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, and non-GAAP costs and expenses (including non-GAAP cost of revenue, research and development, sales and marketing, and general and administrative). The presentation of these financial measures is not intended to be considered in isolation, or 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.

For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures, please see the Appendix.

Limitation of Key Metrics and Other Data

The numbers for our key metrics, which include our monthly active users (MAUs) and average revenue per user (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. In this presentation, 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 presentation. 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 average MAUs in that geography during the period. We calculate average MAUs based on the average of 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.

All information provided in this presentation is as of February 6, 2020. We undertake no duty to update this information unless required by law. All information provided in this presentation is unaudited.
Revenue
(in millions)

- International
- US
- Y/Y growth rate

Global Y/Y
+46%

International Y/Y
+202%

US Y/Y
+36%

Note: Revenue is geographically apportioned based on our estimate of the geographic location of our users when they perform revenue-generating activity. US and International may not sum to Global due to rounding. Quarterly amounts may not sum to annual due to rounding.

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Monthly active users
(in millions)

- International
- US
- Y/Y growth rate

Note: 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. US and International may not sum to Global due to rounding.

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Average revenue per user

Global

Q418: $1.06
Q119: $0.73
Q219: $0.88
Q319: $0.90
Q419: $1.22

Global Y/Y: +15%

US

Q418: $3.16
Q119: $2.25
Q219: $2.80
Q319: $2.93
Q419: $4.00

US Y/Y: +26%

International

Q418: $0.09
Q119: $0.08
Q219: $0.11
Q319: $0.13
Q419: $0.21

International Y/Y: +122%

Note: 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 average MAUs in that geography during the period. We calculate average MAUs based on the average of 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.

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Non-GAAP costs and expenses
(in millions)

Cost of Revenue
- % of Revenue

Q418: $68
Q119: $74
Q219: $77
Q319: $82
Q419: $94

R&D
- % of Revenue

Q418: $64
Q119: $72
Q219: $92
Q319: $84
Q419: $92

S&M
- % of Revenue

Q418: $72
Q119: $76
Q219: $95
Q319: $89
Q419: $112

G&A
- % of Revenue

Q418: $22
Q119: $24
Q219: $30
Q319: $27
Q419: $33

Note: Costs and expenses are non-GAAP financial measures, which exclude share-based compensation (SBC) and amortization of acquired intangible assets. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures, please see the tables included in the Appendix at the end of this release.

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Adjusted EBITDA
(in millions)

Note: Adjusted EBITDA is a non-GAAP financial measure. We define adjusted EBITDA as net loss adjusted to exclude depreciation and amortization expense, share-based compensation expense, interest and other income (expense), net and provision for income taxes. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures, please see the tables included in the Appendix at the end of this release.

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Appendix
## GAAP to non-GAAP costs and expenses reconciliation

(in millions)

<table>
<thead>
<tr>
<th></th>
<th>GAAP</th>
<th>Share-based compensation</th>
<th>Amortization</th>
<th>Non-GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of revenue</td>
<td>$96.3</td>
<td>$2.0</td>
<td>$0.1</td>
<td>$94.2</td>
</tr>
<tr>
<td>Research and development</td>
<td>165.0</td>
<td>73.0</td>
<td>0.0</td>
<td>92.0</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>127.5</td>
<td>15.9</td>
<td>0.0</td>
<td>111.6</td>
</tr>
<tr>
<td>General and administrative</td>
<td>54.2</td>
<td>21.2</td>
<td>0.3</td>
<td>32.7</td>
</tr>
<tr>
<td><strong>Total costs and expenses</strong></td>
<td><strong>$443.1</strong></td>
<td><strong>$112.2</strong></td>
<td><strong>$0.4</strong></td>
<td><strong>$330.5</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>GAAP</th>
<th>Share-based compensation</th>
<th>Amortization</th>
<th>Non-GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of revenue</td>
<td>$83.5</td>
<td>$1.6</td>
<td>$0.1</td>
<td>$81.9</td>
</tr>
<tr>
<td>Research and development</td>
<td>167.7</td>
<td>83.5</td>
<td>0.0</td>
<td>84.2</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>110.7</td>
<td>21.2</td>
<td>0.0</td>
<td>89.5</td>
</tr>
<tr>
<td>General and administrative</td>
<td>51.4</td>
<td>23.9</td>
<td>0.3</td>
<td>27.2</td>
</tr>
<tr>
<td><strong>Total costs and expenses</strong></td>
<td><strong>$413.4</strong></td>
<td><strong>$130.3</strong></td>
<td><strong>$0.4</strong></td>
<td><strong>$282.7</strong></td>
</tr>
</tbody>
</table>

Note: Totals may not sum due to rounding.
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# GAAP to non-GAAP costs and expenses reconciliation

(in millions)

<table>
<thead>
<tr>
<th></th>
<th>GAAP</th>
<th>Share-based compensation</th>
<th>Amortization</th>
<th>Non-GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of revenue</td>
<td>$105.4</td>
<td>$28.2</td>
<td>$0.1</td>
<td>$77.1</td>
</tr>
<tr>
<td>Research and development</td>
<td>801.9</td>
<td>710.0</td>
<td>0.0</td>
<td>91.9</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>296.9</td>
<td>202.1</td>
<td>0.0</td>
<td>94.8</td>
</tr>
<tr>
<td>General and administrative</td>
<td>224.2</td>
<td>194.3</td>
<td>0.2</td>
<td>29.6</td>
</tr>
<tr>
<td><strong>Total costs and expenses</strong></td>
<td><strong>$1,428.4</strong></td>
<td><strong>$1,134.6</strong></td>
<td><strong>$0.4</strong></td>
<td><strong>$293.4</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>GAAP</th>
<th>Share-based compensation</th>
<th>Amortization</th>
<th>Non-GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of revenue</td>
<td>$73.7</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$73.7</td>
</tr>
<tr>
<td>Research and development</td>
<td>72.4</td>
<td>0.6</td>
<td>0.0</td>
<td>71.8</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>76.4</td>
<td>0.0</td>
<td>0.0</td>
<td>76.4</td>
</tr>
<tr>
<td>General and administrative</td>
<td>24.2</td>
<td>0.0</td>
<td>0.3</td>
<td>23.4</td>
</tr>
<tr>
<td><strong>Total costs and expenses</strong></td>
<td><strong>$246.7</strong></td>
<td><strong>$0.7</strong></td>
<td><strong>$0.3</strong></td>
<td><strong>$245.7</strong></td>
</tr>
</tbody>
</table>

Note: Totals may not sum due to rounding.

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### GAAP to non-GAAP costs and expenses reconciliation

**Quarter ended December 31, 2018**

<table>
<thead>
<tr>
<th></th>
<th>GAAP</th>
<th>Share-based compensation</th>
<th>Amortization</th>
<th>Non-GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of revenue</td>
<td>$68.3</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$68.3</td>
</tr>
<tr>
<td>Research and development</td>
<td>66.5</td>
<td>2.1</td>
<td>0.0</td>
<td>64.4</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>72.3</td>
<td>0.0</td>
<td>0.0</td>
<td>72.3</td>
</tr>
<tr>
<td>General and administrative</td>
<td>22.1</td>
<td>0.1</td>
<td>0.3</td>
<td>21.7</td>
</tr>
<tr>
<td><strong>Total costs and expenses</strong></td>
<td><strong>$229.1</strong></td>
<td><strong>$2.2</strong></td>
<td><strong>$0.3</strong></td>
<td><strong>$226.6</strong></td>
</tr>
</tbody>
</table>

*Note: Totals may not sum due to rounding.*

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# Adjusted EBITDA reconciliation

Reconciliation of net loss to adjusted EBITDA

(in millions)

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2018</th>
<th>March 31, 2019</th>
<th>June 30, 2019</th>
<th>September 30, 2019</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net loss</strong></td>
<td>$47.0</td>
<td>$(41.4)</td>
<td>$(1,159.5)</td>
<td>$(124.7)</td>
<td>$(35.7)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>5.4</td>
<td>5.7</td>
<td>6.5</td>
<td>7.3</td>
<td>8.3</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>2.2</td>
<td>0.7</td>
<td>1,134.6</td>
<td>130.3</td>
<td>112.2</td>
</tr>
<tr>
<td>Interest income</td>
<td>(3.8)</td>
<td>(4.1)</td>
<td>(8.1)</td>
<td>(9.8)</td>
<td>(8.1)</td>
</tr>
<tr>
<td>Interest and other expense (income), net</td>
<td>0.6</td>
<td>0.5</td>
<td>0.4</td>
<td>1.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>0.2</td>
<td>0.2</td>
<td>0.0</td>
<td>(0.2)</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td><strong>$51.7</strong></td>
<td><strong>$(38.4)</strong></td>
<td><strong>$(26.0)</strong></td>
<td><strong>$3.9</strong></td>
<td><strong>$77.3</strong></td>
</tr>
</tbody>
</table>

Note: Adjusted EBITDA is a non-GAAP financial measure. We define adjusted EBITDA as net loss adjusted to exclude depreciation and amortization expense, share-based compensation expense, interest and other income (expense), net and provision for income taxes.

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