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# DELTA REPORT

## 10-K

ETSY - ETSY INC

10-K - DECEMBER 31, 2024 COMPARED TO 10-K - DECEMBER 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	9378
CHANGES	378
DELETIONS	3308
ADDITIONS	5692

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the fiscal year ended December 31, 2023 2024

OR

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from to

Commission File Number 001-36911

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ETSY, INC.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or organization)

20-4898921  
(I.R.S. Employer Identification No.)

117 Adams Street  
(Address of principal executive offices)

Brooklyn, NY

11201  
(Zip code)

(718) 880-3660

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	ETSY	The Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of **June 30, 2023** **June 30, 2024** (the last business day of the registrant's most recently completed second fiscal quarter), was approximately **\$10.4 billion.** **\$6.7 billion.**

The number of shares of common stock outstanding as of **February 16, 2024** **February 14, 2025** was **118,492,441.** **107,072,348.**

**Documents Incorporated By Reference**

Portions of the registrant's Proxy Statement for its **2024** **2025** Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission no later than 120 days after **December 31, 2023** **December 31, 2024**, are incorporated by reference in Part III of this Annual Report.


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Table of Contents

Note Regarding Forward-Looking Statements

Summary Risk Factors

Part I - Financial Information

<a href="#">1</a>	Item 1.	Business
<a href="#">43 41</a>	Item 1A.	Risk Factors
<a href="#">70 66</a>	Item 1B.	Unresolved Staff Comments
<a href="#">71 67</a>	Item 1C.	Cybersecurity
<a href="#">72 68</a>	Item 2.	Properties
<a href="#">72 68</a>	Item 3.	Legal Proceedings
<a href="#">72 68</a>	Item 4.	Mine Safety Disclosures

Part II - Other Information

<a href="#">73 69</a>	Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities
<a href="#">74 70</a>	Item 6.	[Reserved]
<a href="#">75 71</a>	Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations
<a href="#">82 83</a>	Item 7A.	Quantitative and Qualitative Disclosures About Market Risk
<a href="#">83 84</a>	Item 8.	Financial Statements and Supplementary Data
<a href="#">136 121</a>	Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
<a href="#">136 121</a>	Item 9A.	Controls and Procedures
<a href="#">137 122</a>	Item 9B.	Other Information
<a href="#">137 122</a>	Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Part III

<a href="#">138 123</a>	Item 10.	Directors, Executive Officers and Corporate Governance
<a href="#">138 123</a>	Item 11.	Executive Compensation
<a href="#">138 123</a>	Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
<a href="#">138 123</a>	Item 13.	Certain Relationships and Related Transactions, and Director Independence
<a href="#">138 123</a>	Item 14.	Principal Accounting Fees and Services

Part IV

<a href="#">139 124</a>	Item 15.	Exhibits and Financial Statement Schedules
<a href="#">141 126</a>	Item 16.	Form 10-K Summary
<a href="#">142 127</a>		Signatures

Unless the context otherwise requires, we use the terms "Etsy," the "Company," "we," "us" and "our" in this Annual Report on Form 10-K ("Annual Report") to refer to Etsy, Inc. and, where appropriate, our consolidated subsidiaries.

Unless otherwise noted, references to a particular year are to our fiscal year, which corresponds to the calendar year ended or ending on December 31 of the same year. For example, a reference to "2024" is a reference to the year ended December 31, 2024.

See Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Operating and Financial Metrics" for the definitions of the following terms used in this Annual Report: "active buyer," "active seller," "Adjusted EBITDA," "Adjusted EBITDA margin," "GMS," "GMS ex-U.S. Domestic," "mobile "U.S. Buyer" "GMS," and "currency-neutral" "GMS growth."

Etsy has used, and intends to continue using, its investor relations website and the Etsy News Blog ([blog.etsy.com/](https://blog.etsy.com/) ([etsy.com/news](https://etsy.com/news))) to disclose material non-public information and to comply with its disclosure obligations under Regulation FD. Accordingly, you should monitor our investor relations website and the Etsy News Blog in addition to following our press releases, SEC filings, and public conference calls and webcasts.

Note Regarding Forward-Looking Statements

This Annual Report contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements include statements relating to our [opportunity](#), [mission](#), [our opportunity and potential to grow](#), the impact of our "Right to Win" and other growth strategies, including marketing and product initiatives, investments, and other levers for growth, on our business and operating results, including future gross merchandise sales ("GMS") and revenue growth; our ability to attract, engage, and retain buyers and sellers; strategic investments or acquisitions, product and marketing investments, and the potential benefits thereof; our impact goals, strategy, and intended progress; the impact of global macroeconomic, [domestic](#) and geopolitical uncertainty and volatility

may have on our business, strategy, operating results, key metrics, financial condition, profitability, and cash flows; the effects on consumer behavior from cultural, weather, and political events; our ability to expand beyond our top geographies; and uncertainty regarding and changes in overall levels of consumer spending and e-commerce generally. 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," "project," "seek," "should," "target," "will," "would," or similar expressions and derivative forms and/or negatives of those terms.

Forward-looking statements are not guarantees of performance and involve known and unknown risks and uncertainties. Other factors may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Those risks include those described in Part I, Item 1A, "Risk Factors" and elsewhere in this Annual Report. Given these uncertainties, you should read this Annual Report in its entirety and not place undue reliance on any forward-looking statements in this Annual Report.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Annual Report and, although we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

Moreover, we operate in a competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements made in this Annual Report. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this Annual Report may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. In addition, the global economic climate and general market, political, economic, and business conditions may amplify many of these risks.

Forward-looking statements represent our beliefs and assumptions only as of the date of this Annual Report. We disclaim any obligation to update forward-looking statements.

## Summary Risk Factors

Our business is subject to numerous risks. The following summary highlights some of the risks we are exposed to in the normal course of our business activities. This summary is not complete and the risks summarized below are not the only risks we face. You should review and consider carefully the risks and uncertainties described in more detail in Part I, Item 1A, "Risk Factors" Factors," which includes a more complete discussion of the risks summarized below as well as a discussion of other risks related to our business and an investment in our common stock.

### Financial Performance and Operational Risks Related to Our Business

- While we Our quarterly operating results have experienced rapid growth in and may continue to fluctuate for a variety of reasons, many of which are beyond our control, which can cause significant stock price fluctuations.
- We may fail to meet our publicly announced guidance or other expectations about our business in the past, and future operating results, which could cause our revenue growth rate and financial performance have fluctuated, which makes it difficult stock price to predict the extent of demand for our services or the products sold in our marketplaces. decline.
- The trustworthiness of our marketplaces and the connections within our communities are important to our success. Our business, financial performance, and growth depend on our ability to attract and retain active and engaged communities of buyers and sellers. If we are unable to retain our existing buyers and sellers and activate new ones, our financial performance could decline. decline.
- Our quarterly operating results may fluctuate, which could cause significant stock price fluctuations.
- We may fail to meet our publicly announced guidance or other expectations about our business and future operating results, which could cause our stock price to decline.
- We track certain operational metrics with internal systems and tools or manual processes, and do not independently verify such metrics. Certain of these metrics are subject to inherent challenges in measurement, and any real or perceived inaccuracies may adversely affect our business and reputation.

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- If we experience a technology disruption that results in a loss of information, if personal data or sensitive information about members of our communities or employees is misused or disclosed, or if we or our third-party providers are unable to protect against software and hardware vulnerabilities, service interruptions, cyber-related events, ransomware, security incidents, or other security breaches, then members of our communities may curtail use of our platforms, we may be exposed to liability or incur additional expenses, and our reputation might suffer.
  - Our business depends on continued use of and unimpeded access to third-party technology, services, platforms, and infrastructure that we rely upon to maintain and scale our platform. If the widely adopted mobile, social, search, and/or advertising solutions that we, our sellers, and our buyers rely on as part of our key offering are no longer available or effective, or if access to these major platforms is limited, the use of our marketplaces could decline.
  - Our payments systems have both operational and compliance risks, including in-house execution risk, dependency on third-party providers, and a complex landscape of evolving laws, regulations, rules, and standards.
  - Our business could be adversely affected by economic downturns, inflation, natural disasters, public health crises, political crises, geopolitical events or other macroeconomic conditions, which have in the past and may in the future negatively impact our business and financial performance.
  - Our ability to recruit and retain a talented and broadly diverse group of employees and retain key employees is important to our success. Significant attrition or turnover could impact our ability to grow our business.

### Strategic Risks Related to Our Business and Industry

- We face intense competition and may not be able to compete effectively.
- Enforcement of our marketplace policies may negatively impact our brands, reputation, and/or our financial performance.
- If we are not able to keep pace with technological changes, and enhance our current offerings and develop new offerings to respond to the changing needs of sellers and buyers, our business, financial performance, and growth may be harmed.
- Continuing to expand our operations outside of the United States is part of our strategy, and the growth of our business could be harmed if our expansion efforts do not succeed.
- We have incurred impairment charges for our goodwill and other long-lived tangible and intangible assets, and may incur further impairment charges in the future, which would negatively impact our operating results.
- We may expand our business through additional engage in acquisitions, of other businesses or assets dispositions, or strategic partnerships and investments, which may divert management's attention and/or prove to be unsuccessful.
- We are subject to risks related to our environmental, social, and governance activities and disclosures.
- We have a significant amount of convertible debt and may incur additional debt in the future.

## Regulatory, Compliance, and Legal Risks

- Failure to deal effectively with fraud or other illegal activity could harm our business.
- Compliance with evolving global legal and regulatory requirements and/or available safe harbors, including privacy and data protection laws, tax laws, product liability laws, laws regulating speech and platform monitoring or moderation, antitrust laws, intellectual property and counterfeiting regulations, may materially impact our time, resources, and ability to grow our business.
- We are regularly involved in litigation, arbitration, and regulatory matters that are expensive and time consuming and that may require changes to our strategy, the features of our marketplaces and/or how our business operates.
- We may be subject to intellectual property or other claims, which, even if meritless, could be extremely costly to defend, damage our brands, require us to pay significant damages, and limit our ability to use certain technologies or business strategies in the future.

## Other Risks

- Future sales and issuances of our common stock or rights to purchase common stock, including upon conversion of our convertible notes, could result in additional dilution to our stockholders and could cause the price of our common stock to decline.

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## [Table of Contents](#)

# PART I - Financial Information

## Item 1. Business.

### Overview

### Our Mission

Etsy's mission to "Keep Commerce Human" is rooted in our belief that, although automation and commoditization are parts of modern life, human creativity cannot be automated and human connection cannot be commoditized. We believe consumers are demanding increasingly expect more of from the businesses they support, and companies that build win-win solutions that are good for prioritize people, the planet, and profit will be best positioned to succeed. succeed over the long term. We are committed to growing sustainably sustainable growth by aligning our mission and with our business strategy, to help create fostering economic impact through entrepreneurship. You can read more about Etsy's Impact and environmental, social, and governance ("ESG") strategies beginning on page 19 20, where we report on metrics aligned with both our self-identified Impact priorities and widely accepted third-party frameworks.

### About our Company

Etsy operates two-sided online marketplaces that connect millions of passionate and creative buyers and sellers around the world. These marketplaces — which collectively create a "House of Brands" — share our mission, common levers for growth, similar business models, and a strong commitment to use business and technology to strengthen communities and empower people.

Our primary Etsy marketplace Etsy.com, is the global destination for unique, and creative goods made by from independent sellers. The Etsy marketplace It connects creative artisans and entrepreneurs with thoughtful consumers looking for seeking items that are a joyful expression of reflect their taste tastes and values. By surfacing quality listings at a great value and providing a reliable

shopping experience to buyers, we We aim to create a virtuous cycle that not only benefits Etsy, but creates economic opportunities for the millions all of sellers in our marketplace. Our stakeholders. Ultimately, our success is aligned with tied to our sellers; we make money when they do. In addition to bringing providing them an audience of with access to tens of millions of buyers, we offer a range of features tools and services designed to help them generate more sales and run their businesses. Similarly, sellers grow. For buyers, we also make money when we meet our buyers' expectations. When they find surface quality listings at that offer great value and have provide a reliable and dependable experience from discovery to delivery, shopping experience. When buyers are satisfied, it fuels a virtuous cycle, benefiting our global community of sellers and buyers, as well as Etsy and our broader stakeholders, this cycle.

In addition to our core Etsy marketplace, our "House of Brands" consists of Reverb Holdings, Inc. ("Reverb"), our musical instrument marketplace acquired in 2019, and Depop Limited ("Depop"), our fashion resale marketplace acquired in 2021. Our marketplaces Each Etsy, Inc. marketplace primarily operate operates independently, although some of our key operational functions such as finance, legal, while benefiting from shared expertise in product development, marketing, technology, and human resources, for example, support all of our marketplaces to some extent. The Reverb and Depop marketplaces are included in all financial and other metrics discussed in this report, unless otherwise noted, from their respective dates of acquisition. customer support. On August 10, 2023, Etsy completed the sale of Elo7 Serviços de Informática S.A. ("Elo7"), a Brazil-based marketplace for handmade and unique items. The results of Elo7 are included in all financial and other metrics discussed in this report, unless otherwise noted, from the date of acquisition on July 2, 2021 until August 10, 2023.

Our sellers generated \$13.2 billion \$12.6 billion of Gross Merchandise Sales ("GMS") in 2023. 2024. Of this, Etsy marketplace GMS was \$11.6 billion \$10.9 billion or 88.0% 86.4% of the total and the Reverb Depop, and Elo7 Depop marketplaces generated approximately \$942.1 million (7.1%) \$917.9 million (7.3% of the total), \$599.6 million (4.6% of the total), and \$42.1 million (0.3%) \$788.9 million (6.3% of the total) of GMS, respectively. We anticipate that the Etsy marketplace will continue to be the primary driver of our overall financial performance for the foreseeable future.

Here are a few key statistics about our marketplaces:

- The Etsy, Reverb, and Depop Our marketplaces collectively connected a total of 9.0 million 8.1 million active sellers to 96.5 million 95.5 million active buyers as of December 31, 2023 December 31, 2024.
- Our top six retail categories on the Etsy marketplace in 2023 2024 were homewares and home furnishings, jewelry and personal accessories, apparel, craft supplies, paper and party supplies, and toys and games. These categories represented approximately \$10 billion \$9 billion, or 87% of 2023 2024 GMS.
- Reverb provides a significant presence in the market for musical instruments, and Depop enhances our apparel offering in the resale space.
- We are a global company, and 45% of our consolidated 2023 GMS was generated when a seller or buyer, or both, were located outside of the United States.
- Approximately 68% of our 2023 consolidated GMS came from purchases made on mobile devices, with mobile app being the fastest growing device for the Etsy marketplace.

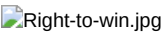
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[Table of Contents](#)

Our Strategy

As illustrated below, our strategy is focused around:

- Building a sustainable competitive advantage for the Etsy marketplace — our "Right to Win;"
- Growing the Etsy marketplace in our six core geographies and globally; and
- Leveraging our marketplace playbook across our "House of Brands."



Building a sustainable competitive advantage — our "Right to Win"

Our "Right to Win" is centered on four key elements that we believe make Etsy.com the Etsy marketplace a better place to shop and sell and, which, in turn, will bring more buyers, lead to increased frequency and size of purchases, and build long-term loyalty to the Etsy marketplace, loyalty. We believe that when executed effectively, these elements can create a multiplier effect that will drive future growth.

**Our sellers' unique items:** The foundation of Etsy.com's the Etsy marketplace's competitive advantage is our sellers' millions of unique items. Sellers choose to list their unique items on our marketplace because they believe that we are the best place for them to start and grow a creative business and that we We have created a community that attracts, supports, and retains some of the world's most talented makers, makers, and sellers choose to list on our marketplace because they believe that we are a great place to start and grow a creative business. As of December 31, 2024, there were over 100 million items listed on the Etsy marketplace, and approximately 30% of our 2024 GMS was from custom or made-to-order merchandise. The unique nature of our sellers' items requires that we invest in the other three elements of our strategy: search and discovery, discovery; human connections, connections; and a trusted brand in order to deliver a best-in-class marketplace experience.

**Best-in-class search and discovery:** We are focused on continuing aim to develop a enhance the search and discovery experience that unlocks by showcasing the highest quality listings, unlocking the value of Etsy's unique items. Since the unique items that can be found listed on the Etsy marketplace by elevating the highest quality listings. With over 100 million items listed on Etsy.com that do not map to a catalog or a stock keeping unit ("SKU"), our challenge is delivering world-class search and discovery technology that organizes and surfaces is essential for connecting each buyer with the right unique product to the right buyer at the right time, in order to drive buyer driving satisfaction and sales. We use a combination of artificial intelligence ("AI"), generative artificial intelligence ("Gen AI"), machine learning large language models, ("ML"), and human curation to help organize, curate, personalize, and personalize the streamline search, experience, and enable Etsy making it easier for buyers to more easily browse, filter, and find the items they desire. In addition to helping a buyer find what they are currently looking for, want. Beyond assisting current searches, we are also investing in multiple areas to understand buyer understanding buyers' tastes and preferences to better anticipate and inspire their next purchase, future purchases.

**The power of human connections:** Our mission to "Keep Commerce Human" is a vital part of our strategy. We continue to emphasize the role that humans play in every aspect of our business. As of December 31, 2024, 89.6 million buyers and 5.6 million sellers were active on the Etsy marketplace. What makes sets the Etsy marketplace special apart isn't just the unique items, in our marketplace, it's also but the stories of how those items were brought to life behind them, created by the hands of real people. Our buyer experience allows Etsy buyers to work can collaborate with Etsy sellers to

personalize or customize items, to their exact specifications, fostering genuine connections. We believe that fostering and elevating the quality of strengthening these human connections will continue to enable us to drive buyer engagement, loyalty, and purchase frequency, thus differentiating Etsy.com distinguishing the Etsy marketplace from other places you can shop, shopping destinations.

*A trusted brand:* We will continue to focus remain focused on being a reliable brand that inspires trust along throughout the buyer journey and seller journeys — when buyers search, purchase, anticipate, and receive their special items, and all the steps in between, from discovery to delivery. Since Etsy marketplace sellers have relatively unknown brands and largely offer unbranded items, we aim to ensure that make the Etsy brand is recognized and valued for providing synonymous with an excellent end-to-end experience. There are Building a trusted brand requires two key elements to being a trusted brand: elements: standing for something that buyers understand and rely on, and delivering a safe, efficient purchasing experience that feels efficient and safe. experience. Our goal is to bolster trust in the Etsy brand, Etsy our sellers, the their items, available on Etsy, and in the overall Etsy experience. We also need aim to be reliable for our support sellers offering a suite of compelling with services to that help them comply with marketplace our policies and have peace of mind transacting transact confidently on Etsy, the Etsy marketplace.

2

## [Table of Contents](#)

### Growing the Etsy marketplace in our six core geographies and globally: globally

We are focused on expanding our focus beyond growing the Etsy marketplace in our six historical core geographies (as illustrated above). Our six core markets are of the United States, the United Kingdom, Germany, Canada, Australia, and France. While we have sellers and buyers around the world, we define our core geographies as locations that meet any of the following criteria:

- represent our most attractive GMS opportunities;
- where we currently have a vibrant two-sided marketplace, or
- where we are strategically investing on the demand and supply side to accelerate domestic growth.

At this time, we are We remain focused on bringing our vibrant community of sellers driving frequency and retention in India potential sales through cross-border, global transactions. Given we are not currently prioritizing developing a domestic marketplace in India, we no longer consider it a core geography as defined above. In addition to our primary focus on growing domestic vibrancy in our core geographies, we these markets and also see significant opportunity to further increase non-U.S. buyer GMS by improving the customer experience for cross-border transactions, between particularly in Western Europe. We also make strategic investments in other select geographies where we perceive growth opportunities.

2

In 2024, 74% of Etsy, Inc. and Etsy marketplace's GMS came from U.S. buyers and sellers. 26% came from buyers outside of the United States. Note that for 2024 we have changed our presentation of U.S. versus non-U.S. GMS disclosure to focus on "buyer GMS," which we believe provides a more useful view of our success attracting buyers and driving GMS from buyers outside the United States than our prior disclosure of GMS U.S. domestic versus GMS ex-U.S. domestic. See Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Operating and Financial Metrics" for a discussion of how each of these metrics is calculated.

### Leveraging our marketplace playbook across our "House of Brands"

We have three values-aligned e-commerce marketplaces offering non-commoditized items in our "House of Brands:" Brands"

Our "House of Brands" includes Etsy, Reverb, and Depop. Each Depop— two-sided marketplaces which share values of these marketplaces stands for creativity, community, and "special" and shares common commitments to operate in a way that makes making a positive impact on the world. Our goal is that our marketplaces benefit from shared expertise in product, marketing, technology, and customer support, and that the sum of the whole, over time, will equal more than its individual parts.

impact. We believe our marketplaces all share key elements central to success, including:

- analytical frameworks, product experiment and measurement approaches, and operating rhythms that prioritize resource allocation towards the most impactful outcomes;
- sophisticated search and discovery technology;
- compelling on-site customer experiences;
- efficient payment platforms;
- value-added seller services, such as advertising platforms and effective shipping options;
- strong brand and performance marketing capabilities; and
- a commitment to investments that protect the marketplace.

### Capital Allocation Strategy

Etsy's overall capital allocation strategy is focused in three areas: core investments in organic growth, which includes investments in our "House of Brands;" selectively pursuing acquisitions of businesses or technologies that complement our marketplaces or align with our overall growth strategy; and mitigating dilution to our stockholders through stock repurchase programs that have and may continue to be authorized by our Board of Directors.

In addition, from time in both 2023 and 2024, we increased investment in share repurchases beyond the amount required to time we may opportunistically lean in to share repurchasing beyond just offsetting offset the dilution created by the equity we grant to our employees as a form of compensation, and expect to continue to seek opportunities to do so as we did conditions warrant. To that end, in 2023. As October 2024, Etsy's Board of December 31, 2023, we had fewer shares outstanding than we did as of December 31, 2017, evidence that our Directors approved a new \$1 billion stock repurchase activities have enabled us to effectively mitigate the dilution associated with employee equity.

program.

How We Make Money

We see our business model as a virtuous circle - circle; we connect sellers and buyers, enable their transactions, receive fees for our services, and then reinvest in enhancing customer experiences to further grow drive growth for Etsy and our sellers' revenue, sellers. We generate revenue primarily from marketplace activities, including transaction (inclusive of offsite advertising), payments processing, and listing fees, as well as from optional seller services, which include on-site advertising and shipping labels. For more information, see Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations— Components of Our Results of Operations—Revenue."

On April 11, 2022, we increased the Etsy marketplace seller transaction fee. As part of our long-standing principle to provide a "fair exchange of value" for the fees Etsy earns on marketplace transactions, we reinvested most of the incremental revenue generated from the transaction fee increase into the Etsy marketplace platform. You can read more about our investments in the Primary Business Drivers section below.

3

Table of Contents

Marketplace Revenue

(Required fees)

- Transaction Fee (inclusive of Offsite Advertising Fee)
- Payments Processing Fee
- Listing Fee
- Other

Services Revenue

(Optional value-added services)

- On-site Advertising
- Shipping Labels
- Other



12784

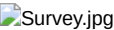
3

Our “House of Brands” Marketplaces

The Etsy Marketplace



Buyers come to the Etsy marketplace for meaningful, one-of-a-kind items handcrafted, handpicked, designed and curated with passion and expertise sourced by our creative entrepreneurs, often items they can't find anywhere else. entrepreneurs. Etsy buyer surveys\* indicate:



\*Above data reflects averages from monthly Etsy marketplace buyer surveys completed in 2023, 2024.

Building buyer consideration by knocking down barriers and focusing on specific purchase occasions:

About half Our 2024 survey data shows that, while the majority of consumers in the United States are aware of Etsy and say the brand is relevant to them and our aided brand awareness is high in key markets, there are still large gaps in unaided awareness, even for some of our top categories and occasions. Currently, the average number of purchase days for Etsy's active buyer base shops on Etsy buyers is three days per year: about half have one purchase day on Etsy per year, with and the other half purchasing an average of have approximately five purchase days per year. Buyers too often think of Etsy only for very specific needs or at the end of their shopping journey; or it simply takes too much time and effort to find the best things among our now over 100 million items; or buyers worry about the post-purchase experience. We believe that given our sellers' broad array of unique merchandise Etsy should be able presents a strong opportunity to drive purchase frequency among

both existing and potential buyers to think of us more often buyers. By positioning Etsy as a destination for a wider range of purchase occasions, including those with higher stake ones, stakes, we aim to drive long-term growth and market share gains.

During 2023, To that end, in 2024, we developed initiatives continued to drive focus on driving buyer consideration by highlighting our sellers' quality listings, at great value, that we believe our sellers can deliver in a way that is both reliable and dependable. You can read more about these specific initiatives on page 8 in the Product Development section. These initiatives remain part of our 'Vital Few' focus areas, which we currently expect to remain priority areas for investment in 2024.

4

## Table of Contents

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Furthermore, we believe we can do more to raise 'top of mind' awareness for Etsy in key categories and purchase occasions. Our 2023 survey data shows that the majority of consumers in the United States are aware of Etsy and say the brand is relevant to them, and they agree we have inspiring items. Yet many generally don't know when to think of us, or think of us only for limited types of purchases. Further, while our aided brand awareness is approximately 90% among buyers in the United States and United Kingdom and over 80% among buyers in Germany, large gaps still exist in unaided awareness of the Etsy brand for some of our top categories and purchase occasions - such as Home and Living, Gifting, and Style. For example, when recently surveyed by Etsy, only 10% of buyers in the United States name Etsy as a place to shop for Gifts.

Our 'Etsy Has It' brand campaign, introduced in 2023, is an important component of our focus on building buyer consideration given its direct messaging and call-to-action, along with a significant amount of on-site product work such as our new Wedding, Baby, and Gift registries, new Home and Living category pages, and more. We are confident that while it will take time to build this type of brand association, we can ultimately do much more to help buyers and potential buyers better understand the when and why of Etsy.

We believe the Etsy marketplace is characterized by several unique qualities, including:

- Our Right to Win:** As noted on page 2, the Etsy marketplace is focused on strengthening the power of our sellers' unique items, our ability to develop best-in-class search and discovery, the power of human connection, and being a trusted brand.
- A brand that stands for "Conscious Shopping":** In a world of increasing automation and commoditization, Etsy.com is a marketplace where creativity lives and thrives because it's powered by people. We help our community of sellers turn their ideas into successful businesses. Our platform connects them with millions of buyers looking for an alternative—something special that expresses their taste and values, providing a destination for conscious shopping that supports small business.
- Large assortment of unique and creative goods:** Etsy boasts a large assortment of handmade, customized, personalized, vintage, and craft supply products from all over the world. As of December 31, 2023, there were over 100 million items listed on the Etsy marketplace, and approximately 30% of our 2023 GMS was from custom or made-to-order merchandise.
- Global reach:** Our platform makes it easy for Etsy enables cross-border transactions, allowing buyers and sellers to interact across borders even if they do not speak the same easily connect despite language and wish to transact in different currencies. We use innovative machine translation technology to currency differences. Using advanced ML, we translate listings, reviews, Etsy Ads, ads, and conversations between buyers and sellers. We invest messages. By investing in localization, particularly within our core non-U.S. markets, to create a more localized experience localization—such as browse features, and local payment methods, which has resulted and fulfillment partnerships in more sellers selling key non-U.S. markets—we work to buyers within their own country foster a tailored experience to drive both domestic and across borders. international sales.

4

- Organic traffic base:** The unique nature of our sellers' inventory and power of our brand have enabled us to organically build a loyal, global base of Etsy buyers on the platform. In 2023, 2024, the percentage of our GMS attributed to performance marketing (paid GMS) was 20% 21%, meaning that the vast majority of our GMS comes to us organically through awareness of our brand, as well as from non-paid channels such as search, social, email, and push notifications.
- Human connection between buyers and sellers:** As of December 31, 2023, 92.0 million buyers and 7.0 million sellers were active on the Etsy marketplace. We emphasize that the items listed for sale on the Etsy marketplace are brought to life by real people and that buyers can connect directly with sellers in order to ask questions and personalize or customize items to their specifications.
- Connected experience across all devices:** We want to engage Etsy buyers wherever they are and provide an enjoyable and accessible shopping experience regardless of the device used. Our desktop and mobile web experiences, as well as our Etsy mobile app for Etsy buyers ("the Buy on Etsy" Etsy ("BOE") consumer shopping app, include search and discovery, curation, personalization, augmented reality, and social shopping features. For the year ended December 31, 2023, approximately 67% of Etsy.com GMS was generated on a mobile device. We have made product investments designed to drive buyers to our app, which is beneficial to our conversion rate, as our mobile app has the highest conversion rate among platforms. In addition, we offer similar desktop, mobile web, and mobile app experiences to help sellers manage their shops and successfully serve buyers on Etsy.

## High Level Performance Recap:

Beginning in 2020 and continuing through 2021, the COVID-19 pandemic and other global macroeconomic factors drove a significant shift to online purchasing in many retail categories. During this period, GMS for the Etsy marketplace experienced significant growth - more than doubling our GMS from 2019 through 2021. We believe this growth can be attributed declined 6% in 2024 to \$10.9 billion compared to the diversity of the merchandise on Etsy, the differentiation of our brand and shopping experience as explained above, as well as our capital light business model, among other factors.

As the COVID-19 pandemic eased beginning in February 2022, consumer mobility significantly increased, resulting in very strong reopening headwinds in 2022. While reopening headwinds normalized in 2023, macroeconomic headwinds included significant pressure

5

## [Table of Contents](#)

on consumer discretionary product spending, high inflation, elevated interest and mortgage rates, splurges on experiential spending, declining consumer savings balances, and a highly promotional and competitive retail environment. These challenges were further magnified for our lower household income buyers, where GMS declined on a year-over-year basis.

While Etsy was one of the few e-commerce companies sector at large, which experienced growth. We attribute this underperformance to maintain our pandemic gains, we did not grow GMS in 2023 as many other e-commerce peers did (according to Euromonitor International Ltd; Retail 2024 edition, accessed February 5th, 2024, global e-commerce revenue growth in our core markets increased 7% year-over-year in 2023, while Etsy marketplace GMS declined nearly 2% over the same period). We believe the following factors were factors: 1) consumers spent less on discretionary categories, including the primary reason for our underperformance in 2023: difficult year-over-year comparisons for Etsy, types of items we primarily sell; 2) the fact that we are not known for or do not sell certain 'essentials' such as groceries, staples, and consumer electronics where a significant amount of e-commerce growth was concentrated; 3) pressure on several certain categories, such as home and living, which represent a sizeable part of our largest categories, GMS; and how 4) while Etsy sellers do offer items on sale, our sellers' price their items, which often does brand is not account known for inflation, "cheap" or "inexpensive" goods, in the same way that certain major commoditized marketplaces or competitors are. These types of goods and the companies who sell them had better performance in 2024 when compared to others in e-commerce.

Despite the above factors, the Etsy marketplace continued to maintain the vast majority of gains achieved during the pandemic (with 2023 this pressure on GMS, equal to 98% of 2022 GMS and up 145% from 2019). We believe our ability to largely maintain our pandemic gains is a result of our significant investments in improving the customer experience and deepening our engagement with buyers. Despite soft GMS trends over the past two years, we continued to grow our revenue through changes to our seller fees, key investments to expand coverage of our payments platform, growth in international markets where transactions yield higher payments fees, technology advancements in our Etsy Ads product line that enabled us to utilize more of our sellers' advertising budgets, key investments to expand coverage of our payments platform as well as growth in international markets where transactions yield higher payments fees, the introduction of a new seller onboarding fee, and other initiatives. We believe these activities are indicative of our ability to drive value for our sellers and improve buyer experiences, while also delivering more revenue for Etsy.

### **Restructuring Plan announced late 2023:**

#### **On December 12, 2023 Etsy Marketplace Opportunity**

We believe the e-commerce industry continues to have significant tailwinds in terms of its long-term growth opportunity, and that this overall growth bodes well for Etsy. Global e-commerce revenue in our core markets is estimated to grow by a compounded annual growth rate of 8% through 2028<sup>1</sup>, and we believe Etsy has significant potential to grow within this context. As commerce evolves, more consumers are shopping online and many are seeking unique, personalized alternatives to mass-produced goods. We believe Etsy stands out globally with its creative, handcrafted merchandise.

Our future success depends on effectively showcasing this differentiation—helping buyers understand why and when to choose Etsy, the quality of our listings, and the stories behind our sellers' items. By emphasizing our mission to "Keep Commerce Human," we aim to deepen our connection with global consumers. By focusing on the growth strategies outlined in the Primary Business Drivers section beginning on page 8, our Board goal is to bring more buyers to the marketplace, and drive frequency of Directors approved a restructuring plan designed purchasing and the amount of spend on the Etsy marketplace. Below are several important growth opportunities for the Etsy marketplace.

#### *Capturing more of our total available market*

We estimate that the online market size across all relevant retail categories for the Etsy marketplace within our historical core geographic markets represents an approximately \$550 billion market opportunity, and an approximately \$2 trillion market opportunity when offline sales are included<sup>2</sup>. The "relevant retail categories" included in our estimate of total market size are apparel and footwear, personal accessories, beauty and personal care, home and garden, toys and games, pet care, craft supplies, paper and party, and art and collectibles. We believe that since our 2024 Etsy marketplace GMS represented approximately 2% of that online only portion, we have significant opportunity to gain further e-commerce market share. Since our estimated opportunity is focused on our core geographies and retail categories, additional upside to this opportunity could come from further geographic and/or category expansion for the Etsy marketplace.

#### *Driving purchase frequency*

As outlined above, about half of our active buyer base shops on Etsy one purchase day per year, with the other half purchasing approximately five purchase days per year. Given our broad array of quality listings, we believe Etsy should be able to drive existing and potential buyers to think of us more often for more purchase occasions, driving long-term growth and market share gains.

<sup>1</sup> According to Euromonitor International Ltd; Passport: Retail 2024 edition, accessed January 15th, 2025; retail selling price ("RSP") excluding value added tax ("VAT"), USD year-over-year exchange rates, current terms

<sup>2</sup> Estimate based on the Company's own calculations and assumptions based on data from Euromonitor and other sources, without any representation or warranty from Euromonitor.

5

Connected to our efforts to increase Etsy's operational efficiencies, reduce operating costs, purchase frequency, in 2024, Etsy focused on tapping into opportunities within the Gifting category. Given the special and unique nature of items on Etsy, we see significant opportunity to expand in the Gifting market, which we estimate represents a \$200 billion<sup>3</sup> relevant opportunity, online and offline, in the United States alone, and where we believe the Etsy marketplace has approximately 1%<sup>1,4</sup> of that market. During the year, we launched significant new features and improvements to allow buyers (and their gift recipients) to shop for gifts and experience gifting on Etsy. We believe a focus on gifting can better align Etsy's workforce connect our global buyers to the millions of unique gift items offered by our sellers and cost structure drive more frequent purchasing among buyers.

Another key way we are looking to drive frequency is through investing in our BOE app, which has historically been the channel to generate the highest level of buyer lifetime value ("LTV") on Etsy. In 2024, approximately 42% of Etsy marketplace GMS came from purchases completed on BOE.

#### Continuing to expand beyond our top geographies

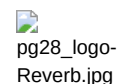
While Etsy nearly doubled the number of active buyers on our marketplace from 2019, we continue to believe that there are millions of additional consumers globally who would be interested in unique and creative goods made by independent sellers. We estimate that approximately 30% of adults who identify as women in the United States and the United Kingdom shopped Etsy at least once in 2024, so there are many more millions of women who did *not* shop on Etsy during that time frame. We estimate our penetration with **current business needs, top strategic priorities**, consumers who identify as men is much lower, with only about 10% of adult men in the United States and **key growth opportunities (collectively)**, United Kingdom having shopped on Etsy at least once in 2024. Furthermore, when looking at the **"Restructuring Plan"**, next 15 largest markets beyond the United States and United Kingdom, our penetration rate of consumers shopping on Etsy is approximately only one fifth as high as it is within the United States and United Kingdom. Etsy added a total of nearly 24 million new buyers in 2024 - which we believe is indicative of the size of the new buyer opportunity over the long term.

#### Continuing to retain and reactivate lapsed buyers

We continue to have a very large pool of over 100 million lapsed buyers to reactivate, and we expect that for the foreseeable future there will continue to be millions of buyers for us to reactivate each year. In fact, we reactivated nearly 29 million lapsed buyers in 2024. We also have a long history of healthy buyer retention and believe this trend can continue. See **Part II, Item 7, "Management's Discussion"** "The Etsy Marketplace: Our Passionate and **Analysis Engaged Community**" on page 12 for additional details.

Lastly, there are many millions of **Financial Condition** visits to the Etsy marketplace each month that do not result in a purchase. We believe that continued improvements in search and **Results** discovery, and other components of **Operations—Overview—Restructuring Plan**, our "Right to Win" strategy, can help us better convert visitors into buyers and infrequent buyers into loyal customers.

## The Reverb Marketplace



Reverb, headquartered in Chicago, is a two-sided marketplace launched in 2013 **on** with a mission to make the **principle that buying** world more musical by making it easy to buy and **selling** sell musical instruments **should be easy**, online. Reverb **connects** enables a thriving circular economy for music gear, connecting the music-making community with millions of used, like-new, and new musical instruments. With nearly 80% of Reverb's GMS coming from the sale of used musical instruments, Reverb helps musicians access a wide variety of music gear that fits within their budgets. In 2024, 56% of Reverb's active sellers were also buyers and this cohort spent 2.5 times more than those who only bought music gear.

Reverb's buyers and sellers **of new, outlet, used**, include musicians, local music stores, and **vintage** the largest music gear from all over the world, uniting music makers with the gear that inspires **them**, brands. As of **December 31, 2023** December 31, 2024, our Reverb marketplace had **845** 785 thousand active buyers and **229** 221 thousand active sellers. **Reverb's** We believe that Reverb is the largest online marketplace dedicated to music gear. 86% of 2024 GMS came from U.S. buyers and 14% came from non-U.S. buyers.

Reverb offers one of the largest databases of historical pricing data for music gear in the world, helping buyers and sellers **range from beginners looking for better understand the value of their first instruments gear**. **Similar** to professional musicians expanding their gear collections, local music stores that use Reverb to do more business online, and the largest music retailers in the world that use Reverb to reach an even larger audience. Based upon third party data and our own estimates, we believe that, since its founding, Reverb has become the third largest seller of musical instruments in the United States. Reverb has a vibrant and engaged community. For example, in 2023, approximately 56% of Reverb's active sellers also bought on Reverb, and those that bought and sold gear spent nearly three times **Etsy**, more than those that bought gear on Reverb but did not sell on Reverb. Nearly 80% of Reverb's GMS is from the sale of used instruments, and, similar to the Etsy marketplace, **approximately 80% of** traffic is unpaid, evidencing the strength of the Reverb **brand**, **brand and its large, passionate community of music makers**. Over 40% of Reverb's GMS comes from its mobile app.

**Reverb's unique characteristics include the depth and breadth of its sellers' inventory, its range of sellers (including retailers, manufacturers, and individual sellers distributed across the globe), one of the largest musical instrument databases with historical pricing data in the world, and a large and passionate community of musicians and music gear lovers. In 2023, Reverb invested in optimizing its conversion rate, delivering a more customized experience, and highlighting affordable used and outlet gear.**

#### High Level Performance Recap:

In **2023** 2024, Reverb's GMS was **flat to 2022**, while \$918 million, down 2.6% from 2023, as macroeconomic factors weighed on consumer discretionary spending. Despite these headwinds, Reverb **similar to Etsy, continued to maintain** performed slightly better than the **vast majority of its 2020 and 2021 GMS gains**, musical instrument industry overall. Given the continued pressure on GMS, Reverb completed an approximately **13%** 18% reduction in force in October 2023 designed September 2024. Reverb's leaner, more agile team is focused on strategic initiatives to **gain operational efficiencies** bring more used music gear into the circular economy and **enable critical growth investments into** make used music gear musicians' first choice. Reverb improved its profitability in 2024, driven by increased paid marketing efficiency, a leaner overall cost structure, improved payment margins, and **beyond**. Revenue increased higher shipping-label adoption.

<sup>3</sup> Based upon Etsy estimates and external sources. Online and offline categories included: clothing, jewelry and accessories, home and living, toys, personal care and beauty, gift cards, books and other media, candy, food, among others.

<sup>4</sup> Estimated based on 2024 active buyers who marked a **year-over-year basis** purchase as a gift, purchased a listing with "gift" in 2023 largely due to higher payments revenue, the title or entered "gift" in a search query during the trailing twelve month period.

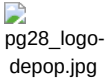
Reverb's 2023 investments included improvements to

In 2024, Reverb provided musicians with more options and better value by introducing the **buyer Reverb Outlet** and **seller experiences, including enhanced search capabilities such as new category filters and attributes to help buyers find** launching a Certified Pre-Owned program with Fender, one of the **perfect piece of gear**, world's leading guitar manufacturers. Reverb also made checkout better highlighted affordable used and like-new gear throughout the marketplace to boost conversion. In 2024, Reverb also optimized its search algorithms to make price comparisons easier, enhanced seller tools, and **faster, focused** drove awareness through video-first integrated marketing campaigns.

#### Reverb Marketplace Opportunity

The total available market opportunity for musical instruments is approximately \$24 billion<sup>5</sup>, with Reverb having a less than 5% market share. We remain optimistic about Reverb's opportunity for future market share gains within its industry, given its broad and deep range of supply, large and loyal community, and value offered on deals and affordability, and introduced additional payment and shipping options. In marketing, Reverb focused on optimizing its performance marketing spend to continue to drive efficiencies, expanded into mid-funnel video advertising, and the marketplace — particularly for used music gear sales, which have continued to invest in content for YouTube and select social channels to drive brand awareness, grow even as overall music gear sales have remained challenged.

The Depop Marketplace



Depop, headquartered in London, is on a mission to **Make "Make" Fashion Circular.**<sup>†</sup> Since its founding in 2011, Depop has been a people-powered fashion marketplace where anyone can buy, sell, explore, and discover incredible secondhand fashion. Depop had approximately **35 million** **43.5 million** registered users, **3.6** **5.1** million active buyers, and **1.8** **2.3** million active sellers at **December 31, 2023**, up from approximately **1.7 million** as of **December 31, 2022** **December 31, 2024**. Commencing with this Annual Report, Depop's active seller count has been adjusted

<sup>†</sup> Household income ("HHI") estimated by utilizing United States Census data of average income by zip code.

[Table of Contents](#)

to exclude certain disqualified sellers, consistent with the Etsy marketplace's active seller definition. For comparative purposes, the 2022 Depop active seller count is also provided using this new methodology. Approximately **56%** **57%** of Depop sellers who made a sale in **2023** **2024** also made at least one purchase in **2023**, **2024**, which we believe shows the strong engagement of Depop's user base. Nearly **95%** **94%** of Depop's GMS is in the apparel category. **64%** of Depop's GMS came from U.S. buyers and **36%** came from non-U.S. buyers.

Depop is a place for anyone to discover and share their style by selling items directly from their closets and buying secondhand garments from others whose style they admire. Depop's circular ecosystem extends the life of millions of garments every year, providing a more sustainable way to enjoy fashion.

**High Level Performance Recap:**

In 2024, Depop's GMS was \$789 million, providing a tailwind to our consolidated GMS results. Depop grew GMS by 31.6% year-over-year, with growth accelerating throughout the year on a sequential basis. We believe that, in the challenging macroeconomic environment, Depop's inventory of low-cost, fashionable, resold merchandise remained highly relevant to the increasingly value-conscious consumer.

This year, Depop evolved its U.K. and U.S. selling fee structure, removing the selling fee on users, and introducing a buyer marketplace fee. We believe this change has made Depop more attractive to sellers, driving a meaningful acceleration in listings in each market, since being launched. We believe that this change should drive more choice and variety for buyers, fueling a dynamic marketplace with greater power to make fashion more circular and less wasteful. Among other factors, Depop's removal of seller fees, in conjunction with product enhancements and a step-up in marketing investments, drove an approximately 61% increase in U.S. buyer GMS, making Depop the fastest-growing U.S. online apparel marketplace.

Etsy believes Depop is a highly relevant and authentic re-commerce brand that is still early in its growth lifecycle and plans to continue to invest accordingly. Depop continues to prioritize improving customer experiences, streamlining the listing process this year with the launch of a new Gen-AI powered tool that improves price guidance, pre-populates listing attributes using image recognition, and simplifies its "Repop" feature for easy relisting of previously purchased items.

**Depop Marketplace Opportunity:**

The global secondhand apparel market (including resale and thrifting) is forecasted to grow approximately three times faster on average than the broader global apparel market through 2028, reaching an estimated **\$350 billion**<sup>6</sup>. We believe the growth opportunity for Depop is meaningful due to its: 1) differentiated position in the fast-growing resale space; 2) passionate and highly engaged community of buyers and sellers that advocate for the brand; 3) strong affinity with the Generation Z ("Gen Z") and Millennial consumer demographics, who are adopting resale shopping faster than other demographics; and 4) significant market share opportunity in the United States (where the resale market is forecasted to grow more than six times faster than the broader retail clothing sector and reach about **\$44 billion** by 2028<sup>6</sup>) and the United Kingdom where Depop has meaningful brand awareness.

**High Level Performance Recap:**

After two years of challenging macroeconomic conditions, Depop's performance significantly improved in 2023. In particular, we believe that Depop's inventory of low-cost, fashionable, resold merchandise was highly relevant to a value conscious consumer. The marketplace returned to healthy year-over-year GMS growth in 2023, and delivered meaningful revenue growth, in part, through take rate expansion. In particular, Depop's focus on expanding share in the very large resale market in the United States bore fruit, with double digit U.S. GMS growth on a year-over-year basis.

Etsy believes Depop is a highly-relevant and authentic re-commerce brand that is still early in its growth lifecycle and plans to continue to invest accordingly. In addition to a better macroeconomic backdrop for its type of goods, we believe that a significant part of Depop's improved performance in 2023 is the result of strategies put in place by Kruti Patel Goyal, Etsy's former Chief Product Officer, who became Depop's Chief Executive Officer in September of 2022. New leadership has focused on building momentum in the business, identifying the fewest, most impactful things to re-accelerate growth and improve operational efficiency in service of the Depop community. Depop has improved the buyer experience by increasing product development velocity by over 70% from 2022 to 2023, strengthening its machine learning capabilities, enhancing search relevance and item recommendations through improved ranking and personalization, scaling performance marketing channels such as product listing ads ("PLA"), and expanding community-driven marketing initiatives. In addition, Depop launched or expanded key GMS and revenue driving initiatives, such as 'Make an Offer,' Depop Payments, 'Buy Now Pay Later,' and Boosted Listings.

<sup>5</sup> Music Trades Global Market for Music Products Report (As of December 31, 2023)

<sup>6</sup> 2024 ThredUp Annual Resale Report

## Primary Business Drivers

We leverage technology to connect people around the world through commerce. Among other things, we invest in our technology infrastructure, product development, marketing, trust and safety, member support, and helping sellers grow, and fostering engaged and impactful teams as we strive to continuously improve our marketplaces for our buyers and sellers, marketplaces. While the discussion below focuses on the each of these primary drivers of the Etsy marketplace, there are similar business drivers at each of present for our subsidiary marketplaces.

### Technology Infrastructure

Our engineering team has built a sophisticated platform that enables millions of sellers and buyers to smoothly transact across borders, languages, and devices. This team writes, deploys, and operates the software and services that enable us to run drive our business, including the both web and mobile products we deploy externally for external and internally, and maintains internal use. They also maintain our cloud environment, and local office networks, and more. Etsy also makes significant investments in areas such as foundational, data, and cybersecurity infrastructure, our payments, platform, cyber security, experimentation, advertising, machine learning and recommendations platforms, internal information technology, data enablement, system architecture, and system architecture, inventory, fulfillment, and search systems.

We collect and analyze large volumes of data to enhance the performance of our platform, personalize search and discovery, improve our search experience, bolster trust and safety capabilities, and test features on our website. We apply a combination of proprietary and non-proprietary machine learning ("ML") AI, Gen AI, and ML algorithms, large language models ("LLM"), and neural networks, as well as human curation, to personalize the search and discovery experiences and enable buyers to more easily browse, filter, and buy that perfect item, even when they may not have something specific in mind. These

For Search, specifically, we leverage: 1) lexical search, engine technologies include: 1) text based, our word based search; which matches results with the literal representation of words and phrases from a query; 2) relational search engines, such as our XWalk, which understand interactions between buyers, listings, and shops; and 3) neural information retrieval, which interprets what a buyer means even if they don't know how to describe the item. In 2023, 2024, we tested new Generative AI enabled features in order re-trained our search algorithms to develop new ways better highlight higher-quality listings, and increase the diversity of merchandise shown, aiming to move reduce the cognitive load for buyers when search functionality from keywords results show too many similar items. We also began to conversations.

Our use focus more engineering resources toward making the BOE app the center of these technologies can also help sellers and buyers connect across the platform, even if they don't speak the same language. We translate listings within our Etsy marketplace, which we believe significantly increases the items available to non-English speaking Etsy buyers and gives Etsy sellers access to a truly global audience, customer experience.

7

## [Table of Contents](#)

We expect to continue to invest investing in innovative ways to harness the power of leverage advanced AI, Gen AI, and ML technologies to improve enhance customer experiences across our platform. For example, we see opportunities across these areas, platform—improving both seller and more:

### buyer experiences while strengthening our infrastructure.

In addition, we maintain an agile technology infrastructure, leveraging our operations in Google Cloud to dynamically flex computing power in sync with traffic. This infrastructure aids operational efficiencies, allowing a greater portion of our engineers to spend time working on GMS driving customer-facing initiatives and less time on infrastructure activities.

In 2023, 2024, we began continued to invest in initiatives to democratize ML across the Etsy platform, with the goal to streamline and automate ML modeling in order to allow more Etsy engineers to deploy these models in significantly less time. During We deployed coding assistant technology to improve the year, we deployed third-party chat bot technologies that we expect will enhance efficiency and effectiveness of our engineering team's ability to write code, as well as improve software engineers along with a Gen AI assistant for workplace productivity, and improved other work streams across our platform.

Our other marketplaces Reverb and Depop also operate their marketplaces in the cloud and make similar technical development investments with Amazon Web Services ("AWS"). In 2023, 2024, both Reverb and Depop leveraged ML capabilities across their platforms continued to improve efficiencies their deployment of ML and enhance their site experiences, tools that allow for more rapid development and experimentation.

### Product Development

Etsy's product development and engineering organization is built around the core belief that we can create connections between our sellers and buyers that are personal and fundamentally different from other platforms where you can shop or sell. We believe we have a novel approach to product development, which we call our Product Development Culture, an evolving set of key principles, mindsets, and habits that guide how our teams work, experiment, and interact as we develop great experiences for our customers and business. Our teams are organized around a collection of initiatives that support a common strategy aligned with our "Right to Win," with cross-functional teams focused on delivering a key engaging customer outcome experiences that we measure by a set of objectives and key results, all meant to solve key customer friction points. Product points and engineering teams work across all areas that matter to our buyers and sellers - the core buyer and seller experience, search and ads, payments, fulfillment, member support, and more. Our approach to solving customer challenges includes customer and market research and analysis, data analysis, A/B and multivariate experimentation, prototyping and testing, quality assurance, and go-to-market strategies, elevate overall Etsy shopping missions.

We continue to advance our "Right to Win" strategy, our playbook designed to ensure Etsy is the first stop for consumers who want to shop their tastes and values, as well as differentiating our value proposition in a competitive environment. With many millions of items listed on Etsy.com, and an average buyer search result yielding over 1,000 listings today, we believe that the application of personalization and curation can help buyers have a less overwhelming and more joyful shopping experience.

As mentioned above, in 2023, we targeted investments Historically, Etsy's product development strategies often focused on building buyer consideration by highlighting quality listings, product launches which are intended primarily to drive in-period conversion and incremental GMS wins, with product development squads often working in silos with short-term performance targets. In 2024, we evolved some of our investment strategies and the way we manage our teams to also identify ways to holistically look at great value, overall customer experiences and to create more integrated product launches that we believe our sellers can deliver could, over time, drive buyer engagement and better overall consideration for Etsy.

In 2024, significant product launches included:

- Expanded diversity of merchandise in a way that is both reliable and dependable, as well as raising 'top of mind' awareness in Etsy's key categories and purchase occasions. For example, we made meaningful progress on elevating the best of Etsy in search results, incorporating high-quality listing indicators into our search results, including our 'Curation at Scale' efforts algorithms;
- The Etsy Search Visibility Page to combine human curation with ML models. Our number of provide sellers more insights into how they appear in search;
- Revamped Etsy homepage, to index more heavily on inspiration; and
- Significant product development launches in 2023 increased by approximately 30% compared improvements to 2022, the "Gifting" shopping experience and expanded marketing for this purchase occasion.

Etsy also shares aspects of its product development culture and strategies with our other marketplaces. In 2023, 2024, Reverb and Depop increased their focus focused on experimentation, search and discovery, and fulfillment, with the aim new ways to improve the customer experience and drive incremental GMS. For example, Reverb delivered its best year ever in terms of GMS growth driven by product wins; launched The Reverb Outlet and Fender's first-ever Certified Pre-Owned program, making it easier for musicians to access budget-friendly used and like-new instruments, and Depop significantly increased streamlined its product development velocity in 2023, delivering selling process, with a number of meaningful product wins. continued focus on experimentation, search and discovery, and pricing.

## Table of Contents



We believe that our approach to investments in marketing are somewhat different from some other players in e-commerce, and we continue to evolve and refine these activities as a core component of our business. We've evolved our marketing strategy to reinforce our core brand promise in the minds of with Etsy buyers and strengthened optimize our capabilities by employing investments through a full-funnel marketing approach, optimizing our investments in each area of the funnel, approach. Our two primary types of marketing investments, performance and brand - where we spent approximately \$451 \$546 million and \$162 \$172 million, respectively on a consolidated basis in 2023 2024 - are discussed below.

### Performance marketing

In 2023, 2024, the percentage of GMS attributed to performance marketing ("paid GMS") for the Etsy marketplace was 20% 21%, meaning that the vast majority of our GMS comes to us organically through awareness of our brand.

### Performance marketing

Our investments in performance marketing, which we define as paid media spend related to the digital acquisition and re-engagement of buyers (for example, Google Product Listing Ads, or "PLAs"), adjusts according to demand and scale based on incremental return. We do not set fixed budgets for our marketing team. Our investment philosophy for performance marketing is to invest until the marginal return on investment ("ROI") on the next dollar spent is below our target minimum ROI. Increases in buyer lifetime value ("LTV"), LTV, driven by visits, conversion rate, incremental revenue, and frequency, shift the return curve higher, enabling us to spend more in marketing. The vast majority of return comes in-period, although some does fall into subsequent quarters. Our performance marketing spend naturally adjusts with demand, which we believe has worked well through changing demand and pricing for third-party marketing channels as it allows us to dynamically lean into more efficient opportunities. We continue to test the effectiveness of our performance marketing and expand into new channels and geographies, geographies, and utilize new tactics.

For example, in 2023 2024, the Etsy marketplace increased investments in paid social marketing — which we added define as paid media spend to promote Etsy content on social media platforms such as Meta, Pinterest, and TikTok — to 22% as a percentage of our performance marketing spend, up from 17% in the Czech Republic, Greece, Hungary, Poland, Portugal, Romania, prior year. This allowed us to expand beyond buyers' specific queries and Slovakia meet them where they are spending their time and finding inspiration for shopping, which aligns with our broader goal of enhancing discovery and inspiration for our buyers. Within our paid social, we have increased the percentage of spend in 'mid funnel' video marketing. We also have a growing affiliate-based creator program, Creator Collective, through which influencers, buyers, and sellers are incentivized to develop Etsy content designed to drive engagement and sales, which also acts as a content engine to fuel our channels' creative strategy. In 2024, we transitioned our paid-search investment, which encompasses our PLA and search engine marketing channels, in-house. We now manage all of Etsy's paid-search campaigns with an internal team of subject-matter experts enabling us to reallocate the countries where we invest in performance marketing, significant external costs of managing these campaigns directly back into the campaigns themselves.

**Offsite Ads.** Offsite Ads is an innovative advertising program for Etsy marketplace sellers, where Etsy pays Etsy's marketing spend funds the upfront costs to promote Etsy sellers' listings on multiple internet platforms and takes a 'success fee' when a sale is made. The program works as follows: when a shopper clicks on an offsite ad featuring a seller's listing and purchases from the seller's shop within 30 days of that click, the seller pays Etsy an additional transaction fee on that sale. We believe our Offsite Ads program is a win-win for Etsy and our sellers since: 1) the seller only pays a transaction fee when a sale is made; and 2) the additional fee expands Etsy's LTV, as outlined above, enabling us to spend deeper for performance marketing to drive more visits to our marketplace. marketplace. In 2023, 2024, revenue from the Offsite Ads program offset approximately 35% 31% of the Etsy marketplace's performance marketing spend.

**Other performance marketing.** Our performance marketing strategy also includes "mid funnel" advertising, such as on social media channels and through corporate marketing partnerships which target specific buyer demographics. We enhanced the Etsy marketplace's social marketing strategy in 2023 to focus on our sellers' merchandise in a specific category or for a specific purchase occasion, leading to improved ROI, a meaningful increase in visits, and increased buyer spending resulting from these channels. For example, we leveraged our new Home and Living category page to target relevant buyers shopping a specific category or purchase occasion in order to re-engage with our existing and lapsed buyers, as well as attract new buyers. We also focused on our influencer program through which influencers, buyers, and sellers are incentivized to develop Etsy content to drive engagement with existing buyers and introduce new buyers to Etsy.

As part of the Etsy marketplace's focus on highlighting 'great value,' we held three site-wide promotional events in 2023 funded by a small allocation of Etsy's marketing dollars, which we continued to test as a way to drive buyer engagement.

Brand marketing

Since 2018, Etsy has leaned more heavily into "upper funnel" brand marketing strategies through TV and digital video to create a flywheel designed to elevate the effectiveness of our other marketing channels. Etsy regularly surveys buyers on 'brand funnel' metrics such as awareness and loyalty, and, in 2022, we refreshed the questions asked in these surveys to better track the results of our investments. United States consumer surveys indicate that, since the fourth quarter of 2018, prompted awareness for the Etsy marketplace is up more than 10%, purchase intent grew well over 100%, and visit intent increased nearly 100%. We are also seeing great movement in our brand funnel metrics in the United Kingdom and Germany. Since the fourth quarter of 2020, our prompted awareness in the United Kingdom is up nearly 15% and purchase intent is up approximately 30%. During the same period in Germany, prompted awareness and purchase intent both increased over 100%.

Early indications also suggest that our 'Etsy Has It' brand campaign, which includes direct messaging and call-to-action in Gifting, Home and Living, and Style, may have contributed to increased brand association for these categories and purchase occasions in 2023. We began testing TV advertising in Austria and Switzerland in the third quarter of 2023, complementing the favorable GMS growth trends in these markets. Given these healthy performance metrics, as well as our validation of performance through multiple third-party methodologies, we anticipate that upper funnel brand marketing strategies will continue to be a growing part of our marketing investment mix over time. We also strive to reinforce our brand image globally through earned media that features Etsy as a trend-setter and global destination for conscious shopping that supports small business.

9

Table of Contents

Select other marketing

Our marketing strategy includes sophisticated Customer Relationship Management ("CRM") tools. In 2024, the Etsy marketplace continued to enhance its sophisticated CRM capabilities that enable us to segment and target our buyers for engagement on and off Etsy. We believe our CRM and mobile app push notifications are efficient tools to drive engagement with our active and lapsed buyers, as well as meaningful drivers of our strong buyer reactivation levels. We also elevated Etsy-funded levels (which are detailed on page 17). In 2024, we introduced several key CRM features including trigger notifications that led to connected landing experiences rather than just individual listings, personalized campaigns powered by ML, and seller funded more.

9

Promotional events. As part of the Etsy marketplace's focus on highlighting great value, and in addition to ongoing work to elevate items our sellers offer with discounts, we held several site-wide promotional events throughout 2023 in 2024 funded by a small allocation of Etsy's marketing dollars.

Brand marketing

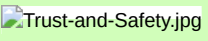
Since 2018, Etsy has leaned more heavily into "upper funnel" brand marketing strategies through TV, digital video, and out-of-home advertisements, such as billboards and public transportation signage, to highlight create a flywheel designed to elevate the effectiveness of our sellers' quality listings at great value, other marketing channels. Given that many buyers' primary reason for not shopping on Etsy is that they only think of us for specific items or needs, using brand advertising as a tap on the shoulder to drive buyers back to Etsy has become an important part of our marketing investments.

Etsy regularly surveys buyers on 'brand funnel' metrics such as awareness and loyalty and Etsy is a top-10 favorite website/app for online shopping in the United States, United Kingdom, and Germany.

In 2024, the Etsy marketplace increased investments in Gifting, which spans multiple categories and represents a strong opportunity to boost brand consideration. Alongside several product launches related to Gifting, Etsy also ran multiple gifting-centric brand marketing campaigns.

Marketing across our House of Brands

Our subsidiaries also enhanced their marketing strategies in 2023, 2024. For example, Reverb continued to drive results through a video-first strategy across paid and organic channels. Depop both shifted delivered its best-ever year in paid GMS, driven by growth in performance marketing channels, ROI improvements, and scaled their paid marketing spend the successful scaling of mid-funnel channels to deliver solid results and a positive ROI. Reverb expanded its 'If it's gear, it's here' campaign that emphasized the breadth of unique inventory and great deals available on Reverb. In addition to Depop's meaningful improvement to paid marketing, it launched its YouTube campaign in the United States and its 'I got it on Depop' marketing campaign in the United Kingdom in 2023, both of which drove improved brand awareness.broaden reach.



The trustworthiness of our marketplaces and the connections among between people in our community are cornerstones of our business. Our policies are designed to encourage transparency among our members by clearly outlining the rights and responsibilities of sellers and buyers participating on our platform.

On Etsy.com the Etsy marketplace we strive to give the Etsy buyer comfort that they are purchasing goods from a shop that adheres to certain standards, which starts with our policies. Fundamentally, In 2024, we require reorganized our legacy permitted items policy into new Creativity Standards, which we believe more clearly convey the types of items that goods are allowed to be listed and sold on the Etsy be handmade (whether marketplace, and better reflect the spirit of our creative inventory. The refreshed policy requires that items fall into one of the following categories: Made by the seller alone a Seller, Designed by a Seller, Handpicked by a Seller, or with the help of Sourced by a production partner), vintage, or craft supplies. seller.

Etsy is an unjuried marketplace, meaning sellers run their own shops, create, sell, and ship their own products, and are responsible for complying with our robust Seller Policy. Items on Etsy do not have barcodes or SKUs, and Etsy does not ever touch or possess the items for sale on the Etsy marketplace. The unique nature of Etsy sellers' product inventory, combined with the constantly evolving nature of policy interpretation, necessitates expert, human involvement in content moderation, which we combine with the power of ML and other cutting-edge technology. Our teams regularly re-evaluate content on [Etsy.com the Etsy marketplace](#) in the context of emerging trends to determine whether such content violates our House Rules or terms of use, including our Prohibited Items policy. [Etsy.com has a zero tolerance approach for items that promote, support, or glorify hate or violence or that perpetuate the spread of harmful misinformation.](#)

Beyond We focus on detecting and removing prohibited content, detection and removal, we have grounded our content moderation program and product roadmap in ensuring that equipping buyers can trust their experience and have with the information they need needed for informed purchases, and helping sellers understand and comply with our policies. To support this, we've simplified our permitted items policies, improved violation notifications, and provided resources to make informed purchase decisions, and that guide sellers can understand what is required of them, including whether their listing is permitted under our policies, through compliance. We remain committed to ensuring that any member can easily alert Etsy about making it easy for anyone to report potential violations of our policies. We have also taken steps to ensure that Etsy sellers are positioned for success by making our policies easy to understand, refining our violation notification process, and providing resources to help sellers when they have compliance questions, policy violations.

As the Etsy marketplace has experienced significant growth since 2019, we We have increased our investments and resources dedicated to trust and safety, safety in line with our marketplace growth. This includes included scaling our teams and investing in new tools and advanced technologies to enable these teams to more effectively and

10

efficiently do their jobs. This included growing For example, we grew our content moderation team, expanding expanded our handmade and counterfeit team teams dedicated to fighting counterfeits and policy violations, of and continued to optimize our Handmade Policy, and creating a dedicated trust and safety ML engineering team.

In 2023, 2024, we meaningfully expanded also introduced a new seller onboarding fee to support enhanced security checks and seller verification and continued to expand proactive listing review reviews and enforcement of our Handmade Policy Creativity Standards to protect the integrity of our marketplace. For example, we removed approximately 140% more listings for violations of our Handmade Policy than in 2022, and estimate we have reduced how often buyers are seeing merchandise that appears to violate our listing guidelines by more than half since the first half of 2023. In order to protect our brand and our sellers' unique items, we plan to expand proactive moderation capabilities while providing sellers with new tools to accurately describe their items and stay policy-adherent.

We publish an annual Transparency Report, which details our policy enforcement for the year on Intellectual Property, Prohibited Items, and Requests for Member Information policies. We have shared this report on our corporate website annually since 2015 and believe that publicly reporting on our enforcement efforts builds trust in our marketplace and community.

Our subsidiaries – Trust & Safety also remained a top priority for Reverb and Depop – also care about running trustworthy marketplaces, and maintain robust community guidelines and prohibited items policies. In 2023, there was significant sharing of best-practices and information on these important items across our "House of Brands." In 2024, For example, Reverb expanded and restructured its trust and safety team continued to enhance its user improve identity verification process; and Depop stepped up investments in a new third-party content moderation tool utilized AI to streamline this process, improving its average issue handling time rapidly identify and enhancing the user experience. remove bad actors. You can read more about our other marketplaces' respective policies and procedures by visiting each of their marketplace websites.

10

## [Table of Contents](#)

### Member Support

As the Etsy marketplace has scaled, so have our investments in member support. As the primary touch point for our vibrant community of buyers and sellers, our Member Services team serves as both the voice of the Etsy brand and an important advocate for our community. When an issue arises, or a user has a question, we want to ensure they get support quickly and easily.

In 2023 2024, we increased buyer and seller enhanced Member Support offerings by making it easier for buyers to access support through enhanced experiences, such as use of self-service support functions prominent links in user profiles, adding conversational AI within the Help Center for both buyers and sellers in the United States and Canada who are on desktops, and making Shop Manager chat expanded use of live chat, enhancing our seller appeals process, and clarifying our Etsy Purchase Protection program, available to all sellers in good standing.

Our subsidiaries also require similar member support activities. For example, Reverb revised expanded its Buyer Protection program with chatbot integrations in 2024, enabling additional self-service solutions and reducing the aim overall time it takes for Reverb to provide an easy and seamless process when an item is not delivered as described; resolve issues for their community; and Depop continued to improve invest in improving Member Support support efficiencies including enhancements to its Dispute Resolution Center, and the overall user experience.

### Helping Sellers Grow

We aim to be the easiest, most effective, and highest-value online selling platform for sellers with the skill and will to thrive. In addition to our Beyond the Offsite Ads program, and paid services which include Etsy Ads our on-site (our onsite advertising platform for sellers, platform), and our shipping labels, product, we provide a wide range of sellers with valuable insights, programs, and educational resources to give Etsy marketplace sellers the support and power they need to manage and grow their businesses. We believe growth. By combining these efforts offerings with access to a global audience, of buyers creates a heightened we aim to strengthen sellers' desire for our sellers to keep transacting with buyers continue building their businesses on Etsy. Below are some examples of our efforts: Other efforts include:

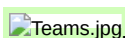
- We continued The Etsy Search Visibility Page, launched in the middle of 2024, is designed to expand our successful Star Seller program, give sellers more agency and control over their businesses. The page provides actionable tips to help sellers improve their search ranking on Etsy, covering key areas associated with quality, such as return policies, response times, and shipping charges. As sellers make changes to their listings, they have the number of sellers with a badge up approximately 13% year-over-year as of December 31, 2023. In 2023, we introduced a Star Seller filter ability to track improvements in our search, which led to increased purchase frequency and buyer spend, as we continue to elevate high quality listings and excellent customer service on Etsy, real time.

- The Etsy Purchase Protection program, designed to help buyers feel more confident making a purchase and allow sellers to keep their earnings on qualifying orders up to \$250 when an item does not match the description, arrives late or damaged, or never arrives, continues to provide support for our sellers when a transaction goes wrong through no fault of their own.
- In 2023, we launched the The Etsy Share & Save program, a way for sellers to save on Etsy fees for sales they directly drive to their Etsy shop from their own channels.
- We began developing initiatives to help our sellers set sustainable pricing strategies, and published a new 'Pricing Guide,' which provides practical tips and guidance on factors to consider in doing so. We started testing our 'Seller Growth Tips' within Shop Manager, providing sellers personalized checklists such as tips for how to stand out in search results, build buyer trust, and other helpful resources.
- We launched a 'Make an Offer' ("MAO") feature to all U.S. sellers and sellers listing items in U.S. dollars, allowing sellers to drive sales through direct price negotiation with their buyers.
- We offer an array of Blog posts, video tutorials, the Etsy Seller Handbook (available on Etsy.com), Etsy.com online forums, and insights from our support teams designed to help sellers grow. In May 2023, we held our second global Etsy Up seller event. This interactive online experience included access to trends, services, and actionable takeaways to help grow our sellers' shops. This virtual event generated a record number of seller registrations and garnered over 1.6 million views across all content as of December 31, 2023.

Our subsidiaries also offer many features and services for their seller communities, including tips and tools for success, community events, and shipping carrier relationships and support. For example, Both Reverb increased visibility of its Great Value badge in the listing process, making it easier for sellers and Depop enhanced seller tools designed to see when their listing is set at competitive prices, and leveraged its seller 'Price Guide' boost sales; Reverb improved pricing data access and offer functionality, while Depop eliminated seller fees for U.K. and U.S. users, streamlined listing creation with AI-powered photo analysis, and upgraded offer negotiation tools. Depop launched a 'Sold Item Index' as part of its listing process that provides sellers tools with real-time information on market prices for similar items.

price information.

11



#### Fostering Engaged and Impactful Teams

Etsy marketplace's People & Workplace mission is to foster engaged and impactful teams. We know that attracting great talent is just the first step; equally important is to invest in programs that support the retention and growth of our employees. To achieve this, we are committed to equal opportunities for employment, engagement, and development for all of our employees.

#### Attracting a World-Class Workforce

Table Etsy's mission to "Keep Commerce Human" requires us to serve a community of buyers and sellers that is extraordinarily diverse. As a result, we have long valued diversity of all types in our workforce — a workforce full of creativity and innovation, where employees think differently from one another and approach challenges in different ways — and believe that increasing the diversity of our workforce will drive business growth. To provide a more comprehensive understanding of the diversity of the Etsy marketplace workforce, in 2024 we expanded our workforce data to include sexual orientation, disability status, veteran status, and parental status. See page Contents 28 for details of our Workforce metrics.

#### Developing and Retaining Engaged Talent

As part of our focus on employee experience, workplace environment and culture, and strategic workforce planning, we are proud to offer best-in-class benefits that help us attract and retain our talent. In addition, in 2024, the Etsy marketplace further embraced hybrid excellence, working to enable a distributed workforce to effectively connect and collaborate, while establishing a policy that optimizes for intentional and impactful in-person collaboration.

We aim to foster a workplace culture that empowers employees to perform at their best, and we believe that cultivating a strong sense of community is essential to achieving that goal. Our Employee Resource Groups ("ERGs") and Safe Space Communities continue to thrive, with over a dozen communities and self-organized groups for employees working for the Etsy marketplace, six at Reverb, and five at Depop (ERG leadership is open to employees of all backgrounds). In 2024, Etsy marketplace also widely offered mentorship programs based on employees' professional development goals, needs, and levels.

As a learning organization, we continue to conduct engagement surveys at least annually across our House of Brands. Over 80% of employees participated in the 2024 survey and reported engagement scores of 65% for Etsy respondents, 66% for Reverb respondents, and 76% for Depop respondents. Given the late 2023 restructurings at Etsy and Reverb, we did see a decline in overall engagement scores at both businesses as compared to the prior year. As a result, the Etsy Executive Team implemented new employee connection initiatives in 2024 that were focused on key topics. These well attended sessions, which will continue in 2025, are providing valuable insights to shape our Internal Communications and People Strategy, ultimately aiming to boost engagement through stronger executive-employee relationships. Additionally, we were pleased to see that our employee value proposition remains strong, with questions like "I am proud to work for Etsy" receiving 80% favorable responses and "I would recommend Etsy as a great place to work" receiving 79% favorable responses.

## The Etsy Marketplace: Our Passionate and Engaged Community

Over the past few years, Etsy's investments in our growth strategy and business drivers, as well as external factors that drove dramatic changes to the way people engage with e-commerce marketplaces in general and with the Etsy marketplace in particular, have led to significant changes in engagement and retention of our seller and buyer communities. This section outlines characteristics of the Etsy marketplace seller and buyer cohorts, which we believe is a useful barometer to track our performance over time.

### Etsy Sellers

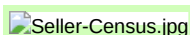
We believe that our 7.0 million 5.6 million active sellers - defined as sellers who have had a charge or sale in the last 12 months - are the backbone of Etsy's business and that what matters most to them is our community of approximately 92.0 million 89.6 million buyers. We serve creative artisans and entrepreneurs around the world who choose to pursue their passions, offering them excellent value compared with other channels they may have by enabling them to sell their products, reach our large base of global customers, and a cohesive suite of powerful tools and services to help them run their business and drive sales. Etsy sellers range from hobbyists to professional merchants and have a broad range of personal and professional goals.

In 2023, 2024, our number of active sellers those who sold an item or incurred a bill charge in the last 12 months, grew 29% compared to 2022 declined, as we strengthened our new shop onboarding process and 176% compared to 2019, further expanded our trust and safety enforcement, which, we believe, evidences significantly slowed the on-boarding of new sellers to Etsy. The percentage of sellers who made a sale on Etsy grew in 2024, which we believe is directly attributable to these new initiatives.

12

## About Etsy Sellers

Etsy is an on-ramp to entrepreneurship and economic empowerment for many people who might not have otherwise started a business. Here are some highlights from our November 2024 seller census: Approximately half of our sellers sell exclusively on Etsy, and of those that don't, about a third get the majority of their sales on our marketplace.



### Seller's creative businesses help build resilience for sellers and their families.

- For 29%, their creative business (on and off Etsy) is their sole occupation.
- Their creative business provides an important source of supplemental income contributing 11% of household income, on average.
- 42% have financial dependents and 23% have children under 18 at home.
- 38% use income from their creative business to cover household expenses like bills, rent, and food.

### Etsy continues businesses support local communities and the broader economy.

- The vast majority (90%) source supplies domestically.
- 28% of sellers export their goods outside their home country.

### Creative entrepreneurs continue turning to be a great place Etsy for creative entrepreneurs financial stability.

- 64% of all sellers cite financial challenges as prompting them to start their creative businesses with the rising cost of living or inflation cited as the main contributor.
- 1 in 5 sellers say their business has helped them offset the rising cost of living, and 1 in 4 sellers in business for more than a business year say their Etsy income is more important now than a year ago.

### Seller Census: Etsy publishes further information about our sellers gleaned from a third-party survey. You can find results from help us understand broader economic trends.

- They are emblematic of the most recent survey on page 13 changing nature of work: half work independently<sup>2</sup>, and only 34% have full-time employment.

<sup>1</sup>Global Methodology: Etsy sellers with an active shop in all of our 2022 Annual Report core markets (United States, United Kingdom, Germany, France, Canada and Australia) were randomly selected to take part in a 25 minute online survey between October 1, 2024 and October 16, 2024. The survey and data analysis of the results were conducted by Ipsos, a leading Research and Public Opinion firm, in partnership with Etsy. The total global sample size was 2,402 sellers. Results were weighted to represent Etsy's global footprint and seller population parameters. The margin of error for the global survey is +/- 3.1%, but may vary per question.

<sup>2</sup>We currently plan use "work independently" to update this census biennially, mean those who do not work in traditional full-time employment, and includes people who selected: 'self-employed,' 'employed part time,' or 'temporary or contract employee' as their main working status, as well as those for whom their creative business is their sole occupation.

13

### Here are some of the needs and challenges they cite:

- On average they spend 52% of their business time making/designing and the rest on other administrative tasks.
- Major challenges are marketing their businesses (53%) and dealing with inconsistent sales (54%).
- 37% of Etsy sellers reported that their business faced challenges as a result of inflation and the rising cost of living: most of those sellers saw increases in material and supply costs, and 2 in 5 saw a rise in the cost of utilities.

### They seek success on their own terms.

- 77% want to grow their businesses, but 53% of sellers do not want to grow so big that they would have to hire others.

- Nearly 7 in 10 started their creative business in order to earn money while doing something they enjoy.

They care about running responsible businesses.

- Approximately 6 in 10 say it is extremely or very important to run a socially responsible (61%) and environmentally friendly (55%) business.
- Nearly half of sellers surveyed report that they use packaging that can be recycled.

KEY DEMOGRAPHICS OF ETSY SELLERS IN THE UNITED STATES AND UNITED KINGDOM (our top two markets)

DEMOGRAPHICS	UNITED STATES	UNITED KINGDOM
Gender (% identify as women)	83 %	76 %
Mean Age (years)	42.6	42.7
Education (% college or more)	52 %	64 %
Rural	26 %	28 %
LGBTQIA+ <sup>3</sup>	13 %	10 %
Sellers who self-identified as two or more of the below categories have been included in both totals. For both U.S. and U.K., the totals do not sum to 100% because some sellers declined to respond.		
White	78 %	81 %
Hispanic or Latinx	14 %	n/a
Asian or Pacific Islander (U.S.) - Asian / Asian British (U.K.)	6 %	4 %
Black or African American (U.S.) - Black / African / Caribbean / Black British (U.K.)	9 %	6 %
Native American	3 %	n/a
Mixed / multiple ethnic groups	n/a	5 %
Other race/ethnicity	4 %	1 %

<sup>3</sup> This includes all those who selected: Gay, Lesbian, Bisexual or Asexual as well as those who chose to enter their own text to describe themselves. All respondents also had the option to select Straight/Heterosexual or decline to answer.

Etsy New Seller GMS Retention

NEW SELLER New Seller Cohort GMS RETENTION Retention (%)

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NEW SELLER New Seller Cohort GMS RETENTION Retention (\$)

	Year 1	Year 2	Year 3	Year 4
2017 New Sellers	\$481M	\$639M	\$832M	\$1.2B
2018 New Sellers	\$553M	\$872M	\$1.4B	\$1.2B
2019 New Sellers	\$832M	\$1.5B	\$1.4B	\$1.1B
2020 New Sellers	\$2.9B	\$2.6B	\$2.0B	\$1.7B
2021 New Sellers	\$1.9B	\$1.8B	\$1.5B	
2022 New Sellers	\$1.5B	\$1.6B		
2023 New Sellers	\$1.4B			

<sup>†</sup> Note Etsy new seller GMS retention in “Year 1” in the above table represents 100%.

The above tables show two different views of the same data. Each new seller cohort includes the aggregate GMS from all sellers that created and were billed for their first listing on [Etsy.com](#) the [Etsy marketplace](#) in the designated year - the table on the left shows retention as a percentage of “Year 1” GMS and the one on the right shows retention in dollars. The GMS for each seller is calculated from the date of their first listing fee such that “Year 1” represents the GMS received by all sellers in the cohort within 365 days of their first listing fee. As a result, we do not yet have a full “Year 2” data set for the [2022](#) [2023](#) new seller cohort, as sellers who incurred their first listing fee later in [2022](#) [2023](#) have not yet had two years to age. [These tables show that all seller cohorts initially infected positively in terms of GMS value sold on the Etsy marketplace during the pandemic, and that seller cohorts are retaining a significant amount of the gains achieved.](#)

Table of Contents

Etsy Buyers Marketplace Opportunity

DuringWe believe the pandemic years, e-commerce industry continues to have significant tailwinds in terms of its long-term growth opportunity, and that this overall growth bodes well for Etsy. Global e-commerce revenue in our core markets is estimated to grow by a compounded annual growth rate of 8% through 2028<sup>1</sup>, and we believe Etsy "pulled forward" a has significant potential to grow within this context. As commerce evolves, more consumers are shopping online and many are seeking unique, personalized alternatives to mass-produced goods. We believe Etsy stands out globally with its creative, handcrafted merchandise.

Our future success depends on effectively showcasing this differentiation—helping buyers understand why and when to choose Etsy, the quality of our listings, and the stories behind our sellers' items. By emphasizing our mission to "Keep Commerce Human," we aim to deepen our connection with global consumers. By focusing on the growth strategies outlined in the Primary Business Drivers section beginning on page 8, our goal is to bring more buyers to the marketplace, and drive frequency of purchasing and the amount of new spend on the Etsy marketplace. Below are several important growth opportunities for the Etsy marketplace.

Capturing more of our total available market

We estimate that the online market size across all relevant retail categories for the Etsy marketplace within our historical core geographic markets represents an approximately \$550 billion market opportunity, and an approximately \$2 trillion market opportunity when offline sales are included<sup>2</sup>. The "relevant retail categories" included in our estimate of total market size are apparel and footwear, personal accessories, beauty and personal care, home and garden, toys and games, pet care, craft supplies, paper and party, and art and collectibles. We believe that since our 2024 Etsy marketplace GMS represented approximately 2% of that online only portion, we have significant opportunity to gain further e-commerce market share. Since our estimated opportunity is focused on our core geographies and retail categories, additional upside to this opportunity could come from further geographic and/or category expansion for the Etsy marketplace.

Driving purchase frequency

As outlined above, about half of our active buyer acquisition in a way that base shops on Etsy one purchase day per year, with the other half purchasing approximately five purchase days per year. Given our broad array of quality listings, we believe would have, under normal course, taken Etsy should be able to drive existing and potential buyers to think of us many more years often for more purchase occasions, driving long-term growth and market share gains.

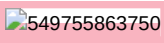
<sup>1</sup> According to acquire. We believe Euromonitor International Ltd; Passport: Retail 2024 edition, accessed January 15th, 2025; retail selling price ("RSP") excluding value added tax ("VAT"), USD year-over-year exchange rates, current terms  
<sup>2</sup> Estimate based on the Company's own calculations and assumptions based on data from Euromonitor and other sources, without any representation or warranty from Euromonitor.

Connected to our efforts to engage increase purchase frequency, in 2024, Etsy focused on tapping into opportunities within the Gifting category. Given the special and unique nature of items on Etsy, we see significant opportunity to expand in the Gifting market, which we estimate represents a \$200 billion<sup>3</sup> relevant opportunity, online and offline, in the United States alone, and where we believe the Etsy marketplace has approximately 1%<sup>1,4</sup> of that market. During the year, we launched significant new lapsed, features and existing improvements to allow buyers as well as (and their gift recipients) to shop for gifts and experience gifting on Etsy. We believe a focus on gifting can better connect our global buyers to the millions of unique gift items offered by our sellers and drive more frequent purchasing among buyers.

Another key way we are looking to drive frequency have helped support the health of our buyer cohorts overall despite stiff reopening headwinds and challenging macroeconomic conditions. The performance we have seen is through investing in our BOE app, which has historically been the channel to generate the highest level of buyer cohorts is encouraging as trends remain healthy relative lifetime value ("LTV") on Etsy. In 2024, approximately 42% of Etsy marketplace GMS came from purchases completed on BOE.

Continuing to pre-pandemic levels despite some degradation seen from pandemic period metrics, expand beyond our top geographies

Active Buyers



TheWhile Etsy nearly doubled the number of active buyers on our marketplace from 2019, we continue to believe that there are millions of additional consumers globally who would be interested in unique and creative goods made by independent sellers. We estimate that approximately 30% of adults who identify as women in the United States and the United Kingdom shopped Etsy at least once in 2024, so there are many more millions of women who did not shop on Etsy during that time frame. We estimate our penetration with consumers who identify as men is much lower, with only about 10% of adult men in the United States and United Kingdom having shopped on Etsy at least once in 2024. Furthermore, when looking at the next 15 largest markets beyond the United States and United Kingdom, our penetration rate of consumers shopping on Etsy is approximately only one fifth as high as it is within the United States and United Kingdom. Etsy added a total of nearly 24 million new buyers in 2024 - which we believe is indicative of the size of the new buyer opportunity over the long term.

#### Continuing to retain and reactivate lapsed buyers

We continue to have a very large pool of over 100 million lapsed buyers to reactivate, and we expect that for the foreseeable future there will continue to be millions of buyers for us to reactivate each year. In fact, we reactivated nearly 29 million lapsed buyers in 2024. We also have a long history of healthy buyer retention and believe this trend can continue. See "The Etsy Marketplace: Our Passionate and Engaged Community" on page 12 for additional details.

Lastly, there are many millions of visits to the Etsy marketplace each month that do not result in a purchase. We believe that continued improvements in search and discovery, and other components of our "Right to Win" strategy, can help us better convert visitors into buyers and infrequent buyers into loyal customers.

#### The Reverb Marketplace

pg28\_lo  
Reverb.j

Reverb, headquartered in Chicago, is a two-sided marketplace launched in 2013 with a mission to make the world more musical by making it easy to buy and sell musical instruments online. Reverb enables a thriving circular economy for music gear, connecting the music-making community with millions of used, like-new, and new musical instruments. With nearly 80% of Reverb's GMS coming from the sale of used musical instruments, Reverb helps musicians access a wide variety of music gear that fits within their budgets. In 2024, 56% of Reverb's active sellers were also buyers and this cohort spent 2.5 times more than those who only bought music gear.

Reverb's buyers and sellers include musicians, local music stores, and the largest music gear brands. As of December 31, 2024, our Reverb marketplace had 785 thousand active buyers and 221 thousand active sellers. We believe that Reverb is the largest online marketplace dedicated to music gear. 86% of 2024 GMS came from U.S. buyers and 14% came from non-U.S. buyers.

Reverb offers one of the largest databases of historical pricing data for music gear in the world, helping buyers and sellers better understand the value of their gear. Similar to Etsy, more than 80% of Reverb's traffic is unpaid, evidencing the strength of the Reverb brand and its large, passionate community of music makers. Over 40% of Reverb's GMS comes from its mobile app.

#### High Level Performance Recap:

In 2024, Reverb's GMS was \$918 million, down 2.6% from 2023, as macroeconomic factors weighed on consumer discretionary spending. Despite these headwinds, Reverb performed slightly better than the musical instrument industry overall. Given the continued pressure on GMS, Reverb completed an approximately 18% reduction in force in September 2024. Reverb's leaner, more agile team is focused on strategic initiatives to bring more used music gear into the circular economy and make used music gear musicians' first choice. Reverb improved its profitability in 2024, driven by increased paid marketing efficiency, a leaner overall cost structure, improved payment margins, and higher shipping-label adoption.

<sup>3</sup> Based upon Etsy estimates and external sources. Online and offline categories included: clothing, jewelry and accessories, home and living, toys, personal care and beauty, gift cards, books and other media, candy, food, among others.

<sup>4</sup> Estimated based on 2024 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.

6

In 2024, Reverb provided musicians with more options and better value by introducing the Reverb Outlet and launching a Certified Pre-Owned program with Fender, one of the world's leading guitar manufacturers. Reverb also better highlighted affordable used and like-new gear throughout the marketplace to boost conversion. In 2024, Reverb also optimized its search algorithms to make price comparisons easier, enhanced seller tools, and drove awareness through video-first integrated marketing campaigns.

#### Reverb Marketplace Opportunity

The total available market opportunity for musical instruments is approximately \$24 billions, with Reverb having a less than 5% market share. We remain optimistic about Reverb's opportunity for future market share gains within its industry, given its broad and deep range of supply, large and loyal community, and value offered on the marketplace — particularly for used music gear sales, which have continued to grow even as overall music gear sales have remained challenged.

## The Depop Marketplace



Depop, headquartered in London, is on a mission to "Make Fashion Circular." Since its founding in 2011, Depop has been a people-powered fashion marketplace where anyone can buy, sell, explore, and discover incredible secondhand fashion. Depop had approximately 43.5 million registered users, 5.1 million active buyers, and 2.3 million active sellers at December 31, 2024. Approximately 57% of Depop sellers who made a sale in 2024 also made at least one purchase in 2024, which we believe shows the strong engagement of Depop's user base. Nearly 94% of Depop's GMS is in the apparel category. 64% of Depop's GMS came from U.S. buyers and 36% came from non-U.S. buyers.

Depop is a place for anyone to discover and share their style by selling items directly from their closets and buying secondhand garments from others whose style they admire. Depop's circular ecosystem extends the life of millions of garments every year, providing a more sustainable way to enjoy fashion.

### High Level Performance Recap:

In 2024, Depop's GMS was \$789 million, providing a tailwind to our consolidated GMS results. Depop grew GMS by 31.6% year-over-year, with growth accelerating throughout the year on a sequential basis. We believe that, in the challenging macroeconomic environment, Depop's inventory of low-cost, fashionable, resold merchandise remained highly relevant to the increasingly value-conscious consumer.

This year, Depop evolved its U.K. and U.S. selling fee structure, removing the selling fee on users, and introducing a buyer marketplace fee. We believe this change has made Depop more attractive to sellers, driving a meaningful acceleration in listings in each market, since being launched. We believe that this change should drive more choice and variety for buyers, fueling a dynamic marketplace with greater power to make fashion more circular and less wasteful. Among other factors, Depop's removal of seller fees, in conjunction with product enhancements and a step-up in marketing investments, drove an approximately 61% increase in U.S. buyer GMS, making Depop the fastest-growing U.S. online apparel marketplace.

Etsy believes Depop is a highly relevant and authentic re-commerce brand that is still early in its growth lifecycle and plans to continue to invest accordingly. Depop continues to prioritize improving customer experiences, streamlining the listing process this year with the launch of a new Gen-AI powered tool that improves price guidance, pre-populates listing attributes using image recognition, and simplifies its "Repop" feature for easy relisting of previously purchased items.

### Depop Marketplace Opportunity:

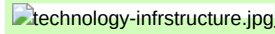
The global secondhand apparel market (including resale and thrifting) is forecasted to grow approximately three times faster on average than the broader global apparel market through 2028, reaching an estimated \$350 billions. We believe the growth opportunity for Depop is meaningful due to its: 1) differentiated position in the fast-growing resale space; 2) passionate and highly engaged community of buyers and sellers that advocate for the brand; 3) strong affinity with the Generation Z ("Gen Z") and Millennial consumer demographics, who are adopting resale shopping faster than other demographics; and 4) significant market share opportunity in the United States (where the resale market is forecasted to grow more than six times faster than the broader retail clothing sector and reach about \$44 billion by 2028<sup>5</sup>) and the United Kingdom where Depop has meaningful brand awareness.

<sup>5</sup> Music Trades Global Market for Music Products Report (As of December 31, 2023)

<sup>6</sup> 2024 ThredUp Annual Resale Report

## Primary Business Drivers

We leverage technology to connect people around the world through commerce. Among other things, we invest in our technology infrastructure, product development, marketing, trust and safety, member support, helping sellers grow, and fostering engaged and impactful teams as we strive to continuously improve our marketplaces. While the discussion below focuses on each of these primary drivers of the Etsy marketplace, there are similar business drivers present for our subsidiary marketplaces.



### Technology Infrastructure

Our engineering team has built a sophisticated platform that enables millions of sellers and buyers to smoothly transact across borders, languages, and devices. This team writes, deploys, and operates the software and services that drive our business, including both web and mobile products for external and internal use. They also maintain our cloud environment, local office networks, and more. Etsy makes significant investments in areas such as foundational, data, and cybersecurity infrastructure, our payments, experimentation, advertising, machine learning and recommendations platforms, internal information technology, system architecture, and inventory, fulfillment, and search systems.

We collect and analyze large volumes of data to enhance the performance of our platform, personalize search and discovery, improve our search experience, bolster trust and safety capabilities, and test features on our website. We apply a combination of proprietary and non-proprietary AI, Gen AI, and ML algorithms, as well as human curation, to personalize the search and discovery experiences and enable buyers to more easily browse, filter, and buy that perfect item, even when they may not have something specific in mind.

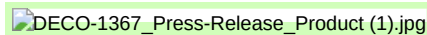
For Search, specifically, we leverage: 1) lexical search, which matches results with the literal representation of words and phrases from a query; 2) relational search engines, which understand interactions between buyers, listings, and shops; and 3) neural information retrieval, which interprets what a buyer means even if they don't know how to describe the item. In 2024, we re-trained our search algorithms to better highlight higher-quality listings, and increase the diversity of merchandise shown, aiming to reduce the cognitive load for buyers when search results show too many similar items. We also began to focus more engineering resources toward making the BOE app the center of our customer experience.

We expect to continue investing in innovative ways to leverage advanced AI, Gen AI, and ML technologies to enhance customer experiences across our platform—improving both seller and buyer experiences while strengthening our infrastructure.

In addition, we maintain an agile technology infrastructure, leveraging our operations in Google Cloud to dynamically flex computing power in sync with traffic. This infrastructure aids operational efficiencies, allowing a greater portion of our engineers to spend time working on customer-facing initiatives and less time on infrastructure activities.

In 2024, we continued to invest in initiatives to democratize ML across the Etsy platform, with the goal to streamline and automate ML modeling in order to allow more Etsy engineers to deploy these models in significantly less time. We deployed coding assistant technology to improve the efficiency and effectiveness of our software engineers along with a Gen AI assistant for workplace productivity, and improved other work streams across our platform.

Our other marketplaces Reverb and Depop also operate their marketplaces in the cloud and make similar technical development investments with Amazon Web Services ("AWS"). In 2024, both Reverb and Depop continued to improve their deployment of ML and tools that allow for more rapid development and experimentation.



### Product Development

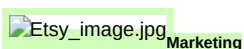
Etsy's product development and engineering organization is built around the core belief that we can create connections between our sellers and buyers that are personal and fundamentally different from other platforms where you can shop or sell. Our teams are organized around a collection of initiatives that support a common strategy aligned with our "Right to Win," with cross-functional teams focused on delivering engaging customer experiences that we measure by a set of objectives and key results, all meant to solve key customer friction points and elevate overall Etsy shopping missions.

Historically, Etsy's product development strategies often focused on product launches which are intended primarily to drive in-period conversion and incremental GMS wins, with product development squads often working in silos with short-term performance targets. In 2024, we evolved some of our investment strategies and the way we manage our teams to also identify ways to holistically look at overall customer experiences and to create more integrated product launches that we believe could, over time, drive buyer engagement and better overall consideration for Etsy.

In 2024, significant product launches included:

- Expanded diversity of merchandise in search results, incorporating high-quality listing indicators into our search algorithms;
- The Etsy Search Visibility Page to provide sellers more insights into how they appear in search;
- Revamped Etsy homepage, to index more heavily on inspiration; and
- Significant product improvements to the "Gifting" shopping experience and expanded marketing for this purchase occasion.

Etsy also shares aspects of its product development culture and strategies with our other marketplaces. In 2024, Reverb and Depop focused on new ways to improve the customer experience and drive incremental GMS. For example, Reverb launched The Reverb Outlet and Fender's first-ever Certified Pre-Owned program, making it easier for musicians to access budget-friendly used and like-new instruments, and Depop streamlined its selling process, with a continued focus on experimentation, search and discovery, and pricing.



We continue to refine our marketing strategy to reinforce our brand promise with Etsy buyers and optimize our investments through a full-funnel approach. Our two primary types of marketing investments, performance and brand - where we spent approximately \$546 million and \$172 million, respectively on a consolidated basis in 2024 - are discussed below.

#### Performance marketing

In 2024, the percentage of GMS attributed to performance marketing ("paid GMS") for the Etsy marketplace was 21%, meaning that the vast majority of our GMS comes to us organically through awareness of our brand. Our investments in performance marketing, which we define as paid media spend related to the digital acquisition and re-engagement of buyers (for example, Google Product Listing Ads, or "PLAs"), adjusts according to demand and scale based on incremental return. We do not set fixed budgets for our marketing team. Our investment philosophy for performance marketing is to invest until the marginal return on investment ("ROI") on the next dollar spent is below our target minimum ROI. Increases in buyer LTV, driven by visits, conversion rate, incremental revenue, and frequency, shift the return curve higher, enabling us to spend more in marketing. The vast majority of return comes in-period, although some does fall into subsequent quarters. We continue to test the effectiveness of our performance marketing and expand into new channels and geographies, and utilize new tactics.

For example, in 2024, the Etsy marketplace increased 3% investments in 2023 compared paid social marketing — which we define as paid media spend to promote Etsy content on social media platforms such as Meta, Pinterest, and TikTok — to 22% as a percentage of our performance marketing spend, up from 17% in the prior year. This allowed us to expand beyond buyers' specific queries and meet them where they are spending their time and finding inspiration for shopping, which aligns with 2022, setting our broader goal of enhancing discovery and inspiration for our buyers. Within our paid social, we have increased the percentage of spend in 'mid funnel' video marketing. We also have a new all-time high growing affiliate-based creator program, Creator Collective, through which influencers, buyers, and sellers are incentivized to develop Etsy content designed to drive engagement and sales, which also acts as a content engine to fuel our channels' creative strategy. In 2024, we transitioned our paid-search investment, which encompasses our PLA and search engine marketing channels, in-house. We now manage all of 92 million. Our retention Etsy's paid-search campaigns with an internal team of active buyers in 2023 improved subject-matter experts enabling us to reallocate the significant external costs of managing these campaigns directly back into the campaigns themselves.

**Offsite Ads.** Offsite Ads is an innovative advertising program for Etsy marketplace sellers, where Etsy's marketing spend funds the upfront costs to promote Etsy sellers' listings on multiple internet platforms and takes a 'success fee' when a sale is made. The program works as follows: when a shopper clicks on an offsite ad featuring a seller's listing and purchases from the seller, the seller collects the sale within 30 days of that click; the seller pays Etsy

purchases from the prior year seller's shop within 30 days of that click, the seller pays Etsy an additional transaction fee on that sale. We believe our Offsite Ads program is a win-win for Etsy and remained our sellers since: 1) the seller only pays a transaction fee when a sale is made; and 2) the additional fee expands Etsy's LTV, as outlined above, pre-pandemic levels. Our number enabling us to spend deeper for performance marketing to drive more visits to our marketplace. In 2024, revenue from the Offsite Ads program offset approximately 31% of the Etsy marketplace's performance marketing spend.

**Customer Relationship Management ("CRM").** In 2024, the Etsy marketplace continued to enhance its sophisticated CRM capabilities that enable us to segment and target our buyers for engagement on and off Etsy. We believe our CRM and mobile app push notifications are efficient tools to drive engagement with our active buyers - those buyers who have made a purchase within the trailing twelve months - increased over 100% from 2019, as shown in the chart to the left. This strength was largely driven by strong growth in reactivation of and lapsed buyers, high new buyer acquisition levels, as well as healthy retention meaningful drivers of active buyers.

our strong buyer reactivation levels (which are detailed on page 17). In 2024, we introduced several key CRM features including trigger notifications that led to connected landing experiences rather than just individual listings, personalized campaigns powered by ML, and more.

GMS Per Active Buyer

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**GMS per Active Buyer: Promotional events.** We believe thatAs part of the Etsy marketplace's focus on highlighting great value, and in addition to ongoing work to elevate items our sellers offer with discounts, we held several site-wide promotional events in 2024 funded by a useful way small allocation of Etsy's marketing dollars.

#### Brand marketing

Since 2018, Etsy has leaned more heavily into "upper funnel" brand marketing strategies through TV, digital video, and out-of-home advertisements, such as billboards and public transportation signage, to track create a flywheel designed to elevate the success effectiveness of our efforts other marketing channels. Given that many buyers' primary reason for not shopping on Etsy is that they only think of us for specific items or needs, using brand advertising as a tap on the shoulder to drive buyer retention, frequency, buyers back to Etsy has become an important part of our marketing investments.

Etsy regularly surveys buyers on 'brand funnel' metrics such as awareness and purchases loyalty and Etsy is to look at GMS per active buyer on a trailing twelve-month basis. After increasing rapidly during the pandemic years, our GMS per active buyer softened during the reopening and more recently as we saw pressures on consumer discretionary spending. Yet, GMS per buyer remains 22% higher than 2019, as shown in the chart. GMS per buyer declined 4% from 2022 to 2023 due to: 1) a greater mix of non-U.S. buyers, who generally have a lower GMS per active buyer than buyers in our more mature United States market; 2) a greater mix of reactivated buyers top-10 favorite website/app for online shopping in the United States, who generally spend less than our more mature existing buyers but more than new buyers; United Kingdom, and 3) Germany.

In 2024, the Etsy marketplace's significant exposure marketplace increased investments in Gifting, which spans multiple categories and represents a strong opportunity to categories that were under pressure, such as Home boost brand consideration. Alongside several product launches related to Gifting, Etsy also ran multiple gifting-centric brand marketing campaigns.

#### Marketing across our House of Brands

Our subsidiaries also enhanced their marketing strategies in 2024. For example, Reverb continued to drive results through a video-first strategy across paid and Living organic channels. Depop delivered its best-ever year in paid GMS, driven by growth in performance marketing channels, ROI improvements, and Craft Supplies (which made up over 40% the successful scaling of mid-funnel channels to broaden reach.

trust-safety.jpg Trust & Safety

Trust-and-Safety.jpg

The trustworthiness of our 2023 GMS, marketplaces and the connections between people in our community are cornerstones of our business. Our policies are designed to encourage transparency among our members by clearly outlining the rights and responsibilities of sellers and buyers participating on our platform.

On the Etsy marketplace we strive to give the Etsy buyer comfort that they are purchasing goods from a shop that adheres to certain standards, which starts with our policies. In 2024, we reorganized our legacy permitted items policy into new Creativity Standards, which we believe more clearly convey the types of items that are allowed to be listed and sold on the Etsy marketplace, and better reflect the spirit of our creative inventory. The refreshed policy requires that items fall into one of the following categories: Made by a Seller, Designed by a Seller, Handpicked by a Seller, or Sourced by a seller.

Etsy is an unjuried marketplace, meaning sellers run their own shops, create, sell, and ship their own products, and are responsible for complying with our robust Seller Policy. Items on Etsy do not have barcodes or SKUs, and Etsy does not ever touch or possess the items for sale on the Etsy marketplace. The unique nature of Etsy sellers' product inventory, combined with the constantly evolving nature of policy interpretation, necessitates expert, human involvement in content moderation, which we combine with the power of ML and other cutting-edge technology. Our teams regularly re-evaluate content on the Etsy marketplace in the context of emerging trends to determine whether such content violates our House Rules or terms of use, including our Prohibited Items policy. We are encouraged focus on detecting and removing prohibited content, equipping buyers with the information needed for informed purchases, and helping sellers understand and comply with our policies. To support this, we've simplified our permitted items policies, improved violation notifications, and provided resources to see GMS per active buyer stabilize throughout 2023 guide sellers through compliance. We remain committed to making it easy for anyone to report potential policy violations.

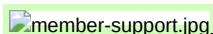
We have increased our investments and resources dedicated to trust and safety in line with our marketplace growth. This included scaling our teams and investing in new tools and advanced technologies to enable these teams to more effectively and

10

efficiently do their jobs. For example, we grew our content moderation team, expanded our teams dedicated to fighting counterfeits and policy violations, and continued to optimize our dedicated trust and safety ML engineering team. In 2024, we also introduced a new seller onboarding fee to support enhanced security checks and seller verification and continued to expand proactive listing reviews and enforcement of our Creativity Standards to protect the integrity of our marketplace.

We publish an annual Transparency Report, which details our policy enforcement for the year on Intellectual Property, Prohibited Items, and Requests for Member Information policies. We have shared this report on our corporate website annually since 2015 and believe that publicly reporting on our enforcement efforts builds trust in our marketplace and community.

Trust & Safety also remained a top priority for Reverb and Depop in 2024. For example, Reverb continued to improve identity verification and Depop utilized AI to rapidly identify and remove bad actors. You can read more about our other marketplaces' respective policies and procedures by visiting each of their marketplace websites.

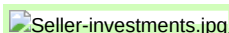


#### Member Support

As the Etsy marketplace has scaled, so have our investments in member support. As the primary touch point for our vibrant community of buyers and sellers, our Member Services team serves as both the voice of the Etsy brand and an important advocate for our community. When an issue arises, or a user has a question, we want to ensure they get support quickly and easily.

In 2024, we enhanced Member Support offerings by making it easier for buyers to access support through prominent links in user profiles, adding conversational AI within the Help Center for both buyers and sellers in the United States and Canada who are on desktops, and making Shop Manager chat available to all sellers in good standing.

Our subsidiaries also require similar member support activities. For example, Reverb expanded its chatbot integrations in 2024, enabling additional self-service solutions and reducing the overall time it takes for Reverb to resolve issues for their community; and Depop continued to invest in improving Member support efficiencies and the overall user experience.



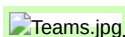
#### Helping Sellers Grow

We aim to be the easiest, most effective, and highest-value online selling platform for sellers with the skill and will to thrive. Beyond the Offsite Ads program, Etsy Ads (our onsite advertising platform), and shipping labels, we provide sellers with valuable insights, programs, and educational resources to support their growth. By combining these offerings with access to a global audience, we aim to strengthen sellers' desire to continue building their businesses on Etsy. Other efforts include:

- The Etsy Search Visibility Page, launched in the middle of 2024, is designed to give sellers more agency and control over their businesses. The page provides actionable tips to help sellers improve their search ranking on Etsy, covering key areas associated with quality, such as return policies, response times, and shipping charges. As sellers make changes to their listings, they have the ability to track improvements in real time.
- The Etsy Purchase Protection program, designed to help buyers feel more confident making a purchase and allow sellers to keep their earnings on qualifying orders up to \$250 when an item does not match the description, arrives late or damaged, or never arrives, continues to provide support for our sellers when a transaction goes wrong through no fault of their own.
- The Etsy Share & Save program, a way for sellers to save on Etsy fees for sales they directly drive to their Etsy shop from their own channels.

Our subsidiaries also offer many features and services for their seller communities, including tips and tools for success, community events, and shipping carrier relationships and support. Both Reverb and Depop enhanced seller tools designed to boost sales; Reverb improved pricing data access and offer functionality, while Depop eliminated seller fees for U.K. and U.S. users, streamlined listing creation with AI-powered photo analysis, and upgraded offer negotiation tools with real-time market price information.

11



#### Fostering Engaged and Impactful Teams

Etsy marketplace's People & Workplace mission is to foster engaged and impactful teams. We know that attracting great talent is just the first step; equally important is to invest in programs that support the retention and growth of our employees. To achieve this, we are committed to equal opportunities for employment, engagement, and development for all of our employees.

##### Attracting a World-Class Workforce

Etsy's mission to "Keep Commerce Human" requires us to serve a community of buyers and sellers that is extraordinarily diverse. As a result, we have meaningful opportunities long valued diversity of all types in our workforce — a workforce full of creativity and innovation, where employees think differently from one another and approach challenges in different ways — and believe that increasing the diversity of our workforce will drive business growth. To provide a more comprehensive understanding of the diversity of the Etsy marketplace workforce, in 2024 we expanded our workforce data to re-accelerate this metric include sexual orientation, disability status, veteran status, and parental status. See page 28 for details of our Workforce metrics.

##### Developing and Retaining Engaged Talent

As part of our focus on employee experience, workplace environment and culture, and strategic workforce planning, we are proud to offer best-in-class benefits that help us attract and retain our talent. In addition, in 2024, the Etsy marketplace further embraced hybrid excellence, working to enable a distributed workforce to effectively connect and collaborate, while establishing a policy that optimizes

for intentional and impactful in-person collaboration.

We aim to foster a workplace culture that empowers employees to perform at their best, and we believe that cultivating a strong sense of community is essential to achieving that goal. Our Employee Resource Groups (“ERGs”) and Safe Space Communities continue to thrive, with over time as a dozen communities and self-organized groups for employees working for the Etsy marketplace, six at Reverb, and five at Depop (ERG leadership is open to employees of all backgrounds). In 2024, Etsy marketplace also widely offered mentorship programs based on employees’ professional development goals, needs, and levels.

As a learning organization, we continue to focus conduct engagement surveys at least annually across our House of Brands. Over 80% of employees participated in the 2024 survey and reported engagement scores of 65% for Etsy respondents, 66% for Reverb respondents, and 76% for Depop respondents. Given the late 2023 restructurings at Etsy and Reverb, we did see a decline in overall engagement scores at both businesses as compared to the prior year. As a result, the Etsy Executive Team implemented new employee connection initiatives in 2024 that were focused on increasing key topics. These well attended sessions, which will continue in 2025, are providing valuable insights to shape our Internal Communications and People Strategy, ultimately aiming to boost engagement through stronger executive-employee relationships. Additionally, we were pleased to see that our employee value proposition remains strong, with questions like “I am proud to work for Etsy” receiving 80% favorable responses and “I would recommend Etsy as a great place to work” receiving 79% favorable responses.

## The Etsy Marketplace: Our Passionate and Engaged Community

This section outlines characteristics of the Etsy marketplace seller and buyer frequency and growing our average order value, cohorts, which we believe is a relatively untapped lever, useful barometer to track our performance over time.

### Etsy Sellers

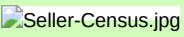
We believe that our 5.6 million active sellers - defined as sellers who have had a charge or sale in the last 12 months - are the backbone of Etsy’s business and that what matters most to them is our community of approximately 89.6 million buyers. We serve creative artisans and entrepreneurs around the world who choose to pursue their passions, offering them excellent value by enabling them to reach our large base of global customers, and a cohesive suite of powerful tools and services to help them run their business and drive sales. Etsy sellers range from hobbyists to professional merchants and have a broad range of personal and professional goals.

In 2024, our number of active sellers declined, as we strengthened our new shop onboarding process and further expanded our trust and safety enforcement, which, we believe, significantly slowed the on-boarding of new sellers to Etsy. The percentage of sellers who made a sale on Etsy grew in 2024, which we believe is directly attributable to these new initiatives.

12

### About Etsy Sellers

Etsy is an on-ramp to entrepreneurship and economic empowerment for many people who might not have otherwise started a business. Here are some highlights from our November 2024 seller census: Approximately half of our sellers sell exclusively on Etsy, and of those that don’t, about a third get the majority of their sales on our marketplace.



#### Seller’s creative businesses help build resilience for sellers and their families.

- For 29%, their creative business (on and off Etsy) is their sole occupation.
- Their creative business provides an important source of supplemental income contributing 11% of household income, on average.
- 42% have financial dependents and 23% have children under 18 at home.
- 38% use income from their creative business to cover household expenses like bills, rent, and food.

#### Etsy businesses support local communities and the broader economy.

- The vast majority (90%) source supplies domestically.
- 28% of sellers export their goods outside their home country.

#### Creative entrepreneurs continue turning to Etsy for financial stability.

- 64% of all sellers cite financial challenges as prompting them to start their creative businesses with the rising cost of living or inflation cited as the main contributor.
- 1 in 5 sellers say their business has helped them offset the rising cost of living, and 1 in 4 sellers in business for more than a year say their Etsy income is more important now than a year ago.

#### Etsy sellers help us understand broader economic trends.

- They are emblematic of the changing nature of work: half work independently, and only 34% have full-time employment.

<sup>1</sup>Global Methodology: Etsy sellers with an active shop in all of our core markets (United States, United Kingdom, Germany, France, Canada and Australia) were randomly selected to take part in a 25 minute online survey between October 1, 2024 and October 16, 2024. The survey and data analysis of the results were conducted by Ipsos, a leading Research and Public Opinion firm, in partnership with Etsy. The total global sample size was 2,402 sellers. Results were weighted to represent Etsy’s global footprint and seller population parameters. The margin of error for the global survey is +/- 3.1%, but may vary per question.

2We use "work independently" to mean those who do not work in traditional full-time employment, and includes people who selected: 'self-employed,' 'employed part time,' or 'temporary or contract employee' as their main working status, as well as those for whom their creative business is their sole occupation.

Here are some of the needs and challenges they cite:

Table : On average they spend 52% of Contents their business time making/designing and the rest on other administrative tasks.

- Major challenges are marketing their businesses (53%) and dealing with inconsistent sales (54%).
- 37% of Etsy sellers reported that their business faced challenges as a result of inflation and the rising cost of living: most of those sellers saw increases in material and supply costs, and 2 in 5 saw a rise in the cost of utilities.

They seek success on their own terms.

- 77% want to grow their businesses, but 53% of sellers do not want to grow so big that they would have to hire others.
- Nearly 7 in 10 started their creative business in order to earn money while doing something they enjoy.

They care about running responsible businesses.

- Approximately 6 in 10 say it is extremely or very important to run a socially responsible (61%) and environmentally friendly (55%) business.
- Nearly half of sellers surveyed report that they use packaging that can be recycled.

KEY DEMOGRAPHICS OF ETSY SELLERS IN THE UNITED STATES AND UNITED KINGDOM (our top two markets)

DEMOGRAPHICS	UNITED STATES	UNITED KINGDOM
Gender (% identify as women)	83 %	76 %
Mean Age (years)	42.6	42.7
Education (% college or more)	52 %	64 %
Rural	26 %	28 %
LGBTQIA+3	13 %	10 %
Sellers who self-identified as two or more of the below categories have been included in both totals. For both U.S. and U.K., the totals do not sum to 100% because some sellers declined to respond.		
White	78 %	81 %
Hispanic or Latinx	14 %	n/a
Asian or Pacific Islander (U.S.) - Asian / Asian British (U.K.)	6 %	4 %
Black or African American (U.S.) - Black / African / Caribbean / Black British (U.K.)	9 %	6 %
Native American	3 %	n/a
Mixed / multiple ethnic groups	n/a	5 %
Other race/ethnicity	4 %	1 %

6730

New Buyers: 3We believe that we have a significant opportunity to attract This includes all those who have never shopped on Etsy.com before. Since a buyer is separately identified by a unique e-mail address, a buyer is


4398046829149

considered new if they use a unique e-mail address that has never been used for a purchase on selected: Gay, Lesbian, Bisexual or Asexual as well as those who chose to enter their own text to describe themselves. All respondents also had the Etsy marketplace. During 2023, we had over 27 million new Etsy.com buyers, down 7% compared option to 2022. GMS for Etsy marketplace new buyers was down 8% year-over-year and represented approximately 11% of overall Etsy marketplace GMS in 2023. While new buyers declined on a year-over-year basis, new buyer acquisition was up over 40% from 2019 as shown in the chart on the left. We believe we have significant opportunities select Straight/Heterosexual or decline to continue to attract new buyers to the Etsy marketplace, both in the United States and internationally. answer.

14

Etsy New  
Buyer Seller  
GMS Retention

New New  
Buyer SellBuyer Seller  
Cohort Cohort  
GMS GMS  
RetentionRetention  
(%) (%)

 549755821723	Year 1	Year 2	Year 3	Year 4
	\$1.1B	\$413M	\$555M	\$868M
	2017 New Buyers			
2018 2019				

2018 2019					
New		\$1.3B 832M	\$603M 1.5B	\$930M 1.4B	\$911M 1.1B
Buyers Sellers					
2019 2020					
New		\$1.6B 2.9B	\$978M 2.6B	\$949M 2.0B	\$848M 1.7B
Buyers Sellers					
2020 2021					
New		\$1.9B	\$3.6B 1.8B	\$1.6B 1.5B	\$1.4B
Buyers Sellers					
2021 2022					
New		\$1.5B	\$3.2B	\$1.1B 1.6B	
Buyers Sellers					
2022 2023					
New					
Buyers Sellers		\$2.8B1.4B			

† Note Etsy new buyer seller GMS retention in “Year 1” in the above table represents 100%.


These views of buyer retention focus on the retained GMS, which we believe is the best way to evaluate Etsy buyer behavior over a multi-year period. The above tables show two different views of the same data in two different views, data. Each new buyer seller cohort includes the aggregate GMS from all buyers who made sellers that created and were billed for their first purchase listing on the Etsy marketplace in the designated year - the table on the left shows retention as a percentage of “Year 1” GMS and the one on the right shows it retention in dollars. Each buyer’s The GMS for each seller is calculated from the date of their first purchase listing fee such that “Year 1” represents the GMS of received by all purchases by buyers sellers in the cohort within 365 days of their first purchase, listing fee. As a result, we do not yet have a full “Year 2” data set for the 2022 2023 new buyer seller cohort, as buyers sellers who bought incurred their first listing fee later in 2022 2023 have not reached this stage to

yet had two years to age. Additionally, note that across our cohorts, GMS retention levels in years that include 2020 and 2021 were impacted by the pandemic.

These tables highlight that while all buyer cohorts initially inflected positively in terms of GMS value purchased on the Etsy marketplace during the pandemic, we have given back some of these gains during the strong reopening headwinds and challenging macroeconomic climate for consumer discretionary companies that have followed the pandemic. Overall, we believe the 2021 new buyer cohort GMS retention level is healthy, and notably, largely similar to the 2017 (pre-pandemic) Year 2 GMS retention.

[Table of Contents](#)

Reactivated Buyers



8868

Reactivated Buyers:

Because buyers

Average often

Purchase "lapse" in

Days per their

Repeat Etsy.com

Buyer purchases

(not

making a

purchase

in a year or

more), the

activities

outlined

above in

our

strategy,

product,

and

marketing

sections

are

intended in

part to  
reduce the  
number of  
buyers that  
lapse and  
also to re-  
engage  
lapsed  
buyers to  
get them to  
come  
back. The  
dramatic  
increase in  
active  
buyers  
during the  
pandemic  
resulted in  
more  
lapsed  
buyers in  
recent  
periods  
than in  
pre-  
pandemic  
periods,  
providing  
Etsy with  
opportunity  
to  
reactivate  
a very  
large pool  
of recently  
lapsed  
buyers. As  
a result of  
our  
increased  
focus on  
this  
opportunity,  
we  
reactivated  
17% more  
lapsed  
buyers in  
2023 on a  
year-over-  
year basis,  
with the  
majority  
located in  
the United  
States.  
Reactivated  
buyers  
have an  
approximately  
40%

higher LTV  
than new  
buyers in  
their first  
year back  
on the Etsy  
marketplace  
platform,  
so we  
expect to  
continue to  
prioritize  
activities to  
reengage  
lapsed  
buyers.



9624

Repeat  
Buyers:  
Repeat  
Etsy buyers  
represent  
shoppers  
who made  
purchases  
on two or  
more days  
in the  
previous 12  
months.  
We believe  
repeat  
purchases  
demonstrate  
the loyalty  
of Etsy  
buyers. In  
the chart  
on the left,  
you can  
see an  
increase in  
purchase  
days during  
the  
pandemic  
period,  
followed by  
less  
frequent  
purchase  
days as the  
world  
reopened  
and we  
faced  
macroeconomic  
headwinds  
over the

past two  
years. We  
believe this  
metric has  
held up  
very well;  
increasing  
from 4.6  
purchase  
days per  
year in  
2019 to 5.0  
purchase  
days per  
year in  
2023. In  
2023,  
approximately  
48% of our  
active  
buyers  
were  
repeat  
buyers, in  
line with  
2022 and  
above the  
approximately  
41% level  
in 2019.  
Looking  
forward, we  
believe that  
we have  
significant  
opportunity  
to continue  
to drive  
frequency  
by building  
buyer  
consideration  
through our  
investments  
in  
highlighting  
Etsy's high  
quality  
listings, at  
great value,  
that we  
believe our  
sellers can  
deliver in a  
way that is  
both  
reliable and  
dependable.

[Table of Contents](#)

Active  
Buyers  
by  
Purchase  
Type



10488

Summary  
of Active  
Buyers by  
Purchase  
Type: This  
chart  
represents  
a summary  
of active  
buyer  
behavior  
according  
to the  
number of  
days they  
purchase  
and the  
amount  
they spend  
on Etsy  
during a  
twelve-  
month  
period.  
Habitual  
buyers are  
defined as  
those who  
have spent  
\$200 or  
more and  
made  
purchases  
on six or  
more days  
in the  
previous  
12 months.  
This cohort  
comprised  
8% of our  
active  
buyers and  
represented  
approximately  
42% of our  
2023  
GMS. The  
number of  
habitual  
buyers  
declined

4% year-over-year in 2023 as we encountered the headwinds outlined above. The vast majority of the year-over-year decline in habitual buyers can be attributed to buyers moving into the repeat buyer category, as you can see in the chart on the left. In fact, we saw a 4% year-over-year increase in repeat buyers in 2023. Looking at our performance with this important buyer cohort on a longer timeframe you can see that the number of habitual buyers in 2023 grew 184% from 2019 levels, when they represented just 5% of active buyers.

## Our Opportunity

The last several years have been volatile for e-commerce - with periods of very strong growth as well as declines - as global economies were impacted by the COVID-19 pandemic, supply chain imbalances, geopolitical tensions, high levels of inflation, pressures on consumer discretionary spending, and more. That said, we believe the e-commerce industry continues to have significant tailwinds in terms of its long-term growth opportunity. According to the previously mentioned Euromonitor report, global e-commerce revenue in our core markets is estimated to grow by a compounded annual growth rate of 8% through 2027.

### Etsy Marketplace Opportunity

Looking forward, we believe the e-commerce industry continues to have significant tailwinds in terms of its long-term growth opportunity, and that this overall growth bodes well for Etsy. Global e-commerce revenue in our core markets is estimated to grow by a compounded annual growth rate of 8% through 2028, and we continue to believe that Etsy has the opportunity significant potential to gain share grow within e-commerce and the broader retail marketplace. We believe that the nature of this context. As commerce is

continuing to evolve:  
over the past few  
years, evolves, more  
people chose to  
purchase  
goods consumers are  
shopping online and  
many consumers  
looked for special  
items as an  
alternative are seeking  
unique, personalized  
alternatives to mass  
produced mass-  
produced goods. In  
particular, we We  
believe that Etsy has  
something unique to  
offer global  
consumers, given that  
our sellers'  
merchandise is  
made stands out  
globally with creativity  
and craftsmanship,  
and often personalized  
- unlike mass  
manufactured branded  
goods, which are  
ubiquitously available  
in many locations,  
online, and off, its  
creative, handcrafted  
merchandise.

We expect that our Our  
future success  
hinges depends on our  
ability effectively  
showcasing this  
differentiation—helping  
buyers understand  
why and when to  
highlight our  
differentiation to global  
consumers -  
particularly to help a  
buyer better  
understand when to  
think of choose Etsy,  
as well as the quality  
of what they are  
buying our listings, and  
who they are buying  
from when purchasing  
on Etsy - harnessing  
the power of stories  
behind our sellers'  
items. By emphasizing  
our mission to "Keep  
Commerce  
Human, Human," we

aim to deepen our connection with global consumers. By focusing on the growth strategies outlined in the above sections, Primary Business Drivers section beginning on page 8, our goal is to bring more buyers to the marketplace, and drive frequency of purchasing and the amount of spend on the Etsy marketplace. We've outlined below Below are several key important growth opportunities for the Etsy marketplace.

*Capturing more of our total available market*

Using the above mentioned Euromonitor report and other data, we estimate that the online market size across all relevant retail categories for the Etsy marketplace within our six historical core geographic markets represents an approximately \$500 billion \$550 billion market opportunity, and an approximately \$2 trillion market opportunity when offline sales are included. included. The "relevant retail categories" included in our estimate of total market size are apparel and footwear, personal accessories, beauty and personal care, home and living, garden, toys and games, pet care, craft supplies, paper and party, and art and collectibles, personal accessories and eyewear, pet care, and toys and

games, collectibles.

We believe that since our 2023 2024 Etsy marketplace GMS represented approximately 2% of that online only portion, we have significant opportunity to gain further e-commerce market share. Since our estimated opportunity is focused on our core geographies and retail categories, additional upside to this opportunity could come from further geographic and/or category expansion for the Etsy marketplace.

#### *Driving purchase frequency*

As outlined above, about half of our active buyer base shops on Etsy one purchase day per year, with the other half purchasing an average of approximately five purchase days per year. Given our broad array of quality listings, we believe Etsy should be able to drive existing and potential buyers to think of us more often for more purchase occasions, driving long-term growth and market share gains.

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<sup>1</sup> According to Euromonitor International Ltd; Passport: Retail 2024 edition, accessed January 15th, 2025; retail selling price ("RSP") excluding value added tax ("VAT"). USD year-over-year exchange rates, current terms  
<sup>2</sup> Estimate based on the Company's own calculations and assumptions based on data from Euromonitor and other sources, without any

representation or  
warranty from  
Euromonitor.

165

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## [Table of Contents](#)

Connected to  
increasing our efforts  
to increase purchase  
frequency, in  
2023, 2024, Etsy  
began to focus focused  
on highlighting brand  
consideration in  
specific  
categories tapping into  
opportunities within the  
Gifting category. Given  
the special and  
purchase occasions -  
such as Gifting, Home  
and Living, and Style  
(as described  
above unique nature of  
items on page 5). For  
example, Etsy, we see  
significant opportunity  
to expand in the  
Gifting market, which  
we estimate  
represents a \$200  
billion<sup>3</sup> relevant  
opportunity, online and  
offline, in the United  
States alone, and  
where we believe the  
Etsy marketplace has  
approximately 1%<sup>1,4</sup> of  
that market. We  
recently During the  
year, we launched the  
Etsy Gift Mode feature,  
designed significant  
new features and  
improvements to  
deliver a first-  
class allow buyers  
(and their gift  
recipients) to shop for  
gifts and experience to  
gift buyers and  
recipients. According  
to a buyer survey we  
conducted in 2019,  
about 45% of all gifting  
happens for holidays -  
from seasonal and  
secular holidays,

Valentine's Day, Mother's and Father's Day, and more; 45% of gifts are purchased for personal occasions such as birthdays, births, and weddings; and the remaining 10% are 'just because' gifting occasions - missing a loved one or sending a thoughtful item to a sick relative. On Etsy, We

believe a focus on gifting can better connect our global buyers to the millions of unique gifting gift items offered by our sellers and drive more frequent purchasing among buyers.

Another key way we are looking to drive frequency is through investing in our BOE app, which has historically been the channel to generate the highest level of buyer lifetime value ("LTV") on Etsy. In 2024, approximately 42% of Etsy marketplace GMS came from purchases completed on BOE.

*Continuing to expand beyond our top geographies*

While Etsy more than nearly doubled the number of active buyers on our marketplace from 2019, to a record 92 million in 2023, we continue to believe that there are millions of additional consumers globally who would be interested in unique and creative goods made by independent sellers. We estimate that approximately 30% of adults who identify as women in the United States and the United Kingdom shopped Etsy at least once in 2023, 2024, so

there are many more millions of women who did *not* shop on Etsy during that time frame.

We estimate our penetration with consumers who identify as men is much lower, with only about 10% of adult men in the United States and United Kingdom having shopped **on** Etsy at least once in **2023, 2024.**

Furthermore, when looking at the next 15 largest markets beyond the United States and United Kingdom, our penetration rate of consumers shopping on Etsy is approximately **80% lower, only one fifth as high as it is within the United States and United Kingdom. Etsy added a total of nearly 24 million new buyers in 2024 - which we believe is indicative of the size of the new buyer opportunity over the long term.**

*Continuing to retain and reactivate lapsed buyers*

We continue to have a very large pool of over 100 million lapsed buyers to reactivate, and we expect that for the foreseeable future there will continue to be millions of buyers for us to reactivate each year. **In fact, we reactivated nearly 29 million lapsed buyers in 2024.** We also have a long history of healthy buyer retention and believe this trend can continue. See "The Etsy Marketplace: Our Passionate and Empowered Community"

on page 12 for additional details.

Lastly, there are many millions of visitors visits to the Etsy marketplace each month who that do not make result in a purchase when they visit. purchase. We believe that continued improvements in search and discovery, and other components of our "Right to Win" strategy, can help us better convert visitors into buyers and infrequent buyers into loyal customers.

"House

The Reverb Marketplace

pg28\_logo-Reverb.jpg

Reverb, headquartered in Chicago, is a two-sided marketplace launched in 2013 with a mission to make the world more musical by making it easy to buy and sell musical instruments online. Reverb enables a thriving circular economy for music gear, connecting the music-making community with millions of Brands" Opportunity used, like-new, and new musical instruments. With nearly 80% of Reverb's GMS coming from the sale of used musical instruments, Reverb helps musicians access a wide variety of music gear that fits within their budgets. In 2024, 56% of Reverb's active sellers were also buyers and this cohort spent 2.5 times more than those who only bought music gear. Since 2019, Etsy has taken several important strategic actions Reverb's buyers and sellers include musicians, local music stores, and the largest music gear brands. As of December 31, 2024, our Reverb marketplace had 785

thousand active buyers and 221 thousand active sellers. We believe that **deepen or enhance our total market opportunity** beyond what Reverb is available the largest online marketplace dedicated to us through our Etsy marketplace. These include: our purchases music gear. 86% of 2024 GMS came from U.S. buyers and 14% came from non-U.S. buyers.

Reverb (musical instruments) and Depop (expanding our apparel category opportunity offers one of the largest databases of historical pricing data for music gear in the resale sector). Below we have provided third-party market research world, helping buyers and sellers better understand the value of their gear. Similar to Etsy, more than 80% of Reverb's traffic is unpaid, evidencing the strength of the Reverb brand and its large, passionate community of music makers. Over 40% of Reverb's GMS comes from its mobile app.

#### **High Level Performance Recap:**

In 2024, Reverb's GMS was \$918 million, down 2.6% from 2023, as macroeconomic factors weighed on consumer discretionary spending. Despite these headwinds, Reverb performed slightly better than the musical instrument industry overall. Given the continued pressure on GMS, Reverb completed an approximately 18% reduction in force in September 2024. Reverb's leaner, more agile team is focused on strategic initiatives to bring more used music gear into the go-forward opportunities for these

marketplaces, circular economy and make used music gear musicians' first choice. Reverb improved its profitability in 2024, driven by increased paid marketing efficiency, a leaner overall cost structure, improved payment margins, and higher shipping-label adoption.

Reverb:  
According

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<sup>3</sup> Based upon Etsy estimates and external sources. Online and offline categories included: clothing, jewelry and accessories, home and living, toys, personal care and beauty, gift cards, books and other media, candy, food, among others.

<sup>4</sup> Estimated based on 2024 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.

6

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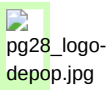
In 2024, Reverb provided musicians with more options and better value by introducing the Reverb Outlet and launching a Certified Pre-Owned program with Fender, one of the world's leading guitar manufacturers. Reverb also better highlighted affordable used and like-new gear throughout the marketplace to Music Trades Global Market for Music Products Report (as of December 31, 2022) the boost conversion. In 2024, Reverb also optimized its search

optimized its search algorithms to make price comparisons easier, enhanced seller tools, and drove awareness through video-first integrated marketing campaigns.

**Reverb Marketplace Opportunity**

The total available market opportunity for musical instruments is \$24 billion, with approximately \$16 billion in new instruments and approximately \$8 billion in used instruments, \$24 billions, with Reverb having about a 4% less than 5% market share of the total. Digging a bit deeper, we estimate that Reverb has about 6% share of the available market in the United States, and only 1% share of the international market share. We remain optimistic about Reverb's opportunity for future industry market share gains within its industry, given its broad and deep range of supply, large and loyal community, and value offered on the marketplace — particularly for used music gear sales, which have continued to grow even as overall music gear sales have remained challenged.

**The Depop Marketplace**



Depop, headquartered in London, is on a mission to "Make Fashion Circular." Since its founding in 2011, Depop has been a people-powered fashion marketplace where anyone can buy, sell, explore, and

discover incredible secondhand fashion. Depop had approximately 43.5 million registered users, 5.1 million active buyers, and 2.3 million active sellers at December 31, 2024. Approximately 57% of Depop sellers who made a sale in 2024 also made at least one purchase in 2024, which we believe shows the strong engagement of Depop's user base. Nearly 94% of Depop's GMS is in the apparel category. 64% of Depop's GMS came from U.S. buyers and 36% came from non-U.S. buyers.

Depop is a place for anyone to discover and share their style by selling items directly from their closets and buying secondhand garments from others whose style they admire. Depop's circular ecosystem extends the life of millions of garments every year, providing a more sustainable way to enjoy fashion.

#### **High Level Performance Recap:**

In 2024, Depop's GMS was \$789 million, providing a tailwind to our consolidated GMS results. Depop grew GMS by 31.6% year-over-year, with growth accelerating throughout the year on a sequential basis. We believe that, in the challenging macroeconomic environment, Depop's inventory of low-cost, fashionable, resold merchandise remained highly relevant to the increasingly value-conscious consumer.

This year, Depop evolved its U.K. and U.S. selling fee structure, removing the selling fee on users, and introducing a buyer marketplace fee. We believe this change has made

Depop more attractive to sellers, driving a meaningful acceleration in listings in each market, since being launched. We believe that this change should drive more choice and variety for buyers, fueling a dynamic marketplace with greater power to make fashion more circular and less wasteful. Among other factors, Depop's removal of seller fees, in conjunction with product enhancements and a step-up in marketing investments, drove an approximately 61% increase in U.S. buyer GMS, making Depop the fastest-growing U.S. online apparel marketplace.

Depop: According to Etsy, believes Depop is a highly relevant and authentic re-commerce brand that is still early in its growth lifecycle and plans to continue to invest accordingly. Depop continues to prioritize improving customer experiences, streamlining the listing process this year with the launch of a 2023 ThredUp Annual Resale Report, the new Gen-AI powered tool that improves price guidance, pre-populates listing attributes using image recognition, and simplifies its "Repop" feature for easy relisting of previously purchased items.

#### **Depop Marketplace Opportunity:**

The global secondhand apparel market (including resale and thrifting) is forecasted to grow approximately three times faster on average than the broader global apparel market through 2027, 2028, reaching an estimated \$350 billion. We believe

that the growth opportunity for Depop is well positioned meaningful due to capitalize on the strong growth opportunity its: 1) differentiated position in the fast-growing resale market, hinging on its core differentiation including its unique inventory, space; 2) passionate and highly engaged community of buyers and sellers that advocate for the brand; 3) strong affinity with the Generation Z ("Gen Z") and Millennial consumer demographics, matching capabilities between buyers who are adopting resale shopping faster than other demographics; and sellers, value offered on the marketplace, trust in the Depop brand, as well as the 'people powered experience' offered. Depop is particularly focused on expanding 4) significant market share opportunity in the United States (where the resale market which, according to the same report, is forecasted to grow nine more than six times faster than the broader retail clothing sector and reach about \$40 billion \$44 billion by 2027, 2028) and the United Kingdom where Depop has meaningful brand awareness.

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5 Music Trades Global Market for Music Products Report (As of December 31, 2023)  
6 2024 ThredUp Annual Resale Report

## Primary

### Business Drivers

We leverage technology to connect people around the world through commerce. Among other things, we invest in our technology infrastructure, product development, marketing, trust and safety, member support, helping sellers grow, and fostering engaged and impactful teams as we strive to continuously improve our marketplaces. While the discussion below focuses on each of these primary drivers of the Etsy marketplace, there are similar business drivers present for our subsidiary marketplaces.



technology-  
infrastructure.jpg

### Technology Infrastructure

Our engineering team has built a sophisticated platform that enables millions of sellers and buyers to smoothly transact across borders, languages, and devices. This team writes, deploys, and operates the software and services that drive our business, including both web and mobile products for external and internal use. They also maintain our cloud environment, local office networks, and more. Etsy makes significant investments in areas such as foundational, data, and cybersecurity infrastructure, our payments, experimentation, advertising, machine learning and recommendations platforms, internal information technology, system

architecture, and inventory, fulfillment, and search systems.

We collect and analyze large volumes of data to enhance the performance of our platform, personalize search and discovery, improve our search experience, bolster trust and safety capabilities, and test features on our website. We apply a combination of proprietary and non-proprietary AI, Gen AI, and ML algorithms, as well as human curation, to personalize the search and discovery experiences and enable buyers to more easily browse, filter, and buy that perfect item, even when they may not have something specific in mind.

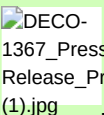
For Search, specifically, we leverage: 1) lexical search, which matches results with the literal representation of words and phrases from a query; 2) relational search engines, which understand interactions between buyers, listings, and shops; and 3) neural information retrieval, which interprets what a buyer means even if they don't know how to describe the item. In 2024, we re-trained our search algorithms to better highlight higher-quality listings, and increase the diversity of merchandise shown, aiming to reduce the cognitive load for buyers when search results show too many similar items. We also began to focus more engineering resources toward making the BOE app the center of our customer experience.

We expect to continue investing in innovative ways to leverage advanced AI, Gen AI,

and ML technologies to enhance customer experiences across our platform—improving both seller and buyer experiences while strengthening our infrastructure. In addition, we maintain an agile technology infrastructure, leveraging our operations in Google Cloud to dynamically flex computing power in sync with traffic. This infrastructure aids operational efficiencies, allowing a greater portion of our engineers to spend time working on customer-facing initiatives and less time on infrastructure activities.

In 2024, we continued to invest in initiatives to democratize ML across the Etsy platform, with the goal to streamline and automate ML modeling in order to allow more Etsy engineers to deploy these models in significantly less time. We deployed coding assistant technology to improve the efficiency and effectiveness of our software engineers along with a Gen AI assistant for workplace productivity, and improved other work streams across our platform.

Our other marketplaces Reverb and Depop also operate their marketplaces in the cloud and make similar technical development investments with Amazon Web Services (“AWS”). In 2024, both Reverb and Depop continued to improve their deployment of ML and tools that allow for more rapid development and experimentation.

 DECO-1367\_Press-Release\_Product (1).jpg  
**Product Development**

Etsy's product development and engineering organization is built around the core belief that we can create connections between our sellers and buyers that are personal and fundamentally different from other platforms where you can shop or sell. Our teams are organized around a collection of initiatives that support a common strategy aligned with our "Right to Win," with cross-functional teams focused on delivering engaging customer experiences that we measure by a set of objectives and key results, all meant to solve key customer friction points and elevate overall Etsy shopping missions.

Historically, Etsy's product development strategies often focused on product launches which are intended primarily to drive in-period conversion and incremental GMS wins, with product development squads often working in silos with short-term performance targets. In 2024, we evolved some of our investment strategies and the way we manage our teams to also identify ways to holistically look at overall customer experiences and to create more integrated product launches that we believe could, over time, drive buyer engagement and better overall consideration for Etsy.

8

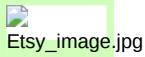
In 2024, significant product launches included:

- Expanded diversity of

merchandise  
in search  
results,  
incorporating  
high-quality  
listing  
indicators into  
our search  
algorithms;

- The Etsy  
Search  
Visibility Page  
to provide  
sellers more  
insights into  
how they  
appear in  
search;
- Revamped  
Etsy  
homepage, to  
index more  
heavily on  
inspiration;  
and
- Significant  
product  
improvements  
to the  
"Gifting"  
shopping  
experience  
and  
expanded  
marketing for  
this purchase  
occasion.

Etsy also shares  
aspects of its product  
development culture  
and strategies with our  
other marketplaces. In  
2024, Reverb and  
Depop focused on new  
ways to improve the  
customer experience  
and drive incremental  
GMS. For example,  
Reverb launched The  
Reverb Outlet and  
Fender's first-ever  
Certified Pre-Owned  
program, making it  
easier for musicians to  
access budget-friendly  
used and like-new  
instruments, and  
Depop streamlined its  
selling process, with a  
continued focus on  
experimentation,  
search and discovery,  
and pricing.



## Marketing

We continue to refine our marketing strategy to reinforce our brand promise with Etsy buyers and optimize our investments through a full-funnel approach. Our two primary types of marketing investments, performance and brand - where we spent approximately \$546 million and \$172 million, respectively on a consolidated basis in 2024 - are discussed below.

### *Performance marketing*

In 2024, the percentage of GMS attributed to performance marketing ("paid GMS") for the Etsy marketplace was 21%, meaning that the vast majority of our GMS comes to us organically through awareness of our brand. Our investments in performance marketing, which we define as paid media spend related to the digital acquisition and re-engagement of buyers (for example, Google Product Listing Ads, or "PLAs"), adjusts according to demand and scale based on incremental return. We do not set fixed budgets for our marketing team. Our investment philosophy for performance marketing is to invest until the marginal return on investment ("ROI") on the next

ROI) on the next dollar spent is below our target minimum ROI. Increases in buyer LTV, driven by visits, conversion rate, incremental revenue, and frequency, shift the return curve higher, enabling us to spend more in marketing. The vast majority of return comes in-period, although some does fall into subsequent quarters. We continue to test the effectiveness of our performance marketing and expand into new channels and geographies, and utilize new tactics.

For example, in 2024, the Etsy marketplace increased investments in paid social marketing — which we define as paid media spend to promote Etsy content on social media platforms such as Meta, Pinterest, and TikTok — to 22% as a percentage of our performance marketing spend, up from 17% in the prior year. This allowed us to expand beyond buyers' specific queries and meet them where they are spending their time and finding inspiration for shopping, which aligns with our broader goal of enhancing discovery and inspiration for our buyers. Within our paid social, we have increased the percentage of spend in 'mid funnel' video marketing. We also have a growing affiliate-based creator program, Creator Collective, through which influencers, buyers, and sellers are incentivized to develop Etsy content designed to drive engagement and sales, which also acts as a content engine to fuel our channels' creative strategy. In 2024, we

transitioned our paid-search investment, which encompasses our PLA and search engine marketing channels, in-house. We now manage all of Etsy's paid-search campaigns with an internal team of subject-matter experts enabling us to reallocate the significant external costs of managing these campaigns directly back into the campaigns themselves.

#### *Offsite Ads*. Offsite Ads

is an innovative advertising program for Etsy marketplace sellers, where Etsy's marketing spend funds the upfront costs to promote Etsy sellers' listings on multiple internet platforms and takes a 'success fee' when a sale is made. The program works as follows: when a shopper clicks on an offsite ad featuring a seller's listing and purchases from the seller's shop within 30 days of that click, the seller pays Etsy an additional transaction fee on that sale. We believe our Offsite Ads program is a win-win for Etsy and our sellers since: 1) the seller only pays a transaction fee when a sale is made; and 2) the additional fee expands Etsy's LTV, as outlined above, enabling us to spend deeper for performance marketing to drive more visits to our marketplace. In 2024, revenue from the Offsite Ads program offset approximately 31% of the Etsy marketplace's performance marketing spend.

### *Customer Relationship Management*

("CRM"). In 2024, the Etsy marketplace continued to enhance its sophisticated CRM capabilities that enable us to segment and target our buyers for engagement on and off Etsy. We believe our CRM and mobile app push notifications are efficient tools to drive engagement with our active and lapsed buyers, as well as meaningful drivers of our strong buyer reactivation levels (which are detailed on page 17). In 2024, we introduced several key CRM features including trigger notifications that led to connected landing experiences rather than just individual listings, personalized campaigns powered by ML, and more.

9

### *Promotional events.*

As part of the Etsy marketplace's focus on highlighting great value, and in addition to ongoing work to elevate items our sellers offer with discounts, we held several site-wide promotional events in 2024 funded by a small allocation of Etsy's marketing dollars.

### *Brand marketing*

Since 2018, Etsy has leaned more heavily into "upper funnel" brand marketing strategies through TV, digital video, and out-of-home

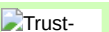
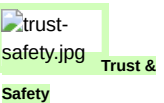
advertisements, such as billboards and public transportation signage, to create a flywheel designed to elevate the effectiveness of our other marketing channels. Given that many buyers' primary reason for not shopping on Etsy is that they only think of us for specific items or needs, using brand advertising as a tap on the shoulder to drive buyers back to Etsy has become an important part of our marketing investments.

Etsy regularly surveys buyers on 'brand funnel' metrics such as awareness and loyalty and Etsy is a top-10 favorite website/app for online shopping in the United States, United Kingdom, and Germany.

In 2024, the Etsy marketplace increased investments in Gifting, which spans multiple categories and represents a strong opportunity to boost brand consideration. Alongside several product launches related to Gifting, Etsy also ran multiple gifting-centric brand marketing campaigns.

Marketing across our House of Brands

Our subsidiaries also enhanced their marketing strategies in 2024. For example, Reverb continued to drive results through a video-first strategy across paid and organic channels. Depop delivered its best-ever year in paid GMS, driven by growth in performance marketing channels, ROI improvements, and the successful scaling of mid-funnel channels to broaden reach.



and-  
Safety.jpg

The trustworthiness of our marketplaces and the connections between people in our community are cornerstones of our business. Our policies are designed to encourage transparency among our members by clearly outlining the rights and responsibilities of sellers and buyers participating on our platform.

On the Etsy marketplace we strive to give the Etsy buyer comfort that they are purchasing goods from a shop that adheres to certain standards, which starts with our policies. In 2024, we reorganized our legacy permitted items policy into new Creativity Standards, which we believe more clearly convey the types of items that are allowed to be listed and sold on the Etsy marketplace, and better reflect the spirit of our creative inventory. The refreshed policy requires that items fall into one of the following categories: Made by a Seller, Designed by a Seller, Handpicked by a Seller, or Sourced by a seller.

Etsy is an unjuried marketplace, meaning sellers run their own shops, create, sell, and ship their own products, and are responsible for complying with our robust Seller Policy. Items on Etsy do not have barcodes or SKUs, and Etsy does not ever touch or possess the items for sale on the Etsy marketplace. The unique nature of Etsy sellers' product inventory, combined with the constantlv

evolving nature of policy interpretation, necessitates expert, human involvement in content moderation, which we combine with the power of ML and other cutting-edge technology. Our teams regularly re-evaluate content on the Etsy marketplace in the context of emerging trends to determine whether such content violates our House Rules or terms of use, including our Prohibited Items policy. We focus on detecting and removing prohibited content, equipping buyers with the information needed for informed purchases, and helping sellers understand and comply with our policies. To support this, we've simplified our permitted items policies, improved violation notifications, and provided resources to guide sellers through compliance. We remain committed to making it easy for anyone to report potential policy violations.

We have increased our investments and resources dedicated to trust and safety in line with our marketplace growth. This included scaling our teams and investing in new tools and advanced technologies to enable these teams to more effectively and

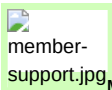
10

efficiently do their jobs. For example, we grew our content moderation team, expanded our teams dedicated to fighting counterfeits and policy violations, and continued to optimize our dedicated trust and safety ML engineering team. In 2024, we also

introduced a new seller onboarding fee to support enhanced security checks and seller verification and continued to expand proactive listing reviews and enforcement of our Creativity Standards to protect the integrity of our marketplace.

We publish an annual Transparency Report, which details our policy enforcement for the year on Intellectual Property, Prohibited Items, and Requests for Member Information policies. We have shared this report on our corporate website annually since 2015 and believe that publicly reporting on our enforcement efforts builds trust in our marketplace and community.

Trust & Safety also remained a top priority for Reverb and Depop in 2024. For example, Reverb continued to improve identity verification and Depop utilized AI to rapidly identify and remove bad actors. You can read more about our other marketplaces' respective policies and procedures by visiting each of their marketplace websites.



member-support.jpg

Member

## Support

As the Etsy marketplace has scaled, so have our investments in member support. As the primary touch point for our vibrant community of buyers and sellers, our Member Services team serves as both the voice of the Etsy brand and an important advocate for our community. When an issue arises, or a user has a question, we want to ensure they get support quickly and easily.

In 2024, we enhanced

member support offerings by making it easier for buyers to access support through prominent links in user profiles, adding conversational AI within the Help Center for both buyers and sellers in the United States and Canada who are on desktops, and making Shop Manager chat available to all sellers in good standing.

Our subsidiaries also require similar member support activities. For example, Reverb expanded its chatbot integrations in 2024, enabling additional self-service solutions and reducing the overall time it takes for Reverb to resolve issues for their community; and Depop continued to invest in improving Member support efficiencies and the overall user experience.

## Seller-investments in Helping

### Sellers Grow

We aim to be the easiest, most effective, and highest-value online selling platform for sellers with the skill and will to thrive. Beyond the Offsite Ads program, Etsy Ads (our onsite advertising platform), and shipping labels, we provide sellers with valuable insights, programs, and educational resources to support their growth. By combining these offerings with access to a global audience, we aim to strengthen sellers' desire to continue building their businesses on Etsy. Other efforts include:

- The Etsy Search Visibility Page, launched in the middle of 2024, is designed to give sellers more agency and control over their businesses. The

businesses. The page provides actionable tips to help sellers improve their search ranking on Etsy, covering key areas associated with quality, such as return policies, response times, and shipping charges. As sellers make changes to their listings, they have the ability to track improvements in real time.

- The Etsy Purchase Protection program, designed to help buyers feel more confident making a purchase and allow sellers to keep their earnings on qualifying orders up to \$250 when an item does not match the description, arrives late or damaged, or never arrives, continues to provide support for our sellers when a transaction goes wrong through no fault of their own.
- The Etsy Share & Save program, a way for sellers to save on Etsy fees for sales they directly drive to their Etsy shop from their own channels.

Our subsidiaries also offer many features and services for their seller communities, including tips and tools for success, community events, and shipping carrier

relationships and support. Both Reverb and Depop enhanced seller tools designed to boost sales; Reverb improved pricing data access and offer functionality, while Depop eliminated seller fees for U.K. and U.S. users, streamlined listing creation with AI-powered photo analysis, and upgraded offer negotiation tools with real-time market price information.

11



Teams.jpg

#### **Fostering Engaged and Impactful Teams**

Etsy marketplace's People & Workplace mission is to foster engaged and impactful teams. We know that attracting great talent is just the first step; equally important is to invest in programs that support the retention and growth of our employees. To achieve this, we are committed to equal opportunities for employment, engagement, and development for all of our employees.

#### **Attracting a World-Class Workforce**

Etsy's mission to "Keep Commerce Human" requires us to serve a community of buyers and sellers that is extraordinarily diverse. As a result, we have long valued diversity of all types in our workforce — a workforce full of creativity and innovation, where employees think differently from one another and approach

challenges in different ways — and believe that increasing the diversity of our workforce will drive business growth. To provide a more comprehensive understanding of the diversity of the Etsy marketplace workforce, in 2024 we expanded our workforce data to include sexual orientation, disability status, veteran status, and parental status. See page 28 for details of our Workforce metrics.

#### *Developing and Retaining Engaged Talent*

As part of our focus on employee experience, workplace environment and culture, and strategic workforce planning, we are proud to offer best-in-class benefits that help us attract and retain our talent. In addition, in 2024, the Etsy marketplace further embraced hybrid excellence, working to enable a distributed workforce to effectively connect and collaborate, while establishing a policy that optimizes for intentional and impactful in-person collaboration.

We aim to foster a workplace culture that empowers employees to perform at their best, and we believe that cultivating a strong sense of community is essential to achieving that goal. Our Employee Resource Groups ("ERGs") and Safe Space Communities continue to thrive, with over a dozen communities and self-organized groups for employees working for the Etsy marketplace, six at Reverb, and five at Depop (ERG leadership is open to

employees of all backgrounds). In 2024, Etsy marketplace also widely offered mentorship programs based on employees' professional development goals, needs, and levels.

As a learning organization, we continue to conduct engagement surveys at least annually across our House of Brands. Over 80% of employees participated in the 2024 survey and reported engagement scores of 65% for Etsy respondents, 66% for Reverb respondents, and 76% for Depop respondents. Given the late 2023 restructurings at Etsy and Reverb, we did see a decline in overall engagement scores at both businesses as compared to the prior year. As a result, the Etsy Executive Team implemented new employee connection initiatives in 2024 that were focused on key topics. These well attended sessions, which will continue in 2025, are providing valuable insights to shape our Internal Communications and People Strategy, ultimately aiming to boost engagement through stronger executive-employee relationships. Additionally, we were pleased to see that our employee value proposition remains strong, with questions like "I am proud to work for Etsy" receiving 80% favorable responses and "I would recommend Etsy as a great place to work" receiving 79% favorable responses.

The Etsy  
Marketplace:  
Our  
Passionate  
and

## Engaged Community

This section outlines characteristics of the Etsy marketplace seller and buyer cohorts, which we believe is a useful barometer to track our performance over time.

### Etsy Sellers

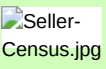
We believe that our 5.6 million active sellers - defined as sellers who have had a charge or sale in the last 12 months - are the backbone of Etsy's business and that what matters most to them is our community of approximately 89.6 million buyers. We serve creative artisans and entrepreneurs around the world who choose to pursue their passions, offering them excellent value by enabling them to reach our large base of global customers, and a cohesive suite of powerful tools and services to help them run their business and drive sales. Etsy sellers range from hobbyists to professional merchants and have a broad range of personal and professional goals.

In 2024, our number of active sellers declined, as we strengthened our new shop onboarding process and further expanded our trust and safety enforcement, which, we believe, significantly slowed the on-boarding of new sellers to Etsy. The percentage of sellers who made a sale on Etsy grew in 2024, which we believe is directly attributable to these new initiatives.

About Etsy  
Sellers

Etsy is an on-ramp to entrepreneurship and economic empowerment for many people who might not have otherwise started a business. Here are some highlights from our November 2024 seller census:

Approximately half of our sellers sell exclusively on Etsy, and of those that don't, about a third get the majority of their sales on our marketplace.



**Seller's creative businesses help build resilience for sellers and their families.**

- For 29%, their creative business (on and off Etsy) is their sole occupation.
- Their creative business provides an important source of supplemental income contributing 11% of household income, on average.
- 42% have financial dependents and 23% have children under 18 at home.
- 38% use income from their creative

business to  
cover  
household  
expenses like  
bills, rent, and  
food.

**Etsy businesses  
support local  
communities and the  
broader economy.**

- The vast  
majority  
(90%) source  
supplies  
domestically.
- 28% of  
sellers export  
their goods  
outside their  
home  
country.

**Creative  
entrepreneurs  
continue turning to  
Etsy for financial  
stability.**

- 64% of all  
sellers cite  
financial  
challenges as  
prompting  
them to start  
their creative  
businesses  
with the rising  
cost of living  
or inflation  
cited as the  
main  
contributor.
- 1 in 5 sellers  
say their  
business has  
helped them  
offset the  
rising cost of  
living, and 1  
in 4 sellers in  
business for  
more than a  
year say their  
Etsy income  
is more  
important  
now than a  
year ago.

**Etsy sellers help us  
understand broader  
economic trends.**

- They are emblematic of the changing nature of work: half work independently<sup>2</sup>, and only 34% have full-time employment.

---

<sup>1</sup>Global Methodology: Etsy sellers with an active shop in all of our core markets (United States, United Kingdom, Germany, France, Canada and Australia) were randomly selected to take part in a 25 minute online survey between October 1, 2024 and October 16, 2024. The survey and data analysis of the results were conducted by Ipsos, a leading Research and Public Opinion firm, in partnership with Etsy. The total global sample size was 2,402 sellers. Results were weighted to represent Etsy's global footprint and seller population parameters. The margin of error for the global survey is +/- 3.1%, but may vary per question.

<sup>2</sup>We use "work independently" to mean those who do not work in traditional full-time employment, and includes people who selected: 'self-employed,' 'employed part time,' or 'temporary or contract employee' as their main working status, as well as those for whom their creative business is their sole occupation.

Here are some of the needs and challenges they cite:

- On average they spend 52% of their business time making/designing and the rest on other administrative tasks.
- Major challenges are marketing their businesses (53%) and dealing with inconsistent sales (54%).
- 37% of Etsy sellers reported that their business faced challenges as a result of inflation and the rising cost of living: most of those sellers saw increases in material and supply costs, and 2 in 5 saw a rise in the cost of utilities.

They seek success on their own terms.

- 77% want to grow their businesses, but 53% of sellers do not want to grow so big that they would have to hire others.
- Nearly 7 in 10 started their creative business in order to earn money while doing

something  
they enjoy.

They care about running responsible businesses.

- Approximately 6 in 10 say it is extremely or very important to run a socially responsible (61%) and environmentally friendly (55%) business.
- Nearly half of sellers surveyed report that they use packaging that can be recycled.

KEY DEMOGRAPHICS OF ETSY SELLERS IN THE UNITED STATES AND UNITED KINGDOM (our top two markets)

DEMOGRAPHICS	UNITED STATES	UNITED KINGDOM
Gender (% identify as women)	83 %	76 %
Mean Age (years)	42.6	42.7
Education (% college or more)	52 %	64 %
Rural	26 %	28 %
LGBTQIA+3	13 %	10 %
Sellers who self-identified as two or more of the below categories have been included in both totals. For both U.S. and U.K., the totals do not sum to 100% because some sellers declined to respond.		
White	78 %	81 %
Hispanic or Latinx	14 %	n/a
Asian or Pacific Islander (U.S.) - Asian / Asian British (U.K.)	6 %	4 %
Black or African American (U.S.) - Black / African / Caribbean / Black British (U.K.)	9 %	6 %
Native American	3 %	n/a
Mixed / multiple ethnic groups	n/a	5 %
Other race/ethnicity	4 %	1 %

3 This includes all those who selected: Gay, Lesbian, Bisexual or Asexual as well as those who chose to enter their own text to describe themselves. All respondents also had the option to select Straight/Heterosexual or decline to answer.

14

Etsy New Seller  
GMS Retention

New Seller Cohort  
New Seller Cohort  
GMS Retention (%)  
GMS Retention (\$)

	Year 1	Year 2	Year 3	Year 4
2019 New Sellers	\$832M	\$1.5B	\$1.4B	\$1.1B
2020 New Sellers	\$2.9B	\$2.6B	\$2.0B	\$1.7B
2021 New Sellers	\$1.9B	\$1.8B	\$1.5B	
2022 New Sellers	\$1.5B	\$1.6B		
2023 New Sellers	\$1.4B			

† Note Etsy new seller  
GMS retention in "Year 1" in the above table represents 100%.

The above tables show two different views of the same data. Each new seller cohort includes the aggregate GMS from all sellers that created and were billed for their first listing on the Etsy marketplace in the designated year - the table on the left shows retention as a percentage of "Year 1" GMS and the one on the right shows retention in dollars. The GMS for each seller is calculated from the date of their first listing fee such that "Year 1"

represents the GMS received by all sellers in the cohort within 365 days of their first listing fee. As a result, we do not yet have a full "Year 2" data set for the 2023 new seller cohort, as sellers who incurred their first listing fee later in 2023 have not yet had two years to age.

## Etsy Buyers

We believe our efforts to engage new, lapsed, and existing buyers, as well as drive frequency, have helped support the health of our buyer cohorts overall despite challenging macroeconomic conditions for discretionary goods.



549755214618  
In 2024, -18

the number of active buyers on the Etsy marketplace - defined as buyers who have made at least one purchase within the trailing twelve months - decreased 3% from 2023 to 89.6 million. Active buyers increased from 2020, as shown in the chart to the left. The year-over-year decline in 2024 was largely driven by macroeconomic

factors outlined on page 5 (High Level Performance Recap). We continue to see strong growth in reactivation of lapsed buyers, healthy new buyer acquisition levels, as well as healthy retention of active buyers, as detailed below.


15



549755214634

We believe that a useful way to track the success of our efforts to drive buyer retention, frequency, and purchases is to look at GMS per active buyer on a trailing twelve month basis. This figure declined 3.5% from 2023 to 2024.

2024 due  
to the  
overall  
macroeconomic  
factors  
outlined  
on page 5  
(High  
Level  
Performance  
Recap).  
We  
believe we  
have  
meaningful  
opportunities  
to re-  
accelerate  
this metric  
over time  
as we  
continue  
to focus  
on  
increasing  
buyer  
frequency  
and  
growing  
our  
average  
order  
value,  
which we  
believe is  
a  
relatively  
untapped  
lever.

 As  
outlined above, we  
believe  
that we  
have a  
significant  
opportunity  
to attract  
those who  
have  
never  
shopped  
on Etsy  
before.  
Since a  
buyer is  
separately  
identified  
by a  
unique e-  
mail  
address, 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. During 2024, we added 24 million new Etsy marketplace buyers, down 14% compared to 2023. GMS for Etsy marketplace new buyers was down 17% year-over-year and represented approximately 9% of overall Etsy marketplace GMS in 2024. While the acquisition of new buyers and their attributed GMS declined from the prior year, we believe this continues to be a healthy level of new buyer acquisition. As a reference point, in 2019 Etsy added a total of 19 million new buyers.

16

## Etsy New Buyer

GMS Retention

New Buyer Cohort  
GMS Retention (%)

New Buyer Cohort  
GMS Retention (\$)

 549755910170		Year 1	Year 2	Year 3	Year 4
	2019 New Buyers	\$1.6B	\$978M	\$949M	\$848M
	2020 New Buyers	\$3.6B	\$1.6B	\$1.4B	\$1.3B
	2021 New Buyers	\$3.2B	\$1.1B	\$977M	
	2022 New Buyers	\$2.6B*	\$799M		
	2023 New Buyers	\$2.2B			

\*Adjusted from \$2.8B reported in 2023 10-K.

† Note Etsy new buyer  
GMS retention in "Year 1" in the above table represents 100%.

These views of buyer retention focus on the retained GMS, which we believe is the best way to evaluate Etsy buyer behavior over a multi-year period. The above tables show the same data in two different views. Each new buyer cohort includes the aggregate GMS from all buyers who made their first purchase on Etsy in the designated year - the table on the left shows retention as a percentage of "Year 1" GMS and the one on the right shows it in dollars. Each buyer's GMS is calculated from the date of their first purchase such that "Year 1" represents the GMS of all purchases by buyers in the cohort within 365 days of their first purchase. As a result, we do not yet have a full "Year 2" data set for the 2023 new buyer cohort, as buyers who bought later in 2023 have not had two years to age. Additionally, note that across our cohorts, GMS retention levels in years that include 2020 and 2021 were impacted by the

pandemic.



54975Etsy.1637

Because

buyers

often

"lapse" in

their Etsy

marketplace

purchases

(not

making a

purchase

in a year

or more).

the

activities

outlined

above in

our

strategy,

product,

and

marketing

sections

are

intended

in part to

reduce the

number of

buyers

that lapse

and also

to re-

engage

lapsed

buyers.

We

reactivated

4.7%

more

lapsed

buyers in

2024 on a

year-over-

year

basis, with

the

majority

located in

the United

States.



54975Etsy.4711

Repeat

buyers represent shoppers who made purchases on two or more days in the previous 12 months. We believe repeat purchases demonstrate the loyalty of Etsy buyers. This metric has remained largely stable over the last four years, going from 5 purchase days per year in 2020 to 4.9 purchase days per year in 2024. Approximately 48% of our active buyers were repeat buyers in 2024, consistent with the levels observed annually since 2020. Looking forward, we believe that we have a significant opportunity to continue to drive frequency by building buyer consideration.



54975 This chart represents a summary of active buyer

behavior according to the number of days they purchase and the amount they spend on Etsy during a twelve-month period. Habitual buyers are defined as those who have spent \$200 or more and made purchases on six or more days in the previous 12 months. This cohort comprised 7% of our active buyers and represented approximately 41% of our 2024 GMS.

18

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## [Table of Contents](#)

## Competition

For all of our marketplaces, sellers may choose to list their goods for sale with online retailers or sell their goods through craft fairs and local markets, local consignment and vintage stores and other venues and marketplaces, including through commerce channels on social networks like Facebook and Instagram. They may also sell wholesale directly to traditional retailers, including large national retailers.

large national retailers, who discover their goods in our marketplaces or otherwise. We also compete with companies that sell software and services to small businesses, enabling sellers to sell from their own website or otherwise run their business independently of our platforms. We are able to compete for sellers based on our brand awareness, the global scale of our marketplaces and the breadth of our online presence, our investments in product and marketing for the benefit of our sellers, our tools, education and services which support a seller in running her business, the number and engagement of our buyers, our policies and fees, the effectiveness of our mobile apps, the strength of our communities, and our mission.

In addition, we compete with retailers and marketplaces of all shapes and sizes for the attention of our buyers. A buyer has the choice of shopping with any online or offline retailer, venue, whether large e-commerce marketplaces, national retail chains, local consignment and vintage stores, the brands represented on social commerce channels, resale marketplaces, or other venues or marketplaces. We are able to compete for buyers based on the breadth and quality of items that sellers list in our marketplaces, the ease of finding items, the value and awareness of our brands, the person-to-person commerce experience, customer service, our reputation for trustworthiness, the effectiveness of our mobile apps, the availability of timely, fair, and free shipping

offered by sellers to buyers, ease of payment, localization, and experiences targeted based on regional preferences, and the availability and reliability of our platforms.

We also compete for media placements, including with retailers competing for the attention of our buyers, buyers, and increased competition can impact the cost we pay for media placements, including in dynamic auctions.

## Intellectual Property

Protection of our technology and intellectual property is an important component of our success. We rely on intellectual property laws, including patent, trade secret, copyright, and trademark laws, in the United States and abroad. We also use confidentiality procedures, defensive licensing and acquisitions, non-disclosure agreements, invention assignment agreements, and other contractual rights to protect us and our intellectual property.

We file patents and register domain names, trademarks, copyrights, and service marks in the United States and abroad. We rely upon unregistered copyrights and common law protection for certain trademarks. We also use internal and external brand protection mechanisms that are intended to protect our brands from misuse by third-parties, third parties.

## Government Regulation

As with any company operating on the

internet, we are subject to a growing number of local, national, and international laws and regulations. These laws are often complex, unclear, sometimes contradict other laws, and are frequently changing. Compliance is costly and can require changes to our business practices and significant amounts of management time and focus. In addition, regulatory and other legal proceedings in the United States and abroad continue to pressure the boundaries of marketplace liability for the activities of their sellers and other third parties.

Laws may be interpreted and enforced in different ways in various locations around the world, posing a significant challenge to our global business. For example, federal and state laws in the United States, E.U. laws, and other national laws govern the processing of payments and consumer protection; other laws define and regulate unfair and deceptive trade practices. Still other laws dictate when and how sales or other taxes must be collected. Laws of defamation apply online and vary by country.

We are also subject to federal, state, and foreign laws and regulations regarding privacy and protection of consumer information. Our privacy policies describe our practices concerning the use, storage, transmission and disclosure of personal more information.

information, including  
buyer and seller data.

Many jurisdictions in  
which we operate have  
enacted laws and  
regulations requiring  
notification to users  
when there is a  
security breach of  
personal data, or  
requiring the adoption  
of minimum  
information security  
standards that are  
often vaguely defined  
and difficult to  
practically implement.  
In addition, some of  
these requirements  
introduce friction into  
the buying and selling  
experience on our  
platforms and may  
impact the scope and  
effectiveness of our  
marketing efforts.  
Additionally, because  
we operate  
internationally, we  
need to comply with  
various laws  
associated with doing  
business outside of the  
United States,  
including anti-money  
laundering, sanctions,  
anti-corruption, and  
export control laws.  
See see Part I, Item  
1A, 1A, "Risk Factors—  
Regulatory,  
Compliance, and Legal  
Risks."

18

[Table of Contents](#)

## Seasonality

Etsy.com Etsy  
marketplace sellers  
experience increased  
sales and use more  
Etsy services during  
the fourth-quarter  
holiday shopping  
season. This has  
resulted in increased  
GMS and revenue for  
us during the fourth  
quarter of each fiscal  
year. Our cost of

revenue and marketing expenses also generally follow this trend, with the highest costs incurred in the fourth quarter of each fiscal year. We expect this seasonality to continue in future years.

# ESG Reporting: Our Impact Goals, Strategy, & Progress

We have developed an Impact strategy and goals that reflect the positive impact we want to have on the world while advancing and complementing our business strategy, and we are pleased to provide this update on our progress.

Our Approach to ESG Reporting

We apply similar focus, discipline, and accountability to our environmental, social, and governance ("ESG") reporting metrics as we do our financial metrics, and we believe that together they make us stronger and more

Section	Page
<b>How We Drive Impact</b>	
The levers we use to drive Impact work	<a href="#">20</a> <a href="#">21</a>
<b>Environmental</b>	
Goals & Highlights	<a href="#">21</a> <a href="#">22</a>
<b>Social</b>	
Goals & Highlights	<a href="#">24</a> <a href="#">26</a>
<b>Workforce Metrics</b>	
Employee Diversity data Highlights	<a href="#">30</a> <a href="#">28</a>
<b>Governance</b>	
Highlights	<a href="#">32</a> <a href="#">31</a>
<b>SASB</b>	
Consumer Goods Sector – E-Commerce	<a href="#">33</a> <a href="#">32</a>

and more resilient. We use our required filings with the Securities and Exchange Commission ("SEC"), as well as our Investor Relations website and Etsy News blog, as our primary communications channels for information relating to our Impact strategy and progress. We have various approaches for determining what information we disclose in our ESG reporting, including feedback we receive from the financial community and other stakeholders. In addition, we continue to report our ESG metrics using the relevant Sustainability Accounting Standards Board ("SASB") sector standards for our industry and the Task Force on Climate-Related Financial Disclosures ("TCFD")

industry standard reporting	
TCFD	
Climate - Governance, Strategy, Risk Management, Metrics, and Targets	<a href="#">38</a> <a href="#">36</a>

framework.  
We also  
strive to  
stay  
abreast of  
new  
disclosure  
regulations,  
such as  
the  
Corporate  
Sustainability  
Reporting  
Directive  
("CSRD"),  
that we  
are or  
may be  
required  
to comply  
with so we  
can  
develop  
an action  
plan and  
prepare to  
comply.  
We expect  
to  
continue  
to evolve  
our Impact  
strategy  
and ESG  
reporting  
in the  
future as  
our Impact  
work at  
Etsy and  
the  
broader  
industry  
matures.  
Our  
discussion  
of Impact  
strategy,  
highlights,  
and ESG  
data  
includes  
the  
operations  
of our  
Etsy,  
Reverb,  
and  
Depop  
marketplaces  
except  
where  
noted.



frameworkv8.jpg

How We  
Drive Impact:

Underpinning our Impact strategy is a set of levers we employ to drive toward our Impact goals while advancing and complementing our business strategy.



etsy1x4x5.jpg  
Entrepreneurs including supporting:

- enhanced access to affordable child care and caregiving leave for micro businesses;
- the rights of small business owners by advocating against new rules that would impose heavy one size-fits-all burdens on small and microbusinesses; and
- decarbonizing transportation for shipping, which supports cleaner air, reduced climate risk, and improved health across the globe.



etsy1x4x9.jpg  
Impact Investing. In 2022, we set up a \$30 million Impact Investment Fund. In 2023, we deployed \$19 million of the \$30 million in Fund that seeks to make investments that further are aligned with our Impact strategy. The undeployed portion As of December 31, 2024, \$20.5 million of the Impact Investment Fund is was allocated to specific investments and the rest was on deposit at a large Black-led Minority Deposit community development finance institution in the United States.



etsy1x4x9.jpg  
Philanthropy. In 2023, 2024, Etsy together with Etsy made over \$5.6 million in philanthropic donations to organizations driving equal access to economic opportunity and to community-based organizations. Donations to support small businesses were bolstered by contributions from marketplace buyers who contributed through the round up feature at checkout, made over \$5.1 million in philanthropic donations to organizations driving equitable access to opportunity and direct support for local

support for those  
community based  
organizations. checkout.

#### Contributing to our Communities.

Collectively, we enabled  
Etsy marketplace,  
Reverb, and Depop our  
employees to donate  
4,860 4,419 hours of  
paid volunteer time off  
in their communities  
through Etsy's Impact  
Hours program.

WeEtsy is committed  
to helping our sellers  
prepare for and recover  
from natural disasters  
that disrupt their  
business. In 2024, we  
supported our sellers  
impacted by both  
natural disasters, events  
such as Hurricanes  
Helene and Milton by,  
among other things,  
deferring fees and  
providing access to  
recovery resources  
such as the devastating  
fire in Hawaii and  
earthquake in Turkey,  
and geopolitical events,  
by means including but  
not limited to, deferring  
our fees. Etsy Disaster  
Relief Fund. For more  
information see page  
26.



etsy1x4x9.jpg

#### Purchasing Power. We

aim to drive positive  
impact in our supply  
chain by investing in  
strong relationships with  
our suppliers. We  
engage on priority  
impact areas, such as  
supplier diversity,  
greenhouse gas  
emissions, fair wages,  
and employee benefits  
programs, at crucial  
touch points throughout  
the supplier lifecycle.  
We conduct regular  
reviews and  
conversations to  
confirm suppliers are  
upholding agreed upon



etsy1x4x9.jpg

practices and to identify further areas where we can engage with suppliers. We have a Supplier Code of Conduct designed to ensure that our suppliers are committed to our standards.

2021

[Table of Contents](#)



etsy1x5x1.jpg

# Environmental

Building resilience for the long term

Net Zero

Sustainable Operations

Marketplace Sustainability

## Net Zero

Goal: Achieve

Net Zero through targets aligned with the science of climate change while continuing to offset our carbon emissions, change.

Our Net Zero Targets			
Brand	Key Performance Indicators	Targets	Our Progress

Absolute Scope 1 & 2 greenhouse gas emissions\* metric tonnes ("mt")

By year end 2030, we aim to achieve a 50% reduction in absolute Scope 1+2 greenhouse gas emissions from a 2020 base year.

33% reduction vs. baseline

By year end 2040, we aim to achieve a 90% reduction in absolute Scope 1+2 greenhouse gas emissions



Etsy-Inc.jpg

Scope 3 greenhouse gas emissions\* mt per million dollars of gross profit

By year end 2030, we aim to achieve a 52% reduction in Scope 3 greenhouse gas emissions per dollar of gross profit from a 2020 base year.

from a 2020 base year.

37% reduction vs. baseline

By year end 2040, we aim to achieve a 97% reduction in Scope 3 greenhouse gas emissions per dollar of gross profit from a 2020 base year.

Offsets Continue to offset quantified Scope 1, 2, and 3 greenhouse gas emissions annually.

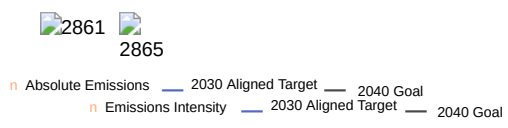
\* Scope 1 emissions include direct emissions such as natural gas and refrigerants used at our facilities, offices, Scope 2 emissions include indirect emissions from the generation of electricity and steam that we may purchase for our facilities, offices, Scope 3 emissions include all other indirect emissions that occur in our value chain such as business travel, employee commuting, and the processing of waste from our operations.

Our Strategy

We believe our Net Zero work strengthens our position as a trusted brand, a core pillar of our long-term strategy, and makes us more resilient, drives efficiencies, and

progressing us far

prepares us for anticipated regulations. What's more, we believe the benefits of reducing emissions resonate beyond our corporate boundaries, contributing to the overall health of people and the planet. We have made consistent progress on our Net Zero goal year over year year-over-year as seen below:



Scope of our Net

Zero Goal: In 2022,

the Science Based

Targets Initiative

("SBTi") approved

Etsy's Net Zero goal

under their new Net-

Zero Standard. As of

December 31,

2023 December 31,

2024, our Net Zero

goal includes

emissions from the

Etsy marketplace,

Reverb, and Depop,

and is set against a

2020 baseline which

has been adjusted to

exclude Elo7.\* The

above 2020 and

2021 emissions

include third-party

assured Etsy

marketplace and

Reverb data (for

absolute Scope 1,

Scope 2, Scope 3 -

Category 1, Scope 3

- Category 6: Air

Travel, Scope 3 -

Category 9, and

Scope 3 - Category

11 emissions) and

internally reviewed

Depop data. Depop

accounted for

approximately 6% of

these emissions in

2020 and 4% in

2021. Our 2022,

2023, and 2023 2024

data includes third-

party assured data

for the Etsy

marketplace,  
Reverb, and Depop.  
For additional details  
about how we  
quantify emissions,  
see our GHG  
inventory and related  
notes (including  
assured emissions  
categories) on page  
37 35.

\*Our SBTi approved Net  
Zero goal included  
estimated emissions for  
Elo7. In 2023, Etsy  
completed the sale of  
Elo7 and, therefore, the  
estimated Elo7 emissions  
previously included in our  
2020 baseline have been  
removed resulting in a  
0.5% reduction to the  
2020 baseline. In  
accordance with SBTi  
materiality guidelines, we  
are not required to submit  
the adjusted target for  
revalidation by the SBTi  
at this time.

21 22

[Table of Contents](#)

Shipping

Emissions from the  
shipping of items sold  
in our marketplaces  
are by far the largest  
source of our  
quantified Scope 3  
emissions. In  
2023, 2024, these  
emissions accounted  
for 59% 54% of our  
reported Scope 3  
emissions. This  
represents a 22% 12%  
intensity reduction  
relative to 2022 2023  
and 43% 49% intensity  
reduction relative to  
our 2020 baseline.  
While we continue to  
make good progress  
on reducing our  
shipping emissions  
intensity, Depop's  
recent growth,  
particularly in the  
United States, has  
limited our emissions  
reduction. Depop's  
share of Etsy's  
absolute shipping  
emissions grew from  
5% in 2023 to 11% in  
2024.

We drive reduction in  
shipping emissions  
primarily through

primarily through  
advocacy, carrier  
engagement, and  
product (marketplace)  
design. In 2023, 2024,  
we advocated for the  
U.S. postal service's  
commitment United  
States Environmental  
Protection Agency to  
exclusively purchase  
electric vehicles  
starting grant the  
California Air  
Resources Board a  
Clean Air Act waiver to  
enforce the California  
Advanced Clean  
Fleets rule and  
supported the Clean  
Deliveries Act in  
2026, New York. We  
also continue our  
regular engagement  
with key shipping  
carriers related to fleet  
electrification and  
improving shipping  
emissions data - for  
the latter, we  
expanded  
engagement on  
decarbonization with  
additional shipping  
carriers. Lastly, as  
part coverage of  
supplier specific mail  
class emissions data  
to nearly 50% of our  
marketplace  
sustainability  
strategy, 2024  
shipments. Lastly, we  
deepened our product  
work continue to make  
improvements in  
Search and Discovery  
to enable buyers to  
more easily enable  
buyers to shop locally,  
which has the  
potential to reduce  
emissions, as well as  
shipping time and  
reduce shipping  
emissions. This  
included running a  
number of local  
experiments that  
resulted in GMS wins  
and valuable learnings  
to inform future

shipping distance  
reductions efforts, cost.

## Our Supply Chain

Our corporate supply chain emissions (Scope 3 - Category 1) are our second largest source of quantified Scope 3 emissions. Through direct supplier engagement, improved data quality (including leveraging more supplier specific emissions data), and supplier selection criteria, in 2023, 2024, our reported corporate supply chain emissions intensity decreased by 5% 1% relative to 2022, 2023. Our analysis found that 56% 53% of Etsy marketplace's Etsy's spend went to companies that have set an a science-based emissions reduction goal. We also piloted a new Building on the 2023 pilot, we expanded the coverage of our supplier carbon fee program with five suppliers in the fourth quarter of 2023, 2024. The program requires suppliers to achieve an A- on the annual Carbon Disclosure Project (CDP) ("CDP") assessment in order to avoid paying a carbon fee. In 2024, we plan to expand negotiated terms with suppliers representing more than \$30 million in annual spend while expanding the program to additional resources we offer suppliers while developing more including renewable energy certificates ("REC"), incentives for strong performance, and tools to support free-of-charge sustainability advisory with our suppliers in measuring, reducing, and reporting their emissions in line with net zero, consulting partner.

## Packaging

— • • • •

Emissions from our sellers' packaging are the third largest source of our quantified Scope 3 emissions. In 2023, 2024, these emissions accounted for 12% 16% of our reported Scope 3 emissions, which represents a 7% 28% intensity decrease increase relative to 2022, 2023. More information on our 2024 packaging methodology can be found on page 35. Our work to help sellers reduce emissions from packaging is detailed in the Marketplace Sustainability section below.

#### Carbon Offsetting Beyond Value Chain Mitigation ("BVCM")

We are focused on meeting our long-term SBTi- approved SBTi- approved Net Zero goal. However, in 2024, while we work worked toward long-term reductions in line with our goal, we are taking took immediate action to address our impact by supporting projects that reduce emissions beyond our value chain through our commitment to purchase carbon offsets verified emissions reductions ("VERs") in an amount equal to our quantified annual emissions. We consider our BVCM work to be separate but complimentary to our Net Zero emissions reduction efforts to be separate, but complementary to our carbon offsetting, and expect to phase down our investments in offsets as we make progress towards our Net Zero targets. efforts.

For 2023, 2024, we offset Etsy

marketplace, Reverb and Depop's reported Scope 1, 2 and 3 emissions through investments investment in 468,924 verified emissions reductions (VERs) 478,566 VERs, that, among other things, protect forests, finance solar development, and help develop greener methods for producing auto parts.

We regularly review our carbon strategy to ensure we're using our resources to drive a positive impact in our environment, communities, and our supply chain. To this end, we're excited that in 2025, we'll be evolving our strategy to incorporate an explicit internal fee on our carbon emissions. This means for every quantified metric ton of carbon emissions ("CO<sub>2</sub>e") produced as a result of business activities across our marketplaces, we will allocate a set amount of money to carbon projects. Of that annual budget, we expect to invest a minimum of 25% in projects that catalyze emissions reductions within our value chain, such as electrifying road transportation with our carriers, while the remaining budget will be allocated to carbon projects beyond our value chain, such as protecting and conserving forests. This evolution will enable us to take advantage of new opportunities to reduce our emissions in line with our Net Zero goal. While we expect to continue purchasing VERs as part of this work, we expect those purchases will cover less than 100% of our quantified annual Scope 1, 2 and 3 emissions.

## Investing in

Climate  
Solutions

In 2023, 2024, Etsy allocated \$3.0 million invested \$1 million of our Impact Investment Fund (mentioned above) in Iroquois Valley Farm's Rooted in Regeneration Notes, which provides financing to support Greenbacker Capital Management (GCM). This investment supports GCM's direct investments in renewable energy technology and other energy sector innovations that may reduce reliance on fossil fuels, socially disadvantaged farmers, including concessionary mortgage interest rates to enable these farmers to acquire land for organic, regenerative farming.

23

Sustainable  
Operations

Goal: Maintain best-in-class sustainable operations.

Our Sustainable Operations Brand	Key Performance Indicators	Targets	Our Progress
 Etsy-Inc.jpg	% renewable energy sourced for offices' electricity usage, electricity usage from employees working from home, and Etsy marketplace's Google Cloud usage	100% of quantified usage each year	100%
	 etsy	% of offices open for more than 24 months and for which we maintain Source 100% of electricity used by the Etsy marketplace, Reverb and Depop from renewable	Renewable energy sourced for quantified office and

	operational control with "Zero Waste" certification	from renewable sources, year end 2025	office and remote working electricity usage, 87%
Achieve "Zero Waste" operations at	Intensity of our energy use in offices where we maintain operational control measured by kWh/ sq ft	25% reduction by year end 2025, 2025 from a 2016 baseline	See below, 34% reduction - offices
		Achieve a 25% reduction in the intensity of our energy use in offices (kWh/sq. ft.) and for computing (kWh/visit) for Etsy marketplace measured by kWh/ visit	25% reduction by year end 2025, 2025 from a 2016 baseline 34% 73% reduction since 2016 baseline for offices. 72% reduction since 2016 baseline for computing. - computing

Striving for best-in-class sustainable operations allows us to focus on long-term cost reduction, minimizing waste, and creating a healthier office environment for our employees. In 2023, we continued to make good progress against our goals.

Energy Use

In 2023, 2024, our total quantified operational energy footprint was 14,556 13,499 MWh, of which 75% was from electricity. This includes energy usage from our office facilities, remote worker energy usage, offices, employees' working from home, and Google Cloud computing for the Etsy marketplace. Using our Cloud Jewels methodology, we

estimate our energy consumption from Google Cloud in 2023 2024 to have been 6,253 5,742 MWh for the Etsy marketplace. For more information on our energy mix, please see our SASB disclosure starting on page 33 32.

Our transition to Google Cloud has contributed to significant efficiencies in computing energy usage for the Etsy marketplace.

Specifically, our ability to flex infrastructure capacity, speed up processing and page load times, and flex technology usage depending upon marketplace traffic volume have contributed to reduced energy intensity.

In 2024, Depop committed to set an energy efficiency target by early 2028, implementing tactical measures to reduce energy intensity in the interim. We currently expect to evaluate energy efficiency options for Reverb once their new office opens in 2025.

## Renewable Electricity Energy

Since We began sourcing renewable energy for our measured or calculated electricity use in 2020, and since 2022, we have sourced renewable energy for the electricity we measured or calculated as used to power our Etsy marketplace, Reverb, and Reverb Depop offices and employees working from home, as well as Etsy marketplace's computing load in Google Cloud. For 2022 and 2023, we also sourced renewable energy for our quantified electricity used to

power Depop's offices and used by employees working from home.

This was achieved through our 15-year virtual power purchase agreement ("VPPA"), the purchase of international renewable energy credits (IRECs), for our non-U.S. electricity consumption, and on-site solar arrays at select offices. Given continued elevated energy costs in 2023, our In 2024, Etsy earned more from its U.S.-based based VPPA generated more settlement credit value than Etsy we paid, effectively reducing electricity costs for our U.S. offices.

### Energy Efficiency

Our 2023 energy use for Etsy's offices was 4,326 MWh. In offices where we maintain operational control, we achieved a 34% reduction in energy intensity (kWh/sq. ft.) relative to our 2016 baseline. At our Brooklyn headquarters, we continue to participate in the NYC Mayor's Carbon Challenge and our ongoing efforts led to a New York City Building Energy Grade of a B.

For Etsy marketplace's computing energy use, our estimated energy usage per site visit (kWh/visit) decreased by 72% since 2016, largely due to our move to Google Cloud which has enabled us to dynamically flex our infrastructure capacity, while providing faster processing speed, improved page load time, and more nimble technology on an as needed basis depending on traffic volume.

### "Zero Waste"

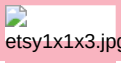
In 2023, 2024, Etsy's Brooklyn office headquarters received "Zero Waste" certification through the Total Resource

Use and Efficiency  
("TRUE") certification  
program by Green  
Business Certification  
Inc. ("GBCI") for the  
sixth seventh year in a  
row for diverting over  
90% of waste from  
landfill. We  
expect continue to  
pursue zero waste  
certification for our  
new Etsy marketplace  
office in Dublin during  
2024 and are working  
towards zero waste at  
other offices by the  
end of 2025. To  
support our goal, in  
2023, we  
implemented roll out a  
new third-party tech-  
enabled system in our  
Brooklyn office that  
measures real-time  
waste streams and  
contamination in real-  
time our offices. As of  
December 31, 2024,  
our Brooklyn, Dublin  
and London offices  
use this system and  
we currently plan to  
roll it out to additional  
offices in 2024.2025.

Marketplace  
Sustainability

Goal: Establish our  
marketplaces as  
destinations for  
sustainably minded  
shoppers and  
conscious living by  
reducing the  
environmental impact  
of shopping and  
fulfillment lifecycles,  
and creating  
experiences that  
promote circularity.

Our Marketplace Sustainability Targets & Commitments Brand	Key Performance Indicators	Target	Our Progress
	Total active listings that have a circular attribute*	No target set, monitoring progress	169 million active listings

		% of active listings that have a sustainability attribute** at December 31, 2024	No target set, monitoring progress	3% of active listings
		Monitor and report the percent of active listings that have sustainability attributes, and the percent % of sellers who have added a sustainability attribute attribute** to at least one listing. listing at December 31, 2024	No target set, monitoring progress	8% of active sellers
		% of used items sold as share of total items sold	>50% per year	Achieved
See update below. 		For every new item sold, sell at least one % of used item and support circularity sales	25% increase by increasing orders of used items by 25% by year end 2025 (from from a 2022 baseline), baseline	Sold at least one used item for every new item sold and increased orders of used items by 3%, 2% increase vs. baseline
		Leverage our marketing and product capabilities to facilitate access to circular fashion and inspire more people to shop circular.	See update below.	

\*Circular attributes on the Etsy marketplace are vintage, upcycled, reusable swaps, and "contains recycled content" (metal, glass, polyester, plastic, paper, or cotton), or "contains vintage gemstones." On Depop, these attributes are used, deadstock, reworked, preloved, vintage or made from recycled cotton or polyester. On Reverb, the circular attribute is "used." In each case this includes

any listing that was active at any point during 2024. \*\*Sustainability attributes on the Etsy marketplace are made from environmentally conscious materials or designed to be reusable or to reduce waste.

We believe prioritizing sustainability within our marketplaces creates an opportunity to drive strategic growth and ensure we are our communities' first stop when they want to shop according to their values. We're bringing sustainability to life for buyers and sellers in several ways:

Item Sustainability

In 2022, the Etsy marketplace piloted optional sustainability listing attributes available across four retail categories that allowed allow sellers to indicate if their items are made from environmentally conscious materials or are designed to be reusable or to reduce waste.

Table of Contents

In 2023, Throughout 2024, we expanded improved the program by offering improved seller educational content process to surface listings with sustainability attributes in environment-related Etsy pages and testing buyer-facing experiences. On December 31, 2023, 2.6% of active Etsy marketplace listings had at least one sustainability attribute, will continue to seek ways to improve the experience while ensuring attributes remain relevant and 7.7% of sellers with an active listing on the Etsy marketplace had added a sustainability

attribute to at least one of their active listings, credible.

## Circularity

Our strategy is to inspire and enable people to participate in the circular economy where products and resources remain in use at their highest value across our marketplaces. Our communities are participating in circular systems, from the creative materials they use, to the items they sell, to the packaging they use to ship. Over the course of 2023, sellers created 108 million listings with circular attributes on the Etsy marketplace, Depop and Reverb. Circular attributes on the Etsy marketplace are vintage, upcycled, reusable swaps, and "contains recycled content" (metal, glass, polyester, plastic, paper, or cotton), or "contains vintage gemstones." On Depop, these listings are indicated as secondhand, reworked, destined for waste, or "made as circular." Reverb listings with circular attributes are those categorized as used.

In line with its Depop's mission is to make fashion circular and in support of Depop's goal its aim is to inspire more people to shop secondhand - extending the lives of their clothes and redefining fashion consumption. We estimate more than 100 million items have been given a second life\*\*\* by Depop users since the platform was founded. This year, Depop removed seller fees in the United Kingdom and United States, making it easier for users to sell clothes they no longer wear, and offering improved value and choice for buyers. This change contributed to a 33% increase in Depop's overall listings active at any point

during 2024 compared to 2023, reflecting Depop's growing community of sellers participating in the circular economy.

Throughout 2024, we published our first Environmental Impact Measurement Methodology, which details our approach to estimating communicated the environmental impact of secondhand purchases made on Depop compared to brand-new items, items, using our Environmental Impact Measurement Methodology, which we co-developed with a third party in 2023.

We hope that by showcasing the environmental benefits of shopping secondhand rather than brand-new, we can continue to bring circular fashion to more people. Depop also launched "Repop," a feature enabling users to easily re-list unwanted

\*\*\*Represents items they've previously purchased sold on Depop keeping them circular, that have been tagged as "used" condition (rather than all items sold). We assume the split of "used" compared to new items remained consistent over time, as the condition attribute was added in the fourth quarter of 2020.

25

## Packaging

As part of our efforts to meet our Net Zero goal, we are helping inform sellers about ways to reduce emissions from the packaging they use to ship orders, through both reused packaging and more sustainable options. In 2023, 2024, we continued our partnership with EcoEnclose for both

Etsy marketplace and Depop sellers in the United States.

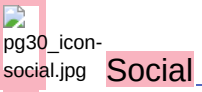
Through the partnership, sellers can access and buy affordable packaging made from recycled paper and certified responsibly sourced paper that buyers can also recycle easily at home. The program also supports To make it easier for sellers who reuse existing to access this packaging, through we have integrated EcoEnclose into the Etsy marketplace Seller platform 'Shop Manager' as a reused packaging sticker option. We also reinforced the environmental benefit of reused preferred partner and more sustainable packaging through seller marketing channels and events. have since seen a 100% increase in uptake.

### Helping Our Sellers Build Climate Resilience

Our sellers face increasing challenges related to natural disasters. Recognizing this, we have developed a strategy to help sellers build core part of our climate resilience focused strategy focuses on improving both the recovery capacity and preparedness. the preparedness of our sellers. We implement this strategy through three levers: intervention, education, and advocacy.

In 2023, 2024, through proactive disaster response efforts, we expanded provided bill deferment, extended star seller status, and shared disaster response resources to more than 250,000 sellers in response to natural disasters. We

also increased the number of grants and frequency of disbursement provided through our Disaster Response Grant disaster response grant program through with the Craft Emergency Relief Fund (CERF+ ("CERF+"), which offers grants to Etsy marketplace U.S. sellers impacted by a Federal Emergency Management Agency (FEMA) ("FEMA") declared disaster. We also partnered continue to partner with Nest, Inc. and the Environmental Defense Fund ("EDF") to develop open-source resource guides resources that make it easier for sellers and artisans in the U.S. artisans more broadly, and India to access climate-related disaster information and funding. To drive uptake among Etsy's U.S. sellers, Through this same partnership, we've adapted these resources into Etsy-specific educational content advocated for improvements to FEMA and seller-facing communications campaigns.



Social

Ensuring equitable access to opportunity

Prioritizing People

As the employee diversity, equity and inclusion Small Business Administration disaster relief programs have



matured at Etsy, our value of “embracing differences” remains central. In 2023 we felt it was time to define the strategy that makes diversity, equity and inclusion at Etsy unique - so we developed what we believe is a distinctive approach, utilizing the acronym SIMPLE as defined below:

- Shared. This isn't one person's job at Etsy, it's everyone's shared responsibility.
- Integrated. Maintaining an equitable workplace remains a key part of our long-term company strategy and we embed this principle into our work across the company.
- Measurable. Monitoring the progress towards our goals, external audits, and engagement surveys keep us accountable.
- People-centered. Our employees are central to People policy decisions.
- Leader-driven. Etsy's leaders set a positive and inclusive tone from the top.
- Ethical. Diversity, equity and inclusion is

ethical. We  
know we can  
do well and  
do good at  
the same  
time.

We remain committed  
to building a workplace  
where people of all  
backgrounds and  
walks of life can thrive.  
In 2023, we reaffirmed  
our efforts to grow  
diverse and inclusive  
teams because we  
know diverse  
perspectives make us  
a better and stronger  
business and enhance  
the culture of Etsy. At  
Etsy marketplace, we  
focused on expanding  
our definition of  
diversity by placing  
additional emphasis on  
accessibility and  
disability inclusion. We  
deliberately reinforce  
inclusive values and  
practices into key

24

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#### [Table of Contents](#)

moments in the  
employee life-cycle  
such as at New Hire  
Orientation and  
Manager Foundations.  
Across all brands we  
continued investing in  
our vibrant Employee  
Resource Group  
("ERG") programs.  
Related to these  
internal efforts is our  
commitment to driving  
diversity, equity, and  
inclusion within the  
tech ecosystem. This  
year we donated  
\$150,000 to  
organizations driving  
inclusive tech  
workforce  
development  
programs.

Etsy continues to  
support hybrid working  
modes, while  
gathering together  
periodically with  
intention and careful  
planning. We offer  
paid family leave  
policies, as well as  
periodic company-wide  
"rest and recharge"  
days to supplement

Etsy's paid time off. Employees may also utilize regular "focus days," full days where non-critical meetings are canceled and we focus on digging deep into individual work. Etsy also continues to offer mental health days and easy access to mental health benefits to our employees as part of our overall approach to well-being.

We continued our focus on employee engagement in 2023, which is linked with high performance, retention, innovation, and growth. We believe our employees have chosen to work at Etsy because they believe in our action-oriented, values-based, and purpose-driven work culture. In 2023, we conducted engagement surveys of all Etsy marketplace, Reverb, and Depop global employees. Of all employees surveyed across each brand, 85% of Etsy marketplace, 86% of Reverb, and 76% of Depop employees submitted a response. 80% of Etsy marketplace respondents, 72% of Reverb respondents, and 75% of Depop respondents reported favorable employee engagement. See our SASB disclosure on page 34 for more details.

On December 12, 2023, our Board of Directors approved the Restructuring Plan, which included an approximately 11% reduction of the Etsy marketplace workforce. Additionally, in the fourth quarter of 2023 Reverb reduced its workforce by approximately 13%.


Approximately 2,420 employees worldwide on December 31, 2023, including approximately 240 Reverb employees and approximately 400 Depop employees.

Specifically related to the Etsy marketplace, when we decided to reduce our workforce, our goal was to ensure the new structure was better aligned to our Vital Few business priorities and foundational work streams, while keeping fairness at the forefront needs of this process. Etsy remains committed to diversity and will be continuing efforts to build diverse, equitable and inclusive teams.

Our employee diversity, equity, and inclusion metrics home-based artisans are reported below as of December 31, 2023 and do not reflect the Restructuring Plan related employee departures that occurred after December 31, 2023.

Employee Diversity, Equity and Inclusion

Goal: Build diverse and inclusive work forces that are broadly representative of their communities, considered.

Our Employee Diversity, Equity and Inclusion Targets		Our Progress	
Approximately double (baseline 2018: 8.6%) the percentage of Etsy marketplace U.S. employees who identify as Black, Latinx, or Native American by year end 2025 (Updated target year from 2023).		At December 31, 2023, 15.4% of Etsy marketplace U.S. employees identified as Black, Latinx, or Native American.	
	For Mexico and Ireland-based Software Engineering teams, achieve approximately two times country-level gender representation benchmark for women and marginalized genders by year end 2027.	At December 31, 2023:	
		■ Mexico: 16.5%	
		■ Ireland: 23.8%	
		■ Mexico target: 13%	
		■ Ireland target: 16%	

■ **Reverb target: 10%**

Score an 80 or higher on Disability: IN's Disability Equality Index. 2023 score: 100

Reach gender parity at Reverb (increasing women and marginalized genders to at least 50%) by year end 2026. At December 31, 2023, 35.1% of Reverb employees were women or marginalized genders.

**UPDATED in 2023:** By year end 2028, increase representation of women and marginalized gender communities at Reverb to at least 45%.

etsy1x1x2.jpg

Approximately double the percentage of U.S. employees at Reverb who identify as BIPOC by year end 2026. (Baseline 2020: 16.6%). (Note: Reverb's definition of BIPOC includes Black, Latinx, Native American, Asian and two or more races.) At December 31, 2023, 21.5% of Reverb U.S. employees identified as BIPOC, up from 18.9% in 2022.

**UPDATED in 2023:** Through year end 2028, maintain representation of U.S. employees at Reverb who identify as BIPOC at or above ~21%.

25

[Table of Contents](#)

Social

Ensuring equal access to opportunity

Achieve 35% of underrepresented ethnicities in U.S. and U.K. employees by year end 2028 (Note: Depop defines underrepresented ethnicities as Asian, Black, Mixed and staff identifying as 'Other,' including Latinx in the United States.) At December 31, 2023, 26% of Depop U.S. and U.K. employees identified as underrepresented ethnicities.

pg30\_icon-social.jpg  
etsy1x1x3.jpg

	Engaged and data teams by year end 2028. Impactful Teams	At December 31, 2023, 26.8% of Depop employees on engineering and data teams had underrepresented gender identities.	Workforce Access	Supply Chain	Creative Community
Achieve 27% of underrepresented gender identities on engineering					

Racial/Ethnic Diversity Engaged and Impactful Teams

For more information on how we foster Engaged and Impactful Teams, please see page 12 of this report.

## Workforce Access

Goal: Ensure equal access to employment, engagement, and development to drive equitable outcomes.

### Ensuring Equal Access to Employment

As noted on page 12, we believe teams with diverse viewpoints are better able to deliver the creativity and innovation necessary to serve our global community of buyers and sellers, and as a result we broadly seek to increase the range of backgrounds and perspectives in our workforce. These efforts encompass outreach and recruiting practices, which are designed to ensure we attract the broadest and most talent-rich pool of employee applicants possible. In 2018, all cases, we make individual employment decisions – whether it's a decision to hire, to promote, to discipline, or to discharge – on the basis of merit. We remain confident in the processes we have in place to mitigate biases, and have seen the diversity of our U.S. workforce increase over the past several years.

Consistent with how we run our business, we track our progress in diversifying our

workforce through a variety of metrics at both the consolidated Etsy level and at the individual marketplace set a goal to double the percentage levels.

For Etsy Marketplace:

- At December 31, 2024:
  - 51.5% of all global employees identified as women or marginalized genders
  - 14.9% of U.S. employees identified as Black, Latinx, and or Native American (collectively called "underrepresented communities"
  - 42.1% of U.S.-based software engineers identified as women or "URC") employees at the company by year end 2023. While we've significantly increased racial/ethnic diversity on

our  
U.S.  
team  
since  
2018, marginalized  
genders

◦ 17.7%  
of  
Mexico-  
based  
software  
engineers  
identified  
as  
women  
or  
marginalized  
genders

◦ 27.8%  
of  
December  
31,  
2023  
we've  
come  
up  
short Ireland-  
based  
software  
engineers  
identified  
as  
women  
or  
marginalized  
genders

◦ 9.7%  
of  
our  
original  
goal.  
We  
have  
a  
strong  
conviction  
that  
diverse  
and  
inclusive  
teams  
build  
more  
creative  
and  
innovative  
solutions  
that  
strengthen  
our  
business

and  
enhance  
our  
ability  
to  
better  
serve  
wider  
audiences.  
We've  
added  
two  
additional  
years  
to  
the  
term  
of  
this  
goal  
and  
will  
continue  
to  
report  
our  
progress  
annually.

In 2023, we held onto the progress made between 2019 and 2022. Though the Etsy marketplace did less hiring this year than in the year prior, in 2023, URC employees constituted 18.8% of U.S. Etsy marketplace hires. As a result, at December 31, 2023, URC employees made up 15.4% of Etsy marketplace's U.S. workforce, up from 8.6% in 2018. That represents a 79.1% increase relative to where we began in 2018.

In 2023, Black, Indigenous, and People of Color ("BIPOC") constituted 53.3% of Reverb's U.S. hires, up from 27.7% in 2022. As of December 31, 2023, Reverb's U.S. workforce included 21.5% BIPOC representation, compared to 18.9% on December 31, 2022. In 2023, Reverb's hiring forecast decreased and Reverb's diversity goal was adjusted to meet or exceed about 21% BIPOC representation (the previous goal was to double the 2020 benchmark of 16.6%).

In 2023, underrepresented ethnicities at Depop constituted 38.6% of hires in the U.S. and U.K., up from 24.2% over 2022. As of December 31, 2023, Depop's U.S. and U.K. workforce included 26% underrepresented ethnicities, compared to 30% on December 31, 2022.

## Gender Diversity

Etsy proudly maintains approximate gender parity in the overall employee population and among Leadership. We've identified Software Engineering as an area for focus on improving gender diversity. In the U.S., at December 31, 2023, the percentage of women and marginalized gender software engineers at the Etsy marketplace was 39.5%. Globally across all functions, at the Etsy marketplace, the representation of women and marginalized gender employees was 52.1% at year end 2023. Women and marginalized gender employees constituted 51.6% of new hires at the Etsy marketplace in 2023.

In 2022 we set goals to increase representation of women and marginalized genders on Software Engineering teams in Mexico and Ireland by the end of 2027. We are proud to be tracking above the goals disclosed that were set. As of December 31, 2023, in Mexico, we **they have or have** had 16.5% representation of women and marginalized gender employees, and, in Ireland, we had 23.8% representation of women and marginalized gender employees.

At Reverb, women and marginalized genders made up 45.2% of hires in 2023 compared to 51% in 2022. At Reverb, the representation of women and marginalized gender employees decreased from 36.4% at December 31, 2022 to 35.1% at December 31, 2023. Reverb remains committed to retaining employees from underrepresented communities, including through its mentorship programs.

At Depop, the representation of women and marginalized gender employees was 48.3% of the workforce at year end 2023, with that cohort making up 59.1% of 2023 hires. Depop set a goal in 2023 to achieve 27% representation of women and marginalized gender employees on the engineering and data teams by year end 2028. As of December 31, 2023, we had 26.8% women and marginalized gender representation on those teams, up from the baseline of 20% at December 31, 2022. disability

26

**Table 0.5% of Contents** our U.S. employees disclosed that they are veterans that served in the armed forces

•

11.0% of our U.S. employees disclosed that they identify as LGBTQIA+

•

33.3% of our U.S., Mexico, and Ireland employees disclosed that they are parents of children below the age of 18 through their benefits elections

**Expanding Our Understanding** • Scored 100 on Disability: IN's Disability Equality Index for 2024

For Reverb:

• At December 31, 2024:

• 35.7% of Diversity all global employees identified as women or marginalized genders

•

As Diversity, Equity: 20.2% of U.S. employees identified as Black, Latinx, Native American, Asian and Inclusion at Etsy matures two or more races

For Depop:

• At December 31, 2024:

• 27.9% of U.S. and evolves, so does U.K. employees identified as Asian, Black, Mixed or 'Other,' including Latinx in the United States

•

26.9% of employees on engineering and data teams identified as women and marginalized genders

Consolidated workforce highlights can be found below.

In addition to our shared understanding of diversity. While our goals remain dedicated work to creating a positive attract qualified and inclusive workplace for all employees and addressing gaps in representation, diverse talent, we are making a concerted effort to view diversity as an expansive concept. For example, also investing in programs that support the retention and engagement of our employees, have an opportunity to self-identify, via secure survey, not only their gender and racial identity, but also their disability status, sexual orientation and veteran status. That data is used for aggregate reporting, and to inform programming and benefits needs. In 2023, we took important steps to deepen disability inclusion as described further below. Additional information

## Ensuring Equal Access to Pay

Etsy takes proactive measures at each step of the employee journey to ensure fair pay practices. At the recruiting stage, we determine compensation packages within our existing frameworks by comparing outgoing offers to internal roles with comparable experience. During compensation reviews, we use guideposts when determining the size of merit and promotion increases and bonuses based on performance outcomes. Additionally, all compensation recommendations are reviewed by Human Resources and senior leadership to ensure equity. Etsy also periodically makes market-based adjustments to compensation that we apply consistently within and across functions and/or teams, to ensure pay for internal employees is aligned with that of new hires.

As part of our Diversity, Equity commitment to fair pay practices, we completed our most recent biennial pay equity analysis, conducted by a third-party consulting firm, in 2024. The purpose of this analysis is to look at pay across jobs and Inclusion can be levels to ensure our practices are fair and consistent and that compensation is not influenced by gender, or race/ethnicity. The analysis found at careers.etsy.com/dei.

Our core ERGs no unexplained pay gaps adverse to women or employees from other marginalized genders, or non-white employees. Additionally, there were no unexplained pay gaps based on intersectionality (i.e., based on the combination of race and gender/ethnicity). We plan to continue to thrive, comprehensively audit pay equity biennially with ten formalized groups an external consultant, and conduct internal reviews several times a year in conjunction with events such as rating and promotion decisions and market adjustments.

## Ensuring Equal Access to Advancement Opportunities

The career achievement and advancement of our people is a priority. We provide robust professional development budgets for our teams to use for skill development, and career coaching to all levels of employees. Additionally, the Etsy marketplace widely offers mentoring for employees, and has multiple mentorship programs.

As part of our commitment to provide our people with unique challenges and opportunities that help them develop, grow, and realize their career aspirations, we've established transparent expectations outlined by level, and we leverage those expectations to evaluate performance equitably. We provide our people managers with standardized templates for development and growth conversations, and hold them accountable for having these conversations. Twice a year, managers also have the opportunity to recognize the contributions and readiness of individual team members for the Etsy marketplace. The Diversity, Equity next level through our promotion processes, which are rigorously reviewed for equity of outcome. We also have a transparent process for applying for role opportunities internally, and Inclusion team also supports additional internal communities representing Interfaith, MENA (Middle Eastern a fair evaluation method for consideration. Additionally, we believe recognition is a critical piece of an employee's engagement; it contributes to a sense of esteem and North African), Muslim, belonging which studies show increases motivation and Veteran identities. ERGs at Reverb have grown productivity. To support this, we offer our managers a variety of methods of recognition to include six formal groups and Depop has established four ERGs this year. ERG leaders receive a stipend in recognition of support their contribution in building a culture of inclusion. Etsy marketplace's ERGs also continue to utilize philanthropic giving to amplify their community building contributions, teams.

In 2023, Etsy marketplace continued expanding the Dens program that is open to all employees. Dens are peer cohorts that meet regularly for facilitated dialog on leadership and the challenges we face at work. The program includes an option for identity-based cohorts that we call "Affinity Dens" for Asian, Black, and Latinx identifying employees, LGBTQ+ employees, neurodiverse employees, people with disabilities, as well as women and marginalized gender employees. Etsy marketplace's Mentorship Circle Program also offers robust supports for Etsy employees, including those from underrepresented racial communities, employees with disabilities, neurodiverse employees, and LGBTQ+ employees. Reverb and Depop also support mentorship programs in cooperation with their respective Diversity, Equity and Inclusion leaders. Depop ran an Inclusion Week which offered an allyship panel and activities to promote ERG participation.

27

Progress On Disability Inclusion

In 2022, we set an ambitious goal to prioritize Disability Inclusion and Accessibility for employees at our Etsy marketplace, and We are proud that the Etsy marketplace committed to scoring an 80 or above achieved a score of 100 on DisabilityIn.org's Disability Equality Index in 2023. This commitment enabled us 2024 for the second year in a row. We are committed to create a making progress against our roadmap of enhancements across to our programs, policies, and practices for the Etsy marketplace - and we are proud to have achieved a score of 100 as a result. Examples of our enhancements include developing and implementing Disability inclusion training modules for new hires and managers, adding accommodations language to our recruiting content, training talent acquisition partners to effectively and inclusively recruit and work with candidates with disabilities, and updating our U.S. and U.K. self-identification questions on disability status for employees. Our CEO, Josh Silverman, also signed onto a public pledge of support for disability inclusion in the workplace with the "CEOs are IN" pledge. We are committed to maintaining a best in class best-in-class score in 2024 for the Etsy marketplace, as well as engaging Marketplace for 2025.

Reverb and Depop in benchmarking benchmarked their current practices during 2024, and are in order to build a roadmap the process of similar building roadmaps of improvements for their respective organizations. During 2024, Depop made progress by developing education around accessibility and disability inclusion for all employees, including providing resources specific for managers, and clarified their accommodations process. Depop and Reverb remain committed to continuing progress on their roadmap in 2025.

We believe a central measure of our progress is evident in employee self-disclosure of disability status. Without reason to share or enough trust between a company and its employees, individuals are unlikely to self-disclose. In 2023, 10.7% 2024, 9.7% of U.S. and U.K. Etsy marketplace employees disclosed that they have or have had a disability.

Pay Equity & Pay Band VisibilityWorkforce Metrics

Etsy takes proactive measures at each step As of December 31, 2024 we had approximately 2,400 total employees worldwide including approximately 180 Reverb employees and approximately 400 Depop employees. Across our employee workforce, over 70 nationalities are represented.

All metrics below are as of December 31 of the stated year.

Leadership is defined as Director level and above. Tech employees are defined as those employees who work on Product, Engineering, Analytics, and HR Information and Financial Systems Administration teams. Engineering employees are defined as those employees who work within the Engineering Job Family Group included within Tech. Other Business Roles are defined as those employees who work in roles outside of the Tech definition, inclusive of non-tech Leadership positions. Gender and age metrics reflect our global employee journey base, while race and ethnicity metrics reflect U.S. only in order the below graphs and table.

We continue to ensure fair pay practices. At value diversity at the recruiting stage, we determine compensation packages Board level. Etsy expects to provide additional disclosures on its Board of Directors in our Proxy Statement for our 2025 Annual Meeting of Stockholders ("Proxy Statement") to be filed with the SEC within our existing frameworks by comparing outgoing offers to internal roles with comparable experience. During compensation reviews, we use guideposts when determining 120 days of the size of merit and promotion increases and bonuses based on performance outcomes. Additionally, all compensation recommendations are reviewed by designated Human Resources Business Partners and senior leadership to ensure equity. Etsy also periodically makes market-based adjustments to compensation that we apply consistently within and across teams, to ensure pay for internal employees is aligned with that of new hires.

As part of our commitment to fair pay practices, we completed our fiscal year ended December 31, 2024. Our most recent biennial Pay Equity analysis, conducted by a third-party consulting firm, in 2022. The purpose of this analysis is to look at pay across jobs and levels to ensure consolidated equal employment opportunity ("EEO-1") report can be found on our practices are fair and consistent and that compensation is not influenced by gender, or race/ethnicity. Investor Relations website.

The analysis found no unexplained pay gaps adverse to women or employees from other marginalized genders, or non-white employees. Additionally, there were no unexplained pay gaps based on intersectionality (i.e., based on the combination of race and gender/ethnicity). We plan to continue to comprehensively audit pay equity biennially with an external consultant, and conduct internal reviews several times a year in conjunction with events such as rating and promotion decisions and market adjustments. Gender Metrics - Global

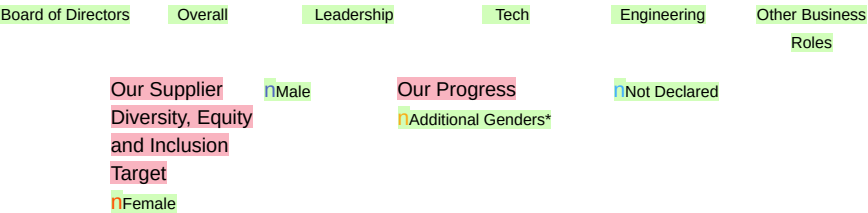
We also introduced pay band visibility in 2022 at Etsy and Reverb. We believe disclosing individual pay band information is an important component of equitable pay practices and helps our employees and prospective candidates better understand what factors contribute to pay decisions and pay progression for their roles.

Table of Contents

Supplier Diversity, Equity and Inclusion

Goal: Create an equitable and sustainable supply chain that supports our "House of Brands" while reducing our carbon footprint, supporting diverse businesses and bringing new economic opportunities to our suppliers and their employees

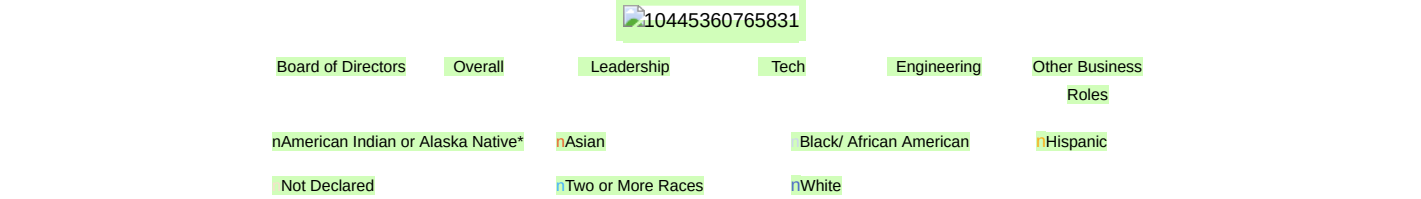
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\* Additional Genders for Board of Directors was 0% in 2024, 2023, and 2022; for Overall was 2.0% in 2024, 2.4% in 2023, and 2.2% in 2022; for Leadership was 0.3% in 2024, 0.6% in 2023, and 0.7% in 2022; for Tech was 2.1% in 2024, 2.6% in 2023, and 2.3% in 2022; for Engineering was 3.0% in 2024, 3.5% in 2023, and 2.7% in 2022; for Other Business Roles was 1.3% in 2024, 1.5% in 2023, and 2.0% in 2022.

† Etsy commissioned an external third party to perform attest procedures with respect to our workforce metrics for the reporting period. Full details and data methodology are available at investors.etsy.com. For Gender Metrics, 2022 includes Elo7 (divested).

RACE & ETHNICITY METRICS - U.S. ONLY



\* American Indian or Alaska Native for Board of Directors was 0% in 2024, 2023, and 2022; for Overall was 0.1% in 2024, 0.1% in 2023, and 0.2% in 2022; for Leadership was 0% in 2024, 2023, and 2022; for Tech was 0.1% in 2024, 0.1% in 2023, and 0.2% in 2022; for Engineering was 0.1% in 2024, 0.1% in 2023, and 0.2% in 2022; for Other Business Roles was 0% in 2024, 0.2% in 2023, and 0.1% in 2022.

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AGE METRICS - GLOBAL\*



\* Age Not Declared was 0.1% in 2024, 0.04% in 2023, and 0.1% in 2022.

† Etsy commissioned an external third party to perform attest procedures with respect to our workforce metrics for the reporting period. Full details and data methodology are available at investors.etsy.com. For Age Metrics, 2022 includes Elo7 (divested).

Supply Chain

Goal: Ensure an equitable supply chain that supports a broad range of businesses and brings new economic opportunities to our suppliers and their employees.

Supplier Diversity

Etsy renewed The value that entrepreneurs and innovators deliver is at the core of everything we do, and we therefore continue to work to build a more transparent, accessible, and competitive supply chain. We believe our commitment to enable equitable supplier diversity provides access to economic opportunities by launching a new Supplier Diversity Program in 2023, including broader range of innovative ideas, talent, and perspectives, which ultimately leads to enhanced market reach, cost efficiency, and a target to reach \$120 million in diverse spend across our "House of Brands" by 2025. In line more resilient supply chain -- all while aligning with our expectations, from January 1, 2022 through December 31, 2023, mission to "Keep Commerce Human."

During 2024, we achieved \$55 million in spend spent \$43 million with diverse owned diverse-owned suppliers, which we define as defined above, across our "House of Brands."

Critical to success for our program, we invested in foundational work designed to allow us to expand woman, disability, and mature our program LGBTQ-owned globally; as well as Black, Asian-Indian, Asian-Pacific, Hispanic/Latinx, Indigenous, and veteran-owned in the coming years. We added Depop into United States. This year we verified our supplier Impact vetting process to track self-reported diverse supplier spend across the entire "House of Brands." We automated our internal reporting processes and streamlined data collection, enabling us to identify opportunities to source new suppliers or deepen and consolidate spend by cross-referencing with others.

To further our engagement with minority-owned suppliers, we became a corporate member of the National Minority Supplier Development Council (NMSDC), a nationally recognized nonprofit certifying body and corporate network. We kicked off efforts Disability:IN's certified databases to utilize their verified NMSDC database ensure the integrity and accuracy of our efforts.

Although we are committed to identify current suppliers that are certified minority-owned broadening the diversity of our supplier base and identify additional diverse suppliers track this data to build out help measure our pipeline. outreach progress, in all cases we make individual procurement decisions on the basis of merit.

Employment Practice Priorities Advancing Partner Welfare and Compensation

Etsy utilizes a number of vendors, contractors, and consultants, collectively our vendor "vendor partners," in the ordinary course of its business. These vendor partners are typically engaged to (a) enable Etsy to access otherwise unavailable expertise; (b) to fill short term staffing requirements (for example, temporary leave replacements); or (c) support our operations, including to deliver 24-hour multilingual customer support and trust and safety support coverage. We believe our commitment to our vendor partners enhances Etsy's operational efficiency and aligns with our ethical standards by reducing turnover, boosting productivity, and ensuring stable service delivery, thereby strengthening our business resilience.

In 2023, 2024, we continued to educate our vendor partners who employ contractors who do work for Etsy on Etsy's aspirational guidelines for employment practices. We continued a process to survey and evaluate our third-party partners across key practices. Where we identify gaps, we open dialogues with our vendors, using these guidelines as a north star:

- Ensuring our contractors receive a progressive living wage, adjusted for market conditions, based on location.
- Using our leverage with vendor partners to achieve a progressive and flexible paid leave policy for all full-time contractors, including vacation time, sick time, and gender-neutral parental leave.
- Ensuring all full-time contractors have access to quality medical care for themselves and their dependents.

Creative Community Diversity, Equity and Inclusion

Goal: Build Marketplaces welcoming marketplaces that are Diverse, Welcoming serve our global community of buyers and Inclusive Places to Sell sellers and Shop, and Drive Equity grow opportunity within Creative Communities, the creative economy.

Our Creative Community Diversity, Equity and Inclusion Targets & Commitments



In 2023, set a 5-year public target for how many economically disenfranchised, creative businesses we will strengthen through our investments in social impact and innovation.

UPDATED: Provide programs and services to support economically disenfranchised creative businesses.

Our commitment to drive impact for our community focuses on creating pathways to economic opportunity. Across the House of Brands, we aim to provide programs and services to support economically disenfranchised creative businesses and the organizations that serve them. Ranging from the distribution of targeted educational materials to product enhancements, our initiatives are aimed at addressing key barriers to success to facilitate business growth.

Commitment to Economic Opportunity

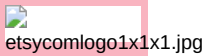
Etsy understands the critical role creative entrepreneurship can play in building economic independence and freedom for communities and has long been committed to utilizing our marketplace to help makers with a creative idea build a business online. Our work aims to ensure that the pathways to creative entrepreneurship are available to all.

As a cornerstone of Etsy's commitment to supporting creative small businesses navigating challenges to building and growing, Etsy's Uplift Fund aims to support organizations driving critical resources to entrepreneurs. Through Etsy's partnership, in 2024, these organizations provided support to over 3,550 entrepreneurs. In 2024, U.S. buyers joined with Etsy by electing to donate the change on their orders 2.9 million times. These donations, coupled with Etsy's contributions, resulted in \$3.6 million in grants to organizations providing capital and wrap-around business support services to entrepreneurs, particularly business owners who face barriers to access that impede their ability to grow.

Commitment to the Creative Economy

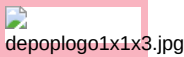
Reverb Gives works to advance music programs globally and in 2024 provided access to musical equipment by distributing approximately \$184,000 in purchase credits and awards. This year, Reverb Gives together with Etsy's Uplift Fund supported 39 organizations committed to serving creative communities and their growth.

Aim to include at least 45% Black and Brown skin tones in marketing assets on Etsy-owned and Etsy-managed channels in the United States.



In 2023, set a 5 year public target for the promotion of underrepresented seller shops through merchandised experiences that broadly aligns with representation in our communities.

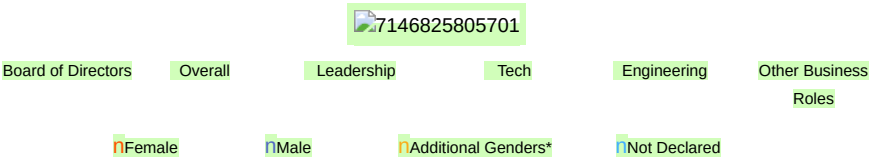
UPDATED: Continue to showcase products made by a diverse community of sellers and enable buyers to support shops run by underrepresented sellers.



Aim to invest in programs or initiatives that drive equity for underrepresented communities on Depop.

Following last year's consolidation December 31, 2024, \$20.5 million of the Impact Investment Fund was allocated to specific investments and the rest was on deposit at a large community development finance institution in the United States. In 2024, our Marketplace Diversity, Equity Impact Investment Fund invested \$500,000 in To the Market, a business that helps artisan and Inclusion and Social Innovation goals under a single Creative Community Diversity, Equity and Inclusion goal, we set out to develop targets to guide our work over women-owned businesses gain greater market access through the long term, while continuing to drive our social impact programs that support creative entrepreneurs. We're evaluating efficient mechanisms to set targets and collect reliable data consistently. In the meantime, we remain steadfast in our work to create pathways for equitable access to economic opportunity through creative entrepreneurship, growth of supply chain opportunities.

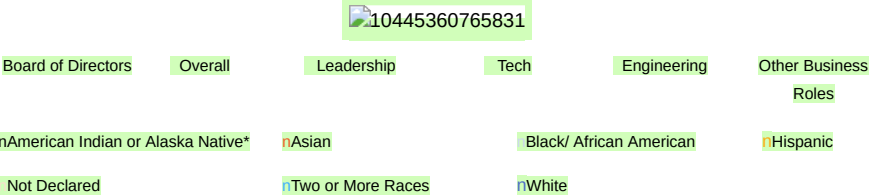
Commitment Gender Metrics - Global



\* Additional Genders for Board of Directors was 0% in 2024, 2023, and 2022; for Overall was 2.0% in 2024, 2.4% in 2023, and 2.2% in 2022; for Leadership was 0.3% in 2024, 0.6% in 2023, and 0.7% in 2022; for Tech was 2.1% in 2024, 2.6% in 2023, and 2.3% in 2022; for Engineering was 3.0% in 2024, 3.5% in 2023, and 2.7% in 2022; for Other Business Roles was 1.3% in 2024, 1.5% in 2023, and 2.0% in 2022.  
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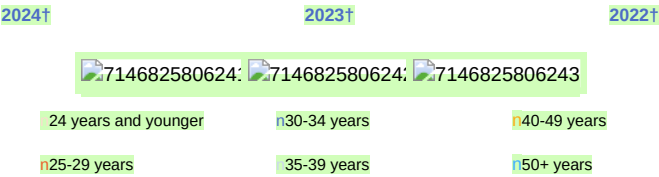
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RACE & ETHNICITY METRICS - U.S. ONLY



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† Etsy commissioned an external third party to perform attest procedures with respect to our workforce metrics for the reporting period. Full details and data methodology are available at investors.etsy.com.

AGE METRICS - GLOBAL\*



\* Age Not Declared was 0.1% in 2024, 0.04% in 2023, and 0.1% in 2022.  
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## Supply Chain

**Goal:** Ensure an equitable supply chain that supports a broad range of businesses and brings new economic opportunities to our suppliers and their employees.

### Supplier Diversity

The value that entrepreneurs and innovators deliver is at the core of everything we **worked** do, and we therefore continue to **ensure that the images** work to build a more transparent, accessible, and competitive supply chain. We believe our commitment to supplier diversity provides access to a broader range of innovative ideas, talent, and perspectives, which ultimately leads to enhanced market reach, cost efficiency, and a more resilient supply chain -- all while aligning with our mission to "Keep Commerce Human."

During 2024, we **proactively created and shared in our Etsy marketplace** were broadly representative of the communities in spent \$43 million with diverse-owned suppliers, which we **live**. In 2023, **49.7% of the people in marketing assets on Etsy marketplace-owned** define as woman, disability, and **Etsy marketplace-managed channels** LGBTQ-owned globally; as well as Black, Asian-Indian, Asian-Pacific, Hispanic/Latinx, Indigenous, and veteran-owned in the United States **had black States**. This year we verified our self-reported diverse suppliers by cross-referencing with the National Minority Supplier Development Council and Disability:IN's certified databases to ensure the integrity and accuracy of our efforts.

Although we are committed to broadening the diversity of our supplier base and track this data to help measure our outreach progress, in all cases we make individual procurement decisions on the basis of merit.

### Advancing Partner Welfare and Compensation

Etsy utilizes a number of vendors, contractors, and consultants, collectively our "vendor partners," in the ordinary course of its business. These vendor partners are typically engaged to (a) enable Etsy to access otherwise unavailable expertise; (b) to fill short term staffing requirements (for example, temporary leave replacements); or **brown skin tone representation or were identified** (c) support our operations, including to deliver 24-hour multilingual customer support and trust and safety support coverage. We believe our commitment to our vendor partners enhances Etsy's operational efficiency and aligns with our ethical standards by reducing turnover, boosting productivity, and ensuring stable service delivery, thereby strengthening our business resilience.

In 2024, we continued to educate our vendor partners who employ contractors who do work for Etsy on Etsy's aspirational guidelines for employment practices. We **continued a process to survey and evaluate our third-party partners across key practices**. Where we identify gaps, we open dialogues with our vendors, using these guidelines **as people** a north star:

- Ensuring our contractors receive a progressive living wage, adjusted for market conditions, based on location.
- Using our leverage with vendor partners to achieve a progressive and flexible paid leave policy for all full-time contractors, including vacation time, sick time, and gender-neutral parental leave.
- Ensuring all full-time contractors have access to quality medical care for themselves and their dependents.

## Creative Community

**Goal:** Build welcoming marketplaces that serve our global community of **color**, buyers and sellers and grow opportunity within the creative economy.

Our commitment to drive impact for our community focuses on creating pathways to economic opportunity. Across the House of Brands, we aim to provide programs and services to support economically disenfranchised creative businesses and the organizations that serve them. Ranging from the distribution of targeted educational materials to product enhancements, our initiatives are aimed at addressing key barriers to success to facilitate business growth.

### Commitment to Economic Opportunity

Etsy understands the critical role creative entrepreneurship can play in building economic independence and freedom for communities and has long been committed to utilizing our marketplace to help makers with a creative idea build a business online. Our work aims to ensure that the pathways to creative entrepreneurship are available to all.

Etsy marketplace's Uplift Initiative focuses on **As a cornerstone of Etsy's commitment to supporting creative entrepreneurs facing small businesses navigating challenges such as lack of access to an internet connection or limited digital skills building and capital to grow their businesses. In addition to growing, Etsy's contributions to the Etsy Uplift Fund aims to support organizations driving critical resources to entrepreneurs. Through Etsy's partnership, in 2023 2024, these organizations provided support to over 3,550 entrepreneurs. In 2024, U.S. buyers elected joined with Etsy by electing to donate the change on their orders 4.2 million 2.9 million times. This enabled us These donations, coupled with Etsy's contributions, resulted in \$3.6 million in grants to distribute \$3.55 million in grants on behalf of Etsy and our buyer community to support organizations driving resources to creative entrepreneurs. This year's grantees include:**

- **Accion Opportunity Fund - a nonprofit organization committed to providing small business owners with access to capital, networks, and coaching, that will extend tailored support to creative entrepreneurs.**
- **DreamSpring - a Community Development Finance Institution ("CDFI") working to revitalize communities through their support of small businesses across the United States, with an emphasis on comprehensive programming to support the growth of creative businesses.**
- **Hello Alice - a small business community catalyzer championing entrepreneurship that will provide direct services aiming to help creatives launch and grow healthy businesses.**
- **Nest - a leading nonprofit driving access to economic opportunity for makers in the handcraft sector that will expand financial readiness and business growth for artisans.**

In 2023, the Uplift Makers program carried on Etsy's commitment to supporting heritage artisan communities in gaining economic independence through inclusion in the digital economy. In addition to growing the number of makers within prior cohorts, this year we expanded the footprint of our work with the Oaxaca Artesanía Collective, a group of skilled craftspeople from Oaxaca, Mexico. **Uniting traditional artistry that has spanned generations with their own modern interpretations, these makers utilize their pieces to honor their traditions and share their culture with buyers. Over \$285,000 in sales was generated in 2023 by Uplift Maker shops.**

### Investing in the Creative Economy

Etsy's investments also drive forward positive impact for entrepreneurs. In 2023, our Impact Investment Fund invested \$16 million with the hope to propel economic growth for entrepreneurs via:

- **Grameen America - this allocation supports the growth of microloans available for low-income women business owners and their overall financial stability.**
- **Community Investment Management (CIM) - this investment provides capital to demonstrate and scale responsible innovation in lending for underserved communities.**

- Local Initiatives Support Corporation (LISC) - this investment is focused on growing investment capital opportunities to creative businesses or projects that support those in creative industries in under-resourced neighborhoods in the United States.

Table of Contents

These investments provide capital and wrap around wrap-around business support services to entrepreneurs, particularly business owners who face barriers to access that impede their ability to grow.

**Commitment Across our “House of Brands” to the Creative Economy**

Supporting our communities is important for all of our brands. Reverb Gives advances works to advance music programs globally and in 2023 2024 provided access to musical equipment by distributing approximately \$86,000 \$184,000 in purchase credits and awards. In 2023, Depop surveyed more than 14,000 users This year, Reverb Gives together with Etsy’s Uplift Fund supported 39 organizations committed to understand serving creative communities and their growth.

We have a \$30 million Impact Investment Fund that seeks to make investments that are aligned with our Impact strategy. As of December 31, 2024, \$20.5 million of the make-up of its community, their inclusion sentiment Impact Investment Fund was allocated to specific investments and the barriers to success they faced with rest was on deposit at a view to inform our marketing and Impact programming in 2024. Depop also conducted an accessibility audit of its app on both iOS and Android large community development finance institution in the fourth quarter United States. In 2024, our Impact Investment Fund invested \$500,000 in To the Market, a business that helps artisan and women-owned businesses gain greater market access through the growth of 2023 with a view to running accessibility user testing and starting to address areas for improvement in 2024. supply chain opportunities.

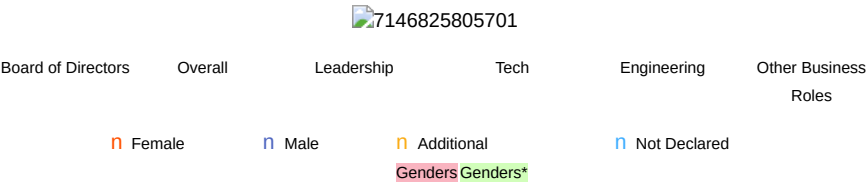
Workforce Metrics

Our mission is to “Keep Commerce Human.” Our Diversity, Equity and Inclusion goals are integral to who we are as a company: namely, marketplaces and workplaces that are made stronger by the unique and special qualities of our communities.

We are committed to transparent reporting on workforce diversity. All metrics below are as of December 31 of the stated year. Our metrics as of December 31, 2023 do not give effect to any Restructuring Plan employee departures that occurred after December 31, 2023. Overall metrics include all employees globally. Leadership is defined as Director level and above. Tech employees are defined as those employees who work on Product, Engineering, Analytics, and HR Information and Financial Systems Administration teams. Engineering employees are defined as those employees who work within the Engineering Job Family Group. Other Business Roles are defined as those employees who work in roles outside of the Tech definition, inclusive of non-tech Leadership positions. Gender and age metrics represent our global employee base, while race ethnicity metrics represent U.S. only in the below graphs and table.

We remain dedicated to diversity at the Board level. In 2022, our Board of Directors strengthened its commitment to diversity by specifically requiring that any initial list of candidates considered by the Nominating and Corporate Governance Committee for nomination to our Board of Directors include at least two qualified candidates with diversity of race, ethnicity or gender. Etsy expects to provide additional disclosures on Board of Directors diversity in our Proxy Statement for our 2024 Annual Meeting of Stockholders (“Proxy Statement”) to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023. Our 2022 consolidated equal employment opportunity (EEO-1) report can be found on our Investor Relations website.

Gender Metrics - Global



\* Additional Genders for Board of Directors was 0% in 2024, 2023, and 2022; for Overall was 2.0% in 2024, 2.4% in 2023, and 2.2% in 2022; for Leadership was 0.3% in 2024, 0.6% in 2023, and 0.7% in 2022; for Tech was 2.1% in 2024, 2.6% in 2023, and 2.3% in 2022; for Engineering was 3.0% in 2024, 3.5% in 2023, and 2.7% in 2022; for Other Business Roles was 1.3% in 2024, 1.5% in 2023, and 2.0% in 2022.

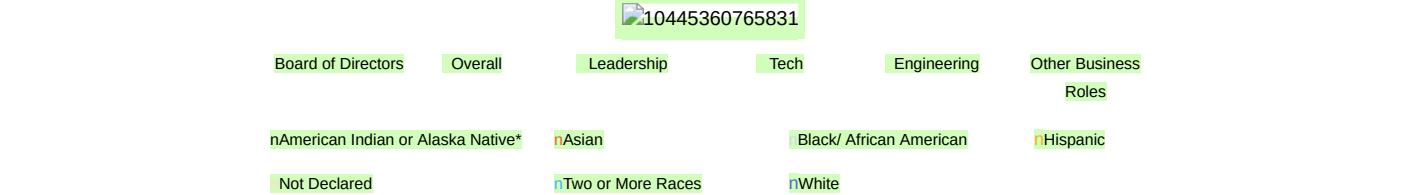
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Table of Contents

RACE & ETHNICITY METRICS - U.S. ONLY



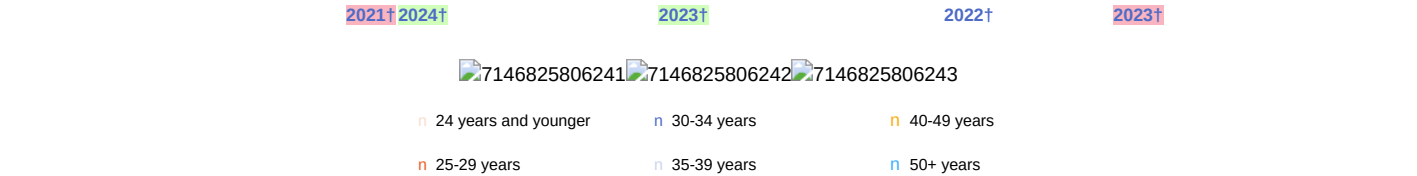
	Board			Overall			Leadership			Tech			Engineering			Other Business Roles		
	2021	2022	2023	2021†	2022†	2023†	2021†	2022†	2023†	2021†	2022†	2023†	2021†	2022†	2023†	2021†	2022†	2023†
American Indian or Alaska Native	—%	—%	—%	0.1 %	0.2 %	0.1 %	—%	—%	—%	0.2 %	0.2 %	0.1 %	0.3 %	0.2 %	0.1 %	—%	0.1 %	0.2 %
Asian	—%	—%	—%	18.9 %	18.7 %	20.5 %	15.6 %	14.1 %	15.8 %	24.7 %	24.0 %	25.6 %	24.2 %	24.5 %	25.4 %	9.8 %	10.2 %	11.3 %
Black/ African American	22.2%	22.2%	22.2%	6.1 %	7.1 %	7.3 %	6.1 %	6.2 %	5.5 %	5.4 %	5.6 %	5.9 %	5.6 %	4.8 %	5.1 %	7.2 %	9.5 %	10.2 %
Hispanic	—%	—%	—%	6.3 %	7.3 %	7.2 %	3.3 %	4.0 %	3.6 %	5.0 %	5.7 %	5.9 %	5.6 %	5.9 %	5.6 %	8.5 %	9.9 %	9.8 %
Two or More Races	—%	—%	—%	3.7 %	3.5 %	3.6 %	2.2 %	2.2 %	1.6 %	3.9 %	3.6 %	3.8 %	4.4 %	3.9 %	4.3 %	3.1 %	3.2 %	3.0 %
White	77.8%	77.8%	77.8%	61.2 %	60.2 %	58.5 %	70.0 %	71.8 %	71.5 %	57.0 %	58.1 %	55.8 %	55.6 %	57.3 %	56.2 %	67.8 %	63.8 %	62.7 %
Not Declared	—%	—%	—%	3.7 %	3.0 %	2.9 %	2.8 %	1.8 %	2.0 %	3.8 %	2.8 %	2.8 %	4.4 %	3.4 %	3.2 %	3.6 %	3.3 %	2.9 %



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Supply Chain

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During 2024, we spent \$43 million with diverse-owned suppliers, which we define as woman, disability, and LGBTQ-owned globally; as well as Black, Asian-Indian, Asian-Pacific, Hispanic/Latinx, Indigenous, and veteran-owned in the United States. This year we verified our self-reported diverse suppliers by cross-referencing with the National Minority Supplier Development Council and Disability:IN's certified databases to ensure the integrity and accuracy of our efforts.

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We have a \$30 million Impact Investment Fund that seeks to make investments that are aligned with our Impact strategy. As of December 31, 2024, \$20.5 million of the Impact Investment Fund was allocated to specific investments and the rest was on deposit at a large community development finance institution in the United States. In 2024, our Impact Investment Fund invested \$500,000 in To the Market, a business that helps artisan and women-owned businesses gain greater market access through the growth of supply chain opportunities.

Commitment to Diverse Imagery

We also strive to appeal to current and potential customers by ensuring that the images we use in our marketing broadly reflect demographic trends. In 2024, approximately 39.7% of the images of people in marketing assets used on Etsy-owned and managed channels in the United States had black or brown skin tones.



pg30\_icon-governance.jpg

## Governance

Fostering a culture of ethics and accountability

Responsible Marketplace Practices

The trustworthiness of our marketplaces and the connections among our buyer and seller communities are the cornerstones of Etsy's business. For more information, please see Part 1, Item 1, "Business—Primary Business Drivers—Trust & Safety" of this Annual Report.

Thoughtful Corporate Governance

Our corporate governance practices include an independent Board Chair, a fully independent Board of Directors (except for our CEO Chief Executive Officer), independent Committee members, sophisticated and fully engaged directors with different areas of relative expertise and additional dimensions of diversity, and a balanced distribution of director tenure. For a more complete description of our corporate governance practices, please refer to our Proxy Statement for the 2024 Annual Meeting of Stockholders, most recent proxy statement. More information on our governance policies and guidelines is available at the Investor Relations section of our website.

In alignment with our mission to "Keep Commerce Human" and as part of our commitment we are committed to upholding and promoting human rights across our marketplaces and throughout our value chain. In 2024 we partnered with Nest to create educational videos for Etsy sellers who engage with production partners. The videos aim to support sellers in choosing ethical and responsible production partners by introducing sellers to key topics in Etsy's "Ethical Expectations: What We Expect from Sellers Who Work With Production Partners" policy. The first of four videos was published in 2024 and addresses our policy on child and youth labor in production partners. In our corporate supply chain, we published our identified and worked with key suppliers to understand how they

prioritize Human Rights Commitment in 2023. In 2023 we their operations. We also published updated our Modern Slavery Statement, developed roadmaps for updating our supplier selection and management processes, made updates to our Supplier Code of Conduct to more explicitly include human rights, and clarified and expanded upon elements of our Imagery of Minors policy. Statement.

And while the connections we facilitate are uniquely human, they are rendered ever more seamless by the power of technology and artificial intelligence (AI) ("AI"). In 2023, 2024, we formed a cross-functional working group defined six values that reports to our Chief Technology Officer on guide us in the responsible use of AI across our marketplaces, in our operations, and through our partnerships. partnerships: Respect, Fairness, Reliability, Transparency, Privacy, and Security.

Integrated ESG Reporting

We strive to continue to innovate and evolve our ESG disclosures to hold ourselves accountable and transparently engage with all of our stakeholders. Since 2018, we've shared our ESG metrics alongside our financial results in our Integrated Annual Report. This practice is intended to ensure that we're transparent about and accountable for progress against our environmental and social goals, commitments. As a result of the evolving regulatory requirements, we have also expanded our standalone ESG reporting, including under the California Voluntary Carbon Market Disclosures Act and Corporate Social Responsibility ("CSR") laws in India. These reports can be found in the Governance section of our Investor Relations webpage.

Risk Oversight and Management

One of the key functions of our Board of Directors is to provide informed oversight of our risk management processes. While management is responsible for day-to-day management of the material risks we face, our Board of Directors is responsible for risk oversight. Since 2019, Etsy has had a Risk Steering Committee, which consists is comprised of a cross-functional management team that meets regularly to review and discuss the significant risks facing Etsy. Periodic reports on material risk are provided to the Risk Oversight Committee, with an annual update to the full Board of Directors or to the Board Committee assisting the Board of Directors with oversight of management of the particular risk. Directors. The Risk Steering Committee also periodically considers areas of new or evolving risks and works to understand risk analyses and establish appropriate mitigation plans. For more information on risk oversight generally, please see "Board Oversight of Risk" in Etsy's Proxy Statement. For information on how we manage our climate related risks, please refer to our complete TCFD response beginning on page 38 36 of this Annual Report. For information on how we manage our cybersecurity risks, please refer to Item 1C, beginning on page 74 67 of this Annual Report.

32 31

Table of Contents

SASB Disclosure

The Sustainability Accounting Standards Board's ("SASB") mission is to develop sustainability metrics for public corporations to disclose material, decision-useful information to investors. Etsy's disclosures are designed to provide comparable and consistent data. We have included below the metrics from SASB's Consumer Goods Sector – E-Commerce industry standard that are relevant to our business. Unless otherwise noted as relating to Etsy marketplace, Reverb, or Depop, information in this section applies to Etsy, Inc. and all of its subsidiaries.

SASB Metrics		SASB Metrics					SASB Metrics						
SASB Code	SASB Code	Metric	2021	2022	2023	SASB Code	Metric	2024	2023	2022			
CG-EC-000.A	CG-EC-000.A	Entity-defined measure of user activity	Active buyers (thousands)	96,336	95,076	96,483	CG-EC-000.A	Entity-defined measure of user activity	Active buyers (thousands)	95,459	96,483	95,076	
			Active sellers (thousands)	7,522	7,470	9,035			Active sellers (thousands)	8,134	9,035	7,470	
		• 2021 and 2022 Active buyers and Active sellers includes Etsy marketplace, Reverb, Depop and Elo7, while 2023 excludes Elo7 (divested).						• 2022 Active buyers and Active sellers includes Etsy marketplace, Reverb, Depop and Elo7, while 2023 and 2024 excludes Elo7 (divested).					
CG-EC-000.B	CG-EC-000.B	Data processing capacity	• In February 2020, we completed our full migration to Google Cloud for the Etsy marketplace. Reverb and Depop use Amazon Web Services (AWS) for their cloud computing needs.			CG-EC-000.B	Data processing capacity	• Etsy marketplace primarily uses Google Cloud for its cloud computing needs, while Reverb and Depop primarily use Amazon Web Services (“AWS”).					
			• Our Etsy marketplace cloud migration has enabled us to dynamically flex our infrastructure capacity, while providing faster processing speed, improved page load time, and more nimble technology on an as needed basis depending on traffic volume.					• In particular, our Etsy marketplace cloud usage has enabled us to dynamically flex our infrastructure capacity, while providing faster processing speed, improved page load time, and more nimble technology on an as needed basis depending on traffic volume.					
	Percentage outsourced		Percentage outsourced			100%	100%		Percentage outsourced		100 %	100 %	100 %
Hardware Infrastructure Energy & Water Management													
Hardware Infrastructure Energy & Water Management													
Hardware Infrastructure Energy & Water Management													

CG-EC-130a.1	CG-EC-130a.1	Total energy consumed, MWh (Etsy marketplace)	5,362	6,379	6,253
	130a.1	Percentage renewable energy (Etsy marketplace)	100%		
		Percentage grid electricity (Etsy marketplace)	100%		
CG-EC-130a.3	CG-EC-130a.3	<b>Discussion of the integration of environmental considerations into strategic planning for data center needs.</b>			
		<ul style="list-style-type: none"> <li>For 2023 we continued to meet our goal to source renewable electricity for our Google Cloud computing for the Etsy marketplace, and we have a 2025 goal to reduce the intensity of our energy use by 25% from a 2016 baseline. These goals are included as key considerations as we plan for our computing needs, and have been a focus of our sustainability efforts. When transitioning to a cloud computing infrastructure, we selected Google Cloud, a partner that shares our commitment to 100% renewable electricity, for the Etsy marketplace. Their highly efficient data centers have helped us save significant overhead energy. We achieved a 72% reduction in energy intensity (kWh per site visit) from computing between 2016 and 2023, despite substantial growth in our business over the same period.</li> <li>We actively monitor and manage energy consumption from our computing infrastructure for the Etsy marketplace. For 2023, we estimate that our energy consumption in Google Cloud was 6,253 MWh, based on a methodology developed by Etsy and reviewed by industry experts (our "Cloud Jewels methodology"). Quantification of our cloud energy consumption is allowing us to meaningfully explore and activate levers of change to drive further cost and energy efficiencies in our computing footprint. Our 2023 hardware infrastructure energy footprint does not include Reverb, Depop, or Elo7 (for the partial year owned) as we are not currently able to calculate energy usage from AWS, but we do include the emissions from Reverb and Depop's hardware infrastructure in our Scope 3 Purchased Goods and Services calculations.</li> <li>In 2018, Etsy entered into a virtual power purchase agreement for solar energy generated in Virginia. This project is providing us with renewable attributes to apply to the energy consumed by our operations and computing infrastructure, furthering our goals of creating a cleaner internet and reducing our impact on the planet.</li> </ul>			
CG-EC-130a.1	CG-EC-130a.1	Total energy consumed, MWh (Etsy marketplace)	5,742	6,253	6,379
	130a.1	Percentage renewable energy (Etsy marketplace)	100 %	100 %	100 %
		Percentage grid electricity (Etsy marketplace)	100 %	100 %	100 %
CG-EC-130a.3	CG-EC-130a.3	<b>Discussion of the integration of environmental considerations into strategic planning for data center needs.</b>			
		<ul style="list-style-type: none"> <li>When transitioning to a cloud computing infrastructure, we selected Google Cloud, a partner that shares our commitment to 100% renewable electricity, for the Etsy marketplace. Their highly efficient data centers have helped us save significant overhead energy. For more information on our computing energy target and benefits of Google Cloud, please see page 24.</li> <li>We actively monitor and manage energy consumption from our computing infrastructure for the Etsy marketplace. For 2024, we estimate that our energy consumption in Google Cloud was 5,742 MWh, based on a methodology developed by Etsy and reviewed by industry experts (our "Cloud Jewels methodology"). Quantification of our cloud energy consumption is allowing us to meaningfully explore and activate levers of change to drive further cost and energy efficiencies in our computing footprint. Our 2024 hardware infrastructure energy footprint does not include Reverb or Depop as we are not currently able to calculate energy usage from AWS, but we do include the emissions from Reverb and Depop's hardware infrastructure in our Scope 3 Purchased Goods and Services calculations.</li> </ul>			

Data Privacy and Advertising Standards	
Data Privacy and Advertising Standards	
Data Privacy and Advertising Standards	
CG-EC-220a.2	<b>Description of the policies and practices relating to behavioral advertising and user privacy.</b>
	<ul style="list-style-type: none"> <li>We care deeply about privacy and are committed to being upfront about our privacy practices, including how we treat personal information. Etsy's Privacy Policy provides a detailed explanation of our privacy practices. Etsy's Transparency Report also includes details of our Privacy Principles.</li> <li>Among other things, our Privacy Policy and Cookies &amp; Similar Technologies Policy cover the user information that Etsy collects or receives, the choices and control that a user has in relation to their data including based on type and sensitivity by region and worldwide, the purpose for which Etsy uses such information (including first and third-party advertising purposes), our policies relating to our usage and sharing within Etsy, its affiliates and third-party partners, disclosures about third-party partner privacy policy and options, and user controls for sharing and controlling such information with third parties. Depop and Reverb each have separate policies in place that address similar privacy matters.</li> </ul>

Data Security				
SASB Code	Metric	2024	2023	2022
CG-EC-230a.1	<b>Description of approach to identifying and addressing data security risks.</b> <ul style="list-style-type: none"><li>Data security is overseen by our Chief Technology Officer assisted by our Chief Information Security Officer.</li><li>We strive to protect sensitive information through various means, such as technical safeguards, procedural requirements and policies, an intensive program of monitoring on both our web platform and within our corporate network, regular testing of aspects of our security posture internally and with outside vendors, a robust incident response program, and regular training for employees.</li><li>We report on a quarterly basis to the Risk Oversight Committee of the Board of Directors, assisting the Board of Directors with its oversight of technology and information security risks.</li><li>Our Board also periodically participates in tabletop exercises conducted by senior management, with the assistance of outside counsel as needed, as part of risk management and disaster-related planning to validate, test, and assess the effectiveness and adequacy of certain roles and decision-making processes in the event of a cyber-incident.</li><li>Further information can be found in our Data Privacy &amp; Security policy on our Investor Relations site. Reverb and Depop also have similar policies that can be found on their respective websites.</li></ul>			
<b>Employee Recruitment, Inclusion and Performance</b>				
CG-EC-330a.1	Employee engagement as a percentage (Etsy marketplace)	65 %	80 %	77 %
	Employee engagement as a percentage (Reverb)	66 %	72 %	75 %
	Employee engagement as a percentage (Depop)	76 %	75 %	72 %
	<b>Employee engagement as a percentage and discussion of methodology.</b> <ul style="list-style-type: none"><li>In June 2024, we conducted separate engagement surveys of Etsy marketplace employees and Reverb employees. Of employees surveyed, 81% of Etsy marketplace and 92% of Reverb employees submitted a response, and 65% of Etsy respondents and 66% of Reverb respondents reported favorable employee engagement. The survey was conducted through the Culture Amp platform and consisted of 64 rating questions on which employees were asked to indicate their level of agreement with a statement based on a five-point scale from Strongly Agree to Strongly Disagree, and two free-text questions to which employees were asked to write out a response for Etsy marketplace. At Reverb, the Culture Amp survey consisted of 59 rating questions, and one free-text question.</li><li>During December 2024, Depop conducted its most recent bi-annual engagement survey through Peakon. 71% of employees submitted a response, with a resulting engagement score of 7.6 (76%). This is the average score given by respondents to four key engagement questions, all of which are rated on a scale of 1-10. This score has been converted into a percentage based on the overall engagement score. For more information on our engagement scores see the Fostering Engaged Teams section on page <a href="#">12</a>.</li></ul>			
CG-EC-330a.3	Gender and racial/ethnic group representation for leadership, technical staff and other business functions	See “ESG Reporting: Our Impact Goals, Strategy, & Progress—Social—Workforce Metrics” for details starting on page <a href="#">28</a> .		
	Discussion of diversity and inclusion strategy and performance	See “ESG Reporting: Our Impact Goals, Strategy, & Progress—Social—Workforce Access” section for details starting on page <a href="#">26</a> .		
CG-EC-330a.4	Percentage of technical employees who are H-1B visa holders	4.1 %	3.7 %	3.8 %
<b>Product Packaging and Distribution</b>				
CG-EC-410a.1	Total greenhouse gas (“GHG”) footprint of product shipments in metric tons CO <sub>2</sub> e	260,522 ↑	276,559 ↑	339,395 ↑
	Total GHG footprint of packaging in metric tons CO <sub>2</sub> e	77,865 ↑	56,826 ↑	57,911 ↑
CG-EC-410a.2	<b>Discussion of strategies to reduce the environmental impact of product delivery.</b> <ul style="list-style-type: none"><li>For information on our strategies related to reducing the environmental impact of product delivery see our Net Zero section on page <a href="#">22</a> and Marketplace Sustainability section on page <a href="#">25</a>.</li></ul>			

Data Privacy and Advertising Standards				
CG-EC-220a.2	<b>Description of the policies and practices relating to behavioral advertising and user privacy.</b> <ul style="list-style-type: none"><li>We care deeply about privacy and are committed to being upfront about our privacy practices, including how we treat personal information. Etsy's Privacy Policy provides a detailed explanation of our privacy practices. Etsy's Transparency Report also includes details of our Privacy Principles.</li><li>Among other things, our Privacy Policy and Cookies &amp; Similar Technologies Policy cover the user information that Etsy collects or receives, the choices and control that a user has in relation to their data including based on type and sensitivity by region and worldwide, the purpose for which Etsy uses such information (including first and third-party advertising purposes), our policies relating to our usage and sharing within Etsy, its affiliates and third-party partners, disclosures about third-party partner privacy policy and options, and user controls for sharing and controlling such information with third-parties.</li><li>Depop and Reverb each have separate policies in place that address similar privacy matters.</li></ul>			
Data Security				
CG-EC-230a.1	<b>Description of approach to identifying and addressing data security risks.</b> <ul style="list-style-type: none"><li>Data security is overseen by our Chief Technology Officer ("CTO") assisted by our Chief Information Security Officer ("CISO") .</li><li>We strive to protect sensitive information through various means, such as technical safeguards, procedural requirements and policies, an intensive program of monitoring on both our web platform and within our corporate network, regular testing of aspects of our security posture internally and with outside vendors, a robust incident response program, and regular training for employees.</li><li>In 2021, to provide for more focused oversight of rapidly evolving information security risks and mitigation strategies, we expanded the role of the Audit Committee of our Board of Directors in the oversight of Etsy's technology and information security policies and practices, and the internal controls relating to information security, and the steps taken by management to identify, monitor, and control these exposures. In December 2023, we formed a Risk Oversight Committee of the Board of Directors and moved assisting the Board of Directors with its oversight of technology and information security risks to the Risk Oversight Committee.</li><li>Our Board also periodically participates in tabletop exercises conducted by senior management, with the assistance of outside counsel as needed, as part of risk management and disaster-related planning to validate, test, and assess the effectiveness and adequacy of certain roles and decision-making processes in the event of a cyber-incident.</li><li>Further information can be found in our Data Privacy &amp; Security policy on our Investor Relations site. Reverb and Depop also have similar policies that can be found on their respective websites.</li></ul>			
Employee Recruitment, Inclusion and Performance				
SASB Code	Metric	2021	2022	2023
CG-EC-330a.1	Employee engagement as a percentage (Etsy marketplace)	75%	77%	80%
	Employee engagement as a percentage (Reverb)	75%	75%	72%
	Employee engagement as a percentage (Depop)		72%	75%
	<b>Employee engagement as a percentage and discussion of methodology.</b> <ul style="list-style-type: none"><li>In May 2023, we conducted separate engagement surveys of Etsy marketplace employees and Reverb employees. Of employees surveyed, 85% of Etsy marketplace and 86% of Reverb employees submitted a response, and 80% of Etsy respondents and 72% of Reverb respondents reported favorable employee engagement. The survey was conducted through the Culture Amp platform and consisted of 64 rating questions on which employees were asked to indicate their level of agreement with a statement based on a five-point scale from Strongly Agree to Strongly Disagree, and two free-text questions to which employees were asked to write out a response for Etsy marketplace. At Reverb, the Culture Amp survey consisted of 60 rating questions, three free-text questions and two multiple choice questions.</li><li>During July 2023, Depop conducted its most recent bi-annual engagement survey through Peakon. 76% of employees submitted a response, with a resulting engagement score of 7.5 (75%). This is the average score given by respondents to four key engagement questions, all of which are rated on a scale of 1-10. This score has been converted into a percentage based on the overall engagement score.</li></ul>			

SASB Metrics				
SASB Code	Metric	2021	2022	2023
CG-EC-330a.3	Gender and racial/ethnic group representation for leadership, technical staff and other business functions	See Workforce Metrics section for details starting on page 30.		

	Discussion of diversity and inclusion strategy and performance	See Social section for details starting on page 24.		
CG-EC-330a.4	Percentage of technical employees who are H-1B visa holders	5.6 %	3.8 %	3.7 %
<b>Product Packaging and Distribution</b>		<b>Etsy Marketplace, Reverb</b>	<b>Etsy Marketplace, Reverb, Depop</b>	<b>Etsy Marketplace, Reverb, Depop</b>
CG-EC-410a.1	Total greenhouse gas ("GHG") footprint of product shipments in metric tons CO <sub>2</sub> e	363,361 †	339,395 †	276,559 †
	Total greenhouse gas (GHG) footprint of packaging in metric tons CO <sub>2</sub> e	63,645 †	57,911 †	56,826 †
CG-EC-410a.2	<b>Discussion of strategies to reduce the environmental impact of product delivery.</b> <ul style="list-style-type: none"> <li>The delivery of products sold on our marketplaces represents the majority of Etsy's carbon footprint. As peer-to-peer marketplaces, we do not directly control seller shipping or the associated logistics networks; however, we are committed to addressing carbon emissions from shipping and packaging. For more information see our Net Zero progress on page 21.</li> <li>For 2023, we offset quantified emissions generated from shipping and packaging on the Etsy, Reverb, and Depop marketplaces through investments in verified emissions reductions. This allows us to take immediate action while we work toward our Net Zero goal.</li> <li>In addition, we take action in support of policy solutions that we believe will help drive carbon reduction from product delivery in the long-term. In 2023, we advocated for the U.S. postal service's commitment to exclusively purchase electric vehicles starting in 2026, an action that will support cleaner air, reduced climate risk and improved health across the globe.</li> <li>We continued our partnership with EcoEnclose in 2023. See our Marketplace Sustainability section on page 23 for more details.</li> <li>We continue to collaborate with peers, vendors, and NGOs on industry-wide efforts to drive efficiency and resilience in the shipping and logistics sector.</li> </ul>			

Table of Contents

Greenhouse Gas ("GHG") Emissions Summary (tCO <sub>2</sub> e)				Etsy Marketplace, Reverb		Etsy Marketplace, Reverb, Depop		
GHG Emissions Summary ("tCO <sub>2</sub> e")								
GHG Emissions by Scope								
GHG Emissions by Scope								
GHG Emissions by Scope								
GHG Emissions by Scope								
GHG Emissions by Scope								
GHG Emissions by Scope								
GHG Emissions by Scope								
GHG Emissions by Scope								
GHG Emissions by Scope								
GHG Emissions by Scope	GHG Emissions by Scope	2021	2022	2023	2024	2023	2022	
Scope 1	Scope 1	350†	371†	330†	Scope 1	284	† 330	† 371 †
Scope 2 - Market	Scope 2 - Market	0†			Scope 2 - Market	—	† —	† — †
Scope 2 - Location <sub>1</sub>	Scope 2 - Location <sub>1</sub>	420†	542†	813†	Scope 2 - Location <sub>1</sub>	926	† 813	† 542 †
Scope 3	Scope 3	548,900	531,638	468,594	Scope 3	478,282	468,594	531,638
Scope 3 Emissions Intensity (tCO <sub>2</sub> e/ million \$ gross profit)	Scope 3 Emissions Intensity (tCO <sub>2</sub> e/ million \$ gross profit)			293	246	Scope 3 Emissions Intensity (tCO <sub>2</sub> e/ million \$ gross profit)	235	246 293
Scope 3 GHG Emissions by Activity Source								
Category 1: Purchased Goods & Services <sub>2</sub>								
Category 1: Purchased Goods & Services <sub>2</sub>								
Category 1: Purchased Goods & Services <sub>2</sub>								

Purchased Goods & Services (excluding Computing)									
Purchased Goods & Services (excluding Computing)									
Purchased Goods & Services (excluding Computing)		97,302†	106,434†	102,157†	113,823 †		102,157 †	106,434 †	
Cloud Computing - Google Cloud (Etsy Only)		13,623†	12,054†	15,397†					
Cloud Computing - Google Cloud (Etsy marketplace)		10,040 †	15,397 †	12,054 †					
Other Computing	Other Computing	466†	1,836†	2,012†	Other Computing	2,109	† 2,012	† 1,836	†
Category 3: Fuel & Energy Related									
Activities <sub>3</sub>									
Fuel & Energy Related Activities Not Included in Scope 1 or Scope 2									
Fuel & Energy Related Activities Not Included in Scope 1 or Scope 2									
Fuel & Energy Related Activities Not Included in Scope 1 or Scope 2		2,711	3,429	251	231		251		3,429
Category 5: Waste Generated in									
Operations									
Waste									
Waste									
Waste		3	5	6	5		6		5
Water	Water	4		9	Water		10	9	4
Category 6: Business Travels									
Air Travel									
Air Travel									
Air Travel		67†	1,067†	4,093†	4,375 †		4,093 †	1,067 †	†
Other Business Travel	Other Business Travel	9	163	462	Other Business Travel		717	462	163
Category 7: Employee Commuting									
Commuting									
Commuting									
Commuting		83	1,042	344	552		344		1,042
Remote Workers	Remote Workers	1,066	1,401	754	Remote Workers		545	754	1,401
Category 9: Downstream Transportation & Distribution									
Category 9: Downstream Transportation & Distribution									
Category 9: Downstream Transportation & Distribution									
Shipping									
Shipping									
Shipping		363,361†	339,395†	276,559†					
Packaging		63,645†	57,911†	56,826†					
Shipping <sub>4</sub>									
Shipping <sub>4</sub>									
Shipping <sub>4</sub>		260,522 †	† 276,559	† 339,395 †					
Packaging <sub>4</sub>		77,865 †	† 56,826 †	† 57,911 †					
Category 11: Use of Sold Products <sub>3</sub>									
End User Energy Use									
End User Energy Use									
End User Energy Use		6,560†	6,897†	9,724†	7,488 †		9,724 †	6,897 †	†
Additional Environmental Metrics (unit of measure)									
Energy (Megawatt hours)									
Energy (Megawatt hours)									
Energy (Megawatt hours)									
Offices - Electricity									
Offices - Electricity									

Offices - Electricity		2,568
Offices - Heating	Offices - Heating	1,758
Offices - Heating		
Offices - Heating		
Remote Working - Electricity		
Remote Working - Electricity		
Remote Working - Electricity	Remote Working - Electricity	2,106
Remote Working - Heating	Remote Working - Heating	1,871
Remote Working - Heating		
Remote Working - Heating		
Refrigerants (tCO <sub>2</sub> e included in Scope 1)	Refrigerants (tCO <sub>2</sub> e included in Scope 1)	11
Refrigerants (tCO <sub>2</sub> e included in Scope 1)		
Refrigerants (tCO <sub>2</sub> e included in Scope 1)		

† Etsy commissioned an external third party third-party to perform attest procedures with respect to our carbon and energy metrics for the reporting period. Full details and data methodology are available at investors.etsy.com.

Table of Contents

Notes on Our GHG Inventory
We note that the above emissions do are not include any net calculation for of the application of carbon offsets.
For 2021, emissions generated from our co-located data centers are included in Scope 2 emissions; we did not have operations in any colocated data centers in 2022 or 2023.
In 2022, we included emissions from Depop in our above calculations. For Scope 3 - Category 1, we utilized publicly available emissions data to derive emissions calculations for several suppliers that may cause this data to not be as comparable year-over-year. For the subsection of Scope 3 - Category 1, Cloud Computing - Google Cloud (Etsy marketplace only), in 2022 we calculated the emissions partly with data provided by Google and partly by using our own calculation of their market-based emissions. Using Etsy's Cloud Jewels methodology, we estimated our Google Cloud Platform's Scope 2 energy usage and with Google's agreement, retired REC's on behalf of this energy usage, thus reducing our supplier emissions from Google Cloud.
In 2023, we made the following updates to our methodology for quantifying our GHG inventory:
1 We moved to a new carbon data management vendor allowing us to derive a portion of our quantified Scope 2 location-based emissions with different and more commonly used emissions factors, resulting in an increase of emissions compared to the emissions factors used in 2022.
2 Our new carbon data management vendor derived our emissions for Scope 3 - Category 1 and included calculations to account for inflation or deflation which resulted in a decrease in emissions due to spend amounts shrinking when adjusting the dollar value from 2012 2022 to 2022, 2012. Our vendor also derived more supplier specific emissions factors based on publicly available data from some suppliers, resulting in a decrease in emissions as the emissions data from suppliers were lower than the average EPA EEIO Environmental Protection Agency Environmentally Extended Input-Output factors previously used. Additionally, we updated our Google Cloud Platform emissions calculation by obtaining emissions data directly from Google, resulting in an increase in emissions as the data for Scope 2 Market-based emissions was higher than estimated in 2022.
3 We re-categorized emissions from upstream and fuel and energy related activities that were a result of Business Travel, Commuting, and End User Energy from Scope 3 Category 3 into Scope 3 Categories 6, 7, and 11 respectively, resulting in increased emissions in these categories and a decrease in Scope 3 Category 3 emissions. We note that this change did not have an impact on overall emissions as it is just a re-categorization. Additionally, in Scope 3 - Category 6, our calculation of Air Travel emissions was changed to include emissions from radiative force in the emissions factors, resulting in an increase in emissions, as radiative forcing includes calculations with a higher global warming potential than those without. In Scope 3 - Category 7, we updated our calculations for employee commuting to use data from government sources and data aggregators. Overall the changes in methodology in 2023 decreased our calculated emissions when compared to methodologies previously used.
4 In 2024, we updated the emissions factors that we use in our Scope 3 - Category 9 packaging emissions calculations to a more current source from Ecoinvent, switching from the Franklin Associates Oregon Department of Environmental Quality study. This caused an increase in emissions year-over-year. Additionally, for our packaging emissions calculation we included data from the usage of our planet friendly packaging program provided by EcoEnclose. For our Scope 3 - Category 9 shipping emissions in 2024, the emission factor applied in calculating the emissions for Depop shipments was derived from Depop emissions data provided by USPS, whereas in 2023 and 2022, the emission factor applied was derived from Etsy emissions data as a proxy. Additionally, for Etsy marketplace shipping calculations if the seller or buyer zip code for a shipment is not valid, then the average shipping distance of all Etsy shipments for that mail class for the reporting year is used to estimate the shipment distance, whereas in 2023 and 2022, the shipments were excluded from the reported Scope 3, Category 9 emissions.
As a result of the above changes in scope, methodology, and our continued efforts at further accountability, some categories of emissions data are not comparable from year to year. Additional details regarding the scope and data methodologies used to calculate our GHG emissions data can be found on our Investor Relations website.

Table of Contents

# The Task Force on Climate-Related Financial Disclosures

Etsy treats climate change and its related impacts seriously. Since 2020, we have reported enhanced climate-related disclosures in line with the Task Force on Climate-Related Financial Disclosures (“TCFD”) recommendations. TCFD provides a framework with four thematic areas — Governance, Strategy, Risk Management, and Metrics and Targets — and eleven recommended disclosures. The following disclosures provide information intended to address each recommendation, including references to other publicly available sources for related information. ESG and climate governance as well as our Impact Strategy are set at an Etsy, Inc. level while and all disclosures in this section cover the Etsy, Reverb and Depop marketplaces (other than the results from the of our climate risk assessment discussed in this section are which was limited to the Etsy marketplace marketplace). While we have identified and disclosed a number of relevant climate-related risks, we have determined that at this time none of these risks represent a material short-term risk to our business. For a discussion of certain risks we are exposed to in the normal course of our business activities, see Part I, Item 1A, “Risk Factors.”

## Governance

### Board of Directors oversight of climate-related risks & opportunities

Etsy’s full Board of Directors has overall responsibility for oversight of risk management at Etsy, including management of climate risk. The charter of In December 2023, the Nominating and Corporate Governance Risk Oversight Committee (the “N&CGC”) of our Board of Directors provides that the N&CGC has responsibility for periodic review of our environmental and social Impact goals and our progress towards those goals. We typically report on our progress towards our Impact goals (“ROC”) was formed to the N&CGC or the full Board of Directors two times a year. Historically, the full Board of Directors received briefings, generally quarterly, on risk management-related topics. To assist our Board of Directors with its oversight of Etsy’s management of risk exposures and processes for monitoring and mitigating risk, risk. Since its formation, the Board of Directors recently formed a Risk Oversight Committee. Starting in 2024, we anticipate that many of the ROC has received regular briefings on risk-management-related topics will be done at the Risk Oversight Committee, risk management-related topics. The work of the Risk Steering Committee helps inform which risks are reported to the Board of Directors and to Board Committees. (For a description of the Risk Steering Committee’s activities, see below.)



The full Nominating and Corporate Governance Committee of our Board of Directors (the “N&CGC”) has responsibility for periodic review of our environmental Impact goals and our progress towards those goals. We typically report on our progress towards our Impact goals to the N&CGC or the Board of Directors twice a year.

The Board of Directors is responsible for reviewing significant acquisitions and other large scale capital expenditures. One of the criteria we use when evaluating acquisition opportunities is whether the transaction aligns with our mission, strategy, and values, including our Impact focus. In addition, the Audit Committee of the Board of Directors oversees the disclosure in our Annual Report, which includes Impact disclosures, and our auditor’s review of our Impact disclosures, and our Compensation Committee oversees our talent and employee development programs including our policies and strategies regarding diversity and inclusion. disclosures. One member of our Board of Directors is experienced in sustainability accounting practices and is a Sustainability Accounting Standards Board (“SASB”) SASB FSA Credential Holder. Information about Etsy’s Board of Directors and its Committees, including their charters and membership, is available in the Governance section of our investor relations Investor Relations website.

### Management’s role in assessing and managing climate-related risks and opportunities

Our Executive Team, including our CEO and CFO, review Chief Executive Officer, reviews our environmental goals annually. Our CFO Chief Financial Officer approves material capital expenditures, including those related to climate-related issues, such as renewable energy projects, and investments in verified emissions reductions.

Oversight of climate risk at Etsy is supported by the Risk Steering Committee, a cross-functional management team which includes our CEO Chief Executive Officer and CFO, Chief Financial Officer. This Committee meets at least quarterly to review and discuss the significant risks facing Etsy and its deliberations inform the risk management-related topics elevated to the Board of Directors and the Board Committees.

Etsy’s Sustainability team, led by the Senior Director of Impact and Sustainability (the “I&S Sr. Director”), oversees Etsy’s sustainability strategy and implementation, which includes climate impacts. The I&S Sr. Director reports to the GM, International and VP, Marketplace Initiatives, who reports to the Chief Operating and Marketing Legal Officer, who is the Executive Sponsor for Etsy’s Impact strategy. The I&S Sr. Director presents progress on environmental metrics each quarter to the Senior Leadership Team, including the CEO Chief Executive Officer and CFO, Chief Financial Officer. Etsy also has three four cross-functional Impact Working Groups that all meet at least quarterly to manage the implementation of Impact projects and reporting.

## Table of Contents

## Strategy

### Climate-related risks and opportunities identified & impact on strategy

Etsy’s climate strategy is informed by periodic identification and prioritization of climate-related risks and opportunities, opportunities, including preliminary work with respect to the double materiality assessment required under the E.U. CSRD. To date, while we have identified relevant climate risks, we have not identified any climate-related risks which are reasonably expected to have a material short-term impact on financial or strategic business operations. We believe that this is largely due to the Etsy marketplace’s business model, the wide geographic distribution of our seller and buyer base, and our long-standing work to mitigate climate risks. However, due to the systemic nature of climate change and its intensifying global impacts, we are continuing to monitor and manage both climate-related risks and opportunities.

The following disclosures highlight the climate-related impacts identified for the Etsy marketplace, as well as the ways in which our ESG strategy seeks to mitigate risks and leverage opportunities. We define short-term impacts as those expected to occur within 0-2 years, medium-term impacts as those expected to occur within 2-5 years, and long-term impacts as those expected to occur after 5 or more years. [Etsy, Inc.'s Etsy's](#) Impact goal-setting process considers these climate-related impacts.

Identified Climate Opportunities & Management Response

Class	Opportunity Description	Horizon	Management Response
Energy Source	The availability of renewable energy mechanisms solutions presents opportunities to reduce our exposure to fossil fuel price increases and reduce operating costs.	Short-Term	<b>100% Renewable Electricity</b> Through See the "Renewable Energy" section above for more information on our 15-year Virtual Power Purchase Agreement ("VPPA"), international renewable energy credits, and on-site solar arrays, in 2023 we powered our Etsy marketplace offices and remote workers, as well as our Etsy marketplace's Google Cloud computing with renewable energy. Given continued elevated energy costs in 2023, Etsy made more from its U.S.-based VPPA settlements than it paid the developer, effectively reducing electricity costs for our U.S. offices. We intend to continue to source our electricity from renewable sources through a mix of onsite renewables, utility contracts, and our VPPA efforts.
	Reducing resource use across our facilities offices offers opportunities to reduce operating costs while strengthening employee engagement and thus improving retention.	Short-Term	<b>Energy Efficiency</b> We continue to be on track Our efforts to meet our goal of a 25% reduction in the intensity of our energy use in Etsy marketplace offices and for computing by 2025. This 2025 has reduced the impact of fuel price increases. This includes our participation in the NYC Mayor's Carbon Challenge and exemplified by our Brooklyn Headquarters' New York City Building Energy Grade of a B. Our energy efficiency goals also present opportunities for our Systems Architect, Sustainability to innovate new energy efficiency tools and processes and to enhance brand value through vendor partnerships. <b>"Zero Waste"</b> See the "Zero Waste" section on page 23 24 for more information on our waste management program.
Resource Efficiency	Regulatory policies that promote lower-emission modes of transport support our goals of achieving net zero, which may improve our reputation, reduce costs from carbon offsets, and help drive revenue growth.	Medium-Term	<b>Low-Emissions Transport</b> A significant portion of our Scope 3 emissions come from shipping. We recognize that decarbonization of the transportation sector presents an opportunity for us to achieve ambitious emissions reduction goals and strengthen our reputation. Our Advocacy Team advocates for national and regional policies that have the potential to accelerate the decarbonization of the transportation sector. We are especially focused on policies in the United States that aim to improve electrification infrastructure and reduce emissions from heavy- and medium-duty vehicles that are important in e-commerce logistics.
Reputation	Changing consumer preferences around sustainable shopping present opportunities for us to differentiate as a values-driven commerce brand.	Medium-Term	<b>Customer Engagement</b> See the Marketplace Sustainability section on page 23 25 for an overview of the steps we're taking to help sellers highlight their more sustainable items and enhance buyers' ability to shop their values.
	Strengthening and communicating our Impact work – including emissions reduction initiatives – presents an opportunity to attract and retain talent and enhance investor relations. relationships with our communities.	Short-Term	<b>Investors External Constituencies</b> We continue to provide robust ESG disclosures for investors which we believe well positions us to respond to expanded and standardized ESG reporting expectati other constituenciesons. ;

[Table of Contents](#)

Identified Climate Risks & Management Response

Category	Class	Risk Description	Horizon	Management Response
Physical	Acute	Extreme weather events have the potential to: <ul style="list-style-type: none"><li>impact sellers' ability to make and/or ship items to and displace buyers, which could temporarily decrease supply and/or demand for items on our marketplaces and disrupt transit times;</li><li>place our offices at risk, or negatively impact the operations of our third-party service providers.</li></ul>	Medium- and Long-Term	<b>Seller Operations</b> <p>As natural disasters increase in intensity and frequency, we are finding that our sellers and buyers are correspondingly more frequently impacted. See our "Helping Our Sellers Build Climate Resilience" section on page 24 26 for more details.</p> <b>Etsy's Operations</b> <p>Our Workplace and Security Team develops and implements business continuity plans through our Health, Safety, and Security program that are intended to protect our employees in the event of physical disruptions at our offices.</p> <b>Regulations on Etsy</b> <p>ESG and environmental disclosure regulations are increasing globally. We are preparing for these regulations by obtaining limited third-party assurance on As a result of the evolving regulatory requirements, we have expanded our emissions data standalone ESG reporting, including under the California Voluntary Carbon Market Disclosures Act and maturing CSR laws in India. These reports can be found in the Governance section of our TCFD disclosures. Investor Relations webpage. In addition, our cross-functional ESG Disclosure Working Group strives to stay abreast of any new disclosure regulations that are potentially relevant to our business. Where appropriate, needed, such as for CSRD, we may stand up new working groups to better understand the regulation and develop an action plan to address any new requirements. plan.</p>
		New laws and regulations could increase direct operational costs to us in the short-term while stricter environmental regulations may place new burdens on our sellers raising their costs in the medium-term.		<b>Regulations on Sellers</b> <p>Our Advocacy Team works to mitigate transition risks for sellers by advocating to advance for public policies that increase economic security and reduce administrative burdens for creative entrepreneurs.</p>
Transition	Policy and Legal/ Tech		Short Short- and Medium-Term	<b>Commodity Markets</b> <p>Our analysis has indicated that the availability of commodities used by sellers, such as cotton, may face risks due to extreme weather. While we continued Due to analyze this risk, because our marketplace features a marketplaces' broad assortment of items, we do not anticipate disproportionate short-term impacts on our business.</p> <p>We purchase carbon offsets to cover Etsy, Inc.'s quantified annual emissions. Our research shows that under lower emissions scenarios, the price of carbon offsets is expected to increase dramatically. We mitigate this risk through multi-year off-take agreements while focusing on emissions reduction in line with our Net Zero target.</p> <b>External Perceptions</b> <p>We continue to focus on aligning our Impact and Sustainability efforts with our business strategy to drive business value.</p> <b>Employee Perceptions</b> <p>We track how employees view Etsy's role in driving Impact and whether they believe Etsy is meeting expectations. Through our aforementioned efforts, we aim to ensure the gap between expectations and reality remains narrow.</p>
		Increased commodity prices due to climate change may increase production costs for sellers and/ or increase our operational costs.		
	Market		Long-Term	
	Reputation	External stakeholder expectations may shift, raising questions about our current impact efforts efforts.	Medium-Term	
		Failure to meet employee expectations on Impact could affect recruitment, retention, and engagement of top talent.		

Resilience of strategy across different climate-related scenarios

Over the past few years, we have worked with two external vendors to assess current climate-related impacts and understand how they might change under different temperature pathways over time. In 2021, we conducted a qualitative scenario analysis in key markets across Etsy marketplace's operations and marketplace activities while in 2022 and 2023 we conducted more quantitative scenario analysis focused on physical risks to our U.S. and U.K. business and key partners. As part of these analyses, exposure pathways were mapped to prioritized climate-related issues based on the Etsy marketplace's business model, data availability, and internal stakeholder input. We used a range of representative concentration pathway ("RCP") scenarios, with the lowest emissions scenario being RCP2.6 and the highest emission scenario being RCP8.5, as well as models and reports from the Intergovernmental Panel on Climate Change ("IPCC"). Change. Available climate scenario inputs and results were then collated and overlaid with the Etsy marketplace's seller and buyer information in the United States and United Kingdom as well as key partner locations, allowing the analysis to pinpoint areas of concern.

Through this analysis we found that many key geographies are expected to face some degree of climate risk under different scenarios. However, because the Etsy marketplace's buyer and seller base is distributed globally, we do not expect physical climate risks in any one geography to disproportionately impact the business under any scenario in the short to medium-term. In addition, we believe our strategy, articulated above, will help us reduce transition risks associated with a 2 degree or lower scenario. We aim to continue improving our data collection and analysis on these topics to improve our understanding of long-term climate-related risks, quantify opportunities and, if necessary, update our strategic planning.

Table of Contents

Risk Management

Processes for identifying and assessing climate-related risks

Our climate risk identification and assessment process is integrated into our company-wide risk management. We use a mix of consultant support, third-party physical risk modeling, and public data to ground our research and risk analysis. Once a risk is identified, our Sustainability Team, including the I&S Sr. Director and the Sr. Sustainability Manager, engage relevant internal risk owners to evaluate the risk, assess existing controls, and, when necessary, escalate for oversight by senior management through Etsy's Risk Steering Committee (see Governance in this section above for more detail). For example, the Sustainability Team collaborates with the Advocacy Team to review climate policy proposals at the U.S. federal and state level and in key non-U.S. jurisdictions that might impact Etsy, with the Analytics Team to monitor natural disaster impacts on buyers and sellers, and with the Sourcing Team to review climate-related risks within our supplier base.

Processes for managing climate-related risks

The Sustainability Team works cross-functionally to develop management plans to address potential climate-related impacts. They develop and propose updates to environmental goals on an annual basis, including goals designed to mitigate climate risks, which are reviewed and approved by our Executive Team. For example, our goal to source 100% renewable electricity for office operations and computing load which was achieved for 2020 through 2023, reduces our exposure to carbon pricing and volatile energy prices. The Sustainability Team developed the goal, proposed short-term targets and strategies to measure and reach those targets, and solicited approval from the Executive Team, who ensured resources were provisioned and lines of accountability were appropriately set.

Processes for integrating climate-related risks into the overall risk management

At Etsy, marketplace, climate-related risks are managed as part of ESG risk and are seen as both underlying drivers of other types of risks as well as standalone risks. These risks, as well as their drivers, are monitored by the Sustainability Team. The I&S Sr. Director provides a written status update on potential ESG risks to Etsy's Risk Steering Committee typically quarterly. The work of the Risk Steering Committee helps inform which risks are reported to the Board of Directors.

Metrics and Targets

Metrics used to assess climate-related risks and opportunities in line with strategy and risk management process

We monitor metrics related to our public environmental targets including total energy consumed, renewable energy percent, grid electricity percent, Scope 1, 2, and 3 GHG emissions including product shipments, packaging, end-user energy use, water, and outgoing waste material streams. For a historical view of our metrics, please view pages 33 32-37 35 of this Annual Report.

Internally, we track a number of additional climate-related metrics. For example, in 2023 2024 we offset invested in carbon emissions across credits to offset our quantified Scope 1, 2, and 3 categories, emissions, which effectively acts as an internal price on our emissions. To this end, Additionally, we track the annual voluntary carbon offset market costs offset and carbon credit cost savings from specific emissions reduction activities, and carbon offset price projections for the voluntary carbon market. activities. Related to natural disasters, we track GMS impacts from FEMA designated natural disasters as well as the percentage of our sellers and buyers in regions exposed to extreme weather events.

For all of our employees, compensation is tied to our financial performance, as well as individual contributions. While responsibility for delivering on our Impact goals is distributed across the Company, each goal owner is responsible for incorporating work associated with advancing their goal into team members' individual goals, which are considered when making compensation decisions. Members of our Executive Team also serve as executive sponsors for specific Impact goals to help ensure teams stay on track and have the value of executive leadership as plans are executed. For more information on our Executive Team's goals, please see our Proxy Statement.

Scope 1, Scope 2, and Scope 3 greenhouse gas ("GHG") GHG emissions, and the related risks

Please view pages 21-22-23 and 33 32-37 35 of this Annual Report for our GHG Emissions Summary.

Targets used to manage climate-related risks and opportunities and performance against targets

We have five four climate-related targets: science-based emissions reduction, carbon offset commitment, renewable energy, total energy use, and waste. Details of these targets including actions taken as part of our efforts to achieve them and performance against each can be found on pages 21 22-23 of this Annual Report.

41 39

Table of Contents

Available Information

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), and file or furnish reports, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports, proxy statements, and other information with the SEC. These reports are available free of charge on our website at investors.etsy.com as soon as reasonably practicable after we have filed or furnished them to the SEC.

We also share certain workforce metrics, such as our most recent consolidated EEO-1 report, information derived from our most recent seller census, our annual Transparency Report, and our external facing policies, including our governance policies and guidelines, privacy policy and marketplace rules on our investor relations website. Information contained on or accessible through our websites or other websites referenced in this Annual Report is not incorporated into, and does not form a part of, this Annual Report or any other report or document we file with the SEC, and any references to our websites in this Annual Report are intended to be inactive textual references only. You should not rely on such information in deciding whether to invest in our common stock. Copies of our SEC reports and other documents are also available, without charge, by sending a letter to Investor Relations, Etsy, Inc., 117 Adams Street, Brooklyn, NY 11201, or by sending an email to ir@etsy.com, or by calling (347) 382-7582. ir@etsy.com.

Our SEC reports are also available on the SEC's website at www.sec.gov free of charge as soon as reasonably practicable after we have filed or furnished them to the SEC.

42 40

Table of Contents

Item 1A. Risk Factors.

Investing in our securities involves a high degree of risk. You should consider carefully the risks and uncertainties described below, our Consolidated Financial Statements and related notes, and the other information in this Annual Report. If any of these risks actually occur, our business, financial condition, results of operations, and prospects could be adversely affected. As a result, the price of our securities could decline and you could lose part or all of your investment. In addition, factors other than those discussed below or in other of our reports filed with or furnished to the SEC also could adversely affect our business, financial condition, or results of operations, operations, or prospects. We cannot assure you that the risk factors described below or elsewhere in our reports address all potential risks that we may face. These risk factors also serve to describe factors which may cause our results to differ materially from those described in forward-looking statements included herein or in other documents or statements that make reference to this Annual Report. For more information, see the "Note Regarding Forward-Looking Statements."

## Operational Risks Related to Our Business

While we Our quarterly operating results have experienced rapid growth in our business in the past, our revenue growth rate and financial performance have fluctuated, which makes it difficult to predict the extent of demand for our services or the products sold in our marketplaces.

During 2020 and 2021, we experienced rapid growth in our business, in the number of buyers and sellers, and purchase frequency. While our revenue growth continued more modestly in 2022 and 2023, our GMS declined slightly for the year ended December 31, 2022 as compared to the year ended December 31, 2021 and again declined slightly for the year ended December 31, 2023 as compared to the year ended December 31, 2022. Our business may continue to be impacted by macroeconomic factors fluctuate, which can cause significant stock price fluctuations.

Our quarterly operating results, as well as our key metrics, have and may continue to fluctuate for a variety of reasons, many of which are beyond our control, such as including:

- inflation, rising interest rates, disruptions to the banking industry, potential recessionary factors, foreign exchange rate volatility, tariffs and other trade barriers, disruptions to the banking industry, changing consumer shopping preferences, continued pressure on consumer discretionary product spending, weather, domestic and global geopolitical uncertainties, various types of cultural events, public health crises, supply-chain disruptions, an increasingly competitive retail environment, and employment levels, among others other factors (collectively, "Macroeconomic "Macro Conditions").

Even if fluctuations in our GMS or revenue continues, including as a result of Macro Conditions, the seasonality of market transactions, and our sellers' use of services;

- uncertainty regarding overall levels of consumer spending and e-commerce generally;
- our success in attracting and retaining sellers and buyers;
- our ability to grow, we may not be able convert marketplace visits into sales for our sellers;
- our ability to maintain profitability in the future. Our costs have manage our operating expenses and may continue to increase our Adjusted EBITDA margin as we continue to invest in our marketplaces;
- our success in executing on our strategy and the development impact of any changes in our strategy;
- the timing and success of product launches, including new services and features we may introduce;
- the success of our marketplaces, including our services and technological enhancements, and as we increase our marketing efforts and expand our operations. Further, efforts;
- the growth success of our business places significant demands "House of Brands" strategy;
- disruptions or defects in our marketplaces, such as privacy or data security breaches, errors in our software, or other incidents that impact the availability, reliability, or performance of our platforms;
- the impact of competitive developments and our response to those developments; and
- our ability to recruit and retain employees.

These events may also impact our sellers' ability to run their businesses on our management team and pressure to expand marketplaces, which could negatively impact our operational, compliance, payments, business and financial infrastructure. For example, performance.

Fluctuations in our quarterly operating results, key metrics, and the price of our common stock may be particularly pronounced during periods of economic uncertainty, including uncertainty caused by Macro Conditions. Consumer purchases of discretionary items, including the goods that we may need to continue to develop offer, generally decline during recessionary periods or periods of economic uncertainty, when disposable income is reduced or when there is a reduction in consumer confidence. In the event of a prolonged economic downturn or acute recession, significant inflation, or increased supply chain disruptions impacting our communities of sellers and improve our operational, financial, compliance, payments, the economy as a whole, consumer spending habits could be materially and management controls and enhance our reporting systems and procedures to support our recent and any future growth.

If we do not continue to grow adversely affected, as could our business, or manage financial condition, operating results, and ability to execute and capitalize on our growth effectively, strategies. We believe that our quarterly operating results and key metrics may vary in the increases in our cash operating expenses could outpace any increases in our revenue future and our business could be harmed. For example, in December 2023, we implemented a Restructuring Plan, which was intended to reduce that period-to-period comparisons of our operating expenses. In addition, our revenue results may decline and our revenue growth rate has and may continue to decelerate for a number of reasons, including as a result of Macroeconomic Conditions and other factors described elsewhere in these Risk Factors. For further information, see Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Revenue," not be meaningful. You should not rely on prior periods quarter-to-quarter or any other period-to-period comparisons of our results of operations as an indication of future performance.

**We may fail to meet our publicly announced guidance or other expectations about our business and future operating results, which could cause our stock price to decline.**

Our guidance includes forward-looking statements based on projections prepared by our management. Projections are based upon a number of assumptions and estimates that are based on information known when they are issued. While presented with numerical specificity, projections are inherently subject to significant business, economic, and competitive uncertainties and contingencies relating to our business, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions and developments, some of which may prove incorrect and/or may change. Some of those key assumptions include the timing and impact of broad Macro Conditions, particularly in our core markets, and the resulting impact of these factors on future consumer spending patterns and our business. These assumptions are inherently difficult to predict, particularly in the long term.

We generally state possible outcomes as high and low ranges, which are intended to provide a sensitivity analysis as variables are changed, but are not intended to imply that actual results could not fall outside of the suggested ranges. Furthermore, analysts and investors develop and publish their own projections for our business, which may form a consensus about our future performance. Our actual business results may vary significantly from such guidance or consensus due to Macro Conditions or other factors, many of which are outside of our control, which could adversely affect our business and future operating results. Furthermore, if we make downward revisions of our previously announced guidance, or if our publicly announced guidance of future operating results fails to meet expectations of securities analysts, investors, or other interested parties as it has in the past, the price of our common stock could decline.

Guidance is necessarily speculative in nature, and guidance offered in periods of significant uncertainty is inherently more speculative in nature than guidance offered in periods of relative stability. It can be expected that some or all of the assumptions underlying the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results may vary from our guidance and the variations may be material. In light of the foregoing, investors are urged to put our guidance in context and not to place undue reliance on it in making an investment decision regarding our common stock.

**The trustworthiness of our marketplaces and the connections within our communities are important to our success. If we are unable to retain our existing buyers and sellers and activate new ones, our financial performance could decline.**

Creating trusted brands is one of the key elements of our strategy. We are focused on ensuring that our marketplaces embody our mission and values, and that we deliver trust and reliability throughout the buyer and seller experiences. Our reputation and brands depend, in part, upon our ability to maintain trustworthy marketplaces, and also upon our sellers, the quality of their offerings, their adherence to our policies, and their ability to deliver a trusted purchasing experience. We view the trustworthiness and reliability of our marketplaces, as well as the connections we foster in our buyer/seller communities, to be cornerstones of our business and key to our success. Many things could undermine these cornerstones, such as:

- a failure to operate our business in a way that is consistent with our guiding principles and mission;
- an inability to gain the trust of prospective buyers;
- disruptions or defects in our marketplaces, privacy or data security incidents, website outages, payment disruptions, or other incidents that impact the reliability of our platforms;
- lack of awareness of, or adherence to, our policies by our communities or confusion about how they are applied;
- a failure to enforce our policies effectively, consistently, and transparently, including, for example, by allowing the repeated widespread listing of prohibited items in our marketplaces;

43

## [Table of Contents](#)

- changes to our policies or fees that members of our communities perceive as inconsistent with their best interests or our mission, or that are not clearly articulated;
- complaints or negative publicity about us, our platforms, or our policies and guidelines, even if factually incorrect or based on isolated incidents;
- inadequacies in our House Rules, policies, and other terms of use;
- frequent product launches, updates, and experiments that could deteriorate member trust and/or engagement; or
- inadequate or unsatisfactory customer service experiences, failure to adequately respond to feedback from our communities, or inability failure of our sellers to fulfill their orders in accordance with our policies, including as a result of fraud, their own shop-specific policies, or buyer expectations.

We are and may continue to be an attractive target to bad actors and fraudsters targeting our marketplaces and our communities, civil litigants, and those seeking to enforce alleged intellectual property rights and/or alleged contractual rights. Additionally, there communities. There have been and may continue to be attempts to impersonate, exploit, misrepresent or mischaracterize us or

42

our marketplaces, such as on social media, or via individual or coordinated spam or other campaigns. We may are not be always successful in defending against these types of tactics which, if when successful, could cause buyers and sellers to lose trust in our marketplaces, and could lead to fewer active buyers and/or sellers or otherwise damage our brands and our business. Even if we are successful in defending against these types of claims, tactics, we may be required to spend significant resources in those efforts which may distract our management and otherwise negatively impact our results of operations. In addition, the recent increased scrutiny and regulation of marketplace platforms, though principally focused on other larger platforms, has and may continue to create burdens on both Etsy and its communities of buyers and sellers. This may lead to increased risks that shift more quickly than our policies, enforcement mechanisms, and systems can react.

Our controls over fraud and policy violations are important to maintaining user trust, but they may not be adequate and may not be sufficient to keep up with quickly-shifting techniques used by those attempting to undertake fraudulent activity on our platforms. The use of increasingly sophisticated techniques has made, and may continue to make, fraudulent activity by sellers and buyers

increasingly difficult to combat and increase its impact. We take action against sellers who we are aware may have violated our policies or engage in fraud. The volume of enforcement actions against sellers for such activities has increased at times, and may increase again in the future. Furthermore, our actions may be insufficient, may not be timely, and may not be effective in creating a good purchase experience for our buyers or avoiding negative publicity. While we regularly update our processes for handling complaints and detecting policy violations and fraud, these processes are by their nature imperfect in a dynamic marketplace, and include risks to us, our sellers, and our buyers from both under-enforcement and over-enforcement, as well as potentially heightened friction on our marketplaces, which may reduce seller and buyer trust and engagement.

We continue to evolve our marketplaces and invest to improve our customer experience. If our efforts are unsuccessful, or if our customer service platforms or our trust and safety program fail to meet legal requirements or buyers' and sellers' expectations, we may need to invest in significant additional resources. If we are unable to maintain trusted brands and marketplaces, our ability to attract and retain buyers and sellers could be harmed.

#### **Our business, financial performance, and growth depends on our ability to attract and retain active and engaged communities of buyers and sellers.**

Our financial performance, specifically our GMS, revenue, and Adjusted EBITDA, has been and will continue to be significantly determined by our success in attracting and retaining active buyers and active sellers and increasing their engagement. We believe that many new buyers and sellers find us by word of mouth and other non-paid referrals from existing buyers and sellers. If existing buyers do not find our platforms appealing, for example, because of a negative experience, lack of competitive shipping costs, charges, delayed shipping times, inadequate customer service, buyer fees or lack of buyer-friendly features, declining interest in the goods offered by our sellers, lack of desirable inventory, or other factors, they may make fewer purchases and they may not refer others to us. Likewise, if existing sellers are dissatisfied with their experience on our platforms, or feel they have more attractive alternatives, they may stop listing items in our marketplaces and using our services and may stop referring others to us, which could negatively impact our financial performance. Further, if trends supporting self-employment and the desire for supplemental income were to reverse, the number of sellers offering their goods in our marketplaces and the number of goods listed in our marketplaces could decline.

A perception that our levels of responsiveness and support for our sellers and buyers are inadequate could damage our reputation, and reduce our sellers' willingness to sell and buyers' willingness to shop on our marketplaces. In some situations, we may choose to reimburse our buyers for their purchases to help avoid harm to our reputation. For example, we offer Etsy Purchase Protection, a program that refunds buyers when a qualifying order is not received, is not as described, or arrives late or damaged. While we cover the reimbursement for qualifying orders under Etsy Purchase Protection, we also take steps to cover certain reimbursements that do not relate to qualified orders, such as requiring reserves from some sellers based on indications they may not be able to fulfill orders and other factors. Depop and Reverb have similar programs. Our cost to refund qualifying orders may exceed our expectations, and despite our efforts, we are not always, and in the future may not be, able to recover the funds we expend for reimbursements unrelated to qualified orders, both of which could impact our financial performance. When we do recover buyer refund amounts from sellers, it may increase general seller dissatisfaction and reduce their desire to continue selling using our platforms. Although we are focused on enhancing customer service, our efforts may be unsuccessful, and our sellers and buyers may be disappointed in their experience and not return.

In addition, our GMS and revenue are concentrated in our most active buyers and sellers. The COVID-19 pandemic fueled an unprecedented increase in the growth of active buyers, and the number of active buyers remains significantly above pre-pandemic levels. If we lose a significant number of buyers or sellers, or our buyers or sellers do not maintain their level of activity for any reason, including due to the pressure on or shifts in consumer discretionary spending, increased seller fees, our financial performance and growth could be harmed. Even if we are able to attract new buyers and sellers to replace the ones that we may lose, we may not be able to do so at comparable levels, they may not maintain the same level of activity, and the GMS and revenue generated from new buyers and sellers may not be as high as the GMS and revenue generated from the ones who leave, or reduce their activity level on our marketplaces. If we are unable to attract and retain buyers and sellers, or our buyers or sellers do not maintain their level of activity, our business and financial performance and growth could be harmed.

Additionally, the demand for the goods listed in our marketplaces is dependent on consumer preferences and available discretionary spending, which can and do change quickly and may differ across generations, genders, and cultures. If demand for the goods that our sellers offer declines, or if demand for goods falls and is not replaced by demand in new or different categories, we may not be able to attract and retain buyers and our business could be harmed. Further, a shift in trends away from unique or vintage goods, socially-conscious consumerism, second-hand fashion, or specialty items such as musical

43

instruments, could also make it more difficult to attract new buyers and sellers. Under any of these circumstances, we may have difficulty attracting new buyers and sellers without incurring additional expense.

#### **We rely on our sellers to provide a fulfilling experience to our buyers.**

A small portion of buyers complain to us about their experience on our platforms. As a pure marketplace, our Our sellers manage their shops, certain shop policies, products and product descriptions, shipping, and returns. As a result, we do not have the ability to control important aspects of buyers' experiences on our platforms. For example, a buyer buyers may report that they have not received the items that they purchased, that the items received were not as represented by a seller, or that a seller has not been

44

#### [Table of Contents](#)

responsive to their questions. While we have introduced new ways features designed to protect buyers, there can be no assurance that these measures will be effective in combating fraudulent transactions or improve overall buyer satisfaction. Further, negative publicity and sentiment generated as a result of these types of complaints, or any associated enforcement action taken against sellers, could reduce our ability to attract and retain our sellers and buyers or damage our reputation.

Similarly, we rely on sellers to be responsive to buyers and to fulfill orders from buyers. Anything In addition, anything that prevents the timely processing of orders or delivery of goods to our buyers could harm our sellers. Service interruptions and delivery delays may be caused by events that are beyond the control of our sellers, such as interruptions in order or payment processing, interruptions in sellers' supply chains, transportation disruptions, customs delays, natural disasters, inclement weather, terrorism, public health crises, political unrest, or geopolitical conflict. Additionally, popular or trending sellers may experience an influx of orders that may be beyond their ability to fulfill in a timely manner. While we have procedures designed to mitigate spikes in orders, we cannot guarantee

those procedures will be effective. If buyers have a negative purchase experience, whether due to service interruptions or other reasons, or if sellers are unable to timely fulfill their orders from buyers, our reputation could be harmed.

**A perception that our levels of responsiveness and support for our sellers and buyers are inadequate could damage our reputation, and reduce our sellers' willingness to sell and buyers' willingness to shop on our marketplaces.** In some situations, we may choose to reimburse our buyers for their purchases to help avoid harm to our reputation. For example, we offer Etsy Purchase Protection, a program that refunds buyers when a qualifying order is not received, is not as described, or arrives late or damaged. While we cover the reimbursement for qualifying orders under Etsy Purchase Protection, we also take steps to cover certain reimbursements that do not relate to qualified orders, such as requiring reserves from some sellers based on indications they may not be able to fulfill orders and other factors. Our cost to refund qualifying orders may exceed our expectations, and despite our efforts, we are not always, and in the future may not be, able to recover the funds we expend for reimbursements unrelated to qualified orders, both of which could impact our financial performance. When we do recover funds used to reimburse buyers from sellers, it may increase general seller dissatisfaction and reduce their desire to continue selling using our platforms. Although we are focused on enhancing customer service, our efforts may be unsuccessful and our sellers and buyers may be disappointed in their experience and not return.

As our marketplaces grow, our controls over fraud and policy violations are important to maintaining user trust, but they may not be adequate and may not be sufficient to keep up with quickly-shifting techniques used by those attempting to undertake fraudulent activity on our platforms. We take action against sellers who we are aware may have violated our policies, and in recent periods the volume of enforcement actions against sellers for such violations has increased. However, our actions may be insufficient, may not be timely, and may not be effective in creating a good purchase experience for our buyers or avoiding negative publicity. While we regularly update our processes for handling complaints and detecting policy violations, these processes are by their nature imperfect in a dynamic marketplace, and include risk to us, our sellers, and our buyers from both under-enforcement and over-enforcement.

#### **Our quarterly operating results may fluctuate, which could cause significant stock price fluctuations.**

Our quarterly operating results, as well as our key metrics, may fluctuate for a variety of reasons, many of which are beyond our control, including:

- fluctuations in GMS or revenue, including as a result of uncertainty or changing spending patterns resulting from Macroeconomic Conditions, the seasonality of market transactions, and our sellers' use of services;
- uncertainty regarding overall levels of consumer spending and e-commerce generally;
- our success in attracting and retaining sellers and buyers;
- our ability to convert marketplace visits into sales for our sellers;
- the amount and timing of our operating expenses and the success of any cost-reduction activities;
- our success in executing on our strategy and the impact of any changes in our strategy;
- the timing and success of product launches, including new services and features we may introduce;
- the success of our marketing efforts;
- the success of our "House of Brands" strategy;
- disruptions or defects in our marketplaces, such as privacy or data security breaches, errors in our software, or other incidents that impact the availability, reliability, or performance of our platforms;
- the impact of competitive developments and our response to those developments;
- the impact of the Restructuring Plan approved in December 2023;
- our ability to manage our business and future growth; and

45

#### [Table of Contents](#)

- our ability to recruit and retain employees.

Our business may continue to be impacted by Macroeconomic Conditions, which may adversely affect us or the third-parties on whom we rely. If the equity and credit markets deteriorate, it may make any necessary debt or equity financing more difficult to obtain in a timely manner, or on favorable terms, more costly, or more dilutive. Increased inflation rates can adversely affect us by increasing our costs, including labor and employee benefit costs. In addition, higher inflation and macroeconomic turmoil and uncertainty could also adversely affect our buyers and sellers, which could reduce demand for the products sold in our marketplaces.

Fluctuations in our quarterly operating results, key metrics, and the price of our common stock may be particularly pronounced in the current economic environment due to the uncertainty caused by the Macroeconomic Conditions and changes in consumer spending patterns. Fluctuations in our quarterly operating results and key metrics may cause those results to fall below our financial guidance or other projections, or the expectations of analysts or investors, which could cause the price of our common stock to decline. Fluctuations in our results could also cause a number of other problems. For example, analysts or investors might change their models for valuing our common stock, we could experience short-term liquidity issues, our ability to retain or attract key personnel may diminish, and other unanticipated issues may arise.

We believe that our quarterly operating results and key metrics may vary in the future and that period-to-period comparisons of our operating results may not be meaningful. You should not rely on quarter-to-quarter or any other period-to-period comparisons of our results of operations as an indication of future performance.

**We may fail to meet our publicly announced guidance or other expectations about our business and future operating results, which could cause our stock price to decline.**

Our guidance includes forward-looking statements based on projections prepared by our management. Projections are based upon a number of assumptions and estimates that are based on information known when they are issued, and, while presented with numerical specificity, are inherently subject to significant business, economic, and competitive uncertainties and contingencies relating to our business, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which may prove incorrect and/or may change. Some of those key assumptions include the timing and impact of broad Macroeconomic Conditions, particularly in our core markets, and the resulting impact of these factors on future consumer spending patterns and our business. These assumptions are inherently difficult to predict, particularly in the long-term.

We generally state possible outcomes as high and low ranges, which are intended to provide a sensitivity analysis as variables are changed but are not intended to imply that actual results could not fall outside of the suggested ranges. Furthermore, analysts and investors may develop and publish their own projections of our business, which may form a consensus about our future performance. Our actual business results may vary significantly from such guidance or consensus due to Macroeconomic Conditions or other factors, many of which are outside of our control, which could adversely affect our business and future operating results. Furthermore, if we make downward revisions of our previously announced guidance, or if our publicly announced guidance of future operating results fails to meet expectations of securities analysts, investors, or other interested parties, the price of our common stock could decline.

Guidance is necessarily speculative in nature and guidance offered in periods of significant extreme uncertainty is inherently more speculative in nature than guidance offered in periods of relative stability. It can be expected that some or all of the assumptions underlying the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results may vary from our guidance and the variations may be material. In light of the foregoing, investors are urged to put the guidance in context and not to place undue reliance on it in making an investment decision regarding our common stock.

Any failure to successfully implement our operating strategy or the occurrence of any of the events or circumstances described elsewhere in these Risk Factors could result in the actual operating results being different from our guidance, and the differences may be adverse and material.

**We track certain operational metrics with internal systems and tools or manual processes and do not independently verify such metrics. Certain of these metrics are subject to inherent challenges in measurement, and any real or perceived inaccuracies may adversely affect our business and reputation.**

We track certain operational metrics, including active buyers and active sellers, GMS, GMS from specific categories of goods, or classes of buyers or sellers, or specific platforms, and other information about our communities and the performance of our platforms, with internal systems and tools or manual processes and these processes. These metrics are not independently verified by a third-party, third party. The methodologies used to measure certain of these metrics require significant judgment, are susceptible to errors, may change over time, and may differ from estimates or metrics published by third-parties third parties due to differences in sources, methodologies, or the assumptions on which we rely, underlying assumptions. We also use surveys to collect and track information about our buyers and sellers and rely on third-party data, which we do not independently verify, to evaluate and report on our opportunity. Our internal systems, tools, and processes have a number of limitations, and our surveys or data collection methodologies have a number of limitations, may have errors or could change over time, any of which could result in unexpected changes to our metrics, including the metrics we publicly disclose. Similarly, our third-party data sources have in the past and may in the

46

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## [Table of Contents](#)

future revise the historical data provided as a result of adjustments to their prior estimates or for other reasons. If the internal systems and tools, processes, or surveys we use to track these metrics under count or over count performance or contain algorithmic or other technical errors, the data we report may not be accurate. While these numbers are based on what we believe to be reasonable estimates of our metrics, there are inherent challenges in measuring this data. In addition, limitations or errors with respect to how we measure data or with respect to the data that we measure or obtain from third-parties third parties may affect our understanding of certain details of our business or our opportunity, which could affect our long-term strategies. If our operating metrics are not accurate, or if investors do not perceive them to be accurate, investors may lose confidence in our operating metrics and business, and we expect that we could be subject to legal claims, and our business, reputation, financial condition, and results of operations would be adversely affected.

**If we experience a technology disruption or failure that results in a loss of information, if personal data or sensitive information about members of our communities or employees is misused or disclosed, or if we or our third-party providers are unable to protect against software and hardware vulnerabilities, service interruptions, cyber-related events, ransomware, security incidents, or other security breaches, then members of our communities may curtail use of our platforms, we may be exposed to liability or incur additional expenses, and our reputation might suffer.**

Like all online services, we are vulnerable to power outages, telecommunications failures, and catastrophic events, as well as computer viruses, break-ins, intentional or accidental actions or inaction by employees or others with authorized access to our networks, phishing attacks, denial-of-service attacks, malicious or destructive code, malware, ransomware or other extortion attacks, and other cyber attacks, breaches and security incidents. We regularly experience cyber-related events that may result in technology disruptions and/or security breaches, including intentional, inadvertent, or social engineering breaches occurring through Etsy or third-party service provider technical issues, vulnerabilities, or employees. Any of these occurrences could lead to interruptions or shutdowns of one or more of our platforms, loss of data, unauthorized disclosure of personal or financial information of our members or employees, or theft of our intellectual property or user data. Furthermore, if our employees, contractors, or employees of our third-party service providers fail to comply with our internal security policies and practices, member or employee data may be improperly accessed, used, or disclosed. Additionally, employees, contractors, or service providers have and may inadvertently misconfigure resources or misdirect certain communications in manners that may lead to security incidents, which

44

could be expensive and time-consuming to correct. As we **continue strive to grow reignite growth in** our business, expand internationally, and gain greater public visibility, we may continue to face a higher risk of being targeted by cyber attacks.

Although we have integrated a variety of processes, technologies, and controls to assist in our efforts to assess, identify, and manage material cybersecurity-related risks, these are not exhaustive, and we cannot assure that they will be adequate to prevent or detect service interruption, system failure, data loss or theft, or other material adverse consequences, directly or through our vendors. Additionally, these measures have not always been in the past, and in the future may not be, sufficient to prevent or detect a cyber attack, system failure, or security breach particularly given the increasingly sophisticated tools and methods used by hackers, state actors, organized cyber criminals, and cyber terrorists. The costs and effort to respond to a security breach and/or to mitigate any security vulnerabilities that may be identified could be significant, our efforts to address these problems may not be successful, and these problems could result in unexpected interruptions, delays, cessation of service, negative publicity, **negative seller or buyer sentiment**, and other harm to our business and our competitive position. We could be required to fundamentally change our business activities and practices in response to a security breach or related regulatory actions or litigation, which would have an adverse effect on **our business**.

In addition, the industry has generally moved to online remote infrastructure for core work and, as a result, we and our partners may be more vulnerable to cyber attacks. If a natural disaster, power outage, connectivity issue, or other event that impacted our employees' ability to work remotely were to occur, it may be difficult or, in certain cases, impossible, for us to operate our business for a substantial period of time. The increase in remote working for employees, vendors, or contractors may also result in increased consumer privacy, IT security, and fraud concerns or increased administrative costs.

A successful cyber attack could occur and persist for an extended period of time before being detected. Because the techniques used by hackers change frequently, we may be unable to anticipate these techniques or implement adequate preventive measures. In addition, because any investigation of a cybersecurity incident would be inherently unpredictable, the extent of a particular cybersecurity incident and the path of investigating the incident may not be immediately clear. It may take a significant amount of time before an investigation can be completed and full and reliable information about the incident is known. While an investigation is ongoing, we may not necessarily know the extent of the harm or how best to remediate it, certain errors or actions could be repeated or compounded before they are discovered and remediated, and communication to the public, regulators, members of our communities, and other stakeholders may be inaccurate or incomplete, any or all of which could further increase the costs and consequences of a cybersecurity incident. Applicable rules regarding how to respond, required notices to users, and reporting to regulators and investors vary by jurisdiction, and may subject Etsy to additional liability and reputational harm.

If we experience, or are perceived to experience, security breaches that result in marketplace performance or availability problems or the loss, compromise or unauthorized disclosure of personal data or other sensitive information, or if we fail to respond appropriately to any security breaches that we may experience, or are perceived to do so, people may become unwilling to provide us the information necessary to set up an account with us. Existing sellers and buyers may also stop listing new items

47

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## [Table of Contents](#)

for sale, decrease their purchases, or close their accounts altogether. We could also face damage to our reputation, potential liability, regulatory investigations in multiple jurisdictions, and costly remediation efforts and litigation, which may not be adequately covered by, and which may impact our future access to, insurance. Any of these results could harm our growth prospects, our business, and our reputation for maintaining trusted marketplaces.

### **Our software is highly complex and may contain undetected errors.**

The software underlying our platforms is highly interconnected and complex and may contain undetected errors or vulnerabilities, some of which may only be discovered after the code has been released. We rely heavily on a software engineering practice known as "continuous deployment," meaning that we frequently release software code to our platforms. For the Etsy marketplace platform we typically release software code many times per day. This practice may result in the more frequent introduction of errors or vulnerabilities into the software underlying our platforms, which can impact the user experience and functionality of our marketplaces. Additionally, due to the interconnected nature of the software underlying our platforms, updates to parts of our code, third-party and open source code, and application programming interfaces, on which we rely and that maintain the functionality of our marketplaces and business, could have an unintended impact on other sections of our code, which may result in errors or vulnerabilities to our platforms that negatively impact the user experience, functionality or accessibility of our marketplaces. In some cases, such as our mobile apps, errors may only be correctable through updates distributed through slower, third-party mechanisms, such as app stores, and may need to comply with third-party policies and procedures to be made available, which may add additional delays due to app review and user delay in updating their mobile apps. In addition, our systems are increasingly reliant on artificial intelligence, machine learning systems, and large language models, which are complex, subject to increasing litigation and regulatory scrutiny, and may have errors or inadequacies that are not easily detectable. These systems may inadvertently reduce our efficiency, or may cause unintentional or unexpected outputs that are incorrect, do not match our business goals, do not comply with our policies or applicable legal requirements, or otherwise are inconsistent with our brands, guiding principles, and mission. Any errors or vulnerabilities discovered in our code after release could also result in damage to our reputation, loss of members of our communities, loss of revenue, or liability for damages, any of which could adversely affect our growth prospects and our business.

### **We rely on Google Cloud for a substantial portion of the computing, storage, data processing, networking, and other services for the Etsy Marketplace. A significant disruption of or interference with our use of Google Cloud would negatively impact our operations and seriously harm our business.**

Google Cloud provides a distributed computing infrastructure as a service platform for the Etsy marketplace's business operations. We have migrated the Etsy marketplace's primary production environment and data centers to Google Cloud, increasing our reliance on cloud infrastructure. Any transition of the cloud services currently provided by Google Cloud to another cloud provider would be difficult to implement and would cause us to incur significant time and expense. Our products and services rely in significant part on continued access to, and the continued stability, reliability, and flexibility of Google Cloud. Any significant disruption of, or interference with, our use of Google Cloud would negatively impact our operations, and our business would be seriously harmed. In addition, if hosting costs increase over time and if we require more computing or storage capacity, our costs could increase disproportionately. If we are unable to grow our revenues faster than the cost of utilizing the services of Google or similar providers, our business and financial condition could be adversely affected. Reverb and Depop rely on Amazon Web Services for their primary production environment, and those marketplaces are thus subject to analogous risks.

### **Our business depends on third-party services and technology which we utilize to maintain and scale the technology underlying our platforms and our business operations.**

Our business operations depend upon a number of third-party service providers, such as cloud service providers, marketing platforms and providers, payments and shipping providers, contingent labor teams, and network and mobile infrastructure providers. Any disruption in the services provided by third-parties, any failure on their part to deliver their services in accordance with our scale and expectations, or any failure on our part to maintain appropriate oversight on these third-party providers during the course of our engagement with them, or appropriate redundancies, could significantly harm our business.

Our production systems rely on internal technology, along with cloud services and software provided by our third-party service providers (and other entities in our supply chain). In the event of a cyber-related incident, even partial unavailability of our production systems could impair our ability to serve our customers, manage transactions, or operate our marketplaces. We have implemented disaster recovery mechanisms, including systems to back up key data and production systems, but these systems may be inadequate or incomplete. For example, these disaster recovery systems may be susceptible to cyber-related events if insufficiently distributed across locations, not sufficiently separated from primary systems, not comprehensive, or not at a scale sufficient to replace our primary

systems. Insufficient production and disaster recovery systems could, in the event of a cyber-related incident, harm our growth prospects, our business, and our reputation for maintaining trusted marketplaces.

Cyber attacks aimed at disrupting our and our third-party service providers' services regularly occur, and we expect they will continue to occur in the future. If we or our third-party service providers (and other entities in our supply chain) experience any cyber attacks or other security breaches or incidents that result in marketplace performance or availability problems or loss, compromise or unauthorized disclosure or use of personal data or other sensitive information, or if we fail to respond appropriately to any security breaches or incidents that we may experience, people may become unwilling to provide us the information necessary to set up an account with us.

48

## [Table of Contents](#)

We also rely on the security practices of our third-party service providers, which may be outside of our direct control. Additionally, some of our third-party service providers, such as identity verification and payment processing providers, regularly have access to payment card information and other confidential and sensitive member data. We may have contractual and regulatory obligations to supervise the security and privacy practices of our third-party service providers. Despite our best efforts, if these **third-parties** third parties fail to adhere to adequate security practices, or, as has occurred from time to time in the past, experience a cyber-related event or attack such as a breach of their networks, our members' data may be rendered unavailable, improperly accessed, used, or disclosed. More generally, our third-party service providers may not have adequate security and privacy controls, may not properly exercise their compliance, regulatory or notification requirements, including as to personal data, or may not have the resources to properly respond to an incident. Many of our service providers continue to operate in a partial or fully remote work environment and may, as a result, be more vulnerable to cyber attacks. Consequently, a security incident at any of such service providers or others in our supply chain could result in the loss, compromise, or unauthorized access to or disclosure of sensitive or personal data of our buyers or sellers.

In addition, the industry has generally moved to online remote infrastructure for core work and, as a result, we and our partners may be more vulnerable to cyber attacks. If a natural disaster, power outage, connectivity issue, or other event that impacted our employees' ability to work remotely were to occur, it may be difficult or, in certain cases, impossible, for us to operate our business for a substantial period of time. The prevalence of remote working for employees, vendors, or contractors may also result in increased consumer privacy, IT security, and fraud concerns or increased administrative costs.

A successful cyber attack could occur and persist for an extended period of time before being detected. Because the techniques used by hackers change frequently, we may be unable to anticipate these techniques or implement adequate preventive measures. In addition, because any investigation of a cybersecurity incident would be inherently unpredictable, the extent of a particular cybersecurity incident and the path of investigating the incident may not be immediately clear. It may take a significant amount of time before an investigation can be completed and full and reliable information about the incident is known. While an investigation is ongoing, we may not necessarily know the extent of the harm or how best to remediate it, certain errors or actions could be repeated or compounded before they are discovered and remediated, and communication to the public, regulators, members of our communities, and other stakeholders may be inaccurate or incomplete, any or all of which could further increase the costs and consequences of a cybersecurity incident. Applicable rules regarding how to respond, required notices to users, and reporting to regulators and investors vary by jurisdiction, and may subject us to additional liability and reputational harm.

If we experience, or are perceived to experience, security breaches that result in marketplace performance or availability problems or the loss, compromise or unauthorized disclosure of personal data or other sensitive information, or if we fail to respond appropriately to any security breaches that we may experience, or are perceived to do so, people may become unwilling to provide us the information necessary to set up an account with us to become a new seller or buyer. Existing sellers and buyers

45

may also stop listing new items for sale, decrease their purchases, or close their accounts altogether. We could also face damage to our reputation, potential liability, regulatory investigations in multiple jurisdictions, and costly remediation efforts and litigation, which may not be adequately covered by, and which may impact our future access to, insurance. Any of these results could harm our growth prospects, our business, and our reputation for maintaining trusted marketplaces.

### **Our software is highly complex and may contain undetected errors.**

The software underlying our platforms is highly interconnected and complex. It contains vulnerabilities and may contain undetected errors that may only be discovered after the code has been released. We rely heavily on a software engineering practice known as "continuous deployment," meaning that we frequently release software code to our platforms. For the Etsy marketplace platform we typically release software code many times per day. This practice may result in the more frequent introduction of errors or vulnerabilities into the software underlying our platforms, which can impact the user experience and functionality of our marketplaces. Additionally, due to the interconnected nature of the software underlying our platforms, updates to parts of our code, third-party and open source code, and application programming interfaces, on which we rely and that maintain the functionality of our marketplaces and business, could have an unintended impact on other sections of our code, which may result in errors or vulnerabilities to our platforms that negatively impact the user experience, functionality or accessibility of our marketplaces. In some cases, such as our mobile apps, errors may only be correctable through updates distributed through slower, third-party mechanisms, such as app stores, and may need to comply with third-party policies and procedures to be made available, which may add additional delays due to app review and user delay in updating their mobile apps. In addition, our systems are increasingly reliant on artificial intelligence, machine learning systems, and large language models, which are complex, subject to increasing litigation and regulatory scrutiny, and may have errors or inadequacies that are not easily detectable. In some instances, we may make use of third-party artificial intelligence models, including foundational models, that have been pre-trained on data which may be insufficient, erroneous, stale, contain biased information, or infringe intellectual property or other rights. These models may inadvertently reduce our efficiency, or may cause unintentional or unexpected outputs that are incorrect, do not match our business goals, do not comply with our policies or applicable legal requirements, including the E.U. Artificial Intelligence Act and similar U.S. state and international regulations, or otherwise are inconsistent with our brands, guiding principles, and mission. Any errors or vulnerabilities discovered in our code after release could also result in damage to our reputation, loss of members of our communities, loss of revenue, or liability for damages, any of which could adversely affect our growth prospects and our business.

### **We rely on Google Cloud for a substantial portion of the computing, storage, data processing, networking, and other services for the Etsy Marketplace. A significant disruption of or interference with our use of Google Cloud would negatively impact our operations and seriously harm our business.**

Google Cloud provides a distributed computing infrastructure as a service platform for the Etsy marketplace's business operations. Our products and services rely in significant part on continued access to, and the continued stability, reliability, and flexibility of Google Cloud. Any significant disruption of, or interference with, our use of Google Cloud would negatively impact our operations, and our business would be seriously harmed. In addition, if hosting costs increase over time, and if we require more computing or storage capacity, our costs could increase disproportionately. If we are unable to grow our revenues faster than the cost of utilizing the services of Google or similar providers, our business and financial condition could be adversely affected. Further, any transition of the cloud services currently provided by Google Cloud to another cloud provider would be difficult to implement and would cause us to incur significant time and expense. Reverb and Depop rely on Amazon Web Services for their primary production environment, and those marketplaces are thus subject to analogous risks.

## **Our business depends on third-party services and technology that we utilize to maintain and scale the technology underlying our platforms and our business operations.**

Our business operations depend upon a number of third-party service providers, such as cloud service providers, marketing platforms and providers, payments and shipping providers, contingent labor teams, and network and mobile infrastructure providers. Any disruption in the services provided by third parties, any failure on their part to deliver their services in accordance with our scale and expectations, or any failure on our part to maintain appropriate oversight on these third-party providers during the course of our engagement with them, or appropriate redundancies, could significantly harm our business.

We are unable to exercise significant oversight over some of these providers, which increases our vulnerability to their financial conditions and to problems with the services they provide, such as technical failures, deprecation of key services, privacy and/or security concerns, and we have from time to time experienced such problems with the services provided by one or more third-parties. third parties. Our efforts to update our infrastructure or supply chain may not be successful as we may not sufficiently distribute our risk across providers or geographies or our efforts to do so may take longer than anticipated. If we experience failures in our technology infrastructure or supply chain or do not expand our technology infrastructure or supply chain successfully, then our ability to run our marketplaces could be significantly impacted, which could harm our business.

In addition, our sellers rely on continued and unimpeded access to postal services and shipping carriers to deliver their goods reliably and timely to buyers. Our sellers have at times experienced transportation service disruptions and delays in the delivery of their goods. If these shipping delays continue or worsen, or if shipping rates increase significantly, our sellers may have increased costs, and/or our buyers may have a poor purchasing experience and may lose trust in our marketplaces, which could negatively impact our business, financial performance, and growth. growth prospects.

46

## **Our business depends on access to third-party services, platforms, and infrastructure that are critical to the successful operation of our business.**

Our sellers and buyers rely on access to the internet or mobile networks to access our marketplaces. We also depend on widely-adopted widely adopted third-party platforms to reach our customers, such as popular mobile, social, search, and advertising offerings. Internet service providers may choose to disrupt or degrade access to our platforms or increase the cost of such access. Mobile network operators or operating system providers could block or place onerous restrictions on the ability to download and use our mobile apps or deny or condition access to application programming interfaces or documentation, limiting the functionality of our products or services on the platform, including in ways that could require us to make significant changes to our marketplaces, websites, or mobile apps. If we are not able to deliver a rewarding experience on these platforms, if our or our sellers' access to these platforms is limited, if the cost or terms of accessing these platforms increases or changes, or if these large platforms implement features that compete with us or our sellers, then our business may suffer.

Internet service providers, mobile network operators, operating system providers and/or app stores regularly place technical and policy restrictions on applications and platforms that use their services, which restrictions change over time. They have also and could in the future attempt to charge us for, or restrict our ability to access or provide access to, certain platforms, features, or functionality that we use in our business, and such changes may adversely affect our marketplaces.

In addition, the success of our marketplaces has at times and could in the future also be harmed by factors outside our control, such as actions taken by providers of mobile and desktop operating systems, social networks, or search and advertising platforms, including:

- policy changes that interfere with, add tolls or costs to, or otherwise limit our ability to provide users with a full experience of our platforms, such as for our mobile apps or social network presence, including policy changes that effectively require us to use the provider's payment processing or other services for transactions on the provider's operating system, network, or platform;
- unfavorable treatment received by our platforms, especially as compared to competing platforms, such as the placement of our mobile apps in a mobile app download store;
- increased costs to distribute or use our platforms via mobile apps, social networks, or established search and advertising systems;
- changes in mobile operating systems, such as iOS and Android, that degrade the functionality of our mobile website or mobile apps, our understanding of the data and usage related to our services, or that give preferential treatment to competitive products;
- changes to social networks that degrade the e-commerce functionality, features, or marketing of our services or our sellers' shops and products; or

49

## **[Table of Contents](#)**

- implementation and interpretation of regulatory or industry standards by these widely adopted platforms that, as a side effect, degrade the e-commerce functionality, features, or marketing of our services or our sellers' shops and products.

Any of these events could materially and adversely affect our business, financial performance, and growth. growth prospects.

## **Our payments systems have both operational and compliance risks, including in-house execution risk and dependency on third-party providers.**

The payment offerings provided on each of our marketplaces differ and, as such, are subject to varying degrees and types of risk. In particular, each payment offering has a different level of reliance on third-parties third parties to perform certain aspects of its services. We have invested, and plan to continue to invest, in our payments tools and infrastructure, and have, or may in the future, add or change payment tools and third-party service providers to maintain existing availability, expand into additional markets, and offer new payment methods, offerings, and tools to our buyers and sellers. If we fail to invest adequate resources into our payments platforms, or if our investment efforts are unsuccessful or unreliable, our payments services may not function properly, keep pace with competitive offerings, or comply with applicable laws and regulatory requirements, any of which could negatively impact their usage and our marketplaces, as well as our trusted brands, which, in turn, could adversely affect our GMS and results of operations.

We rely upon third-party service providers to perform key components of functions for our payments platforms, including payments processing and payments disbursing, compliance, currency exchange, identity verification, sanctions screening, tax collection, and fraud analysis. Failure by of these service providers to perform adequately, or changes to or termination of our relationships with

these service providers, has and could again negatively affect our sellers' ability to receive payments. For example, in the first quarter of 2023, Silicon Valley Bank, one of our payment disbursement providers, collapsed and, as a result, approximately 0.5% of our active sellers experienced a delay (generally one business day) receiving their payments while we engineered a new process flow to enable those sellers to receive payments from another disbursement account.

47

Disruptions related to our third-party service providers could also potentially affect our sellers' ability to receive orders, our buyers' ability to complete purchases, and our ability to operate our payments program, including maintaining certain compliance measures, including fraud prevention and detection tools. This could decrease revenue, increase costs, lead to potential legal liability, and negatively impact our brands and business. If we (or a third-party payment processor) suffer a security breach affecting payment card information, we could be subjected to fines, penalties, and assessments arising out of the major card brands' rules and regulations, contractual indemnification obligations or other obligations contained in merchant agreements and similar contracts, and we may lose our ability to accept payment cards as payment for our services and our sellers' goods and services.

In addition, we and our third-party service providers may experience service outages from time to time that negatively impact payments on our platforms. We have in the past experienced, and may in the future experience, such payments-related service outages and, if we are unable to promptly remedy or provide an alternative payment solution, our business could be harmed. In addition, if our third-party providers increase the fees they charge us, our operating expenses, or those of our sellers, could increase, and it could negatively impact our sellers' businesses and/or our business.

Further, our ability to expand our payments services into additional countries is dependent upon the third-party providers we use to support these services. As we continue to expand the availability of our payments services to additional markets or offer new payment methods to our sellers and buyers in the future, we, along with our sellers may become subject to additional and evolving regulations, compliance requirements, and may be exposed to heightened operational and fraud risk, which could lead to an increase in our operating expenses.

#### **Our payments systems are subject to a complex landscape of evolving laws, regulations, rules, and standards.**

Various laws and regulations govern payments, and these laws are complex, evolving, and subject to change and vary across different jurisdictions in the United States and globally. Moreover, even in regions where such laws have been harmonized, regulatory interpretations of such laws may differ. As a result, we are required to spend significant time and effort determining whether various licensing and registration laws relating to payments apply to us as our business strategy and operations evolve. In addition, our payments activities and/or applicable laws and regulations have evolved and may evolve over time continue to require evolve. For example, to meet emerging regulatory requirements, among other reasons, our subsidiary, Etsy Payments Ireland Limited, received authorization from the Central Bank of Ireland to operate as a regulated payments institution to handle payments for sellers located in the European Economic Area. We also have applied, and may in the future apply, for registration/licensure as a payments service provider in one or more of our core regions. Should one additional jurisdictions. Each authorization as a regulated entity subjects us to additional regulation and oversight. If any of our subsidiaries become licensed as a financial services provider in any jurisdiction, additional jurisdictions, we would be subject to additional regulation and oversight of that subsidiary. Any failure or claim of our failure to comply, or any failure by our third-party service providers to comply, could cost us substantial resources, result in liabilities, cause us significant reputational damage, or force us to stop offering our payments services in certain markets. Additionally, changes in payment regulation may occur that could render our payments systems non-compliant and/or less profitable.

Further, through our agreements with our third-party payments service providers, we are subject to evolving rules and certification requirements (including, for example, the Payment Card Industry Data Security Standard), and other contractual requirements or expectations that may materially negatively impact our payments business. Failure to comply with these rules or requirements could impact our ability to meet our contractual obligations with our third-party payment processors and could result in potential fines or negatively impact our relationship with our third-party payments processors.

50

#### [Table of Contents](#)

We are also subject to rules governing electronic funds transfers. Any change in these rules and requirements, including as a result of a change in our designation by major payment card providers, could make it difficult or impossible for us to comply and could require a change in our business operations. In addition, similar to a potential increase in costs from third-party providers described above, any increased costs associated with compliance with payment card association rules or payment card provider rules could lead to increased fees for us or our sellers, which may negatively impact payments on our platforms, usage of our payments services, and our marketplaces.

#### **Our business could be adversely affected by economic downturns, inflation, natural disasters, public health crises, political crises, geopolitical events, or other macroeconomic conditions, which have in the past and may in the future negatively impact our business and financial performance.**

Macroeconomic Conditions have and may continue to adversely affect our business. If general economic conditions deteriorate in the United States or other markets where we operate, consumer discretionary product spending may decline and demand for the goods and services available on our platforms may be reduced. This would cause our Marketplace and Services revenue to decline and adversely impact our business.

Global economic conditions have also generated pressure on consumer discretionary product spending. Consumer purchases of discretionary items, including the goods that we offer, generally decline during recessionary periods or periods of economic uncertainty, when disposable income is reduced or when there is a reduction in consumer confidence. Factors that could further affect consumers' willingness to make discretionary purchases include, among others: high levels of unemployment; higher consumer debt levels; global geopolitical uncertainties; reductions in net worth, declines in asset values, disruptions to the banking industry, and related market and macroeconomic uncertainty; home foreclosures and reductions in home values; fluctuating interest rates, increased inflationary pressures and lack of credit availability; rising fuel and energy costs; rising commodity prices; and other general uncertainty regarding the overall future political and economic environment. It is difficult to predict how our business might be impacted by changing consumer spending patterns. In the event of a prolonged economic downturn or acute recession, significant inflation, or increased supply chain disruptions impacting our communities of sellers and the economy as a whole, consumer spending habits could be materially and adversely affected, as could our business, financial condition, operating results, and ability to execute and capitalize on our strategies.

If trends supporting self-employment, and the desire for supplemental income were to reverse, the number of sellers offering their goods in our marketplaces and the number of goods listed in our marketplaces could decline. In addition, currency exchange rates may directly and indirectly impact our business. If the U.S. dollar strengthens or weakens against foreign currencies, particularly if there is short-term volatility, our foreign currency denominated GMS and revenue, when translated into U.S. dollars, could fluctuate significantly. Currency exchange rates may also impact demand for cross-border purchases, which could impact GMS and revenue. For the year ended December 31, 2023, approximately 71% of our GMS was denominated in U.S. dollars.

Any events causing significant disruption or distraction to the public or to our workforce, or impacting overall macroeconomic conditions, such as natural disasters and other adverse weather and climate conditions, public health crises, supply chain disruptions, political instability or crises, terrorist attacks, war, social unrest, or other unexpected events, could disrupt our operations, or the operations of one or more of our third-party service providers. These events may also impact buyer demand for discretionary goods, impact sellers' ability to run their businesses on our marketplaces and ship their goods, and impact our ability to execute on our strategy, any of which could negatively impact our business and financial performance.

#### The global scope of our business subjects us to risks associated with operations abroad.

Doing business outside of the United States subjects us to increased risks and burdens such as:

- complying with different (and sometimes conflicting) laws and regulatory standards (particularly including those related to the use and disclosure of personal information, online payments and money transmission, intellectual property, product safety and liability, consumer protection, online platform liability, minors' online safety, e-commerce marketplace regulation, artificial intelligence, labor and employment laws, business practices, including those related to corporate social responsibility and sustainability, and taxation of income, goods, and services) sometimes with , including attempts to apply these laws and regulatory standards extra-territorially;
- defending our marketplaces against international litigation and regulatory matters, including in jurisdictions that may not offer judicial norms or protections similar to those found in the United States;
- conforming to local business or cultural norms;

48

- barriers to international trade, such as tariffs, customs, or other taxes, or, when applicable, cross-border limits placed on U.S. technology companies;
- uncertainties around the continuing impact on operations of supply chain disruptions and geopolitical events such as natural disasters, pandemics, terrorism, and acts of war;
- varying levels of internet, e-commerce, and mobile technology adoption and infrastructure;

51

#### [Table of Contents](#)

- potentially heightened risk of fraudulent or other illegal transactions;
- limitations on the repatriation of funds;
- exposure to liabilities under anti-corruption, anti-money laundering and export control laws, including the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), the U.K. Bribery Act of 2010, trade controls and sanctions administered by the U.S. Office of Foreign Assets Control of the U.S. Treasury Department, and similar laws and regulations in other jurisdictions;
- limitations on our ability to enforce contracts, our terms of use and policies, and intellectual property rights in jurisdictions outside the United States;
- fluctuations of currency exchange rates, including the strengthening or weakening of the U.S. dollar against foreign exchange rates; currencies; and
- uncertainties and instability in U.K. and E.U. markets caused by ongoing negotiations the patchwork of cross-border service agreements triggered by Brexit.

Our sellers face similar risks in conducting their businesses across borders. Even if we are successful in managing the risks of conducting our business across borders, if our sellers are not, our business could be adversely affected.

#### Our ability to recruit and retain a talented and broadly diverse group of employees and retain key employees is important to our success. Significant attrition or turnover could impact our ability to grow our business.

Our ability to attract, retain, and motivate engage a talented and broadly diverse group of employees, including our management team, is important to our success. We strive to attract, retain, and motivate engage employees who share our dedication to our buyer and seller communities and our mission to "Keep Commerce Human." We cannot guarantee we will be able to continue to attract and retain the number or caliber of employees we need to maintain our competitive position, particularly given the uncertainty of the current macroeconomic environment, and in light of the reduction in force as part of the Restructuring Plan approved in December 2023. While we made progress towards our impact goal of building a diverse and inclusive workforce that is broadly representative of our communities, we were not able to meet our target of doubling the percentage of U.S. employees at the Etsy marketplace who identify as Black, Latinx, or Native American by year end 2023 and recently extended the target year to 2025, which could impact our ability to attract and retain employees. environment.

Some of the challenges we face in attracting and retaining employees include:

- skepticism regarding our ability to accelerate reignite GMS growth in the future;
- continuing ability to offer competitive compensation and benefits, including stock-based compensation, and programs to support the well-being of for our employees, as more external scrutiny is placed on stock-based compensation expenses and the legal landscape in the United States evolves; expenses;
- competition for talent in our industry and our talent markets, which could cause payroll costs, including stock-based compensation, to become a larger percentage of our total cost base;

- evolving expectations regarding the ability to work remotely;
- enhancing engagement levels among existing employees and supporting their work-life balance;
- attracting high quality talent in a timely fashion;
- retaining qualified employees who support our mission and guiding principles, and continuing to do so in our talent markets and our own policies regarding remote, hybrid or other flexible work environment; modes;
- continuing to find promotion and internal mobility opportunities to retain key employees for leadership positions;
- hiring employees mitigating concerns around any potential cost-savings actions in multiple locations globally, and building a diverse, equitable, and inclusive workforce; light of past restructurings; and
- responding to competitive pressures and changing business conditions in ways that do not divert us from our guiding principles.

Filling key strategic roles, including engineering and product management, can be challenging at times, particularly for more specialized positions. Qualified individuals may be limited and in high demand, and we may incur significant costs to attract, develop, retain and motivate engage them. Even if we were to offer higher compensation and other benefits, people with suitable technical skills may choose not to join us or to continue to work for us. In addition, job candidates and existing employees often consider the value of the stock awards they receive in connection with their employment. The value of our stock awards in a volatile macroeconomic environment may adversely affect our ability to recruit and retain highly skilled highly-skilled employees.

52

## Table of Contents

We operate in a hybrid flexible work model in which a significant percentage of our workforce remains remote works remotely while others have returned to work from our offices with on a flexible hybrid schedule. It is possible that these arrangements could have a negative impact on our workplace culture employee engagement and on the execution of our business plans and operations. We have recently revised and clarified structured our work modes to reinforce our workplace culture, and optimize the natural creativity and innovation that arises from live cross-functional and team gatherings in our offices. If our needs work modes are not aligned with our employees' preferences, or if we are unsuccessful in optimizing our hybrid

49

work environment, it may adversely affect our ability to recruit and retain employees. If we continue to operate with a significant portion of our employees located outside of our offices, and we are unable to adapt to new hybrid work modes, it could negatively impact our company culture.

In general, our employees, including our management team, work for us on an at-will basis. The unexpected loss of or failure to retain one or more of our key employees, such as our Chief Executive Officer, Chief Financial Officer, or Chief Technology Officer, or unsuccessful succession planning, could adversely affect our business. Further, if members of our management and other key personnel in critical functions across our organization are unable to perform their duties, we may not be able to execute on our business strategy and/or our operations may be negatively impacted. Other companies, including our competitors, may be successful in recruiting and hiring our employees, and it may be difficult for us to find suitable replacements on a timely basis or on competitive terms.

If we experience increased voluntary attrition in the future, and/or if we are unable to attract and retain qualified employees in a timely fashion or on reasonable terms, particularly in critical areas of operations such as engineering, we may not achieve our strategic goals and our business and operations could be harmed.

### We may be unable to adequately protect our intellectual property.

Our intellectual property is an essential asset of our business. To establish and protect our intellectual property rights, we rely on a combination of copyright, trademark, and patent laws, as well as confidentiality procedures and contractual provisions. We also rely on trade secret protection for parts of our technology and intellectual property. The efforts we have taken to protect our intellectual property may not be sufficient or effective. We generally do not elect to register our copyrights, relying instead on the laws protecting unregistered intellectual property, which may not be sufficient. We rely on both registered and unregistered trademarks, which may not always be comprehensive in scope. In addition, our copyrights, and trademarks, whether or not registered, and patents may be held invalid or unenforceable if challenged, and may be of limited territorial reach. While we have obtained or applied for patent protection with respect to some of our intellectual property, patent filings may not be adequate alone to protect our intellectual property, and may not be sufficiently broad to protect our proprietary technologies. Additionally, it is expensive to maintain these rights, both in terms of application and maintenance costs, and the time and cost required to defend such rights, if necessary, could be substantial, necessary. From time to time, we acquire intellectual property from third-parties, third parties, but these acquired assets, like our internally developed intellectual property, may lapse, be abandoned, be challenged or circumvented by others, be held invalid, be unenforceable, or may otherwise not be effective in protecting our platforms.

In addition, we may not be effective in policing unauthorized use of our intellectual property and authorized uses may not have the intended effect. Even when we do detect violations, enforcing our rights may require us to engage in litigation, use of takedowns and similar procedures, or licensing. Any enforcement efforts we undertake, including litigation, could be time-consuming and expensive and could divert our management's attention. In addition, our efforts may be met with defenses and counterclaims challenging the validity and enforceability of our intellectual property rights or may result in a court determining that our intellectual property rights are unenforceable. If we are unable to adequately prevent unauthorized use or misappropriation of our intellectual property by third parties, the value of our brand and other intangible assets may be diminished and customers may lose trust in Etsy. Any of these events could have an adverse effect on our business.

We attempt to protect our intellectual property and confidential information in part through confidentiality, non-disclosure, and invention assignment agreements with employees, advisors, service providers and other third-parties third parties who develop intellectual property on our behalf, or with whom we share information. However, we cannot guarantee that we have entered into such agreements with each party that has developed intellectual property on our behalf or that has or may have had access to our confidential information, trade secrets and other intellectual property. These agreements may also be breached, or may not effectively prevent unauthorized use, disclosure, or misappropriation of our confidential information or intellectual property. Moreover, these agreements may not provide an adequate remedy for breaches or in the event of unauthorized use or disclosure of our confidential information or infringement of our intellectual property. The legal framework

surrounding protection of intellectual property changes frequently throughout the world, particularly as to technologies used in e-commerce, and these changes may impact our ability to protect our intellectual property and defend against third-party claims. If we are unable to cost-effectively protect our intellectual property rights, our business could be harmed.

#### **We may experience fluctuations in our tax obligations and effective tax rate.**

We are subject to a variety of tax and tax collection obligations in the United States and in numerous other foreign jurisdictions. We record tax expense, including indirect taxes, based on current tax payments and our estimates of future tax payments, which may include reserves for estimates of probable or likely settlements of tax audits. We may recognize additional tax expense and be subject to additional tax liabilities, including tax collection obligations, due to changes in tax law, regulations, administrative practices, principles, and interpretations related to tax, including changes to the global tax framework, competition, and other laws and accounting rules in various jurisdictions. An increasing number of jurisdictions are considering or have adopted laws or

53

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#### [Table of Contents](#)

administrative practices that impose new tax measures, including revenue-based taxes, such as digital services taxes or online sales taxes, targeting online commerce and the remote selling of goods and services. These include new obligations to withhold or collect sales, consumption, value added, or other taxes on online marketplaces and remote sellers, or other requirements that may result in liability for third-party obligations. For example, several jurisdictions have proposed or enacted taxes on online advertising and marketplace service revenues. Proliferation of these or similar unilateral tax measures may continue unless broader international tax reform is implemented. Our effective tax rate, results of operations and cash flows **have at times been,**

50

**and could in the future** be, materially and adversely affected by additional taxes imposed on us prospectively or retroactively. We may also be subject to increased requirements for marketplaces to report, collect, remit, and hold liability for their customers' direct and indirect tax obligations, as a result of changes to regulations, administrative practices, outcomes of court cases, and changes to the global tax framework.

Over the last several years, the Organization for Economic Cooperation and Development ("OECD") has been developing its "two pillar" project to address the tax challenges arising from digitalization. The OECD project, if broadly implemented by participating countries, will result in significant changes to the international taxation system under which our current tax obligations are determined. The second pillar of the project ("Pillar Two") calls for a minimum tax rate on corporations of 15% and is expected to be implemented by a significant number of countries starting in 2024. The OECD and implementing countries are expected to continue to make further revisions to the rules, however, we expect adverse consequences to our tax liabilities based on rules as currently drafted. We will continue to monitor developments to determine any potential impact of Pillar Two in the countries in which we operate.

Our effective tax rate and cash taxes paid in a given financial statement period may be adversely impacted by results of our business operations including changes in the mix of revenue among different jurisdictions, acquisitions, investments, entry into new geographies, the relative amount of foreign earnings, changes in foreign currency exchanges rates, changes in our stock price, intercompany transactions, changes to accounting rules, expectation of future profits, changes in our deferred tax assets and liabilities and our assessment of their realizability, and changes to our ownership or capital structure. Fluctuations in our tax obligations and effective tax rate could adversely affect our business.

In the ordinary course of our business, there are numerous transactions and calculations for which the ultimate tax determination is uncertain. Although we believe that our tax positions and related provisions reflected in the financial statements are fully supportable, we recognize that these tax positions and related provisions may be challenged by various tax authorities. These tax positions and related provisions are reviewed on an ongoing basis and are adjusted as additional facts and information become available, including progress on tax audits, changes in interpretation of tax laws, developments in case law, and closing of statute of limitations. To the extent that the ultimate results differ from our original or adjusted estimates, our effective tax rate can be adversely affected.

The (provision) benefit for income taxes involves a significant amount of management judgment regarding interpretation of relevant facts and laws in the jurisdictions in which we operate. Future changes in applicable laws, including any implementation of the Organization for Economic Cooperation and Development ("OECD") "two pillar" project, projected levels of taxable income, and tax planning could change the effective tax rate and tax balances recorded by us. In addition, tax authorities periodically review income tax returns filed by us and raise issues regarding filing positions, timing and amount of income and deductions, and the allocation of income among the jurisdictions in which we operate. A significant period of time may elapse between the filing of an income tax return and the ultimate resolution of an issue raised by a revenue authority with respect to that return. Any adjustments as a result of any examination may result in additional taxes or penalties against us. If the ultimate result of these audits differs from original or adjusted estimates, they could have a material impact on our effective tax rate and tax liabilities.

At any one time, we typically have multiple tax years subject to audit by various taxing jurisdictions. As a result, we could be subject to higher than anticipated tax liabilities as well as ongoing variability in our quarterly tax rates as audits close and exposures are re-evaluated.

#### **The terms of our debt instruments may restrict our ability to pursue our business strategies.**

We do not currently have any outstanding borrowings under our credit facility. While the indentures governing our outstanding convertible notes do not include material restrictions on our ability to pursue our business strategy, our credit facility requires us to comply with, and future debt instruments may require us to comply with, various covenants that limit our ability to take actions such as: disposing of assets; completing mergers or acquisitions; incurring additional indebtedness; encumbering our properties or assets; paying dividends, making other distributions or repurchasing our common stock; making specified investments; and engaging in transactions with our affiliates.

These restrictions could limit our ability to pursue our business strategies. If we default under our credit facility and if the default is not cured or waived, the lenders could terminate their commitments to lend to us and cause any amounts outstanding to be payable immediately. Such a default could also result in cross defaults under other debt instruments. Moreover, any such default would limit our ability to obtain additional financing, which may have an adverse effect on our cash flow and liquidity.

#### **Our insurance may not cover or mitigate all the risks facing our business.**

While we have insurance coverage for many aspects of our business risk, this insurance coverage may be incomplete or inadequate, or in some cases may not be available. Our business has evolving risks that may be unpredictable. We cannot be sure that our existing insurance coverage, including coverage for cyber events and errors and omissions, will continue to be

## [Table of Contents](#)

available on acceptable terms or that our insurers will not deny coverage as to all or part of any future claim or loss. For certain risks we face, we may be required to, or may elect to, self-insure or rely on insurance held by **third-parties**, **third parties**, legal defenses and immunities, indemnification agreements, or limits on liability, which may be insufficient.

For example, we may not have adequate insurance coverage related to the actions of sellers on our platforms or for security incidents or data breaches. In evolving areas such as platform products liability, court decisions suggest that different jurisdictions may take differing positions on the scope of e-commerce platform liability for seller products. In some circumstances, a platform might be held liable for violations of applicable legal regimes by sellers and their products, such as intellectual property laws, privacy and security laws, product regulation, or consumer protection laws. Court decisions and regulatory changes in these areas may shift quickly, both in the United States and worldwide, and our insurance may be inadequate or unavailable to protect us from existing or newly developing legal risks.

Finally, while some sellers on our platforms may be insured for some or all of these risks, many small businesses do not carry any or sufficient insurance, and, even if a seller is insured, the insurance may not cover the relevant loss.

These factors may lead to increased costs for insurance, our increased liability, increased liability or requirements on sellers on our platforms, changes to our marketplaces or business model, or other damage to our brands and reputation.

## Strategic Risks Related to Our Business and Industry

### **We face intense competition and may not be able to compete effectively.**

Operating e-commerce marketplaces is highly competitive and we expect competition to increase in the future. We face competition from a wide range of online and offline competitors on both sides of our two-sided marketplace, which connects buyers and sellers to facilitate transactions. We compete for sellers with **many companies and venues, including** marketplaces, retailers, **and** social media **commerce, and companies that sell software and services to small businesses. commerce.** For example, in addition to listing **her** goods for sale on the Etsy or other "House of Brands" marketplaces, a seller can list **her** goods with online retailers or sell **her** goods through local consignment and vintage stores, as well as other venues or marketplaces, or through commerce channels on social networks. They may also sell wholesale directly to traditional retailers, including large national retailers, who discover **her their** goods in our marketplaces or otherwise.

We also compete with companies that sell software and services to small businesses, enabling a seller to sell from her own website or otherwise run her business independently of our platforms, or enabling her to sell through multiple channels. Additionally, Reverb offers integrations with **some of these and other** companies to help sellers integrate their inventory across channels and otherwise power their businesses. Changes in the terms **and conditions** of those companies could make it more difficult or expensive for sellers to sell on Reverb.

We compete to attract, engage, and retain sellers based on many factors, including:

- the value, awareness, and perception of our brands;
- our investments in product and marketing for the benefit **or of** our sellers;
- the effectiveness of our **scaled** member support and trust and safety practices and policies;
- the global scale of our marketplaces and the breadth of our online presence;
- our tools, education, and **services, which support a seller in running her business; services;**
- the number and engagement of buyers;
- our policies and fees;
- the ability of a seller to scale her business;
- the effectiveness of our mobile apps;
- the strength of our communities; and
- our mission.

We also face competition on the buyer side from both online and offline competitors. We compete **with both online and offline retailers** for the attention of buyers who have the choice of shopping with any online or offline **retailer, venue,** including large e-commerce marketplaces, national retail chains, local consignment and vintage stores, social commerce channels, event-driven platforms and vertical experiences, resale **commerce and marketplaces,** streaming video commerce **sites and** apps, and other venues or marketplaces. Many of these companies offer low-cost or free shipping, fast shipping times, favorable return policies, and other features that may be difficult or impossible for our sellers to match.

We compete to attract, engage, and retain buyers based on many factors, including:

- the breadth and quality of items that sellers list in our marketplaces;
- the ease of finding items;
- the value and awareness of our brands;
- the effectiveness of our marketing;
- the person-to-person commerce experience;
- customer service;
- our reputation for trustworthiness;

- the effectiveness of our mobile apps;
- the availability of timely, fair, and free shipping offered by sellers to buyers;
- ease of payment;
- localization and experiences targeted based on regional preferences, and
- the availability and reliability of our platforms.

We also compete for media placements, including with retailers competing for the attention of our buyers, and increased competition can impact the cost we pay for media placements, including in dynamic auctions.

Many of our competitors and potential competitors have longer operating histories, greater resources, better name recognition, or more customers than we do. They may invest more to develop and promote their services than we do, and they may offer lower fees to sellers than we do. Large, widely adopted platforms may benefit from significant user bases, access to user or industry-wide data, the ability to unilaterally set policies and standards, and control over complementary services such as fulfillment, advertising or on-platform apps or e-commerce transactions. To the extent Etsy and our sellers may rely on these competitors' services, such services may be integrated into site functionality, and these competitors may have access to substantial data about Etsy and its communities of buyers and sellers. As a result, they may be able to reduce our ability to service our users **reduce our ability and/or** to obtain analytics or information to optimize advertising or intentionally seek to disintermediate Etsy.

Local companies or more established companies based in markets where we operate outside of the United States may also have a better understanding of local customs, providing them a competitive advantage. For example, in certain markets outside the United States, we compete with smaller, but similar, local online marketplaces with a focus on unique goods that are attempting to attract sellers and buyers in those markets.

If we are unable to compete successfully, or if competing successfully requires us to expend significant resources in response to our competitors' actions, our business and results of operations could be adversely affected.

**Our marketing efforts to help grow our business may not be effective.**

Maintaining and promoting awareness of our marketplaces and services is important to our ability to attract and retain sellers and buyers. One of the key parts of our strategy for the Etsy marketplace is to bring new buyers to the marketplace, reactivate lapsed buyers, and create more habitual buyers by inspiring more frequent purchases across multiple categories and purchase occasions. We continue to iterate on and invest in our marketing strategies for each of our marketplaces, which may not succeed for a variety of reasons, including our inability to execute and implement our plans.

Our digital marketing efforts currently include, among others, search engine optimization, search engine marketing, affiliate marketing, and display advertising, as well as social media, mobile push notifications, and email marketing. If we fail to scale and deliver an effective return on investment in any of **these our** marketing efforts, it may harm our business. We also engage with celebrities and influencers as part of our marketing efforts, and our perceived affiliation with these individuals could cause us brand or reputational damage in the event they are perceived to be or take actions inconsistent with our brands and values.

Additionally, we invest significantly in brand advertising via channels such as television and digital video advertising. If we do not produce effective content or purchase effective air time and placement for that content, it could fail to deliver a return on our investment, and damage our brands and/or business. Many of our marketing efforts include our sellers and products from their shops selected via automated systems. These automated systems may not always operate effectively. While both our manual and automated systems have tools and procedures designed to account for our and our partners' policies, despite our best efforts, we may inadvertently include in our marketing efforts sellers or their products inconsistent with our policies, brands, and

values, which could result in failure to deliver a return on our investment, media or regulatory scrutiny, and damage to our brands and/or business.

We obtain a significant number of visits via search engines such as Google. Search engines frequently change the algorithms that determine the ranking and display of results of a user's search, alter analytics or search engine optimization data available to us, or make other changes to the way results are displayed, which periodically displayed. These changes have and may continue to negatively affects affect the placement of links to our marketplaces and reduces reduce the number of visits or otherwise negatively impacts we receive from search engines. We continue to adjust our marketing efforts strategies to account for these changes, but there can be no guarantee these adjustments will be effective.

We also obtain a significant number of visits from social media platforms such as Facebook, Instagram, and Pinterest. Search engines, social networks, and other third-parties third parties typically require compliance with their policies and procedures, which may be subject to change or new interpretation with limited ability to negotiate, which from time to time negatively impacts our marketing capabilities (including marketing services for our sellers), GMS, and revenue. Etsy-provided controls for users to limit third-party advertising features, the growing use of online ad-blocking software and technological changes to browsers and mobile operating systems that, for example, limit access to usage information for advertisers like Etsy, impact the effectiveness of, or our visibility and insights into, our marketing efforts. As a result, we may fail to bring more buyers, or fail to increase frequency of visits, to our platforms. In addition, ongoing legal and regulatory changes in the data privacy, social media and technology spheres in U.S. states and countries throughout the world – and the interpretation of these laws by major search,

53

social, and operating system providers – have and may continue to impact the scope and effectiveness of marketing and advertising services generally, including those used on our platforms.

We also obtain a significant number of visits through email marketing. If we are unable to successfully deliver emails to our sellers and buyers, if our email subscription tools do not function correctly, or if our sellers and buyers do not open our emails, whether by choice, because those emails are marked as low priority or spam, or for other reasons, our business could be adversely affected. As e-commerce, search, and social networking, as well as related regulatory regimes, evolve, we must continue to evolve our marketing tactics and technology accordingly and, if we are unable to do so, our business could be adversely affected.

Some Many providers of consumer devices, mobile or desktop operating systems, and web browsers have implemented, blocked, or have announced plans options to implement, ways to block, third-party cookies and similar online tracking technologies, which if widely adopted, could also result in has and may continue to reduce the effectiveness of traditional online tracking methods becoming significantly less effective. methods. Similarly, our vendors, particularly those providing advertising and analytics products and services have modified and may continue to modify their products and services based on legal and technical changes relating to privacy in ways that could reduce the efficiency of our marketing efforts and our access to data about use of our platforms. Any reduction in our ability to make effective use of such technologies could harm our ability to personalize the experience of buyers, increase our costs, and limit our ability to attract and retain our sellers and buyers on cost-effective terms. As a result, our business and results of operations could be adversely affected.

#### Enforcement of our marketplace policies may negatively impact our brands, reputation, and/or our financial performance.

We maintain and enforce policies that outline expectations for users while they engage with our services, whether as a seller, a buyer, or a third-party. third party. Additionally, we prohibit a range of items on our marketplaces, including (but not limited to): drugs, alcohol, tobacco, weapons, endangered animal products, hazardous materials, recalled items or those that create an unreasonable risk of harm, highly-regulated items, items violating intellectual property rights of others, illegal products, pornography, items from sanctioned jurisdictions, hateful content, and items that promote or glorify violence.

We maintain and enforce these policies in order to uphold the safety and integrity of our marketplaces, comply with laws and regulations, engender trust in the use of our services, and encourage positive connections among members of our communities. We strive to enforce these policies in a consistent and principled manner that is transparent and explicable to stakeholders. However, even with a principled and objective approach, this work involves a combination of human judgment and technological and manual review. As a result, there could be errors or inconsistencies in, or disagreement with, our policy determinations, determinations; policy enforcement could be subject to different, inconsistent, or conflicting regional consensus or regulatory standards in different jurisdictions, jurisdictions; and our policy decisions could be perceived to be arbitrary, unfair, unclear, or inconsistent. Similarly, the tools and processes in place at the other marketplaces that make up our "House of Brands" portfolio are differ from those used by the Etsy marketplace, and our tools and processes may not be as sophisticated or mature as those used by the Etsy marketplace. of our competitors. Shortcomings and errors in our policy enforcement across our marketplaces could lead to negative public perception, distrust from our members, or lack of confidence in the use of our services, and could negatively impact the reputation of our brands. In particular, certain enforcement decisions, even those we deem necessary for

Enforcement of these policies has been in the health past, and safety of our marketplaces, may continue to be, received negatively by stakeholders or the public such as:

- or negatively affect our financial performance. For example, we may choose to limit have limited or prohibit prohibited the sale of items in our marketplaces based on our policies, and will continue to do so, even though we could benefit financially from the sale of those items; and
- items. Additionally, from time to time, we may revise our policies in ways that we believe will enhance trust in our platforms, even though the changes but which may be negatively perceived unfavorably, such as updates to the way we define handmade. by segments of our communities or other stakeholders. As a result, enforcement of our policies may negatively impact our brands, reputation, and/or financial performance.

57

#### [Table of Contents](#)

**If we are unable to successfully execute on our business strategy or if our strategy proves to be ineffective, our business, financial performance, and growth could be adversely affected.**

Our ability to execute our strategy is dependent on a number of factors, including the ability of our senior management team and key team leaders to execute the strategy, our ability to iterate in a rapidly evolving e-commerce landscape, maintain our pace of product experiments coupled with the success of such initiatives, our ability to meet the changing needs of our sellers and buyers, and the ability of our employees to perform at a high level. If we are unable to execute our strategy, including our recent efforts to reduce our operating expenses, if our strategy does not drive the growth that we anticipate, if the public perception is that we are not executing on our strategy, or if our market opportunity is not as large as we have estimated, it could adversely affect our business, financial performance, and growth. For more information on our strategy, see Part I, Item 1, "Business—Overview—Our Strategy."

**If we are not able to keep pace with technological changes and enhance our current offerings and develop new offerings to respond to the changing needs of sellers and buyers, our business, financial performance, and growth may be harmed.**

Our industry is characterized by rapidly changing technology, new service and product introductions, and changing customer demands and preferences, and we are not able to predict the effect of these changes on our business. The technologies that we currently use to support our platforms may become inadequate or obsolete, and the cost of incorporating new technologies into our products and services may be substantial. Our sellers and buyers, however, may not be satisfied with our enhancements or new offerings or may perceive that these offerings do not respond to their needs or create value for them. Additionally, as we invest in and experiment with new offerings or changes to our platforms, our sellers and buyers may find these changes to be disruptive and may perceive them negatively. In addition, developing new services and features is complex, and the timetable for public launch is difficult to predict and may vary from our historic experience. As a result, the introduction of new offerings may occur after anticipated release dates, or they may be introduced as pilot programs, which may not be continued for various reasons. In addition, new offerings may not be successful due to defects or errors, negative publicity, or our failure to market them effectively.

New offerings may not drive GMS or revenue growth, may require substantial investment and planning, and may bring us more directly into competition with companies that are better established or have greater resources than we do.

If we do not continue to cost-effectively develop new offerings that satisfy sellers and buyers, then our competitive position and growth prospects may be harmed. In addition, new offerings may not drive the GMS or revenue that we anticipate, may have lower margins than we anticipate or than existing offerings, and our revenue from the new offerings may not be enough to offset the cost of developing and maintaining them, which could adversely affect our business, financial performance, and growth prospects.

**Continuing to expand our operations outside of the United States is part of our strategy, and the growth of our business could be harmed if our expansion efforts do not succeed.**

We are focused on growing our business both inside and outside of the United States. Operating outside of the United States requires significant management attention, including managing operations and people over diverse geographic areas with varying cultural norms and customs, and adapting our platforms and business operations to local markets. Although we have a significant number of sellers and buyers outside of the United States, and Depop is headquartered in the United Kingdom, we are primarily a U.S.-based company with less experience developing local markets internationally, and we may not execute our strategy successfully. For example, as previously announced, we sold our interest in Elo7 in August 2023 in light of challenges we faced to effectively scale Elo7 the business in Brazil over the last two years, particularly given headwinds created by the local macroeconomic environment, we sold our interest in Elo7 in August 2023. In addition, while Etsy has a vibrant community of sellers in India, and, in late 2023, we decided to focus on bringing them our India-based sellers potential sales through cross-border, global transactions and enabling them to reach global buyers outside of India and to deprioritize developing a domestic marketplace in India. An inability to develop our communities globally or to otherwise grow our business outside of the United States in a cost-effective manner could adversely affect our GMS, revenue, and operating results.

Our ability to grow our international operations business may be adversely affected by any circumstances that reduce or hinder cross-border trade. For example, the shipping of goods cross-border is typically more expensive and slower than domestic shipping and often involves complex customs and duty inspections and may be dependent on national postal carrier systems, inspections. If jurisdictions become increasingly fragmented, with additional regulation of small sellers and platforms, tariffs, changes to de minimis thresholds, certifications, representative requirements, and customs requirements that increase the cost or complexity of cross-border trade, whether on the seller's sourcing of materials or between the seller and buyer, our business could be adversely impacted. In addition, our international growth strategy may be adversely affected by geopolitical events or public health crises like the COVID-19 pandemic other events that result in closures, delayed or terminated delivery services, or movement restrictions outside the United States, restrictions.

Despite our execution efforts, the goods that sellers list on our Etsy and Reverb marketplaces may not appeal to non-U.S. consumers in the same way as they do to consumers in the United States. In addition, non-U.S. buyers are not as familiar with the Etsy and Reverb brands as buyers in the United States and may not perceive us as relevant or trustworthy. Also, visits to our Etsy and Reverb marketplaces from buyers Similarly, consumers outside the United States may not convert into sales as often as visits from within the Kingdom and United States including due to the impact of a strong U.S. dollar relative to other currencies and the fact that most of the goods

## [Table of Contents](#)

listed on these platforms are denominated in U.S. dollars. Similarly, non-U.K. consumers may be less familiar with Depop, than consumers in the United Kingdom, which may make it challenging to expand into new markets.

Competition is likely to intensify as we expand our business in markets outside of the United States, both where we operate now and where we plan to expand. States. Local companies based outside the United States may have a substantial competitive advantage because of their greater understanding of, and focus on, their local markets, along with regulations that may favor local companies. Some of our competitors may also be able to develop and grow internationally more quickly than we will.

Continuing international expansion may also require significant financial investment. To facilitate continued international expansion, we plan to continue investing in buyer and seller upper, mid and lower funnel local marketing and enhancing the localization of the Etsy site experience (through machine translation, search optimization, and local carrier and payment methods) to help sellers and buyers transact even if they are not in the same country and/or do not speak the same language. We may engage in forming also form relationships with third-party service providers to support operations in multiple countries, and potentially acquire additional companies based outside the United States to integrate them into our operations, operations, both of which could expose us to additional risks. Our investment outside of the United States may be more costly than we expect or unsuccessful.

**We have incurred impairment charges for our goodwill and other long-lived tangible and intangible assets, and may incur further impairment charges in the future, which would negatively impact our operating results.**

In the quarter ended June 30, 2023, we recorded non-cash impairment charges of \$68.1 million to write-off property and equipment and intangible assets in full for Elo7. In addition, in the quarter ended September 30, 2022, we recorded non-cash impairment charges of \$897.9 million and \$147.1 million to write-off goodwill in full for Depop and Elo7, respectively.

Impairments have resulted **and may result** from, among other things, deterioration in performance, adverse market conditions, adverse changes in applicable laws or regulations, challenges applying our technological, marketing, and operational expertise to help scale the acquired brands' marketplaces in a profitable, efficient, and effective manner, and a variety of other factors. We review goodwill and other long-term assets quarterly to assess if indicators of impairment arise, including the deterioration of macroeconomic conditions, a rise in the risk-free long-term interest rates, or a decline in our results of operations. The result of such review may indicate a decline in the fair value of goodwill and other long-term tangible and intangible assets requiring additional impairment charges. In the event we are required to record an additional non-cash impairment charge to our goodwill, other intangibles, and/or long-lived assets, such a non-cash charge could have a material adverse effect on our Consolidated Statements of Operations and Balance Sheets in the reporting period in which we record the charge. **For additional information, see Part II, Item 8, "Note 7—Goodwill and Intangible Assets" and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates and Policies—Valuation of Goodwill."**

**We may expand our business through additional **engage in acquisitions, of other businesses or assets dispositions**, or strategic partnerships and investments, which may divert management's attention and/or prove to be unsuccessful.**

We have acquired businesses in the past and may acquire additional businesses or technologies, or enter into strategic partnerships, in the future. We have not always been able to realize the anticipated benefits of our acquisitions, and may not be able to realize the anticipated benefits of possible future acquisitions or partnerships, and such **relationships transactions** may disrupt our business and divert management's time and attention. **We have also disposed of businesses in the past and may in the future dispose of businesses or assets that no longer fit our long-term strategies.**

In addition, integrating an acquired business or technology, **or separating an existing business or asset group**, is risky and may require significant time and attention from our management team and workforce. Any acquisitions, **dispositions**, or partnerships may result in unforeseen operational difficulties and expenditures associated with:

- integrating new businesses and technologies into, **or separating existing businesses from**, our infrastructure;
- clearing any required regulatory review that may be complex, costly, time-consuming, or place additional requirements on the business;
- implementing growth initiatives;
- integrating **or separating** administrative functions;
- hiring, retaining, and integrating key employees;
- supporting and enhancing morale and culture;
- retaining key customers, merchants, vendors, and other key business partners;
- maintaining or developing controls, procedures, and policies (including effective internal controls over financial reporting and disclosure controls and procedures, as well as information privacy controls); and

59

## [Table of Contents](#)

- assuming liabilities related to the activities of the acquired business before and after the acquisition, including liabilities for violations of laws and regulations, intellectual property infringement, commercial disputes, cyber attacks, taxes, and other matters.

We also may issue additional equity securities in connection with an acquisition or partnership, which could cause dilution to our stockholders. Finally, acquisitions, **dispositions**, or partnerships could be viewed negatively by analysts, investors, or the members of our communities.

If our "House of Brands" strategy is unsuccessful, or we fail to realize the expected benefits of our acquisitions, our business, growth and/or results of operations could be adversely affected.

**We are subject to risks related to our environmental, social, and governance activities and disclosures.**

Our Impact strategy focuses on Etsy's mission to "Keep Commerce Human" and the positive impact we want our business to have. We **are committed to growing sustainably by aligning our mission and business strategy to help create economic impact through entrepreneurship. We have also** announced a number of goals and initiatives and elected to publicly report on a significant number of environmental and social metrics that we monitor (our "ESG metrics") and include them in **this our** Annual Report. As a result, our business may face heightened scrutiny for these activities. For more information see Part I, Item I, "Business—ESG Reporting: Our Impact Goals, Strategy, & Progress" (our "Impact Goals").<sup>†</sup> While selected metrics receive limited assurance from an independent **third-party, third party**, this is inherently a less rigorous process than the reasonable assurance sought in connection with a financial statement audit and such review process may not identify errors and may not protect us from potential liability under

56

the securities laws or other applicable laws. In addition, for some of the metrics we report, the methodology of computation and/or the scope of our value chain assessed continues to evolve from year to year. As a result, period over period comparisons may not be meaningful.

The implementation of our Impact strategy, including our Impact investing strategy and other initiatives intended to help us meet our Impact goals, Goals, requires considerable investments, and our goals, with all of their contingencies, dependencies, and in certain cases, reliance on third-party verification and/or performance, are complex and ambitious, and we cannot guarantee that we will be able to achieve them. If we do not demonstrate progress against our Impact strategy or if our Impact strategy is not perceived to be adequate or appropriate, our reputation could be harmed. We could also damage our reputation and the value of our brands if we or our vendors fail to act responsibly in the areas in which we report, or we fail to demonstrate that our commitment to our Impact strategy enhances our overall financial performance.

Further, we purchase verified emissions reductions ("VERs") and use renewable energy credits ("RECs"), including RECs arising from a 15 year virtual power purchase agreement expiring in 2034, to help balance our carbon and energy footprints. If the cost of VERs were to materially increase or we were required to purchase a significant number of additional VERs or RECs, our cost to obtain these offsets and/or credits could increase materially which could impact our ability to meet our public goals or our financial performance.

There can be no assurance that our current programs, reporting frameworks, and principles will be in compliance with any new environmental and social laws and regulations that may be promulgated in the United States and elsewhere. Additionally, the costs and business impact of changing our current practices to comply with recently enacted current and future regulatory requirements, including those from the SEC, European Union, and California, including the recently enacted those relating to carbon offset disclosure requirements, or any future laws and regulations, may be substantial. Furthermore, industry and market practices may further develop to become even more robust than what is required under any new laws and regulations, and we may have to expend significant efforts and resources to keep up with market trends and stay competitive among our peers.

While most many of the new recently introduced environmental and social laws being introduced are designed to promote more robust transparency and enhance resiliency, which can create the conditions for us to meet our Impact goals, laws, regulations, and administrative actions have also been introduced proposed and implemented in the United States that are designed to limit, restrict, or restrict prohibit company activities on environmental and social issues. If such laws are successfully passed in the United States or elsewhere, or resistance to ESG initiatives grows, As a result, our Impact strategy and ESG metrics may subject us to heightened scrutiny, litigation or regulatory proceedings, or reputational damage.

Any harm to our reputation resulting from setting public goals or our failure or perceived failure to meet such goals could impact employee engagement and retention, the willingness of our buyers and sellers and our partners and vendors to do business with us, or investors' willingness to purchase or hold shares of our common stock, any of which could adversely affect our business and financial performance, and growth. performance.

#### **We may need additional capital, which may not be available to us on acceptable terms or at all.**

We believe that our existing cash and cash equivalents and short- and long-term investments, together with cash generated from operations, will be sufficient to meet our anticipated operating cash needs for at least the next 12 months. However, we may require additional cash resources due to changes in business conditions or other developments, such as acquisitions or investments we may decide to pursue. We may seek to borrow funds under our credit facility or sell additional equity or debt securities. The sale of additional equity or convertible debt securities could result in dilution to our existing stockholders. Any debt financing that we may secure in the future could result in additional operating and financial covenants that would limit or restrict our ability to take certain actions, such as incurring additional debt, making capital expenditures, repurchasing our stock,

60

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#### [Table of Contents](#)

or declaring dividends. It is also possible that financing may not be available to us in amounts or on terms acceptable to us, if at all. Weakness and volatility in capital markets and the economy in general could limit our access to capital markets and increase our costs of borrowing.

#### **We have a significant amount of debt and may incur additional debt in the future. We may not have sufficient cash flow from our business to pay our substantial debt when due.**

Our ability to pay our debt when due or to refinance our outstanding indebtedness, including the 0.125% Convertible Senior Notes due 2026 we issued in September 2019 (the "2019 Notes"), the 0.125% Convertible Senior Notes due 2027 we issued in August 2020 (the "2020 Notes"), and the 0.25% Convertible Senior Notes due 2028 we issued in June 2021 (the "2021 Notes" and together with the 2019 Notes and the 2020 Notes, the "Notes"), depends on our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. While we used a portion of the net proceeds from each of the Notes offerings to enter into separate privately negotiated capped call instruments designed to reduce the potential dilution and/or offset a portion of the cash payments due in respect of the Notes, there can be no assurance that the capped call instruments will pay out in full or at all. If we are unable to generate the cash flow necessary to pay our debts when due, we may be required to adopt one or more alternatives, such as selling assets, refinancing or restructuring debt, or obtaining additional equity capital on terms that may be onerous or highly dilutive. In addition, any required repurchase of the Notes for cash as a result of a fundamental change would lower our current cash on hand such that we would not have those funds available for use in our business or could require us to obtain additional financing to fund the repurchase. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. For example, the Federal Reserve increased its benchmark interest rate multiple times in 2022 and 2023 in a bid to reduce rising inflation rates in the United States, and additional rate hikes may be adopted in the future. These interest rate increases have which resulted in higher short-term and long-term borrowing costs and could impact the general availability of credit. costs. Higher prevailing interest rates and/or a tightening supply of credit may adversely affect the terms upon which we will be able to refinance our indebtedness, if at all. As a result, we may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. Based on the daily closing prices of our stock during the

57

quarter ended December 31, 2023 December 31, 2024, holders of the Notes are not eligible to convert their Notes during the first quarter of 2024, 2025. See Part II, Item 8, "Notes to Consolidated Financial Statements—"Note 13—Debt" for more information on the Notes.

In addition, we and our subsidiaries may be able to incur substantial additional debt in the future, subject to the restrictions contained in our debt instruments, some of which may be secured debt. If, for example, we incur additional debt, secure existing or future debt, or recapitalize our debt, these actions may diminish our ability to make payments on our substantial debt when due.

## Regulatory, Compliance, and Legal Risks

### Failure to deal effectively with fraud or other illegal activity could harm our business.

Our operations are subject to anti-corruption laws, such as the FCPA, which generally prohibit us and our officers, employees, and third-party intermediaries from, directly or indirectly, offering, authorizing, or making improper payments to government officials and other persons for the purpose of obtaining or retaining business or another advantage. Our operations are also subject to U.S. and foreign export controls, trade sanctions, and import laws and regulations. Such laws may restrict or prohibit the provision of certain products and/or services to countries, governments, and persons targeted by U.S. sanctions. We have adopted policies and procedures that are intended to ensure compliance with law, including, for example anti-corruption, anti-money laundering, export control, and trade sanctions requirements, and we have measures in place to detect and limit the occurrence of fraudulent and other illegal activity in our marketplaces. However, those policies, procedures, and measures may not always be effective. In addition, despite our efforts to comply with our policies and procedures, we may at times fail to do so or may be perceived to have failed to do so. In certain instances, the procedures and measures in place at the other marketplaces that make up our "House of Brands" are not as sophisticated or mature as those used by the Etsy marketplace. Further, the measures that we use to detect and limit the occurrence of fraudulent and other illegal activity must be dynamic and require significant investment and resources, particularly as our marketplaces increase in public visibility and size, resources. Bad actors constantly apply continually evolving technologies and ways to commit fraud and other illegal activity, and regulations requiring marketplaces to detect and limit these activities are increasing. The use of increasingly sophisticated techniques by bad actors has increased, and may continue to increase, their ability to commit fraud on our marketplaces, or on our buyers and sellers, and may increase the impact of such activity. Our measures may are not always able to keep up with these changes. We are and have been subject to requests from regulators regarding these efforts. If we fail to limit the impact of illegal activity in our marketplaces, we could be subject to penalties, fines, other enforcement actions and/or incur significant expenses and our business, reputation, financial performance, and growth could be adversely affected.

We rely upon third-party service providers to perform and assist us with certain compliance services. If we or our service providers do not perform adequately, our compliance measures may not be effective, which could increase our expenses, lead to potential legal liability, and negatively impact our business. In addition, we could be subject to penalties, fines, other sanctions, and/or incur significant expenses.

61

## [Table of Contents](#)

### Our brands may be harmed if third-parties third parties or members of our communities use or attempt to use our marketplaces as part of their illegal or unethical business practices.

Our emphasis on our mission and guiding principles makes our reputation particularly sensitive to allegations of illegal or unethical business practices by our sellers or other members of our communities. Our seller policies promote legal and ethical business practices. Etsy expects sellers to work only with manufacturers who comply with all applicable laws, who do not use child or involuntary labor, who do not discriminate, and who promote sustainability and humane working conditions. We also expect our suppliers to comply with our Supplier Code of Conduct. Although we seek to influence, we do not directly control our sellers, suppliers, or other members of our communities or their business practices, and we cannot ensure that they comply with our policies. If members of our communities engage in illegal or unethical business practices, or are perceived to do so, we may receive negative publicity and our reputation may be harmed, harmed, which may adversely impact our business and financial performance.

### We regularly receive and expect to continue to receive receiving claims alleging that items listed by sellers in on our marketplaces are counterfeit, infringing, illegal, unlawful, harmful, or otherwise violate our policies.

We frequently regularly receive claims, notices, and other correspondence alleging allegations that items listed in on our marketplaces, or other user-generated materials content posted on our platforms, infringe upon third-party copyrights, trademarks, patents, or other intellectual property or personal rights, or that such items are otherwise harmful, dangerous, or unlawful. We have procedures in place for third parties to report these claims, including our notice-and-takedown process for intellectual property, property. We also have tools and procedures in addition to various tools that proactively detect potential violations, including suspected counterfeit and illegal items. We strive place to take appropriate action against violating potentially violative content, which may include the removal of the item from our marketplace and, in certain cases, closing the listings, content, sellers, or shops of sellers who that violate our policies.

Our tools and procedures may not effectively reduce or eliminate At the same time, our liability. For example, on the Etsy marketplace we use a combination of automatic and manual tools and depend upon human review in many circumstances. No tools and procedures are guaranteed to function completely without error, particularly for physical, non-standardized goods, our tools and procedures may be subject to gaps, limitations, resourcing constraints, human and machine error, or enforcement failures and other shortcomings, and may not be adequately staffed, effectively mitigate the risks we face in hosting user-generated content as part of our business.

While we benefit from certain protections and we may be subject to an increasing number of erroneous or fraudulent demands to remove content. In addition, we may be subject to civil or criminal safe-harbors from liability, for activities carried out by sellers on our platforms, especially outside the United States where laws may offer less protection for intermediaries and platforms than in the United States.

Under current U.S. copyright laws such as the Digital Millennium Copyright Act § 512 et. et seq., we benefit from statutory safe harbor provisions that protect those protections are limited, vary across jurisdictions, and may diminish as lawmakers, courts, and regulators across the globe continue to reexamine the legal liability of platforms for the content and actions of their third-party users. We have been

58

and may continue to be subject to allegations, litigation and/or regulatory claims seeking to hold us from copyright liability liable for the content posted on and actions of our platforms by third-party sellers, and buyers, and we rely upon user content platform protections under 47 U.S.C. § 230 (commonly referred to as CDA § 230), which limit most non-intellectual property law claims against Etsy based upon content posted by users on our platforms. However, trademark and patent laws do not include similar statutory provisions, and limits on platform liability for these forms including in the areas of intellectual property, are primarily based upon court decisions. Similarly, laws related to consumer protection, product liability, vary by jurisdiction, privacy and data protection, content compliance, and criminal laws. If we are alleged or found to be liable for our sellers' content or actions, or if new laws or court decisions expand the obligations or liability of marketplace platforms, for products we could be forced to pay monetary damages, civil or criminal penalties and attorneys' fees, change or restrict our business practices or services, restrict certain types of sellers, while traditionally limited, is subject to increasing debate in courts, legislatures and legislative proposals, and with regulators. Any legislation content from our marketplaces, and/or court rulings affecting these safe harbors suffer reputational or other limits harm. Any of these, or similar, consequences could have a material adverse impact on our business, including by making our platform liability may adversely affect us and may impose significant operational challenges. For example, there are legislative and regulatory proposals and pending litigation in both the United States and European Union that could diminish less attractive to buyers or eliminate certain safe harbor protections and/ sellers, reducing our revenue, or immunities for websites and online platforms. Moreover, changes focused on actions by very large platforms that perform retailer-like functions, or handle mass user content, may directly or indirectly also impact us, increasing our sellers, buyers and vendors.

Proposed and enacted laws in Europe and the United States may change the scope of platform liability, and ongoing case law developments may unpredictably increase our liability as platforms for user activity. In that event, we may be held directly or secondarily liable for the intellectual property infringement, product compliance deficiencies, consumer protection deficiencies, privacy and data protection incidents, or regulatory issues of our sellers, including potentially for their conduct over which we have no control or influence. costs.

Regardless of the validity of any claims made against us, we may incur significant costs and efforts to defend against or settle them. If a governmental authority determines that we have aided and abetted the infringement or sale of counterfeit, harmful or unlawful goods or if legal changes result in us potentially being liable for actions by sellers on our platforms, we could face regulatory, civil, or criminal penalties. Claims by third-party rights owners could require us to pay damages or refrain from permitting Moreover, any further listing of the relevant items. These types of claims could seek substantial damages or force us to modify our business practices, which could lower our revenue, increase our costs, or make our platforms less user-friendly. These types of claims, or legal and regulatory changes, could require the removal of non-infringing, lawful or completely unrelated content, which could negatively impact our business and our ability to retain sellers. Moreover, public perception that unlicensed, counterfeit, harmful, or unlawful items are commonly offered by sellers in our marketplaces, even if factually incorrect, could result in negative publicity and damage to our reputation.

62

## [Table of Contents](#)

### **We are regularly involved in litigation, arbitration, and regulatory matters that are expensive and time-consuming and that may require changes to our strategy, the features of our platforms, and/or how our business operates.**

We are regularly involved in litigation, arbitration, disputes, and regulatory matters, including those related to intellectual property, consumer protection, product liability, product safety, regulatory compliance, security and privacy, and/or commercial matters, either individually or, where available, on a class-action basis. We have been, are, and may in the future be subject to heightened regulatory scrutiny, inquiries, or investigations, including with respect to our sellers, vendors or third-parties, third parties, relating to both specific inquiries as well as broad, industry-wide concerns, such as antitrust, product liability, and privacy, that could lead to legal liability, increased expenses, injunctive relief, or reputational damage.

Under certain circumstances, we have contractual and other legal obligations to indemnify and to incur legal expenses on behalf of current and former directors, officers, employees, underwriters and other third parties. Any lawsuit or legal action to which we are a party, with or without merit, may result in an unfavorable judgment or settlement, substantial monetary payments or fines, adverse changes to our offerings or business practices, reputational harm, and other consequences. We have in the past settled lawsuits, regulatory actions, and other disputes and may decide in the future to settle such actions, even if non-meritorious. In addition, defending claims is costly and can impose a significant burden on our management.

We manage and mitigate certain legal risks through our House Rules, policies, and other terms of use, including through the use of informal dispute resolution, individual arbitration, mass arbitration procedures, limitations of liability, venue selection, choice-of-law, and indemnification requirements. These requirements may be subject to differing interpretations, risks, and legal frameworks in different U.S. federal, state, and foreign courts, and may not be enforceable in some jurisdictions. If certain of our House Rules, policies, and other terms are not enforceable in particular jurisdictions or disputes, we could experience increased costs and expenses, litigation in multiple jurisdictions, inconsistent decisions, and/or forum shopping by third-parties third parties seeking jurisdictions amenable to their claims.

Lawsuits, enforcement actions, and other legal proceedings brought against us have resulted in judgments and settlements, and may result in injunctions, damages, fines, or penalties, which could have a material adverse effect on our financial condition or results of operations or require changes to our business. Although we establish accruals for our litigation and regulatory matters in accordance with applicable accounting guidance when they present loss contingencies that are both probable and reasonably estimable, there may be a material exposure to loss in excess of any amounts accrued, or in excess of any loss contingencies disclosed as reasonably probable, possible, particularly in more uncertain legal or regulatory environments. Such loss contingencies may not be probable and reasonably estimable until the proceedings have progressed significantly, which could take several years and occur close to resolution of the matter.

### **Expanding and evolving regulations in the areas of privacy and user Privacy, data protection, could create technological, economic and information security regulations are complex cross-border business impediments to and rapidly evolving areas that have and may adversely affect our business and those of our sellers, sellers' business.**

We collect, receive, use, store, process, generate, use, disclose, share, and transfer disclose, make accessible, protect, secure, dispose a host of personal, confidential, and share personal information, confidential information and other sensitive or otherwise potentially protected information necessary to provide in the course of our service, operations, including to operate our business and for legal, compliance, and marketing purposes, which subjects us to an increasingly complex array of global privacy and for data protection regulations. Authorities around the world have adopted and are considering a number of legislative and regulatory proposals affecting data protection, data usage, data transfer, localization, and information security, among other business-related purposes. These laws and regulations are evolving, are subject to interpretation, and in some cases may conflict with each other, and create substantial operational, financial, regulatory, reputational, and legal risk to our business. We are subject to regular inquiries and requests from regulators regarding these efforts. Examples of these laws include:

- The E.U. General Data protection remains a significant issue in Protection Regulation and the United States, countries U. K. General Data Protection Regulations, which apply to our activities conducted from an establishment in the European Union or the United Kingdom, respectively, or related to products and services that we offer to our users in many the European Union or the United Kingdom.

- Various comprehensive U.S. state and international privacy laws, which give new data privacy rights to their respective residents (including, in California, a private right of action in the event of a data breach resulting from our failure to

59

implement and maintain reasonable security procedures and practices) and impose significant obligations on controllers and processors of consumer and employee data.

- U.S. state laws governing the processing of biometric information, such as the Illinois Biometric Information Privacy Act, which impose obligations on businesses that collect or disclose consumer biometric information.
- Various federal, state, and international laws, like the Children's Online Privacy Protection Act of 1998 and the U.K. Age-Appropriate Design Code, which govern the provision of services to children and minors, including the collection and processing of their data.

Further, we are subject to evolving international laws, regulations, decisional authority, and guidance governing whether, how, and under what circumstances we can transfer, process and/or receive personal data. The validity of various cross-border data transfer mechanisms remains subject to legal, regulatory, and political developments in both the European Union and the United States. Any changes to existing frameworks may require us to adapt our existing arrangements or impede our ability to effectively transfer data to our users, vendors, and partners in other countries in which we operate. In addition to the actual and potential changes in jurisdictions:

Collectively, worldwide privacy, data protection, and information security laws described elsewhere in these Risk Factors, global developments in privacy and data security regulation regulations have changed and may continue to change some of the ways that we, our sellers, our vendors, and other third-parties third parties collect, use, and share personal protected information, and other proprietary or confidential information, and have created and will continue to create additional in some cases creating costly compliance obligations for us and our sellers, vendors, and other third-parties. In addition, although our sellers are independent businesses, it is possible that a privacy authority could deem us jointly and severally liable for actions of our sellers and/or vendors, which would increase our potential liability exposure and costs of compliance, which could negatively impact impeding our business. If we fall short of our data protection obligations in countries in which we operate, we could face potential liability, regulatory investigations, and costly litigation, which may not be adequately covered by insurance.

In the European Union, the E.U. General Data Protection Regulation ("GDPR") contains strict requirements for processing the personal data of individuals residing in E.U. member states, the European Economic Area ("EEA"), and certain additional territories. A substantially similar law, the U.K. General Data Protection Regulation ("U.K. GDPR") (a version of the GDPR as implemented into U.K. law that combines the GDPR and the U.K. Data Protection Act of 2018) is in effect in the United Kingdom. Both laws contain significant obligations for data processors and controllers, including to protect certain data subject rights, such as the "right to be forgotten" and certain data portability, access, and redress rights, as well as obligations related to security and accountability controls (including stringent data breach notification requirements), online and email marketing, documentation and record-keeping, and other compliance requirements related to our sellers, vendors and other third parties. Both laws are also subject to changing interpretations due to decisions of data protection authorities, courts, and related legislative efforts. Furthermore, while the GDPR and U.K. GDPR remain substantially similar for the time being, the U.K. GDPR is currently under review in the United Kingdom and there may be further changes made to it over the next few years, including in ways that may differ from the GDPR, which could result in further or conflicting compliance obligations. In addition, although our sellers are independent businesses, it is possible that a privacy authority could deem us jointly and severally liable for actions of our sellers or vendors, which would increase our potential liability exposure and costs of compliance, which could negatively impact our business. Due to the GDPR and the U.K. GDPR, we may experience difficulty retaining or obtaining new E.U. or U.K.

63

## [Table of Contents](#)

sellers, or current and new sellers may limit their selling into the European Union, due to the legal requirements, compliance costs, potential risk exposure, and uncertainty for them about their own compliance obligations with respect to the GDPR and U.K. GDPR.

In the United States, rules and regulations governing data privacy and security include those promulgated under the authority of the Federal Trade Commission Act, the Electronic Communications Privacy Act, the Computer Fraud and Abuse Act, California's California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020 (collectively, the "CCPA"), and other state and federal laws relating to privacy, consumer protection, and data security. Some For example, some of these laws provide for penalties and/or include a private right of action and statutory damages for data breaches and other violations.

Aspects of certain newly enacted U.S. state privacy statutes remain unclear, resulting in further legal uncertainty and potentially requiring us to modify our data practices and policies and to incur substantial additional costs and expenses in an effort to comply. If more stringent privacy legislation arises in the United States, E.U., or other jurisdictions where we operate, it could increase our potential liability and adversely affect our business, results of operations, and financial condition.

The GDPR, CCPA, and similar laws in other jurisdictions, and future changes to or interpretations of any of these laws, requirements may continue to change the data protection landscape globally, may be potentially inconsistent or incompatible, and could result in potentially significant operational costs for internal compliance and risk to our business. Some of these requirements introduce friction into the buying and selling user experience on our platforms, restrict our ability to use data in ways that could benefit our sellers and may our business, or impact the scope and effectiveness of our marketing efforts, any of which could negatively impact our business and future outlook. Complying with these laws and contractual or other obligations relating to privacy, data protection, data transfers, data localization, or information security

We may require us to make changes to our services to enable us or our customers to meet new legal requirements, incur substantial operational costs, modify fall short of our data practices and policies, and restrict our business operations. Any actual or perceived failure by us to comply with these laws, regulations, or other protection obligations may lead to significant fines, penalties, regulatory investigations, lawsuits, significant costs for remediation, damage to our reputation, or other liabilities. For example, under the GDPR alone, noncompliance could result in fines of up to 20 million Euros or up to 4% of the annual global revenue of the noncompliant company, whichever is greater. We may not be entirely successful in our compliance efforts due to various factors either within our control (such as limited internal resource allocation) or outside our control (such as a lack of vendor cooperation, new regulatory interpretations, or lack of regulatory guidance in respect of certain requirements).

In addition, E.U. Any actual or perceived failure to comply with applicable privacy or data protection laws, also generally prohibit the transfer of personal information from Europe our contractual obligations to the United States and most other countries unless the recipient country has been deemed to have adequate privacy protections in place to protect the personal information. On July 10, 2023, the European Commission adopted an adequacy decision concluding that the United States ensures an adequate level of protection for personal data transferred from the EEA to the United States under the E.U.-United States Data Privacy Framework (followed on October 12, 2023 with the adoption of an adequacy decision in the U.K. for the UK-United States Data Bridge). Etsy relies on a variety of compliance methods to transfer personal data of EEA individuals to the United States. The rules related to cross-border transfers remain subject to legal uncertainty and potential change, which may impede Etsy and third parties, our subsidiaries' ability to effectively transfer data between jurisdictions with parties such as partners, vendors and users, or may make such transfers of personal data more costly. Among other things, there is a risk that transfers by us or our vendors of personal information from Europe may not comply with E.U., or U.K. data protection law, may increase our exposure to potential sanctions for violations of applicable cross-border data transfer restrictions, and may result in lower sales on our platforms because of the potential difficulty of establishing a lawful basis for personal information transfers out of Europe.

We also publish privacy policies, and other documentation regarding our collection, processing, use, and disclosure of personal data. Although we endeavor to comply with our published policies and documentation, we may at times fail to do so or may be perceived to have failed to do so. Moreover, despite our efforts, we may not be successful in achieving compliance, such as if our employees or vendors fail to comply with our published policies and documentation. We are subject to occasional requests from regulators regarding these efforts. Failures can similar requirements, could subject us to potential international, local, state, significant damages, fines, penalties, regulatory investigations, lawsuits, remediation costs, reputational damage, and/or other liabilities. In addition, although our sellers and federal action under both vendors are independent businesses with their own data protection and consumer protection laws, privacy obligations, it is possible that a privacy authority could deem us jointly and severally liable for actions of our sellers or vendors, which would increase our potential liability and costs of compliance and could harm our business.

We are or may also be subject to the terms of our own and third-party external and internal privacy and security policies, codes, representations, certifications, industry standards, publications and frameworks and contractual obligations to third-parties related to privacy and/or information security, including contractual obligations to indemnify and hold harmless third-parties from the costs or consequences of non-compliance with various data protection breach notification laws or other obligations. Our sellers and vendors may have been and may now and, in the future be subject to similar privacy requirements, which may significantly increase costs and resources dedicated to their compliance with such requirements. We some instances, have varying contractual and other legal obligations to notify relevant stakeholders in the event of security breaches related an actual or potential breach. Our contracts, our contractual representations, and/or industry standards, to us or, in some cases, our third-party service providers. Many jurisdictions have enacted laws requiring companies to notify individuals, regulatory authorities, and others of security breaches involving certain types of data in some circumstances. In addition, our agreements with certain stakeholders varying extents, may require us to notify them in the event of such a use industry-standard or other reasonable measures to safeguard personal or confidential information. Cyber-related events and security breach. Such mandatory disclosures, breaches even if only related to the actions of a third-party vendor, are and have been costly, could lead to negative publicity, may cause members of our communities users, employees, or other stakeholders to lose confidence in the effectiveness of our security measures, may cause us to breach certain contracts, and may require us to expend significant capital and other resources to respond to and/or alleviate problems caused by the actual or perceived security breach, and may cause us to breach customer contracts. Our contracts, our representations or industry standards, to varying extents, require us to use industry-standard or reasonable measures to safeguard sensitive personal information or confidential information. A cyber-related event or security

64

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## [Table of Contents](#)

breach could lead to claims by members of our communities or other relevant stakeholders that we have failed to comply with such legal or contractual obligations. As a result, we could be subject to legal action or members of our communities could end their relationships with us, remediate. There can be no assurance that any indemnifications, limitations of liability indemnity, contractual remedies, or other remedies in our contracts would insurance will be enforceable available or adequate or would otherwise to protect us from liabilities or damages. Our risks are likely to increase as we continue to expand, grow our customer base, and process, store, and transmit increasingly large amounts damages in the event of proprietary and sensitive data. a breach or cyber-related incident.

### **Our business and our sellers and buyers may be subject to evolving sales and other tax regimes in various jurisdictions, which may harm our business.**

The application of indirect taxes, such as sales and use tax, duties, value-added tax, provincial tax, goods and services tax, business tax, withholding tax, digital service tax, and gross receipt tax, as well as tax information reporting obligations, to businesses like ours and to our sellers and buyers is a complex and evolving area. Significant judgment is required to evaluate applicable tax obligations and, as a result, amounts recorded are estimates and are subject to adjustments. In many cases, the ultimate tax determination is uncertain because it is not clear when and how new and existing statutes might apply to our business or to our sellers' businesses. In some cases it may be difficult or impossible for us to validate information provided to us by our sellers on which we must rely to ascertain Etsy's potential obligations, given the intricate nature of these regulations as they apply to particular products or services and that many of the products and services sold in our marketplace are unique or handmade.

Various jurisdictions (including the U.S. states and E.U. member states) are seeking to, or have recently imposed additional reporting, record-keeping, indirect tax collection and remittance obligations, or revenue-based taxes on businesses like ours that facilitate online commerce. For example, the American Rescue Plan Act of 2021 included a provision which significantly increases the number of sellers for whom we must report payment transactions in the United States States. Recent regulatory and recent legislative proposals in the E.U, European Union and the United States could change rules which allow packages containing goods valued under a de minimis level, or threshold to enter a country without paying custom customs duties and may require platforms to collect these custom duties at checkout. If requirements like these become applicable in additional jurisdictions, then our business, collectively with our sellers' businesses, could be harmed. For example, taxing authorities in many U.S. states and in other countries have targeted e-commerce platforms as a means to calculate, collect, and remit indirect taxes for transactions taking place over the internet, and others are considering similar legislation. Such changes to current law or new legislation could adversely affect our business and our sellers' businesses if the requirement of tax to be charged on items sold on our marketplaces causes our marketplaces to be less attractive to current and prospective buyers, businesses. This legislation could also require us or our sellers to incur substantial

60

costs in order to comply, including costs associated with tax calculation, collection, remittance, and audit requirements, which could make selling on our marketplaces less attractive. Additionally, certain member states within the European Union and other countries, as well as certain U.S. states, have proposed or enacted taxes on online advertising and marketplace service revenues. Our results of operations and cash flows could be adversely affected by additional taxes of this nature imposed on us prospectively or retroactively or additional taxes or penalties resulting from the failure to provide information about our buyers, sellers, and other third-parties third parties for tax reporting purposes to various authorities. In some cases, we also may not have sufficient notice to enable us to build solutions and adopt processes to properly comply with new reporting or collection obligations by the applicable effective date.

If we are found to be deficient in how we have addressed our tax obligations, our business could be adversely impacted.

## Our business is subject to a large number of U.S. and non-U.S. laws, many of which are evolving.

We are subject to a variety of laws and regulations in the United States and around the world, including those relating to traditional businesses, such as employment laws, accessibility requirements, taxation, trade, product liability, marketing, **intellectual property**, and consumer protection laws, and laws and regulations focused on e-commerce and online marketplaces, such as those governing online payments, privacy, anti-spam, data security and protection, online platform liability, content moderation, **online child safety**, **social media regulation**, marketplace seller regulation, **intellectual property**, artificial intelligence, automated decision-making, and machine learning. Additional examples include data localization requirements, limitations on marketplace scope or ownership, **intellectual property** intermediary liability **rules**, **protections**, regulation of online speech and content moderation **limits on network neutrality**, such as under the E.U. Digital Services Act ("DSA"), packaging and recycling requirements, seller certification and representative requirements, know-your-customer/business regulations such as under the U.S. INFORM Consumers Act, **and under the E.U. Digital Services Act ("DSA")**, and rules related to security, privacy, or national security, which may regulate us, our users, or our vendors. In light of our international operations, we need to comply with various laws associated with doing business outside of the United States, including anti-money laundering, sanctions, anti-corruption, and export control laws. In some cases, non-U.S. privacy, data security, consumer protection, e-commerce, and other laws and regulations are more detailed or comprehensive than those in the United States and, in some countries, are more actively enforced. In addition, **new** regulations, laws, policies, and international accords relating to environmental and social matters, including sustainability, due diligence, climate change, human capital, **forced labor**, and diversity, **have been enacted or** are being developed and formalized in Europe, the United States (both at the federal level and on a state-by-state basis), and elsewhere, **some of which may entail include** specific **disclosure requirements**, target-driven frameworks, and/or **disclosure requirements**, **due diligence obligations to which we may be subject**.

These laws and regulations are continuously evolving, and compliance is costly and can require changes to our business practices and significant management time and effort. Additionally, it is not always clear how existing laws apply to online marketplaces as many of these laws do not address the unique issues raised by online marketplaces or e-commerce. In some

65

### [Table of Contents](#)

jurisdictions, these laws and regulations subject us to attempts to apply domestic rules worldwide against Etsy or our subsidiaries, and may subject us to inconsistent obligations across jurisdictions. In addition, outside of the United States, governments of one or more countries have in the past, do, and may continue to seek to censor content available on our platforms (including at times lawful content), and/or to block access to our platforms.

We strive to comply over time with all applicable laws, and compliance is often complex and/or operationally challenging. In addition, applicable laws may conflict with each other, and by complying with the laws or regulations of one jurisdiction, we may find that we are violating the laws or regulations of another jurisdiction. Despite our efforts, we may have not always fully complied and may not be able to fully or timely comply with all applicable laws in all jurisdictions where we operate, particularly where the applicable regulatory regimes are new or have not been broadly interpreted. If we become liable under laws or regulations applicable to us, we could be required to pay significant fines and penalties, our reputation may be harmed, and we may be forced to change the way we operate. That could require us, for example, to incur significant expenses, discontinue certain services, or limit or discontinue our services in particular jurisdictions, any of which could negatively affect our business. In addition, if we are restricted from operating in one or more countries, our ability to attract and retain sellers and buyers may be adversely affected and we may not be able to **grow operate** our business as we anticipate.

Additionally, if **third-parties third parties** with whom we work violate applicable laws or our policies, those violations could also result in liabilities for us and could harm our business. Our ability to rely on insurance, contracts, indemnification, and other remedies to limit these liabilities may be insufficient or unavailable in some cases. Furthermore, the circumstances in which we may be held liable for the acts, omissions, or responsibilities of our sellers or other third parties is uncertain, complex, and evolving. Upcoming and proposed regulations may require marketplaces like ours to comply with specific obligations, beyond what marketplaces have traditionally been required to do, to avoid liability. **If With** an increasing number of such laws **are being proposed and** passed, the resulting compliance costs and potential liability risk could negatively impact our business.

### **Increased regulation of technology companies, even if focused on large, widely adopted platforms, may nevertheless impact smaller platforms and small businesses, including us and our sellers.**

We believe that it is, and that it should continue to be, relatively easy for new businesses to create online commerce offerings or tools or services that enable entrepreneurship. However, as the technology space is increasingly subject to regulation, there is a risk that legislation, and regulatory or competition inquiries, even if focused on large, widely adopted platforms, may impede smaller platforms and small businesses, including us and our sellers.

61

New platform liability laws, potential amendments to existing laws, and ongoing regulatory and judicial interpretation of platform liability laws may impose costs, burdens and uncertainty on Etsy and the sellers on our platforms. This may even be the case for new laws or regulations focused on other technology areas, business practices, or other **third-parties third parties** that nonetheless indirectly or unintentionally impact us, our sellers, or our vendors. For example, in the European Union, the DSA, the General Product Safety Regulation, **("GPSR")**, and **Toy Safety Regulation**, changes to the Product Liability Directive, **and efforts to restrict the scope of intermediary liability protections** may impact us directly, as well as **impacting impact** our sellers and vendors. Similarly, anti-waste regulations in **Germany various E.U. member states** and **France other jurisdictions** and **new proposed** sustainability-related E.U.-wide regulations directly impact our sellers, **as well as and** impose compliance verification obligations on us. In the United Kingdom, the Online Safety Act **which has passed through Parliament**, may impact us in a range of content regulation areas subject to our categorization by the regulator, including by imposing additional requirements regarding illegal content, child safety, fraud, and platform transparency. **As another example, we may be impacted by the U.K.'s newly introduced Product Regulation and Metrology Bill, which could include a framework to regulate online marketplaces.** If we and our sellers are unable to cost-effectively comply with new regulatory regimes, such as if the regulations place requirements on our sellers that they find difficult or impossible to comply with, or require us to take actions at a scale inconsistent with the size, resources, and operation of our marketplaces, our sellers may elect not to ship into, or we may be required to restrict shipping into, **or change our product offerings, functionality or operations in**, the impacted jurisdictions, and our business could be harmed. In addition, there have been various U.S. Congressional **and U.S. state** efforts to require platforms to vet and police sellers or proactively screen content, **to regulate content moderation**, or to restrict the scope of the intermediary liability protections available to online platforms for third-party user content, such as the proposed SHOP SAFE Act. As a result, our current protections from liability for third-party content **and content moderation decisions** in the United States could significantly decrease or change. We could incur significant costs implementing any required changes, investigating and defending claims and, if we are found liable, significant damages. In addition, if legislation or regulatory inquiries, even if focused on other entities, require us to expend significant resources in response or result in the imposition of new obligations, our business and results of operations could be adversely affected.

We also operate under an increasing number of regulatory regimes which, if certain statutory requirements are met, may protect us and our sellers and buyers worldwide, such as intellectual property and anti-counterfeiting laws, payments and taxation laws, competition and marketplace platform regulation, hate speech laws, and general commerce and consumer protection regulation. These laws, and court or regulatory interpretations of these laws (including their limitations and safe harbors), may shift quickly in the United States and worldwide. For example, upcoming regulations may impose

significant verification, certification, assessments, or additional compliance obligations on both us and our sellers. We may not have the resources or scale to effectively adapt to and comply with any changes to these regulatory regimes which may limit our ability to take advantage of the protections these regimes offer. In addition, some of these changes may be at least partially inconsistent with how our platforms operate, especially if they are adopted in the context of, or in a manner best suited for, larger platforms, which may make it harder for us to protect our marketplaces under these regimes. If we are unable to cost-effectively protect our platforms, sellers and buyers under these regulatory regimes, such as if the regulations place requirements on our sellers that they find difficult or impossible to comply with, limit the functions or features our marketplaces can offer, or require us to take actions at a scale inconsistent with the size, investment, and operation of our marketplaces, our business could be harmed.

66

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[Table of Contents](#)

**We may be subject to intellectual property claims, which, even if meritless, could be extremely costly to defend, damage our brands, require us to pay significant damages, and limit our ability to use certain technologies in the future.**

Companies in the internet and technology industries Technology companies are frequently subject to litigation based on allegations of infringement or other violations of intellectual property rights. We regularly receive communications that claim we have infringed, misappropriated, or misused others' intellectual property rights. To the extent we gain greater public recognition and scale worldwide, we may face a higher risk of being the subject of intellectual property claims. Third-parties Third parties regularly claim that they have intellectual property rights that cover significant aspects of our technologies or business methods and may seek to limit or block our services and/or offerings. Third-parties Third parties sometimes allege a company is secondarily liable for intellectual property infringement, or that it is a joint infringer with another party, including claims that Etsy is liable, either directly, indirectly, or vicariously, for infringement claims against sellers using Etsy's platforms, our vendors, or other third-parties, third parties, and that statutory, judicial, or other immunities and defenses do not protect us. Intellectual property claims against us, with or without merit, have been, are, and could in the future be time-consuming and expensive to settle or litigate and could divert the attention of our management. Litigation regarding intellectual property rights is inherently uncertain due to the complex issues involved, and we may not be successful in defending ourselves in such matters. For claims against us, insurance may be insufficient or unavailable, and for claims related to actions of third-parties, either indemnification or remedies against those parties may be insufficient or unavailable.

Some of our competitors have extensive portfolios of issued patents. Many potential litigants, including some of our competitors, patent holding companies, and other intellectual property rights holders, have the ability to dedicate substantial resources to enforcing their alleged intellectual property rights. Any claims successfully brought directly against us, or implicating us as part of an action against third-parties, third parties, such as our sellers or vendors, could subject us to significant liability for damages, and we may be required to stop using technology or other intellectual property alleged to be in violation of a third-third party's rights in one or more jurisdictions where we do business. We have been and might in the future be required to seek a license for third-party intellectual property. Even if a license is available, we could be required to pay significant royalties or submit to unreasonable terms, which would increase our operating expenses. We may also be required to develop alternative non-infringing technology, which could require significant time and expense. If we cannot license or develop technology for any

62

allegedly infringing aspect of our business, we could be forced to limit our services and may be unable to compete effectively. Any of these results could harm our business.

**We are subject to the terms of open source licenses because our platforms incorporate, and we contribute to, certain open source software, potentially impairing our ability to adequately protect our intellectual property.**

The software powering our platforms incorporates certain software that is covered by open source licenses. In addition, we regularly contribute source code to open source software projects and release internal software projects under open source licenses, and we anticipate doing so in the future. The terms of many open source licenses relied upon by us and the internet and technology industries have been interpreted by only a few court decisions and there is a risk that the licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to operate our marketplaces. Under certain open source licenses, if certain conditions are met, we could be required to publicly release portions of the source code or make certain software available under open source licenses.

To avoid the public release of the affected portions of our source code, we could be required to expend substantial time and resources to re-engineer some or all of our software. In addition, the use of open source software can lead to greater risks than use of third-party commercial software because open source licensors generally do not provide warranties or controls on the origin of the software. Use of open source software also presents additional security risks because the public availability of such software may make it easier for hackers and other third-parties third parties to determine how to compromise our platforms, and availability of patches or fixes may not be consistent or quickly available, as it may be subject to the continued community engagement in a particular open source project. Additionally, because any software source code we contribute to open source projects is publicly available, while we may benefit from the contributions of others, our ability to protect our intellectual property rights in such software source code may be limited or lost entirely, and we will be unable to prevent our competitors or others from using such contributed software source code. Similarly, we may be subject to third-party intellectual property claims as a user of or contributor to such open source software. Any of these risks could be difficult to eliminate or manage and, if not addressed, could adversely affect our business, financial performance, and growth.

**If we are unable to maintain effective internal controls over financial reporting, investors may lose confidence in the accuracy of our financial reports.**

As a public company, we are required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal controls over financial reporting. It also requires our independent registered public accounting firm to attest to our evaluation of our internal controls over financial reporting. Although our management has determined, and our independent registered public accounting firm has attested, that our internal controls over financial reporting were effective as of

67

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[Table of Contents](#)

December 31, 2023, December 31, 2024, we cannot assure you that we or our independent registered public accounting firm will not identify a material weakness in our internal controls in the future.

If we have a material weakness in our internal controls over financial reporting in the future, we may not detect errors on a timely basis. If we have difficulty implementing and maintaining effective internal controls over financial reporting at the businesses we have acquired or that we may in the future acquire, or if we identify a material weakness in our internal controls over financial reporting in the future, it basis, which could harm our operating results, adversely affect our reputation, cause our stock price to decline, or result in inaccurate financial reporting or material misstatements in our annual or interim financial statements. We could be required to implement expensive and time-consuming remedial measures. Further, if there are material weaknesses or failures in our ability to meet any of the requirements related to the maintenance and reporting of our internal controls, such as Section 404 of the Sarbanes-Oxley Act, investors may lose confidence in the accuracy and completeness of our financial reports and that could cause the price of our common stock to decline. We could become subject to investigations by Nasdaq, the SEC or other regulatory authorities, which could require additional management attention and which could adversely affect our business.

In addition, our internal controls over financial reporting will not prevent or detect all errors and fraud, and individuals, including employees and contractors, could circumvent such controls. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

Other Risks

The price of our common stock has been and will likely continue to be volatile, and declines in the price of common stock could subject us to litigation.

The price of our common stock has been and is likely to continue to be volatile. For example, between January 1, 2023 January 1, 2024 and February 16, 2024 February 14, 2025, our common stock's daily closing price on Nasdaq has ranged from a low of \$60.66 \$47.48 to a high of \$148.20, \$81.08. Some companies that have experienced volatility in the trading price of their stock have been the subject of securities litigation. We have experienced securities class action lawsuits in the past and may experience more such litigation following recent or future periods of volatility or declines in our stock price. Any securities litigation could result in substantial costs and divert our management's attention and resources, which could adversely affect our business.

63

The price of our common stock may fluctuate significantly for numerous reasons, many of which are beyond our control, such as:

- variations in our operating results and other financial and operational metrics, including the key financial and operating metrics disclosed in this Annual Report, as well as how those results and metrics compare to analyst and investor expectations;
- forward-looking statements related to our financial guidance or projections, our failure to meet or exceed our financial guidance or projections, or changes in our financial guidance or projections;
- failure of analysts to initiate or maintain coverage of our company, changes in their estimates of our operating results or changes in recommendations by analysts that follow our common stock or a negative view of our financial guidance or projections and our failure to meet or exceed the estimates of such analysts;
- the strength of the global economy or the economy in the jurisdictions in which we operate, particularly during times of macroeconomic uncertainty affecting members of our communities;
- entry into or exit from stock market indices;
- announcements of new services or enhancements, strategic alliances or significant agreements or other developments by us or our competitors;
- announcements by us or our competitors of mergers, acquisitions, or divestitures, or rumors of such transactions involving us or our competitors;
- the amount and timing of our operating expenses and the success of any cost-savings actions we take, including the reduction in force as part of the Restructuring Plan approved in December 2023; take;
- changes in our Board of Directors or senior management team;
- disruptions in our marketplaces due to hardware, software or network problems, security breaches, or other issues;
- the trading activity of our largest stockholders;
- the number of shares of our common stock that are available for public trading;

68

Table of Contents

- litigation or other claims against us;
- stakeholder activism;
- the operating performance of other similar companies;
- changes in legal requirements relating to our business; and
- any other factors discussed in this Annual Report.

In addition, if the market for technology stocks or the stock market in general experiences a loss of investor confidence, the price of our common stock could decline for reasons unrelated to our business, financial performance, or growth. Stock prices of many internet and technology companies have historically been highly volatile.

**Future sales and issuances of our common stock or rights to purchase common stock, including upon conversion of our convertible notes, could result in additional dilution to our stockholders and could cause the price of our common stock to decline.**

We may issue additional common stock, convertible securities, or other equity in the future, including as a result of conversion of the outstanding Notes. We also issue common stock to our employees, directors, and other service providers pursuant to our equity incentive plans. Such issuances could be dilutive to investors and could cause the price of our common stock to decline. New investors in such issuances could also receive rights senior to those of current stockholders.

The conversion of some or all of the Notes would dilute the ownership interests of existing stockholders to the extent we deliver shares upon conversion of any of the Notes. Each series of Notes is convertible at the option of their holders prior to their scheduled maturity in the event the conditional conversion features of such series of Notes are triggered. Based on the daily closing prices of our stock during the quarter ended **December 31, 2023** **December 31, 2024**, holders of the Notes are not eligible to convert their Notes during the first quarter of **2024**, **2025**. If one or more holders elect to convert their Notes, unless we elect to satisfy our conversion obligation by delivering solely cash to converting holders of such Notes, we could be required to deliver to them a significant number of shares of our common stock, increasing the number of outstanding shares of our common stock. The issuance of such shares of common stock and any sales in the public market of the common stock issuable upon such conversion of the Notes could adversely affect prevailing market prices of our common stock. See Part II, Item 8, "Financial Financial Statements and Supplementary Data—Note **13—12—Debt**" for more information on the Notes.

64

**Our stock repurchases are discretionary and, even if effected, they may not achieve the desired objectives.**

We have from time to time repurchased shares of our common stock under stock repurchase programs approved by our Board of Directors or in connection with our issuances of convertible notes. On **June 14, 2023** **October 30, 2024**, our Board of Directors approved a new stock repurchase program authorizing us to repurchase up to **\$1 billion** **an additional \$1 billion** of our common **stock, stock**. As of **which December 31, 2024**, approximately **\$724 million remained \$1 billion remained** available **as under all of December 31, 2023**, our Board of Director approved stock repurchase programs. The market price of our common stock has at times declined below the prices at which we repurchased shares, and there can be no assurance that any repurchases pursuant to our stock repurchase program will enhance stockholder value. In addition, there is no guarantee that our stock repurchases in the past or in the future will be able to successfully mitigate the dilutive effect of recent and future employee stock option exercises and restricted stock vesting or of any issuance of common stock in connection with the conversion of Notes. The amounts and timing of the repurchases may also be influenced by our liquidity profile, general market conditions, regulatory developments, and the prevailing price and trading volumes of our common stock. If our financial condition deteriorates or we decide to use our cash for other purposes, we may suspend repurchase activity at any time.

**Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.**

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on our behalf;
- any action asserting a breach of fiduciary duty;
- any action asserting a claim against us arising pursuant to the Delaware General Corporation Law; and
- any action asserting a claim against us that is governed by the internal affairs doctrine.

This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, Section 22 of the Securities Act of **1933, as amended (the "Securities Act")** creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. While the Delaware courts have determined that choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than that designated

69

[Table of Contents](#)

in our exclusive forum provision. In such an instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provision of our certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees and may discourage these types of lawsuits. Alternatively, if a court were to find the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions.

**Our business could be negatively affected as a result of actions of activist stockholders.**

The actions of activist stockholders could adversely affect our business. Specifically, responding to common actions of an activist stockholder, such as requests for special meetings, potential nominations of candidates for election to our Board of Directors, requests to pursue a strategic combination, or other transaction or other special requests, could disrupt our operations, be costly and time-consuming, or divert the attention of our management and employees. In addition, perceived uncertainties as to our future direction in relation to the actions of an activist stockholder may result in the loss of potential business opportunities or the perception that we are unstable as a company, which may make it more difficult to attract and retain qualified employees. Our ability to continue to commit to our mission, guiding principles, and culture may also be questioned, which could impact our ability to attract and retain buyers and sellers. Actions of an activist stockholder may also cause fluctuations in our stock price based on speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business.

**Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, could limit attempts to make changes in our management and could depress the price of our common stock.**

Provisions in our certificate of incorporation and bylaws and the Delaware General Corporation Law may have the effect of delaying or preventing a change in control of our company or limiting changes in our management. Among other things, these provisions:

- provide for a classified board of directors so that not all members of our Board of Directors are elected at one time;
- 
- permit our Board of Directors to establish the number of directors and fill any vacancies and newly created directorships;
  - provide that directors may only be removed for cause;
  - require super-majority voting to amend some provisions in our certificate of incorporation and bylaws;
  - authorize the issuance of "blank check" preferred stock that our Board of Directors could use to implement a stockholder rights plan;
  - eliminate the ability of our stockholders to call special meetings of stockholders;
  - prohibit stockholder action by written consent, which means all stockholder actions must be taken at a meeting of our stockholders;
  - provide that our Board of Directors is expressly authorized to amend or repeal any provision of our bylaws; and
  - require advance notice for nominations for election to our Board of Directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

These provisions may delay or prevent attempts by our stockholders to replace members of our management by making it more difficult for stockholders to replace members of our Board of Directors, which is responsible for appointing the members of our management. In addition, Section 203 of the Delaware General Corporation Law may delay or prevent a change in control of our company by imposing certain restrictions on mergers, business combinations, and other transactions between us and holders of 15% or more of our common stock. Anti-takeover provisions could depress the price of our common stock by acting to delay or prevent a change in control of our company.

**Item 1B. Unresolved Staff Comments.**

None.

[Table of Contents](#)

**Item 1C. Cybersecurity.**

**Cybersecurity Risk Management and Strategy**

Etsy recognizes the importance of information security, cyber readiness, and data privacy protections to our business and reputation, which includes assessing, identifying, and managing material risks associated with cybersecurity threats. These risks include, among other things: operational risks; intellectual property risks; harm to employees or members of our buyer and seller communities; violation of privacy or security laws; litigation or other legal risks; and reputational risks.

We use processes, technologies, and controls to assist in our efforts to assess, identify, and manage material cybersecurity-related risks. We also employ a range of tools and services, including network monitoring, vulnerability assessments, and tabletop exercises to inform our risk identification and assessment processes. We maintain an incident response plan that outlines the activities we take to prepare for, detect, respond to, remediate, and recover from resolve any cybersecurity incidents, which include processes designed to triage, assess the severity of, escalate, contain, investigate, and remediate the incident, as well as to comply with relevant legal obligations. Additionally, we conduct cybersecurity awareness and sensitive information protection training for our employees, and we periodically test the effectiveness of our training and policies through simulations, which may include simulated phishing emails and tabletop exercises.

We also would use apply similar processes, technologies, and controls to manage cybersecurity risks associated with third-party suppliers, including those who have access to our systems or our employee and other confidential data, suppliers. In addition, cybersecurity considerations affect the selection and oversight of our third-party suppliers. We perform diligence on critical third-party suppliers that have access to our systems and data or and to facilities that house such critical third-party systems or data, and we monitor cybersecurity threat risks identified through such diligence. Additionally, we generally require third-parties that we have identified as parties that could introduce significant cybersecurity risk to agree by contract to manage their cybersecurity risks according to based on accepted industry standards set by us and/or to agree to be subject to cybersecurity audits conducted by our agents, which we conduct as we deem appropriate.

We engage third-parties to conduct information security testing, including penetration testing, on our systems including our credit card payments infrastructure. In addition, our information security program is subject to periodic self-assessments that measure the maturity of our program in a manner aligned with the National Institute of Standards and Technology ("NIST") Cybersecurity Framework ("CSF"). This does not imply that we meet any particular technical standards, specifications, or requirements, only that we use the NIST CSF as a guide to help us identify, assess, and manage cybersecurity risks relevant to our business.

To identify and assess material risks from cybersecurity threats, using our enterprise risk management framework, we consider cybersecurity risks as part of our overall risk assessment and risk management process. Our information security team serves as a first line of defense, including managing cyber risk strategy execution and owning the day-to-day management of these risks. Our enterprise risk management program serves as a second line of defense, bringing holistic risk oversight and serving as a partner to the business to help first line teams strategically manage risk. Our enterprise risk management function also establishes a risk and governance framework to help identify, prioritize and optimize risk-reward decisions. Certain risks identified by our enterprise risk

management function, including cybersecurity risks, are monitored by our Risk Steering Committee, a senior management level committee that includes our Executive Team. The Risk Steering Committee's review of these risks in turn informs the risk management updates provided to the **committee Risk Oversight Committee** of our Board of **Directors responsible for assisting the Board of Directors with its oversight of cybersecurity risks, Directors**. Additionally, Internal Audit will **from time to time annually** review certain aspects of our cybersecurity program and the related Internal Controls, and our external auditor will test relevant controls around our cybersecurity program and incident reporting. **We also do external testing, and in 2024 completed a NIST Cybersecurity Framework audit with Mandiant.**

Through these processes, we did not identify risks from current or past cybersecurity incidents that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition. However, despite our efforts, we cannot eliminate all risks from cybersecurity threats, or provide assurances that we have not experienced undetected cybersecurity incidents. For more information about these risks, please see the "Risk Factors" in this Annual **Report on Form 10-K, Report.**

## Cybersecurity Governance

Our Board of **Directors** and our **Board Committees Risk Oversight Committee** are actively engaged in the oversight of our information security program. **Before the establishment of our Our Risk Oversight Committee our Audit Committee assisted assists** our Board of Directors **with its oversight of risks associated with Etsy's technology and information security policies and practices, the internal controls relating to information security, and the steps taken by management to identify, monitor, and control any risk exposures. In December 2023, our Board approved the formation of a Risk Oversight Committee to assist the Board** with its oversight of Etsy's management of risk exposures, including oversight of technology and information security related risks, **(which responsibility will move from the Audit Committee to the Risk Oversight Committee),** as well as oversight of management's processes for effectively monitoring and mitigating risk.

71 67

## [Table of Contents](#)

Our management has general responsibility for day-to-day implementation of our information technology, cybersecurity, and privacy strategies and policies, including deployment and use of security tools, applications, and annual employee training. Role or project specific employee training, as well as other training, may occur more frequently than annually, as needed. Our cybersecurity risk management and strategy processes, which are discussed in greater detail above, are **typically** led by our Chief Technology Officer ("CTO"), who is assisted by our Chief Information Security Officer ("CISO"). Our CISO, CTO, and our Risk Steering Committee are informed about and oversee the prevention, mitigation, detection, and remediation of cybersecurity incidents through their management of, and participation in, the cybersecurity risk management and strategy processes described above, including the operation of our incident response plan.

**Our On December 5, 2024, we announced that our CTO holds would cease serving as CTO effective December 31, 2024, and that we had initiated a Bachelor's degree from RV College search for her successor. In the interim, two current vice presidents of Engineering in Bengaluru, India and a Master of Public Administration from Columbia University. Our CTO has been recognized as engineering, one of the Top 50 Women whom is our CISO, are providing interim leadership of our engineering organization. Our CISO is also primarily responsible for cybersecurity and risk-related matters in Tech by the National Diversity Council and has received the Digital Diversity Network's Innovation and Inclusion CodeBreakers Award, Innovators & Disrupters Award his capacity as interim Co-CTO, with assistance from New York on Tech and Future CIO Award at Women in IT Awards, our Senior Director of Information Security. Our CISO has nearly twenty years of experience in various roles involving managing information security, developing cybersecurity strategy, implementing effective information and cybersecurity programs, and secure architecture and design, as well as several relevant degrees and certifications, including a Bachelors of Science in Computer Engineering from the University of Denver, and IAPP Certified Information Privacy Technologist ("CIPT"), Technologist. Our CISO previously held previous certifications include ISC2 Certified Information Systems Security Professional, ("CISSP"), EC-Council Certified Chief Information Security Officer, ("C|CISO"), and ISACA Certified Data Privacy Solutions Engineer ("CDPSE"), Engineer.**

Given the importance of information security to our stakeholders, our **Board or the committee of our Board of Directors responsible for assisting the Board of Directors with its oversight of cybersecurity risk Risk Oversight Committee** receives regular reports from our CISO on cybersecurity-related matters, including the status of projects to strengthen our security systems and to improve our cyber threat readiness, as well as on the existing and emerging cyber threat landscape and our program for managing these security risks. In addition, our CISO has direct access to the chair of **the committee of our Board of Directors overseeing cyber-related risks Risk Oversight Committee** and is expected to keep that committee apprised of any significant developments that may emerge between scheduled meetings that may require the attention of **our Risk Oversight Committee.**

**Our Risk Oversight Committee provides a quarterly report to the Board or relevant committee.**

**of Directors on enterprise risk management matters overseen by that Committee, including cybersecurity-related matters.** Our Board of **Directors** also periodically participates in tabletop exercises conducted by senior management, with the assistance of outside counsel as needed, as part of risk management and disaster-related planning to validate, test, and assess the effectiveness and adequacy of certain roles and decision-making processes in the event of a cyber-incident.

## Item 2. Properties.

Our headquarter office is located in Brooklyn, New York where we occupy approximately 225,000 square feet under a lease that expires in 2039. We use these facilities for our principal administration, technology and development, and engineering activities.

We believe that our current facilities are suitable and adequate to meet our ongoing needs and that, if we require additional space, we will be able to obtain additional facilities.

## Item 3. Legal Proceedings.

See Part II, Item 8, "Financial Statements and Supplementary Data—Note **14—13**—Commitments and Contingencies—Legal Proceedings."

## Item 4. Mine Safety Disclosures.

Not applicable.

72 68

## [Table of Contents](#)

PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market for Etsy's Common Stock

Our common stock has been listed on the Nasdaq Global Select Market under the symbol "ETSY" since April 16, 2015. Prior to that date, there was no public trading market for our common stock.

Holders of Record

As of the close of business on February 16, 2024 February 14, 2025, there were approximately 750 726 stockholders of record of our common stock. The number of stockholders of record is based upon the actual number of holders registered on this date and does not include holders of common stock in "street name" by brokers or other entities on behalf of stockholders.

Dividend Policy

We have never declared or paid cash dividends on our capital stock and we do not anticipate paying cash dividends in the foreseeable future. Any future decision to declare cash dividends will be made at the discretion of our Board of Directors, subject to applicable laws and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions, and other factors that our Board of Directors think are relevant.

Issuer Purchases of Equity Securities

The table below provides information with respect to repurchases of shares of our common stock during the three months ended December 31, 2023 December 31, 2024 (in thousands, except per share amounts):

Period	Total Number of Shares Period Purchased(1)	Average Price Paid per Share(2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(3)(4)	Approximate Dollar Value of Shares that May Yet be Purchased under the Plans or Programs (in thousands)(3)	Period	Total Number of Shares Purchased	Average Price Paid per Share(1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)(3)	Approximate Dollar Value of Shares that May Yet be Purchased under the Plans or Programs(2)
October 1 - 31									
November 1 - 30									
December 1 - 31									
Total									

- (1) The total number of shares purchased does not include shares withheld to satisfy tax withholding obligations in connection with the vesting of employee restricted stock units ("RSUs").
- (2) Average price paid per share excludes broker commissions and excise tax. As of January 1, 2023, our share repurchases in excess of issuances are subject to a 1% excise tax enacted by the Inflation Reduction Act. Any excise tax incurred on share repurchases is recognized as part of the cost basis of the shares acquired in the Consolidated Statements of Stockholders' Equity (Deficit).
- (3) (2) In June 2023, our Board of Directors approved a stock repurchase program that authorizes repurchases of up to \$1 billion of our common stock. The table also reflects the authorization, in October 2024, of a new stock repurchase program has that authorizes repurchases of up to an additional \$1 billion of our common stock. These stock repurchase programs have no expiration date.
- (4) All of these (3) These shares were purchased pursuant to a 10b5-1 trading plan. plan or in open market purchases. Share repurchases may be executed through open market repurchases, privately negotiated transactions or by other means, including repurchase plans designed to comply with Rule 10b5-1 and other derivative, accelerated share repurchase and other structured transactions. The timing and exact amount of any common stock repurchases will depend on various factors, including market conditions, common stock trading price, our liquidity and financial performance and legal considerations.

73 69

Table of Contents

Performance Graph

The Our 2023 Annual Report on Form 10-K included a comparison of the cumulative total return of our common stock with the S&P 500 Index since December 31, 2018. In 2024, there were changes to the indices that Etsy is included in, and, as a result, we believe that the S&P SmallCap 600 Index is a more appropriate index than the S&P 500 for comparison of our stock performance. If a company discloses a different index from that used in the immediately preceding fiscal year, the company's stock performance must be compared with both the newly disclosed index and the index used in the immediately preceding year. Accordingly, the following graph shows a comparison from December 31, 2018 December 31, 2019 through December 31, 2023 December 31, 2024, of the cumulative total returns for our common stock, the Russell 1000 Index, the S&P 500 Index, and the S&P 500 SmallCap 600 Index. The graph assumes \$100 was invested at the market close on December 31, 2018 December 31, 2019 in the common stock of Etsy, Inc. Such returns are based on historical results and are not intended to suggest future performance. The Russell 1000 Index, and the S&P 500 Index, and S&P SmallCap 600 Index assume reinvestment of any dividends.



This performance graph shall not be deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act, or incorporated by reference into any of our other filings under the Securities Act or the Exchange Act.

Item 6. [Reserved].

74 70

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our Consolidated Financial Statements and related notes and other financial information included elsewhere in this Annual Report. This discussion, particularly information with respect to our outlook, key trends and uncertainties, our plans and strategy for our business, and our performance and future success, includes forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Annual Report, particularly in Part I, Item 1A, "Risk Factors." We have omitted discussion of 2021 2022 results where it would be redundant to the discussion previously included in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

### Overview

#### Business

Etsy operates two-sided online marketplaces that connect millions of passionate and creative buyers and sellers around the world. These marketplaces, which collectively create a "House of Brands" share our mission, common levers for growth, similar business models, and a strong commitment to use business and technology to strengthen communities and empower people.

Our primary Etsy marketplace, [Etsy.com](#), is the global destination for unique, and creative goods made by from independent sellers. The Etsy marketplace connects creative artisans and entrepreneurs with thoughtful consumers looking for seeking items that are a joyful expression of reflect their taste tastes and values. By surfacing quality listings at a great value and providing a reliable shopping experience to buyers, we We aim to create a virtuous cycle that not only benefits Etsy, but creates economic opportunities for the millions all of sellers in our marketplace. Our stakeholders. Ultimately, our success is aligned with tied to our sellers; we make money when they do. In addition to bringing providing them an audience of with access to tens of millions of buyers, we offer a range of features tools and services designed to help them generate more sales and run their businesses. Similarly, sellers grow. For buyers, we also make money when we meet our buyers' expectations. When they find surface quality listings at that offer great value and have provide a reliable and dependable experience from discovery to delivery, shopping experience. When buyers are satisfied, it fuels a virtuous cycle, benefiting our global community of sellers and buyers, as well as Etsy and our broader stakeholders. this cycle.

In addition to our core Etsy marketplace, our "House of Brands" includes consists of Reverb Holdings, Inc. ("Reverb"), our musical instrument marketplace acquired in 2019, and Depop Limited ("Depop"), our fashion resale marketplace, marketplace acquired in 2021. Each of our marketplaces Etsy, Inc. marketplace primarily operate operates independently, although some of our key operational functions such as finance, legal, and human resources, for example, support all of our marketplaces to some extent. Our goal is that our marketplaces benefit while benefiting from shared expertise in product development, marketing, technology, and customer support, and that the sum of the whole, over time, will equal more than its individual parts. The results of Depop, acquired on July 12, 2021, are included in all financial and other metrics discussed in this report, unless otherwise noted, from the date of acquisition. support.

The results of Elo7 acquired on July 2, 2021 and sold Serviços de Informática S.A. ("Elo7"), through its sale on August 10, 2023, are included in all financial and other metrics discussed in this report, unless otherwise noted, from the date of acquisition until August 10, 2023, noted.

We generate revenue primarily from marketplace activities, including transaction (inclusive of offsite advertising), payments processing, and listing fees, as well as from optional seller services, which include on-site advertising and shipping labels.

Our strategy is focused around:

- Building a sustainable competitive advantage for the Etsy marketplace, our "Right to Win;"
- Growing the Etsy marketplace in our six core geographies and globally; and
- Leveraging our marketplace playbook across our "House of Brands."

Our investments in technology infrastructure, product development, marketing, trust and safety, member support, and helping sellers grow, and fostering engaged and impactful teams support our strategy, which you can read more about in Part 1, Item 1, "Business—Primary Business Drivers."

75

### Annual Key Metrics and Financial Highlights

As of December 31, 2023 December 31, 2024, our marketplaces connected 9.0 million 8.1 million active sellers and 96.5 million 95.5 million active buyers in nearly every country in the world. In the year ended December 31, 2023, 2024, sellers generated GMS of \$13.2 billion, approximately 68% of which came from purchases made on mobile devices. We are a global company and approximately 45% of our GMS in the year ended December 31, 2023 came from transactions in which either a seller or a buyer, or both, were located outside of the United States. \$12.6 billion.

Total revenue was \$2.7 billion \$2.8 billion in the year ended December 31, 2023, 2024, driven by growth in both Services and Marketplace revenue. In the year ended December 31, 2023, 2024, we recorded net income of \$307.6 million, reflecting an impairment charge of the property \$303.3 million and equipment and intangible assets of Elo7 for \$68.1 million, offset in part by a related tax benefit of \$15.0 million, and including restructuring and other exit costs of \$26.6 million. Additionally, there was a \$55.9 million tax benefit related to Elo7. In the year ended December 31, 2023, we recorded non-GAAP Adjusted EBITDA of \$754.3 million \$781.5 million. See "Non-GAAP Financial Measures" for more information and for a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable financial measure calculated in accordance with GAAP.

Cash and cash equivalents and short-term investments were \$1.2 billion \$1.0 billion as of December 31, 2023 December 31, 2024. As of December 31, 2023 December 31, 2024, we had three outstanding \$1.0 billion aggregate principal amount series of 0.25% Convertible Senior Notes due 2028 (the "2021 Notes"), \$650.0 million aggregate principal amount convertible notes, which collectively had a net carrying value of 0.125% Convertible Senior Notes due 2027 (the "2020 Notes"), \$649.9 million aggregate principal amount of 0.125% Convertible Senior Notes due 2026 (the "2019 Notes" and together with the 2021 Notes and 2020 Notes, the "Notes") \$2.3 billion. Additionally, we have the ability to draw down on our \$400.0 million senior secured revolving credit facility. For further details, refer to 2023 Credit Agreement below. In the year ended December 31, 2023, 2024, we had positive operating cash flows of \$705.5 million \$752.5 million.

## Restructuring Plan

On December 12, 2023, our Board of Directors approved a restructuring plan designed to increase Etsy's operational efficiencies, reduce operating costs, and better align Etsy's workforce and cost structure with current business needs, top strategic priorities and key growth opportunities (the "Restructuring Plan").

The Restructuring Plan included an approximately 11% reduction of the Etsy marketplace workforce, which is approximately 225 employees. Charges of \$26.6 million related to restructuring and other exit costs were incurred in the fourth quarter of 2023, and the execution of the Restructuring Plan is expected to be substantially complete by the end of the first quarter of 2024. See Part II, Item 8, "Financial Statements and Supplementary Data—Note 17—Restructuring and Other Exit Costs" for more information regarding the Restructuring Plan.

## Sale of Elo7

On August 10, 2023, we closed the sale of the parent holding company of Elo7 to Enjoei S.A., a corporation in Brazil. We recognized a net loss on the sale of Elo7 of \$2.6 million. Our consolidated financial results and related disclosures for the year ended December 31, 2023 include the results of Elo7 until August 10, 2023.

## 2023 Credit Agreement

On March 24, 2023, we entered into a \$400.0 million senior secured revolving credit facility pursuant to an Amended and Restated Credit Agreement (the "2023 Credit Agreement") among us, as borrower, certain subsidiaries of Etsy as guarantors, the lenders, and JPMorgan Chase Bank N.A., as administrative Agent. The 2023 Credit Agreement will mature in March 2028 and includes a letter of credit sublimit of \$60.0 million and a swingline loan sublimit of \$20.0 million.

The 2023 Credit Agreement amends and restates in its entirety the Credit Agreement dated as of February 25, 2019, between us, as borrower, the lenders party thereto from time to time, and Citibank N.A., as administrative Agent.

## 2018 Capped Call Transactions

The 2018 capped call transactions matured on March 1, 2023, and in accordance with the settlement terms, we received 1,194,006 shares of our common stock from the counterparties to the capped call instruments. These shares were retired upon receipt.

76 71

## Table of Contents

## Key Operating and Financial Metrics

We collect and analyze operating and financial data to evaluate the health and performance of our business and allocate our resources (such as capital, people, and technology investments). The financial results of **Depop** **Elo7** have been included in our consolidated financial results ("Consolidated") from July 12, 2021 (the date of acquisition). The financial results of Elo7 have been included in our consolidated financial results from July 2, 2021 (the date of acquisition) until August 10, 2023 (the date of sale). We are providing Etsy marketplace standalone information in certain instances where particularly relevant. The unaudited GAAP and non-GAAP financial measures and key operating metrics we use are:

		Year Ended December 31,				% (Decline) / Growth Y/Y		Year Ended December 31,				% (Decline) / Growth Y/Y		Year Ended December 31,			
				(in thousands, except percentages)													
GMS (1)(2)	GMS (1)(2)	\$	\$	\$	(1.2)	(1.2)%	\$	13,491,828	(1.3)	(1.3)	%	GMS (1)(2)	\$	\$	12,586,952	\$	
Revenue	Revenue	\$	\$	\$	7.1	7.1 %	\$	2,329,114	10.2	10.2	%	Revenue	\$	\$	2,808,332	\$	
Marketplace revenue	Marketplace revenue	\$	\$	\$	4.5	4.5 %	\$	1,745,824	9.5	9.5	%	Marketplace revenue	\$	\$	2,020,744	\$	
Services revenue	Services revenue	\$	\$	\$	14.6	14.6 %	\$	583,290	12.3	12.3	%	Services revenue	\$	\$	787,588	\$	
Gross profit	Gross profit	\$	\$	\$	5.4	5.4 %	\$	1,674,602	8.8	8.8	%	Gross profit	\$	\$	2,033,778	\$	
Operating expenses	Operating expenses	\$	\$	\$	(33.9)	(33.9)%	\$	1,208,870	105.2	105.2	%	Operating expenses	\$	\$	1,653,570	\$	
Net income (loss)	Net income (loss)	\$	\$	\$	144.3	144.3 %	\$	493,507	(240.7)	(240.7)	%	Net income (loss)	\$	\$	303,281	\$	
Net income margin (3)	Net income margin (3)											Net income margin (3)					
Adjusted EBITDA (Non-GAAP) (1)	Adjusted EBITDA (Non-GAAP) (1)	\$	\$	\$	5.2	5.2 %	\$	716,613	—	—	%	Adjusted EBITDA (Non-GAAP) (1)	\$	\$	781,538	\$	

Adjusted EBITDA margin (Non-GAAP) (1)	Adjusted EBITDA margin (Non-GAAP) (1)	27.4 %	27.9 %	(50) bps	30.8 %	(290) bps	Adjusted EBITDA margin (Non-GAAP) (1)	27.8 %	27
Active sellers (1)(4)									
Active sellers (1)(4)									
Active sellers (1)(4)	9,035	7,470	7,470	21.0	21.0 %	7,522	(0.7)	(0.7)%	8,134
Active buyers (1)(4)	96,483	95,076	95,076	1.5	1.5 %	96,336	(1.3)	(1.3)%	95,459
Percent mobile GMS (1)(5)									9,035
Percent mobile GMS (1)(5)									
Percent mobile GMS (1)(5)	68 %	67 %		100 bps	64 %	300 bps			
Percent GMS ex-U.S. Domestic (1)(6)	45 %	44 %		100 bps	42 %	200 bps			

- (1) Unaudited.
- (2) Consolidated GMS for the year ended December 31, 2023 2024 includes Etsy.com Etsy marketplace GMS of \$11.6 billion \$10.9 billion, Reverb GMS of \$942.1 \$917.9 million, and Depop GMS of \$599.6 million, and Elo7 GMS of \$42.1 million (from January 1, 2023 until the date of sale on August 10, 2023). \$788.9 million.
- (3) Net income (loss) margin is net income (loss) divided by revenue.
- (4) Consolidated active sellers and active buyers includes Etsy.com Etsy marketplace active sellers and active buyers of 7.0 million 5.6 million and 92.0 million 89.6 million, respectively, as of December 31, 2023 December 31, 2024. Consolidated active sellers and active buyers excludes Elo7 active sellers and buyers for the year ended December 31, 2023.
- (5) Beginning January 1, 2024, mobile GMS will no longer be reported as a key operating metric as it has largely stabilized of December 31, 2024 and is not considered a key indicator of our performance.
- (6) Percent GMS ex-U.S. Domestic for Etsy.com for the year ended December 31, 2023 was 47%, 2023.

## GMS

Gross merchandise sales ("GMS") is the dollar value of items sold in our marketplaces, excluding shipping fees and net of refunds, within the applicable period. To provide consistency with our calculation of GMS, beginning in the first quarter of 2023, we are also reporting our mobile GMS and GMS ex-U.S. domestic as a percentage of GMS net of refunds. We did not retroactively apply this change to prior periods as the impact was immaterial to such periods. GMS does not represent revenue earned by us. GMS is largely driven by transactions in our marketplaces and is not directly impacted by Services activity. However, because our revenue and cost of revenue depend significantly on the dollar value of items sold in our marketplace, we believe that GMS is an indicator of the success of our sellers, the satisfaction of our buyers, and the health scale, and growth scale of our business. We track "Paid GMS" for the Etsy marketplace and define it as Etsy marketplace GMS that is attributable to our performance marketing efforts, which excludes most of our marketing investments focused on brand awareness like TV and digital video.

77

## Table of Contents

As outlined starting on page 5 in Part I, Item 1, "Business" above, Etsy's 2023 2024 performance reflects the impact of macroeconomic headwinds, pressure on consumer discretionary product spending, a highly promotional and competitive retail environment, and category mix. GMS decreased \$157.2 million \$574.2 million to \$13.2 billion \$12.6 billion in the year ended December 31, 2023 2024 compared to the year ended December 31, 2022 2023. The approximately 1% 4% decline in GMS compared to December 31, 2022 2023 was primarily driven by a decrease in Etsy marketplace GMS, partially offset by an increase in GMS for the Depop marketplace. Etsy marketplace GMS was impacted by significant pressure on consumer discretionary product spending, Etsy marketplace category mix, high inflation, elevated interest and mortgage rates, splurges on experiential spending, declining consumer savings balances, and a highly promotional and competitive retail environment. The Etsy marketplace GMS per active buyer on a trailing twelve month basis declined 4% 3.5% year-over-year to \$126. This \$121, along with a decline was partially offset by year-over-year growth in of 2.6% for active buyers on the Etsy marketplace, which reached a new all-time high of 92.0 million as of December 31, 2023. As of December 31, 2023, habitual buyers, or Etsy.com buyers who have spent \$200 or more and made purchases on six or more days in the previous 12 months, decreased to 7.1 million, a decrease of 4% compared to December 31, 2022, 89.6 million. Additionally, on a consolidated basis we experienced the following (decline) / growth in both new buyer and existing buyer GMS in the periods presented:

	Year Ended December 31,					
	2023		2022		2021	
	% Decline Y/Y	% of GMS	% Decline Y/Y	% of GMS	% Growth Y/Y	% of GMS
New Buyer GMS (1)(2)	(7)%	11 %	(12)%	12 %	6 %	13 %
Existing Buyer GMS	— %	89 %	— %	88 %	36 %	87 %

(1) New buyer GMS represents the total ex-U.S. domestic is GMS from each new buyer's first purchase day transactions in each of our marketplaces. It does not include GMS from each new buyer's subsequent purchase days, if any, in which (1) the periods presented. A new buyer for a given marketplace is a buyer who has made a purchase with a new e-mail billing address for the first seller and / or (2) the shipping address for the buyer at the time of sale is outside of the United States. GMS ex-U.S. domestic represents all GMS other than GMS from transactions in which the billing address for the seller and the shipping address for the buyer at the time of sale are both in the relevant marketplace. United States, which we refer to as U.S. domestic GMS. Beginning in the first quarter of 2023, GMS ex-U.S. domestic is calculated net of refunds.

(2) While new buyer For 2024, GMS ex-U.S. domestic as a percentage of total GMS was down 7% year-over-year in the year ended December 31, 2023 approximately 46%, the number of Etsy marketplace new buyers we acquired in the year ended December 31, 2023 remains meaningfully elevated when compared to pre-pandemic levels (years ended December 31, 2019 approximately 45% for 2023. Additionally, GMS ex-U.S. domestic decreased 3% from 2023 to 2024. Effective December 31, 2024, we have changed our presentation of U.S. versus non-U.S. GMS disclosure to focus on "buyer GMS," which we believe provides a more useful view of

72

our success attracting buyers and prior).

We continue to see significant pressure on consumer discretionary product spending, high inflation, elevated interest driving GMS from buyers outside the United States than our prior disclosure of GMS U.S. domestic versus GMS ex-U.S. domestic. As such, GMS ex-U.S. domestic is no longer reported as a key operating metric and mortgage rates, splurges on experiential spending, declining consumer savings balances, and a highly promotional and competitive retail environment, which may impact the performance of our business, beginning January 1, 2025 will not be disclosed. See Part I, Item 1A, "Risk Factors" 1, "Business—Overview" for further detail, more information.

Percent U.S. buyer GMS is GMS from transactions in which the shipping address entered by the buyer at the time of sale is in the U.S., net of refunds. GMS from transactions in which the shipping address entered by the buyer at the time of sale is not in the U.S is referred to as non-U.S. buyer GMS. Percent U.S. buyer GMS for the periods presented below are as follows:

	Year Ended December 31,		
	2024	2023	2022
Percent U.S. Buyer GMS - Consolidated	74 %	74 %	74 %
Percent U.S. Buyer GMS - Etsy marketplace	74 %	74 %	75 %

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA represents our net income (loss) adjusted to exclude: stock-based compensation expense; depreciation and amortization; provision (benefit) for income taxes; interest and other non-operating (income) expense, net; (benefit) provision for income taxes; depreciation and amortization; stock-based compensation expense; foreign exchange loss (gain); loss; retroactive non-income tax expense; restructuring and other exit costs; acquisition, divestiture, and corporate structure-related expenses; asset impairment charges; and loss on sale of business; and restructuring and other exit costs, business. Adjusted EBITDA margin is Adjusted EBITDA divided by revenue. See "Non-GAAP Financial Measures" for more information regarding our use of Adjusted EBITDA and Adjusted EBITDA margin, including their limitations as a financial measure, and for a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable GAAP financial measure.

Active Sellers

An active seller is a seller who has had a charge or sale in the last 12 months. Charges include Marketplace and Services revenue fees, discussed in "Note 1—Basis of Presentation and Summary of Significant Accounting Policies—Revenue Recognition" in the Notes to Consolidated Financial Statements. A seller is separately identified in each of our marketplaces by a unique e-mail address; a single person can have multiple seller accounts and can count as a distinct active seller in each of our marketplaces. As part of our commitment to integrity and transparency, we continuously monitor, and from time to time adjust, the criteria for disqualifying a seller as an active seller. Commencing in the third quarter of 2021, as part of our integration of the Depop and Elo7 marketplaces into our "House of Brands," we expanded our definition of active sellers to include any seller who has had a sale in the last 12 months, even if no charge was incurred in connection with the sale. This update did not result in any change to prior period disclosures. We succeed when sellers succeed, so we view the number of active sellers as a key indicator of consumer awareness of our brands, the reach of our platforms, the potential for growth in GMS and revenue, and the health of our business.

78

Table of Contents

Active Buyers

An active buyer is a buyer who has made at least one purchase in the last 12 months. A buyer is separately identified in each of our marketplaces by a unique e-mail address; a single person can have multiple buyer accounts and can count as a distinct active buyer in each of our marketplaces. We generate revenue when buyers order items from sellers, so we view the number of active buyers as a key indicator of our potential for growth in GMS and revenue, the reach of our platforms, consumer awareness of our brands, the engagement and loyalty of buyers, and the health of our business.

Mobile GMS

Mobile GMS is GMS that results from an order completed on a mobile device, such as a tablet or a smartphone. Mobile GMS excludes orders initiated on mobile devices but ultimately completed on a desktop. As noted above in our discussion of "GMS," beginning in the first quarter of 2023, mobile GMS is now calculated net of refunds. We believe that mobile GMS indicates our success in converting mobile activity into mobile purchases and demonstrates our ability to grow GMS and revenue.

During the year ended December 31, 2023, mobile GMS increased as a percentage of total GMS to approximately 68%, up from approximately 67% for the year ended December 31, 2022. Beginning January 1, 2024, mobile GMS will no longer be reported as a key operating metric as it has largely stabilized and is not considered a key indicator of our performance.

GMS ex-U.S. Domestic

GMS ex-U.S. domestic (formerly referred to as Non-U.S. GMS and international GMS) is GMS from transactions in which (1) the billing address for the seller and / or (2) the shipping address for the buyer at the time of sale is outside of the United States. GMS ex-U.S. domestic represents all GMS other than GMS from transactions in which the billing address for the seller and the shipping address for the buyer at the time of sale are both in the United States, which we refer to as U.S. Domestic GMS. As noted above in "GMS," beginning in the first quarter of 2023, GMS ex-U.S. domestic is calculated net of refunds. We believe that GMS ex-U.S. domestic shows the level of engagement of our community outside the United States and demonstrates our ability to grow GMS and revenue.

For the year ended December 31, 2023, GMS ex-U.S. domestic as a percentage of total GMS was approximately 45%, compared to approximately 44% for the year ended December 31, 2022. Additionally, GMS ex-U.S. domestic increased 2% from December 31, 2022 to December 31, 2023.

Currency-Neutral GMS Growth

We calculate currency-neutral GMS growth by translating current period GMS for goods sold that were listed in non-U.S. dollar currencies into U.S. dollars using prior year foreign currency exchange rates.

As reported and currency-neutral GMS (decline) / growth for the periods presented below are as follows:

Year-to-Date Period Ended		Year-to-Date Period Ended			Year-to-Date Period Ended			Year-to-Date Period Ended		
Year-to-Date Period Ended		As Reported			Currency-Neutral			FX Impact		
December 31, 2024		(4.4)	%		(4.5)	%		0.1	%	
December 31, 2023	December 31, 2023	(1.2)	%		(1.2)	%		—	%	
December 31, 2022	December 31, 2022	(1.3)	%		1.6	%		(2.9)	%	
December 31, 2021		31.2	%		29.6	%		1.6	%	

79 73

Table of Contents

Key Factors Affecting Our Performance

We believe that our performance and future success depend on a number of factors that present significant opportunities for us, including those discussed in Part I, Item 1, "Business," but also pose risks and challenges, including those discussed in Part I, Item 1A, "Risk Factors."

Components of Our Results of Operations

Revenue

Our revenue is diversified and generated from a mix of marketplace activities and other optional services we provide primarily to sellers to help them generate more sales and scale their businesses.

Marketplace Revenue: Etsy.com Etsy marketplace revenue is primarily comprised of the fees an Etsy marketplace seller pays for marketplace activities, including:

- The transaction fee that an Etsy marketplace seller pays for each completed transaction, inclusive of shipping fees charged, which increased from 5% to 6.5% effective April 11, 2022, and where applicable, an additional transaction fee of 12% or 15% related to offsite advertising ("Offsite Ads");
- A fee for Etsy Payments, our payment processing product, which typically varies between 3.0% and 4.5% 6.5% of an item's total sale price, including shipping, plus a flat fee per order, that depends on the country in which a seller's bank account is located. We earn additional fees on transactions in which currency conversions are performed; and
- The \$0.20 listing fee for each item listed (for up to four months or until the item is sold or relisted, whichever comes sooner).

Reverb and Depop sellers pay a 5% and 10% transaction fee respectively for each completed transaction, inclusive of shipping fees charged, charged. In 2024, Depop removed seller transaction fees for sellers based in the United Kingdom and the United States, and introduced a buyer fee for buyers based in those locations of up to 5% of the item purchase price, plus a flat fee per order, excluding taxes and shipping fees charged. Prior to 2024, all Depop sellers paid a 10% transaction fee for each completed transaction. These marketplaces both charge a fee for payment processing. These marketplaces payments processing and do not charge listing fees.

Services Revenue: Services revenue is comprised of the fees an Etsy marketplace seller pays us for our optional services ("Services"), including:

- On-site advertising services ("Etsy Ads"), which allow Etsy marketplace sellers to pay for prominent placement of their listings; and
- Shipping labels, which allows Etsy marketplace sellers in the United States, Canada, United Kingdom, and Australia to purchase discounted shipping labels.

Our other marketplaces also offer on-site advertising services (Depop beginning the end of the third quarter of 2022), and shipping labels services.

See Part II, Item 8, "Financial Statements and Supplementary Data—Note 1—Basis of Presentation and Summary of Significant Accounting Policies" for a discussion of our revenue recognition policies.

## Cost of Revenue

Cost of revenue primarily consists of the cost of interchange **Costs** and other fees for payments processing services, and expenses associated with the usage of cloud infrastructure, including hosting and bandwidth costs. Cost of revenue also includes chargebacks to support payments revenue and costs of refunds made to buyers that we either are not able to collect from sellers or are otherwise covered by us, which we collectively refer to as cost of refunds, and seller verification fees. Additionally, cost of revenue includes certain employee compensation-related expenses, depreciation and amortization, third-party customer support services, and restructuring and other exit costs as applicable.

## Operating Expenses

Operating expenses consist of marketing, product development, general and administrative expenses, and asset impairment charges. Employee compensation-related expenses are the most significant component of the product development and general and administrative expense categories. We include stock-based compensation expense in the applicable operating expense category based on the respective equity award recipient's function. We also include restructuring and other exit costs in the applicable operating expense category of the impacted function.

**Cost of Revenue:** Cost of revenue primarily consists of the cost of interchange and other fees for payments processing services and expenses associated with cloud-related hosting and bandwidth costs. Cost of revenue also includes certain employee compensation-related expenses as well as chargebacks to support payments revenue and costs of refunds made to buyers that we either are not able to collect from sellers or are otherwise covered by us, which we collectively refer to as cost of refunds. Additionally, cost of revenue includes depreciation and amortization and third-party customer support services.

80 74

## Table of Contents

**Marketing:** Marketing expenses primarily consist of direct marketing expenses, which largely includes digital marketing and television ad and digital video expenses. Digital marketing, also referred to as performance marketing, primarily consists of targeted promotional campaigns through electronic channels, such as product listing ads, search engine marketing, social channels, and affiliate programs, which are focused on buyer acquisition and retargeting. To a lesser extent, direct marketing expenses also include brand marketing, public relations and communications, marketing partnerships, and customer relationship management. Marketing expenses also include employee compensation-related expenses to support our marketing initiatives and amortization expense related to acquired customer relationships and trademark intangible assets.

**Product development:** Product development expenses consist primarily of employee compensation-related expenses for our engineering, product management, product design, and product research activities. activities, net of costs capitalized to website and app development. Additional expenses include consulting costs related to the development, quality assurance, and testing of new technology and enhancement of our existing technology.

**General and administrative:** General and administrative expenses consist primarily of employee compensation-related expenses for our general corporate functions. General and administrative expenses also include costs associated with the use of facilities and equipment, including depreciation and amortization and office overhead, related expenses, professional services expenses, digital services tax, bad debt expense, and non-income tax items.

**Asset impairment charges:** Asset impairment charges consists of non-cash charges related to the impairment of goodwill, finite-lived intangible assets, and other long-lived assets.

## Other (Expense) Income net (Expense)

Other (expense) income net (expense) consists of interest and other income, interest expense, foreign exchange gain (loss) gain, and, in 2023, also loss on sale of business which relates to the sale of Elo7 in 2023. Elo7. Interest and other income is primarily comprised of interest income from our investment accounts. Interest expense consists primarily of amortization of debt issuance costs and coupon interest expense related to our Notes, convertible notes. Interest expense also includes interest associated with the portion of our Brooklyn headquarters lease which is accounted for as a finance lease.

## (Provision) Benefit (Provision) for Income Taxes

Our effective tax rate and the (provision) benefit (provision) for income taxes is subject to significant variation due to several factors, including variability represents the estimated amount of federal, state, and foreign income taxes incurred in accurately predicting our pre-tax income or loss the U.S. and the mix of jurisdictions to which they relate, taxable income and loss in each jurisdiction, changes in our stock price, audit-related developments, acquisitions, changes in our deferred tax assets and liabilities and their valuation, foreign currency gains (losses), changes in statutes, regulations, case law, and administrative practices, principles, and interpretations related to tax, including changes to the global tax framework, competition, and other laws and accounting rules in various jurisdictions, and relative changes of expenses or losses for which tax benefits are not recognized. Additionally, the effective tax rate can be more or less volatile based on the magnitude of pre-tax income or loss. For example, the impact of discrete items and non-deductible expenses on the effective tax rate is greater when pre-tax income is lower.

Although management believes its tax positions and related provisions reflected in the consolidated financial statements are fully supportable, it recognizes that these tax positions and related provisions may be challenged by various tax authorities. These tax positions and related provisions are reviewed on an ongoing basis and are adjusted as additional facts and information become available, including progress on tax audits, changes in interpretation of tax laws, developments in case law and closing of statutes of limitations. To the extent that the results differ from our original or adjusted estimates, the effect will be recorded in benefit (provision) for income taxes.

The benefit (provision) for income taxes involves a significant amount of management judgment regarding interpretation of relevant facts and laws in the jurisdictions in which we operate. Future The (provision) benefit includes the effect of uncertain tax position reserves and changes in applicable laws, projected levels to reserves that are considered appropriate as well as the related net interest and penalties.

For additional information, including a reconciliation of taxable income and tax planning could change the U.S. federal statutory rate to our effective tax rate, see Part II, Item 8, "Financial Statements and tax balances recorded by us. In addition, tax authorities periodically review income tax returns filed by us and can raise issues regarding our filing positions, timing and amount of income and deductions, and the allocation of income among the jurisdictions in which we operate. A significant period of time may elapse between the filing of an income tax return and the ultimate resolution of an issue raised by a revenue authority with respect to that return. Any adjustments as a result of any examination may result in additional taxes or penalties against us. If the ultimate result of these audits differ from original or adjusted estimates, they could have a material impact on our tax provision and results of operations. Supplementary Data—Note 3—Income Taxes."

[Table of Contents](#)

## Results of Operations

The following tables show our results of operations for the periods presented and express the relationship of line items as a percentage of revenue for those periods. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Year Ended December 31,		
	2023	2022	2021
	(in thousands)		
Revenue:			
Marketplace	\$ 1,997,190	\$ 1,910,887	\$ 1,745,824
Services	751,187	655,224	583,290
Total revenue	2,748,377	2,566,111	2,329,114
Cost of revenue	828,675	744,592	654,512
Gross profit	1,919,702	1,821,519	1,674,602
Operating expenses:			
Marketing	759,196	710,399	654,804
Product development	469,332	412,398	271,535
General and administrative	343,242	312,260	282,531
Asset impairment charges	68,091	1,045,022	—
Total operating expenses	1,639,861	2,480,079	1,208,870
Income (loss) from operations	279,841	(658,560)	465,732
Other income (expense), net	12,979	(3,418)	5,922
Income (loss) before income taxes	292,820	(661,978)	471,654
Benefit (provision) for income taxes	14,748	(32,310)	21,853
Net income (loss)	\$ 307,568	\$ (694,288)	\$ 493,507
	Year Ended December 31,		
	2023	2022	2021
Revenue:			
Marketplace	72.7 %	74.5 %	75.0 %
Services	27.3	25.5	25.0
Total revenue	100.0	100.0	100.0
Cost of revenue	30.2	29.0	28.1
Gross profit	69.8	71.0	71.9
Operating expenses:			
Marketing	27.6	27.7	28.1
Product development	17.1	16.1	11.7
General and administrative	12.5	12.2	12.1
Asset impairment charges	2.5	40.7	—
Total operating expenses	59.7	96.6	51.9
Income (loss) from operations	10.2	(25.7)	20.0
Other income (expense), net	0.5	(0.1)	0.3
Income (loss) before income taxes	10.7	(25.8)	20.3
Benefit (provision) for income taxes	0.5	(1.3)	0.9

Net income (loss)		11.2 %	(27.1)%	21.2 %
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82

[Table of Contents](#)

## Comparison of Years Ended December 31, 2023 2024 and 2022 2023

### Revenue

	Year Ended December 31,		Change Y/Y		Year Ended December 31,		Change Y/Y	
	2023	2022	\$	%	2021	\$	%	
	(in thousands, except percentages)							
Revenue:								
Marketplace	\$ 1,997,190	\$ 1,910,887	\$ 86,303	4.5 %	\$ 1,745,824	\$ 165,063	9.5 %	
Percentage of total revenue	72.7 %	74.5 %			75.0 %			
Services	\$ 751,187	\$ 655,224	\$ 95,963	14.6 %	\$ 583,290	\$ 71,934	12.3 %	
Percentage of total revenue	27.3 %	25.5 %			25.0 %			
Total revenue	\$ 2,748,377	\$ 2,566,111	\$ 182,266	7.1 %	\$ 2,329,114	\$ 236,997	10.2 %	

Revenue increased \$182.3 million to \$2.7 billion in the year ended December 31, 2023 compared to the year ended December 31, 2022, of which 72.7% consisted of Marketplace revenue and 27.3% consisted of Services revenue.

	Year Ended December 31,		Change Y/Y		Year Ended December 31,		Change Y/Y	
	2024	2023	\$	%	2022	\$	%	
	(in thousands, except percentages)							
Revenue:								
Marketplace	\$ 2,020,744	\$ 1,997,190	\$ 23,554	1.2 %	\$ 1,910,887	\$ 86,303	4.5 %	
Percentage of total revenue	72.0 %	72.7 %			74.5 %			
Services	\$ 787,588	\$ 751,187	\$ 36,401	4.8 %	\$ 655,224	\$ 95,963	14.6 %	
Percentage of total revenue	28.0 %	27.3 %			25.5 %			
Total revenue	\$ 2,808,332	\$ 2,748,377	\$ 59,955	2.2 %	\$ 2,566,111	\$ 182,266	7.1 %	

Marketplace revenue increased \$86.3 million to \$2.0 billion in the year ended December 31, 2023 compared to the year ended December 31, 2022. The growth in marketplace revenue was primarily due to the impact a mix of the volume and pricing, update to increase our seller transaction fee for the Etsy marketplace from 5% to 6.5% beginning on April 11, 2022. This increase was partially offset by a \$157.2 million decrease in the volume of GMS on our marketplaces for the year ended December 31, 2023 compared to the year ended December 31, 2022, which was primarily driven by Etsy and Depop payments expansion as well as higher payments revenue in locations in which we charge a decline in GMS higher payments fee for both the Etsy marketplace, partially offset by an increase in GMS for and Depop marketplaces. As part of the Depop marketplace. This led to a year-over-year increase in transaction fee revenue of 5.1%. Additionally, payments expansion, the growth in marketplace revenue was due to an increase in foreign currency payments, which we earn an additional transaction fee on, in the year ended December 31, 2023 compared to the year ended December 31, 2022. Payments revenue increased 4.2% year-over-year. The share of Etsy marketplace GMS processed through our Etsy Payments platform was increased to 98% for 2024 compared to 94% and 93% for 2023. The net increase in payments revenue includes a decrease related to the decline in Etsy marketplace GMS in 2024 compared to 2023. Additionally, marketplace revenue increased due to pricing, driven by the launch of a seller set-up fee for the years ended December 31, 2023 Etsy marketplace in 2024, under which a seller pays a set-up fee when they open a shop. These increases were partially offset by a decrease in transaction fee revenue due to a mix of volume and 2022, respectively.

Services pricing, and primarily driven by a decline in GMS for the Etsy marketplace. The decline in net transaction fee revenue was partially offset by an increase in GMS for the Depop marketplace and an increase in transaction fee revenue from offsite advertising that generates a higher transaction fee. Overall, payments revenue increased \$96.0 million to \$751.2 million 5.4% in the year ended December 31, 2023 2024 compared to the year ended December 31, 2022. 2023 and transaction fee revenue decreased 1.5% in 2024 compared to 2023.

The growth in Services revenue was primarily driven by an increase of 16.9% 4.2% in on-site advertising revenue, which represented a significant majority of the overall Services revenue growth. The increase in advertising revenue was primarily due to higher click volume on Etsy Ads.

### Cost of Revenue

	Year Ended December 31,		Change Y/Y		Year Ended December 31,		Change Y/Y	
	2023	2022	\$	%	2021	\$	%	
	(in thousands, except percentages)							
Cost of revenue	\$ 828,675	\$ 744,592	\$ 84,083	11.3 %	\$ 654,512	\$ 90,080	13.8 %	

Percentage of total revenue	30.2 %	29.0 %	28.1 %
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Cost of revenue increased \$84.1 million to \$828.7 million in the year ended December 31, 2023 compared to the year ended December 31, 2022. The increase was primarily due to costs of refunds and employee compensation-related expenses, including stock-based compensation, mainly driven by an increase in average headcount for the Etsy marketplace throughout the year and due to restructuring and other exit costs associated with our workforce reductions in the fourth quarter of 2023. Additionally, cost of revenue increased due to an increase in cloud-related hosting average price per click on Etsy Ads. Service revenue also increased, to a lesser extent, due to an increase of 14.8% in shipping label revenue, primarily due to the Depop marketplace.

Costs and bandwidth costs.

Table of Contents

Operating Expenses

After giving effect to employee departures in connection with our Restructuring Plan, we had There were approximately 2,420 2,400 total employees worldwide on December 31, 2023 December 31, 2024, including approximately 240 180 Reverb employees and approximately 400 Depop employees. This is compared with approximately 2,790 2,420 total employees worldwide on December 31, 2022. December 31, 2023, after giving effect to employee departures in connection with our workforce reductions in the fourth quarter of 2023.

References to decreases in employee compensation-related expenses in the captions below are primarily related to our workforce reductions in the fourth quarter of 2023.

Cost of Revenue

	Year Ended December 31,		Change Y/Y		Year Ended December 31,		Change Y/Y	
	2024	2023	\$	%	2022	\$	%	
	(in thousands, except percentages)							
Cost of revenue	\$ 774,554	\$ 828,675	\$ (54,121)	(6.5)%	\$ 744,592	\$ 84,083	11.3 %	
Percentage of total revenue	27.6 %	30.2 %			29.0 %			

The decrease in cost of revenue was primarily driven by a decrease in cost of refunds. Additionally, cost of revenue decreased, to a lesser extent, due to reduced employee compensation-related expenses and cloud-related hosting and bandwidth costs, and were largely offset by an increase in amortization due to increases in capitalized website and app development costs. There was also a slight net decrease in payments processing fees driven by Etsy marketplace cost optimization efforts and GMS decrease, which were largely offset by an increase due to the Etsy and Depop payments expansion and Depop marketplace GMS increase. We gained leverage as cost of revenue did not increase as fast as revenue.

Marketing

		Year Ended December 31,		Change Y/Y			Year Ended December 31,		Change Y/Y			Year Ended December 31,		Change Y/Y							
		2023	2022	\$	%		2021	\$	%		2024	2023	\$	%	2022	\$					
		(in thousands, except percentages)									(in thousands, except percentages)										
Marketing	Marketing	\$759,196	\$710,399	\$48,797	6.9	6.9	%	\$654,804	\$55,595	8.5	8.5	%	Marketing	\$856,565	\$759,196	\$97,369	12.8	12.8	%	\$710,399	\$48,797
	Percentage of total revenue																				

Marketing The increase in marketing expenses was driven by increased \$48.8 million to \$759.2 million in the year ended December 31, 2023 compared to the year ended December 31, 2022, primarily due to increased Etsy marketplace digital performance marketing costs, as we continued to invest in efficient channels and regions with positive return on investment, and investment. Additionally, marketing expenses increased, to a lesser extent, in non-digital due to brand marketing costs, due to an increase primarily driven by Depop U.S. brand marketing campaigns, and were largely offset by a decrease in marketing expenses related to increased broadcasting costs across different media channels primarily in North America and the United Kingdom. employee compensation-related expenses. Paid GMS was 20% 21% of overall GMS for both the years ended December 31, 2023 and 2022. 2024 compared to 20% for 2023.

Product development

	Year Ended				Year Ended December			
	December 31,		Change Y/Y		31,		Change Y/Y	
	2024	2023	\$	%	2022	\$	%	
(in thousands, except percentages)								
Product development	\$ 443,056	\$ 469,332	\$ (26,276)	(5.6)%	\$ 412,398	\$ 56,934	13.8 %	
Percentage of total revenue	15.8 %	17.1 %			16.1 %			

Product development expenses decreased, primarily due to decreased employee compensation-related expenses, including stock-based compensation. We gained leverage as marketing product development expenses did not increase as fast as revenue.

Product development

	Year Ended				Year Ended December			
	December 31,		Change Y/Y		31,		Change Y/Y	
	2023	2022	\$	%	2021	\$	%	
(in thousands, except percentages)								
Product development	\$ 469,332	\$ 412,398	\$ 56,934	13.8 %	\$ 271,535	\$ 140,863	51.9 %	
Percentage of total revenue	17.1 %	16.1 %			11.7 %			

Product development expenses increased \$56.9 million to \$469.3 million in the year ended December 31, 2023 compared to the year ended December 31, 2022, primarily due to increased employee compensation-related expenses, including stock-based compensation, mainly driven by an increase in average headcount for the Etsy marketplace throughout the year and the issuance of equity awards as part of our compensation strategy, and partially due to restructuring and other exit costs associated with our workforce reductions in the fourth quarter of 2023. This increase was offset in part by an increase in the amount of employee-related costs capitalized as a result of several new projects in 2023.

General and administrative

	Year Ended				Year Ended				Year Ended			
	December 31,		Change Y/Y		December 31,		Change Y/Y		December 31,		Change Y/Y	
	2023	2022	\$	%	2021	\$	%		2024	2023	\$	%
(in thousands, except percentages)									(in thousands, except percentages)			
General and administrative	\$ 343,242	\$ 312,260	\$ 30,982	9.9 %	\$ 282,531	\$ 29,729	10.5 %	General and administrative	\$ 353,949	\$ 343,242	\$ 10,707	3.1 %
Percentage of total revenue												

General and administrative expenses increased, \$31.0 million to \$343.2 million in the year ended December 31, 2023 compared to the year ended December 31, 2022, primarily due to increased employee compensation-related expenses, net unfavorable non-income tax items, including stock-based compensation, net favorable items in 2023 which did not occur in 2024, as well as retroactive non-income tax expense related to the digital services tax legislation in Canada, which was enacted on June 28, 2024 retroactive to January 1, 2022. This increase was mainly driven partially offset by the issuance of equity awards as part of our compensation strategy and an increase in average headcount for the Etsy marketplace throughout the year, and partially driven by restructuring and other exit costs associated with our workforce reductions in the fourth quarter of 2023. General and administrative expenses also increased to a lesser extent due to increases decrease in bad debt expense professional services expenses, and digital services tax expense. Digital services tax employee compensation-related expenses. The decrease in bad debt expense increased as there was an increase in the number of transactions subject primarily driven by Etsy Payments expansion, which shifted more Etsy marketplace sellers to digital services tax. These increases were partially offset by net favorable impacts of non-income tax items.

Table of Contents

Etsy payments, which reduces accounts receivable.

Asset impairment charges

	Year Ended				Year Ended				Year Ended			
	December 31,		Change Y/Y		December 31,		Change Y/Y		December 31,		Change Y/Y	
	2023	2022	\$	%	2021	\$	%		2024	2023	\$	%
(in thousands, except percentages)									(in thousands, except percentages)			

Asset impairment charges	Asset impairment charges	\$68,091	\$	\$1,045,022	\$	\$976,931	(93.5)	(93.5)	%	\$	\$	\$1,045,022	NM	NM	Asset impairment charges	\$	\$	\$68,091	\$	\$	(68,091)	NM	NM	\$1,045,022	\$	\$976,
Percentage of total revenue																										

Asset impairment charges were \$68.1 million in the year ended December 31, 2023, 2023 related to the impairment of intangible assets and property and equipment of Elo7. Asset impairment charges were \$1.0 billion in the year ended December 31, 2022 related to the impairment of goodwill for Depop and Elo7. See Part II, Item 8, "Financial Statements and Supplementary Data—Note 7—6— Goodwill and Intangible Assets" and "Note 10—9—Property and Equipment" for more information. There were no asset impairment charges in the year ended December 31, 2021, 2024.

77

## Other Income (Expense), net

	Year Ended December 31,			Change Y/Y			Year Ended December 31,			Change Y/Y			Year Ended December 31,			Change Y/Y			Year Ended December 31,			Change Y/Y			Year Ended December 31,			Change Y/Y		
	2023	2022		\$	%		2021			\$	%		2024	2023		\$	%		2024	2023		\$	%		2024	2023		\$	%	
	(in thousands, except percentages)												(in thousands, except percentages)												(in thousands, except percentages)					
Other income (expense), net:																														
Loss on sale of business																														
Loss on sale of business																														
Loss on sale of business	\$ (2,630)	\$ —	\$	(2,630)		NM	\$ —		\$ —		NM																			
Percentage of total revenue																														
Other income (expense):																														
Interest expense																														
Interest expense	\$ (14,042)	\$ (14,168)	\$	126	(0.9)	(0.9)	\$ (9,885)	\$	(4,283)	43.3	43.3	\$ (13,806)	\$	(14,042)	\$	236	(1.7)	(1.7)												
Percentage of total revenue																														
Interest and other income																														
Interest and other income																														
Interest and other income	\$ 35,999	\$ 10,956	\$	25,043	228.6	228.6	\$ 2,137	\$	8,819	412.7	412.7	\$ 30,982	35,999	35,999	(5,017)	(5,017)	(13.9)	(13.9)												
Percentage of total revenue																														
Foreign exchange (loss) gain																														



The primary drivers of our income tax provision for the year ended December 31, 2022 were tax expense on income before income taxes, excluding the non-deductible goodwill impairment expense, and state and local income taxes, partially offset by tax benefits from stock-based compensation and a benefit related to research and development tax credits.

[Table of Contents](#)

Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA Margin

In this Annual Report, we provide Adjusted EBITDA, a non-GAAP financial measure that represents our net income (loss) adjusted to exclude: stock-based compensation expense; depreciation and amortization; provision (benefit) for income taxes; interest and other non-operating (income) expense, net; (benefit) provision for income taxes; depreciation and amortization; stock-based compensation expense; foreign exchange loss (gain); loss; retroactive non-income tax expense; restructuring and other exit costs; acquisition, divestiture, and corporate structure-related expenses; asset impairment charges; and loss on sale of business; and restructuring and other exit costs; business. We also provide Adjusted EBITDA margin, a non-GAAP financial measure that presents Adjusted EBITDA divided by revenue. Below is a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable GAAP financial measure.

We have included Adjusted EBITDA and Adjusted EBITDA margin because they are key measures used by our management and Board of Directors to evaluate our operating performance and trends, allocate internal resources, prepare and approve our annual budget, develop short- and long-term operating plans, determine incentive compensation, and assess the health of our business. As our Adjusted EBITDA increases, we are able to invest more in our platforms.

We believe that Adjusted EBITDA and Adjusted EBITDA margin can provide useful measures for period-to-period comparisons of our business as they remove the impact of certain non-cash items and certain variable charges.

Adjusted EBITDA and Adjusted EBITDA margin have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect interest consider the non-cash expense of stock-based compensation expense, which has been, and other non-operating (income) for the foreseeable future is expected to continue to be, a significant recurring expense net;
- Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us; and an important part of how we attract, reward, and retain employees;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not consider the impact of stock-based compensation expense;
- Adjusted EBITDA does not consider the impact of foreign exchange loss (gain);
- Adjusted EBITDA does not reflect acquisition, divestiture, and corporate structure-related expenses;
- Adjusted EBITDA does not consider the impact of asset impairment charges;
- Adjusted EBITDA does not consider the impact of the loss on sale of business;
- Adjusted EBITDA does not reflect restructuring and other exit costs; tax payments that may represent a reduction in cash available to us; and
- other companies, including companies in our industry, may calculate Adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider Adjusted EBITDA and Adjusted EBITDA margin alongside other financial performance measures, including net income (loss), revenue, and our other GAAP results.

[Table of Contents](#)

The following table reflects the reconciliation of net income (loss) to Adjusted EBITDA and the calculation of Adjusted EBITDA margin for each of the periods indicated:

	Year Ended December 31,		
	2023	2022	2021
	(in thousands)		
	Year Ended December 31, 2024		
	2024	2023	2022
	(in thousands)		
Net income (loss)			
Excluding:			
Stock-based compensation expense			
Stock-based compensation expense			
Stock-based compensation expense			
Depreciation and amortization			
Provision (benefit) for income taxes			
Interest and other non-operating (income) expense, net			
Interest and other non-operating (income) expense, net			
Interest and other non-operating (income) expense, net			
(Benefit) provision for income taxes			
Depreciation and amortization			
Stock-based compensation expense			
Foreign exchange loss (gain)			
Foreign exchange loss (gain)			
Foreign exchange loss (gain)			
Foreign exchange (gain) loss			
Retroactive non-income tax expense (1)			
Restructuring and other exit costs			
Acquisition, divestiture, and corporate structure-related expenses			
Asset impairment charges			
Asset impairment charges			
Asset impairment charges			
Loss on sale of business			
Loss on sale of business			
Loss on sale of business			
Restructuring and other exit costs			
Adjusted EBITDA			
Adjusted EBITDA			
Adjusted EBITDA			
Divided by:			
Divided by			
Revenue			
Revenue			
Revenue			
Adjusted EBITDA margin	Adjusted EBITDA margin	27.4 %	27.9 %
		30.8 %	Adjusted EBITDA margin
		27.8 %	27.4 %
		27.9 %	

(1) Retroactive non-income tax expense related to the digital services tax legislation in Canada, which was enacted on June 28, 2024 retroactive to January 1, 2022.

Liquidity and Capital Resources

Cash and cash equivalents and short-term investments were \$1.2 billion \$1.0 billion as of December 31, 2023 December 31, 2024. Additionally, we have \$86.7 million \$111.7 million in long-term investments, a majority of which we can liquidate at short notice and with minimal penalties if needed. We also have the ability to draw down on our \$400.0 million senior secured revolving credit facility. In the year ended December 31, 2023 As of December 31, 2024, we had net working capital of \$662.6 million and in 2024, we had positive operating cash flows of \$705.5 million \$752.5 million. We believe that this capital structure, as well as the nature and framework of our business, will allow us to meet all debt covenants, sustain our business operations, and be able to react to changing macroeconomic conditions.

The following table shows our cash and cash equivalents, short-term investments, long-term investments, and net working capital as of the dates indicated:

--

	As of December 31,	
	2023	2022
	(in thousands)	
Cash and cash equivalents	\$ 914,323	\$ 921,278
Short-term investments	236,118	250,413
Long-term investments	86,676	29,137
Total cash and cash equivalents, and short- and long-term investments	\$ 1,237,117	\$ 1,200,828
Net working capital	\$ 859,665	\$ 881,988

As of **December 31, 2023** **December 31, 2024**, a majority of our cash and cash equivalents, which were primarily held in cash deposits **short-term**, and money market funds, were **long-term investments balance** was held in the United **States States**. Our cash and cash equivalents are held for future investments, working capital funding, and general corporate purposes. We fund our non-U.S. operations from our funds held in the United States on an as-needed basis.

We typically invest in short- and long-term instruments, including fixed-income funds and U.S. Government securities aligned with our investment strategy. These investments which are intended to allow us to preserve our principal, maintain the ability to meet our liquidity needs, deliver positive yields across a balanced portfolio, and continue to provide us with direct fiduciary control. In accordance with our investment policy, all investments, other than investments made through our Impact Investment Fund, have maturities no longer than 37 months, with the average maturity of these investments maintained at 12 months or less. In 2022, we set up an Impact Investment Fund and as of December 31, 2023 have deployed approximately \$19 million of the \$30 million designated for investments intended to further our Impact strategy and goals. The criteria for investments included in the Impact Investment Fund may differ from those made under our general investment policy. For more information on our Impact Investment Fund, see Part I, Item I, "Business—ESG Reporting: Our Impact Goals, Strategy & Progress."

87 79

## [Table of Contents](#)

### Sources of Liquidity

We expect to continue to generate net positive operating cash flow, and the cash we generate from our core operations enables us to fund ongoing operations including those investing in the areas outlined in Part **1, I**, Item 1, "Business—Primary Business Drivers."

As of December 31, 2023, we had three outstanding series of convertible senior notes, which collectively had a net carrying value of \$2.3 billion. Based on the terms of the Notes, we have the option to pay or deliver cash, shares of our common stock, or a combination thereof, when a conversion notice is received. Based on the daily closing prices of our stock during the quarter ended December 31, 2023, holders of the 2021 Notes, 2020 Notes, and remaining 2019 Notes are not eligible to convert their Notes during the first quarter of 2024.

We also have the ability to draw down on a \$400.0 million senior secured revolving credit facility (the "2023 Credit Agreement"). While we had no outstanding borrowings under the 2023 Credit Agreement as of December 31, 2023, one of the lenders has issued a \$5.3 million standby letter of credit in favor of the landlord of our corporate headquarters, which can be drawn down from amounts available under the 2023 Credit Agreement.

See Part II, Item 8, "Financial Statements and Supplementary Data—Note **13— 12—Debt**" for more information on the Notes and the 2023 Credit Agreement.

### Material Cash Requirements

Our cash commitments as of **December 31, 2023** **December 31, 2024** were as follows: follows (in thousands):

	Total	Short-Term	Long-Term
	(in thousands)		
Finance lease obligations	\$ 156,854	\$ 10,115	\$ 146,739
Operating lease obligations	63,296	6,549	56,747
Debt obligations	2,299,887	—	2,299,887
Interest payments	16,937	4,125	12,812
Purchase obligations	420,792	134,245	286,547
Total cash commitments	\$ 2,957,766	\$ 155,034	\$ 2,802,732

Finance lease obligations consist of a portion of the lease on our headquarter office located in Brooklyn, New York, and include imputed interest and tenant improvement allowances.

Operating lease obligations consist of obligations under non-cancelable operating leases, including a portion of our headquarter office located in Brooklyn, New York and for a majority of our other office locations, and include imputed interest and tenant improvement allowances.

Debt obligations	\$	2,299,887
Interest payments		12,812
Finance lease obligations		145,859
Operating lease obligations		64,898
Purchase obligations		137,003
Total cash commitments	\$	2,660,459

Debt obligations consist of the 0.25% Convertible Senior Notes due 2028 (the "2021 Notes"), the 0.125% Convertible Senior Notes due 2027 (the "2020 Notes"), and the 0.125% Convertible Senior Notes due 2026 (the "2019 Notes" and together with the 2021 Notes and the 2020 Notes, and 2019 Notes, the "Notes"), which will mature on June 15, 2028, September 1, 2027, and October 1, 2026, respectively, unless earlier converted or repurchased. Based on the terms of each series of Notes, when a conversion notice is received, we have the option to pay or deliver cash, shares of our common stock, or a combination thereof. No debt obligations are due within 12 months.

Interest payments consist of interest due in connection with our 2021 Notes, 2020 Notes, \$4.1 million of which are due within 12 months.

Finance lease obligations consist of a portion of the lease on our headquarter office located in Brooklyn, New York, and 2019 Notes, include imputed interest and tenant improvement allowances. \$9.9 million of finance lease obligations are due within 12 months.

Operating lease obligations consist of obligations under non-cancelable operating leases, including a portion of our headquarter office located in Brooklyn, New York and for a majority of our other office locations, and include imputed interest and tenant improvement allowances. \$3.5 million of operating lease obligations are due within 12 months.

Purchase obligations primarily consist of the minimum, non-cancelable commitments as well as cancellation fees related to cloud computing, technology spending. For those agreements with variable terms, we do not estimate what the total obligation may be beyond any minimum quantities and/or pricing. For purchase obligations with cancellation provisions, the amounts included in the table above were limited to the non-cancelable portion of the agreement terms and where applicable the minimum cancellation fees, and are only included to the extent that they further reduce minimum commitments. Since this disclosure only includes minimum commitments, actual spend may vary from the amount disclosed.

In addition, we have uncertain tax positions of \$51.7 million \$56.8 million and non-income tax related contingency reserves of \$26.2 million \$31.6 million. These amounts are not reflected in the table as the ultimate resolution and timing are uncertain.

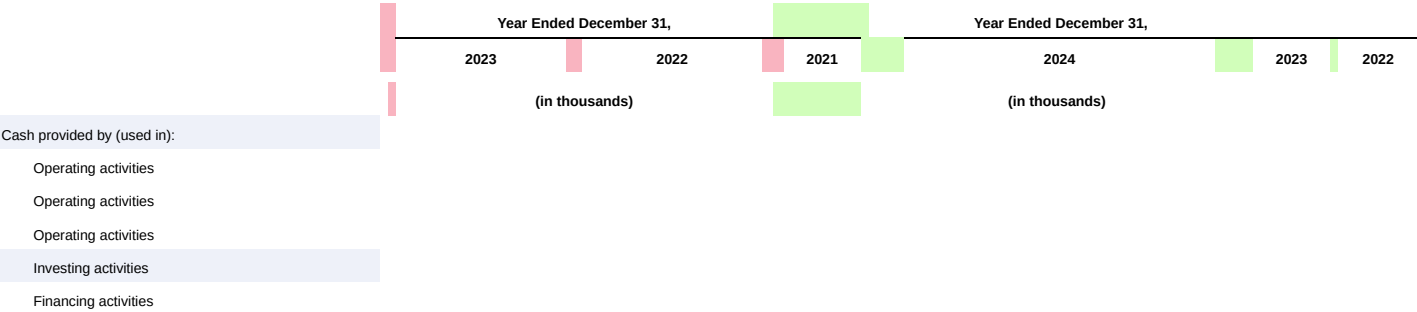
Effective June 14, 2023,

In June 2023, the Board of Directors approved a stock repurchase program that authorizes us to repurchase up to \$1 billion of our common stock. In October 2024, the Board of Directors approved a new stock repurchase program that authorizes us to repurchase up to an additional \$1 billion \$1 billion of our common stock. As of December 31, 2023 December 31, 2024, the remaining amount available to be repurchased under the approved plan plans was \$724.4 million \$1.0 billion.

We believe that our existing cash and cash equivalents and short- and long-term investments, together with cash generated from operations, will be sufficient to meet our anticipated operating cash needs for at least the next 12 months. We believe we will meet longer-term expected future cash requirements and obligations through a combination of existing cash and cash equivalent balances, cash flows from operations, and amounts available for borrowing from our senior secured revolving credit facility or other financings. While these beliefs are based on our current expectations and assumptions, in light of current macroeconomic conditions, our future capital requirements and the adequacy of available funds will depend on many factors, including those described in Part I, Item 1A, "Risk Factors" in this Annual Report.

Table of Contents

Historical Cash Flows



Net Cash Provided by Operating Activities

Our cash flows from operations are largely dependent on the amount of revenue generated on our platforms, as well as associated cost cash payments for direct marketing expenses, employee compensation-related expenses, and payments processing fees. The increase in 2024 of revenue and other operating expenses. Our primary source of cash from operating activities is cash collections from our customers. Net cash provided by operating activities \$47.0 million, compared to the same period in each period presented has been influenced by changes in working capital.

Net cash provided by operating activities 2023, was \$705.5 million in the year ended December 31, 2023, primarily driven by cash net income of \$729.2 million as a result of revenue generated on our platforms, and changes in our operating assets and liabilities that used \$23.7 million in cash, primarily driven by due to timing of the payment of prepaid expenses and other current assets, partially offset by the timing of payment of accrued expenses a decrease in the period.

Net cash provided by operating activities was \$683.6 million in the year ended December 31, 2022, primarily driven by cash net income of \$643.1 million as a result of revenue generated on our platforms, and changes in our operating assets and liabilities that provided \$40.5 million in cash, primarily driven by timing of payment of prepaid expenses and other current assets and other liabilities

in the period, income.

Net Cash Used in Investing Activities

Our primary Net cash used in investing activities consist of cash paid for the acquisitions of Depop and Elo7, corresponds with purchases and sales and maturities of short- investments and long-term investments, and cash capital expenditures, including investments in capitalized website development and internal-use software app development and purchases of property and equipment to support our overall business growth.

Net cash used The decrease in investing activities was \$73.3 million 2024 of \$20.2 million, compared to the same period in the year ended December 31, 2023. This 2023, was primarily attributable due to \$39.9 million a decrease in capital expenditures, including \$27.0 million for website development and internal-use software as we continued to invest in projects adding new features and functionality to our platforms, and net purchases of investments of \$33.4 million.

Net cash used in investing activities was \$30.0 million in the year ended December 31, 2022. This was primarily attributable to \$30.7 million in capital expenditures, including \$20.5 million for website development and internal-use software. investments.

Net Cash (Used in) Provided by Used in Financing Activities

Our primary financing activities include proceeds from the issuance of convertible senior notes, repurchases of common stock, payment of tax obligations on vested equity awards, purchase of capped calls, settlement of convertible senior notes, proceeds from exercise of stock options, payments of debt issuance costs, and payments on finance lease obligations.

Net cash used in financing activities was \$656.5 million in the year ended December 31, 2023. This was primarily attributable to consists of cash outflows from stock repurchases of \$577.0 million and, to a lesser extent, payment of tax obligations on vested equity awards of \$83.4 million.

Net cash used in financing activities was \$506.5 million in the year ended December 31, 2022. This was primarily attributable to stock repurchases of \$425.7 million and payment of tax obligations on vested equity awards awards. The increase in 2024 of \$79.2 million, partially offset by proceeds from \$130.6 million, compared to the exercise of same period in 2023, was primarily due to an increase in stock options of \$15.0 million.

repurchases.

Table of Contents

Critical Accounting Estimates and Policies

Our management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, equity, revenue, expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. We continue to monitor the effects of global macroeconomic and geopolitical factors on our results of operations, cash flows, and financial position. We believe we have used reasonable estimates and assumptions in preparing the consolidated financial statements. Our actual results could differ from these estimates.

We believe that certain assumptions and estimates associated with stock-based compensation; income taxes; business combinations; valuation of goodwill; and leases are material in nature due to the subjectivity associated with them and have the greatest potential impact on our consolidated financial statements. Therefore, we consider the assumptions and estimates associated with these (as further detailed below) to be our critical accounting estimates. See Part II, Item 8, "Financial Statements and Supplementary Data—Note 1—Basis of Presentation and Summary of Significant Accounting Policies" for further information on our critical accounting policies related to revenue recognition, stock-based compensation, income taxes, business combinations, goodwill, and leases.

Stock-Based Compensation

Service-based stock options and service-based restricted stock units ("RSUs") are awarded to employees and members of our Board of Directors and performance-based restricted stock units ("PBRsUs") are awarded to employees. All such awards are measured at fair value at each grant date. Stock-based compensation cost for stock options is measured on the grant date, based on the estimated fair value of the award using a Black-Scholes pricing model, and recognized as an expense over the employee's or director's requisite service period on a straight-line basis. Our Black-Scholes option-pricing model requires the input of subjective assumptions, including the expected volatility of the price of our common stock and the expected term of the option. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and these assumptions either increase or decrease, our stock-based compensation expense could materially differ in the future.

- Expected Volatility: Given our sufficient trading history as of the second quarter of 2021, we calculate expected volatility based solely on the historical volatility of Etsy's stock price observations over a period equivalent to the expected term of the stock option grants. Prior to the second quarter of 2021, we estimated expected volatility by taking the average historical price volatility for Etsy and certain industry peers based on daily price observations over a period equivalent to the expected term of the stock option grants.
- Expected Term: The expected term represents the period that our stock-based awards are expected to be outstanding. Given that we have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term of our stock options, beginning in the second quarter of 2021, we estimate our expected term using historical option exercise behavior and expected post-vest cancellation data, averaged with an assumption that recently granted options will be exercised ratably from vesting to the expiration of the stock option. Prior to the second quarter of 2021, we used the simplified method, which represented the average period from vesting to the expiration of the stock option, to calculate the expected term for awards issued to employees or members of our Board of Directors.

For these assumptions, the weighted-average used in the Black-Scholes option-pricing model in order to determine the fair value of stock options granted in the periods indicated were as follows:

	Year Ended		
	December 31,		
	2023	2022	2021
Expected volatility	63.3%	62.5%	43.4% - 57.4%
Expected term (in years)	4.5	4.6	4.6 - 6.2

For the years ended December 31, 2023 and 2022, the assumptions related to stock options were no longer considered a critical accounting estimate as the number of options awarded was not material.

[Table of Contents](#)

## Income Taxes

We account for uncertainty in income taxes using a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by the taxing authorities.

The amount recognized is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate audit settlement. The tax positions are reviewed on an ongoing basis and are adjusted as additional facts and information become available, including progress on tax audits, changes in interpretation of tax laws, developments in case law and closing of statutes of limitations. While we believe our tax positions are fully supportable, they may be challenged by various tax authorities. If actual results were to be materially different than estimated, it could result in a material impact on our consolidated financial statements in future periods.

## Business Combinations

Determining the fair value of the assets acquired and liabilities assumed requires management to use significant judgment and estimates, including estimates of future revenue, attrition rate, net available cash flows, discount rates, royalty rate, and estimated replacement costs. Our estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. If actual results are materially lower than originally estimated, it could result in a material impact on our consolidated financial statements in future periods. 81

## Valuation of Goodwill

Goodwill is tested for impairment at the reporting unit level annually, or more frequently if triggering events occur. The Company has We have the option to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying value. The qualitative assessment includes certain significant judgments including assessments of macroeconomic conditions, industry and market considerations, cost factors, overall financial performance of the reporting unit, and other relevant considerations impacting the reporting unit. If we elect to bypass the qualitative assessment, or if the qualitative assessment indicates that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, then we are required to perform a quantitative assessment for impairment. Under the quantitative goodwill impairment test, if a reporting unit's carrying amount exceeds its fair value, we record an impairment charge based on that difference, not exceeding the carrying amount of goodwill. To determine a reporting unit's fair value, we apply the income approach, which uses management's forecasts to estimate future net available cash flows. Significant judgments inherent in this analysis include, but are not limited to, estimates of future revenue, operating margins, long-term growth rates, and discount rates. Our estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. If actual results are materially lower than originally estimated, or if we experience significant, adverse changes to long-term growth rate or discount rate assumptions, it could result in a material impact on our consolidated financial statements in future periods.

As of the annual impairment testing date in the fourth quarter of 2024, we completed a qualitative analysis for the Etsy and Reverb reporting units, which indicated no impairment.

As of the annual impairment testing date in the fourth quarter of 2023, we completed a qualitative analysis for the Etsy reporting unit, which indicated no impairment; and a quantitative analysis for the Reverb reporting unit, which concluded that the fair value of the reporting unit was sufficiently in excess of its carrying value. As such, no indication of impairment was identified.

During the third quarter of 2022, the carrying values of the Depop and Elo7 reporting units were determined to be in excess of their fair values such that non-cash impairment charges were recorded of \$897.9 million and \$147.1 million, representative of the full value of goodwill allocated to the Depop and Elo7 reporting units, respectively. The impairment charges were the result of continued adverse macroeconomic conditions, including reopening, inflationary pressures on consumer discretionary spending, foreign exchange rate volatility, ongoing geopolitical events, and related headwinds on business performances; along with executive management changes at Depop and Elo7, all of which resulted in downward revisions to the projected future cash flows negatively impacting the reporting units' fair values. In addition to these adverse changes to projected cash flows; for Depop and Elo7, respectively, discount rates increased by 380 and 160 basis points as compared to the discount rates in our purchase price allocations at the time of the Depop and Elo7 acquisitions; and by 300 and 100 basis points as compared to the discount rates used in our interim quantitative analysis for Depop and Elo7 as of June 30, 2022, respectively. The updates to the discount rates and estimated future cash flows each had a significant impact on the estimated fair values of Depop and Elo7 reporting units compared to our June 30, 2022 analysis, which ultimately resulted in impairments of their goodwill balances in the third quarter of 2022. No further impairment charges were recorded within our Etsy or Reverb reporting units as of our annual impairment test in the fourth quarter of 2022.

During the years ended December 31, 2023 and 2021, we did not recognize any goodwill impairment. During the year ended December 31, 2022, we recognized total non-cash impairment charges of \$1.0 billion.

See Part II, Item 8, "Financial Statements and Supplementary Data—Note 7—Goodwill and Intangible Assets" for further discussion and presentation of these amounts.

[Table of Contents](#)

## Leases

Leases with a term greater than one year are recognized on the consolidated balance sheet sheets as right-of-use ("ROU") assets, lease obligations, and, if applicable, long-term lease obligations. Lease obligations and their corresponding ROU assets are recorded based on the present value of lease payments over the expected lease term. As the interest rate implicit in lease contracts is typically not readily determinable, we utilize the appropriate incremental borrowing rate, which is the rate incurred to borrow on a collateralized basis over a similar term in an amount equal to the lease payments in a similar economic environment. Additionally, the estimates of the present value of lease payments over the expected lease term along with the estimated fair value of the real estate properties or other assets leased by us affect the recognition of a lease transaction either as an operating or finance lease, which impacts the classification in our consolidated financial statements.

Recent Accounting Pronouncements

See Part II, Item 8, "Financial Statements and Supplementary Data—Note 1—Basis of Presentation and Summary of Significant Accounting Policies" for information regarding recently adopted and recently issued accounting pronouncements.

82

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We have operations both within the United States and internationally and we are exposed to market risks in the ordinary course of our business, including the effects of foreign currency fluctuations. Information relating to quantitative and qualitative disclosures about these market risks is described below.

Foreign Currency Exchange Risk

We operate global marketplaces. Our revenues are denominated in the currencies in which the seller is paid, and our operating expenses are denominated in the currencies of the countries in which our operations are located. Etsy processes seller charges in our sellers' ledger currencies. We have asset and liability balances denominated in currencies other than the functional currency of the subsidiaries in which they are recorded. As a result of transacting business in multiple foreign currencies, primarily the Euro, Pound Sterling, and Canadian dollar, we are subject to the risk of fluctuations in foreign currency exchange rates. We monitor our exposure to foreign currency exchange rate risk and the different mechanisms available for use in managing such risk. Although to date we have not entered into any derivatives or hedging transactions, we may elect to do so in the future should we deem it prudent in light of our exposure.

For the purpose of analyzing foreign currency exchange risk, we considered the historical trends in foreign currency exchange rates and determined that it was reasonably possible that adverse changes in exchange rates of 10% could be experienced in the near term. An adverse 10% change in foreign currency exchange rates would have resulted in a decrease to revenue of \$111.1 million \$113.7 million or approximately 4.0% of total revenue for the year ended December 31, 2023, 2024. Additionally, a 10% adverse change in foreign currency exchange rates would result in a currency exchange loss of \$11.5 \$30.7 million based on balance sheet balances as of December 31, 2023 December 31, 2024. This compares to a revenue decrease of \$97.2 million \$111.1 million or approximately 3.8% 4.0% of total revenue for the year ended December 31, 2022 2023 and currency exchange loss of \$9.5 million \$11.5 million based on the same analysis performed on balance sheet balances as of December 31, 2022 December 31, 2023.

92 83

Table of Contents

Item 8. Financial Statements and Supplementary Data.

The supplementary financial information required by this item is included in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Etsy, Inc.

Index to the Consolidated Financial Statements

84 85	Report of Independent Registered Public Accounting Firm (PCAOB ID 238)
86 87	Consolidated Balance Sheets
87 88	Consolidated Statements of Operations
88 89	Consolidated Statements of Comprehensive Income (Loss)
89 90	Consolidated Statements of Changes in Stockholders' Equity (Deficit)
100 91	Consolidated Statements of Cash Flows
102 93	Notes to Consolidated Financial Statements

93 84

Table of Contents

 Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Etsy, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Etsy, Inc. and its subsidiaries (the "Company") as of **December 31, 2023** **December 31, 2024** and **2022, 2023**, and the related consolidated statements of operations, of comprehensive **income** (loss) **income**, of changes in stockholders' **equity** (deficit) **equity** and of cash flows for each of the three years in the period ended **December 31, 2023** **December 31, 2024**, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of **December 31, 2023** **December 31, 2024**, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of **December 31, 2023** **December 31, 2024** and **2022, 2023**, and the results of its operations and its cash flows for each of the three years in the period ended **December 31, 2023** **December 31, 2024** in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of **December 31, 2023** **December 31, 2024**, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

#### **Basis for Opinions**

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal **Control Controls** Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

#### **Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

94 85

#### **[Table of Contents](#)**

#### **Critical Audit Matters**

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### **Goodwill Impairment Assessment – Reverb Reporting Unit** Revenue Recognition - Etsy Marketplace and Services Revenue

As described in Notes 1 and **7 2** to the consolidated financial statements, the Company's **consolidated goodwill balance** revenue was **\$138 million** as of **December 31, 2023** **\$2,808 million** for the year ended **December 31, 2024**, of which a significant portion relates to **the Reverb reporting unit**. revenue for Etsy marketplace and services. The Company **performs its annual goodwill impairment test** generates revenue primarily from marketplace activities, including transaction (inclusive of offsite advertising), payments processing, and listing fees, as well as from optional seller services, which include on-site advertising and shipping labels. Revenues are primarily recognized as the Company transfers control of promised goods or services to sellers, in an amount that reflects the **fourth quarter**, consideration the Company expects to be entitled to in exchange for those goods or **more frequently if** services. For marketplace revenue, as members of the Etsy marketplace, Etsy sellers receive the benefit of marketplace activities, including listing items for sale, completing sales transactions, and payments processing, which represents a single stand-ready performance obligation. Services revenue is derived from optional services offered to Etsy marketplace sellers, which primarily include on-site advertising and shipping labels. Each service represents an **interim triggering event** occurs that may indicate potential impairment. The Company completed a quantitative analysis for the Reverb reporting unit, which concluded individual obligation that the fair value of Company must perform when a seller chooses to use the reporting unit was sufficiently in excess of its carrying value. As disclosed by management, to determine a reporting unit's fair value, management uses the income approach, which uses significant judgments, including estimates of future revenue, operating margins, long-term growth rates, and discount rates, **service**.

The principal **considerations consideration** for our determination that performing procedures relating to the goodwill impairment assessment of the Reverb reporting unit **revenue recognition for Etsy marketplace and services revenue** is a critical audit matter **are (i) the significant judgment by management when developing the fair value estimate of the Reverb reporting unit; (ii) is a high degree of**

auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to estimates of future the Company's revenue operating margins, recognition for Etsy marketplace and the discount rate; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge. services revenue.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's quantitative goodwill impairment assessment, the revenue recognition processes, including controls over the valuation of revenue recognition for Etsy marketplace and services revenue at the Reverb reporting unit, agreed upon price, when the revenue recognition criteria have been met. These procedures also included, among others (i) testing management's process for developing revenue recognized, on a sample basis, of Etsy marketplace revenue transactions and testing revenue recognized, on a sample basis, of services revenue transactions attributable to the fair value estimate Etsy marketplace by obtaining and inspecting source documents, such as contracts, invoices, evidence of the Reverb reporting unit; satisfaction of performance obligation, and cash receipts, and recalculating revenue recognized and (ii) evaluating the appropriateness of the income approach used testing, on a sample basis, refund transactions by management; (iii) testing the completeness obtaining and accuracy of underlying data used in the income approach; inspecting source documents, such as credit memos, invoices, and (iv) evaluating the reasonableness of the significant assumptions used by management related to estimates of future revenue, operating margins, and the discount rate. Evaluating management's assumption related to estimates of future revenue and operating margins involved evaluating whether the assumption used by management was reasonable considering (i) the current and past performance of the Reverb reporting unit; (ii) the consistency with external market and industry data; and (iii) whether the assumption was consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the income approach and the reasonableness of the discount rate assumption. cash payments.

/s/ PricewaterhouseCoopers LLP  
New York, New York  
February 21, 2024 19, 2025

We have served as the Company's auditor since 2012.

Etsy, Inc.

Consolidated Balance Sheets

(In thousands, except share and per share amounts)

	As of December	
	31,	
	2023	2022
	2024	2023
ASSETS		
Current assets:		
Current assets:		
Current assets:		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Short-term investments		
Accounts receivable, net		
Prepaid and other current assets		
Funds receivable and seller accounts		
Funds receivable and seller accounts		
Funds receivable and seller accounts		
Total current assets		
Restricted cash		
Property and equipment, net		
Property and equipment, net		
Property and equipment, net		
Goodwill		
Intangible assets, net		
Deferred tax assets		
Long-term investments		

Other assets
Total assets
LIABILITIES AND STOCKHOLDERS' DEFICIT
Current liabilities:
Current liabilities:
Current liabilities:
Accounts payable
Accounts payable
Accounts payable
Accrued expenses
Finance lease obligations—current
Funds payable and amounts due to sellers
Deferred revenue
Other current liabilities
Total current liabilities
Finance lease obligations—net of current portion
Deferred tax liabilities
Deferred tax liabilities
Deferred tax liabilities
Long-term debt, net
Long-term debt, net
Long-term debt, net
Other liabilities
Total liabilities
Commitments and contingencies (Note 14)
Commitments and contingencies (Note 13)
Stockholders' deficit:
Stockholders' deficit:
Stockholders' deficit:
Common stock (\$0.001 par value, 1,400,000,000 shares authorized as of December 31, 2023 and 2022; 119,068,884 and 125,054,278 shares issued and outstanding as of December 31, 2023 and 2022, respectively)
Common stock (\$0.001 par value, 1,400,000,000 shares authorized as of December 31, 2023 and 2022; 119,068,884 and 125,054,278 shares issued and outstanding as of December 31, 2023 and 2022, respectively)
Common stock (\$0.001 par value, 1,400,000,000 shares authorized as of December 31, 2023 and 2022; 119,068,884 and 125,054,278 shares issued and outstanding as of December 31, 2023 and 2022, respectively)
Preferred stock (\$0.001 par value, 25,000,000 shares authorized as of December 31, 2023 and 2022)
Common stock (\$0.001 par value, 1,400,000 shares authorized as of December 31, 2024 and 2023; 108,540 and 119,069 shares issued and outstanding as of December 31, 2024 and 2023, respectively)
Common stock (\$0.001 par value, 1,400,000 shares authorized as of December 31, 2024 and 2023; 108,540 and 119,069 shares issued and outstanding as of December 31, 2024 and 2023, respectively)
Common stock (\$0.001 par value, 1,400,000 shares authorized as of December 31, 2024 and 2023; 108,540 and 119,069 shares issued and outstanding as of December 31, 2024 and 2023, respectively)
Preferred stock (\$0.001 par value, 25,000 shares authorized as of December 31, 2024 and 2023)
Additional paid-in capital
Accumulated deficit
Accumulated other comprehensive loss
Total stockholders' deficit
Total liabilities and stockholders' deficit

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Operations

(In thousands, except share and per share amounts)

	Year Ended December 31,		Year Ended December 31,		2023	2022
	2023	2022	2021	2024		
Revenue						
Cost of revenue						
Gross profit						
Operating expenses:						
Marketing						
Marketing						
Marketing						
Product development						
General and administrative						
Asset impairment charges						
Total operating expenses						
Income (loss) from operations						
Other income (expense):						
Interest expense						
Interest expense						
Interest expense						
Interest and other income						
Foreign exchange (loss) gain						
Foreign exchange gain (loss)						
Loss on sale of business						
Total other income (expense)						
Income (loss) before income taxes						
Benefit (provision) for income taxes						
(Provision) benefit for income taxes						
Net income (loss)						
Net income (loss) per share attributable to common stockholders:						
Basic						
Basic						
Basic						
Diluted						
Weighted average common shares outstanding:						
Basic						
Basic						
Basic						
Diluted						

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income (Loss)

(In thousands)

	Year Ended December 31,		Year Ended December 31,			
	2023	2022	2021	2024	2023	2022
Net income (loss)						
Other comprehensive income (loss):						
Other comprehensive (loss) income:						
Cumulative translation adjustment						
Cumulative translation adjustment						
Cumulative translation adjustment						
Unrealized gains (losses) on investments, net of tax expense (benefit) of \$574, \$(448), and \$(240), respectively						
Total other comprehensive income (loss)						
Unrealized gains (losses) on investments, net of tax expense (benefit) of \$72, \$574, and \$(448), respectively						
Total other comprehensive (loss) income						
Comprehensive income (loss)						

The accompanying notes are an integral part of these consolidated financial statements.

Etsy, Inc.

Consolidated Statements of Changes in Stockholders' Equity (Deficit)

(In thousands, except share amounts) thousands

	Common Stock	Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total	Additional Paid-in Capital	Additional Paid-in Capital
Balance as of December 31, 2020												
Balance as of December 31, 2021												
Balance as of December 31, 2020												
Balance as of December 31, 2021												
Balance as of December 31, 2020												
Cumulative effect of adoption of accounting standard changes												
Stock-based compensation												
Exercise of vested options												
Purchase of capped calls, net of taxes												
Purchase of capped calls, net of taxes												
Purchase of capped calls, net of taxes												
Settlement of convertible senior notes, net of taxes												
Vesting of restricted stock units, net of shares withheld												
Stock repurchase												
Other comprehensive loss												
Net income												
Balance as of December 31, 2021												

Stock-based compensation (1)

Stock-based compensation (1)
Stock-based compensation (1)
Exercise of vested options
Settlement of convertible senior notes, net of taxes
Settlement of convertible senior notes, net of taxes
Vesting of restricted stock units, net of shares withheld
Settlement of convertible senior notes, net of taxes
Vesting of restricted stock units, net of shares withheld
Vesting of restricted stock units, net of shares withheld
Stock repurchase
Other comprehensive loss
Net loss
Balance as of December 31, 2022
Stock-based compensation (1)
Exercise of vested options
Settlement of capped call
Settlement of capped call
Settlement of capped call
Settlement of convertible senior notes, net of taxes
Vesting of restricted stock units, net of shares withheld
Stock repurchase
Stock repurchase
Stock repurchase
Other comprehensive income
Net income
Balance as of December 31, 2023
Stock-based compensation (1)
Exercise of vested options
Vesting of restricted stock units, net of shares withheld
Vesting of restricted stock units, net of shares withheld
Vesting of restricted stock units, net of shares withheld
Stock repurchase
Stock repurchase
Stock repurchase
Other comprehensive loss
Net income
Balance as of December 31, 2024

(1) Includes the partial payment of Depop deferred consideration. See "Note 16—15—Stock-based Compensation" for additional information.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows  
(In thousands)

	Year Ended December 31,		Year Ended December 31,		2023	2022
	2023	2022	2021	2024		
Cash flows from operating activities						
Net income (loss)						
Net income (loss)						
Net income (loss)						
Adjustments to reconcile net income (loss) to net cash provided by operating activities:						
Stock-based compensation expense						
Stock-based compensation expense						
Stock-based compensation expense						
Depreciation and amortization expense						
Depreciation and amortization expense						
Depreciation and amortization expense						
Provision for expected credit losses						
Foreign exchange loss (gain)						
Asset impairment charges						
Asset impairment charges						
Asset impairment charges						
Deferred benefit for income taxes						
Loss on sale of business						
Other non-cash (income) expense, net						
Changes in operating assets and liabilities, net of sale of business and acquisitions:						
Changes in operating assets and liabilities, net of sale of business and acquisitions:						
Changes in operating assets and liabilities, net of sale of business and acquisitions:						
Changes in operating assets and liabilities, net of sale of business:						
Changes in operating assets and liabilities, net of sale of business:						
Changes in operating assets and liabilities, net of sale of business:						
Accounts receivable						
Accounts receivable						
Accounts receivable						
Funds receivable and seller accounts						
Prepaid expenses and other current assets						
Other assets						
Accounts payable						
Accrued and other current liabilities						
Funds payable and amounts due to sellers						
Deferred revenue						
Other liabilities						
Net cash provided by operating activities						
Cash flows from investing activities						
Acquisition of businesses, net of cash acquired						
Acquisition of businesses, net of cash acquired						
Acquisition of businesses, net of cash acquired						
Cash paid for intangible assets						

Cash paid for intangible assets
Cash paid for intangible assets
Purchases of property and equipment
Purchases of property and equipment
Purchases of property and equipment
Development of internal-use software
Website and app development
Purchases of investments
Sales and maturities of investments
Net cash used in investing activities
Net cash used in investing activities
Net cash used in investing activities
Cash flows from financing activities
Payment of tax obligations on vested equity awards
Payment of tax obligations on vested equity awards
Payment of tax obligations on vested equity awards
Repurchase of stock
Proceeds from exercise of stock options
Proceeds from issuance of convertible senior notes
Proceeds from issuance of convertible senior notes
Proceeds from issuance of convertible senior notes
Payment of debt issuance costs
Purchase of capped calls
Settlement of convertible senior notes
Payments on finance lease obligations
Payments on finance lease obligations
Payments on finance lease obligations
Other financing, net
Other financing, net
Other financing, net
Net cash (used in) provided by financing activities
Net cash used in financing activities
Effect of exchange rate changes on cash
Net (decrease) increase in cash, cash equivalents, and restricted cash
Cash, cash equivalents, and restricted cash at beginning of period
Cash, cash equivalents, and restricted cash at end of period

100 91

Etsy, Inc.

## Consolidated Statements of Cash Flows

(In thousands)

	Year Ended December 31,		Year Ended December 31,			
	2023	2022	2021	2024	2023	2022
Supplemental cash flow disclosures:						
Cash paid for interest						
Cash paid for interest						

Cash paid for interest

Cash paid for income taxes, net of refunds

Supplemental non-cash disclosures:

Stock-based compensation capitalized in development of capitalized software and asset additions in exchange for liabilities

Stock-based compensation capitalized in development of capitalized software and asset additions in exchange for liabilities

Stock-based compensation capitalized in development of capitalized software and asset additions in exchange for liabilities

Stock-based compensation capitalized in website and app development and asset additions in exchange for liabilities

Stock-based compensation capitalized in website and app development and asset additions in exchange for liabilities

Stock-based compensation capitalized in website and app development and asset additions in exchange for liabilities

Excise tax payable

Excise tax payable

Excise tax payable

Lease assets obtained in exchange for new lease liabilities

Deferred consideration (1)

Lease assets obtained in exchange for new lease liabilities

Lease assets obtained in exchange for new lease liabilities

Excise tax payable

Deferred consideration (1)

Replacement share-based awards issued in conjunction with acquisitions

(1) See "Note 16—15—Stock-based Compensation" for more information on the settlement of deferred consideration.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the Consolidated Balance Sheets that sum to the total of the same such amounts shown above:

	As of December 31,		
	2023	2022	2021
Beginning balance:			
Cash and cash equivalents	\$ 921,278	\$ 780,196	\$ 1,244,099
Restricted cash	5,341	5,341	5,341
Total cash and cash equivalents, and restricted cash	\$ 926,619	\$ 785,537	\$ 1,249,440
Ending balance:			
Cash and cash equivalents	\$ 914,323	\$ 921,278	\$ 780,196
Restricted cash	—	5,341	5,341
Total cash and cash equivalents, and restricted cash	\$ 914,323	\$ 926,619	\$ 785,537

The accompanying notes are an integral part of these consolidated financial statements.

101 92

Etsy, Inc.

Notes to Consolidated Financial Statements

Note 1—Basis of Presentation and Summary of Significant Accounting Policies

Description of Business

Etsy operates two-sided online marketplaces that connect millions of passionate and creative buyers and sellers around the world. These marketplaces, which collectively create a "House of Brands", share the Company's mission, common levers for growth, similar business models, and a strong commitment to use business and technology to strengthen communities and empower people. The Company's primary marketplace, [Etsy.com](#), [Etsy](#), is the global destination for unique, and creative goods made by from independent sellers. The Company generates revenue primarily from marketplace activities, including transaction (inclusive of offsite advertising), payments processing, and listing fees, as well as from optional seller services, which include on-site advertising and shipping labels.

Basis of Consolidation

The consolidated financial statements include the accounts of Etsy and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. On **July 12, 2021** **August 10, 2023**, Etsy acquired all closed the sale of the issued share capital of Depop Limited ("Depop") pursuant to a share purchase, and the financial results of Depop have been included in Etsy's consolidated financial statements from the date of acquisition. On July 2, 2021, Etsy acquired all the outstanding shares parent holding company of Elo7 Serviços de Informática S.A. ("Elo7") by means of a merger, Brazil-based marketplace for handmade and on August 10, 2023, Etsy closed on the sale of the parent holding company of Elo7 unique items, to Enjoei S.A., a corporation in Brazil. The financial results of Elo7 have been included in Etsy's consolidated financial statements from the date of acquisition until August 10, 2023. See "Note 5—Business Combinations" and "Note 6—Sale of Business" for more information.

## Reclassifications

Certain items in the prior years' Consolidated Financial Statements consolidated financial statements have been reclassified to conform to the current year presentation reflected in the Consolidated Financial Statements, consolidated financial statements.

## Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires the Company to make estimates and judgments that affect the amounts reported and disclosed in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates and judgments. The accounting estimates that require management's most subjective judgments include: stock-based compensation; income taxes; business combinations; valuation of goodwill; and leases. As of December 31, 2023 December 31, 2024, there continues to be significant global macroeconomic and geopolitical uncertainty which may impact the Company's business, results of operations, and financial condition. As a result, many of the Company's estimates and judgments require increased judgment and carry a higher degree of variability and volatility. As additional information becomes available, the Company's estimates may change materially in future periods.

## Revenue Recognition

The Company's revenue is diversified; generated from a mix of marketplace activities and other optional services the Company provides primarily to sellers to help them generate more sales and scale their businesses. Revenues are primarily recognized as the Company transfers control of promised goods or services to sellers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. The Company evaluates whether it is appropriate to recognize revenue on a gross or net basis based upon its evaluation of whether the Company obtains control of the specified goods or services by considering if it is primarily responsible for fulfillment of the promise, has inventory risk, and has the latitude in establishing pricing and selecting suppliers, among other factors. Based on its evaluation of these factors, revenue is recorded either gross or net of costs associated with the transaction. The majority of the Company's revenue is recognized on a gross basis, with the primary exception being shipping label revenue, which is recorded on a net basis. Sales and usage-based taxes are excluded from revenue.

*Marketplace revenue:* As members of the Etsy.com Etsy marketplace, Etsy sellers receive the benefit of marketplace activities, including listing items for sale, completing sales transactions, and payments processing, which represents a single stand-ready performance obligation. Etsy marketplace sellers pay a fixed listing fee of \$0.20 for each item listed on Etsy.com, the Etsy marketplace, and the listing fee is recognized ratably over a four-month listing period, unless the item is sold, or the seller re-lists it, at which time any remaining listing fee is recognized. Listing fees are nonrefundable.

102

## Table of Contents

## Etsy, Inc.

## Notes to Consolidated Financial Statements

Variable fees include transaction fees and payments processing fees. Etsy marketplace sellers pay a 6.5% transaction fee, which was increased from 5% effective April 11, 2022, for each completed transaction, inclusive of shipping fees charged. The Etsy marketplace charges sellers for Offsite Ads, whereby sellers pay a transaction fee of 12% or 15% of the value of a sale based on

93

## Table of Contents

## Etsy, Inc.

## Notes to Consolidated Financial Statements

the seller's volume of sales, if such sale is generated from an advertisement placed by Etsy on third-party internet platforms. The corresponding expense is recorded in marketing. Etsy marketplace sellers pay Etsy Payments processing fees, which typically vary between 3.0% and 4.5% 6.5% of an item's total sale price, including shipping, plus a flat fee per order that depends on the country in which a seller's bank account is located, plus an additional transaction fee for foreign currency payments. The transaction fee, Offsite Ads transaction fee, and Etsy Payments processing fees are recognized when the corresponding transaction is consummated, and are recorded net of refunds.

Reverb and Depop marketplace revenue is comprised of seller transaction fees and payments processing fees, which are recognized when the transaction is consummated, and are recorded net of refunds. Reverb and Depop sellers pay a 5% and 10% transaction fee respectively, for each completed transaction, inclusive of shipping fees charged.

Depop marketplace revenue is comprised of seller and buyer transaction fees and payments processing fees. In 2024, Depop removed seller transaction fees for sellers based in the U.K. and the U.S., and introduced a buyer fee for buyers based in those locations of up to 5% of the item purchase price, plus a flat fee per order, excluding taxes and shipping fees charged. Prior to 2024, all Depop sellers paid a 10% transaction fee for each completed transaction, regardless of the seller's location. Seller and buyer transaction fees and payments processing fees are recognized when the transaction is consummated, and are recorded net of refunds.

*Services revenue:* Services revenue is derived from optional services offered to Etsy marketplace sellers, which primarily include on-site advertising and shipping labels. Each service represents an individual obligation that the Company must perform when a seller chooses to use the service.

On-site advertising services consist of cost-per-click fees an Etsy marketplace seller pays for prominent placement of her listings. These fees are nonrefundable and are charged to a seller's Etsy bill when the listing is clicked, at which time revenue is recognized.

Revenue from shipping labels consists of fees an Etsy marketplace seller pays the Company when they purchase shipping labels through the platform, net of the cost the Company incurs in purchasing those shipping labels. The Company provides its sellers access to purchase shipping labels at discounted pricing due to the volume of purchases through its platform. The Company recognizes shipping label revenue when an Etsy marketplace seller purchases a shipping label. The Company recognizes shipping label revenue on a net basis as it is an agent in this arrangement and does not take control of shipping labels prior to transferring the labels to the Etsy marketplace seller. Etsy shipping label revenue is recorded net of refunds.

The Reverb and Depop marketplaces offer on-site advertising services (Depop as of the end of the third quarter of 2022), and shipping labels services. Each service represents an individual obligation that the Company must perform when a seller chooses to use the service. Shipping label revenue is recorded net of refunds.

**Contract balances:** The Company primarily records deferred revenue when cash payments are received or due in advance of the completion of the four-month listing period on [Etsy.com](#), the [Etsy marketplace](#), which represents the value of the Company's unsatisfied performance obligations, unless the item is sold, or the seller re-lists it, at which time any remaining listing fee is recognized. The amount of revenue recognized in the year ended December 31, 2023 2024 that was included in the deferred balance at January 1, 2023 January 1, 2024 was \$14.0 million \$13.9 million.

## Cost of Revenue

Cost of revenue primarily consists of the cost of interchange and other fees for payments processing services and expenses associated with the operation and maintenance of the Company's platforms, including cloud-related hosting and bandwidth costs. Cost of revenue also includes certain employee compensation-related expenses as well as chargebacks to support payments revenue and costs of refunds made to buyers that the Company is either not able to collect from sellers or are otherwise covered by us, which the Company collectively refers to as cost of refunds, and seller verification fees, refunds. Additionally, cost of revenue includes certain employee compensation-related expenses, depreciation and amortization and third-party customer support services.

## Marketing

Marketing expenses primarily consist of direct marketing expenses, which largely includes digital marketing (also referred to as performance marketing) and television ad and digital video expenses. Marketing expenses also include employee compensation-related expenses to support the Company's marketing initiatives and amortization expense related to acquired customer relationship and trademark intangible assets. Advertising expenses are recognized as incurred, with the exception of certain production expenses related to television and display advertising which are deferred until the first time an advertisement airs or is published. If such advertising is not expected to occur, costs are expensed immediately. Advertising expenses related to direct marketing, included in marketing expenses on the Consolidated Statements of Operations, were \$624.3 million \$726.8 million, \$581.1 million \$624.3 million, and \$559.3 million \$581.1 million in the years ended December 31, 2023, 2024, 2023, and 2022, and 2021, respectively.

103 94

## [Table of Contents](#)

## Etsy, Inc.

## Notes to Consolidated Financial Statements

### Product Development

Product development expenses consist primarily of employee compensation-related expenses for engineering, product management, product design, and product research activities, net of costs capitalized to website development and internal-use software. app development. Additional expenses include consulting costs related to the development, quality assurance, and testing of new technology and enhancement of the Company's existing technology.

### Stock-Based Compensation

Service-based stock options and restricted stock units ("RSUs") are awarded to employees and members of the Company's Board of Directors and performance-based restricted stock units ("PBRsUs") are awarded to employees. All such awards are measured at fair value at each grant date.

The PBRsUs include financial performance-based restricted stock units ("Financial PBRsUs") and total shareholder return performance-based restricted stock units ("TSR PBRsUs"), both of which have performance and service vesting requirements. The Company recognizes forfeitures as they occur.

The Company calculates the fair value of stock options on the date of grant using the Black-Scholes option-pricing model and the expense is recognized over the requisite service period. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The Company calculates expected volatility based on the historical volatility of Etsy's stock price observations over a period equivalent to the expected term of the stock option grants. The Company estimates its expected term using historical option exercise behavior and expected post-vest cancellation data, averaged with an assumption that recently granted options will be exercised ratably from vesting to the expiration of the stock option. The fair value of RSUs and Financial PBRsUs is determined based on the closing price of the Company's common stock on Nasdaq on the grant date. Additionally, the fair value of the Financial PBRsUs takes into consideration a vesting probability assessment as of each reporting date. The fair value of the TSR PBRsUs is determined using a Monte-Carlo simulation model on the grant date.

The requisite service period for both employee stock options and RSUs is generally four years from the grant date, and the requisite service period for board member stock options is one year from the grant date. For PBRsUs, the Company recognizes stock-based compensation expenses on a straight-line basis over the longer of the derived, explicit, or implicit service period. As of interim and annual reporting periods, the Financial PBRsUs stock-based compensation expense is adjusted based on expected achievement of performance targets, while TSR PBRsUs stock-based compensation expense is not adjusted.

### Foreign Currency

The Company has determined that the functional currency for each of its foreign operations is the currency of the primary cash flow of the operations, which is generally the local currency in the jurisdiction in which the operation is located. All assets and liabilities are translated into U.S. dollars using exchange rates in effect at the balance sheet date. Revenue and expenses are translated using average exchange rates during the period. Foreign currency translation adjustments are reflected in stockholders' equity (deficit) as a component of other comprehensive income (loss). Transaction gains and losses including intercompany balances denominated in a currency other than the functional currency of the entity involved are included in foreign exchange gain (loss) within other income (expense) in the Consolidated Statements of Operations.

## Income Taxes

The income tax benefit (provision) is based on income before income taxes and is accounted for under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to settle. The Company recognizes future tax benefits, such as net operating losses and tax credits, to the extent that realizing these benefits is considered in its judgment to be more likely than not. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income or expense in the period that includes the enactment date. The Company regularly reviews the recoverability of its deferred tax assets by considering its historic profitability, projected future taxable income, timing of the reversals of existing temporary differences and the feasibility of its tax planning strategies. Where appropriate, the Company records a valuation allowance against deferred tax assets that are deemed not more likely than not to be realizable.

The Company records tax expense related to Global Intangible Low Taxed Income ("GILTI") as a current period expense when incurred using the period cost method.

104

## Table of Contents

Etsy, Inc.

## Notes to Consolidated Financial Statements

The Company accounts for uncertainty in income taxes using a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by the taxing authorities. The amount recognized is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate audit settlement.

95

## Table of Contents

Etsy, Inc.

## Notes to Consolidated Financial Statements

The Company recognizes interest and penalties, if any, associated with income tax matters as part of the income tax provision and includes accrued interest and penalties with the related income tax liability in the Consolidated Balance Sheets.

### Net Income (Loss) Per Share

Basic net income (loss) per share attributable to common stockholders is computed by dividing the net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period.

Diluted net income (loss) per share is computed by dividing net income (loss) adjusted on an if-converted basis for the period by the weighted-average number of shares of common stock and potentially dilutive common stock outstanding during the period. Potentially dilutive shares, which are based on the weighted-average shares of common stock underlying outstanding stock-based compensation awards and convertible senior notes using the treasury stock method and the if-converted method, respectively, are included when calculating net income (loss) per share of common stock attributable to common stockholders when their effect is dilutive.

The calculation of diluted net income per share excludes all anti-dilutive shares of common stock.

### Segment Data

The Company identifies operating segments as components of an entity for which discrete financial information is available and is regularly reviewed by the Chief Operating Decision Maker ("CODM") in making decisions regarding resource allocation and performance assessment. The Company's CODM is its Chief Executive Officer. Following the sale of Elo7 in the third quarter of 2023, the Company has determined it has three operating segments, Etsy, Reverb, and Depop, which qualify for aggregation as one reportable segment.

### Cash and Cash Equivalents, and Short- and Long-term Investments

The Company considers all investments with an original maturity of three months or less at time of purchase to be cash equivalents. Cash restricted by third-parties is not considered cash and cash equivalents. Short-term and long-term investments with original maturities primarily consist of greater than three months but less than one year, are classified as available-for-sale and debt securities, which are reported at fair value using the specific identification method. Long-term The Company determines the appropriate classification of its investments other than investments made through at the Company's Impact Investment Fund, time of purchase and reevaluates the classification at each balance sheet date. Available-for-sale debt securities with original maturities of 12 months or less as of the balance sheet date are classified as short-term investments and available-for-sale debt securities with maturities greater than twelve months but less than 37 12 months are classified as available-for-sale and are reported at fair value using the specific identification method. long-term investments. Unrealized gains and losses are primarily excluded from earnings and reported as a component of other comprehensive income (loss), net of related tax (expense) benefit. expense (benefit).

### Restricted Cash

The Company classifies any cash balances that are legally restricted as to withdrawal or usage as restricted cash on the Consolidated Balance Sheets. In connection with the Company's noncancellable Brooklyn lease agreement, which expires in 2039, the The Company established a \$5.3 million collateral account, which is reflected in the had no restricted cash balance as of December 31, 2022. In 2023, this collateral account was closed following the issuance of a \$5.3 million standby letter of credit by one of the lenders under the Amended and Restated Credit Agreement (the "2023 Credit Agreement") which can be drawn down from amounts available under the 2023 Credit Agreement. December 31, 2024 or 2023.

### Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, short- and long-term investments, and funds receivable and seller accounts. The Company reduces credit risk by placing its cash and cash equivalents with major financial institutions with high credit ratings. At times, to the extent eligible, such amounts may exceed federally insured limits. The Company believes that minimal credit risk exists with respect to these investments due to the credit ratings of the financial institutions that hold its short- and long-term investments. In addition, funds receivable settle relatively quickly, and the Company's historical experience of losses has not been significant.

Table of Contents

Etsy, Inc.

Notes to Consolidated Financial Statements

Fair Value of Financial Instruments

Management believes that the fair value of financial instruments, consisting of cash and cash equivalents and available-for-sale debt securities recorded in short- and long-term investments, (excluding investments made through the Company's Impact Investment Fund), accounts receivable, funds receivable and seller accounts, accounts payable, and funds payable and amounts due to sellers approximates carrying value due to the immediate or short-term maturity associated with these instruments or the Company's ability to liquidate these instruments at short notice with minimal penalties.

Table of Contents

Etsy, Inc.

Notes to Consolidated Financial Statements

The 0.25% Convertible Senior Notes due 2028 (the "2021 Notes"), the 0.125% Convertible Senior Notes due 2027 (the "2020 Notes"), and the 0.125% Convertible Senior Notes due 2026 (the "2019 Notes" and together with the 2021 Notes and the 2020 Notes, the "Notes") are not measured at fair value in the Consolidated Balance Sheets, but the Company estimates the fair value of the Notes through inputs that are observable in the market or that could be derived from observable market data, corroborated with quoted market prices of similar instruments. See Note 9—Fair Value Measurements for additional information.

Accounts Receivable and Provision for Expected Credit Losses

The Company's trade accounts receivable are recorded at amounts billed to sellers and are presented on the Consolidated Balance Sheets net of the provision for expected credit losses, which consists of bad debt expense. The provision is determined by a number of factors, including age of the receivable, current economic conditions, historical losses, and management's assessment of the financial condition of sellers. Receivables are written off once they are deemed uncollectible. Estimates of uncollectible accounts receivable are recorded to general and administrative expense.

Payment terms: On the first day of every month, Etsy sellers receive a statement outlining the previous month's charges. Payment is due within 15 days of the date of the monthly statement. The payment terms for Reverb and Depop are also short-term in nature. For Etsy sellers using Etsy Payments, all charges are deducted from the funds credited to the seller's shop payment account prior to settlement of those funds to the seller's bank account.

The following table provides a rollforward of the allowance for credit losses that is deducted from the amortized cost basis of accounts receivable to present the net amount expected to be collected (in thousands):

	Year Ended December 31,			Year Ended December 31,			
	2023	2022	2021	2024	2023		2022
Balance as of the beginning of period							
Provision for expected credit losses							
Provision for expected credit losses							
Provision for expected credit losses							
Amounts written off, net of recoveries							
Balance as of the end of period							

Funds Receivable and Seller Accounts and Funds Payable and Amounts due to Sellers

The Company records funds receivable and seller accounts and funds payable and amounts due to sellers as current assets and liabilities, respectively, on the Consolidated Balance Sheets. Funds receivable and seller accounts represent amounts received or expected to be received from buyers via third-party credit card processors, which flow through a bank account for payment to sellers. The amounts recorded to funds receivable and seller accounts is the same amount recorded to the funds payable and amounts due to sellers, the latter of which represents the total amount due to sellers, given the intent to use these funds to settle funds payable to sellers. For the Depop marketplace only, the amounts received from buyers which is owed to the sellers is paid to the sellers at point of sale, and therefore no funds receivable and seller accounts and no funds payable and amounts due to sellers are recorded related to the Depop marketplace.

Property and Equipment

Property and equipment, consisting principally of capitalized website development and internal-use software, app development, building, leasehold improvements, and computer equipment, are recorded at cost. Depreciation and amortization begin at the time the asset is placed into service and is recognized using the straight-line method in amounts sufficient to relate the cost of depreciable and amortizable assets to the Consolidated Statements of Operations over their estimated useful lives. Repairs and maintenance are charged to the Consolidated Statements of Operations as incurred. Upon sale or retirement of assets, the cost and related accumulated depreciation or amortization are removed from the Consolidated Balance Sheet Sheets and the resulting gain or loss is reflected in the Consolidated Statement Statements of Operations.

106

## [Table of Contents](#)

Etsy, Inc.

## Notes to Consolidated Financial Statements

### Website Development and Internal-use Software App Development Costs

Costs incurred to develop the Company's website and software app for internal-use are capitalized and amortized over the estimated useful life of the software, technology, generally three to five years. Capitalization of costs to develop software technology begin when preliminary website application and infrastructure development efforts are successfully completed, commence, management has authorized and committed project funding, and it is probable that the project will be completed and the software technology will be used as intended. Costs related to the design planning or maintenance of the Company's website development and internal-use software app are expensed as incurred. The Company periodically reviews capitalized website

97

## [Table of Contents](#)

Etsy, Inc.

## Notes to Consolidated Financial Statements

and app development and internal-use software costs to determine whether the projects will be completed, placed in service, removed from service, or replaced by other internally-developed or third-party software, technology. If an asset is not expected to provide any future use, the asset is retired and any unamortized cost is expensed.

Capitalized website development and internal-use software app development costs are included in property and equipment, net within the Consolidated Balance Sheets.

### Business Combinations

The Company accounts for business combinations using the acquisition method of accounting. If the assets acquired are not a business, the Company accounts for the transaction as an asset acquisition. Under both methods, the purchase price is allocated to the assets acquired and liabilities assumed using the fair values determined by management as of the acquisition date. The results of businesses acquired in a business combination are included in the Company's consolidated financial statements from the date of acquisition.

Acquisition-related expenses represent expenses incurred by the Company to effect a business combination, including expenses such as finder's fees and advisory, legal, accounting, valuation, and other professional or consulting fees, and are not included as a component of consideration transferred, but are accounted for as an expense in the period in which the costs are incurred or the services are rendered.

### Goodwill

Goodwill represents the excess of the aggregate fair value of the consideration transferred in a business combination over the fair value of the assets acquired, net of liabilities assumed. Goodwill is allocated to the reporting unit in which the business that created the goodwill resides. A reporting unit is an operating segment for which discrete financial information is prepared and regularly reviewed by segment management. Following the sale of Elo7 in the third quarter of 2023, management has determined that the Company has three operating segments, Etsy, Reverb, and Depop, and each operating segment is determined to be a reporting unit.

The Company performs its annual goodwill impairment test in the fourth quarter, or more frequently if an interim triggering event occurs that may indicate potential impairment. The Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, the Company determines it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, then additional impairment testing is not required. If the Company determines that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, then the Company is required to perform a quantitative assessment for impairment. Under the quantitative goodwill impairment test, if a reporting unit's carrying amount exceeds its fair value, an impairment loss is recognized in an amount equal to the excess, not to exceed the total amount of goodwill allocated to that reporting unit. The determination of whether it is more likely than not that our reporting units' fair values are greater than their carrying values involves significant judgments which include, but are not limited to, estimates of future revenue, operating margins, long-term growth rates, and discount rates. Our estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. If actual results are materially lower than originally estimated, or if we experience significant, adverse changes to long-term growth rate or discount rate assumptions, it could result in a material impact on our consolidated financial statements in future periods. Further, it is reasonably possible that changes in the strategic direction of one or more of our reporting units could occur in the near term, which could have a material impact on the fair value determination of our reporting units.

See "Note 7—6—Goodwill and Intangible Assets" for further information.

### Intangible Assets

Finite intangible assets are amortized using the straight-line method over the estimated useful life of the asset.

[Table of Contents](#)

Etsy, Inc.

## Notes to Consolidated Financial Statements

## Leases

The Company's lease arrangements generally include real estate and, to a lesser extent, computer equipment assets. At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on the unique facts and circumstances present. At lease commencement, the Company evaluates whether the arrangement is a finance or operating lease, and accounts for it accordingly. Operating leases are included in other assets, other current liabilities, and other liabilities on the Company's Consolidated Balance Sheets. Finance leases are included in property and equipment, net, finance lease obligations, current, and finance lease obligations, net of current portion on the Company's Consolidated Balance Sheets.

Leases with a term greater than one year are recognized on the Consolidated Balance Sheets as right-of-use ("ROU") assets, lease obligations, and, if applicable, long-term lease obligations in the financial statement line items cited above. The Company has elected not to recognize leases with terms of one year or less on the Consolidated Balance Sheets. Lease obligations and their corresponding ROU assets are recorded based on the present value of lease payments over the expected lease term. As the interest rate implicit in lease contracts is typically not readily determinable, the Company utilizes the appropriate incremental borrowing rate, which is the rate incurred to borrow on a collateralized basis over a similar term in an amount equal to the lease payments in a similar economic environment. Certain adjustments to the ROU asset may be required for items such as initial direct costs paid or incentives received. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

98

[Table of Contents](#)

Etsy, Inc.

## Notes to Consolidated Financial Statements

The components of a lease are split into three categories: lease components, including land, building, or other similar components; non-lease components, including common area maintenance, maintenance, consumables, or other similar components; and non-components, including property taxes, insurance, or other similar components. However, the Company has elected to combine lease and non-lease components as a single component. The lease expense is recognized over the expected term on a straight-line basis.

## Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated from the use of the asset and its eventual disposition. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount exceeds the fair value of the impaired assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value less cost to sell. During the year ended December 31, 2023, 2023, the Company impaired property and equipment and finite-lived intangible assets of its Elo7 reporting unit in full. The Company did not recognize any long-lived asset impairment charges in the years ended December 31, 2022 2024 and 2021, 2022. See "Note 7—6 Goodwill and Intangible Assets" and "Note 10—9—Property and Equipment" for further information.

## Contingencies

The Company accrues for loss contingencies when losses become probable and are reasonably estimable. If the reasonable estimate of the loss is a range and no amount within the range is a better estimate, the minimum amount of the range is recorded as a liability. The Company does not accrue for contingent losses that, in its judgment, are considered to be reasonably possible, but not probable; however, it discloses the range of such reasonably possible losses.

## Recently Adopted Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires that a public entity disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the CODM and included within each reported measure of segment profit or loss. Additionally, it requires that a public entity (1) disclose an amount for "other segment items" by reportable segment, (2) provide all annual disclosures about a reportable segment's profit or loss and assets currently required by Topic 280 in interim periods, and (3) requires that a public entity that has a single reportable segment provide all the disclosures required by the amendments in this proposed ASU and all existing segment disclosures in Topic 280. The new guidance is effective for annual periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The amendments in this ASU should be applied retrospectively to all prior periods presented in the financial statements. The Company adopted this standard in the fourth quarter of 2024. Refer to "Note 7—Segment and Geographic Information" for the additional disclosures required per this standard.

## Recently Issued Accounting Pronouncements

In November 2023, 2024, the Financial Accounting Standards Board ("FASB") FASB issued Accounting Standards Update ("ASU") 2023-07, ASU 2024-04, *Segment Reporting (Topic 280) Debt—Debt with Conversion and Other Options (Subtopic 470-20): Improvements to Reportable Segment Disclosures Induced Conversions of Convertible Debt Instruments*, which requires that a public entity disclose, on clarifies the assessment of whether certain settlements of convertible debt instruments should be accounted for as an annual and interim basis, significant segment expenses that are

regularly provided to the CODM and included within each reported measure induced conversion or extinguishment of segment profit or loss. Additionally, it requires that a public entity (1) disclose an amount for "other segment items" by reportable segment, (2) provide all annual disclosures about a reportable segment's profit or loss and assets currently required by Topic 280 in interim periods, and (3) requires that a public entity that has a single reportable segment provide all the disclosures required by the convertible debt. The amendments in this proposed ASU and all existing segment disclosures in Topic 280. The new guidance is update are effective for annual reporting periods beginning after December 15, 2023 December 15, 2025, and interim periods within fiscal years those annual periods, and can be applied either on a prospective or retrospective basis. The Company is currently evaluating the impact of the standard on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. The primary objective is to improve the decision usefulness of expense information on public business entities' income statements through the disaggregation of relevant expense captions in the notes to the financial statements. The ASU requires that public business entities: (1) Disclose the amounts of employee compensation, depreciation, and intangible asset amortization included in each relevant expense caption, (2) include certain amounts that are required to be disclosed under current GAAP in the same disclosure as the other disaggregation requirements, (3) disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, and (4) disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses. The amendments in this update are effective for annual reporting periods beginning after December 15, 2024 December 15, 2026, and interim reporting periods beginning after December 15, 2027. The amendments in this proposed ASU should can be applied retrospectively on a prospective basis, although retrospective application to all prior periods presented in the financial statements, is permitted. Early adoption is permitted. The Company is currently evaluating the impact that this new guidance will have on its disclosures.

[Table of Contents](#)

Etsy, Inc.

Notes to Consolidated Financial Statements

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which enhances the transparency and decision usefulness of income tax disclosures. The ASU requires that public business entities on

[Table of Contents](#)

Etsy, Inc.

Notes to Consolidated Financial Statements

an annual basis (1) disclose specific categories in the effective tax rate reconciliation and (2) provide additional information for reconciling items that meet or exceed a quantitative threshold. Additionally, it requires all entities disclose the following information about income taxes paid on an annual basis: (1) the year-to-date amounts of income taxes paid disaggregated by federal (national), state, and foreign taxes and (2) the amount of income taxes paid disaggregated by individual jurisdictions in which income taxes paid is equal to or greater than 5 percent of total income taxes paid. The amendments are effective for annual periods beginning after December 15, 2024. The amendments in this proposed ASU should can be applied on a prospective basis, although retrospective application to all periods presented is permitted. Early adoption is permitted. The Company is currently evaluating the impact that this new guidance will have on its disclosures.

Note 2—Revenue

The following table summarizes revenue disaggregated by Marketplace revenue and optional Services revenue for the periods presented (in thousands):

	Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022
Marketplace revenue			
Services revenue			
Revenue			

See "Note 1—Basis of Presentation and Summary of Significant Accounting Policies—Revenue Recognition" for additional information on revenue recognition. See "Note 1—Basis of Presentation and Summary of Significant Accounting Policies—Accounts Receivable and Provision for Expected Credit Losses" for additional information on the Company's payment terms.

Note 3—Income Taxes

The following are the domestic and foreign components of the Company's income (loss) before income taxes (in thousands):

Year Ended December 31,	Year Ended December 31,
----------------------------	----------------------------

	2023	2022	2021	2024	2023	2022
United States						
International						
Income (loss) before income taxes						
The income tax provision (benefit) provision is comprised of the following (in thousands):						
	Year Ended December 31,			Year Ended December 31,		
	2023	2022	2021	2024	2023	2022
Current:						
U.S. Federal						
U.S. Federal						
U.S. Federal						
U.S. State						
International						
Total current						
Deferred:						
U.S. Federal						
U.S. Federal						
U.S. Federal						
U.S. State						
International						
Total deferred						
Total income tax (benefit) provision						
Total income tax provision (benefit)						

For the years ended December 31, 2023, 2022 and 2021, the Company recorded an income tax (benefit) provision of \$(14.7) million, \$32.3 million, and \$(21.9) million or an effective tax rate of (5.0)%, (4.9)%, and (4.6)%, respectively.

109 100

[Table of Contents](#)

Etsy, Inc.

## Notes to Consolidated Financial Statements

A reconciliation of the income tax provision (benefit) provision at the U.S. federal statutory income tax rate to the Company's total income tax provision (benefit) provision is as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Income tax provision (benefit) at the federal statutory rate	\$ 61,492	\$ (139,015)	\$ 99,047
State and local income taxes, net of federal benefit	4,329	10,516	11,134
Foreign income tax rate differential	(40,506)	(89,903)	(26,215)
Stock-based compensation	15,167	(12,863)	(83,207)
Research and development credit	(19,034)	(19,603)	(23,396)
U.S. tax on foreign earnings, net of foreign income deduction (1)	3,070	3,588	(5,155)
Non-deductible acquisition costs	749	1,204	5,643
Non-deductible goodwill impairment	—	274,492	—
Change in valuation allowance	10,285	—	(108)
Divestiture of Elo7	(55,934)	—	—
Other	5,634	3,894	404
Total income tax (benefit) provision	\$ (14,748)	\$ 32,310	\$ (21,853)

(1) Previously disclosed as "U.S. tax reform" for the year ended December 31, 2021.

	Year Ended December 31,		
	2024	2023	2022
Income tax provision (benefit) at the federal statutory rate	\$ 86,263	\$ 61,492	\$ (139,015)
State and local income taxes, net of federal benefit	7,970	4,329	10,516
Foreign income tax rate differential	(33,066)	(40,506)	(89,903)
Stock-based compensation	39,036	15,167	(12,863)
Research and development credit	(12,321)	(19,034)	(19,603)
Financing and interest	5,736	—	—
Non-deductible goodwill impairment	—	—	274,492
Change in valuation allowance	5,545	10,285	—
Divestiture of Elo7	—	(55,934)	—
Other	8,331	9,453	8,686
Total income tax provision (benefit)	\$ 107,494	\$ (14,748)	\$ 32,310
Effective income tax rate	26.2 %	(5.0)%	(4.9)%

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets (liabilities) are as follows (in thousands):

	As of December 31,		As of December 31,	
	2023	2022	2024	2023
Deferred tax assets:				
Net operating loss carryforwards				
Net operating loss carryforwards				
Net operating loss carryforwards				
Research and development credit carryforwards				
Capitalized research expenses				
Convertible debt				
Depreciation				
Lease liability				
Stock-based compensation expense				
Stock-based compensation expense				
Stock-based compensation expense				
Financing and interest				
Accrued bonus				
Excess tax basis in intangible assets				
Other deferred tax assets				
Total deferred tax assets				
Less: valuation allowance				
Total net deferred tax asset				
Deferred tax liabilities:				
Deferred tax liabilities:				
Deferred tax liabilities:				
Excess book basis in intangible assets				
Excess book basis in intangible assets				
Excess book basis in intangible assets				
Right-of-use asset				
Depreciation				
Other deferred tax liabilities				
Other deferred tax liabilities				
Other deferred tax liabilities				
Total deferred tax liabilities				

Table of Contents

Etsy, Inc.

Notes to Consolidated Financial Statements

As of December 31, 2023 December 31, 2024, the Company had the following tax credit and operating loss carryforwards available to offset income tax liability and taxable income, respectively, in future years (in thousands):

	December 31, 2023 2024	Expiration Period
U.S. Federal credit carryforwards	\$ 1,512 4,086	2032-2033 2031-2034
U.S. State net operating loss carryforwards	57,072 48,621	2031-Unlimited
U.S. State credit carryforwards	6,547 4,006	2026-Unlimited Unlimited
Non-U.S. net operating loss carryforwards	290,854 315,467	Unlimited

Utilization of the net operating losses ("NOLs") is dependent on generating sufficient taxable income from the Company's operations in each of the respective jurisdictions to which the NOLs relate, while taking into account tax filing methodologies and limitations and/or restrictions on the Company's ability to use them. A significant component of the Company's Non-U.S. NOLs were acquired as part of the acquisition of Depop. Certain U.K. tax laws impose limitations on the utilization of these NOLs by any other entity. All NOLs are also subject to review by relevant tax authorities in the jurisdictions to which they relate.

The Company assesses the likelihood of its ability to realize the benefit of its deferred tax assets in each jurisdiction by evaluating all relevant positive and negative evidence at each reporting date. To the extent the Company determines that some or all of its deferred tax assets are not more likely than not to be realized, it establishes a valuation allowance.

The following table summarizes the valuation allowance activity for the periods indicated (in thousands):

	Year Ended December 31,		Year Ended December 31,			
	2023	2022	2021	2024	2023	2022
Balance as of the beginning of period						
Additions charged to expense						
Deletions credited to expense						
Currency translation and other balance sheet activity						
Balance as of the end of period						

Unrecognized tax benefits

The following table summarizes the unrecognized tax benefit activity as well as the amounts included on the Consolidated Balance Sheets for the periods indicated (in thousands):

	As of December 31,		As of December 31,			
	2023	2022	2021	2024	2023	2022
Balance as of the beginning of period						
Additions based on tax positions related to the current year						
Additions for tax positions of prior years						
Reductions for tax provisions of prior years						
Lapse of statute of limitations						
Settlements						
Settlements						
Settlements						
Currency translation						
Balance as of the end of period						

The amount of unrecognized tax benefits included on the Consolidated Balance Sheets as of December 31, 2023, 2022, and 2021 are \$51.7 million, \$35.2 million, and \$28.8 million, respectively. The total amount of unrecognized tax benefits that, if recognized, would favorably affect the effective tax rate is \$49.9 million \$54.1 million at December 31, 2023 December 31, 2024.

The total amount of unrecognized tax benefits relating to the Company's tax positions is subject to change based on future events including, but not limited to, the settlements of ongoing audits and/or the expiration of applicable statutes of limitations. The outcomes and timing of such events are highly uncertain. However, the Company's uncertain and a reasonable estimate of the range of gross unrecognized tax benefits, excluding interest and penalties, that could potentially be reduced during the next 12 months is \$7.8 million. cannot be made.

Table of Contents

Etsy, Inc.

Notes to Consolidated Financial Statements

The Company is subject to taxation in the United States, New York, Ireland, the United Kingdom, and various other U.S. states and foreign jurisdictions. As of December 31, 2023 December 31, 2024, for major tax year 2014 and later jurisdictions the following tax years remain open to examination. examination:

	Years Open
United States	2021-2024
Ireland	2020-2024
United Kingdom	2018-2024
U.S. States	2014-2024

The Company is under examination by the IRS U.S. Internal Revenue Service for the calendar year 2014 through 2017, 2022, as well as by several U.S. states and non-U.S. jurisdictions for various years. These examinations may result in proposed adjustments to the Company's income tax liability or tax attributes with respect to years under examination as well as subsequent periods.

The (provision) benefit (provision) for income taxes involves a significant amount of management judgment regarding interpretation of relevant facts and laws in the jurisdictions in which the Company operates. Future changes in applicable laws, projected levels of taxable income and tax planning could change the effective tax rate and tax balances recorded by the Company. In addition, tax authorities periodically review income tax returns filed by the Company and can raise issues regarding its filing positions, timing and amount of income and deductions, and the allocation of income among the jurisdictions in which the Company operates. A significant period of time may elapse between the filing of an income tax return and the ultimate resolution of an issue raised by a revenue authority with respect to that return. Any adjustments as a result of any examination may result in additional taxes or penalties against the Company. If the ultimate result of these audits differ from original or adjusted estimates, they could have a material impact on the Company's tax provision.

Over the last several years, the Organization for Economic Cooperation and Development ("OECD") has been developing its "two pillar" project to address the tax challenges arising from digitalization. The OECD project, if broadly implemented by participating countries, will result in significant changes to the international taxation system under which our the Company's current tax obligations are determined. Pillar Two of the project calls for a minimum tax rate on corporations of 15% and is expected to be implemented has been enacted by a significant number of countries effective starting in 2024. The OECD and implementing countries are expected to continue to make further revisions to these rules. The FASB indicated that they believe the rules, minimum tax imposed under Pillar Two is an alternative minimum tax, and, accordingly, deferred tax assets and liabilities associated with the minimum tax would not be recognized or adjusted for the estimated future effects of the minimum tax but would be recognized in the period incurred. The Company's annual tax provision includes the impact of Pillar Two, however, the Company expects adverse consequences to our tax liabilities based on rules as currently drafted. The Company impact is not material. Management will continue to monitor developments to determine any potential impact of Pillar Two in the countries in which it the Company operates.

Table of Contents

Etsy, Inc.

Notes to Consolidated Financial Statements

Note 4—Net Income (Loss) Per Share

The following table presents the calculation of basic and diluted net income (loss) per share for periods presented (in thousands, except share and per share amounts):

	Year Ended December 31,		Year Ended December 31,			
	2023	2022	2021	2024	2023	2022
Numerator:						
Net income (loss)						
Net income (loss)						
Net income (loss)						
Add back interest expense, net of tax attributable to assumed conversion of convertible senior notes						
Add back interest expense, net of tax attributable to assumed conversion of convertible senior notes						
Add back interest expense, net of tax attributable to assumed conversion of convertible senior notes						
Net income (loss) attributable to common stockholders—diluted						
Net income (loss) attributable to common stockholders—diluted						
Net income (loss) attributable to common stockholders—diluted						

Denominator:
Denominator:
Denominator:
Weighted average common shares outstanding—basic
Weighted average common shares outstanding—basic
Weighted average common shares outstanding—basic
Dilutive effect of assumed conversion of options to purchase common stock
Dilutive effect of assumed conversion of restricted stock units
Dilutive effect of outstanding stock-based compensation awards
Dilutive effect of assumed conversion of convertible senior notes
Dilutive effect of assumed conversion of convertible senior notes
Dilutive effect of assumed conversion of convertible senior notes
Weighted average common shares outstanding—diluted
Weighted average common shares outstanding—diluted
Weighted average common shares outstanding—diluted
Net income (loss) per share attributable to common stockholders—basic
Net income (loss) per share attributable to common stockholders—basic
Net income (loss) per share attributable to common stockholders—basic
Net income (loss) per share attributable to common stockholders—diluted

The following potential shares of common stock were excluded from the calculation of diluted net income (loss) per share attributable to common stockholders because their effect would have been anti-dilutive for the periods presented: presented (in thousands):

	Year Ended December 31,			Year Ended December 31,			
	2023	2022		2021	2024	2023	2022
Stock options							
Restricted stock units							
Stock-based compensation awards							
Convertible senior notes							
Convertible senior notes							
Convertible senior notes							
Total anti-dilutive securities							

Since the Company has reported a net loss for the year ended December 31, 2022, 2022, diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders, because dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Notes to Consolidated Financial Statements

Note 5—Business Combinations

The Company accounts for business combinations using the acquisition method of accounting. The purchase price is allocated to the assets acquired and liabilities assumed using the fair values determined by management as of the acquisition date. The excess of the purchase price over the estimated fair value of the net assets acquired is recorded as goodwill. The results of businesses acquired in a business combination are included in the Company’s consolidated financial statements from the date of acquisition. The fair value of customer relationships is estimated using a multi-period excess earnings valuation method, the fair value of trademarks is estimated using a relief from royalty valuation method, and the fair value of developed technology is estimated using a replacement cost method.

Depop Acquisition

On July 12, 2021, the Company acquired all of the issued share capital of Depop, an online global peer-to-peer fashion resale marketplace. At the time of acquisition, the Company believed Depop would extend its market opportunity in the high frequency apparel sector, specifically in the fast-growing resale space, and deepen the Company’s reach into the Gen Z consumer. The fair value of

consideration transferred of \$1.493 billion consisted of: (1) cash consideration paid of \$1.489 billion, net of cash acquired and (2) non-cash consideration of \$4.8 million representing the portion of the replacement equity awards issued in connection with the acquisition that was associated with services rendered through the date of the acquisition. The portion of the replacement equity awards associated with services rendered post-acquisition is recorded as post-combination expense on a straight-line basis over the remaining vesting period of the awards. Additionally, deferred consideration awards issued to certain Depop executives are also recorded as post-combination expense on a straight-line basis over the mandatory service period associated with the deferred consideration. Neither of these awards was included in the fair value of the consideration transferred. See Note 16—Stock-based Compensation for more information on these awards.

At the time of acquisition, goodwill consisted largely of assembled workforce, expanded market opportunities, and value creation across the Company's businesses. The resulting goodwill was not deductible for tax purposes.

The Company finalized the valuation of assets acquired and liabilities assumed for the acquisition of Depop as of December 31, 2021.

#### Depop Purchase Price Allocation

The following table summarizes the allocation of the purchase price (at fair value), including measurement period adjustments, to the assets acquired and liabilities assumed of Depop as of July 12, 2021 (the date of acquisition) (in thousands):

	Final Purchase Price Allocation	
	as Adjusted	Estimated Useful Life (in years)
Current assets	\$ 4,288	
Property and equipment other	1,299	2-5
Developed technology	95,764	5
Trademark	249,820	20
Customer relationships	148,504	13
Goodwill	1,118,855	Indefinite
Current liabilities	(18,878)	
Non-current liabilities (1)	(27,957)	
Deferred tax liability, net	(78,872)	
Total purchase price	\$ 1,492,823	

(1) Non-current liabilities are primarily related to non-income tax related contingency reserves.

114

#### Table of Contents

Etsy, Inc.

#### Notes to Consolidated Financial Statements

#### Elo7 Acquisition

On July 2, 2021, the Company acquired all the outstanding shares of Elo7 (including Elo7, Ltd. and related subsidiaries entities), by means of a merger, an e-commerce marketplace in Brazil focused on unique, handmade items. At the time of acquisition, the Company saw significant potential in Brazil's e-commerce sector, which is still in early stages of development and fueled by one of the largest economies in the world. The Company believed having a well-known local brand would help Etsy to better capitalize on this opportunity. The fair value of consideration transferred of \$212.1 million consisted of: (1) cash consideration paid of \$211.3 million, net of cash acquired, and (2) non-cash consideration of \$0.8 million representing the portion of the replacement equity awards issued in connection with the acquisition that was associated with services rendered through the date of the acquisition. The portion of the replacement equity awards associated with services rendered post-acquisition are recorded as post-combination expense on a straight-line basis over the remaining vesting period of the awards, and were therefore not included in the fair value of the consideration transferred. See Note 16—Stock-based Compensation for more information on these awards.

At the time of acquisition, goodwill consisted largely of assembled workforce, expanded market opportunities, and value creation across the Company's businesses. The resulting goodwill was not deductible for tax purposes.

The Company finalized the valuation of assets acquired and liabilities assumed for the acquisition of Elo7 as of December 31, 2021.

#### Elo7 Purchase Price Allocation

The following table summarizes the allocation of the purchase price (at fair value), including measurement period adjustments, to the assets acquired and liabilities assumed of Elo7 as of July 2, 2021 (the date of acquisition) (in thousands):

	Final Purchase Price Allocation	
	as Adjusted	Estimated Useful Life (in years)
Current assets	\$ 2,721	
Developed technology	12,084	5

Trademark	22,187	15
Customer relationships	44,374	15
Goodwill	157,187	Indefinite
Non-current assets	2,412	
Current liabilities	(3,406)	
Non-current liabilities	(2,691)	
Deferred tax liability, net	(22,727)	
Total purchase price	\$ 212,141	

Revenue and Earnings

Revenue and net loss were \$36.7 million and \$59.1 million, respectively, for Depop and Elo7, in the aggregate, from their respective dates of acquisition through December 31, 2021. Acquisition-related expenses are expensed as incurred and were recorded in general and administrative expenses. They were \$1.2 million, \$2.8 million, and \$36.7 million for the years ended December 31, 2023, 2022, and 2021, respectively. The 2021 acquisition-related expenses primarily related to advisory, legal, valuation, and other professional fees.

[Table of Contents](#)

Etsy, Inc.

Notes to Consolidated Financial Statements

Unaudited Supplemental Pro Forma Information

The following unaudited pro forma summary presents consolidated information of the Company, including Depop and Elo7, as if the business combinations had occurred on January 1, 2020 (in thousands):

	Year Ended December 31,	
	2021	
Revenue	\$	2,373,592
Net income		492,732

The pro forma financial information includes adjustments that are directly attributable to the business combinations and are factually supportable. The pro forma adjustments include incremental amortization of intangible and developed technology assets, and remove non-recurring transaction costs directly associated with the acquisitions, such as legal and other professional service fees, and the pro forma tax impact for such adjustments. Cost savings or operating synergies expected to result from the acquisitions are not included in the pro forma results. For the year ended December 31, 2021, the pro forma financial information excludes \$60.1 million of non-recurring acquisition-related expenses related to the Depop and Elo7 acquisitions. These pro forma results are illustrative only and not indicative of the actual results of operations that would have been achieved nor are they indicative of future results of operations.

Depop and Elo7 Asset Impairment Charges

During the year ended December 31, 2023, the Company impaired property and equipment and finite-lived intangible assets of its Elo7 reporting unit in full. During the year ended December 31, 2022, the Company fully impaired goodwill related to the Depop and Elo7 acquisitions. See "Note 7—Goodwill and Intangible Assets" and "Note 10—Property and Equipment" for further information.

Sale of Elo7

The Company completed the sale of Elo7 in the third quarter of 2023. Refer to "Note 6—Sale of Business" for further details.

Note 6—Sale of Business

Due to challenges Etsy faced to effectively scale Elo7 in Brazil, over the last two years, particularly given headwinds created by a volatile macroeconomic environment and an increasingly competitive e-commerce market in Brazil, on August 10, 2023, Etsy closed on the sale of the parent holding company of Elo7 to Enjoei S.A., a corporation in Brazil.

The Company recognized a net loss on the sale of Elo7 of \$2.6 million, which includes a \$7.5 million loss from the reclassification out of accumulated other comprehensive income related to a cumulative translation adjustment. The net loss on the sale of Elo7 was recorded in Loss on sale of business, under Other income (expense) in the Consolidated Statement of Operations for the year ended December 31, 2023. 2023.

[Table of Contents](#)

Etsy, Inc.

## Note 7—6—Goodwill and Intangible Assets

	Year Ended December 31,	
	2023	2022
	2024	2023
Balance as of the beginning of the period		
Impairment		
Impairment		
Impairment		
Foreign currency translation adjustments		
Foreign currency translation adjustments		
Foreign currency translation adjustments		
Balance as of the end of the period		

As of the annual impairment testing date in 2021, the Company completed a qualitative analysis for both the Etsy and the Reverb reporting units, which indicated no impairment; and completed a quantitative analysis for both the Depop and Elo7 reporting units. The quantitative analysis assumed that the purchase consideration for the Depop and Elo7 acquisitions approximated the fair value of each of the reporting units given the proximity to the respective acquisition dates. For the years ended December 31, 2023 and December 31, 2021, the Company did not record any goodwill impairment expense. For the year ended December 31, 2022, the Company recorded \$1.0 billion of goodwill impairment expense.

## Table of Contents

Notes to Consolidated Financial Statements

		As of December 31, 2023						As of December 31, 2024							
		Gross book value		Accumulated amortization		Net book value		Weighted-Average Remaining Life (in years)	Gross book value		Accumulated amortization		Net book value		
		\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	
Trademark	Trademark	\$ 308,583	\$ -	\$ (51,328)	\$ -	\$ 257,255	16.0	16.0	Trademark	\$ 305,065	\$ -	\$ (67,473)	\$ -	\$ 237,592	15.3

Customer relationships	Customer relationships	229,737	(53,034)	(53,034)	176,703	176,703	10.6	Customer relationships	227,645	(69,190)	(69,190)	158,455	158,455
Referral agreement	Referral agreement	35,135	(19,393)	(19,393)	15,742	15,742	4.5	Referral agreement	33,066	(21,572)	(21,572)	11,494	11,494

Patent licenses

Patent licenses

Patent licenses		9,617	(2,177)	(2,177)	7,440	7,440	9.2	Patent licenses	9,617	(3,260)	(3,260)	6,357	6,357
Intangible assets	Intangible assets	\$ 583,072	\$	\$ (125,932)	\$	\$ 457,140	13.4	Intangible assets	\$ 575,393	\$	\$ (161,495)	\$	\$ 413,898

		As of December 31, 2022				As of December 31, 2023									
		Gross book value		Accumulated amortization		Net book value		Weighted-Average Remaining Life (in years)		Gross book value		Accumulated amortization		Net book value	
Trademark	Trademark	\$ 318,489	\$	\$ (35,873)	\$	\$282,616	16.7	16.7	Trademark	\$ 308,583	\$	\$ (51,328)	\$	\$257,255	16.0
Customer relationships	Customer relationships	265,429	(39,808)	(39,808)	225,621	225,621	11.9	11.9	Customer relationships	229,737	(53,034)	(53,034)	176,703	176,703	
Referral agreement	Referral agreement	34,050	(15,404)	(15,404)	18,646	18,646	5.5	5.5	Referral agreement	35,135	(19,393)	(19,393)	15,742	15,742	

Patent licenses

Patent licenses

Patent licenses		9,617	(1,094)	(1,094)	8,523	8,523	9.9	Patent licenses	9,617	(2,177)	(2,177)	7,440	7,440
Intangible assets	Intangible assets	\$ 627,585	\$	\$ (92,179)	\$	\$ 535,406	14.2	Intangible assets	\$ 583,072	\$	\$ (125,932)	\$	\$ 457,140

Amortization expense of intangible assets for the years ended December 31, 2023, 2024, 2023, and 2022 and 2021 was \$38.1 million, \$39.7 million, \$41.3 million, and \$28.4 million \$41.3 million, respectively.

During the second quarter of 2023, the Company concluded that the book value of the finite-lived intangible assets for the Elo7 reporting units unit were fully impaired, and recorded an impairment charge of \$60.2 million in Asset Impairment impairment charges in the Consolidated Statement of Operations, which primarily related to trademark and customer relationships. The impairment charge was the result of macroeconomic conditions at the time, challenges applying the Company's technological, marketing, and operational expertise to help scale Elo7's business, and the resultant headwinds to the business, which caused the Company to revise its business forecasts for Elo7 downwards. The Company prepared an updated fair value for the Elo7 reporting unit based on a quantitative assessment, which included estimates of future revenue, and the net available cash flows; as well as a determination that the Company would more likely than not use the Elo7 asset group for a period of less than twelve months. The Company completed the sale of Elo7 in the third quarter of 2023. Refer to "Note 6—5—Sale of Business" for further details. The Company did not recognize any intangible asset impairment losses in the years ended December 31, 2022 2024 and 2021, 2022.

Based on amounts recorded at December 31, 2023 December 31, 2024, the Company estimates future amortization expense of intangible assets as follows (in thousands):

2024	
2025	
2026	
2027	
2028	
2029	
Thereafter	
Total amortization expense	

118 106

[Table of Contents](#)

Etsy, Inc.

Notes to Consolidated Financial Statements

## Note 8—7—Segment and Geographic Information

The Company has determined it has three operating segments, Etsy, Reverb, and Depop, which each have separate operating results that are reviewed by the CODM to assess performance and allocate resources at the segment level. As such, Etsy's operating segments are not managed on a consolidated basis. The three operating segments qualify for aggregation as one reportable

**segment.** segment as each meets the quantitative and qualitative aggregation criteria prescribed within Accounting Standards Codification 280, *Segment Reporting*.

The Company's CODM is its Chief Executive Officer. Etsy considers Adjusted EBITDA to be its reported measure of segment profit or loss. Adjusted EBITDA represents our net income (loss) adjusted to exclude: stock-based compensation expense; depreciation and amortization; provision (benefit) for income taxes; interest and other non-operating (income) expense, net; foreign exchange (gain) loss; retroactive non-income tax expense; restructuring and other exit costs; acquisition, divestiture, and corporate structure-related expenses; asset impairment charges; and loss on sale of business. The CODM uses Adjusted EBITDA at the segment level to evaluate our operating performance and trends, allocate internal resources, prepare and approve our annual budget, develop short- and long-term operating plans, determine incentive compensation, and assess the health of our business. As our Adjusted EBITDA increases, we are able to invest more in our platforms. Adjusted EBITDA is also used by the CODM to perform competitive analyses by benchmarking to Etsy's competitors. The CODM does not review segment assets at a different asset level or category as compared to that presented in the Consolidated Balance Sheets.

The significant segment expenses that are regularly provided on a quarterly basis to the CODM are cost of revenue, marketing, product development, and general and administrative, which are presented on the face of the Consolidated Statements of Operations and included within net income (loss). Etsy's other segment items are limited to those adjustments to Etsy's significant segment expenses included within operating income, including stock-based compensation expense, depreciation and amortization, retroactive non-income tax expense, restructuring and other exit costs, and acquisition, divestiture, and corporate structure-related expenses.

The following table reconciles the reported measure of segment profit or loss, Adjusted EBITDA, to Income (loss) before income taxes (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Adjusted EBITDA	\$ 781,538	\$ 754,311	\$ 716,882
Reconciliation to income (loss) before income taxes			
Stock-based compensation expense	(282,847)	(284,558)	(230,888)
Depreciation and amortization	(108,074)	(91,323)	(96,702)
Interest and other non-operating income (expense), net	17,176	21,957	(3,212)
Foreign exchange gain (loss)	13,391	(6,348)	(206)
Retroactive non-income tax expense	(6,124)	—	—
Restructuring and other exit costs	(2,807)	(26,577)	—
Acquisition, divestiture, and corporate structure-related expenses	(1,478)	(3,921)	(2,830)
Asset impairment charges	—	(68,091)	(1,045,022)
Loss on sale of business	—	(2,630)	—
Total reconciling items	(370,763)	(461,491)	(1,378,860)
Income (loss) before income taxes	\$ 410,775	\$ 292,820	\$ (661,978)

Revenue by country is based on the billing address of the seller. The following table summarizes revenue by geographic area (in thousands):

	Year Ended December 31,			Year Ended December 31,			
	2023	2022		2024	2023		
United States							
United Kingdom							
All Other							
Revenue							

With the exception of the United States and United Kingdom, no individual country's revenue exceeded 10% of total revenue.

[Table of Contents](#)

Etsy, Inc.

Notes to Consolidated Financial Statements

The following table summarizes tangible long-lived assets by geographic area (in thousands):

	As of December 31,	
	2023	2022
	2024	2023
United States		
All Other		
Long-lived assets		

With the exception of the United States, no individual country's tangible long-lived assets exceeded 10% of total tangible long-lived assets.

[Table of Contents](#)

Etsy, Inc.

## Notes to Consolidated Financial Statements

## Note 9—Fair Value Measurements

The Company has characterized its As of December 31, 2024 and December 31, 2023 the Company's cash equivalents, short-term investments, based on the priority and long-term investments primarily consisted of the inputs used to value the investments, into a three-level available-for-sale debt securities. These debt securities are measured at fair value hierarchy. The and classified within Level 1 or Level 2 in the fair value hierarchy gives as the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), and lowest priority to unobservable inputs (Level 3). If the inputs used to measure the investments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the investment. Investments recorded in the accompanying Consolidated Balance Sheets are categorized based on the inputs to valuation techniques as follows:

**Level 1** These are investments where values are based on Company uses unadjusted quoted prices for identical assets in an active market that the Company has the ability to access.

**Level 2** These are investments where values are based on access (Level 1) or quoted market prices in markets that are not active or model derived valuations in which all significant inputs are observable in active markets.markets (Level 2).

As of December 31, 2024 and December 31, 2023 the Company's short-term and long-term investments also consisted of investments in loan receivables and in third-party managed funds. The investments in loan receivables are measured on an amortized cost basis and classified in Level 3 These are financial instruments where values are of the fair value hierarchy as the fair value is derived from techniques in which one or more significant inputs are unobservable. The Company did not have any Level 3 instruments as of December 31, 2022.

Short- and long-term investments and certain cash equivalents consist of investments in debt securities that are available-for-sale.

In the year ended December 31, 2022, the Company set up the Impact Investment Fund through which the Company expects to deploy approximately \$30 million to further the Company's Impact strategy and goals. In the year ended December 31, 2023, the Company invested a portion of the Impact Investment Fund in four investments which are classified as long-term investments on its Consolidated Balance Sheet. The investments in loan receivables are measured on an amortized cost basis and the investments in third-party managed funds are measured on the net assets value ("NAV") basis. The Company uses NAV or its equivalent to measure the value of certain investments in alternative investment funds, debt funds, equity funds, and private equity funds, which may be redeemable in the near term or restricted from redemption in the near term, basis as a practical expedient. NAV is primarily determined based on the information provided by external fund administrators for which the most recent financial information is typically received on a lag within the quarter following the Company's balance sheet date. These investments are intended to further the Company's impact strategy as part of the Company's Impact Investment Fund.

120 108

[Table of Contents](#)

Etsy, Inc.

## Notes to Consolidated Financial Statements

The following table sets forth the cost, gross unrealized losses, gross unrealized gains, and fair values of the Company's investments as of the dates indicated (in thousands):

	Cost
	Cost
	Cost
December 31, 2023	
December 31, 2023	
December 31, 2023	
December 31, 2024	
December 31, 2024	
December 31, 2024	
Level 1	
Level 1	
Level 1	
Money market funds (1)	
Money market funds (1)	
Money market funds (1)	
U.S. Government securities	
U.S. Government securities	

[illegible]

U.S. Government securities			
		472,319	
		472,319	
		472,319	
Level 2			
Level 2			
Level 2			
U.S. agency securities			
U.S. agency securities			
U.S. agency securities			
Certificate of deposit			
Certificate of deposit			
Certificate of deposit			
Commercial paper			
Commercial paper			
Commercial paper			
Corporate bonds			
Corporate bonds			
Corporate bonds			
		213,849	
		213,849	
		213,849	
Level 3			
Level 3			
Level 3			
Loans receivable - held for investment			
Loans receivable - held for investment			
Loans receivable - held for investment			
		6,000	
		6,000	
		6,000	
		\$	
		\$	
		\$	
Measured at NAV (2)			
Measured at NAV (2)			
Measured at NAV (2)			
Measured at NAV (1)			
Measured at NAV (1)			
Measured at NAV (1)			
Third-party managed funds			
Third-party managed funds			
Third-party managed funds			
			\$
			\$
			\$
December 31, 2022			
December 31, 2022			
December 31, 2022			
Level 1			
Level 1			
Level 1			

Money market funds (1)	
Money market funds (1)	
Money market funds (1)	
U.S. Government securities	
U.S. Government securities	
U.S. Government securities	
	527,834
	527,834
	527,834
Level 2	
Level 2	
Level 2	
U.S. agency securities	
U.S. agency securities	
U.S. agency securities	
Certificate of deposit	
Certificate of deposit	
Certificate of deposit	
Commercial paper	
Commercial paper	
Commercial paper	
Corporate bonds	
Corporate bonds	
Corporate bonds	
	231,039
	231,039
	231,039
	\$
	\$
	\$

- (1) There were no money market funds classified as funds receivable and seller accounts as of December 31, 2023. \$88.5 million of money market funds were classified as funds receivable and seller accounts as of December 31, 2022.
- (2) Third-party managed funds measured on the NAV basis have not been categorized in the fair value hierarchy. The amount presented in the table is intended to permit reconciliation of the long-term investments in the fair value hierarchy to the amount presented in the Consolidated Balance Sheet. Sheets.

121109

[Table of Contents](#)

Etsy, Inc.

Notes to Consolidated Financial Statements

The table tables below shows show the fair value and gross unrealized loss and fair value of the following investments in related to available-for-sale debt securities, that are classified aggregated by investment category and the length of time that the securities have been in a continuous unrealized loss position as of the dates indicated (in thousands):

	Gross Unrealized Holding Loss		Fair Value
December 31, 2023			
Less than 12 months in a continuous unrealized loss position			
U.S. agency securities	\$	(14)	\$ 12,569

Certificate of deposit	(1)	7,178
Commercial paper	(12)	34,066
Corporate bonds	(73)	28,401
U.S. Government securities	(164)	71,536
	<u>\$ (264)</u>	<u>\$ 153,750</u>
<b>12 months or longer in a continuous unrealized loss position</b>		
Corporate bonds	<u>\$ (72)</u>	<u>\$ 20,808</u>
	<u>\$ (72)</u>	<u>\$ 20,808</u>
December 31, 2022		
<b>Less than 12 months in a continuous unrealized loss position</b>		
Corporate bonds	\$ (281)	\$ 70,469
U.S. Government securities	(265)	51,075
	<u>\$ (546)</u>	<u>\$ 121,544</u>
<b>12 months or longer in a continuous unrealized loss position</b>		
Corporate bonds	\$ (1,448)	\$ 50,102
U.S. Government securities	(159)	7,442
	<u>\$ (1,607)</u>	<u>\$ 57,544</u>

	As of December 31, 2024			
	Less than 12 Months		12 Months or Greater	
	Fair Value	Gross Unrealized Holding Loss	Fair Value	Gross Unrealized Holding Loss
U.S. Government securities	\$ 32,501	\$ (105)	\$ 12,600	\$ (4)
Certificate of deposit	2,397	(2)	—	—
Commercial paper	8,233	(1)	—	—
Corporate bonds	38,641	(98)	932	—
Total	<u>\$ 81,772</u>	<u>\$ (206)</u>	<u>\$ 13,532</u>	<u>\$ (4)</u>

As of December 31, 2022, the remaining available-for-sale debt securities in an unrealized loss position have been in a continuous unrealized loss position for less than 12 months.

	As of December 31, 2023			
	Less than 12 Months		12 Months or Greater	
	Fair Value	Gross Unrealized Holding Loss	Fair Value	Gross Unrealized Holding Loss
U.S. Government securities	\$ 71,536	\$ (164)	\$ —	\$ —
U.S. agency securities	12,569	(14)	—	—
Certificate of deposit	7,178	(1)	—	—
Commercial paper	34,066	(12)	—	—
Corporate bonds	28,401	(73)	20,808	(72)
Total	<u>\$ 153,750</u>	<u>\$ (264)</u>	<u>\$ 20,808</u>	<u>\$ (72)</u>

The Company evaluates fair value for each individual security in the investment portfolio. When assessing the risk of credit loss, the Company considers factors such as the extent to which the fair value is less than the amortized cost basis, the credit rating, including whether there has been any changes to the rating of the security by a rating agency, available information relevant to the collectability collectibility of the security, and management's intended holding period and time horizon for selling the security. The Company did not recognize a credit loss in the years ended December 31, 2023, 2022, and 2021, 2024, 2023, or 2022.

Outside of the Company's Impact Investment Fund, the Company typically invests in short- and long-term instruments, including fixed-income funds and U.S. Government securities aligned with the Company's investment strategy. In accordance with the Company's investment policy, all investments, other than investments made through its Impact Investment Fund, have maturities no longer than 37 months, with the average maturity of these investments maintained at 12 months or less.

Notes to Consolidated Financial Statements

Disclosure of Fair Values

The Company's financial instruments that are not remeasured at fair value in the Consolidated Balance Sheets include the Notes. See "Note 13—12—Debt" for additional information. The Company estimates the fair value of the Notes through inputs that are observable in the market, classified as Level 2 as described above. The following table presents the carrying value and estimated fair value of the Notes as of the dates indicated (in thousands):

	As of December 31, 2023			As of December 31, 2022					
	As of December 31, 2024			As of December 31, 2023					
	Carrying Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
2021 Notes									
2020 Notes									
2019 Notes									
2018 Notes									
	\$								
	\$								
	\$								

The carrying value of other financial instruments, including accounts receivable, funds receivable and seller accounts, accounts payable, and funds payable and amounts due to sellers approximate fair value due to the immediate or short-term maturity associated with these instruments.

Notes to Consolidated Financial Statements

Note 10—9—Property and Equipment

Property and equipment consisted of the following as of the dates indicated (in thousands):

	Estimated useful lives	As of December 31,		Estimated useful lives	As of December 31,	
		2023	2022		2024	2023
Computer equipment						
Furniture and equipment						
Leasehold improvements						
Leasehold improvements						
Leasehold improvements						
Construction in progress						
Building						
Website development and internal-use software						
			493,846			
Website and app development						
			539,440			
Less: Accumulated depreciation and amortization						
Less: Accumulated depreciation and amortization						
Less: Accumulated depreciation and amortization						
			\$			

Depreciation and amortization expense on property and equipment was \$51.6 million \$70.0 million, \$55.5 million \$51.6 million, and \$45.8 million \$55.5 million, which included amortization expense relating to capitalized website and app development and internal-use software of \$50.7 million, \$34.3 million, \$37.3 million, and \$30.0 million \$37.3 million, for the years ended December 31,

2023, 2024, 2023, and 2022, and 2021, respectively.

During the second quarter of 2023, the Company concluded that the book value of the long-lived assets for the Elo7 reporting units were fully impaired, and recorded an impairment charge of \$7.9 million in Asset Impairment impairment charges in the Consolidated Statement of Operations, which primarily related to developed technology. The impairment charge was the result of macroeconomic conditions at the time, challenges applying the Company's technological, marketing, and operational expertise to help scale Elo7's business, and the resultant headwinds to the business, which caused the Company to revise its business forecasts for Elo7 downwards. The Company prepared an updated fair value for the Elo7 reporting unit based on a quantitative assessment, which included estimates of future revenue, and the net available cash flows; as well as a determination that the Company would more likely than not use the Elo7 asset group for a period of less than twelve months. The Company completed the sale of Elo7 in the third quarter of 2023. Refer to "Note 6—5—Sale of Business" for further details. In the third quarter of

Note 10—Leases

For 2024, 2023, and 2022, the developed technology asset acquired elements of lease expense were as part of the Reverb acquisition, follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Operating lease cost	\$ 6,774	\$ 6,832	\$ 8,251
Finance lease cost:			
Amortization of right-of-use assets	6,332	6,809	7,174
Interest on lease liabilities	4,927	5,190	5,392
Total finance lease cost	11,259	11,999	12,566
Other lease cost, net (1)	1,490	1,385	1,220
Total lease cost	\$ 19,523	\$ 20,216	\$ 22,037

(1) Other lease cost, net includes short-term lease costs, variable lease costs, and, as recorded beginning in capitalized website development and internal-use software, was fully amortized.

2024, sublease income.

123111

[Table of Contents](#)

Etsy, Inc.

Notes to Consolidated Financial Statements

Note 11—Leases

For the years ended December 31, 2023, 2022, and 2021, the elements of lease expense were as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Operating lease cost	\$ 6,832	\$ 8,251	\$ 6,320
Finance lease cost:			
Amortization of right-of-use assets	6,809	7,174	9,139
Interest on lease liabilities	5,190	5,392	3,044
Total finance lease cost	11,999	12,566	12,183
Other lease cost, net (1)	1,385	1,220	1,193
Total lease cost	\$ 20,216	\$ 22,037	\$ 19,696

(1) Other lease cost, net includes short-term lease costs and variable lease costs.

The following table presents the lease-related assets and liabilities recorded on the Consolidated Balance Sheets (in thousands):

	As of December 31,	
	2023	2022
	2024	2023
Operating leases:		
Other assets		

Other assets
Other assets
Other current liabilities
Other liabilities
Total operating lease liabilities
Finance leases:
Finance leases:
Finance leases:
Property and equipment, net
Property and equipment, net
Property and equipment, net
Finance lease obligations—current
Finance lease obligations—net of current portion
Total finance lease liabilities

The following table summarizes the weighted average remaining lease term and weighted average discount rate as of December 31, 2023 December 31, 2024 and 2022; 2023:

		As of December 31,			
		2023		2022	
		2024		2023	
Weighted average remaining lease term:					
Operating leases					
Operating leases					
Operating leases		13.47 years	14.54 years	12.41 years	13.47 years
Finance leases	Finance leases	15.56 years	16.49 years	Finance leases	14.59 years
Weighted average discount rate:					
Operating leases					
Operating leases					
Operating leases		4.40 %	4.54 %	4.69 %	4.40 %
Finance leases	Finance leases	4.73 %	4.73 %	Finance leases	4.74 %

Supplemental cash flow information related to leases was as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Cash (paid) received for amounts included in the measurement of lease liabilities:			
Operating cash flows used in operating leases (1)	\$ (4,888)	\$ (6,482)	\$ (7,871)
Operating cash flows provided by (used in) finance leases (1)	448	(5,174)	(5,387)
Finance cash flows used in finance leases	(6,091)	(6,278)	(6,307)

(1) 2024 includes cash received for tenant allowances related to the lease for the Company's corporate headquarters in Brooklyn, New York.

124112

[Table of Contents](#)

Etsy, Inc.

Notes to Consolidated Financial Statements

Supplemental cash flow information related to leases was as follows (in thousands):

	Year Ended December 31,
--	----------------------------

	2023	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows used in operating leases	\$ (6,482)	\$ (7,871)	\$ (6,442)
Operating cash flows used in finance leases	(5,174)	(5,387)	(3,025)
Finance cash flows used in finance leases	(6,278)	(6,307)	(8,864)

Future minimum lease payments under non-cancelable leases as of **December 31, 2023** **December 31, 2024** were as follows (in thousands):

	Operating Leases	Operating Leases	Finance Leases	Operating Leases	Finance Leases
2024					
2025					
2026					
2027					
2028					
2029					
Thereafter					
Total future minimum lease payments (1)					
Less:					
Imputed interest					
Imputed interest					
Imputed interest					
Total					

(1) In the fourth quarter of 2021, the Company entered into a First Amendment to Lease (the "First Amendment") The lease related to the Company's corporate headquarters in Brooklyn, New York a portion of which is accounted for as a finance lease and a portion as an operating lease. The First Amendment extended the expiration of the term of the lease from July 31, 2026 to July 31, 2039. The First Amendment includes a tenant allowance, a portion of which became available beginning in April 2022, rent concessions that become available beginning in 2026, and escalating commitments each contract year between 2028 and 2038, which are reflected in the future minimum lease payments.

Note 12—11—Accrued Expenses

Accrued expenses consisted of the following as of the dates indicated (in thousands):

	As of December 31,	
	2023	2022
	2024	2023
Vendor accruals		
Pass-through marketplace tax collection obligation		
Vendor accruals		
Employee compensation-related liabilities (1)		
Taxes payable		
Total accrued expenses		
Total accrued expenses		
Total accrued expenses		

(1) December 31, 2023 includes severance and employee-related benefits associated with restructuring and other exit costs. See "Note 17—16—Restructuring and Other Exit Costs" for more information.

The following table presents the outstanding principal amount and carrying value of the Notes as of the dates indicated (in thousands):

	As of December 31, 2023							As of December 31, 2024											
	2021 Notes		2021 Notes		2020 Notes		2019 Notes		2018 Notes		Total		2021 Notes		2020 Notes		2019 Notes		Total
Principal																			
Unamortized debt issuance costs																			
Unamortized debt issuance costs																			
Unamortized debt issuance costs																			
Net carrying value																			

	As of December 31, 2022							As of December 31, 2023											
	2021 Notes		2021 Notes		2020 Notes		2019 Notes		2018 Notes		Total		2021 Notes		2020 Notes		2019 Notes		Total
Principal																			
Unamortized debt issuance costs																			
Net carrying value																			

Table of Contents

Etsy, Inc.

Notes to Consolidated Financial Statements

Terms of the Notes

The terms of the Notes are summarized below:

Convertible Notes		Convertible Notes									
Convertible Notes		Convertible Notes									
</											

- (1) Based on the daily closing prices of the Company's stock during the quarter ended December 31, 2023 December 31, 2024, holders of the 2021 Notes, 2020 Notes, and 2019 Notes are not eligible to convert their 2021 Notes, 2020 Notes, and remaining 2019 Notes, respectively, during the first quarter of 2024, 2025.
- (2) The initial conversion rate will be subject to adjustment upon the occurrence of certain specified events, including certain distributions and dividends to all or substantially all of the holders of the Company's common stock.

Based on the terms of each series of Notes, they will mature on the respective maturity date, unless earlier converted, redeemed, or repurchased. Additionally, the holders of each series of Notes may convert all or a portion of the Notes prior to the close of business on the business day immediately preceding the respective contractual convertibility date only under the following circumstances (in each case, as applicable to each series of Notes): (1) during any calendar quarter, commencing after the calendar quarter ending on September 30, 2021, December 31, 2020, and December 31, 2019 (and only such calendar quarter) for the 2021 Notes, 2020 Notes, and remaining 2019 Notes, respectively, if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the 5 business day period after any 10 consecutive trading day period (the "measurement period") in which the trading price per \$1,000 principal amount of the Note for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day; (3) if the Company calls the Notes for redemption at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date, but only with respect to the Notes called (or deemed called) for redemption; or (4) upon the occurrence of specified corporate events. On and after the applicable contractual convertibility date until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their Notes at any time, regardless of the foregoing circumstances.

The Notes are general unsecured obligations of the Company. The Notes rank senior in right of payment to all of the Company's future indebtedness that is expressly subordinated in right of payment to the Notes; rank equal in right of payment with all of the Company's liabilities that are not so subordinated; are effectively junior to any of the Company's secured indebtedness; and are structurally junior to all indebtedness and liabilities (including trade payables) of the Company's subsidiaries.

126

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[Table of Contents](#)

Etsy, Inc.

## Notes to Consolidated Financial Statements

Based on the terms of each series of Notes, when a conversion notice is received, the Company has the option to pay or deliver cash, shares of the Company's common stock, or a combination thereof. Accordingly, the Company cannot be required to settle the Notes in cash and, therefore, the Notes are classified as long-term debt **as of December 31, 2023, in the Consolidated Balance Sheets.**

### 2021 Convertible Debt

In June 2021, the Company issued \$1.0 billion aggregate principal amount of the 2021 Notes in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). The net proceeds from the sale of the 2021 Notes were approximately \$986.7 million after deducting the initial purchasers' discount and offering expenses and before the 2021 Capped Call Transactions, as described below, and the repurchase of **approximately 1.1 million shares of common stock as described in "Note 15—Stockholders' (Deficit) Equity," for approximately \$180 million concurrently with the issuance of the 2021 Notes.** The Company used \$85.0 million of the net proceeds from the 2021 Notes to enter into privately negotiated capped call instruments ("2021 Capped Call Transactions") with certain financial institutions.

The Company may redeem all or any portion of the 2021 Notes, at the Company's option, subject to partial redemption limitations, on or after June 20, 2025, if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which the Company provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 2021 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

114

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[Table of Contents](#)

Etsy, Inc.

## Notes to Consolidated Financial Statements

If a fundamental change occurs prior to the maturity date, holders may require the Company to repurchase all or a portion of their 2021 Notes for cash at a price equal to 100% of the principal amount of the 2021 Notes to be repurchased. Holders of 2021 Notes who convert their 2021 Notes in connection with a notice of a redemption or a make-whole fundamental change may be entitled to a premium in the form of an increase in the conversion rate of the 2021 Notes. As of **December 31, 2023 December 31, 2024**, none of the conditions permitting the holders of the 2021 Notes to early convert have been met.

### 2020 Convertible Debt

In August 2020, the Company issued \$650.0 million aggregate principal amount of the 2020 Notes in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The net proceeds from the sale of the 2020 Notes were approximately \$639.5 million after deducting the offering expenses and before the purchase of the 2020 Capped Call Transactions and the partial repurchase of the 2018 Notes, each as described below. The Company used \$74.7 million of the net proceeds from the 2020 Notes to enter into privately negotiated capped call instruments ("2020 Capped Call Transactions") with certain financial institutions.

If a fundamental change occurs prior to the maturity date, holders may require the Company to repurchase all or a portion of their 2020 Notes for cash at a price equal to 100% of the principal amount of the 2020 Notes to be repurchased. Holders of 2020 Notes who convert their 2020 Notes in connection with a notice of a redemption or a make-whole fundamental change may be entitled to a premium in the form of an increase in the conversion rate of the 2020 Notes. As of **December 31, 2023 December 31, 2024**, none of the conditions permitting the holders of the 2020 Notes to early convert have been met.

### 2019 Convertible Debt

In September 2019, the Company issued \$650.0 million aggregate principal amount of the 2019 Notes in a private placement to qualified institutional buyers pursuant to the Securities Act. The net proceeds from the sale of the 2019 Notes were \$639.5 million after deducting the initial purchasers' discount and offering expenses. The Company used \$76.2 million of the net proceeds from the 2019 Notes offering to enter into separate capped call instruments ("2019 Capped Call Transactions") with the initial purchasers and/or their respective affiliates.

If a fundamental change occurs prior to the maturity date, holders may require the Company to repurchase all or a portion of their 2019 Notes for cash at a price equal to 100% of the principal amount of the 2019 Notes to be repurchased. Holders of 2019 Notes who convert their 2019 Notes in connection with a notice of a redemption or a make-whole fundamental change may be entitled to a premium in the form of an increase in the conversion rate of the 2019 Notes.

### 2018 Convertible Debt

**In March 2018, the Company issued \$345.0 million aggregate principal amount of the 2018 Notes, in a private placement to qualified institutional buyers pursuant to the Securities Act. The net proceeds from the sale of the 2018 Notes were \$335.0 million after deducting the initial purchasers' discount and offering expenses. The Company used \$34.2 million of the net**

[Table of Contents](#)

## Etsy, Inc.

## Notes to Consolidated Financial Statements

proceeds from the 2018 Notes offering to enter into separate capped call instruments ("2018 Capped Call Transactions") with the initial purchasers and/or their respective affiliates.

During the year ended December 31, 2020, the Company paid \$137.2 million in cash and issued approximately 7.3 million shares of Etsy's common stock to repurchase \$301.1 million aggregate principal amount of its outstanding 2018 Notes through privately negotiated transactions.

During the year ended December 31, 2021, the Company paid \$43.9 million in cash and issued approximately 1.0 million shares of Etsy's common stock to settle conversion notices of \$43.9 million aggregate principal amount of the outstanding 2018 Notes. The debt conversion transactions were accounted for in accordance with ASU 2020-06, which was adopted in the first quarter of 2021.

During the first quarter of 2023, upon maturity of the 2018 Notes, the Company paid in cash the remaining outstanding principal of \$44 thousand to the holders of the 2018 Notes.

## Interest Expense

Interest expense which related to each of the Notes consists of coupon interest and amortization of debt issuance costs, related to and for each of the Notes for the periods presented below years ended 2024, 2023, and 2022, was as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
2021 Notes	\$ 4,400	\$ 4,400	\$ 2,411
2020 Notes	2,006	2,006	2,006
2019 Notes	1,985	1,985	1,985
2018 Notes	—	—	44
Total interest expense	\$ 8,391	\$ 8,391	\$ 6,446

\$8.4 million.

## Fair Value of Notes

The estimated fair value of the Notes was determined through inputs that are observable in the market, and are classified as Level 2. See "Note 9—Fair Value Measurements" for more information regarding the fair value of the Notes.

## Capped Call Transactions

The Company used a portion of the net proceeds from each of the Note offerings to enter into separate privately negotiated capped call instruments (the 2018, 2019, 2020, and 2021 capped call instruments collectively referred to as the "Capped Call Transactions") with certain financial institutions, initial purchasers, and/or their respective affiliates. The Capped Call Transactions are expected generally to reduce the potential dilution and/or offset the cash payments the Company is required to make in excess of the principal amount of the Notes upon conversion of the Notes in the event that the market price per share of the Company's common stock is greater than the strike price of the Capped Call Transactions with such reduction and/or offset subject to a cap. Collectively, the Capped Call Transactions cover, initially, the number of shares of the Company's common stock underlying the respective Notes, subject to anti-dilution adjustments substantially similar to those applicable to the Notes.

[Table of Contents](#)

## Etsy, Inc.

## Notes to Consolidated Financial Statements

The initial terms of the Company's Capped Call Transactions are presented below:

Capped Call Transactions	Capped Call Transactions	Maturity Date	Initial Cap Price per Share	Cap Price Premium	Capped Call Transactions	Maturity Date	Initial Cap Price per Share	Cap Price Premium
2021 Capped Call Transactions	2021 Capped Call Transactions	June 15, 2028	\$ 340.42	100	% 2021 Capped Call Transactions	June 15, 2028	\$ 340.42	100
2020 Capped Call Transactions	2020 Capped Call Transactions	September 1, 2027	327.83	150	% 2020 Capped Call Transactions	September 1, 2027	327.83	150

2019 Capped Call Transactions	2019 Capped Call Transactions	October 1, 2026	148.63	150	%	2019 Capped Call Transactions	October 1, 2026	148.63	150	150	%
2018 Capped Call Transactions (1)		March 1, 2023	52.76	100	%						

(1) The 2018 capped call transactions Capped Call Transactions, purchased using a portion of the net proceeds from the 0% Convertible Senior Notes due 2023 ("the 2018 Notes"), matured on March 1, 2023, and, in accordance with the settlement terms, the Company received 1,194,006 shares of the Company's common stock from the counterparties to the capped call instruments. These shares were retired upon receipt.

Each series of the Capped Call Transactions does not meet the criteria for separate accounting as a derivative as they are indexed to the Company's stock. The premiums paid for each of the Capped Call Transactions have been included as a net reduction to additional paid-in capital within stockholders' equity, deficit.

128

## Table of Contents

Etsy, Inc.

## Notes to Consolidated Financial Statements

### 2023 Credit Agreement

On March 24, 2023, the Company entered into a \$400.0 million senior secured revolving credit facility pursuant to an Amended and Restated Credit Agreement (the "2023 Credit Agreement") among the Company, as borrower, certain subsidiaries of the Company as guarantors, the lenders, and JPMorgan Chase Bank N.A., as administrative Agent. The 2023 Credit Agreement will mature in March 2028 and includes a letter of credit sublimit of \$60.0 million and a swingline loan sublimit of \$20.0 million.

The 2023 Credit Agreement amends and restates in its entirety the Credit Agreement dated as of February 25, 2019 (the "2019 Credit Agreement") between the Company, as borrower, the lenders party thereto from time to time, and Citibank N.A., as administrative Agent.

Borrowings under the 2023 Credit Agreement (other than swingline loans) bear interest, at the Company's option, at (i) a base rate equal to the highest of (a) the prime rate, (b) the federal funds rate plus 0.50%, and (c) an adjusted Term SOFR rate for a one-month interest period plus 1.00%, in each case plus a margin ranging from 0.50% to 1.25% or (ii) an adjusted Term SOFR rate plus a margin ranging from 1.50% to 2.25%. Swingline loans under the 2023 Credit Agreement bear interest at the same base rate (plus the margin applicable to borrowings bearing interest at the base rate). These margins are determined based on the senior secured net leverage ratio (defined as secured funded debt, net of unrestricted cash up to \$100.0 million, to EBITDA (as defined in the 2023 Credit Agreement)) for the preceding four fiscal quarter periods. The Company is also obligated to pay other customary fees for a credit facility of this size and type, including an unused commitment fee, ranging from 0.20% to 0.35% depending on the Company's senior secured net leverage ratio, and fees associated with letters of credit. The 2023 Credit Agreement also permits the Company, in certain circumstances, to request an increase in the facility by an amount of up to \$200.0 million at the same maturity, pricing, and other terms and to request an extension of the maturity date for the facility. In connection with the 2023 Credit Agreement, the Company also paid the lenders certain upfront fees.

The 2023 Credit Agreement contains customary representations and warranties applicable to the Company and its subsidiaries and customary affirmative and negative covenants applicable to the Company and its restricted subsidiaries. The negative covenants include restrictions on, among other things, indebtedness, liens, certain fundamental changes (including mergers), investments, dispositions, restricted payments (including dividends and stock repurchases), prepayments of junior debt, and transactions with affiliates. These restrictions do not prohibit a subsidiary of the Company from making pro rata payments to the Company or any other person that owns an equity interest in such subsidiary. The 2023 Credit Agreement contains financial covenants, that require the Company and its subsidiaries to maintain (i) a secured net leverage ratio not to exceed 3.50 to 1.00, subject to an increase, at the option of the Company, to 4.00 to 1.00 for a specified period of time in the event of certain material acquisitions, tested as of the last day of each fiscal quarter.

The 2023 Credit Agreement includes customary events of default, including, but not limited to, nonpayment of principal or interest, breaches of representations and warranties, failure to perform or observe covenants, cross-defaults with certain other indebtedness, final judgments or orders, certain change of control events, and certain bankruptcy-related events or proceedings. Upon the occurrence of an event of default (subject to notice and grace periods), obligations under the 2023 Credit Agreement could be accelerated.

Subject to certain exceptions, to the extent the Company has any material domestic subsidiaries, the obligations under the 2023 Credit Agreement would be required to be guaranteed by such material domestic subsidiaries. The obligations under the 2023 Credit Agreement are secured by all or substantially all of the assets of the Company and any such subsidiary guarantors.

While the Company had no outstanding borrowings under the 2023 Credit Agreement as of December 31, 2023, one of the lenders has issued a \$5.3 million standby letter of credit in favor of the landlord of the Company's corporate headquarters, which can be drawn down from amounts available under the 2023 Credit Agreement. At December 31, 2022, the Company did not have any borrowings under the 2019 Credit Agreement. As of December 31, 2023 and December 31, 2022, the Company was in compliance with all financial covenants.

129 116

## Table of Contents

Etsy, Inc.

## Notes to Consolidated Financial Statements

At December 31, 2024 and December 31, 2023, the Company did not have any borrowings under the 2023 Credit Agreement and was in compliance with all financial covenants.

### Note 14—13—Commitments and Contingencies

Purchase Obligations

The Company has \$420.8 million Purchase obligations as of December 31, 2024 were \$137.0 million and primarily consist of the minimum, non-cancelable contractual commitments as of December 31, 2023, primarily well as cancellation fees related to cloud computing technology spending, in which the commitments are due over the course of approximately three two years. For agreements with variable terms, the Company does not estimate what the total obligation may be beyond any minimum quantities and/or pricing. For purchase obligations with cancellation provisions, the amounts included in the following table were limited to the non-cancelable portion of the agreement terms or and where applicable the minimum cancellation fees.

The Company's future payments under purchase obligations as of December 31, 2023 were as follows (in thousands):

	Purchase Obligations	
Periods ending		
2024	\$	134,245
2025		191,547
2026		95,000
Thereafter		—
Total purchase obligations	\$	420,792

fees, and are only included to the extent that they further reduce minimum commitments. Since this disclosure only includes minimum commitments, actual spend may vary from the amount disclosed.

Non-Income Tax Contingencies

The Company had reserves of \$31.6 million and \$26.2 million at December 31, 2024 and \$43.2 million at December 31, 2023 and 2022, 2023, respectively, for certain non-income tax obligations, representing management's best estimate of its potential liability. The reserves as of December 31, 2023 December 31, 2024 and 2022 2023 include \$11.5 million \$7.6 million and \$30.4 million \$11.5 million, respectively, due to the acquisitions of subsidiaries, some of which are offset by an indemnification asset of \$3.0 million as of December 31, 2022, subsidiaries. These amounts were primarily recorded as part of purchase accounting. The Company could also be subject to examination in various jurisdictions related to income tax and non-income tax matters. The resolution of these types of matters, if in excess of the recorded reserve, could have an adverse impact on the Company's consolidated financial statements.

Legal Proceedings

From time to time in in the normal ordinary course of business, various claims and litigation have been are regularly asserted or commenced against the Company. Due to uncertainties inherent in litigation and other claims, the Company can give no assurance that it will prevail in any such matters which could subject the Company to significant liability for damages. Any and such claims or litigation could have an a material adverse effect on the Company's business, financial condition, results of operations, or cash flows, or business and financial condition in the period the claims or litigation are resolved. Although the results of litigation and claims cannot be predicted with certainty, flows. However, the Company currently believes that the final outcome of these matters will not have a material adverse effect on its business, effect.

Table of Contents

Etsy, Inc.

Notes to Consolidated Financial Statements

Note 15— 14—Stockholders' (Deficit) Equity

Stock Repurchases

On June 14, 2023, In October 2024, the Board of Directors approved a new stock repurchase program that authorizes the Company to repurchase up to \$1 billion of its common stock.

In June 2023, the Board of Directors approved a stock (the "June 2023 Stock Repurchase Program") repurchase program that authorized the Company to repurchase up to \$1 billion of its common stock. This plan was substantially completed as of December 31, 2024.

As of December 31, 2023 December 31, 2024, the remaining amount available to be repurchased under the approved plan plans was \$724.4 million \$1.0 billion.

The June 2023 Stock Repurchase Program does not stock repurchase programs have a time limit no expiration date and may be modified, suspended, or terminated at any time by the Board of Directors. The number of shares repurchased and the timing of repurchases will depend on a number of factors, including, but not limited to, stock price, trading volume, and general market conditions, along with the Company's working capital requirements, general business conditions, and other factors.

Under the stock repurchase programs, the Company may purchase shares of its common stock through various means, including open market transactions, privately negotiated transactions, tender offers, or any combination thereof. In addition, open market repurchases of common stock have and could be made pursuant to trading plans established pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, which would permit common stock to be repurchased at a time that the Company might otherwise be precluded from doing so under insider trading laws or self-imposed trading restrictions.

In May 2022, the Board of Directors approved a stock repurchase program that authorized the Company to repurchase up to \$600 million of its common stock. All purchases under this program were completed in the third quarter of 2023.

In December 2020, the Board of Directors approved a stock repurchase program that enabled authorized the Company to repurchase up to \$250 million of its common stock. The program was completed in the third quarter of 2022.

Notes to Consolidated Financial Statements

The following table summarizes the Company's cumulative stock repurchase activity under the programs noted above (in thousands, except share and per share amounts):

	Shares Repurchased
	Shares Repurchased
	Shares Repurchased
Repurchases of common stock for the year ended December 31, 2024	
Repurchases of common stock for the year ended December 31, 2024	
Repurchases of common stock for the year ended December 31, 2024	
Repurchases of common stock for the year ended December 31, 2023	
Repurchases of common stock for the year ended December 31, 2023	
Repurchases of common stock for the year ended December 31, 2023	
Repurchases of common stock for the year ended December 31, 2022	
Repurchases of common stock for the year ended December 31, 2022	
Repurchases of common stock for the year ended December 31, 2022	
Repurchases of common stock for the year ended December 31, 2021	
Repurchases of common stock for the year ended December 31, 2021	
Repurchases of common stock for the year ended December 31, 2021	

(1) Average price paid per share excludes broker commissions and excise tax.

All repurchases were made using cash on hand, and all repurchased shares of common stock have been retired.

Under the June 2023 Stock Repurchase Program, the Company may purchase shares of its common stock through various means, including open market transactions, privately negotiated transactions, tender offers, or any combination thereof. In addition, open market repurchases of common stock could be made pursuant to trading plans established pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, which would permit common stock to be repurchased at a time that the Company might otherwise be precluded from doing so under insider trading laws or self-imposed trading restrictions.

The 2018 capped call transactions matured on March 1, 2023, and in accordance with the settlement terms, the Company received 1,194,006 shares of the Company's common stock from the counterparties to the capped call instruments. These shares were retired upon receipt. See "Note 13—Debt" for additional information. This receipt and subsequent retirement of shares was separate from the stock repurchase plans approved by the Board of Directors as described above.

Additionally, in June 2021, the Company repurchased approximately 1.1 million shares of its common stock for approximately \$180 million concurrently with the issuance of the 2021 Notes. See "Note 13—Debt" for more information. This repurchase was separate from the stock repurchase program approved by the Board of Directors in December 2020.

Notes to Consolidated Financial Statements

Note 16—15 Stock-based Compensation

2024 Equity Incentive Plan

The Company's 2015 Equity Incentive Plan (the "2015 Plan") was adopted by its Board of Directors and approved by stockholders in March 2015. In April 2024, the Board of Directors approved an amendment and restatement of the 2015 Plan as the Etsy, Inc. 2024 Equity Incentive Plan ("2024 Plan"), which became effective upon stockholder approval at the 2024 Annual Meeting of Stockholders in June 2024. The 2015 2024 Plan provides for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock, RSUs, PBRsUs, and performance cash awards to employees and directors. Beginning in 2016, the number of shares available for issuance under the 2015 Plan may be increased annually by an amount equal to the lesser of 7,050,000 shares of common stock, 5% of the outstanding shares of common stock as of the last day of the immediately preceding fiscal year, or such other amount as determined directors, and is administered by the Company's Compensation Committee of the Board of Directors. The Board of Directors approved an increase of 0, 6,252,714, and 6,351,106 shares available for issuance under the 2015 Plan as of January 2, 2024, January 2, 2023, and January 3, 2022, respectively. Any awards issued under the 2015 2024 Plan that are forfeited by the participant will become available for future grant under

the 2015 2024 Plan. At December 31, 2023 December 31, 2024, 56,644,564 19,280,062 shares were authorized under the 2015 2024 Plan and 37,275,895 8,288,382 shares were available for future grant.

2024 Inducement Plan

In December 2024, the year ended December 31, 2023 Board of Directors approved the Etsy, Inc. 2024 Inducement Plan (the "2024 Inducement Plan"), which provides for the grant of non-statutory stock options, stock appreciation rights, restricted stock, RSUs, PBRsUs, and performance cash awards. In accordance with Rule 5635(c)(4) of the Nasdaq Listing Rules, awards under the 2024 Inducement Plan may only be made to an employee commencing employment with the Company, or being rehired following a bona fide period of non-employment. In either case, the award must be granted nonqualified stock options in connection with the commencement of employment with the Company, and provide a material inducement to entering into such employment. At December 31, 2024, 1,000,000 shares were authorized under the 2024 Inducement Plan and were available for future grant.

Stock-Based Compensation Awards

In 2024, the Company granted RSUs, including Financial PBRsUs and TSR PBRsUs, to eligible participants under its 2015 Plan. participants.

The Company recognizes forfeitures as they occur. Options were granted for a term of 10 years, and vest over a one year requisite service period for board members and a four year requisite service period for employees. For RSUs, vesting is typically over a four-year requisite service period for employees and is contingent upon continued employment with the Company on each vesting date. In general, for newly-hired employees, RSUs vest 25% after the first year of service and ratably each six-month period over a four-year period following the vesting commencement date, which is the first day of the month following the date of grant. In general, for current employees who receive an additional grant, awards vest ratably each six-month period over a four-year period following the vesting commencement date.

For Financial PBRsUs, the number of RSUs received will depend on the achievement of financial metrics relative to the approved performance targets. Depending on the actual financial metrics achieved relative to the target financial metrics, throughout the defined performance period of the award, the number of PBRsUs that vest could range from 0% to 200% of the target amount, and are subject to the Compensation Committee's approval of the level of achievement against the approved performance targets. amount. For the TSR PBRsUs, the number of RSUs received will depend on the Company's total shareholder return relative to that of the Nasdaq Composite Index over a three-year measurement period. In each case, the level of achievement against the approved performance targets is subject to the Compensation Committee's approval.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model. The fair value of RSUs is determined based on the closing price of the Company's common stock on Nasdaq on the grant date. Additionally, the fair value of the Financial PBRsUs is determined using a probability assessment and the fair value of the TSR PBRsUs with market conditions is determined using a Monte-Carlo simulation model. For PBRsUs, the Company recognizes stock-based compensation expenses on a straight-line basis over the longest of the derived, explicit, or implicit service period.

118

Table of Contents

Etsy, Inc.

Notes to Consolidated Financial Statements

As of interim and annual reporting periods, the Financial PBRsUs stock-based compensation expense is adjusted based on expected achievement of performance targets, while TSR PBRsUs stock-based compensation expense is not adjusted.

The fair value of options granted in the periods indicated using the Black-Scholes pricing model has been based on the following assumptions:

	Year Ended December 31,		
	2023	2022	2021
Expected Volatility	63.3%	62.5%	43.4% - 57.4%
Risk-free interest rate	4.1%	3.4%	0.8% - 1.2%
Expected term (in years)	4.5	4.6	4.6 - 6.2

132

Table of Contents

Etsy, Inc.

Notes to Consolidated Financial Statements

The following table summarizes the activity for the Company's options (in thousands, except share and per share amounts):

Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contract Term (in years)	Aggregate Intrinsic Value
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Outstanding at December 31, 2020	5,099,952	\$ 20.97	6.81	\$ 800,453
Granted	198,193	218.93		
Exercised	(994,456)	22.83		
Forfeited/Canceled	(29,964)	47.86		
Outstanding at December 31, 2021	4,273,725	29.52	5.99	810,321
Granted	9,916	76.05		
Exercised	(816,620)	18.40		
Forfeited/Canceled	(10,704)	126.22		
Outstanding at December 31, 2022	3,456,317	31.99	5.06	322,230
Granted	8,131	95.06		
Exercised	(623,161)	22.83		
Forfeited/Canceled	(65,356)	123.29		
Outstanding at December 31, 2023	2,775,931	32.08	4.03	158,476
Total exercisable at December 31, 2023	2,650,630	27.44	3.89	156,256

The following table summarizes the weighted-average grant date fair value of options granted, intrinsic value of options exercised and fair value of awards vested in periods indicated (in thousands, except per share amounts):

	Year Ended December 31,		
	2023	2022	2021
Weighted average grant date fair value of options granted	\$ 51.65	\$ 40.84	\$ 95.00
Intrinsic value of options exercised	44,266	87,892	206,709
Fair value of awards vested	278,537	195,929	96,592

The total unrecognized compensation expense at December 31, 2023 related to the Company's options was \$5.3 million, which will be recognized over an estimated weighted-average amortization period of 1.16 years.

In connection with the acquisitions of Depop and Elo7 in July 2021, outstanding, unvested options held by continuing employees of each acquired entity as of the respective acquisition dates were replaced with Etsy RSU awards with the same aggregate fair value, with a total dollar value of \$78.8 million, \$5.6 million of which relates to pre-combination service and was included as a component of the purchase price. These RSUs generally follow the original vesting schedule of the replaced options, which provided that they will vest 25% on the first anniversary of their original vesting commencement date with the remaining 75% vesting ratably each month thereafter until the fourth anniversary of their original vesting commencement date.

133

## Table of Contents

Etsy, Inc.

## Notes to Consolidated Financial Statements

The following table summarizes the activity for the Company's unvested RSUs, which includes Financial PBRsUs and TSR PBRsUs (in thousands, except per share amounts):

	Shares	Weighted-Average	
		Fair Value	
Unvested at December 31, 2020	3,085,987	\$	50.28
Granted (1)	2,136,685		208.84
Vested	(1,400,241)		59.80
Forfeited/Canceled	(315,710)		108.22
Unvested at December 31, 2021	3,506,721		137.87
Granted	5,226,948		119.83
Vested	(1,670,084)		110.53
Forfeited/Canceled	(669,799)		154.06
Unvested at December 31, 2022	6,393,786		128.37
Granted	3,644,341		100.24
Vested	(2,350,706)		114.95
Forfeited/Canceled	(1,490,623)		127.68

Unvested at December 31, 2023	6,196,798	117.14
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(1) Includes RSU awards issued to Depop and Elo7 employees in connection with the acquisitions in the third quarter of 2021.

	Shares	Weighted-Average Fair Value
Unvested at December 31, 2021	3,507	\$ 137.87
Granted	5,227	119.83
Vested	(1,670)	110.53
Forfeited/Canceled	(670)	154.06
Unvested at December 31, 2022	6,394	128.37
Granted	3,645	100.24
Vested	(2,351)	114.95
Forfeited/Canceled	(1,491)	127.68
Unvested at December 31, 2023	6,197	117.14
Granted	4,943	64.89
Vested	(2,516)	111.71
Forfeited/Canceled	(1,066)	106.37
Unvested at December 31, 2024	7,558	86.29

The total unrecognized compensation expense at **December 31, 2023** **December 31, 2024** related to the Company's unvested RSUs, including the Financial PBRs and TSR PBRs, was **\$596.0 million** **\$520.9 million**, which will be recognized over an estimated weighted-average amortization period of **2.57** **2.40** years.

In connection with the acquisition of Depop, certain Depop executives were eligible to receive deferred consideration of \$44.0 million in shares of Etsy common stock over the three years following the acquisition date, subject to certain service-based vesting conditions during the vesting period. These awards were to be settled by issuing shares of Etsy common stock on or shortly following the applicable vesting date, with the number of shares to be determined based on the Company's stock price on, or leading up to, the applicable vesting date. These awards were to be recognized as post-combination service stock-based compensation expense over a vesting period equal to the mandatory service period associated with the award, with a corresponding liability included within Other liabilities on the Company's Consolidated Balance Sheets until the service-based vesting criteria are met and the awards are settled in shares of Etsy common stock expense. As of **December 31, 2023** **December 31, 2024**, the Company's obligation related to this compensation is substantially complete.

The following table summarizes the activity for the Company's options (in thousands, except per share amounts):

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contract Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2021	4,274	\$ 29.52	5.99	\$ 810,321
Granted	10	76.05		
Exercised	(817)	18.40		
Forfeited/Canceled	(11)	126.22		
Outstanding at December 31, 2022	3,456	31.99	5.06	322,230
Granted	8	95.06		
Exercised	(624)	22.83		
Forfeited/Canceled	(64)	123.29		
Outstanding at December 31, 2023	2,776	32.08	4.03	158,476
Granted	13	60.14		
Exercised	(158)	24.68		
Forfeited/Canceled	(49)	174.53		
Outstanding at December 31, 2024	2,582	29.99	3.04	83,954
Total exercisable at December 31, 2024	2,554	28.69	2.98	83,954

The fair value of awards vested was \$285.6 million, \$278.5 million, and \$195.9 million for 2024, 2023, and 2022, respectively.

119

[Table of Contents](#)

Etsy, Inc.

Notes to Consolidated Financial Statements

Stock-based compensation expense included in the Consolidated Statements of Operations is as follows (in thousands):

	Year Ended December 31,			Year Ended December 31,			
	2023	2022		2021	2024		2023
Cost of revenue							
Marketing							
Product development							
General and administrative							
Stock-based compensation expense							

134

[Table of Contents](#)

Etsy, Inc.

Notes to Consolidated Financial Statements

Note 17—16—Restructuring and Other Exit Costs

On December 12, 2023, the Company's Board of Directors approved a restructuring plan designed to increase Etsy's operational efficiencies, reduce operating costs, and better align Etsy's workforce and cost structure with current business needs, top strategic priorities, and key growth opportunities (collectively, the "Restructuring Plan"). The Restructuring Plan includes an approximately 11% reduction of the Etsy marketplace workforce, which is approximately 225 employees.

Additionally, in the fourth quarter of 2023 Reverb reduced its workforce by approximately 13% to gain operational efficiencies and enable critical growth investments into 2024 and beyond.

In connection with these workforce reductions, Etsy incurred approximately \$26.6 million in charges in the fourth quarter of 2023, primarily consisting of severance and employee-related benefits, benefits, a majority of which related to the Etsy expects that the execution marketplace. As of the Restructuring Plan will be substantially complete by the end of the first quarter of 2024, with the majority execution of costs incurred during the year ended December 31, 2023, Restructuring Plan was substantially complete.

Total restructuring and other exit costs included in the Consolidated Statements Statement of Operations are as follows (in thousands):

	Year Ended December 31,	
	2023	
Cost of revenue	\$	5,650
Marketing		3,233
Product development		13,527
General and administrative		4,167
Total restructuring and other exit costs	\$	26,577

The following table is a summary of the changes in the Company's liability for severance and employee-related benefits associated with restructuring and other exit costs, included in accrued expenses in the Consolidated Balance Sheets (in thousands):

Balance as of December 31, 2022 Restructuring and Other Exit Costs	\$	—
Severance and employee-related benefits		26,189
Cash payments		(1,849)
Balance as of December 31, 2023	\$	24,340
Severance and employee-related benefits		2,803
Cash payments		(25,386)
Balance as of December 31, 2024	\$	1,757

135 120

## Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

### Item 9A. Controls and Procedures.

#### Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of **December 31, 2023** **December 31, 2024**. "Disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and (ii) accumulated and communicated to the company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of **December 31, 2023** **December 31, 2024** at the reasonable assurance level.

Our disclosure controls and procedures and internal controls over financial reporting are designed to provide reasonable assurance of achieving the desired control objectives. Our management recognizes that any control system, no matter how well designed and operated, is based upon certain judgments and assumptions and cannot provide absolute assurance that its objectives will be met. Similarly, an evaluation of controls cannot provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected.

#### Management's Report on Internal Controls Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal controls over financial reporting, as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Our management conducted an assessment of the effectiveness of our internal controls over financial reporting as of **December 31, 2023** **December 31, 2024** based on the criteria set forth in *Internal Control-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the assessment, our management has concluded that its internal controls over financial reporting were effective as of **December 31, 2023** **December 31, 2024** to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

Our independent registered public accounting firm, PricewaterhouseCoopers LLP, has issued an audit report with respect to the effectiveness of our internal controls over financial reporting as of **December 31, 2023** **December 31, 2024**, which appears in Part II, Item 8 of this Annual Report.

#### Changes in Internal Controls over Financial Reporting

There **were were** no changes in our internal controls over financial reporting identified during the **fourth** quarter ended December 31, **2023** **2024** that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

**136** **121**

### Item 9B. Other Information.

#### (b) Adoption or Termination of Insider Trading Arrangements.

On **November 3, 2023** **November 5, 2024**, **Fred Wilson, the Chair** **Josh Silverman, our Chief Executive Officer and a member** of our Board, **of Directors**, adopted a trading plan intended to satisfy the affirmative defense of Rule 10b5-1(c) of the Exchange Act (a "10b5-1 Plan") **on behalf of Gotham Gives Inc. and The Solomon Wilson Family Foundation, two entities over which Mr. Wilson shares dispositive power but no pecuniary interest. Under this 10b5-1 Plan an aggregate of up to 31,275 shares of Etsy common stock, consisting of up to 14,000 shares of Etsy common stock gifted by Mr. Wilson to Gotham Gives Inc. and up to 17,275 shares of Etsy common stock gifted by Mr. Wilson to The Solomon Wilson Family Foundation, may be sold. The plan terminates on the earlier of the date all the shares covered by the plan are sold and November 30, 2025.**

On **November 3, 2023**, **Josh Silverman, our Chief Executive Officer and a member of our Board of Directors**, adopted a 10b5-1 Plan under which an aggregate of up to **504,376** 999,992 shares of Etsy common stock to be issued upon exercise of stock options may be sold. The plan terminates on the earlier of the date all the shares covered by the plan are sold and **February 2, 2025** **March 1, 2026**.

On **November 3, 2023** **November 1, 2024**, **Nicholas Daniel, Raina Moskowitz, our former Chief Product Operating and Marketing Officer**, **adopted** **terminated** a 10b5-1 Plan under which an aggregate of up to **13,500** 98,443 shares of Etsy common stock held by **Mr. Daniel, Ms. Moskowitz**, excluding shares withheld to satisfy tax withholding obligations, **may** and including up to 76,176 shares to be **issued** upon exercise of stock options, could have potentially been sold. The plan **terminates** was adopted on March 8, 2024, and was scheduled to terminate on the earlier of the date all the shares covered by the plan **are were** sold and **November 15, 2024** **May 1, 2025**.

#### Election of David Rosenblatt as Director

On **November 15, 2023** **February 14, 2025**, **Melissa Reiff, Etsy's Board of Directors (the "Board")**, upon the recommendation of the Nominating and Corporate Governance Committee of the Board, appointed David Rosenblatt to the Board to serve as a Class III director (for a term expiring at the 2027 annual meeting of stockholders), effective March 10, 2025. Mr. Rosenblatt was also appointed to the Board's Compensation Committee, effective March 10, 2025. Mr. Rosenblatt has served as Chief Executive Officer and a member of **our** the board of directors of 1stdibs.com, Inc. since **November 2011** and previously served as President, Global Display Advertising, of Google, Inc. Mr. Rosenblatt also serves as a member of the board of directors of IAC Holdings, Inc. and previously served on the board of directors of X Corp.

As a non-employee director, Mr. Rosenblatt will be compensated for his services pursuant to Etsy's Amended and Restated Compensation Program for Non-Employee Directors, effective as of February 6, 2023 and filed as Exhibit 10.3 to Etsy's Quarterly Report on Form 10-Q for the quarter-ended March 31, 2023. Etsy also expects to enter into its standard indemnification agreement for directors with Mr. Rosenblatt, the form of which was filed as Exhibit 10.1 to Etsy's Annual Report on Form 10-K for the year-ended December 31, 2022.

Mr. Rosenblatt was not selected as a director pursuant to any arrangements or understandings with Etsy or with any other person, and there are no related party transactions between Etsy and Mr. Rosenblatt that would require disclosure under Item 404(a) of Regulation S-K.

#### Jonathan Klein Will Not Stand for Re-Election

On February 15, 2025, Jonathan Klein, a member of the Board, informed Etsy of Directors, adopted his decision to not stand for re-election as a 10b5-1 Plan under which an aggregate of up to 23,996 shares director of Etsy common stock held by Ms. Reiff, and including up at the 2025 Annual Meeting of Stockholders. Mr. Klein's decision to 16,184 shares not stand for re-election was not the result of any disagreement relating to be issued upon exercise Etsy's operations, policies, or practices.

Etsy expects that its Board size will remain consistent with the number of stock options, may be sold. The plan terminates directors serving on the earlier of the date all the shares covered by the plan are sold and November 30, 2024, our Board.

#### Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

137 122

## PART III.

#### Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item is incorporated by reference from the information contained under the sections "Election of Directors," "Corporate Governance," "Executive Officers," and "Delinquent Section 16(a) Reports" in our Proxy Statement for the 2024 2025 Annual Meeting of Stockholders ("Proxy Statement") to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023 December 31, 2024.

Our Board of Directors has adopted a Code of Conduct applicable to all officers, directors, and employees, which is available on our website (investors.etsy.com) under "ESG--Governance--Governance Documents." We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendments and waivers of our Code of Conduct by posting information on the website address specified above.

#### Insider Trading Policies and Procedures

Etsy maintains an insider trading policy governing the purchase, sale, and other dispositions of Etsy's securities by all Etsy directors, officers, and employees, and certain consultants, agents and independent contractors of Etsy and its subsidiaries. In addition, with regard to Etsy trading in its own securities, we comply with the federal securities laws and the applicable exchange listing requirements. A copy of our insider trading policy is filed as Exhibit 19.1 to this Annual Report.

#### Item 11. Executive Compensation.

The information required by this item is incorporated by reference from information contained under the section "Compensation Discussion and Analysis," "Executive Compensation Tables," "Director Compensation," and "Compensation Committee Interlocks and Insider Participation" in our Proxy Statement.

#### Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item is incorporated by reference from information contained under the sections "Equity Compensation Plan Information" and "Security Ownership of Certain Beneficial Owners, Directors, and Management" in our Proxy Statement.

#### Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is incorporated by reference from the information contained under the sections "Certain Relationships and Related Person Transactions" and "Corporate Governance" in our Proxy Statement.

#### Item 14. Principal Accounting Fees and Services.

The information required by this item is incorporated by reference from the information contained under the section "Appointment of Independent Registered Public Accounting Firm" in our Proxy Statement.

138 123

## PART IV.

### Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this report:

(1) Financial Statements.

Our consolidated financial statements are listed in the "Index to Consolidated Financial Statements" under Part II, Item 8 of this Annual Report.

(2) Financial Statement Schedules.

All schedules are omitted because they are not applicable or because the required information is shown in the consolidated financial statements and accompanying notes.

(3) Exhibits.

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
<a href="#">2.1</a>	<a href="#">Agreement for the Sale and Purchase of the Share Capital of Depop Limited, dated June 2, 2021</a>	10-K	001-36911	2.1	8/5/2021	
<a href="#">3.1</a>	<a href="#">Amended and Restated Certificate of Incorporation of Etsy, Inc.</a>	8-K	001-36911	3.1	4/21/2015	
<a href="#">3.2</a>	<a href="#">Amended and Restated Bylaws of Etsy, Inc.</a>	8-K	001-36911	3.1	12/12/2022	
<a href="#">4.1</a>	<a href="#">Indenture between Etsy, Inc. and U.S. Bank National Association, dated as of September 23, 2019</a>	8-K	001-36911	4.1	9/23/2019	
<a href="#">4.2</a>	<a href="#">Form of Global Note, representing Etsy, Inc.'s 0.125% Convertible Senior Notes due 2026 (included as Exhibit A to the Indenture filed as Exhibit 4.3)</a>	8-K	001-36911	4.2	9/23/2019	
<a href="#">4.3</a>	<a href="#">Form of Confirmation for Capped Call Transaction</a>	8-K	001-36911	99.2	9/23/2019	
<a href="#">4.4</a>	<a href="#">Indenture, dated as of August 24, 2020, by and between Etsy, Inc. and U.S. Bank National Association, as Trustee</a>	8-K	001-36911	4.1	8/24/2020	
<a href="#">4.5</a>	<a href="#">Form of Global Note, representing Etsy, Inc.'s 0.125% Convertible Senior Notes due 2027 (included as Exhibit A to the Indenture filed as Exhibit 4.6)</a>	8-K	001-36911	4.2	8/24/2020	
<a href="#">4.6</a>	<a href="#">Form of Confirmation for 2020 Capped Call Transactions</a>	8-K	001-36911	99.1	8/24/2020	
<a href="#">4.7</a>	<a href="#">Indenture, dated as of June 11, 2021, between Etsy, Inc. and U.S. Bank National Association, as Trustee</a>	8-K	001-36911	4.1	6/11/2021	
<a href="#">4.8</a>	<a href="#">Form of Note, representing Etsy, Inc.'s 0.25% Convertible Senior Notes due 2028 (included as Exhibit A to the Indenture filed as Exhibit 4.10)</a>	8-K	001-36911	4.2	6/11/2021	
<a href="#">4.9</a>	<a href="#">Form of Confirmation for 2021 Capped Call Transactions</a>	8-K	001-36911	99.1	6/11/2021	
<a href="#">4.10</a>	<a href="#">Description of Securities</a>	10-K	001-36911	4.6	2/27/2020	
<a href="#">10.1*</a>	<a href="#">Form of Indemnification Agreement between Etsy, Inc. and each of its directors and executive officers</a>	S-1/A	333-202497	10.1	3/31/2015	
<a href="#">10.2*</a>	<a href="#">2006 Stock Plan, as amended, and forms of agreements thereunder</a>	S-1	333-202497	10.2.1	3/4/2015	
<a href="#">10.3*</a>	<a href="#">2015 Equity Incentive Plan</a>	S-1/A	333-202497	10.3	4/14/2015	
<a href="#">10.3.1*</a>	<a href="#">Forms of agreements under 2015 Equity Incentive Plan</a>	10-K	001-36911	10.3.1	2/28/2019	
<a href="#">10.3.2*</a>	<a href="#">Form of Performance Stock Unit (PSU) Agreement under 2015 Equity Incentive Plan (2021)</a>	10-Q	001-36911	10.1	5/6/2021	
<a href="#">10.3.3*</a>	<a href="#">Form of Performance Stock Unit (PSU) Agreement under 2015 Equity Incentive Plan (2022)</a>	10-Q	001-36911	10.1	5/5/2022	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
<a href="#">3.1</a>	<a href="#">Amended and Restated Certificate of Incorporation of Etsy, Inc.</a>	8-K	001-36911	3.1	4/21/2015	
<a href="#">3.1.1</a>	<a href="#">Certificate of Change of Registered Agent and/or Registered Office</a>	8-K	001-36911	3.1	6/18/2024	
<a href="#">3.2</a>	<a href="#">Amended and Restated Bylaws of Etsy, Inc.</a>	8-K	001-36911	3.1	12/12/2023	
<a href="#">4.1</a>	<a href="#">Indenture between Etsy, Inc. and U.S. Bank National Association, dated as of September 23, 2019</a>	8-K	001-36911	4.1	9/23/2019	

<a href="#">4.2</a>	<a href="#">Form of Global Note, representing Etsy, Inc.'s 0.125% Convertible Senior Notes due 2026 (included as Exhibit A to the Indenture filed as Exhibit 4.1)</a>	8-K	001-36911	4.2	9/23/2019
<a href="#">4.3</a>	<a href="#">Form of Confirmation for Capped Call Transaction</a>	8-K	001-36911	99.2	9/23/2019
<a href="#">4.4</a>	<a href="#">Indenture, dated as of August 24, 2020, by and between Etsy, Inc. and U.S. Bank National Association, as Trustee</a>	8-K	001-36911	4.1	8/24/2020
<a href="#">4.5</a>	<a href="#">Form of Global Note, representing Etsy, Inc.'s 0.125% Convertible Senior Notes due 2027 (included as Exhibit A to the Indenture filed as Exhibit 4.4)</a>	8-K	001-36911	4.2	8/24/2020
<a href="#">4.6</a>	<a href="#">Form of Confirmation for 2020 Capped Call Transactions</a>	8-K	001-36911	99.1	8/24/2020
<a href="#">4.7</a>	<a href="#">Indenture, dated as of June 11, 2021, between Etsy, Inc. and U.S. Bank National Association, as Trustee</a>	8-K	001-36911	4.1	6/11/2021
<a href="#">4.8</a>	<a href="#">Form of Note, representing Etsy, Inc.'s 0.25% Convertible Senior Notes due 2028 (included as Exhibit A to the Indenture filed as Exhibit 4.7)</a>	8-K	001-36911	4.2	6/11/2021
<a href="#">4.9</a>	<a href="#">Form of Confirmation for 2021 Capped Call Transactions</a>	8-K	001-36911	99.1	6/11/2021
<a href="#">4.10</a>	<a href="#">Description of Securities</a>	10-K	001-36911	4.6	2/27/2020
<a href="#">10.1*</a>	<a href="#">Form of Indemnification Agreement between Etsy, Inc. and each of its directors and executive officers</a>	S-1/A	333-202497	10.1	3/31/2015
<a href="#">10.2*</a>	<a href="#">2006 Stock Plan, as amended, and forms of agreements thereunder</a>	S-1	333-202497	10.2.1	3/4/2015
<a href="#">10.3*</a>	<a href="#">2015 Equity Incentive Plan</a>	S-1/A	333-202497	10.3	4/14/2015
<a href="#">10.3.1*</a>	<a href="#">Forms of agreements under 2015 Equity Incentive Plan</a>	10-K	001-36911	10.3.1	2/28/2019
<a href="#">10.3.2*</a>	<a href="#">Form of Performance Stock Unit (PSU) Agreement under 2015 Equity Incentive Plan (2021)</a>	10-Q	001-36911	10.1	5/6/2021
<a href="#">10.3.3*</a>	<a href="#">Form of Performance Stock Unit (PSU) Agreement under 2015 Equity Incentive Plan (2022)</a>	10-Q	001-36911	10.1	5/5/2022

139 124

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
<a href="#">10.3.4*</a>	<a href="#">Form of Restricted Stock Unit (RSU) Agreement under 2015 Equity Incentive Plan (2023)</a>	10-Q	001-36911	10.1	5/4/2023	
<a href="#">10.3.5*</a>	<a href="#">Form of Performance Stock Unit (PSU) Agreement under 2015 Equity Incentive Plan (2023)</a>	10-Q	001-36911	10.2	5/4/2023	
<a href="#">10.4*</a>	<a href="#">2015 Employee Stock Purchase Plan</a>	S-1/A	333-202497	10.4	3/31/2015	
<a href="#">10.5</a>	<a href="#">Agreement of Lease, dated May 12, 2014, among Etsy, Inc., 117 Adams Owner LLC and 55 Prospect Owner LLC</a>	S-1	333-202497	10.6	3/4/2015	
<a href="#">10.5.1</a>	<a href="#">First Amendment to Lease Agreement, effective as of October 1, 2021, among Etsy, Inc. and RFR/K 117 Adams Owner LLC and RFR/K 55 Prospect Owner LLC</a>	10-K	001-36911	10.5.1	2/25/2022	
<a href="#">10.6*</a>	<a href="#">Amended and Restated Offer Letter, dated as of January 15, 2021, by and between Josh Silverman and Etsy, Inc.</a>	8-K	001-36911	10.1	1/20/2021	
<a href="#">10.7*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Rachel Glaser, dated April 2, 2017</a>	8-K	001-36911	10.1	4/3/2017	
<a href="#">10.7.1*</a>	<a href="#">Amendment to Letter Agreement between Etsy, Inc. and Rachel Glaser, dated May 4, 2017</a>	10-Q	001-36911	10.2.2	8/7/2017	
<a href="#">10.8*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Kruti Patel Goyal, dated February 10, 2011, as amended on December 14, 2016, and as supplemented on July 28, 2022</a>	10-Q	001-36911	10.1	11/3/2022	
<a href="#">10.9*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Nick Daniel, dated January 17, 2014, as supplemented on August 1, 2022</a>	10-Q	001-36911	10.2	11/3/2022	
<a href="#">10.10*</a>	<a href="#">Employment offer letter between Etsy, Inc. and Michael Fisher dated July 27, 2017</a>	10-K	001-36911	10.11	3/1/2018	
<a href="#">10.10.1*</a>	<a href="#">Advisory Agreement between Etsy, Inc. and Michael Fisher, dated October 25, 2022</a>	10-K	001-36911	10.10.1	2/23/2023	
<a href="#">10.10.2*</a>	<a href="#">Independent Contractor Agreement between Etsy, Inc. and Fish Scalability, LLC, dated May 2, 2023</a>	10-Q	001-36911	10.1	8/3/2023	
<a href="#">10.11*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Rachana Kumar, dated October 27, 2022</a>	10-K	001-36911	10.11	2/23/2023	

<a href="#">10.12*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Raina Moskowitz, dated March 5, 2018</a>	10-Q	001-36911	10.1	5/7/2020	
<a href="#">10.13*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Ryan Scott, dated May 22, 2019</a>	10-K	001-36911	10.13	2/23/2023	
<a href="#">10.13.1*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Ryan Scott, dated December 12, 2023</a>					X
<a href="#">10.14*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Colin Stretch, dated January 20, 2023</a>	10-Q	001-36911	10.4	5/4/2023	
<a href="#">10.15*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Toni Thompson, dated December 18, 2023</a>					X
<a href="#">10.16*</a>	<a href="#">Executive Severance Plan</a>	10-K	001-36911	10.11	2/28/2019	
<a href="#">10.17*</a>	<a href="#">Management Cash Incentive Plan</a>	S-1	333-202497	10.14	3/4/2015	
<a href="#">10.17.1*</a>	<a href="#">Amendment No. 1 to the Etsy, Inc. Management Cash Incentive Plan</a>	10-Q	001-36911	10.1	8/4/2016	
<a href="#">10.18*</a>	<a href="#">Amended and Restated Compensation Program for Non-Employee Directors, effective February 6, 2023</a>	10-Q	001-36911	10.3	5/4/2023	
<a href="#">10.19</a>	<a href="#">Amended and Restated Credit Agreement dated as of March 24, 2023, among Etsy, Inc., JPMorgan Chase Bank, N.A., and the other parties thereto</a>	10-Q	001-36911	10.5	5/4/2023	
<a href="#">21.1</a>	<a href="#">List of Subsidiaries of Etsy, Inc.</a>					X
<a href="#">23.1</a>	<a href="#">Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm</a>					X

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
<a href="#">10.3.4*</a>	<a href="#">Form of Restricted Stock Unit (RSU) Agreement under 2015 Equity Incentive Plan (2023)</a>	10-Q	001-36911	10.1	5/4/2023	
<a href="#">10.3.5*</a>	<a href="#">Form of Performance Stock Unit (PSU) Agreement under 2015 Equity Incentive Plan (2023)</a>	10-Q	001-36911	10.2	5/4/2023	
<a href="#">10.4*</a>	<a href="#">2024 Equity Incentive Plan</a>	8-K	001-36911	10.1	6/18/2024	
<a href="#">10.4.1*</a>	<a href="#">Form of Restricted Stock Unit (RSU) Agreement under 2024 Equity Incentive Plan</a>					X
<a href="#">10.5*</a>	<a href="#">2024 Inducement Plan</a>	8-K	001-36911	10.1	12/16/2024	
<a href="#">10.5.1*</a>	<a href="#">Form of Restricted Stock Unit Agreement under 2024 Inducement Plan</a>					X
<a href="#">10.6*</a>	<a href="#">2015 Employee Stock Purchase Plan</a>	S-1/A	333-202497	10.4	3/31/2015	
<a href="#">10.5</a>	<a href="#">Agreement of Lease, dated May 12, 2014, among Etsy, Inc., 117 Adams Owner LLC and 55 Prospect Owner LLC</a>	S-1	333-202497	10.6	3/4/2015	
<a href="#">10.5.1</a>	<a href="#">First Amendment to Lease Agreement, effective as of October 1, 2021, among Etsy, Inc. and RFR/K 117 Adams Owner LLC and RFR/K 55 Prospect Owner LLC</a>	10-K	001-36911	10.5.1	2/25/2022	
<a href="#">10.6*</a>	<a href="#">Amended and Restated Offer Letter, dated as of January 15, 2021, by and between Josh Silverman and Etsy, Inc.</a>	8-K	001-36911	10.1	1/20/2021	
<a href="#">10.7*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Charles Baker, dated November 21, 2024</a>					X
<a href="#">10.8*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Rachel Glaser, dated April 2, 2017</a>	8-K	001-36911	10.1	4/3/2017	
<a href="#">10.8.1*</a>	<a href="#">Amendment to Letter Agreement between Etsy, Inc. and Rachel Glaser, dated May 4, 2017</a>	10-Q	001-36911	10.2.2	8/7/2017	
<a href="#">10.8.2*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Rachel Glaser, dated July 31, 2024</a>	10-Q	001-36911	10.1	10/31/2024	
<a href="#">10.9*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Kruti Patel Goyal, dated February 10, 2011, as amended on December 14, 2016, and as supplemented on July 28, 2022</a>	10-Q	001-36911	10.1	11/3/2022	
<a href="#">10.9.1*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Kruti Patel Goyal, dated December 4, 2024</a>					X
<a href="#">10.10*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Nick Daniel, dated January 17, 2014, as supplemented on August 1, 2022</a>	10-Q	001-36911	10.2	11/3/2022	
<a href="#">10.11*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Rachana Kumar, dated October 27, 2022</a>	10-K	001-36911	10.11	2/23/2023	
<a href="#">10.11.1*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Rachana Kumar, dated December 4, 2024</a>					X
<a href="#">10.12*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Raina Moskowitz, dated March 5, 2018</a>	10-Q	001-36911	10.1	5/7/2020	
<a href="#">10.12.1*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Raina Moskowitz, dated December 2, 2024</a>					X
<a href="#">10.13*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Colin Stretch, dated January 20, 2023</a>	10-Q	001-36911	10.4	5/4/2023	
<a href="#">10.14*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Toni Thompson, dated December 18, 2023</a>	10-K	001-36911	10.15	2/22/2024	
<a href="#">10.15*</a>	<a href="#">Letter Agreement between Etsy, Inc. and Brad Minor, dated December 3, 2024</a>					X
<a href="#">10.16*</a>	<a href="#">Executive Severance Plan</a>	10-K	001-36911	10.11	2/28/2019	
<a href="#">10.17*</a>	<a href="#">Management Cash Incentive Plan</a>	S-1	333-202497	10.14	3/4/2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
<a href="#">24.1</a>	<a href="#">Power of Attorney (contained in the signature page to this Annual Report on Form 10-K)</a>					X
<a href="#">31.1</a>	<a href="#">Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended</a>					X
<a href="#">31.2</a>	<a href="#">Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended</a>					X
<a href="#">32.1†</a>	<a href="#">Certification of Chief Executive Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350</a>					X
<a href="#">32.2†</a>	<a href="#">Certification of Chief Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350</a>					X
<a href="#">97</a>	<a href="#">Policy Relating to Recovery of Erroneously Awarded Compensation</a>					X
101.INS	Inline XBRL Instance Document**					
101.SCH	Inline XBRL Taxonomy Schema Linkbase Document					X
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Labels Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document					X
<a href="#">104</a>	<a href="#">The cover page of the Company's Annual Report on Form 10-K for the year ended Dec. 31, 2023, formatted in inline XBRL.**</a>					

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
<a href="#">10.17.1*</a>	<a href="#">Amendment No. 1 to the Etsy, Inc. Management Cash Incentive Plan</a>	10-Q	001-36911	10.1	8/4/2016	
<a href="#">10.18*</a>	<a href="#">Amended and Restated Compensation Program for Non-Employee Directors, effective February 6, 2023</a>	10-Q	001-36911	10.3	5/4/2023	
<a href="#">10.19</a>	<a href="#">Amended and Restated Credit Agreement dated as of March 24, 2023, among Etsy, Inc., JPMorgan Chase Bank, N.A., and the other parties thereto</a>	10-Q	001-36911	10.5	5/4/2023	
<a href="#">19.1</a>	<a href="#">Insider Trading Policy</a>					X
<a href="#">21.1</a>	<a href="#">List of Subsidiaries of Etsy, Inc.</a>					X
<a href="#">23.1</a>	<a href="#">Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm</a>					X
<a href="#">24.1</a>	<a href="#">Power of Attorney (contained in the signature page to this Annual Report on Form 10-K)</a>					X
<a href="#">31.1</a>	<a href="#">Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended</a>					X
<a href="#">31.2</a>	<a href="#">Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended</a>					X
<a href="#">32.1†</a>	<a href="#">Certification of Chief Executive Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350</a>					X
<a href="#">32.2†</a>	<a href="#">Certification of Chief Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350</a>					X
<a href="#">97</a>	<a href="#">Policy Relating to Recovery of Erroneously Awarded Compensation</a>	10-K	001-36911	97	2/22/2024	
101.INS	Inline XBRL Instance Document**					
101.SCH	Inline XBRL Taxonomy Schema Linkbase Document					X
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Labels Linkbase Document					X

101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document	X
104	The cover page of the Company's Annual Report on Form 10-K for the year ended Dec. 31, 2024, formatted in inline XBRL.***	

\* Indicates a management contract or compensatory plan.  
† These certifications are not deemed to be filed with the SEC and are not to be incorporated by reference into any filing of Etsy, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.  
\*\* The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.  
\*\*\* The cover page interactive data file is embedded within the inline XBRL document and included in Exhibit 101.

Item 16. Form 10-K Summary

None.

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Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ETSY, INC.

Date: February 21, 2024February 19, 2025

/s/ Merilee Buckley

Merilee Buckley

Chief Accounting Officer

(Principal Accounting Officer)

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Josh Silverman and Rachel Glaser, Charles Baker, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Josh Silverman Josh Silverman	President, Chief Executive Officer and Director (Principal Executive Officer)	February 21, 21
/s/ Rachel Glaser Charles Baker Rachel Glaser Charles Baker	Chief Financial Officer (Principal Financial Officer)	February 21, 21
/s/ Merilee Buckley Merilee Buckley	Chief Accounting Officer (Principal Accounting Officer)	February 21, 21
/s/ Fred Wilson Fred Wilson	Chair	February 21, 21
/s/ C. Andrew Ballard C. Andrew Ballard	Director	February 21, 21
/s/ Marla Blow Marla Blow	Director	February 21, 21
/s/ Gary S. Briggs Gary S. Briggs	Director	February 21, 21
/s/ M. Michele Burns M. Michele Burns	Director	February 21, 21
/s/ Jonathan D. Klein Jonathan D. Klein	Director	February 21, 21
/s/ Melissa Reiff Melissa Reiff	Director	February 21, 21
/s/ Margaret M. Smyth Margaret M. Smyth	Director	February 21, 21
/s/ Marc Steinberg Marc Steinberg	Director	February 21, 21

142127

Exhibit 10.4.1

**Etsy, Inc.**  
**2024 Equity Incentive Plan**  
**Notice of Stock Unit Award**

You have been granted Stock Units representing shares of common stock of Etsy, Inc. (the "Company") on the following terms (the "Award"):

Name of Recipient: [Name]

Total Number of Stock Units Granted: [Total Units]

Date of Grant: [Date Grant]

Vesting Commencement Date: [Vest Day]

Vesting Schedule: [Vesting Schedule] In addition, these Stock Units will vest in full in the event of your death.

Notwithstanding the foregoing, in the event that your continuous Service terminates due to a Qualifying Retirement (as defined in the Stock Unit Agreement) on or after the first anniversary of the Date of Grant and subject to your satisfaction of the other requirements set forth in the Stock Unit Agreement, all then-unvested Stock Units subject to this Award will continue to vest pursuant to the original vesting schedule set forth above.

These Stock Units are granted under and governed by the terms and conditions of the Company's 2024 Equity Incentive Plan (the "Plan") and the Stock Unit Agreement, both of which are incorporated into this document. All capitalized terms used in this Notice of Stock Unit Award shall have the meanings assigned to them in this Notice of Stock Unit Award, the Stock Unit Agreement or the Plan, as applicable. If there is any conflict between the terms in this Notice of Stock Unit Award or the Stock Unit Agreement and the Plan, the terms of the Plan will control, except as expressly overridden or amended in this Notice of Stock Unit Award or the Stock Unit Agreement, as applicable.

You agree to accept by email all documents relating to the Plan or this Award (including, without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company.

You further agree to comply with the Company's Insider Trading Policy.

**By Acknowledging and Accepting this Notice of Stock Unit Award, the Stock Unit Agreement and the Plan, you agree to**  
**the**  
**terms and conditions described in these documents**

**Etsy, Inc.**  
**2024 Equity Incentive Plan**  
**Stock Unit Agreement**

**Grant of Units**

Subject to all of the terms and conditions set forth in the Notice of Stock Unit Award, this Stock Unit Agreement (the “**Agreement**”) and the Company’s 2024 Equity Incentive Plan (the “**Plan**”), the Company has granted to you the number of Stock Units set forth in the Notice of Stock Unit Award.

All capitalized terms used in this Agreement shall have the meanings assigned to them in this Agreement, the Notice of Stock Unit Award or the Plan, as applicable. If there is any conflict between the terms in this Agreement or the Notice of Stock Unit Award and the Plan, the terms of the Plan will control, except as expressly overridden or amended in this Agreement or the Notice of Stock Unit Award, as applicable.

**Payment for Units**

No payment is required for the Stock Units that you are receiving.

**Vesting**

The Stock Units vest in accordance with the vesting schedule set forth in the Notice of Stock Unit Award. No additional Stock Units will vest after your Service has terminated for any reason, except in the event of your death or Qualifying Retirement (as specified in the Notice of Stock Unit Award and/or below, as applicable).

**Forfeiture**

If your Service terminates for any reason, then your Stock Units will be automatically cancelled and forfeited on the date of such termination, to the extent that they have not vested before the termination date and do not vest as a result of the termination of your Service. This means that any Stock Units that have not vested under this Agreement will be cancelled immediately. You receive no payment for Stock Units that are forfeited. The Company determines when your Service terminates for all purposes of your Stock Units.

**Qualifying Retirement**

If your Service terminates due to a Qualifying Retirement, then your unvested Stock Units set forth in the Notice of Stock Unit Award will continue to vest pursuant to the original vesting schedule. For purposes of this Award, “Qualifying Retirement” means your voluntary termination of Service, unless circumstances exist that would constitute Cause, on or after the first anniversary of the Date of Grant and following (i) the date at which your combined age and years of Service with the Company or a Parent, Subsidiary, or an Affiliate equals or exceeds 70 (the “Rule of 70”), and (ii) for all Employees at the Vice President level and above, excluding Executive Officers for the purpose

of Section 16 of the Exchange Act, your provision of ninety (90) days' advance written notice of your intention to voluntarily terminate your Service to both [retirement@etsy.com](mailto:retirement@etsy.com) and your manager.

Notwithstanding anything in this Agreement or the Plan to the contrary, for purposes of determining whether you satisfy the Rule of 70, "Service" means continuous employment as measured from your most recent date of hire or rehire only and includes partial years, but shall not include any service provided as a Consultant to the Company or a Parent, Subsidiary, or an Affiliate following a change in your status from Employee to Consultant.

#### **Leaves of Absence and Part-Time Work**

For purposes of this Award, your Service does not terminate when you go on a military leave, a sick leave or another *bona fide* leave of absence, if the leave was approved by the Company in writing and if continued crediting of Service is required by applicable law, the Company's leave of absence policy, or the terms of your leave. However, your Service terminates when the approved leave ends, unless you immediately return to active work.

If you go on a leave of absence, then the vesting schedule specified in the Notice of Stock Unit Award may be adjusted in accordance with the Company's leave of absence policy or the terms of your leave. If you commence working on a part-time basis, the Company may adjust the vesting schedule so that the rate of vesting is commensurate with your reduced work schedule.

#### **Settlement of Units**

Each Stock Unit will be settled as soon as administratively practicable, but in no event later than two and one-half months, after it vests; provided, that in the event of a Change in Control in which Administrator determines to accelerate the vesting of the Stock Units upon the occurrence of such Change in Control in accordance with Section 9.3 of the Plan, then notwithstanding anything in Section 9.3 of the Plan to the contrary, your Stock Units will vest upon the occurrence of such Change in Control; provided, however, that if it is determined that the settlement of these Stock Units is not exempt from Code Section 409A, then these Stock Units will not be settled until the earliest of (i) the Change in Control, if such Change in Control constitutes a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5); (ii) the date these Stock Units would otherwise be settled pursuant to the terms of this Agreement, and (iii) your "separation of service" within the meaning of Section 409A of the Code. For the avoidance of doubt, in no event shall the Company have any liability for any losses resulting from a delay in settling all or any portion of a vested Stock Unit.

Without limiting the foregoing and to the extent that the settlement of these Stock Units is not exempt from Code Section 409A, shares of the Company's common stock may be issued or withheld in accordance with Treasury Regulations Section 1.409A-3(j)(4)(vi) in order to pay the Federal Insurance Contributions Act ("FICA") tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2) on such deferred compensation (the "FICA Amount"). Additionally, shares of the Company's common stock may be issued or withheld at the time that the FICA tax is remitted to pay the associated income tax on wages imposed under Code Section 3401 or the corresponding withholding provisions of applicable state, local, or, if applicable, foreign tax laws as a result of the payment of the FICA Amount and to pay the additional income tax on wages attributable to the pyramiding Code Section 3401 wages and taxes; provided, that the total value of shares issued or withheld pursuant to this paragraph may not exceed the aggregate value of the FICA Amount and the income tax withholding related to such FICA Amount.

Notwithstanding anything to the contrary in the Plan or this Agreement, in the event that a Change in Control occurs following your Qualifying Retirement or during the period following your provision of notice of your intent to terminate your service where such termination would be a Qualifying Retirement, vested stock units (and stock units that are or will vest or become nonforfeitable upon your Qualifying Retirement) will be settled in cash or marketable securities of the acquiror or surviving corporation resulting from such Change in Control transaction.

No fractional shares will be issued upon settlement.

#### Section 409A

This paragraph applies only if the Company determines that you are a "specified employee," as defined in the regulations under Code Section 409A at the time of your "separation from service," as defined in Treasury Regulation Section 1.409A-1(h) and it is determined that settlement of these Stock Units is not exempt from Code Section 409A. If this paragraph applies, and the event triggering settlement is your "separation from service," then any Stock Units that otherwise would have been settled during the first six months following your "separation from service" will instead be settled on the first business day following the earlier of (i) the six-month anniversary of your "separation from service" or (ii) your death.

Each installment of Stock Units that vests is hereby designated as a separate payment for purposes of Code Section 409A.

<b>Nature of Units</b>	Your Stock Units are mere bookkeeping entries. They represent only the Company's unfunded and unsecured promise to issue shares of common stock (or distribute cash) on a future date. As a holder of Stock Units, you have no rights other than the rights of a general creditor of the Company.
<b>No Voting Rights or Dividends</b>	Your Stock Units carry neither voting rights nor rights to cash dividends. You have no rights as a stockholder of the Company unless and until your Stock Units are settled by issuing shares of the Company's common stock.
<b>Units Nontransferable</b>	You may not sell, transfer, assign, pledge or otherwise dispose of any Stock Units. For instance, you may not use your Stock Units as security for a loan.
<b>Beneficiary Designation</b>	You may dispose of your Stock Units in a written beneficiary designation. A beneficiary designation must be filed with the Company on the proper form and must have been received before your death. If you file no beneficiary designation or if none of your designated beneficiaries survives you, then your estate will receive any vested Stock Units that you hold at the time of your death.
<b>Withholding Taxes</b>	<p>No stock certificates (or their electronic equivalent) or cash will be distributed to you unless you have paid any withholding taxes that are due as a result of the vesting or settlement of Stock Units.</p> <p>Withholding taxes will be paid (a) by the Company withholding shares of Company common stock from those that otherwise would be issued to you when the Stock Units are settled, (b) if permitted by the Company, by the Company withholding cash from cash compensation otherwise payable to you or (c) if required at the Company's discretion (or with the Company's permission, at your election), by paying cash to the Company or by payment from the proceeds of the sale of shares through a Company-approved broker.</p> <p>The Company may withhold or account for withholding taxes by considering applicable statutory withholding amounts, or other applicable withholding rates. Any over-withheld amount may be refunded to you in cash by the Company (with no entitlement to the equivalent in shares of the Company's common stock), or if not refunded, you may seek a refund from the local tax authorities.</p> <p>In the event the Company's tax withholding obligation arises prior to the delivery of common stock to you in settlement of your Stock Units or it is determined after the delivery of common stock to you in settlement of your Stock Units that the amount of the tax withholding obligation was greater than the amount actually withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.</p>

<b>Restrictions on Resale</b>	You agree not to sell any shares at a time when applicable laws, Company policies or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.
<b>Retention Rights</b>	Your Award or this Agreement does not give you the right to be retained by the Company, a Parent, Subsidiary, or an Affiliate in any capacity. The Company and its Parents, Subsidiaries, and Affiliates reserve the right to terminate your Service at any time, with or without Cause.
<b>Adjustments</b>	In the event of a stock split, a stock dividend or a similar change in Company stock, the number of your Stock Units will be adjusted accordingly, as the Company may determine pursuant to the Plan.
<b>Effect of Significant Corporate Transactions</b>	If the Company is a party to a merger, consolidation, or certain change in control transactions, then your Stock Units will be subject to the applicable provisions of Article 9 of the Plan, provided that any action taken must either (a) preserve the exemption of your Stock Units from Code Section 409A or (b) comply with Code Section 409A.
<b>Recoupment Policy</b>	This Award, and the shares acquired upon settlement of this Award, shall be subject to any Company recoupment or clawback policy in effect from time to time.
<b>Applicable Law</b>	This Agreement will be interpreted and enforced under the laws of the State of Delaware (without regard to its choice-of-law provisions).
<b>The Plan and Other Agreements</b>	<p>The text of the Plan is incorporated in this Agreement by reference.</p> <p>The Plan, this Agreement and the Notice of Stock Unit Award constitute the entire understanding between you and the Company regarding this Award. Any prior agreements, commitments or negotiations concerning this Award are superseded. This Agreement may be amended only by another written agreement between the parties.</p>

**By Acknowledging and Accepting this Agreement, you agree to all of the terms and conditions described above and in the Plan.**

**Etsy, Inc.**  
**2024 Inducement Plan**  
**Notice of Stock Unit Award**

You have been granted Stock Units representing shares of common stock of Etsy, Inc. (the “Company”) on the following terms (the “Award”):

- Name of Recipient: [Name]
- Total Number of Stock Units Granted: [Total Units]
- Date of Grant: [Date of Grant]
- Vesting Commencement Date: [Vest Day]
- Vesting Schedule: [Vesting Schedule] In addition, these Stock Units will vest in full in the event of your death.

Notwithstanding the foregoing, in the event that your continuous Service terminates due to a Qualifying Retirement (as defined in the Stock Unit Agreement) on or after the first anniversary of the Date of Grant and subject to your satisfaction of the other requirements set forth in the Stock Unit Agreement, all then-unvested Stock Units subject to this Award will continue to vest pursuant to the original vesting schedule set forth above.

These Stock Units are granted under and governed by the terms and conditions of the Company's 2024 Inducement Plan (the "Plan") and the Stock Unit Agreement, both of which are incorporated into this document. The Award is granted in compliance with NASDAQ Listing Rule 5635(c)(4) as a material inducement to you entering into employment with the Company. All capitalized terms used in this Notice of Stock Unit Award shall have the meanings assigned to them in this Notice of Stock Unit Award, the Stock Unit Agreement or the Plan, as applicable. If there is any conflict between the terms in this Notice of Stock Unit Award or the Stock Unit Agreement and the Plan, the terms of the Plan will control, except as expressly overridden or amended in this Notice of Stock Unit Award or the Stock Unit Agreement, as applicable.

You agree to accept by email all documents relating to the Plan or this Award (including, without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company.

You further agree to comply with the Company's Insider Trading Policy.

**By Acknowledging and Accepting this Notice of Stock Unit Award, the Stock Unit Agreement and the Plan, you agree to the terms and conditions described in these documents**

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**Etsy, Inc.**  
**2024 Inducement Plan**  
**Stock Unit Agreement**

**Grant of Units**

Subject to all of the terms and conditions set forth in the Notice of Stock Unit Award, this Stock Unit Agreement (the "Agreement") and the Company's 2024 Inducement Plan (the "Plan"), the Company has granted to you the number of Stock Units set forth in the Notice of Stock Unit Award. This Award is granted in compliance with NASDAQ Listing Rule 5635(c)(4) as a material inducement to you entering into employment with the Company.

All capitalized terms used in this Agreement shall have the meanings assigned to them in this Agreement, the Notice of Stock Unit Award or the Plan, as applicable. If there is any conflict between the terms in this Agreement or the Notice of Stock Unit Award and the Plan, the terms of the Plan will control, except as expressly overridden or amended in this Agreement or the Notice of Stock Unit Award, as applicable.

**Payment for Units**

No payment is required for the Stock Units that you are receiving.

**Vesting**

The Stock Units vest in accordance with the vesting schedule set forth in the Notice of Stock Unit Award. No additional Stock Units will vest after your Service has terminated for any reason, except in the event of your death or Qualifying Retirement (as specified in the Notice of Stock Unit Award and/or below, as applicable).

**Forfeiture**

If your Service terminates for any reason, then your Stock Units will be automatically cancelled and forfeited on the date of such termination, to the extent that they have not vested before the termination date and do not vest as a result of the termination of your Service. This means that any Stock Units that have not vested under this Agreement will be cancelled immediately. You receive no payment for Stock Units that are forfeited. The Company determines when your Service terminates for all purposes of your Stock Units.

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### Qualifying Retirement

If your Service terminates due to a Qualifying Retirement, then your unvested Stock Units set forth in the Notice of Stock Unit Award will continue to vest pursuant to the original vesting schedule. For purposes of this Award, “Qualifying Retirement” means your voluntary termination of Service, unless circumstances exist that would constitute Cause, on or after the first anniversary of the Date of Grant and following (i) the date at which your combined age and years of Service with the Company or a Parent, Subsidiary, or an Affiliate equals or exceeds 70 (the “Rule of 70”), and (ii) for all Employees at the Vice President level and above, excluding Executive Officers, your provision of ninety (90) days’ advance written notice of your intention to voluntarily terminate your Service to both [retirement@etsy.com](mailto:retirement@etsy.com) and your manager.

Notwithstanding anything in this Agreement or the Plan to the contrary, for purposes of determining whether you satisfy the Rule of 70, “Service” means continuous employment as measured from your most recent date of hire or rehire only and includes partial years, but shall not include any service provided as a Consultant to the Company or a Parent, Subsidiary, or an Affiliate following a change in your status from Employee to Consultant.

### Leaves of Absence and Part-Time Work

For purposes of this Award, your Service does not terminate when you go on a military leave, a sick leave or another *bona fide* leave of absence, if the leave was approved by the Company in writing and if continued crediting of Service is required by applicable law, the Company’s leave of absence policy, or the terms of your leave. However, your Service terminates when the approved leave ends, unless you immediately return to active work.

If you go on a leave of absence, then the vesting schedule specified in the Notice of Stock Unit Award may be adjusted in accordance with the Company’s leave of absence policy or the terms of your leave. If you commence working on a part-time basis, the Company may adjust the vesting schedule so that the rate of vesting is commensurate with your reduced work schedule.

## Settlement of Units

Each Stock Unit will be settled as soon as administratively practicable, but in no event later than two and one-half months, after it vests; provided, that with respect to Stock Units that become vested in connection with a Qualifying Retirement (including meeting the eligibility requirements for a Qualifying Retirement), such Stock Units will be settled in accordance with the original vesting schedule; provided further, that in the event of a Change in Control in which Stock Units accelerate upon the occurrence of such Change in Control in accordance with Article 9.3 of the Plan, then your Stock Units will vest and be settled upon the occurrence of such Change in Control; provided, however, that if it is determined that the settlement of these Stock Units is not exempt from Code Section 409A, then these Stock Units will not be settled until the earliest of (i) the Change in Control, if such Change in Control constitutes a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5); (ii) the date these Stock Units would otherwise be settled pursuant to the terms of this Agreement, and (iii) your "separation of service" within the meaning of Section 409A of the Code. For the avoidance of doubt, in no event shall the Company have any liability for any losses resulting from a delay in settling all or any portion of a vested Stock Unit.

Without limiting the foregoing and to the extent that the settlement of these Stock Units is not exempt from Code Section 409A, shares of the Company's common stock may be issued or withheld in accordance with Treasury Regulations Section 1.409A-3(j)(4)(vi) in order to pay the Federal Insurance Contributions Act ("FICA") tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2) on such deferred compensation (the "FICA Amount"). Additionally, shares of the Company's common stock may be issued or withheld at the time that the FICA tax is remitted to pay the associated income tax on wages imposed under Code Section 3401 or the corresponding withholding provisions of applicable state, local, or, if applicable, foreign tax laws as a result of the payment of the FICA Amount and to pay the additional income tax on wages attributable to the pyramiding Code Section 3401 wages and taxes; provided, that the total value of shares issued or withheld pursuant to this paragraph may not exceed the aggregate value of the FICA Amount and the income tax withholding related to such FICA Amount.

Notwithstanding anything to the contrary in the Plan or this Agreement, in the event that a Change in Control occurs following your Qualifying Retirement or during the period following your provision of notice of your intent to terminate your service where such termination would be a Qualifying Retirement, vested stock units (and stock units that are or will vest or become nonforfeitable upon your Qualifying Retirement) will be settled in cash or marketable securities of the acquiror or surviving corporation resulting from such Change in Control transaction.

No fractional shares will be issued upon settlement.

<b>Section 409A</b>	This paragraph applies only if the Company determines that you are a “specified employee,” as defined in the regulations under Code Section 409A at the time of your “separation from service,” as defined in Treasury Regulation Section 1.409A-1(h) and it is determined that settlement of these Stock Units is not exempt from Code Section 409A. If this paragraph applies, and the event triggering settlement is your “separation from service,” then any Stock Units that otherwise would have been settled during the first six months following your “separation from service” will instead be settled on the first business day following the earlier of (i) the six-month anniversary of your “separation from service” or (ii) your death. Each installment of Stock Units that vests is hereby designated as a separate payment for purposes of Code Section 409A.
<b>Nature of Units</b>	Your Stock Units are mere bookkeeping entries. They represent only the Company's unfunded and unsecured promise to issue shares of common stock (or distribute cash) on a future date. As a holder of Stock Units, you have no rights other than the rights of a general creditor of the Company.
<b>No Voting Rights or Dividends</b>	Your Stock Units carry neither voting rights nor rights to cash dividends. You have no rights as a stockholder of the Company unless and until your Stock Units are settled by issuing shares of the Company's common stock.
<b>Units Nontransferable</b>	You may not sell, transfer, assign, pledge or otherwise dispose of any Stock Units. For instance, you may not use your Stock Units as security for a loan.
<b>Beneficiary Designation</b>	You may dispose of your Stock Units in a written beneficiary designation. A beneficiary designation must be filed with the Company on the proper form and must have been received before your death. If you file no beneficiary designation or if none of your designated beneficiaries survives you, then your estate will receive any vested Stock Units that you hold at the time of your death.

**Withholding Taxes**

No stock certificates (or their electronic equivalent) or cash will be distributed to you unless you have paid any withholding taxes that are due as a result of the vesting or settlement of Stock Units. Withholding taxes will be paid (a) by the Company withholding shares of Company common stock from those that otherwise would be issued to you when the Stock Units are settled, (b) if permitted by the Company, by the Company withholding cash from cash compensation otherwise payable to you or (c) if required at the Company's discretion (or with the Company's permission, at your election), by paying cash to the Company or by payment from the proceeds of the sale of shares through a Company-approved broker.

The Company may withhold or account for withholding taxes by considering applicable statutory withholding amounts, or other applicable withholding rates. Any over-withheld amount may be refunded to you in cash by the Company (with no entitlement to the equivalent in shares of the Company's common stock), or if not refunded, you may seek a refund from the local tax authorities.

In the event the Company's tax withholding obligation arises prior to the delivery of common stock to you in settlement of your Stock Units or it is determined after the delivery of common stock to you in settlement of your Stock Units that the amount of the tax withholding obligation was greater than the amount actually withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

**Restrictions on Resale**

You agree not to sell any shares at a time when applicable laws, Company policies or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.

**Retention Rights**

Your Award or this Agreement does not give you the right to be retained by the Company, a Parent, Subsidiary, or an Affiliate in any capacity. The Company and its Parents, Subsidiaries, and Affiliates reserve the right to terminate your Service at any time, with or without Cause.

**Adjustments**

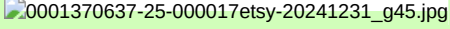
In the event of a stock split, a stock dividend or a similar change in Company stock, the number of your Stock Units will be adjusted accordingly, as the Company may determine pursuant to the Plan.

<b>Effect of Significant Corporate Transactions</b>	If the Company is a party to a merger, consolidation, or certain change in control transactions, then your Stock Units will be subject to the applicable provisions of Article 9 of the Plan, provided that any action taken must either (a) preserve the exemption of your Stock Units from Code Section 409A or (b) comply with Code Section 409A.
<b>Recoupment Policy</b>	This Award, and the shares acquired upon settlement of this Award, shall be subject to any Company recoupment or clawback policy in effect from time to time.
<b>Applicable Law</b>	This Agreement will be interpreted and enforced under the laws of the State of Delaware (without regard to its choice-of-law provisions).
<b>The Plan and Other Agreements</b>	<p>The text of the Plan is incorporated in this Agreement by reference.</p> <p>The Plan, this Agreement and the Notice of Stock Unit Award constitute the entire understanding between you and the Company regarding this Award. Any prior agreements, commitments or negotiations concerning this Award are superseded. This Agreement may be amended only by another written agreement between the parties.</p>

**By Acknowledging and Accepting this Agreement, you agree to all of the terms and conditions described above and in the Plan.**

6

**Exhibit 10.7**

**Exhibit 10.13.1** 

December 12, 2023

November 21, 2024

**Lanny Baker**

[Delivered via DocuSign]

Dear **Ryan**: Lanny,

Congratulations! We are thrilled to offer you a full-time position at Etsy (technically, at Etsy, Inc.). This letter details the terms of the offer. Please read it carefully and, if you accept, sign and date this letter and the attached Confidentiality and Prior Inventions Agreement (which we refer to in this offer letter as the CPIA).

Your employment will begin on January 1, 2025, your title will be Chief Financial Officer and you will report to Josh Silverman. For the purposes of this offer letter, we agree that you will be classified as a Remote-California employee, working in the Brooklyn, New York office three days per week for the first three - five months of your employment. We plan to revisit your work location at a mutually agreeable time thereafter. Your base salary will be **\$525,000** per year and you will also be eligible for the great benefits that Etsy provides to full-time employees.

This offer is contingent upon the completion of a satisfactory background and conflicts check and formal approval of Etsy's Board of Directors and Compensation Committee.

You will be eligible to participate in the Management Cash Incentive Plan, with an annual target of 90% of your base salary earned during the performance period, which currently follows a calendar year (Jan 1 to Dec 31) cycle. Your bonus award will be prorated from your start date and determined based upon company financial performance and your individual performance, as determined by the Compensation Committee. Your participation is subject to the terms and conditions of the Management Cash Incentive Plan (MCIP) and the applicable Participation Notice. Generally, earned awards (if any) are paid within two and a half months after the end of a calendar year.

You will participate in the Etsy Executive Severance Plan, which provides the following, subject to the terms and conditions of the plan document and your participation notice:

- In the event of a Qualifying CIC Termination (as defined in the Executive Severance Plan): twelve months of base salary as severance and up to twelve months of company-paid COBRA coverage, pro-rata bonus payout, and a 100% acceleration factor for all outstanding RSU and earned PSU awards issued to you.

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- In the event of Qualifying Termination (as defined in the Executive Severance Plan) not related to a change in control: twelve months of base salary as severance and up to twelve months of company-paid COBRA coverage and pro-rata bonus payout.

The Executive Severance Plan and your participation notice will govern and control your eligibility for severance benefits in all respects.

Etsy will also propose that you receive equity awards with an aggregate fair value at the time of the grant equal to approximately **\$7,700,000** (the “New Hire Grant”). The New Hire Grant and related terms below are subject to the approval of Etsy’s Compensation Committee and, except as otherwise provided below, are typically granted on the first day of the month following your Start Date and are granted in accordance with our Equity Grant Policy. The New Hire Grant is intended to serve as a material inducement to your commencement of employment with Etsy within the meaning of Rule 5635(c)(4) of the Nasdaq Marketplace Rules.

Seventy percent (70%) of the New Hire Grant will be in the form of Restricted Stock Units (which we refer to as RSUs). The RSUs will “vest” (or convert into shares of Etsy’s common stock) over the course of your employment with Etsy. 25% of your RSUs will vest if you remain continuously employed at Etsy through February 1, 2026. The balance of your RSUs will vest in equal installments every 3 (three) months thereafter over the next 3 (three) years of continuous employment with Etsy.

Thirty percent (30%) of the New Hire Grant will be in the form of performance-based restricted stock units (“PSUs”) expected to be granted on or about March 15, 2025 and having performance and vesting terms that are consistent with the terms of the PSUs included in the form of performance stock unit agreement for the 2025 Etsy ET annual grants.

Your equity awards will be subject to the terms and conditions of Etsy’s 2024 Equity Incentive Plan (or any successor plan) or an inducement plan relating to grants under Rule 5635(c)(4) of the Nasdaq Marketplace Rules and your award agreements, which will also specify your vesting dates and will govern and control the New Hire Grant in all respects. Beginning in 2026, you will be eligible to participate in Etsy’s equity award program on the same terms and conditions as other similarly situated executives, which presently includes an annual equity grant.

Within 30 days of your start date, Etsy shall pay you a one-time sign-on bonus of \$140,000.00 (one hundred forty thousand U.S. dollars). A portion of this amount is intended to cover the cost of your travel to New York during the period prior to a relocation decision as we will not reimburse you for those travel expenses.

If a decision is made to relocate your employment, you will also receive relocation assistance consistent with market practice.

To accept our offer, you will also need to sign the attached CPIA. It contains important information about your employment with Etsy, so please read it carefully. Here are a few highlights:

- You confirm that you have no legal obligations that would prohibit you from working for Etsy. For example, you have not signed a non-compete agreement with your current or former employer that would prevent you from working for Etsy.
- You agree not to use, rely upon, or share any confidential information of your former employer while working for Etsy.
- You agree that during your employment with Etsy (and otherwise as described in your CPIA), you will not engage in any other employment, consulting, or business activity that would create a conflict with your position with Etsy.

You will also be required to provide proof of your identity and your legal authorization to work in the United States.

This letter (including the attached CPIA) is the entire agreement between you and Etsy. Any discussions you may have had previously with Etsy are superseded by the terms of this letter and the CPIA. In other words, if a recruiter told you that Etsy will provide you with a unicorn for your commute to and from the office, if it's not in this offer letter, you'll have to bike, drive, or take the subway like the rest of us. The terms of this offer may only be changed by a written agreement signed by you and a duly authorized Etsy officer.

Although we are hiring you for the position listed above, your job duties, title, compensation, and benefits may change in the future. You understand that you will be an at-will employee of Etsy with the right to terminate your employment at any time and for any reason, and that Etsy will have a similar right. You also agree to comply with Etsy's workplace policies, which will be made available to you and may change from time to time.

We hope and expect that working at Etsy will be beneficial and rewarding for both you and us, but we do have to let you know that this letter and the resolution of any disputes relating to this letter or your employment with Etsy will be governed by the laws of New York State (excluding laws relating to conflicts or choice of law). Also, because Etsy is based in Brooklyn, you and Etsy agree to submit to the personal jurisdiction of a state court located in Kings County, New York or the United States District Court for the Eastern District of New York located in Brooklyn to resolve any dispute or claim between you and Etsy or any of its directors, officers, managers, or employees.

We can't wait for you to join our team!

Very truly yours,

/s/ Josh Silverman

Josh Silverman

Chief Executive Officer

Etsy, Inc.

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**I have read and accept this employment offer:**

Name: Lanny Baker

Signature: /s/ Lanny Baker

Date: 11/21/2024

## **Exhibit A**

### **CONFIDENTIALITY AND PRIOR INVENTIONS AGREEMENT**

This Confidentiality and Prior Inventions Agreement (or the "Agreement," for short) is an important part of the employment offer that Etsy, Inc. has made to you. Please read it carefully and sign at the bottom if you understand and agree to all of its terms. If you sign this Agreement, it will take effect on the date that you sign it. If you have any questions about this Agreement, please speak with your contact on the Etsy Recruiting team before signing below.

In return for offering you the position described in your offer letter and for providing you with access to new and additional training and Confidential Information belonging to Etsy (and described below), Etsy needs you to make certain commitments. These commitments relate to:

- (a) your ability to work for Etsy and perform your job duties without violating any commitments you may have agreed to in the past or that you are otherwise subject to,
- (b) Etsy's ownership of any ideas you come up with or technologies you develop while working for Etsy,
- (c) the need to keep confidential and protect certain information about Etsy and its members and employees both while working for Etsy and after you leave the company, and
- (d) your willingness not to compete with Etsy or take certain actions that could hurt Etsy's legitimate interests while you are working for Etsy and for a short period of time afterward.

Each of these commitments is described in more detail below in Section 1 of this Agreement. Section 1 also contains information about your employment status with Etsy, which will be as an at-will employee.

In Section 2, you will find information on the rights you and Etsy have under this Agreement and how you and Etsy can enforce those rights. Section 2 also contains important information about how disputes relating to your employment will be resolved.

#### **Section 1 – Your Commitments to Etsy**

***There are no conflicts that would prevent you from working for Etsy or performing your job.*** As much as we want you to join our company, we need you to confirm that the terms of your employment with your current employer (and any former employers) do not restrict your ability to work for Etsy. By signing this Agreement, you agree that you have not entered into an agreement (and will not in the future) that is in conflict with this Agreement or the terms of your employment with Etsy. You also agree that you have shared with Etsy a copy of any agreement (such as a non-compete or non-solicitation agreement) that could impact your ability to work for Etsy.

*Example: You currently work for eBay and signed an offer letter or employment agreement that says you will not work for another online marketplace for one year after you leave eBay. You have a conflict that could prevent you from working for Etsy and must share that document with Etsy before you sign this Agreement.*

***You will not use any property or confidential information of a current or former employer without their permission.*** We want to respect the rights of your current and former employers, and quite frankly, we

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don't want them claiming any rights to the work you do here at Etsy. By signing this Agreement, you agree that you will not bring to Etsy, and will not use or disclose at Etsy, the confidential information of any current or former employer or any other party, unless you have their written permission to do so (and our Legal team would like to see that written permission, thank you). You also agree that you will not use at Etsy any documents or other property (including documents or property that you created yourself) from your current or former employer without the employer's written permission.

*Example: You have confidential agreements or customer lists from your previous job that you think might be helpful in the work you will do for Etsy. You cannot use those materials while working for Etsy or share those materials with Etsy employees without getting written permission from your previous employer.*

**Etsy will own anything you create while working for Etsy that relates to the work you do for Etsy.** While working for Etsy, you will hopefully develop or contribute to one or more products, services, or programs. In this Agreement, we refer to all ideas, products, services, processes, and designs you develop or contribute to while working for Etsy and that relate to Etsy's business as "Covered Inventions." In addition to your salary and benefits, Etsy will also provide you with the resources, materials, and support you need to do your job, including the development of Covered Inventions. In return, you agree that Etsy will own all rights in all Covered Inventions (including all patents, copyrights and other intellectual property rights), whether or not the work is performed in Etsy's offices, uses Etsy resources, or takes place during business hours.

By signing this Agreement, you are assigning to Etsy all of your rights in the U.S. and internationally in all Covered Inventions and all intellectual property rights related to those Covered Inventions. Any copyrights in the Covered Inventions, including in any computer programs, programming documentation, and other works of authorship, are "works made for hire" for purposes of Etsy's rights under copyright laws. By signing this Agreement, you are also assigning to Etsy any rights you currently have or may acquire at any time in the future in any Covered Inventions. Lastly, you agree to disclose all Covered Inventions to Etsy and to waive any claims you have or may have in the future for infringement of any Covered Inventions.

*Example: As a software developer for Etsy, you write a piece of code that is included in a new Etsy product. Etsy will own all rights in the code you wrote and in any products or services that rely on that code.*

Etsy has no interest in owning things you created or developed in the past, but Etsy needs a license from you if you incorporate that prior work into the work you do at Etsy. If you previously created something that relates to Etsy's business, and you do not want that creation to be considered a Covered Invention for purposes of this Agreement, please list it in Appendix A. We refer to any items listed in Appendix A as "Prior Inventions." We will follow an internal review process to be sure that we understand and agree about what you are claiming as a Prior Invention. While Etsy does not claim to own your Prior Inventions, you agree that if you incorporate Prior Inventions into the work you do for Etsy, Etsy will have the right to use those Prior Inventions to operate its business. Here is the legalese version of the previous sentence: If any of the work you do for Etsy incorporates or uses a Prior Invention, you give Etsy a perpetual, irrevocable, worldwide, royalty-free, non-exclusive, sublicensable right and license to incorporate or use such Prior Invention and any related intellectual property rights.

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*Example: You are a graphic designer and want to retain ownership of some designs you did in the past. You list those designs in Appendix A and retain ownership of those designs, which are considered Prior Inventions. Later on, you incorporate one of the designs into a design you create for Etsy's website. Etsy then has a license to use your original design, because the original design is now part of the website design that you created for, and that is owned by, Etsy.*

**Etsy permits its employees to perform outside work and to take on side projects if certain conditions are met.** We recognize that you may want to take on some outside work or side projects while working for Etsy. We have an approval process for activities like those; you will receive more information about the process after your start date. Etsy will not have or claim rights in anything you develop or create through an authorized side project as long as (a) the work is done entirely on your own time and will not interfere with your ability to perform the work you do for Etsy, (b) you did not incorporate any Etsy materials or resources, and (c) the development or creation does not relate to an Etsy product or service or Etsy intellectual property.

*Example: If you are part of the Etsy PR team and want to do some work as a freelance calligrapher in your spare time, that would likely be an approved side project.*

*Example: If you are a software developer for Etsy and you want to serve on the board of advisors for a new gaming startup that doesn't conflict with your work at Etsy, that would likely be approved outside work.*

**You will keep confidential any Confidential Information you receive or learn about while working for Etsy.** In order to perform your job at Etsy, you may create or be given access to Confidential Information about Etsy, or about its employees, contractors, customers, suppliers, and other parties. When we refer to "Confidential Information" in this Agreement, we mean information and physical materials not generally known or available outside of Etsy. Confidential Information could be technical data, product ideas, product roadmaps, business deals that we haven't announced to the public, software code and designs, personal information about other Etsy employees, or lists of suppliers. Confidential Information includes both information and materials that belong or relate to Etsy, as well as information and materials that a third party has disclosed to Etsy on a confidential basis.

By signing this Agreement, you agree that you will hold Confidential Information in strict confidence and that you will not use or disclose any Confidential Information, except as required to do your job. The restriction on your use or disclosure of Confidential Information will continue if you leave Etsy and will remain in effect until the Confidential Information becomes publicly available through no fault of your own.

Example: While working for Etsy, you have access to a supplier's pricing lists. The price lists are considered Confidential Information and you are required to maintain the confidentiality of the pricing information both while working for Etsy and after your employment ends.

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If your employment with Etsy ends, you agree to return to Etsy all copies of any materials you have that contain Confidential Information. You may keep your compensation records and a copy of this Agreement.

**You will maintain the privacy of Etsy members and employees.** As part of your work for Etsy, you may have access to private information about Etsy members and employees. Both groups place a high value on their privacy and it is critical that you treat private member and employee information with the highest degree of care. By signing this Agreement, you agree that you will only access and use Etsy member and employee information when it is necessary to do your job. You also agree that you will not share Etsy member and employee personal information outside of Etsy, or even with other Etsy employees, without proper authorization and even then only when required as part of your job. If you are ever in doubt about whether member or employee information may be shared within or outside of Etsy, you should ask the Etsy Legal team.

Please note that when we refer to a Competing Business in the next three paragraphs, we mean (a) any of the following companies, and any of their subsidiaries or parent companies that operate an online marketplace: Amazon, eBay, and Alibaba; (b) any business that develops or operates an online marketplace selling the types of products sold on Etsy.com or its related websites (for example, crafts, art, handmade goods, vintage goods, or craft supplies), and (c) any business that develops or operates a platform or tools for building or operating e-commerce websites. For purposes of illustration only, examples of category (b) include Craftsby and Michaels.com; and examples of category (c) include Shopify and WordPress.

**You will not compete against Etsy while you are employed by Etsy.** It probably goes without saying, but Etsy is hiring you to help build its business and not to compete with it. Competition could take several different forms, including starting or working for a Competing Business, doing consulting work for another company that conflicts with your work for Etsy, or diverting business opportunities from Etsy. By signing this Agreement, you agree that while working for Etsy you will not start, invest in, or do work for a Competing Business, or divert business opportunities with vendors, suppliers, or other business partners that otherwise might have been available to Etsy.

Example: It is **not** okay to (a) consult for the marketplace startup your friend founded, or (b) try to convince an Etsy partner to end its relationship with Etsy.

Example: It is okay to buy paper towels from Amazon or sneakers from eBay.

**You will not compete against Etsy for a short period after your employment with Etsy ends.** While working for Etsy you may be given access to plans, processes, contacts, customers, or other information that could put Etsy at an unfair competitive disadvantage if they were shared with or used for the benefit of a Competing Business. To protect Etsy's legitimate interests, we require that you agree to certain limits on actions that would be competitive with Etsy for a short period after your employment with Etsy ends. By signing this Agreement, you agree that for **six months** after your employment with Etsy ends for any reason, you will not, without Etsy's written permission, start, invest in, or do work for a Competing Business in a capacity that is similar in form or function to that which you performed in the last year of your employment with Etsy, and that you will not divert business opportunities that otherwise might have been available to Etsy.

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Example: It is **not** okay to leave Etsy and immediately take a similar position with Amazon Handmade.

Example: It is okay to leave Etsy to launch a laundry delivery startup or to join a company like Google or Facebook.

**You will not poach or solicit Etsy employees, members, or business partners while you are employed by Etsy or for a short period of time after your employment with Etsy ends.** In addition to working for a Competing Business or diverting business opportunities from Etsy, you could also unfairly compete against Etsy by poaching or soliciting Etsy employees, members, vendors, suppliers, or other business partners. By signing this Agreement, you agree that both during your employment with Etsy and for **one year** after your employment with Etsy ends for any reason, you will not directly or indirectly cause anyone to leave their position with Etsy, or solicit any Etsy members, vendors, suppliers, or other business partners with whom you worked or acquired Confidential Information from in the last two years of your employment with Etsy.

Example: It is **not** okay to (a) persuade an Etsy seller to close her shop and instead sell on a competing platform that you own stock in, or (b) convince an Etsy developer to leave Etsy to work for your sister's startup.

Example: It is okay to encourage a colleague to leave Etsy to follow her dream of running her Etsy Shop full-time.

**You will be an at-will employee of Etsy.** You will be an at-will employee of Etsy, which means that you are free to resign at any time and that Etsy may terminate your employment at any time and for any or no reason. By signing this Agreement, you acknowledge that you will be an at-will employee of Etsy and that you are not entering into an employment contract with Etsy for a set period of time.

## **Section 2 – Enforcement of Rights and Other Legal Information**

**New York law will be used to resolve disputes.** If there is a dispute concerning this Agreement or your employment with Etsy, the dispute will be resolved using the laws of New York State (excluding laws relating to conflicts or choice of law). Also, because Etsy is based in Brooklyn, you and Etsy agree to submit to the personal jurisdiction of a state court located in Kings County, New York or the United States District Court for the Eastern District of New York located in Brooklyn.

**Nothing in this Agreement prohibits you from reporting violations of the law or Etsy's policies, and no retaliatory action will be taken against you for doing so.** Nothing in this Agreement, including the section on Confidential Information, prohibits you from reporting possible violations of the law. This includes making reports to a governmental agency, such as the Department of Justice or the Securities and Exchange Commission. Similarly, nothing in this Agreement prohibits you from reporting possible violations of the law or Etsy's Code of Conduct or other policies to your manager, Etsy's General Counsel, or Etsy's SVP of Human Resources, or through Etsy's whistleblower hotline. You do not need authorization from Etsy to report violations of the law or Etsy's policies and you do not have to notify Etsy that you have done so. Etsy takes its non-retaliatory culture very seriously and will not allow anyone

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to take adverse action, threaten, intimidate, or retaliate against you if you report a violation or a suspected violation in good faith, or cooperate with an investigation.

**You may have additional rights not described in this Agreement.** You may have additional rights that are not described in this Agreement. If you have any questions about your rights under this Agreement or otherwise, you should speak with a lawyer before signing this Agreement.

**What you and Etsy must do to waive rights created by this Agreement.** For you or Etsy to waive a right granted by this Agreement, you and an authorized representative of Etsy must explicitly agree to waive that right in writing. If either you or Etsy do not enforce a right granted by this Agreement for some period of time, that right will not be considered to have been waived. Similarly, if you or Etsy exercise one right granted by this Agreement, that will not be considered a waiver of any other right you or Etsy may have under this Agreement.

Example: You develop a piece of code for Etsy and then use that code in a website you develop for a friend. You tell your manager what you are doing and she tells you verbally that it's okay. Six months later, your VP finds out that you're using Etsy code for a non-Etsy project and asks you to stop. Neither your conversation with your manager nor the fact that six months elapsed before Etsy asked you to stop would be considered a waiver of Etsy's rights under this Agreement to control the use of the code you developed.

**Etsy may assign this Agreement to certain third parties.** Etsy may assign this Agreement to an affiliate, or to a third party in the case of a merger or acquisition. In the case of a merger or acquisition, as an at-will employee, you would still be free to resign at any time.

**Etsy will be entitled to an injunction if you violate or threaten to violate this Agreement.** Etsy could suffer serious harm if you violate this Agreement. By signing this Agreement, you agree that Etsy will be entitled to an injunction (and will not be required to post a bond) to protect itself if you breach or threaten to

breach this Agreement. Note that a court has the discretion to strike or modify any part of this Agreement that it determines is too broad or unenforceable under the specific circumstances related to your departure.

**Section 1 of this Agreement will remain in effect after you stop working for Etsy.** Whether you resign from Etsy or Etsy terminates your employment, the obligations you agreed to in Section 1 of this Agreement, including those concerning Confidential Information, ownership of your work, and non-competition, will remain in effect indefinitely.

**ETSY, INC.**

**By:** /s/ Josh Silverman

**Name:** Josh Silverman

**Title:** Chief Executive Officer

**EMPLOYEE**

**Name:** Lanny Baker

**Signature:** /s/ Lanny Baker

**Date:** 11/21/2024

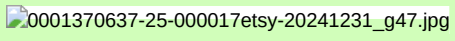
**Email2:**

**Appendix A**

**PRIOR INVENTIONS**

/NHPA\*/

**Exhibit 10.9.1**



December 4, 2024  
Kruti Patel Goyal  
[Delivered via DocuSign]

Dear Kruti:

This letter ("Letter Agreement") describes your transition back to Etsy, Inc. ("Etsy" or the "Company") from your temporary secondment (the "Secondment") to Etsy's subsidiary, Depop Limited ("Depop"), pursuant to the letter dated July 22, 2022, and articulates the terms of your return to Etsy as "President and Chief Growth Officer" ("CGO").

This Letter Agreement will become effective on the date that you sign it ("Effective Date"). This Letter Agreement shall be interpreted and govern alongside your Secondment Agreement while you remain CEO of Depop, and the terms of that Secondment Agreement, including tax equalization treatment, endure. If this Letter Agreement is in conflict with your Secondment Agreement, this Letter Agreement shall prevail.

#### **Transitioning to Your New Role**

From January 1, 2025 to March 31, 2025, you will continue to be the Chief Executive Officer of Depop and continue to report to Josh Silverman, CEO, Etsy. You will spend approximately 50% of your time focused on Etsy's priorities as you transition to your new role ("Transition Period").

As of April 1, 2025, you will fully assume a new role as Etsy's President and Chief Growth Officer, responsible for Product, Marketing, Customer Support, Strategy & Ops, reporting to Josh Silverman, Chief Executive Officer, Etsy ("New Role Start Date"). You may also choose to continue on an interim basis as Chief Executive Officer of Depop with a final decision as to the Depop management structure to be made at a mutually agreeable time.

#### **Basic Salary and Benefits**

You will remain on the U.S. Etsy payroll and your base salary for 2025 will change to \$540,000 USD per year, less all required withholdings and deductions. This salary compensates you for all hours worked. You will receive an annual salary and performance review during subsequent Etsy annual review periods. You will continue to be paid on U.S. payroll on a semi-monthly basis in the Company's normal course. You will continue to be enrolled in Etsy's Cigna expatriate plan until you fully transition back to the United States. Once you move to the U.S., you will be offered the U.S. benefits plans and removed from the expatriate plan. With respect to all

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company benefits, your benefits eligibility will be based on your original seniority date with the Company. For purposes of severance and all other reasons, your years of service at Depop shall also be considered years of service at Etsy.

#### **Bonus**

You will participate in the Depop Executive Bonus Program for 2024 and your target annual cash bonus will be at 80% of your base salary. Your bonus, if any, shall be paid via the Etsy payroll process on the date Etsy bonuses are paid.

For 2025, you will participate in the Etsy Management Cash Incentive Plan and your target annual bonus will be 100% of your base salary. The Company performance portion of your bonus will be determined based on Etsy consolidated Company performance for the year. Your participation is subject to the terms and conditions of the Management Cash Incentive Plan and the applicable participation notice.

#### **Equity**

Etsy will also propose that you receive equity awards on March 15, 2025 with an aggregate fair value at the time of the grant equal to approximately \$8,000,000 (collectively, the "Promotion Grant"), subject to the approval of Etsy's Compensation Committee.

Seventy percent (70%) of the Promotion Grant will be in the form of Restricted Stock Units (which we refer to as RSUs). The RSUs will "vest" (or convert into shares of Etsy's common stock) in sixteen (16) equal quarterly installments over a four year term if you remain continuously employed with Depop or Etsy, Inc., or one of its subsidiaries.

Thirty percent (30%) of the Promotion Grant will be in the form of performance-based vesting restricted stock units ("PSUs") having performance and vesting terms that are consistent with the terms of the PSUs included in the form of PSU agreement for the 2025 Etsy ET annual grants. Your equity awards will be subject to the terms and conditions of Etsy's 2024 Equity Incentive Plan (or any successor plan) and your award agreements, which will govern and control in all respects.

Vesting upon Termination. Notwithstanding the foregoing, if your termination of employment with Etsy is a Qualifying Termination, including leaving for "Good Reason" then, in addition to the benefits provided to you under the Executive Severance Plan, you will be entitled to **one year of additional vesting** service credit with respect to the shares underlying your unvested RSUs and Stock Options. "Qualifying Termination" shall have the same definition as set forth in the Executive Severance Plan.

"Good Reason" shall mean a voluntary resignation following the events set forth in clause (ii) of the definition of Qualifying Termination in the Executive Severance Plan and shall be subject to the requirements set forth therein.

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#### **Relocation Plan**

The Company shall pay for, on a tax neutral basis, the cost of relocating you and your family back to the United States at a mutually agreeable time.

#### **Legal Fees**

The Company shall also pay up to \$10,000 in legal fees in connection with this agreement, payable to Harris St. Laurent & Wechsler LLP upon receipt of an invoice and a Form W-9.

#### **Tax Advisory Services**

In connection with your return home from Secondment, Etsy will provide you, at Etsy's cost, with a tax briefing and tax preparation assistance. Etsy has retained the services of KPMG to prepare your actual home and host country tax returns. A summary of services KPMG provides is attached as **Appendix A**.

#### **Income Tax and Social Security**

Until your New Role Start Date, you will continue to have an amount deducted from your salary each pay period equal to the normal tax and social security you would have paid had you remained in the home country (United States), based on company generated income only.

It is your responsibility to file both U.S. and UK personal income tax returns, where required, and to assure that timely payment of final income taxes is made when due.

#### **Severability**

If any provision of this Agreement is held by any Court of competent jurisdiction to be invalid or unenforceable in whole or in part, the remaining provisions of this Agreement shall continue in full force and effect.

#### **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of New York.

We hope the terms and conditions herein are acceptable and we look forward to your continued employment with the Company. In acknowledgment of receipt and concurrence of the terms and conditions included within this letter, please sign below and return.

Yours sincerely,

/s/ Josh Silverman

Josh Silverman

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Chief Executive Officer  
Etsy, Inc.

**Accepted and Agreed:**

/s/ Kruti Patel Goyal

**Kruti Patel Goyal**

12/4/2024

**Date**

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**APPENDIX A**

**Summary of Tax Advisor Services to Be Provided by KPMG**

While you are on and/or for the period of your Secondment for Etsy, Inc., we have engaged with a tax service provider, KPMG, that is authorized to provide you individual tax compliance services. We understand that due to your Secondment there may be additional income tax returns and forms that need to be filed while you are on Secondment, and foreign tax considerations that you and/or your personal tax preparer are not familiar with. Our tax service provider is experienced in these matters and we offer their services to you at Etsy's cost, on a tax neutral basis, through tax year 2026.

The services authorized are as follows:

- 1) Preparation of annual host country and, if required, home country individual income tax returns.
  - a) This would include the preparation of 1 income tax return per home and host country, per annum. This assumes you are married and filing a joint income tax return. In some countries you may not be able to file jointly; in that case, your spouse does not receive tax return services.
  - b) Access to KPMG LINK, which is a personalized and protected portal assigned to you where you can upload and receive tax documents with your tax service provider, complete your tax organizer, and track your travel days while on international assignment.
  - c) Tax Return preparation services include standard individual income tax filing to report:
    - i) Employment income,
    - ii) Personal traditional passive income (interest, dividends, capital gains),
    - iii) Forms and schedules required as a result of your international assignment (i.e., foreign tax credit claim, income exclusions, foreign bank and asset reporting requirements).
    - iv) Preparation of foreign asset and bank account reporting as required/necessary by the authorities.
  - d) Services DO NOT include the preparation of forms related to personal business activity, estate and trust returns, household employee reporting forms, etc.
- 2) Where applicable, departure tax clearance compliance certificates or returns.
  - a) In some instances, when you depart a country, you may be required to complete a final return prior to departure.

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- b) This service is authorized for you, the assignee, and you must comply with the filing deadline in order to receive tax clearance from the authorities.
  - 3) Preparation of state and local, provincial, communal, and cantonal tax returns.
  - 4) Application and tax ID registration in your host country. This would apply to you and dependents claimed on your income tax returns.
  - 5) Preparation of requests for extensions of time to file tax returns including the computations, where required.
  - 6) Calculation of hypothetical tax to be withheld throughout the year.
    - a) This calculation determines your stay-at-home tax obligation which is one of the conditions of your agreement to take on an international assignment.
    - b) The calculation is updated when you receive a salary increase, bonus, commission payment, and vested equity awards.
    - c) The goal is to estimate your stay-at-home tax obligation as best as possible so there is no large differential of what was withheld versus your final tax reconciliation obligation.
  - 7) Preparation of annual tax reconciliation (equalization) calculations. Upon the completion of your annual tax filings, Etsy's tax service provider will reconcile your tax obligation to ensure you have paid in an amount equal to your stay-at-home obligation, and to ensure Etsy has paid their portion of the final tax obligation.
  - 8) Consultation during pre-departure and post-arrival tax orientation sessions. Prior to leaving a country and upon arrival to your new location, it is important that you meet with Etsy's tax service provider to review the following:
    - a) The tax compliance process in your home and host country with your tax service provider.
    - b) Tax data collection process, sharing documents, and final delivery of your income tax returns.
    - c) The importance of tracking travel days while on assignment and best ways to track this data.
    - d) Hypothetical tax calculation.
    - e) Tax reconciliation calculation and process.
    - f) Confirm and gather assignment specific situation and personal demographic information that would assist in preparing for the individual tax return preparation.
  - 9) Preparation of estimated tax vouchers.
  - 10) Preparation of amended returns for foreign tax credit carryback where required.
  - 11) Assistance with routine correspondence with the tax authorities including the review of tax assessments.

**Exhibit 10.11.1**

December 4, 2024

Rachana Kumar

[Delivered via DocuSign]

Dear Rachana:

This letter dated December 4, 2024 (the “**Letter Separation Agreement**”) confirms the agreement between you and Etsy, Inc. (the “**Company**” “**Company**”) regarding the transition of your duties and responsibilities at the Company.

1. **Last Date of Employment. Day in Role.** Your last day of work as the Chief Marketing Technology Officer (“**CMO**”) will be December 31, 2023 (“**December 31, 2024**” (the “**Last Day**”). Your last date Until your Last Day you will continue to serve as Chief Technology Officer and to support the Company’s efforts including to effect an orderly, smooth, and efficient transition of employment with your duties and responsibilities to such individual(s) as the Company will be June 30, 2024, or such earlier date as CEO may direct.
2. **Advisory Period.** Between your employment ends under Section 4 of this Agreement Last Day and June 30, 2025 (the “**Separation Date**”). As of the Separation Date, you will no longer be employed by the Company and will no longer hold yourself out as employed by the Company (and will resign from all other offices you hold with Company affiliates). Following the **Last Day** through the **Separation Date** (such period being referred to as the “**Transition Period**”), you will continue to be employed by the Company in accordance with Section 2, below.
2. **Transition Period.** During the Transition Period, you will remain employed with the Company serve as a strategic an advisor to and support the Company’s Chief Executive Officer efforts to effect an orderly, smooth, and efficient transition of your duties and responsibilities to such individual(s) as the CEO may direct (“**CEO**”), Board of Directors (“**Board**”), and Chief Operating and Marketing Officer (“**COMO Advisory Period**”). As a strategic an advisor, you will be available, upon reasonable notice, to consult with the CEO, Board, and/or **COMO (interim) CTO(s)** on marketing initiatives currently underway, initiated during the **Transition Advisory** Period, and/or contemplated following the Separation Date. Without limitation, such consultation will take the form of (i) regular engagement with the **COMO, CEO**, at mutually convenient times and for a duration to be determined by the **COMO, CEO**, regarding the Company’s performance marketing engineering programs and activities, activities; and (ii) a strategic assessment of the Company’s currently contemplated brand marketing campaigns in the first quarter of 2024, as well as any recommendations to adjust and/or evolve those campaigns, and (iii) cooperation in the effort to effect an orderly, smooth, and efficient transition of your duties and responsibilities to such individual(s) as the CEO or the Board or the **COMO** may direct.

You agree that, during the **Transition Advisory** Period, you will perform only such duties and responsibilities as are consistent with this paragraph and as assigned to you by the CEO the Board, and/or the **COMO. Board**. You further agree that you will perform such duties in a professional manner and in the best interests of the Company.

3. **Transition Period Benefits and Post-Separation Benefits.**

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- a. **Transition Advisory Period Benefits.** Subject to Sections 4 and 8, below, as As an inducement for you to continue your employment with the Company during through the **Transition Period; end of the Advisory Period**; in exchange for your signing this Agreement and not revoking your acceptance of this Agreement; and subject to your compliance with your obligations under this Agreement (including Section 2, above), the Company will provide you with the following benefits:
    - i. a. **Base Salary Salary.** Continuation of your employment through the Separation Date, during which your base salary of \$460,000 \$475,000 annualized shall be paid to you in accordance with the Company’s normal payroll practices;
    - ii. b. **Health Coverage Coverage.** Continuation of your current health coverage under the Company’s plans through the Separation Date. Date;
    - iii. c. **2024 Bonus.** Your cash bonus award representing the amount you earned under the Management Cash Incentive Program Eligibility. You will be eligible to participate in the Company’s annual Management Cash Incentive Program (“**MCIP**”), in

accordance with the terms of that program. Your annual cash incentive payment will be subject to approval of the Company's Compensation Committee based on the achievement of corporate performance objectives and individual performance goals and objectives. For the 2023 performance year, such bonus, if any, shall be paid at the same time as 2023 bonuses, if any, are paid to active employees who are participants in the MCIP, but in no event later than March 15, 2024. Plan for 2024. For the 2024 performance year, such bonus, if any, shall be paid at the same time as 2024 bonuses, if any, are paid to active employees who are participants in the MCIP, Management Cash Incentive Plan, but in no event later than March 15, 2025.;

iv. d. **Equity Grants.** Your stock options, restricted stock units and performance stock units will vest through the **Separation Date** in accordance with the terms and conditions of the applicable equity plan(s) and award agreement(s) pursuant to which they were granted. Any stock options, restricted stock units and performance stock units that are unvested as of the **Separation Date** will be forfeited treated in accordance with those plan(s) and agreement(s). The award agreement(s) between you and the Company evidencing your equity awards pursuant to Etsy, Inc. 2015 Equity Incentive Plan will remain in full force and effect and you agree to remain bound by them. You also acknowledge and agree that you will remain bound by the terms of the Company's Insider Trading Policy. Policy;

v. e. **No other entitlements during through the Transition Period end of the Advisory Period. .** Except for your salary through the **Separation Date**, any accrued but unused vacation days that you wish to take through the **Separation Date**, reimbursement of expenses

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you incur prior to the **Separation Date**, and your entitlement to benefits under any Company benefit, stock, equity, and long-term incentive plan which are vested, and any other payments or benefits required to be paid or provided by law ("Accrued Benefits"), you agree that you will not be entitled to any additional compensation from the Company, including any salary, bonus or incentive compensation, leave, severance or separation pay, or other remuneration or benefits of any kind, other than as set forth in this Agreement or in a subsequent written agreement between you and the Company. You agree that if you violate any of your obligations under

f. **Resignation prior to the Separation Date.** Notwithstanding anything to the contrary contained in this Agreement, you may resign from your advisory role with the Company at any time prior to June 30, 2025, in which event the date of your resignation shall be deemed to be the "Separation Date" for all purposes hereunder and you will no longer be entitled to receive any benefits under this Agreement. Accrued Benefits through the applicable

resignation date, as well as the benefits set forth in Section 4 hereof, subject to the conditions set forth therein.

b. 4. **On or After Separation Benefits.** In connection with the cessation of your employment with Etsy after your **Separation Date**. In , and in exchange for your signing this Agreement and not revoking the Supplemental Release, a copy your acceptance of which is attached as Exhibit A to this Agreement (the "Supplemental Release"); Agreement; and subject to your compliance with your obligations under this Agreement, (including Section 2, above), and the Supplemental Release, the Company will provide you with the following benefits:

i. a. **Severance Payment Payment.** . Consistent with the terms of the Etsy Executive Severance Plan, a severance payment to you of twelve (12) months of your current salary, less all applicable withholding taxes, shall be paid to you in equal installments on the Company's regular payroll dates starting as of the **Separation Date** and subject to the 409A provision below;

ii. b. **COBRA.** Reimbursement of COBRA coverage for you and your family for up to twelve (12) months beginning with the first month after the month in which the **Separation Date** falls;

iii. c. **Vesting of Performance Stock Units ("PSUs")**. You will be treated as having experienced a Qualifying Termination for the purpose of vesting of any of your PSUs that are outstanding as of the **Separation Date** in accordance with the terms of the Etsy, Inc. 2015 Equity Incentive Plan Notice of Performance Stock Unit **Awards**. The PSUs, to the extent earned, will be nonforfeitable as of the **Separation Date**. The number of PSUs that are earned in accordance with the terms of the PSU award agreements will be determined by the Compensation Committee in the ordinary course, and the resulting shares will be issued to you as soon as reasonably practicable thereafter, which we expect to be within four weeks of the Committee's determination.

iv. d. **Pro Rata 2024 Bonus 2025 Bonus**. Your pro rata cash bonus award for 2024, 2025, if applicable, subject to the terms of the Executive Severance Plan. For the 2024 2025 performance year, such bonus, if any, shall be paid at in accordance with the same time as 2024 Executive Severance Plan, which stipulates that such bonus shall be paid out when employee bonuses, if any, are paid to active employees who are participants for the 2025 performance year, no later than March 15, 2026.

e. **Sabbatical**. Etsy shall pay you a sabbatical payment in the Executive Severance Plan, gross amount of \$118,750.00, equal to three (3) months of your base salary, in consideration for your ten (10) year tenure sabbatical, for which you are currently eligible (the "Sabbatical Payment"). The Sabbatical Payment shall be paid to you, less applicable taxes and withholdings, in equal installments over a twelve month period, consistent with Etsy's normal payroll practices, and intended to coincide with the installments of the severance payment described in Section 4(a);

4. f. **Termination KPMG support through tax year 2025 and audit support**. Consistent with the tax services Etsy offered to you during your Secondment, Etsy will continue to offer you services through KPMG on similar terms as those in effect during your Secondment ("Tax Services"). These Tax Services are being provided to you at Etsy's cost for Cause tax year 2025. Etsy shall also reimburse you for tax services provided by KPMG in connection with any audit you may face related to taxes paid or Resignation Prior your tax equalisation status during your Secondment to June 30, 2024.

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a. Notwithstanding anything else in this Agreement, the Company may terminate Mexico, your employment for Cause (as defined below) at any time prior to June 30, 2024, in which case you will receive only the benefits described in this Section 4. If the Company terminates your employment for Cause after the date of this Agreement and prior to June 30, 2024, you will receive only your base salary return therefrom, or related issues through the applicable date statutes of termination, any accrued, but unused vacation, any vested benefits as of the date of termination under the Company's benefit, stock, equity, and long-term incentive plans, reimbursement of duly-documented business expenses, and any other payments or benefits required to be paid or provided by law or Company policy ("limitations periods. Accrued Benefits").

b. Notwithstanding anything else in this Agreement, you may resign from your advisory role with the Company at any time prior to June 30, 2024, in which case the date of your resignation will be the "Separation Date" and you will receive the benefits outlined in this Section 4 as well as the benefits in Section 3(b) subject to the conditions set forth therein.

5. **Cause**. For the purposes of this Agreement, "Cause" shall have the meaning set forth in the Etsy, Inc. Executive Severance Plan.

## 6 [Reserved]

7. **Release of All Claims. Claims**. In consideration for receiving the transition benefits described in this Agreement, and to the fullest extent permitted by applicable law, you hereby waive, release and promise never to assert any claims or causes of action, whether or not now known, against the Company or its predecessors, successors or past or present subsidiaries, stockholders, directors, officers, employees, consultants, attorneys, agents, assigns and employee benefit plans with respect to any matter, including (without limitation) any matter related to your employment with the Company or the termination of that employment, claims for attorneys' fees or costs, claims of wrongful discharge, constructive discharge, emotional distress, defamation, invasion of privacy, fraud, breach of contract or breach of the covenant of good faith and fair dealing, claims under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act, the New York State

Human Rights Law, the New York Labor Law, and the New York City Human Rights Law; claims under any and all other federal, state, and local statutes, regulations, and laws of any type; and claims for any compensation or benefits not specifically referenced in this Agreement, including claims under any Company incentive plan, bonus plan, or severance plan). Execution of this Agreement does not bar (i) any claim that arises hereafter, including (without limitation) a claim for breach of this Agreement, (ii) any rights you may already have to be indemnified and/or advanced or reimbursed expenses pursuant to any corporate document of the Company or its affiliates or applicable law, including the Indemnification Agreement effective as of **June 24, 2019** **May 3, 2022**, or your right to be covered under any applicable directors' and officers' liability insurance policies, (iii) any rights to the transition benefits set forth in this Agreement, and (iv) any

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rights to vested equity awards and any rights under any benefit plans of the Company under which you have a vested benefit and for which amounts are payable after the **Separation Date**. **To the extent permissible under applicable laws cited under this Section, and except in the unlikely case of later revealed fraud or other malfeasance, Etsy likewise waives and releases any claims it may have or have had as of the Effective Date of this Agreement against you.**

**8. 6. No Admission.** Nothing contained in this Agreement will constitute or be treated as an admission by you or the Company of liability, any wrongdoing or any violation of law.

**9. 7. Other Agreements.** **Agreements** At all times in the future, you . You will remain bound by the terms and provisions of the Confidentiality and Proprietary Inventions Agreement ("CPIA") with the Company you signed on **May 22, 2019** **June 23, 2014**. In addition, you will remain eligible for certain benefits under the Etsy, Inc. Executive Severance Plan ("**Severance Plan**" Plan") in the event that the Company experiences a Change in Control (as defined in the Severance Plan).

In other words, and for the avoidance of doubt, in the event you are eligible under the terms of this Agreement to receive benefits under both the Severance Plan and Sections 3 of this Agreement, you will receive the greater of the benefits under the Severance Plan or Sections 3 of this Agreement, but you will not receive benefits under both the Severance Plan and Sections 3 of this Agreement. For purposes of clarity, you will also receive the benefits described in Sections 3 of this Agreement in the event you experience a Qualifying CIC Termination (as defined in sub-paragraph (i) of this Section).

Except as expressly provided in this Agreement, this Agreement renders null and void all prior agreements between you and the Company and constitutes the entire agreement between you and the Company regarding the subject matter of this Agreement. This Agreement may be modified only in a written document signed by you and a duly authorized officer of the Company.

**10. 8. Company Property Property.** You represent that on or before the **Separation Date**, you will return to the **Company all property** that belongs to the Company, including (without limitation) copies of documents that belong to the Company and files stored on your computer(s) that contain information belonging to the Company.

**11. 9. Confidentiality of Agreement.** You agree that, until such time as this Agreement is disclosed publicly by the Company, you will not disclose to others the existence or terms of this Agreement, except that you may disclose such information to your attorney, or financial advisors (provided such individuals agree that they will not disclose to others the existence or terms of this **Agreement**). **Agreement.**

**12. 10. No Disparagement.** You agree that you will not make any disparaging statements (orally or in writing) about the Company or its products, services, strategy, legal or business practices, past venture capital investors, known institutional investors, or current or past (as of the date of this Agreement) directors, officers, and known employees who served during your tenure at Etsy. The Company will instruct current

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members of the Etsy Executive Team and Board to refrain from making any disparaging statements about you.

**13. 11. Cooperation.** You agree that you will provide reasonable cooperation with and assistance to the Company in connection with the defense or prosecution of any claim that may be made against or by the Company, or in connection with any ongoing or future investigation or dispute or claim of any kind involving the Company, including any proceeding before any arbitral, administrative, judicial, legislative, or other body or agency, including testifying in any proceeding to the extent such claims, investigations or proceedings are related to services performed or required to be performed by you, knowledge possessed by you, or any act or omission by you. The Company will reimburse you for reasonable related expenses in connection with such cooperation.

**14. 12. Preservation of Rights.** Nothing in Sections 7, 5, 9, 10, or 11, 12, or 13 above, or otherwise in this Agreement, shall be construed to prevent you from (a) reporting violations of United States or other law or regulations to or (b) participating in an investigation conducted by, or providing truthful information to any government, regulatory, or self-regulatory agency in accordance with law, including but not limited to the Department of Justice, the Securities and Exchange Commission ("SEC" ("SEC")), the U.S. Equal Employment Opportunity Commission ("EEOC" ("EEOC")), the Congress, and any agency Inspector General, or from making other disclosures that are protected under the whistleblower or other provisions of any applicable United States or other law or regulation. You do not need the prior authorization of the Company to make any such reports or disclosures and you are not required to notify the Company that you have made such reports or disclosures. Nevertheless, you acknowledge that you cannot recover any monetary benefit, damages, or equitable relief with respect to any of the claims released and waived in this Agreement through or from any charge filed by you with a fair employment practices agency such as the EEOC or any action commenced by a third party. However, nothing in this Agreement prevents you from obtaining a monetary award from the SEC.

**15. 13. Indemnification.** The Indemnification Agreement effective as of June 24, 2019 May 3, 2022 shall remain in effect in accordance with its terms.

**16. 14. Taxes.** All payments under this Agreement will be subject to all deductions required by law, including applicable taxes and withholdings. In accordance with its normal payroll practices, the Company will mail to your home address in the Company's records any tax reporting forms it prepares in accordance with any payments made to you, at such time as those forms are prepared and/or filed. You will be solely responsible and liable for any taxes owed on any payments or benefits made or provided to you under this Agreement, except for taxes the Company believes it has an obligation to withhold from any such payments or benefits.

**17. 15. Section 409A.** The intent of the parties is that payments and benefits under this Agreement comply with, or be exempt from, Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively "Code" ("Code" Section

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409A" 409A") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance with Code Section 409A.

**18. 16. Legal Fees.** Etsy agrees to reimburse you for reasonable legal fees associated with the review of this Agreement, up to a maximum gross amount of \$10,000.00 upon receipt of an invoice and a Form W-9.

**17. Severability.** If any term of this Agreement is held to be invalid, void or unenforceable, the remainder of this Agreement will remain in full force and effect and will in no way be

affected, and the parties will use their best efforts to find an alternate way to achieve the same result.

**18. Choice of Law.** This Agreement will be construed and interpreted in accordance with the laws of the State of New York (other than their choice-of-law provisions).

**19. Execution.** This Agreement may be executed in counterparts, each of which will be considered an original, but all of which together will constitute one agreement. Execution of a facsimile copy will have the same **force** and effect as execution of an original, and a facsimile signature will be deemed an original and valid signature.

**20. Consideration and Revocation.** You agree by your signature below that you had, and that the Company gave you, at least twenty-one (21) days to review and consider this Agreement before signing it, and that such period was sufficient for you to **fully** and completely consider all of its terms. The Company hereby advises you to discuss this Agreement with your own attorney (at your own expense) during this period if you wish to do so. You may accept this Agreement by delivering a copy of the Agreement signed by you to me within twenty-one (21) days from the day you receive the Agreement. You may revoke your acceptance of the Agreement for a period of seven (7) days after signing the Agreement by delivering written notification to me within that seven-day period. If you do not revoke your acceptance of the Agreement, it will be effective on the eighth (8th) day after you sign it ("**Effective Date**"). If you revoke your acceptance of this Agreement, you will not be entitled to the benefits listed in Section **3.5**, above. You agree that you have carefully read this Agreement, fully understand what it means, and are entering into it voluntarily.

Please indicate your agreement with **21. Assignment.** The Company may assign its rights, interests and obligations to any affiliate or to any other third party which acquires all or substantially all of the **above terms by signing below.**

Very truly yours,

/s/ Josh Silverman  
/s/ Josh Silverman  
Josh Silverman  
CEO & President  
Etsy, Inc.

I agree to **stock or assets of the** **terms of this Agreement.**

/s/ Ryan Scott  
/s/ Ryan Scott

Dated: December 12, 2023

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## EXHIBIT A

## SUPPLEMENTAL RELEASE

You and Etsy, Inc. (the "Company") hereby enter into this Supplemental Release (the "Supplemental Release"), which will become effective on \_\_\_\_\_.

1. Last Date of Employment. Your last day of employment with Company; provided that such assignment shall not release the Company was June 30, 2024 ("Separation Date").
2. Release of All Claims. In consideration for receiving from its obligations under this Agreement and provided, further, that the transition benefits described in Section 3(b) assignee assumes all of the letter agreement between you and the Company dated as of November 19, 2023 (the "Agreement"), and to the fullest extent permitted by applicable law, you hereby waive, release and promise never to assert any claims or causes of action, whether or not now known, against the Company or its predecessors, successors or past or present subsidiaries, stockholders, directors, officers, employees, consultants, attorneys, agents, assigns and employee benefit plans with respect to any matter, including (without limitation) any matter related to your employment with the Company or the termination of that employment, claims for attorneys' fees or costs, claims of wrongful discharge, constructive discharge, emotional distress, defamation, invasion of privacy, fraud, breach of contract or breach of the covenant of good faith and fair dealing, claims under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act, the New York State Human Rights Law, the New York Labor Law, and the New York City Human Rights Law; claims under any and all other federal, state, and local statutes, regulations, and laws of any type; and claims for any compensation or benefits not specifically referenced in the Agreement, including claims under any Company incentive plan, bonus plan, or severance plan). Execution of this Supplemental Release does not bar (i) any claim that arises hereafter, including (without limitation) a claim for breach of this Supplemental Release, (ii) any rights you may already have to be indemnified and/or advanced or reimbursed expenses pursuant to any corporate document of the Company or its affiliates or applicable law, including the Indemnification Agreement effective as of June 24, 2019, or your right to be covered under any applicable directors' and officers' liability insurance policies, (iii) any rights to the transition benefits set forth in the Agreement and which are owed or payable after the date of this Supplemental Release, and (iv) any rights to vested equity awards and any rights under any benefit plans obligations of the Company under which you have a vested benefit and for which amounts are payable after the Separation Date.
3. No Admission. Nothing contained in this Supplemental Release will constitute or Agreement. This Agreement may not be treated as an admission assigned by you or the Company of liability, any wrongdoing or any violation of law.
4. Other Agreements. Except as expressly provided in the Agreement and this Supplemental Release, the Agreement and this Supplemental Release render null and void all prior agreements between you and the Company and constitute the entire agreement between you and the Company regarding the subject matter of the Agreement and this Supplemental Release. This Supplemental Release may be modified only in a written document signed otherwise than by you and a duly authorized officer of the Company.

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5. Severability. If any term of this Supplemental Release is held to be invalid, void will or unenforceable, the remainder of this Supplemental Release will remain in full force and effect and will in no way be affected, and the parties will use their best efforts to find an alternate way to achieve the same result.
  6. Choice of Law. This Supplemental Release will be construed and interpreted in accordance with the laws of descent and distribution. Subject to the State of New York (other than their choice-of-law provisions).
  7. Execution. This Supplemental Release may be executed in counterparts, each of which will be considered an original, but all of which together will constitute one agreement. Execution of a facsimile copy will have foregoing, this Agreement shall inure to the same force and effect as execution of an original, and a facsimile signature will be deemed an original and valid signature.
  8. Consideration and Revocation. You agree by your signature below that you had, and that the Company gave you, at least twenty-one (21) days to review and consider this Supplemental Release before signing it, and that such period was sufficient for you to fully and completely consider all of its terms. The Company hereby advises you to discuss this Supplemental Release with your own attorney (at your own expense) during this period if you wish to do so. You may accept this Supplemental Release by delivering a copy of this Supplemental Release signed by you to me within twenty-one (21) days benefit of the Separation Date. You may revoke your acceptance of this Supplemental Release for a period of seven (7) days after signing the Supplemental Release by delivering written notification to me within that seven-day period. If you do not revoke your acceptance of this Supplemental Release, it will be effective on the eighth (8th) day after you sign it. If you revoke your acceptance of this Supplemental Release, you will not be entitled to the benefits listed in the Letter Agreement. You agree that you have carefully read this Supplemental Release, fully understand what it means, parties and are entering into it voluntarily, their permitted successors, assigns, heirs, executors and administrators.

Please indicate your agreement with the above terms by signing below.

Very truly yours,

/s/ Josh Silverman

Josh Silverman  
CEO & President

Etsy, Inc.

I agree to the terms of this Supplemental Release Agreement.

Ryan Scott /s/ Rachana Kumar

Dated: 12/4/2024

8

Exhibit 10.12.1

December 2, 2024  
Raina Moskowitz  
[Delivered via DocuSign]

Dear Raina:

We wish to thank you for over six years of wonderful service with Etsy, Inc. ("Etsy" or "the Company"). We have received notice of your resignation from Etsy, and understand that you will continue to work in your current role through January 3, 2025 (your "Last Day"). This letter ("Departure Letter") is intended to memorialize our mutual understanding regarding your resignation and the key steps of your transition.

You agree to remain in your current, full-time role as Chief Operations and Marketing Officer (COMO) of Etsy, Inc. through your Last Day, after which your resignation will be effective and your employment with Etsy will end. Between today's date and your Last Day, you will work with the Company to effectuate a smooth transition of your duties and responsibilities as COMO and provide such other transition support as may reasonably be requested by the Chief Executive Officer of Etsy.

Subject to the approval of the Compensation Committee, Etsy will pay you a one-time bonus of \$100,000.00 in exchange for (a) your agreement to remain employed with Etsy through your Last Day, and, (b) subject to the obligations in your new role, remaining reasonably available for consultation by Etsy's leadership team in support of the ongoing transition through March 31, 2025. Subject to the foregoing, such bonus shall be payable in a cash lump sum, less applicable withholding, within 30 days following March 31, 2025.

Your other pay and benefits will be treated in accordance with the terms of the applicable plans, policies and practices.

You are hereby reminded that your confidentiality, non-compete, and non-solicit obligations under the Offer Letter and CPIA that you signed on March 8, 2018 remain in effect following your Last Day.

If you have any questions about the terms of your departure, please contact Toni Thompson or Colin Stretch.

Very truly yours,

/s/ Josh Silverman  
Josh Silverman

Chief Executive Officer  
Etsy, Inc.

I have read and accept the details of this Departure Letter.

Name: Raina Moskowitz

Signature: /s/ Raina Moskowitz

Date: 12/2/2024

Exhibit 10.15


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Exhibit 10.15

December 18, 2023 3, 2024

Toni Thompson Brad Minor  
(delivered via DocuSign)

Dear Toni: Brad:

We are pleased to confirm your promotion to the position of Chief Human Resources Marketing Officer ("CHRO" CMO) of Etsy, Inc. ("Etsy") effective January 1, 2024 January 3, 2025 (the "Effective Date"). You will report to Josh Silverman, Kruti Patel Goyal, President and Chief Executive Growth Officer, and you will be assigned to work from Etsy's Brooklyn, NY office. YourYour base pay will be \$415,000 \$420,000 per year, paid in accordance with Etsy's normal payroll practices, and you will continue to be eligible for the benefits that Etsy provides to full-time employees.

You will continue to participate in Etsy's Management Cash Incentive Plan. Beginning January 1, 2024 January 3, 2025, your target annual bonus will be 70% of your base salary earned during the performance period, which currently follows a calendar year (January 1 to December 31) cycle, with a bonus structure as follows: 70% of the bonus target will be based on company performance, while 30% of the bonus payouttarget will be based on individual performance. Your participation is subject to the terms and conditions of the Management Cash Incentive Plan (MCIP) and the applicable participation notice. Generally, awards (if any) are paid within two and a half months after the end of a calendar year.

Etsy will also propose that you receive equity awards on March 15, 2025 with an equity award with a aggregate fair value at the time of the grant equal to \$4,000,000 (the approximately \$3,500,000 (collectively, the "Promotion Grant"). The Promotion Grant and related terms below are subject to the approval of Etsy's Compensation Committee.

Seventy percent (70%) of the Promotion Grant will be in the form of Restricted Stock Units (which we refer to as "RSUs") RSUs). The RSU portion of the Promotion Grant is expected to be granted on or about February 1, 2024, which is the first day of the month following the Effective Date, in accordance with our Equity Grant Policy. The RSUs will "vest" (or convert into shares of Etsy's common stock) in sixteen (16) equal quarterly installments over the course of your continued employment with Etsy. 12.5% of your RSUs will vest a four year term if you remain continuously employed at with Etsy through August 1, 2024. The balance or one of your RSUs will vest in equal installments every 6 (six) months thereafter over the next 3.5 years of continuous employment with Etsy. its subsidiaries.

Thirty percent (30%) of the Promotion Grant will be in the form of performance-based vesting restricted stock units ("PSUs") having performance and vesting terms that mirror are consistent with the terms of the PSUs included in the form of PSU agreement for the 2024 2025 Etsy ET annual grants. The PSU portion of the Promotion Grant is expected to be granted on or about March 15, 2024.

Your equity awards will be subject to the terms and conditions of Etsy's 2015 2024 Equity Incentive Plan and your award agreements, which will also specify your vesting dates. dates, and will govern and control the Promotion Grant in all respects. There will be no change to your previously issued equity awards, which will continue to vest according to the terms and conditions stated within your award agreements.

You will continue to participate in the Etsy, Inc. Executive Severance Plan (Amended and Restated, effective as of January 1, 2019) (the "Executive Severance Plan"), which provides the following for your new role as CHRO, CMO, subject to the terms and conditions of the Executive Severance Plan document and your participation notice:

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- In the event of an involuntary termination following a change Qualifying CIC Termination (as defined in control: the Executive Severance Plan): twelve months of severance; base salary as severance and up to twelve months of company-paid COBRA coverage; coverage, pro-rata bonus payout; payout, and a 100% acceleration factor for all outstanding equity RSU and earned PSU awards issued to you.
- In the event of an involuntary termination Qualifying Termination (as defined in the Executive Severance Plan) not related to a change in control: twelve months of severance; base salary as severance and up to twelve months of company-paid COBRA coverage; coverage and pro-rata bonus payout.

The Executive Severance Plan and your participation notice will govern and control your eligibility for severance benefits in all respects.

You understand and acknowledge that all other terms and conditions of your employment, including but not limited to those in your Confidentiality and Prior Inventions Agreement attached to your Offer Letter dated January 17, 2020 March 23, 2022, will remain unchanged. You understand that you will continue to be an at-will employee of Etsy with the right to terminate your employment at any time and for any reason, and that Etsy will have the same right.

We are excited that you are taking on this new opportunity and continuing your career at Etsy.

Congratulations and best of luck!

Very truly yours,

/s/ Josh Silverman

Josh Silverman  
Chief Executive Officer  
Etsy, Inc.

I have read and accept the details of the internal transfer:

Name: **Toni Thompson Brad Minor**

Signature: /s/ **Toni Thompson Brad Minor**

Date: 12/21/2023

3/2024

Exhibit 19.1

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## InsiderTradingPolicy

February2023

### EXHIBITWhydowehavethisPolicy?

This Policy is intended to help you and Etsy comply with insider trading laws. Insider trading laws are complex and violations can carry serious consequences. This Policy describes the main legal requirements and steps you need to take before trading in Etsy stock or other securities of Etsy (which we collectively refer to as "Etsy stock").

In particular, there are four key requirements that this Policy describes in detail:

1. You may trade (buy or sell) Etsy stock only when you do not have any material non-public information about Etsy and there is an open trading window
2. Directors and certain Etsy employees need to have their Etsy stock transactions approved in advance by Legal
3. You can't share or "tip" material non-public information about Etsy or another company to anyone who isn't authorized to be in the know
4. You can't trade in the securities of any other company while you have material non-public information about that company

## Who's Covered

This Policy applies to all directors, all Etsy employees, and certain consultants, agents, and independent contractors of Etsy and its subsidiaries.

This Policy also applies to your immediate family members, persons who share your household, anyone who is your economic dependent, and any other individuals or entities whose transactions in Etsy stock you influence, direct, or control. Immediate family members include: your children, stepchildren, grandchildren, parents, stepparents, grandparents, spouses, domestic partners, siblings, mother-in-laws, father-in-laws, son-in-laws, daughter-in-laws, brother-in-laws, or sister-in-laws, and adoptive relationships.

Use good judgment about any closer relationships that don't fit neatly into one of these categories and, when in doubt, follow the Policy.

## What's Covered

This Policy applies to all transactions involving Etsy stock. This includes exercises of stock options and purchases, sales, gifts and other transfers of Etsy common stock, warrants, preferred stock, debt securities (such as bonds and notes) and other securities. It also includes derivative securities such as put or call options, hedging transactions, short sales and other similar types of arrangements.

Every transaction counts—there are no exceptions from insider trading laws or this Policy based on the size or dollar amount of the transaction or your personal circumstances or hardships.

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There are some limited exceptions (see p. 5), but when in doubt, assume that a transaction is covered and reach out to Legal with questions.

## When You Can't Trade

You cannot trade in Etsy stock at any time when you possess material non-public information.

In general, information is **material** if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy or sell stock or if it is likely to affect the price of stock if disclosed.

It's not possible to define all types of information that might be considered "material;" however, examples often include:

- Financial results and projections or forecasts of future financial results;
- Significant corporate events, such as mergers, joint ventures, acquisitions or dispositions;
- Significant product introductions, modifications, or pricing changes;
- Developments involving significant business relationships, including new or modified agreements with vendors or other business partners;
- Restatement of financial results, or material impairments, write-offs or restructurings;
- Significant financial obligations, or financial liquidity problems;

- Changes in senior management or major lay-offs;
- Stock splits, dividends, recapitalizations, stock repurchase programs;
- New equity or debt offerings; and
- Significant litigation or other legal or regulatory developments (actual or threatened).

Information is considered **non-public** until it has been broadly disseminated to the public by a press release, filing with the U.S. Securities and Exchange Commission (the "SEC"), pre-announced webcast or other form of public communication. It's not enough a few people outside of Etsy know the information—the information needs to reach investors generally and the stock market needs time to react. As a general rule, you should consider information to be non-public until at least one full trading day after it has been broadly and publicly shared; however, it could be a longer period of time.

2

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As a practical matter, this means that confidential information about Etsy that could reasonably be expected to affect the price of Etsy's stock (positively or negatively) is likely to be material.

If you are unsure whether something might be considered material non-public information, check with Legal.

### **When You Can Trade**

You may trade only during open window periods when you do not have material non-public information.

An open window period typically occurs four times a year following Etsy's year-end or quarterly earnings releases.

An open window period will generally begin on the second full trading day following Etsy's earnings announcement. For example, if an earnings announcement was issued on Tuesday after the stock market closed, then the window would open and trading could begin on Thursday morning.

The length of an open window period will depend on a number of factors. The Chief Legal Officer will set the exact dates of each open window period which will then be shared with directors and Etsy employees in advance.

From time to time, it may be appropriate to restrict trading during an open window period. For example, a team working on a significant acquisition or product that has not yet been publicly disclosed may not be able to trade during an open window period because they have material non-public information. Legal will notify you if you need to comply with any special trading restrictions.

### **Pre-Clearing Trades or Gift of Etsy Stock**

All directors, the Executive Team and certain other Etsy employees with regular access to material non-public information are required to pre-clear all transactions in Etsy stock as described below.

The Legal team will maintain the current list of people who are required to pre-clear transactions, and the list may change from time to time. If you are required to pre-clear your

trades, Legal will send you an email before each open window period that tells you what steps you need to take. For example, you will need to confirm in writing that you are not in possession of material non-public information and you will be asked to describe your proposed transaction. If for some reason you are no longer required to pre-clear your transactions (e.g., due to a role change), Legal will let you know.

Pre-clearance will be effective for five business days following the date of pre-clearance, unless circumstances change and/or the pre-clearance is revoked. If a trade is not completed within the five business days, you will need to submit a new pre-clearance request.

### 3

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If you adopt a pre-approved written trading plan that complies with the requirements of Rule 10b5-1 of the Securities Exchange Act of 1934 (the "Exchange Act") and Etsy's internal requirements, you will not need to pre-clear each individual transaction under the trading plan. Contact Legal if you require additional information regarding 10b5-1 trading plans.

As a reminder, pre-clearance of a trade is not a defense to a claim of insider trading and does not excuse you from otherwise complying with insider trading laws or this Policy. Further, pre-clearance of a transaction does not mean that Etsy or the Chief Legal Officer has affirmed that you are not in possession of material non-public information.

### No Tipping!

By working for or with Etsy, you have already agreed to keep certain information confidential. For details, you can refer to the Code of Conduct and External Communications Policies and your proprietary information agreement attached to your offer letter or other contract with Etsy.

Along the same lines, you can't disclose material non-public information about Etsy to anyone who is not authorized to be in the know. This could be considered "tipping," which is illegal and involves someone with material non-public information sharing that information with someone who then uses it to trade.

You also can't make recommendations or express opinions about trading in Etsy stock or any other company's stock on the basis of material non-public information.

To be clear, this rule covers disclosures (even anonymous disclosures) via the Internet, blogs, forums, chat rooms, social media or the like, as well as verbal disclosures.

You can refer to our Public Data Guidelines if you want to know what Etsy facts are safe to mention publicly and what facts need to stay confidential.

If you are unsure whether a certain piece of information may be disclosed, check with Legal.

### Other Don'ts

The following types of transactions in Etsy stock are not allowed under this Policy:

- Short sales (e.g., selling Etsy stock that you don't own and need to borrow to complete the sale or shorting to delay a taxable event);
- Hedging or similar transactions;

- Derivative trading (including, for example, publicly-traded options, such as puts and calls);
- Pledging or using Etsy stock as loan collateral;

4

- Holding Etsy stock in margin accounts; and
- Placing, outside of a Rule 10b5-1 plan, open orders such as limit orders or stop orders for buying or selling Etsy stock that can result in transactions outside of an open window period or pre-clearance approval period or when you may be in possession of material non-public information.

In addition to the restrictions relating to Etsy, you cannot trade based on the material non-public information of other companies, such as Etsy's vendors, partners or potential partners, suppliers, competitors, or any other company. You also must not disclose or otherwise misuse such information.

#### Policy Exceptions

The following types of transactions in Etsy stock are generally allowed under this Policy. Each transaction will need to comply with the law. You may also be required to seek pre-clearance. In addition, any transactions involving your Etsy stock options or other equity awards will need to comply with the applicable equity plan, which typically restricts certain transfers and gifts. When in doubt, please contact Legal to discuss.

- Transactions under a pre-approved written trading plan that complies with Rule 10b5-1 under the Exchange Act and Etsy's internal requirements.
- The receipt, vesting, cancellation or forfeiture of Etsy equity awards such as stock options or restricted stock units, including having shares withheld by Etsy to cover tax obligations in connection with a vesting.
- Exercising Etsy stock options where no Etsy stock is sold to fund the exercise. For example, a cash or a stock-for-stock exercise where you continue to hold the underlying shares of stock, including having shares withheld by Etsy to cover tax obligations in connection with such an exercise.
- Electing to participate in Etsy's employee stock purchase plan or to purchase of Etsy stock under the plan. However, the trading restrictions do apply to any sales of Etsy stock under the employee stock purchase plan.
- Changes in the number of securities held as a result of a stock split or stock dividend applying equally to all securities of the same class, or similar transaction.
- Changing the form of your Etsy stock ownerships such as transferring Etsy stock to a trust that you control for estate planning purposes, but not acquiring or disposing of any shares of stock. Because of the potential SEC reporting requirements, pre-clearance is required for directors and Etsy officers who are subject to the SEC's Section 16 reporting rules.
- Gifting Etsy stock. Gifts may be permissible during closed window periods. If you are required to pre-clear trades under this policy, gifts require pre-clearance. If you

are not required to pre-clear trades and want to gift shares during a closed window, you may request permission, which depending on the circumstances may be granted by Legal. Keep in mind that you cannot use a gift to conduct a transaction that otherwise would be prohibited under this Policy and immediate family members are also subject to this Policy.

### When you leave Etsy

You remain subject to this Insider Trading policy until your last official day as an Etsy employee even if you are otherwise on an approved leave of absence or garden leave.

If your employment terminates and you leave Etsy during an open trading window, the trading restrictions in this Policy apply until you no longer possess material, non-public information.

If your employment terminates and you leave Etsy when the trading window is closed, the trading restrictions in this Policy will remain in effect until the later of:

- The next open trading window following your end date with Etsy; or
- Until you no longer possess material, non-public information regarding Etsy.

### Your Responsibilities

You are responsible for reading, understanding and complying with this Policy and related laws and helping your immediate family members, and others listed above under the heading "Who's Covered", comply as well.

You should use your best judgment and always reach out to the Chief Legal Officer or another member of Legal with questions. In all cases, the responsibility for determining whether you are aware of material non-public information rests with you, and any action on the part of Etsy or by any employee of Etsy pursuant to this policy (or otherwise) does not in any way constitute legal advice or insulate you from liability under applicable securities laws.

It is also your responsibility to help enforce this Policy. Please report potential violations by any of the following methods:

- Discussing the situation with your manager; or
- If your manager is involved in the situation or you are uncomfortable speaking with your manager, contact the Chief Legal Officer; the VP, People; Assistant General Counsel, Employment; or
- If you do not believe your concern is being adequately addressed, or you are not comfortable speaking with one of the contacts above, you may report your concern via Etsy's whistleblower hotline, which allows anonymous reporting 24 hours a day, 7 days a week.

**o Phone:**

Region	PhoneNumber
Australia	1-800-950-665
Brazil	08002003514
UK	08081011123
USAandCanada(TollFree)	+1(866)887-9755

**o Online:**

**o ByMail:**Chair,AuditCommitteeoftheBoard

%ChiefLegalOfficer 117 Adams Street  
Brooklyn,NY11201

For reports that are not anonymous, receipt will be acknowledged to the sender within a reasonable period of time.

All reports of a violation or possible violation will be taken seriously and investigated. The specific action taken in any particular case will depend on the nature and gravity of the conduct reported and the results of the investigation. We will keep reports confidential to the extent consistent with our ability to conduct a full and fair investigation and to comply with our legal obligations.

In some locations outside of the United States, anonymous reporting may not be allowed by local law.

We take our non-retaliatory culture very seriously and will not allow anyone to take adverse action, threaten, intimidate, or retaliate if you report a violation or suspected violation in good faith, or cooperate in an investigation. We consider retaliation itself a violation of this Policy and will respond accordingly.

7

## Reminder for Executive Officers and Directors

If you are an executive officer or a member of the board of directors of Etsy subject to the SEC's Section 16 reporting rules, you should take care not to buy and sell Etsy stock within six (6) months of each other (a "short-swing transaction") in violation of Section 16 of the Exchange Act. You must also comply with restrictions on sales by control persons under Rule 144 under the U.S. Securities Act of 1933, as amended, and timely file all Forms 3, 4, and 5 and notices of sale under Rule 144 with the SEC as required.

## Keep it Real: Think About the Consequences

The potential penalties for insider trading violations can include large civil and criminal fines and even jail time.

Regulatory agencies such as the SEC use sophisticated electronics surveillance techniques to investigate and detect insider trading, and pursue insider trading violations vigorously.

In addition, if Etsy reasonably concludes you have not complied with this Policy, you may be subject to disciplinary action, up to and including dismissal for cause, *whether or not your actions break the law*. Also, your trades may be canceled or reversed.

\*\*\*\*

This Policy is shared with all Etsy employees and members of the board of directors when they join Etsy. It is also located on Etsy's Intranet and may be filed with the SEC as an Exhibit to our Annual Report on Form 10-K. The Chief Legal Officer may delegate the administration of this Policy to one or more members of the Legal Team.

Etsy reserves the right to amend, alter or terminate this Policy at any time and for any reason, subject to applicable law.

8

Exhibit 21.1

List of Significant Subsidiaries of Etsy, Inc.\*

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Depop Limited	United Kingdom
Etsy Ireland UC	Ireland
Etsy Ireland Holding Unlimited Company	Ireland

\* Pursuant to Item 601(b)(21)(ii) of Regulation S-K, the names of other subsidiaries of Etsy, Inc. are omitted because, considered in the aggregate, they would not constitute a significant subsidiary as of the end of the year covered by this Annual Report.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-203438, 333- 209851, 333-216371, 333-223330, 333-229937, 333-236676, 333-253564, 333-263007, 333-269931 and 333-269931) 333-284583) of Etsy, Inc. of our report dated February 21, 2024 February 19, 2025 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP  
New York, New York  
February 21, 2024 19, 2025

EXHIBIT Exhibit 31.1

CERTIFICATION

I, Josh Silverman, certify that:

1. I have reviewed this Annual Report on Form 10-K of Etsy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Josh Silverman

Josh Silverman

President, Chief Executive Officer  
(Principal Executive Officer)

Date: February 21, 2024 February 19, 2025

EXHIBIT Exhibit 31.2

#### CERTIFICATION

I, Rachel Glaser, Charles Baker, certify that:

1. I have reviewed this Annual Report on Form 10-K of Etsy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Rachel Glaser Charles Baker

Rachel Glaser Charles Baker

Chief Financial Officer

(Principal Financial Officer)

Date: February 21, 2024 February 19, 2025

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Josh Silverman, certify that the Annual Report of Etsy, Inc. on Form 10-K for the period ended December 31, 2023 December 31, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Etsy, Inc.

/s/ Josh Silverman

Josh Silverman

President, Chief Executive Officer

(Principal Executive Officer)

Date: February 21, 2024 February 19, 2025

CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Rachel Glaser, Charles Baker, certify that the Annual Report of Etsy, Inc. on Form 10-K for the period ended December 31, 2023 December 31, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Etsy, Inc.

/s/ Rachel Glaser Charles Baker  
Rachel Glaser Charles Baker  
Chief Financial Officer  
(Principal Financial Officer)

Date: February 21, 2024 February 19, 2025

Exhibit 97

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Compensation Recoupment Policy

(Adopted Effective as of October 2, 2023)

This Policy provides for the recoupment of certain executive compensation in the event of a Financial Restatement (as defined below). Terms used in this Policy shall have the meanings set forth in Section 7.

**1. Recoupment of Erroneously Awarded Compensation.**

(a) In the event of a Financial Restatement, if the amount of any Covered Compensation received by a Covered Executive (the “**Awarded Compensation**”) exceeds the amount of such Covered Compensation that would have otherwise been received by such Covered Executive (i) if calculated based on Etsy’s financial statements as reflected in the Financial Restatement or (ii) as determined pursuant to Section 1(b) below (the “**Adjusted Compensation**”), Etsy shall reasonably promptly recover from such Covered Executive an amount equal to the excess of the Awarded Compensation over the Adjusted Compensation, each calculated on a pre-tax basis (such excess amount, the “**Erroneously Awarded Compensation**”).

(b) If (i) the Financial Reporting Measure applicable to the relevant Covered Compensation is stock price or total shareholder return (or any measure derived wholly or in part from either of such measures) and (ii) the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the Financial Restatement, then the amount of Erroneously Awarded Compensation shall be determined (on a pre-tax basis) based on Etsy’s reasonable estimate of the effect of the Financial Restatement on Etsy’s stock price or total shareholder return (or the derivative measure thereof) upon which such Covered Compensation was received.

(c) For the avoidance of doubt, Etsy’s obligation to recover Erroneously Awarded Compensation is not dependent on (i) if or when the restated financial statements are filed; or (ii) any fault of any Covered Executive for the accounting errors or other actions leading to a Financial Restatement.

(d) Notwithstanding anything to the contrary in Sections 1(a) through (c) hereof, Etsy shall not be required to recover any Erroneously Awarded Compensation if both (x) the conditions set forth in either of the following clauses (i) or (ii) are satisfied and (y) the Committee has determined that recovery of the Erroneously Awarded Compensation would be impracticable:

- (i) the direct expense paid to a third party to assist in enforcing the recovery of the Erroneously Awarded Compensation under this Policy would exceed the amount of such Erroneously Awarded Compensation to be recovered; provided that, before concluding that it would be impracticable to recover

1

Exhibit 97

any amount of Erroneously Awarded Compensation pursuant to this Section 1(d)(i), Etsy shall have first made a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to make such recovery and provide that documentation to the Nasdaq;

- (ii) recovery of the Erroneously Awarded Compensation would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of Etsy, to fail to meet the requirements of Sections 401(a)(13) or 411(a) of the U.S. Internal Revenue Code of 1986, as amended (the "Code").

(e) Etsy shall not indemnify any Covered Executive, directly or indirectly, for any losses that such Covered Executive may incur in connection with the recovery of Erroneously Awarded Compensation pursuant to this Policy, including through the payment of insurance premiums or gross-up payments.

(f) The Committee shall determine, in its sole discretion, the manner and timing in which any Erroneously Awarded Compensation shall be recovered from a Covered Executive in accordance with applicable law, including, without limitation, by (i) requiring reimbursement of Covered Compensation previously paid in cash; (ii) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity or equity-based awards; (iii) offsetting the Erroneously Awarded Compensation amount from any compensation otherwise owed by Etsy or any of its affiliates to the Covered Executive; (iv) canceling outstanding vested or unvested equity or equity-based awards; and/or (v) taking any other remedial and recovery action permitted by applicable law. For the avoidance of doubt, except as set forth in Section 1(d), in no event may Etsy accept an amount that is less than the amount of Erroneously Awarded Compensation; *provided* that, to the extent necessary to avoid any adverse tax consequences to the Covered Executive pursuant to Section 409A of the Code, any offsets against amounts under any nonqualified deferred compensation plans (as defined under Section 409A of the Code) shall be made in compliance with Section 409A of the Code.

2. **Administration.** This Policy shall be administered by the Committee. All decisions of the Committee shall be final, conclusive and binding upon Etsy and the Covered Executives, their beneficiaries, executors, administrators and any other legal representative. The Committee shall have full power and authority to (i) administer and interpret this Policy; (ii) correct any defect, supply any omission and reconcile any inconsistency in this Policy; and (iii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of this Policy and to comply with applicable law (including Section 10D of the Exchange Act) and applicable stock market or exchange rules and regulations. Notwithstanding anything to the contrary contained herein, to the extent permitted by Section 10D of the Exchange Act and Section 5608 of the Nasdaq Listing Rules, the Board may, in its sole discretion, at any time and from time to time, administer this Policy in the same manner as the Committee.

3. **Amendment/Termination.** Subject to Section 10D of the Exchange Act and Section 5608 of the Nasdaq Listing Rules, this Policy may be amended or terminated by

2

Exhibit 97

the Committee at any time. To the extent that any applicable law, or stock market or exchange rules or regulations require recovery of Erroneously Awarded Compensation in circumstances in addition to those specified herein, nothing in this Policy shall be deemed to limit or restrict the right or

obligation of Etsy to recover Erroneously Awarded Compensation to the fullest extent required by such applicable law, stock market or exchange rules and regulations. Unless otherwise required by applicable law, this Policy shall no longer be effective from and after the date that Etsy no longer has a class of securities publicly listed on a United States national securities exchange.

4. **Interpretation.** Notwithstanding anything to the contrary herein, this Policy is intended to comply with the requirements of Section 10D of the Exchange Act and Section 5608 of the Nasdaq Listing Rules (and any applicable regulations, administrative interpretations or stock market or exchange rules and regulations adopted in connection therewith). The provisions of this Policy shall be interpreted in a manner that satisfies such requirements and this Policy shall be operated accordingly. If any provision of this Policy would otherwise frustrate or conflict with this intent, the provision shall be interpreted and deemed amended so as to avoid such conflict.

5. **Other Compensation Clawback/Recoupment Rights.** Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies, rights or requirements with respect to the clawback or recoupment of any compensation that may be available to Etsy pursuant to the terms of any other recoupment or clawback policy of Etsy (or any of its affiliates) that may be in effect from time to time, any provisions in any employment agreement, offer letter, equity plan, equity award agreement or similar plan or agreement, and any other legal remedies available to Etsy, as well as applicable law, stock market or exchange rules, listing standards or regulations; *provided, however*, that any amounts recouped or clawed back under any other policy that would be recoupable under this Policy shall count toward any required clawback or recoupment under this Policy and vice versa.

6. **Exempt Compensation.** Notwithstanding anything to the contrary herein, Etsy has no obligation to seek recoupment of amounts paid to a Covered Executive which are granted, vested or earned based solely upon the occurrence or non-occurrence of nonfinancial events. Such exempt compensation includes, without limitation, base salary, time-vesting awards, compensation awarded on the basis of the achievement of metrics that are not Financial Reporting Measures or compensation awarded solely at Etsy's discretion, *provided that* such amounts are in no way contingent on, and were not in any way granted on the basis of, the achievement of any Financial Reporting Measure performance goal.

7. **Definitions.** For the purposes of this Policy, the following terms shall have the meanings set forth below.

(a) **"Committee"** means the Compensation Committee of the Board of Directors (the **"Board"**) or any successor committee thereof. If there is no Compensation Committee of the Board, references herein to the "Committee" shall refer to Etsy's committee of independent directors that is responsible for executive compensation decisions, or in the absence of such a compensation committee, the independent members of the Board.

(b) **"Covered Compensation"** means any Incentive-based Compensation "received" by a Covered Executive during the applicable Recoupment Period; *provided that*:

3

Exhibit 97

- (i) such Covered Compensation was received by such Covered Executive (A) after the Effective Date, (B) after he or she commenced service as an Executive Officer and (C) while Etsy had a class of securities publicly listed on a United States national securities exchange; and
- (ii) such Covered Executive served as an Executive Officer at any time during the period in which the Financial Reporting Measure applicable to any portion of such Incentive-based Compensation is measured.

For purposes of this Policy, Incentive-based Compensation is **"received"** by a Covered Executive during the fiscal period in which the Financial Reporting Measure applicable to such Incentive-based Compensation (or portion thereof) is attained, even if the payment or grant of such Incentive-based Compensation is made thereafter.

(c) **"Covered Executive"** means any current or former Executive Officer.

(d) **"Effective Date"** means the date on which Section 5608 of the Nasdaq Listing Rules becomes effective.

(e) **"Etsy"** means Etsy, Inc., a Delaware corporation.

(f) **“Exchange Act”** means the U.S. Securities Exchange Act of 1934, as amended.

(g) **“Executive Officer”** means each “officer” of Etsy as defined in Rule 16a-1(f) promulgated under the Exchange Act. The determination as to an individual’s status as an Executive Officer shall be made by the Board and such determination shall be final, conclusive and binding on such individual and all other interested persons.

(h) **“Financial Reporting Measure”** means any (i) measure that is determined and presented in accordance with the accounting principles used in preparing Etsy’s financial statements, (ii) stock price measure or (iii) total shareholder return measure (and any measures that are derived wholly or in part from any measure referenced in clause (i), (ii) or (iii) above). For the avoidance of doubt, any such measure does not need to be presented within Etsy’s financial statements or included in a filing with the U.S. Securities and Exchange Commission to constitute a Financial Reporting Measure.

(i) **“Financial Restatement”** means a restatement of Etsy’s financial statements due to Etsy’s material noncompliance with any financial reporting requirement under U.S. federal securities laws, that is required in order to correct:

(i) an error in previously issued financial statements that is material to the previously issued financial statements; or

(ii) an error that would result in a material misstatement if (A) the error were corrected in the current period or (B) left uncorrected in the current period.

For purposes of this Policy, a Financial Restatement shall not be deemed to occur in the event of a revision of Etsy’s financial statements due to, without limitation, (x) an out-of-period adjustment (i.e., when the error is immaterial to the previously issued financial statements and the correction of the error is also immaterial to the current period) or (y)

a retrospective (1) application of a change in accounting principles; (2) revision to reportable segment information due to a change in the structure of Etsy’s internal organization; (3) reclassification due to a discontinued operation; (4) application of a change in reporting entity, such as from a reorganization of entities under common control; or (5) revision for stock splits, reverse stock splits, stock dividends or other changes in capital structure.

(j) **“Incentive-based Compensation”** means any compensation (including, for the avoidance of doubt, any cash or equity or equity-based compensation, whether deferred or current) that is granted, earned and/or vested based wholly or in part upon the achievement of a Financial Reporting Measure. For purposes of this Policy, “Incentive-based Compensation” shall also be deemed to include any amounts which were determined based on (or were otherwise calculated by reference to) Incentive-based Compensation (including, without limitation, any amounts under any long-term disability, life insurance or supplemental retirement or severance plan or agreement or any notional account that is based on Incentive-based Compensation, as well as any earnings accrued thereon).

(k) **“Nasdaq”** means the NASDAQ Global Select Market, or any successor thereof.

(l) **“Policy”** means this Etsy, Inc. Compensation Recoupment Policy.

(m) **“Recoupment Period”** means the three fiscal years completed immediately preceding the date of any applicable Recoupment Trigger Date. Notwithstanding the foregoing, the Recoupment Period additionally includes any transition period (that results from a change in Etsy’s fiscal year) within or immediately following those three completed fiscal years, provided that a transition period between the last day of Etsy’s previous fiscal year end and the first day of its new fiscal year that compromises a period of nine (9) to twelve (12) months would be deemed a completed fiscal year.

(n) **“Recoupment Trigger Date”** means the earlier of (i) the date that the Board (or a committee thereof or the officer(s) of Etsy authorized to take such action if Board action is not required) concludes, or reasonably should have concluded, that Etsy is required to prepare a Financial Restatement, and (ii) the date on which a court, regulator or other legally authorized body directs Etsy to prepare a Financial Restatement.

8. Miscellaneous.

(a) Any award agreement or other document setting forth the terms and conditions of any compensation covered by this Policy shall be deemed to include the restrictions imposed herein and incorporate this Policy by reference and, in the event of any inconsistency, the terms of this Policy will govern. For the avoidance of doubt, this Policy applies to all compensation that is received on or after the Effective Date, regardless of the date on which the award agreement or other document setting forth the terms and conditions of the Covered Executive's compensation became effective, including, without limitation, compensation received under the Etsy, Inc. 2006 Stock Plan, Etsy, Inc. 2015 Equity Incentive Plan, Etsy, Inc. Management Cash Incentive Plan, and any successor plans.

(b) This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

5

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Exhibit 97

(c) This Policy will be construed and interpreted in accordance with the laws of the State of New York. Any disputes arising from this Policy or the subject matter herein shall be adjudicated by the New York State Supreme Court, Kings County, or by the Federal District Court of the Eastern District of New York, as applicable.

(d) If any provision of this Policy is determined to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted by applicable law and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

6

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