

## Pinterest Announces Third Quarter 2019 Results

SAN FRANCISCO, Calif. - October 31, 2019 - Pinterest, Inc. (NYSE: PINS) today announced financial results for the quarter ended September 30, 2019.

- Q3 revenue grew 47% year-over-year to \$280 million.
- Global Monthly Active Users (MAUs) grew 28% year over year to 322 million.
- GAAP net loss was \$125 million. Adjusted EBITDA was \$4 million.

"In Q3, we redesigned Pinterest to make the service more intuitive and improved recommendations quality to help people discover new ideas they didn't know about before," said Ben Silbermann, Pinterest CEO and Co-founder. "We are also expanding the number of shoppable products on Pinterest, which makes it easy for our users to go from inspiration to action."

"In the third quarter, revenue grew 47% year over year and MAUs grew 28% to 322 million. We saw double-digit user growth in nearly all international countries," said Todd Morgenfeld, Pinterest CFO. "We are thrilled to serve Pinterest ads in 28 markets currently, compared to seven at the end of 2018. Pinterest also realized adjusted EBITDA profitability in Q3."

### Q3 2019 Financial Highlights

The following table summarizes our consolidated financial results (in thousands, except percentages, unaudited):

	Three Months Ended September 30,		% Change
	2019	2018	
Revenue	\$ 279,703	\$ 190,197	47 %
Net loss	\$ (124,732)	\$ (18,874)	(561)%
Non-GAAP net income (loss)*	\$ 5,960	\$ (14,912)	140 %
Adjusted EBITDA*	\$ 3,871	\$ (13,426)	129 %
Adjusted EBITDA margin*	1%	(7)%	

\* For more information on these non-GAAP financial measures, please see "—About non-GAAP financial measures" and the tables under "—Reconciliation of GAAP to non-GAAP financial results" included at the end of this release.

### Q3 2019 Other Highlights

The following table sets forth our revenue, MAUs and average revenue per user ("ARPU") based on the geographic location of our users (in millions, except ARPU and percentages, unaudited):

	Three Months Ended September 30,		% Change
	2019	2018	
Revenue - Global	\$ 280	\$ 190	47%
Revenue - United States	\$ 251	\$ 181	39%
Revenue - International	\$ 28	\$ 9	212%
MAUs - Global	322	251	28%
MAUs - United States	87	80	8%
MAUs - International	235	171	38%
ARPU - Global	\$ 0.90	\$ 0.79	14%
ARPU - United States	\$ 2.93	\$ 2.33	26%
ARPU - International	\$ 0.13	\$ 0.06	127%

## Full year 2019 outlook

- Total revenue is expected to be between \$1,100 million and \$1,115 million, compared to our prior forecast of \$1,095 million and \$1,115 million.
  - Adjusted EBITDA is expected to be between \$(30) million and \$(10) million, compared to our prior forecast of \$(50) million and \$(25) million.\*
- \* With respect to projected 2019 Adjusted EBITDA, we are unable to prepare a quantitative reconciliation without unreasonable efforts due to the high variability, complexity and low visibility with respect to certain items such as taxes and interest income that we are unable to quantify and that would be required to reconcile projected Adjusted EBITDA to net loss, the nearest GAAP equivalent. We expect the variability of these items to have a potentially unpredictable and potentially significant impact on future GAAP financial results, and, as such, we also believe that any reconciliations provided would imply a degree of precision that would be confusing or misleading to investors. For more information on this non-GAAP financial measure, please see "—About non-GAAP financial measures."

## **Webcast and conference call information**

A live audio webcast of our third quarter 2019 earnings release call will be available at [investor.pinterestinc.com](http://investor.pinterestinc.com). The call begins today at 2:00 PM (PT) / 5:00 PM (ET). We have also posted to our investor relations website a letter to shareholders. This press release, including the reconciliations of certain non-GAAP measures to their nearest comparable GAAP measures, letter to shareholders and slide presentation are also available. A recording of the webcast will be available at [investor.pinterestinc.com](http://investor.pinterestinc.com) for 90 days.

We have used, and intend to continue to use, our investor relations website at [investor.pinterestinc.com](http://investor.pinterestinc.com) as a means of disclosing material nonpublic information and for complying with our disclosure obligations under Regulation FD.

## **Forward-looking statements**

This press release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended, about us and our industry that involve substantial risks and uncertainties, including, among other things, statements about our future operational and financial performance. Words such as "believe," "project," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "plan" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are only predictions and may differ materially from actual results due to a variety of factors including: our ability to attract and retain users and engagement levels; our ability to provide useful and relevant content; risks associated with new products and changes to existing products as well as other new business initiatives; our ability to maintain and enhance our brand and reputation; compromises in security; our financial performance and fluctuations in operating results; our dependency on internet search engines' methodologies and policies; discontinuation, disruptions or outages in authentication by third-party login providers; changes by third-party login providers that restrict our access or ability to identify users; competition; our ability to scale our business and revenue model; our reliance on advertising revenue and our ability to attract and retain advertisers and effectively measure advertising campaigns; our ability to effectively manage growth and expand and monetize our platform internationally; our lack of operating history and ability to attain and sustain profitability; decisions that reduce short-term revenue or profitability or do not produce expected long-term benefits; risks associated with government actions, laws and regulations that could restrict access to our products or impair our business; litigation and government inquiries; privacy, data and other regulatory concerns; real or perceived inaccuracies in metrics related to our business; disruption, degradation or interference with our hosting services and infrastructure; our ability to attract and retain personnel; and the dual class structure of our common stock and its effect of concentrating voting control with stockholders who held our capital stock prior to the completion of our initial public offering. These and other potential risks and uncertainties that could cause actual results to differ from the results predicted are more fully detailed in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, which is available on our investor relations website at [investor.pinterestinc.com](http://investor.pinterestinc.com) and on the SEC website at [www.sec.gov](http://www.sec.gov). Additional information will be made available in our quarterly report on Form 10-Q and other future reports that we may file with the SEC from time to time, which could cause actual results to vary from expectations. All information provided in this release and in the attachments is as of October 31, 2019. Undue reliance should not be placed on the forward-looking statements in this press release, which are based on information available to us on the date hereof. We undertake no duty to update this information unless required by law.

## About non-GAAP financial measures

To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with generally accepted accounting principles in the United States ("GAAP"), we use the following non-GAAP financial measures: Adjusted EBITDA, Adjusted EBITDA margin, non-GAAP costs and expenses (including non-GAAP cost of revenue, research and development, sales and marketing, and general and administrative), non-GAAP loss from operations, non-GAAP net income (loss) and non-GAAP net income (loss) per share. The presentation of these financial measures is not intended to be considered in isolation, as a substitute for or superior to the financial information prepared and presented in accordance with GAAP. Investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool. In addition, these measures may be different from non-GAAP financial measures used by other companies, limiting their usefulness for comparative purposes. We compensate for these limitations by providing specific information regarding GAAP amounts excluded from these non-GAAP financial measures.

We define Adjusted EBITDA as net loss adjusted to exclude depreciation and amortization expense, share-based compensation expense, interest income, interest expense and other income (expense), net and provision for (benefit from) income taxes. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenue. Non-GAAP costs and expenses (including non-GAAP cost of revenue, research and development, sales and marketing, and general and administrative) and non-GAAP net income (loss) exclude amortization of acquired intangible assets and share-based compensation expense. Non-GAAP loss from operations is calculated by subtracting non-GAAP costs and expenses from revenue. Non-GAAP net income (loss) per share is calculated by dividing non-GAAP net income (loss) by diluted weighted-average shares outstanding. We use Adjusted EBITDA, Adjusted EBITDA margin, non-GAAP costs and expenses, non-GAAP loss from operations, non-GAAP net income (loss) and non-GAAP net income (loss) per share to evaluate our operating results and for financial and operational decision-making purposes. We believe Adjusted EBITDA, Adjusted EBITDA margin, non-GAAP costs and expenses, non-GAAP loss from operations, non-GAAP net income (loss) and non-GAAP net income (loss) per share help identify underlying trends in our business that could otherwise be masked by the effect of the income and expenses they exclude. We also believe Adjusted EBITDA, Adjusted EBITDA margin, non-GAAP costs and expenses, non-GAAP loss from operations, non-GAAP net income (loss) and non-GAAP net income (loss) per share provide useful information about our operating results, enhance the overall understanding of our past performance and future prospects and allow for greater transparency with respect to key metrics we use for financial and operational decision-making. We present Adjusted EBITDA, Adjusted EBITDA margin, non-GAAP costs and expenses, non-GAAP loss from operations, non-GAAP net income (loss) and non-GAAP net income (loss) per share to assist potential investors in seeing our operating results through the eyes of management and because we believe these measures provide an additional tool for investors to use in comparing our operating results over multiple periods with other companies in our industry. There are a number of limitations related to the use of Adjusted EBITDA, Adjusted EBITDA margin, non-GAAP costs and expenses, non-GAAP loss from operations, non-GAAP net income (loss) and non-GAAP net income (loss) per share rather than net loss, net margin, total costs and expenses, loss from operations, net loss and net loss per share, respectively, the nearest GAAP equivalents. For example, Adjusted EBITDA excludes certain recurring, non-cash charges such as depreciation of fixed assets and amortization of acquired intangible assets, although these assets may have to be replaced in the future, and share-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring expense and an important part of our compensation strategy.

With respect to projected 2019 Adjusted EBITDA, we are unable to prepare a quantitative reconciliation without unreasonable efforts due to the high variability, complexity and low visibility with respect to certain items such as taxes and interest income that we are unable to quantify and that would be required to reconcile projected Adjusted EBITDA to net loss, the nearest GAAP equivalent. We expect the variability of these items to have a potentially unpredictable and potentially significant impact on future GAAP financial results, and, as such, we also believe that any reconciliations provided would imply a degree of precision that would be confusing or misleading to investors.

For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures, please see the tables under "—Reconciliation of GAAP to non-GAAP financial results" included at the end of this release.

## **Limitation of key metrics and other data**

The numbers for our key metrics, which include our MAUs and ARPU, are calculated using internal company data based on the activity of user accounts. We define a monthly active user as an authenticated Pinterest user who visits our website, opens our mobile application or interacts with Pinterest through one of our browser or site extensions, such as the Save button, at least once during the 30-day period ending on the date of measurement. We present MAUs based on the number of MAUs measured on the last day of the current period. In this press release, we updated the definition of MAUs to better align with how we have historically and currently calculated MAUs and how our users interact with our platform. This change in definition does not affect the number of MAUs presented in past disclosures or in this press release. We measure monetization of our platform through our average revenue per user metric. We define ARPU as our total revenue in a given geography during a period divided by the average of the number of MAUs in that geography during the period. We calculate average MAUs based on the average between the number of MAUs measured on the last day of the current period and the last day prior to the beginning of the current period. We calculate ARPU by geography based on our estimate of the geography in which revenue-generating activities occur. We use these metrics to assess the growth and health of the overall business and believe that MAUs and ARPU best reflect our ability to attract, retain, engage and monetize our users, and thereby drive revenue. While these numbers are based on what we believe to be reasonable estimates of our user base for the applicable period of measurement, there are inherent challenges in measuring usage of our products across large online and mobile populations around the world. In addition, we are continually seeking to improve our estimates of our user base, and such estimates may change due to improvements or changes in our methodology.

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**PINTEREST, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
*(in thousands, except par value)*  
*(unaudited)*

	September 30, 2019	December 31, 2018
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,033,871	\$ 122,509
Marketable securities	691,894	505,304
Accounts receivable, net of allowances of \$2,408 and \$3,097 as of September 30, 2019 and December 31, 2018, respectively	210,339	221,932
Prepaid expenses and other current assets	46,424	39,607
<b>Total current assets</b>	<b>1,982,528</b>	<b>889,352</b>
Property and equipment, net	89,758	81,512
Operating lease right-of-use assets	164,922	145,203
Goodwill and intangible assets, net	14,959	14,071
Restricted cash	24,822	11,724
Other assets	3,483	10,869
<b>Total assets</b>	<b>\$ 2,280,472</b>	<b>\$ 1,152,731</b>
<b>LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable	\$ 31,509	\$ 22,169
Accrued expenses and other current liabilities	112,685	86,258
<b>Total current liabilities</b>	<b>144,194</b>	<b>108,427</b>
Operating lease liabilities	161,164	151,395
Other liabilities	18,713	22,073
<b>Total liabilities</b>	<b>324,071</b>	<b>281,895</b>
Commitments and contingencies		
Redeemable convertible preferred stock, \$0.00001 par value; no shares authorized, issued or outstanding as of September 30, 2019; 928,676 shares authorized, 308,373 shares issued and outstanding as of December 31, 2018	—	1,465,399
Stockholders' equity (deficit):		
Common stock, \$0.00001 par value, no shares authorized, issued or outstanding as of September 30, 2019; 1,932,500 shares authorized, 127,298 shares issued and outstanding as of December 31, 2018	—	1
Class A common stock, \$0.00001 par value, 6,666,667 shares authorized, 214,082 shares issued and outstanding as of September 30, 2019; Class B common stock, \$0.00001 par value, 1,333,333 shares authorized, 333,483 shares issued and outstanding as of September 30, 2019; no shares authorized, issued or outstanding as of December 31, 2018 for either class	5	—
Additional paid-in capital	4,127,028	252,212
Accumulated other comprehensive income (loss)	376	(1,421)
Accumulated deficit	(2,171,008)	(845,355)
<b>Total stockholders' equity (deficit)</b>	<b>1,956,401</b>	<b>(594,563)</b>
<b>Total liabilities, redeemable convertible preferred stock, and stockholders' equity (deficit)</b>	<b>\$ 2,280,472</b>	<b>\$ 1,152,731</b>

**PINTEREST, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(in thousands, except per share amounts)*  
*(unaudited)*

	<b>Three Months Ended September 30,</b>	
	<b>2019</b>	<b>2018</b>
Revenue	\$ 279,703	\$ 190,197
Costs and expenses:		
Cost of revenue	83,520	63,649
Research and development	167,703	63,541
Sales and marketing	110,740	66,722
General and administrative	51,450	18,716
Total costs and expenses	413,413	212,628
Loss from operations	(133,710)	(22,431)
Other income (expense), net:		
Interest income	9,837	3,547
Interest expense and other income (expense), net	(1,056)	82
Loss before provision for income taxes	(124,929)	(18,802)
Provision for (benefit from) income taxes	(197)	72
Net loss	\$ (124,732)	\$ (18,874)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.23)	\$ (0.15)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	546,126	127,218



**PINTEREST, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(in thousands)*  
*(unaudited)*

	<b>Nine Months Ended September 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>Operating activities</b>		
Net loss	\$ (1,325,653)	\$ (109,990)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	19,496	15,415
Share-based compensation	1,265,581	12,681
Other	(3,296)	796
Changes in assets and liabilities:		
Accounts receivable	12,331	(1,978)
Prepaid expenses and other assets	(1,502)	15,443
Operating lease right-of-use assets	21,746	13,549
Accounts payable	8,897	5,725
Accrued expenses and other liabilities	13,133	19,369
Operating lease liabilities	(19,634)	(12,556)
Net cash used in operating activities	<u>(8,901)</u>	<u>(41,546)</u>
<b>Investing activities</b>		
Purchases of property and equipment and intangible assets	(20,433)	(17,636)
Purchases of marketable securities	(527,899)	(427,305)
Sales of marketable securities	93,389	91,738
Maturities of marketable securities	252,164	422,317
Net cash provided by (used in) investing activities	<u>(202,779)</u>	<u>69,114</u>
<b>Financing activities</b>		
Proceeds from initial public offering, net of underwriters' discounts and commissions	1,573,200	—
Proceeds from exercise of stock options, net	744	548
Shares repurchased for tax withholdings on release of restricted stock units	(424,965)	—
Payment of deferred offering costs and other financing activities	(11,305)	—
Net cash provided by financing activities	<u>1,137,674</u>	<u>548</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(182)	(43)
Net increase in cash, cash equivalents, and restricted cash	925,812	28,073
Cash, cash equivalents, and restricted cash, beginning of period	135,290	83,969
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 1,061,102</u>	<u>\$ 112,042</u>
<b>Supplemental cash flow information</b>		
Accrued property and equipment	\$ 7,174	\$ 1,048
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	\$ 41,399	\$ 5,817
<b>Reconciliation of cash, cash equivalents and restricted cash to condensed consolidated balance sheets</b>		
Cash and cash equivalents	\$ 1,033,871	\$ 100,063
Restricted cash included in prepaid expenses and other current assets	2,409	1,057
Restricted cash	24,822	10,922
Total cash, cash equivalents, and restricted cash	<u>\$ 1,061,102</u>	<u>\$ 112,042</u>

**Reconciliation of GAAP to non-GAAP financial results**  
*(in thousands, except per share amounts)*  
*(unaudited)*

	Three Months Ended September 30,	
	2019	2018
<b>Share-based compensation by function:</b>		
Cost of revenue	\$ 1,568	\$ 16
Research and development	83,539	3,380
Sales and marketing	21,243	188
General and administrative	23,938	304
Total share-based compensation	<u>\$ 130,288</u>	<u>\$ 3,888</u>
<b>Amortization of acquired intangible assets by function:</b>		
Cost of revenue	\$ 94	\$ —
General and administrative	310	74
Total amortization of acquired intangible assets	<u>\$ 404</u>	<u>\$ 74</u>
<b>Reconciliation of total costs and expenses to non-GAAP costs and expenses:</b>		
Total costs and expenses	\$ 413,413	\$ 212,628
Share-based compensation	(130,288)	(3,888)
Amortization of acquired intangible assets	(404)	(74)
Non-GAAP costs and expenses	<u>\$ 282,721</u>	<u>\$ 208,666</u>
<b>Reconciliation of net loss to non-GAAP net income (loss):</b>		
Net loss	\$ (124,732)	\$ (18,874)
Share-based compensation	130,288	3,888
Amortization of acquired intangible assets	404	74
Non-GAAP net income (loss)	<u>\$ 5,960</u>	<u>\$ (14,912)</u>
Weighted-average shares outstanding for net loss per share, basic and diluted	546,126	127,218
Weighted-average dilutive securities <sup>(1)</sup>	104,594	—
Diluted weighted-average shares outstanding for Non-GAAP net income (loss) per share	650,720	127,218
Net loss per share	\$ (0.23)	\$ (0.15)
Non-GAAP net income (loss) per share	\$ 0.01	\$ (0.12)

(1) Gives effect to potential common stock instruments such as stock options and unvested restricted stock units.

<b>Reconciliation of net loss to Adjusted EBITDA</b>		
Net loss	\$ (124,732)	\$ (18,874)
Depreciation and amortization	7,293	5,117
Share-based compensation	130,288	3,888
Interest income	(9,837)	(3,547)
Interest expense and other (income) expense, net	1,056	(82)
Provision for (benefit from) income taxes	(197)	72
Adjusted EBITDA	<u>\$ 3,871</u>	<u>\$ (13,426)</u>