



1stDibs Reports Second Quarter 2021 Financial Results

August 11, 2021

*Q2 Gross Merchandise Value Increased 34% Year-Over-Year to \$107 million
Q2 Net Revenue Increased 29% Year-Over-Year to \$24.7 million*

NEW YORK, Aug. 11, 2021 (GLOBE NEWSWIRE) -- 1stdibs.com, Inc. (NASDAQ: DIBS), a leading online marketplace for luxury design products, today reported financial results for its second quarter ended June 30, 2021.

Second Quarter 2021 Financial Highlights

- Net revenue was \$24.7 million, an increase of 29% year-over-year.
- Seller marketplace services revenue was \$23.8 million, an increase of 29% year-over-year.
- Gross profit was \$17.4 million, an increase of 33% year-over-year.
- Gross margin was 70.4%, compared to 68.2% in the second quarter 2020.
- GAAP net loss was \$4.1 million, compared to \$3.3 million in the second quarter 2020.
- Non-GAAP Adjusted EBITDA and Adjusted EBITDA Margin was \$(3.0) million and (12.3)%, respectively, compared to \$(2.0) million and (10.7)%, respectively, in the second quarter 2020.
- Cash and cash equivalents totaled \$176.1 million as of June 30, 2021.

"We are excited about the opportunity ahead of us, as luxury design continues to move online," said David Rosenblatt, 1stDibs Chief Executive Officer. "In addition to the secular shift to digital, we have an ambitious roadmap and are investing in multiple growth opportunities like new buyer activation and international expansion. In the second quarter, our first as a public company, we generated GMV growth of 34% year-over-year and made progress on our strategic growth initiatives."

Tu Nguyen, Chief Financial Officer of 1stDibs said, "We had strong GMV and net revenue growth in the second quarter of 2021. As we continue to comp strong quarters in 2020, our two-year stacked growth rates are healthy and our fundamentals are strong. We see a long runway ahead and will continue to invest for sustainable GMV growth in a disciplined and thoughtful manner."

Other Recent Business Highlights and Key Operating Metrics

- Completed our initial public offering of 6,612,500 shares of common stock and received net proceeds of \$123.0 million after deducting underwriters' discounts and commissions.
- Gross Merchandise Value ("GMV") was \$107 million, an increase of 34% year-over-year.
- Number of Orders was approximately 38K, an increase of 28% year-over-year.
- Active Buyers was approximately 69K, an increase of 39% year-over-year.
- Announced the launch of our NFT platform. Initially, the platform will feature bi-weekly auctions, starting today. The debut collection, titled "Portals," is curated by the notable artist Metageist.

Financial Guidance and Outlook

The company's third quarter guidance is based upon our best view today. Given the continued uncertainty of future macroeconomic conditions as a result of the ongoing COVID-19 pandemic, we are not issuing guidance for the full year 2021 and will continue providing guidance on a quarterly basis until otherwise stated.

	Q3 2021 Guidance
GMV	\$100 million - \$104 million
Net revenue	\$23.6 million - \$24.3 million
Adjusted EBITDA margin (non-GAAP)	(21%) - (18%)

Actual results may differ materially from our Financial Guidance and Outlook as a result of, among other things, the factors described under "Forward-Looking Statements" below.

A reconciliation of our non-GAAP guidance measure (adjusted EBITDA) to a corresponding GAAP guidance measure is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of, expenses that may be incurred in the future. Stock-based compensation expense is impacted by the timing of employee stock transactions, the future fair market value of our common stock, and our future hiring and retention needs, all of which are difficult to predict and subject to change. We have provided a reconciliation of GAAP to non-GAAP financial measures in the financial statement tables for our historical non-GAAP financial results included in this press release.

Webcast Information

1stDibs will host a webcast to discuss its second quarter 2021 financial results today at 5:30 p.m. Eastern Time. Investors and participants can access the webcast at the 1stDibs Investor Relations website (investors.1stdibs.com). A replay of the webcast will be available through the same link following the webcast, for one year thereafter.

Disclosure Information

In compliance with disclosure obligations under Regulation FD, 1stDibs announces material information to the public through a variety of means, including filings with the Securities and Exchange Commission, press releases, company blog posts, public conference calls and webcasts, as well as the investor relations website.

About 1stDibs

1stDibs is a leading online marketplace for connecting design lovers with highly coveted sellers and makers of vintage, antique, and contemporary furniture, home décor, art, jewelry, watches and fashion.

Media Contact:

Jennifer Miller

jennifer.miller@1stdibs.com

Investor Relations Contact:

Kevin LaBuz

investors@1stdibs.com

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of federal and state securities laws. All statements other than statements of historical fact contained in this press release, including, but not limited to, statements regarding our product roadmap, opportunities to grow our new verticals, expand geographically, and enhance our marketplace for buyers and sellers, our intent to continue to invest for sustainable growth in a disciplined manner and anticipated returns on those investments, our NFT platform offering; our future results of operations and financial position, including our financial guidance and outlook, and the impact of the coronavirus (COVID-19) pandemic and our response to it, are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential," "continue," or "opportunity" or the negative of these terms or other similar expressions.

Forward-looking statements are based on current expectations of future events. We cannot guarantee that any forward-looking statement will be accurate, although we believe that we have been reasonable in our expectations and assumptions. Investors should realize that if underlying assumptions prove inaccurate or that known or unknown risks or uncertainties materialize, actual results could vary materially from our expectations and projections. Investors are therefore cautioned not to place undue reliance on any forward-looking statements. These forward-looking statements speak only as of the date of this press release and, except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events or otherwise.

A list and description of risks, uncertainties and other factors that could cause or contribute to differences in our results can be found in our filings with the Securities and Exchange Commission, including the final prospectus relating to our initial public offering and our periodic reports. We qualify all of our forward-looking statements by these cautionary statements.

Key Operating Metrics Definitions

Gross Merchandise Value

We define GMV as the total dollar value from items sold by our sellers through 1stDibs in a given month, minus cancellations within that month, and excluding shipping and sales taxes. GMV includes all sales reported to us by our sellers, whether transacted through the 1stDibs marketplace or reported as an offline sale. We view GMV as a measure of the total economic activity generated by our online marketplace, and as an indicator of the scale and growth of our online marketplace and the health of our ecosystem. Our historical growth rates for GMV may not be indicative of future growth rates in GMV.

Number of Orders

We define Number of Orders as the total number of orders placed or reported through the 1stDibs marketplace in a given month, minus cancellations within that month. Our historical growth rates for Number of Orders may not be indicative of future growth rates in Number of Orders.

Active Buyers

We define Active Buyers as buyers who have made at least one purchase through our online marketplace during the 12 months ended on the last day of the period presented, net of cancellations. A buyer is identified by a unique email address; thus an Active Buyer could have more than one account if they were to use a separate unique email address to set up each account. We believe this metric reflects scale, engagement and brand awareness, and our ability to convert user activity on our online marketplace into transactions. Our historical growth rates for Active Buyers may not be indicative of future growth rates in new Active Buyers.

1STDIBS.COM, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share amounts)
(Unaudited)

	December 31,
June 30, 2021	2020

Assets

Current assets:

Cash and cash equivalents	\$	176,087	\$	54,862
Accounts receivable, net of allowance for doubtful accounts of \$35 and \$51 at June 30, 2021 and December 31, 2020, respectively		695		887
Prepaid expenses		6,645		1,603
Receivables from payment processors		3,081		3,052
Other current assets		1,557		3,665
Total current assets		188,065		64,069
Property and equipment, net		4,687		5,136
Goodwill		7,224		7,212
Intangible assets, net		1,253		1,352
Other assets		3,542		3,573
Total assets	\$	204,771	\$	81,342

Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)

Current liabilities:

Accounts payable	\$	8,812	\$	4,548
Payables due to sellers		8,435		4,493
Accrued expenses		11,086		9,452
Other current liabilities		3,567		4,918
Total current liabilities		31,900		23,411
Other liabilities		3,285		3,352
Total liabilities		35,185		26,763

Commitments and contingencies

Redeemable convertible preferred stock (Series A, B, C, C-1, and D), \$0.01 par value; zero and 57,771,864 shares authorized; zero and 19,243,795 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively; aggregate liquidation preference of zero and \$301,300 as of June 30, 2021 and December 31, 2020, respectively	—	298,525
---	---	---------

Stockholders' equity (deficit):

Preferred stock, \$0.01 par value; 10,000,000 and zero shares authorized as of June 30, 2021 and December 31, 2020, respectively; zero shares issued and outstanding as of June 30, 2021 and December 31, 2020	—	—		
Common stock, \$0.01 par value; 400,000,000 and 105,767,092 shares authorized as of June 30, 2021 and December 31, 2020, respectively; 37,811,736 and 11,376,048 shares issued as of June 30, 2021 and December 31, 2020, respectively; and 37,803,179 and 11,376,048 shares outstanding as of June 30, 2021 and December 31, 2020, respectively	378	114		
Additional paid-in capital	423,202	—		
Accumulated deficit	(253,808)	(243,858)		
Accumulated other comprehensive loss	(186)	(202)		
Total stockholders' equity (deficit)	169,586	(243,946)		
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	\$	204,771	\$	81,342

1STDIBS.COM, INC.**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(Amounts in thousands, except share and per share amounts)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net revenue	\$ 24,699	\$ 19,132	\$ 50,225	\$ 37,019
Cost of revenue	7,314	6,082	14,346	12,945
Gross profit	17,385	13,050	35,879	24,074
Operating expenses:				
Sales and marketing	11,244	8,537	22,789	17,493
Technology development	4,541	4,080	8,486	8,320
General and administrative	4,743	2,933	9,150	6,186
Provision for transaction losses	1,463	877	2,516	1,740
Total operating expenses	21,991	16,427	42,941	33,739
Loss from operations	(4,606)	(3,377)	(7,062)	(9,665)
Other income (expense), net:				
Interest income	23	22	35	155
Interest expense	(4)	(10)	(9)	(10)

Other income (expense), net	456	113	747	(45)
Total other income (expense), net	<u>475</u>	<u>125</u>	<u>773</u>	<u>100</u>
Net loss before income taxes	(4,131)	(3,252)	(6,289)	(9,565)
Provision for income taxes	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1)</u>
Net loss	(4,131)	(3,252)	(6,289)	(9,566)
Accretion of redeemable convertible preferred stock to redemption value	<u>(3,232)</u>	<u>(3,728)</u>	<u>(7,061)</u>	<u>(7,405)</u>
Net loss attributable to common stockholders	<u>\$ (7,363)</u>	<u>\$ (6,980)</u>	<u>\$ (13,350)</u>	<u>\$ (16,971)</u>
Net loss per share attributable to common stockholders—basic and diluted	<u>\$ (0.44)</u>	<u>\$ (0.63)</u>	<u>\$ (0.95)</u>	<u>\$ (1.54)</u>
Weighted average common shares outstanding—basic and diluted	<u>16,629,401</u>	<u>11,035,411</u>	<u>14,052,887</u>	<u>11,004,069</u>

1STDIBS.COM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	Six Months Ended June 30,	
	2021	2020
Cash flows from operating activities:		
Net loss	\$ (6,289)	\$ (9,566)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,634	3,966
Stock-based compensation expense	1,042	415
Change in fair value of deferred acquisition consideration	427	—
Provision for transaction losses and eCommerce returns	239	171
Amortization of costs to obtain revenue contracts	239	246
Deferred rent	(97)	(2,740)
Other	(3)	187
Changes in operating assets and liabilities:		
Accounts receivable	115	(165)
Prepaid and other current assets	(4,385)	1,588
Receivables from payment processors	(29)	137
Other assets	(74)	(84)
Accounts payable and accrued expenses	5,399	(1,151)
Payables due to sellers	3,942	91
Other current liabilities and other liabilities	(539)	(1,208)
Net cash provided by (used in) operating activities	<u>1,621</u>	<u>(8,113)</u>
Cash flows from investing activities:		
Development of internal-use software	(1,038)	(994)
Purchases of property and equipment	(48)	(10)
Net cash used in investing activities	<u>(1,086)</u>	<u>(1,004)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock in initial public offering, net of underwriting discounts and commissions	122,993	—
Proceeds from exercise of stock options	1,959	685
Payment of deferred acquisition consideration	(640)	—
Payment of deferred offering costs	(3,629)	—
Net cash provided by financing activities	<u>120,683</u>	<u>685</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	7	(254)
Net increase (decrease) in cash, cash equivalents, and restricted cash	121,225	(8,686)
Cash, cash equivalents, and restricted cash at beginning of the period	58,195	58,804
Cash, cash equivalents, and restricted cash at end of the period	<u>\$ 179,420</u>	<u>\$ 50,118</u>

Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA Margin

In this press release, we provide Adjusted EBITDA, a non-GAAP financial measure that represents our net loss adjusted to exclude: (1) depreciation and amortization; (2) stock-based compensation expense; (3) other income (expense), net; and (4) provision for income taxes. We also provide Adjusted EBITDA Margin, a non-GAAP financial measure that presents Adjusted EBITDA divided by net revenue. Below is a reconciliation of Adjusted

EBITDA to net loss, the most directly comparable GAAP financial measure.

We have included Adjusted EBITDA and Adjusted EBITDA Margin, which are non-GAAP financial measures, because they are key measures used by our management team to help us to assess our operating performance and the operating leverage in our business. We also use these measures to analyze our financial results, establish budgets and operational goals for managing our business, and make strategic decisions. We believe that Adjusted EBITDA and Adjusted EBITDA Margin help identify underlying trends in our business that could otherwise be masked by the effect of the income and expenses that we exclude from Adjusted EBITDA and Adjusted EBITDA Margin. Accordingly, we believe that these metrics provide useful information to investors and others in understanding and evaluating our results of operations, enhances the overall understanding of our past performance and future prospects, and allows for greater transparency with respect to key financial metrics used by our management in their financial and operational decision-making. We also believe that the presentation of these non-GAAP financial measures provides an additional tool for investors to use in comparing our core business and results of operations over multiple periods with other companies in our industry, many of which present similar non-GAAP financial measures to investors, and to analyze our cash performance.

The non-GAAP financial measures presented may not be comparable to similarly titled measures reported by other companies due to differences in the way that these measures are calculated. The non-GAAP financial measures presented should not be considered as the sole measure of our performance and should not be considered in isolation from, or as a substitute for, comparable financial measures calculated in accordance with GAAP. Further, these non-GAAP financial measures have certain limitations in that they do not include the impact of certain expenses that are reflected in our consolidated statements of operations. Accordingly, these non-GAAP financial measures should be considered as supplemental in nature, and are not intended, and should not be construed, as a substitute for the related financial information calculated in accordance with GAAP. These limitations of Adjusted EBITDA and Adjusted EBITDA Margin include the following:

- The exclusion of certain recurring, non-cash charges, such as depreciation of property and equipment and amortization of intangible assets. While these are non-cash charges, we may need to replace the assets being depreciated and amortized in the future and Adjusted EBITDA does not reflect cash requirements for these replacements or new capital expenditure requirements;
- The exclusion of other income (expense), net, which includes interest income related to our cash equivalents and our notes receivable from related party, which were paid in full in December 2020, interest expense, and realized and unrealized gains and losses on foreign currency exchange; and
- The exclusion of stock-based compensation expense, which has been a significant recurring expense and will continue to constitute a significant recurring expense for the foreseeable future, as equity awards are expected to continue to be an important component of our compensation strategy.

Because of these limitations, you should consider Adjusted EBITDA and Adjusted EBITDA Margin alongside other financial performance measures, including net loss and our other GAAP results. The information in the tables below sets forth the non-GAAP financial measures along with the most directly comparable GAAP financial measures.

1STDIBS.COM, INC.
Reconciliation of Net Loss to Adjusted EBITDA
(Amounts in thousands)
(Unaudited)

	Three Months Ended June 30,	
	2021	2020
Net loss	\$ (4,131)	\$ (3,252)
Excluding:		
Depreciation and amortization	799	1,109
Stock-based compensation expense	769	227
Other income (expense), net	(475)	(125)
Provision for income taxes	—	—
Adjusted EBITDA (non-GAAP)	<u>\$ (3,038)</u>	<u>\$ (2,041)</u>
Divided by:		
Net Revenue	<u>\$ 24,699</u>	<u>\$ 19,132</u>
Adjusted EBITDA Margin (non-GAAP)	<u>(12.3) %</u>	<u>(10.7) %</u>