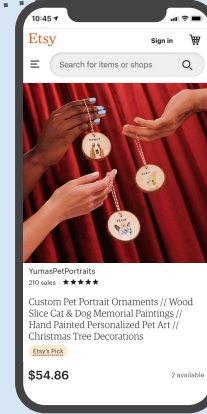
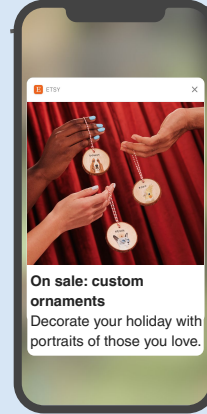
PLA improved feeds



Social Media engagement

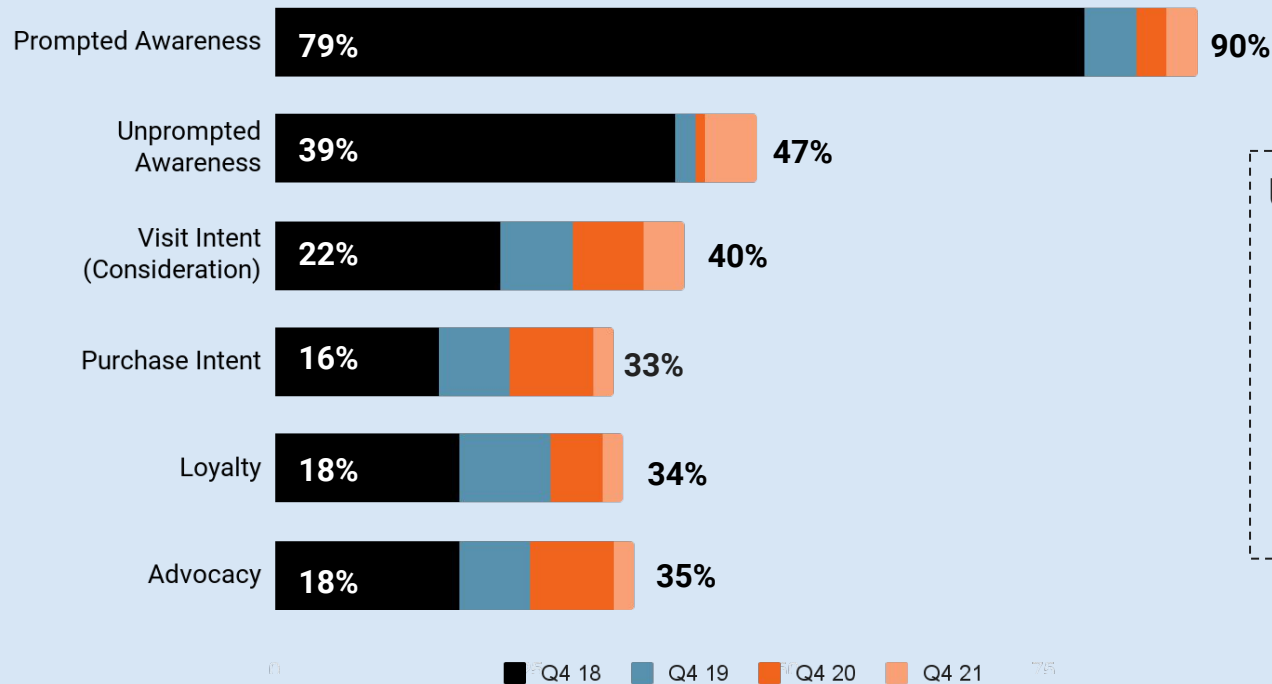


Segmenting and targeting with CRM



# We've grown our brand in the US and made great progress in other core markets

## Etsy US Brand Survey Funnel



### Unprompted Awareness



**+10 pts**  
vs Q4 20



**More than doubled**  
vs Q4 20

# Reverb



## \$948M

FY 2021 GMS

- Online search & checkout process optimization
- App usage expansion
- Increased free shipping coverage

# depop



## \$294M

Partial Year 2021 GMS\*

- Depop Payments via Stripe Connect
- Recommendations features
- Go-forward marketing strategy



## \$32M

Partial Year 2021 GMS\*

- Conversion rate optimization
- Better shipping options
- New attribution models for performance marketing spend



Join us!

# Committed to Zero



Etsy is working to get to net zero emissions by 2030



15

# We cared for our people, communities and our planet



Etsy



Planet-Friendly Packaging

This package came from an Etsy seller and is made from 100% recycled material. Please reuse or recycle again.



You've bought from 11 Etsy shops, making you a small business champion.

Your purchases help power a creative community of 5.2 million shops pursuing their passion.

[Next: Carbon offsets →](#)

# Etsy

*Our ambition is for **Etsy** to become  
the starting point for your  
ecommerce journey*

*To get there, Etsy has to be more  
**inspirational, efficient and reliable**  
to our **buyers**; and offer more **agency**  
and **scalability** to our **sellers***



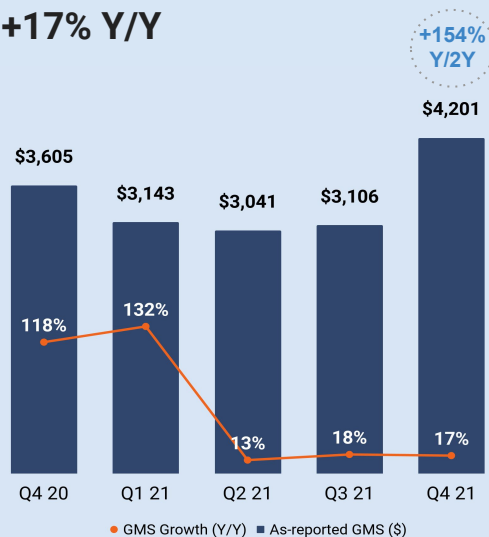
# Very strong performance to end the year

## Consolidated Results

### Q4 21 GMS

# \$4.2B

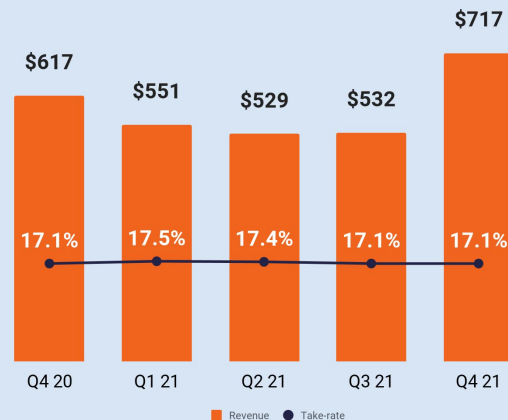
+17% Y/Y



### Q4 21 Revenue

# \$717M

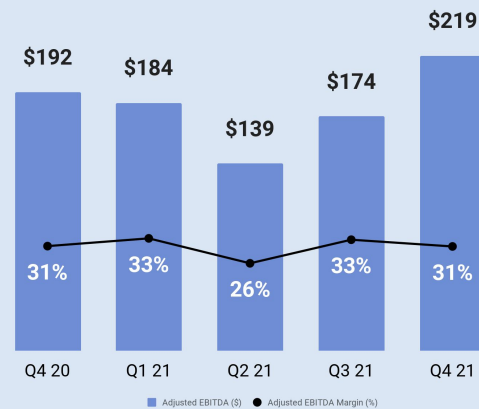
+16% Y/Y



### Q4 21 Adjusted EBITDA<sup>1</sup>

# \$219M

~31% Adj. EBITDA Margin



<sup>1</sup> Reconciliation of non-GAAP financial measures is contained in the Appendix Consolidated financial results. Y/Y reflects Q4 2021 vs. Q4 2020, \$ in millions, except where noted

With the Etsy marketplace contributing the majority of the outperformance

Non-Mask Q4 21 GMS Growth Y/Y

**+15%**

## Etsy Marketplace GMS (\$B)



\*Etsy.com marketplace GMS. Q4 20 and Q1 21 include the benefit to our marketplace from the distribution of stimulus checks in the United States.

# Holiday highlights...

# ~\$43K

in **GMS** per minute during the **Cyber 5\***

## +8%

Y/Y growth in **GMS**  
per buyer on **Black**  
**Friday**

## 2K

Checkouts per  
minute on **Cyber**  
**Monday**

## ~500K

Sellers participating in  
our **Cyber** sales up  
27% Y/Y

Reflects Etsy Marketplace performance only.

\* Cyber 5 represents the five days from Thanksgiving through Cyber Monday.

## Early holiday deals are here!

Enjoy 20%+ off one-of-a-kind finds—because it's never too soon to start spreading some cheer.

Sales terms may vary. See individual listings for details.



Holiday decor sales →



Ornament sales →



Gifts for her sales →



Gifts for him sales →



Gifts for kids sales →



Gifts for pets sales →



Home decor sales →



Jewelry sales →



Craft supplies sales →



Clothing sales →



Accessories sales →



Toys & games sales →

### Toys & Games



Personalized Name Puzzles

### Home & Living



Holiday Decor

### Apparel



Family Pajamas

Non-U.S. growth has been a meaningful driver for the Etsy marketplace

**44%**

Q4 21 Non-U.S. % of GMS

**+20%**

Constant currency Q4 21 Non-U.S. GMS Y/Y Growth

**31M+**

Record high Non-U.S. Active Buyers in Q4 21

**+70% of UK & Germany FY21 GMS**

now from Domestic sales



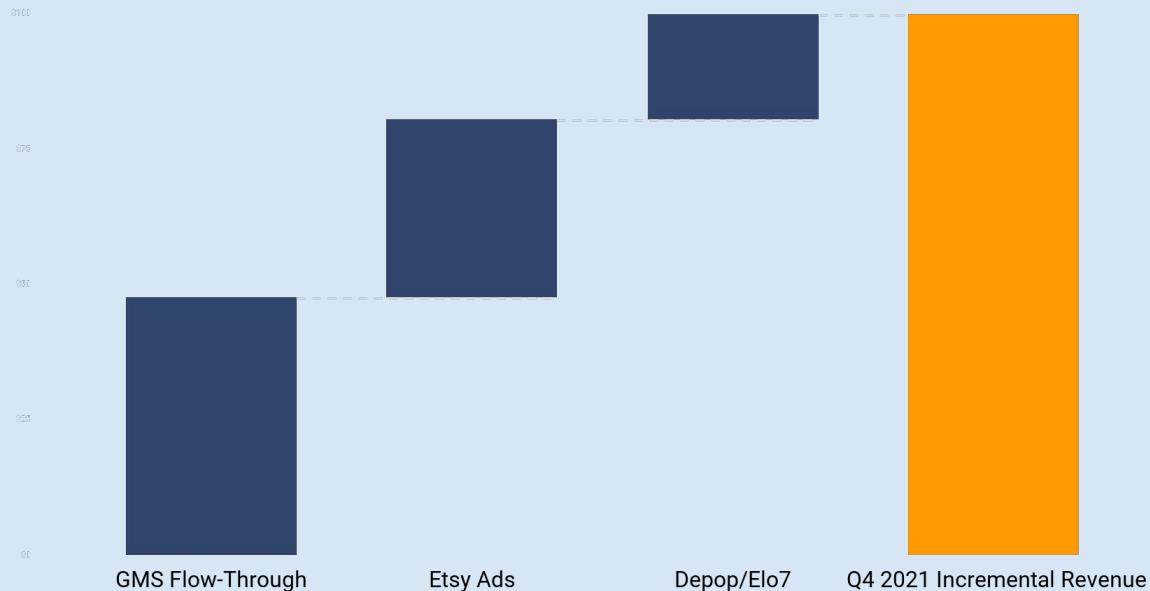
“Gifts that mean the world.  
Find them on Etsy.”

Q4 21 revenue growth driven by Etsy Ads, GMS volume, and the incremental impact of our recent acquisitions

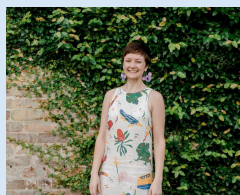
Q4 21 Consolidated Revenue **\$717M, up 16% Y/Y**

Consolidated take-rate was 17.1%, flat Y/Y despite the inclusion of our recent acquisitions which, on average, have a lower take-rate than the Etsy marketplace

Incremental Revenue Bridge  
Q4 20 vs Q4 21

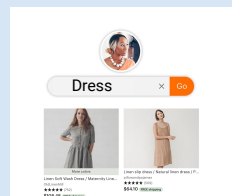


Product and marketing investments to support long-term growth...



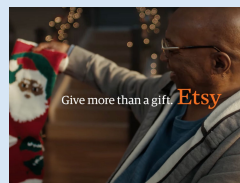
- Cohorts continue to come back over time
- Retaining gains made from the past few years and from our product and marketing efforts

## Baseline GMS



- Investments focus on creating an improved buyer and seller experience; driving conversion rate and frequency improvements
- GMS lifts compound over time and provide benefits for many years

## Product Investments



- Investments focus on bringing in new buyers and better retaining our existing buyers, improving the lifetime value of our buyer base

## Marketing Investments



## GMS Growth

Baseline denotes Etsy marketplace GMS performance without the impact of product and marketing investments

...with 2021 product investments contributing \$1B annualized  
GMS benefit...

Product Development Spend  
(Consolidated)



**\$1B+**

**annualized GMS\* benefit  
from product development in 2021**

\*GMS reference refers to Etsy marketplace only  
Note: As product improvements were launched throughout the year,  
only a share of the \$1B+ annualized GMS lift was realized in 2021.

...and disciplined, ROI-focused marketing spend adding fuel to the fire

We've been increasing brand as a % of total marketing spend



Marketing Spend Channel Mix: Brand vs Performance (Consolidated)

**\$2.3B+**

Annualized GMS\* benefit from performance marketing in 2021

Brand awareness increase for Etsy.com

**+3 pts**

Q4 21 vs Q4 20

Offsite Ads revenue\*

**~40%**

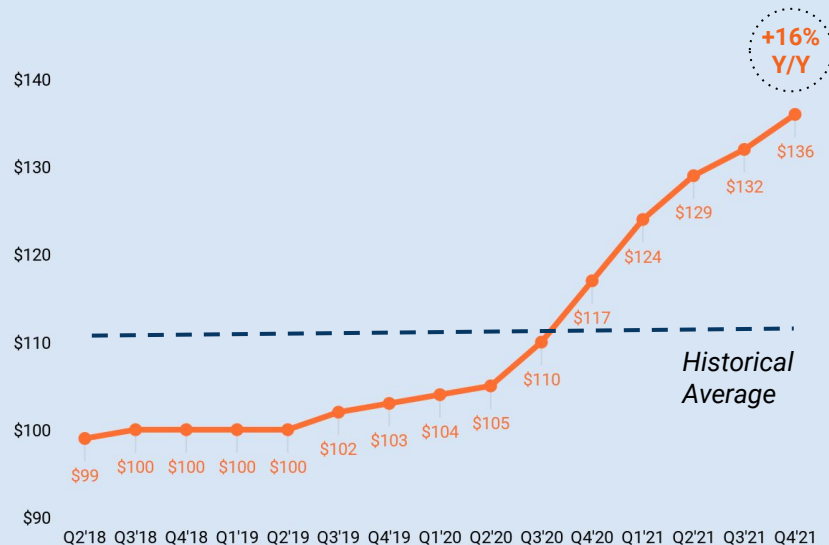
of Etsy marketplace performance marketing spend

\*GMS and Offsite Ads references refer to Etsy marketplace only



We've seen excellent stability in active buyers – adding **9M in 2021...** *and* buyers are spending more with Etsy

Active Buyers

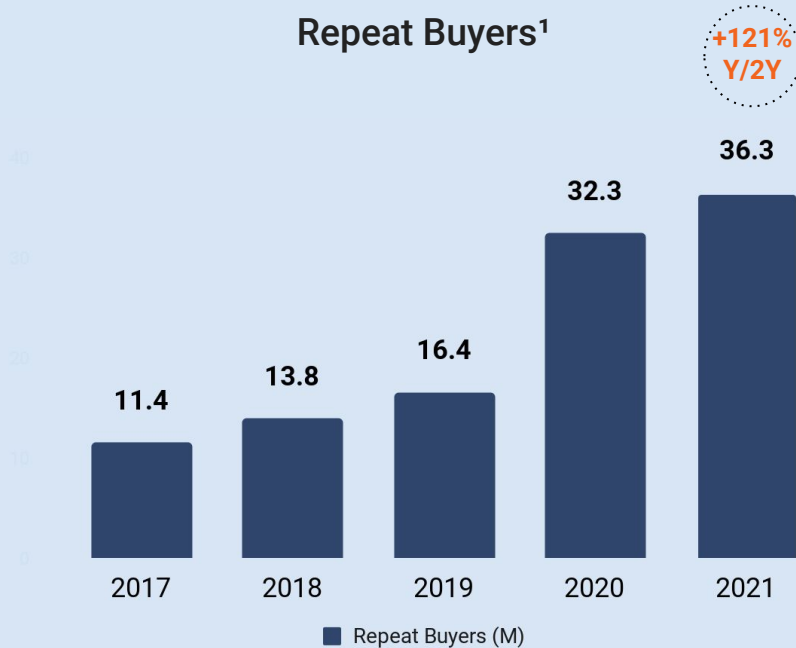
GMS per Active Buyer<sup>1</sup>

Active buyer definition: Buyer who has made at least one purchase on Etsy in the last 12 months. Data presented is for Etsy Marketplace only.

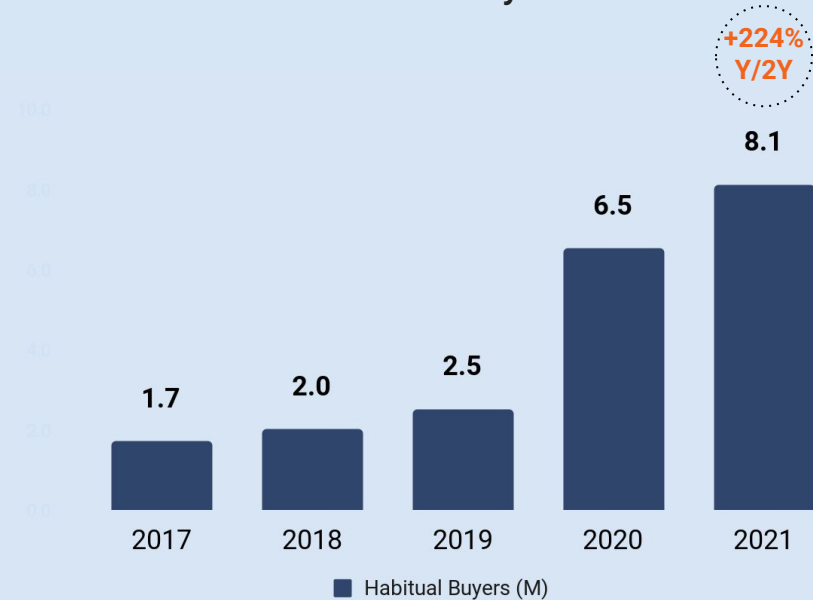
<sup>1</sup>TTM GMS per Active Buyer on the Etsy marketplace.

Our repeat buyer base has grown dramatically, and a larger proportion of these buyers have become habitual

### Repeat Buyers<sup>1</sup>



### Habitual Buyers

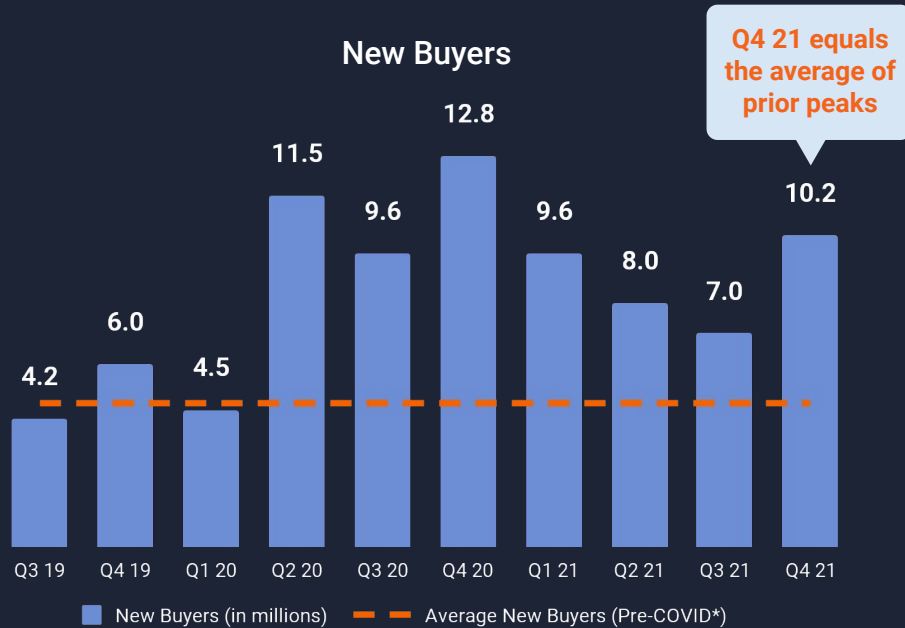


Metrics presented are for the Etsy marketplace and do not include Reverb, Depop, or Elo7.

<sup>1</sup>Repeat Buyers exclude Habitual Buyers.

Habitual buyers make up ~9% of active buyers  
yet represented 45% of 2021 GMS

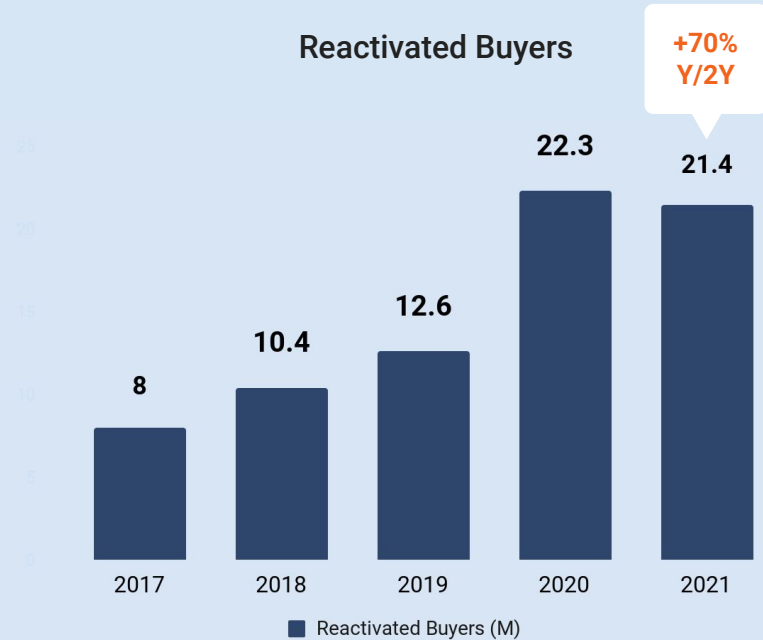
# We are acquiring millions of new buyers...



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

# ...and many millions of buyers are re-finding us



We reactivated nearly as many lapsed buyers in 2021 as 2020, and at a much higher rate than in the past

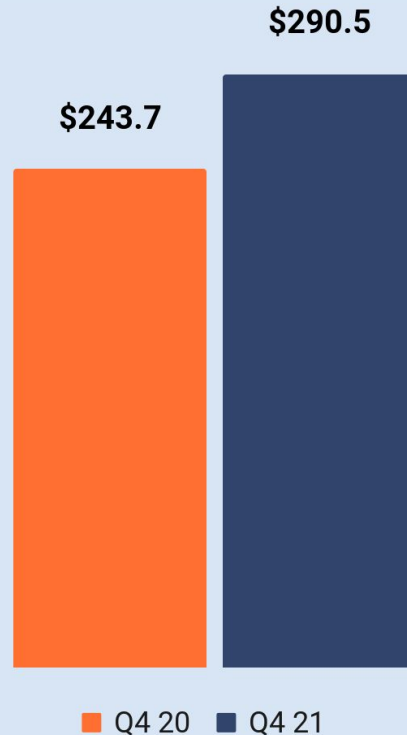
# Capital light business model delivers strong operating cash flow

Cash Balance 12/31/21<sup>1</sup>

**\$1.1B**

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

Net Cash Provided  
by Operating Activities (\$M)



# Q1 '22 Guidance for Consolidated GMS, Revenue and Adj. EBITDA Margin

Q1'22 Guidance  
February 24, 2022

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GMS                      **\$3.2B to \$3.4B**

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Revenue                **\$565M to \$590M**

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Adj. EBITDA  
Margin                    **~26%**

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 Q1 2022 guidance are contained in the Appendix.

# Q&A

# Appendix

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# Key factors impacting our Q1 22 Guidance

## **We anticipate that the key factors impacting Q1 GMS and revenue growth will be:**

- Headwinds and tailwinds, including but not limited to the following macro factors including the shift between offline and online, economic environment, competitive dynamics, retail store closures and reopenings, government stimulus, inflationary factors, employment figures, weather events, and global supply chain and logistics challenges; and Etsy-specific factors including frequency and retention of buyer cohorts, and the year-over-year comparisons from a significant acceleration of growth in Q1 2021. Additional external factors that may offset some growth include: changes to sales taxes and VAT, regulatory changes, currency fluctuations, and the potential for geopolitical events and uncertainty that impact trade and mindshare, including, among other things, the ongoing COVID-19 pandemic and its impact on consumer behavior.
- Continued visit growth and conversion rate improvements driven by global product launches enhancing the buying experience.
- Incremental GMS, brand awareness and conversion rate improvements from marketing investments.
- Contribution of our recent acquisitions of Depop and Elo7, which aren't reflected in the prior year and are expected to add incremental GMS and Revenue.

## **We anticipate that the key factors impacting our Q1 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 recent acquisitions of Depop and Elo7, which are both 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 Statement of Operations

	Q4 21	Q4 20
<b>(in thousands)</b>		
<b>Revenue</b>	<b>\$717,139</b>	<b>\$617,355</b>
Cost of revenue	208,966	150,780
Gross profit	508,173	466,575
<i>Marketing</i>	204,198	210,765
<i>Product development</i>	82,555	51,157
<i>General and administrative</i>	79,171	43,318
Operating expenses	365,924	305,240
Income from operations	142,249	161,335
Other income (expense), net	2,124	(8,028)
Benefit (provision) for income taxes	17,184	(4,769)
<b>Net income</b>	<b>\$161,557</b>	<b>\$148,538</b>
Net income per share — diluted	\$1.11	\$1.08

# Condensed Consolidated Statement of Operations

	2021	2020
<i>(in thousands)</i>		
<b>Revenue</b>	\$2,329,114	\$1,725,625
Cost of revenue	654,512	464,745
Gross profit	1,674,602	1,260,880
<i>Marketing</i>	654,804	500,756
<i>Product development</i>	271,535	180,080
<i>General and administrative</i>	282,531	156,035
Operating expenses	1,208,870	836,871
Income from operations	465,732	424,009
Other income (expense), net	5,922	(58,300)
Benefit (provision) for income taxes	21,853	(16,463)
<b>Net income</b>	\$493,507	\$349,246
Net income per share — diluted	\$3.40	\$2.69

# Condensed Consolidated Statement of Cash Flows

	2021	2020
<b>(in thousands)</b>		
<b>Net Income</b>	<b>\$493,507</b>	<b>\$349,246</b>
<i>Net cash provided by operating activities</i>	651,551	678,956
<i>Net cash used in investing activities</i>	(1,557,969)	(11,379)
<i>Net cash provided by financing activities</i>	452,749	119,282
Effect of exchange rate changes on cash	(10,234)	13,947
Net (decrease) increase in cash, cash equivalents, and restricted cash	(463,903)	800,806
Cash, cash equivalents, and restricted cash at the beginning of the period	1,249,440	448,634
<b>Cash, cash equivalents, and restricted cash at the end of the period</b>	<b>\$785,537</b>	<b>\$1,249,440</b>

# Condensed Consolidated Balance Sheets

As of December 31, 2021 As of December 31, 2020

(in thousands)		
Cash and cash equivalents	\$780,196	\$1,244,099
Short-term investments	204,416	425,119
Accounts receivable, net	27,266	22,605
Funds receivable and seller accounts	220,206	146,806
Property and equipment, net	275,062	112,495
Other current and non-current assets	2,324,663	453,365
<b>Total assets</b>	<b>\$3,831,809</b>	<b>\$2,404,489</b>
Accounts payable	\$28,007	\$40,883
Funds payable and amounts due to sellers	220,206	146,806
Long-term debt, net	2,275,418	1,062,299
Other current and non-current liabilities	679,559	412,077
<b>Total liabilities</b>	<b>3,203,190</b>	<b>1,662,065</b>
<b>Total stockholders' equity</b>	<b>628,619</b>	<b>742,424</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$3,831,809</b>	<b>\$2,404,489</b>

# Reconciliation of Quarterly Net Income to Adj. EBITDA

	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
(in thousands, except percentages)					
<b>Net income</b>	<b>\$148,538</b>	<b>\$143,766</b>	<b>\$98,254</b>	<b>\$89,930</b>	<b>\$161,557</b>
<i>Excluding:</i>					
<i>Interest and other non-operating expense, net</i>	10,818	706	1,079	2,640	3,323
<i>Provision (benefit) for income taxes</i>	4,769	13,962	(12,500)	(6,131)	(17,184)
<i>Depreciation and amortization</i>	13,101	13,080	12,985	23,211	24,991
<i>Stock-based compensation expense</i>	17,450	20,351	27,440	42,256	49,863
<i>Foreign exchange (gain) loss</i>	(2,790)	(7,797)	2,272	(2,698)	(5,447)
<i>Acquisition-related expenses</i>	103	-	9,944	25,030	1,730
<b>Adjusted EBITDA</b>	<b>\$191,989</b>	<b>\$184,068</b>	<b>\$139,474</b>	<b>\$174,238</b>	<b>\$218,833</b>
<i>Divided by:</i>					
Revenue	\$617,355	\$550,646	\$528,900	\$532,429	\$717,139
<b>Adjusted EBITDA Margin</b>	<b>31%</b>	<b>33%</b>	<b>26%</b>	<b>33%</b>	<b>31%</b>

# Reconciliation of Annual Net Income to Adj. EBITDA

	2021	2020
<i>(in thousands, except percentages)</i>		
<b>Net income</b>	<b>\$493,507</b>	<b>\$349,246</b>
Excluding:		
Interest and other non-operating expense, net	7,748	34,923
(Benefit) provision for income taxes for income taxes	(21,853)	16,463
Depreciation and amortization	74,267	58,189
Stock-based compensation expense	139,910	65,114
Foreign exchange (gain) loss	(13,670)	6,522
Acquisition-related expenses	36,704	1,804
Loss on extinguishment of debt	-	16,855
<b>Adjusted EBITDA</b>	<b>\$716,613</b>	<b>\$549,116</b>
Divided by: Revenue	\$2,329,114	\$1,725,625
<b>Adjusted EBITDA Margin</b>	<b>31%</b>	<b>32%</b>