

Q2 2023 Earnings Report



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. The number of MAUs do not include Shuffles users unless they would otherwise qualify as MAUs. 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 technology or our methodology.

All information provided in this presentation is as of August 1st, 2023. We undertake no duty to update this information unless required by law. All information provided in this presentation is unaudited.

“I am very proud of the strong community that I have built on Pinterest and a lot of that is due to how simple and easy it is to use, create and engage on the platform”

Jamie, a teacher-turned-recipe-developer, combined her passion and expertise in education and cooking to create and post delicious recipes on Pinterest. With millions of views on her recipes monthly, she’s proud of the strong community she’s built on Pinterest - her strong reach has also enabled her to collaborate with large brand partners! In addition to being a creator on the platform, Jamie uses Pinterest for personal projects as well. Most recently, she’s been pinning home decor inspo for her new house, as well as cleaning hacks and hosting tips!



Jamie
@everythingdelish

Toronto,
Canada

Inspired on Pinterest
Some of her pins:

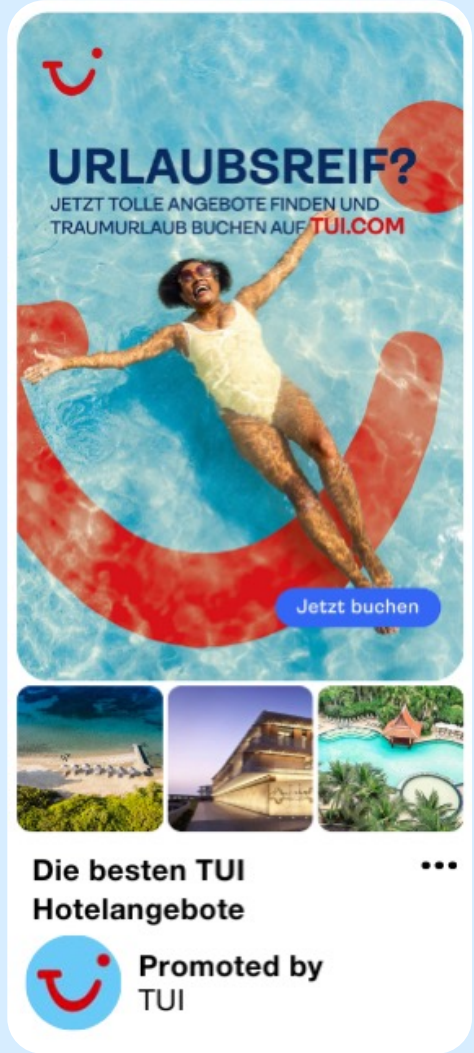
- Caprese Pasta Salad
- Pesto Over Baked Salmon
- Leopard Nails
- Spinach Artichoke Dip
- Holiday Turkey Board

“People come to Pinterest to dream up and plan their next holiday. With Travel Catalogs, we were able to make our ads more actionable and saw a strong increase in users clicking through to view available hotel listings,”

Miriam Abels
Digital Performance Marketing,
TUI Germany

TUI, one of the world's leading tourism groups, knows that people come to Pinterest to get inspired and plan holidays. By adding Travel Catalogs to their full funnel approach, TUI was able to promote their large variety of hotel listings, and make their ads more actionable by allowing users to easily click through to them.

The results for TUI were strong, leading to 6x higher outbound clickthrough rate (oCTR) and a 80% lower outbound-cost-per-click (oCPC) than they were seeing in previous conversion campaigns.



Q223 Business Highlights

We're growing our inspired engagement

- We grew our global user base year over year to 465M MAUs.
- Engagement metrics like sessions, impressions, and saves grew faster than MAUs, indicating we're deepening our engagement with our user base.
- Global Mobile app MAUs grew 16% year over year, and our U.S. and Canada mobile app MAUs grew 9% year over year.
- Gen Z users continue to grow on Pinterest. In Q2, Gen Z were our largest contributor to overall engagement growth and the fastest growing cohort, growing double digits and accounting for a larger portion of our overall mix.
- In H1, we incorporated propensity to share into our AI recommender models, improving retention of our core users, and growing revisits of dormant users.
- We launched a browsing module to help users find new use cases on the platform, leading to a meaningful lift in revisitations.
- We saw strong growth in the number of MAUs engaging with emerging verticals such as men's fashion, autos, health and travel in the first half of this year.

We're expanding our advertiser solutions

- We launched travel catalogs this quarter, allowing advertisers to reach users who are in the midst of planning, organizing, and taking action on their travel dreams.
- We've steadily grown the percentage of revenue from large advertisers who adopted our conversion API solution.
- In July, we brought our mobile deep linking product, or MDL, to general availability.
- We made our Premier Spotlight ad format available for all advertisers, and we are seeing early adoption from a large number of brand advertisers.
- We expanded our use of GPU serving from core engagement AI models to our ads delivery models, which enabled us to use models that were 100x larger than before in ads as well as organic. The cumulative impact was a 5% reduction in cost-per-action and over 10% lift in click-through rates.

Q223 Business Highlights

We're building an inspired shopping experience

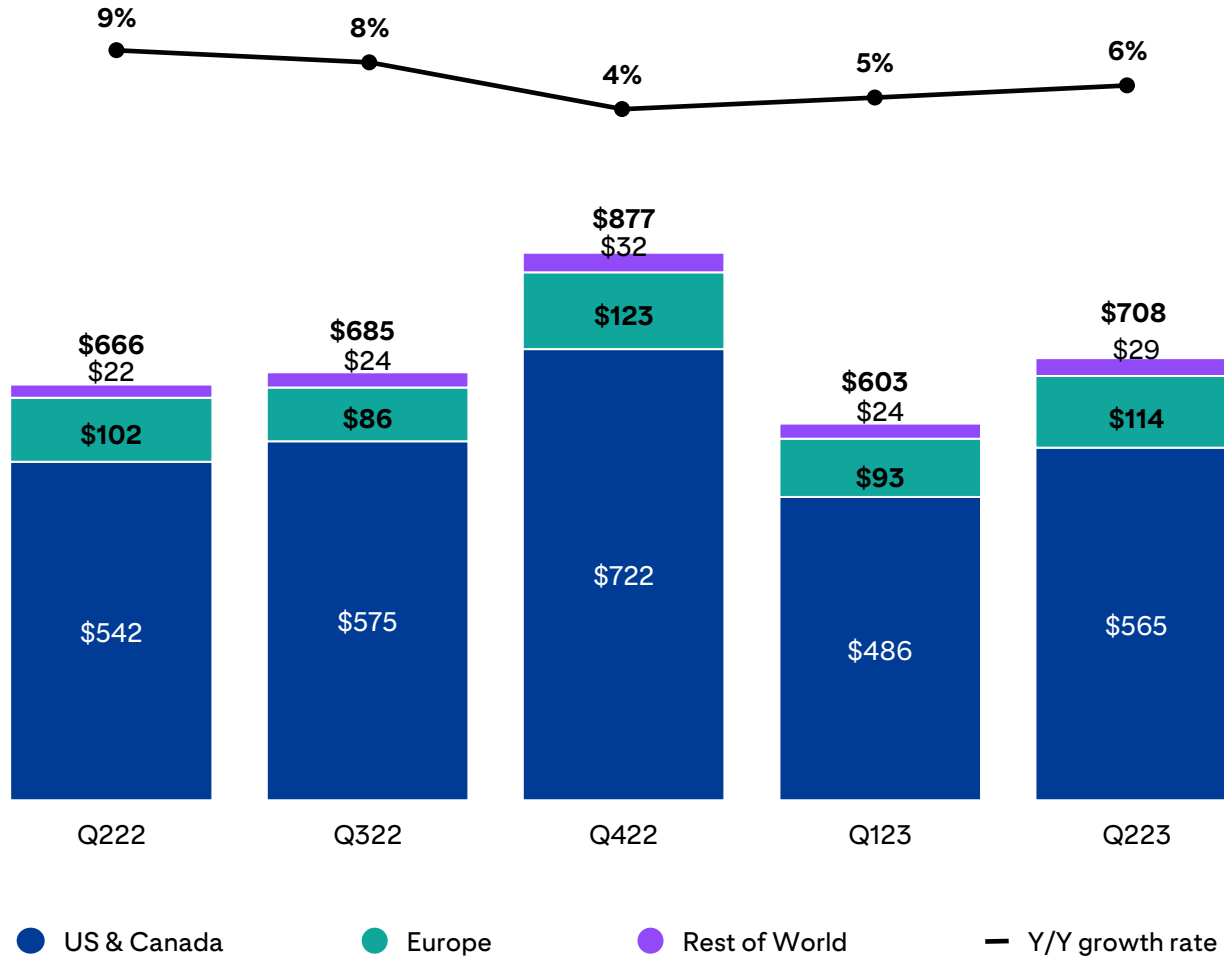
- Users are actively engaging with shoppable content, with click-through rates and saves of shoppable pins growing over 50% year over year, accelerating from Q1.
- We launched a new, automated “shop the look” module for home decor and fashion pins that utilizes AI to recommend similar shoppable products tied to our merchant catalogs. In early tests, this drove a 9% increase in conversions.
- Shopping ads revenue continued to grow at a pace meaningfully faster than our overall revenue rate.

We're doubling down on what makes us different

- We published our latest Transparency Report, covering the second half of 2022. Our biannual transparency report features more than 400 distinct data points on our content moderation and enforcement practices as we continue to evolve our approach to keep up with new trends.
- We announced our support of the Inspired Internet Pledge, which is a call to action for tech companies and the broader digital ecosystem to unite with the common goal of making the internet a safer and healthier place.
- We're building inclusive AI technology like skin tone diversification that helps users personalize their experience and see themselves on Pinterest. In Q2 we improved the skin tone diversification of our core feeds, which led to engagement wins.

Revenue

(in millions)



+6%
Global Y/Y

+4%
US & Canada Y/Y

+12%
Europe Y/Y

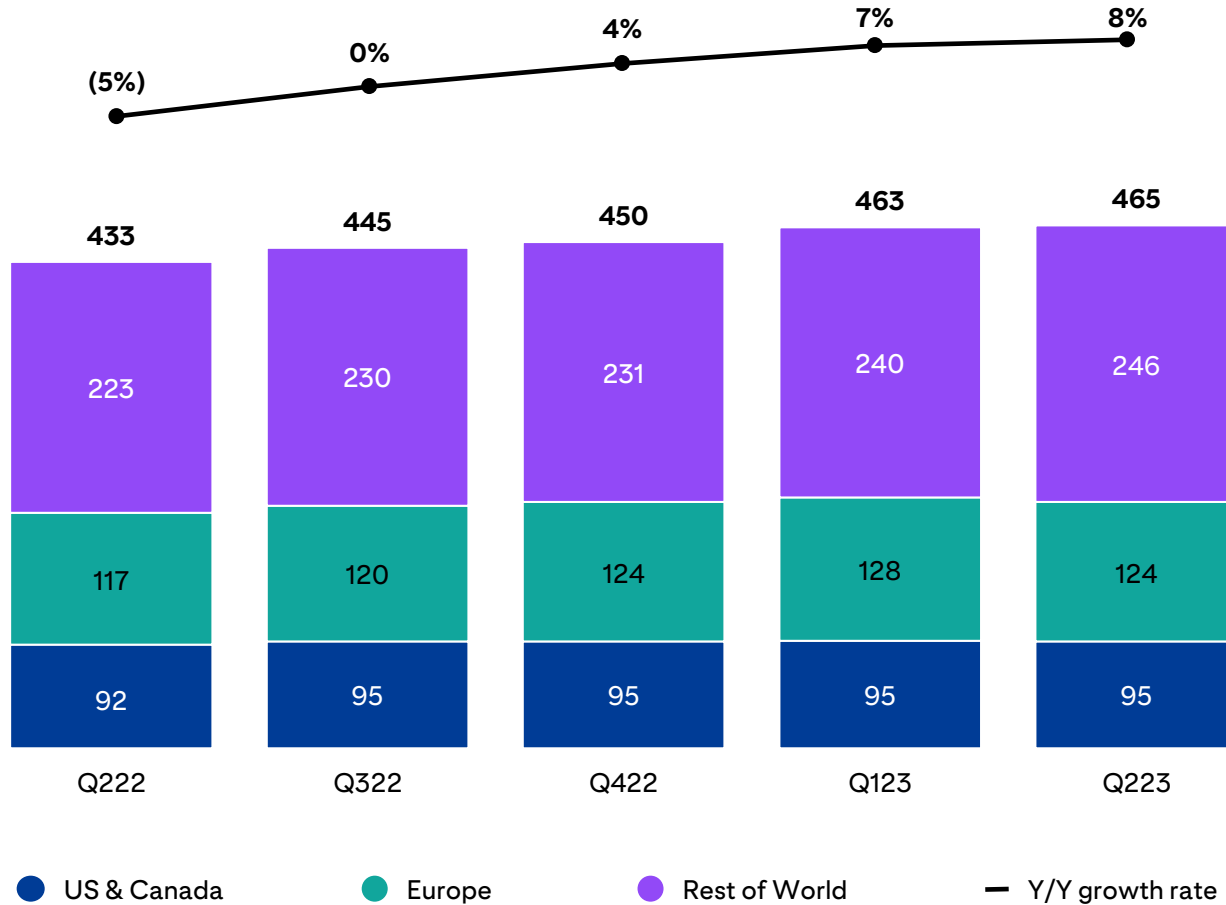
+32%
Rest of World Y/Y

Note: Revenue is geographically apportioned based on our estimate of the geographic location of our users when they perform a revenue-generating activity. Geographic breakdown may not sum to Global due to rounding; quarterly amounts may not sum to annual due to rounding.



Monthly active users

(in millions)



+8%
Global Y/Y

+3%
US & Canada Y/Y

+6%
Europe Y/Y

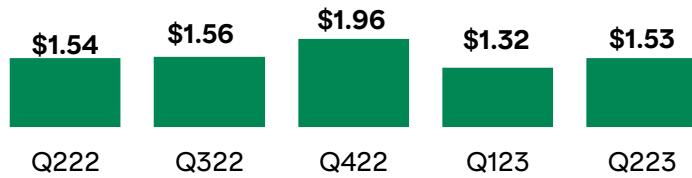
+10%
Rest of World Y/Y

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. Geographic breakdown may not sum to Global due to rounding.

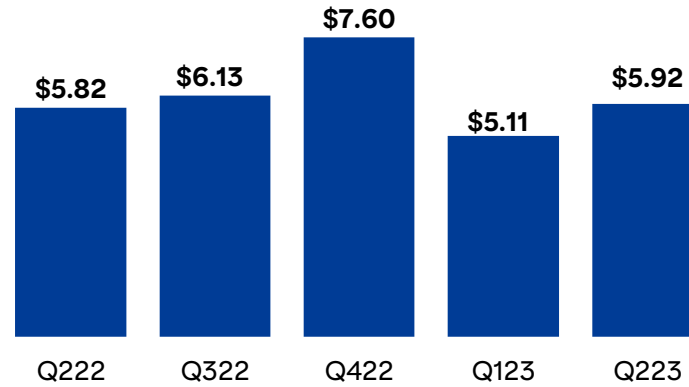


Average revenue per user

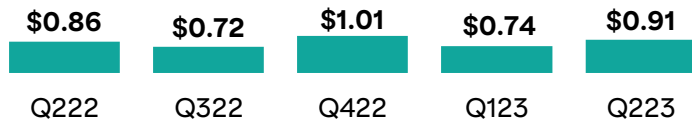
Global



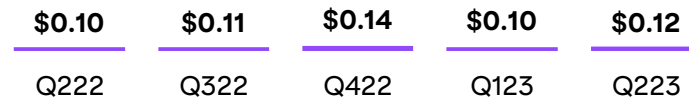
US & Canada



Europe



Rest of World



(1%)
Global Y/Y

+2%
US & Canada Y/Y

+6%
Europe Y/Y

+20%
Rest of World Y/Y

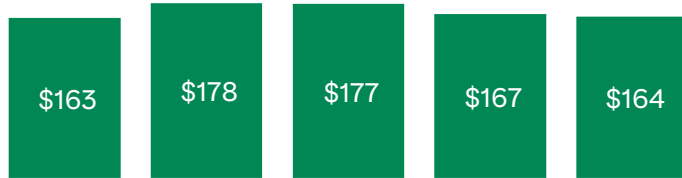
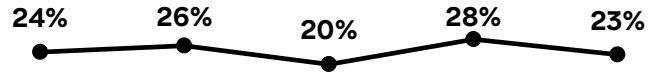
Note: We measure monetization of our platform through our average revenue per user metric. We define ARPU as our total revenue in a given geography during a period divided by average MAUs in that geography during the period. We calculate average MAUs based on the average of the number of MAUs measured 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.

Non-GAAP costs and expenses

(in millions)

Cost of Revenue

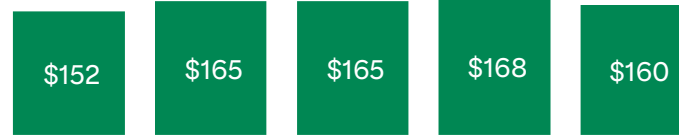
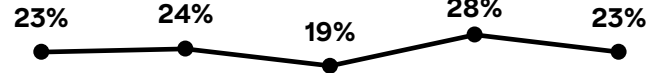
— % of revenue



Q222 Q322 Q422 Q123 Q223

R&D

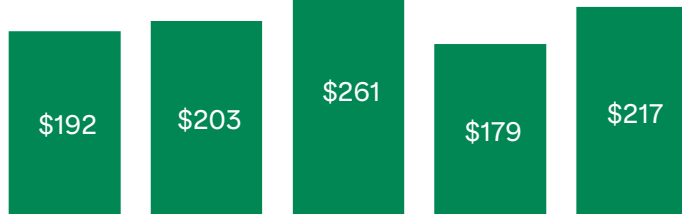
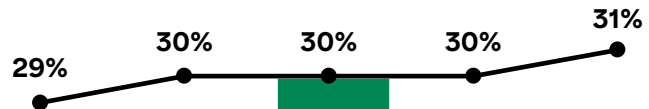
— % of revenue



Q222 Q322 Q422 Q123 Q223

S&M

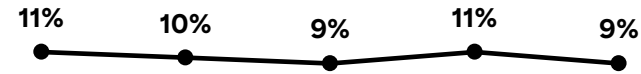
— % of revenue



Q222 Q322 Q422 Q123 Q223

G&A

— % of revenue



Q222 Q322 Q422 Q123 Q223

+1%

COR Y/Y

+5%

R&D Y/Y

+13%

S&M Y/Y

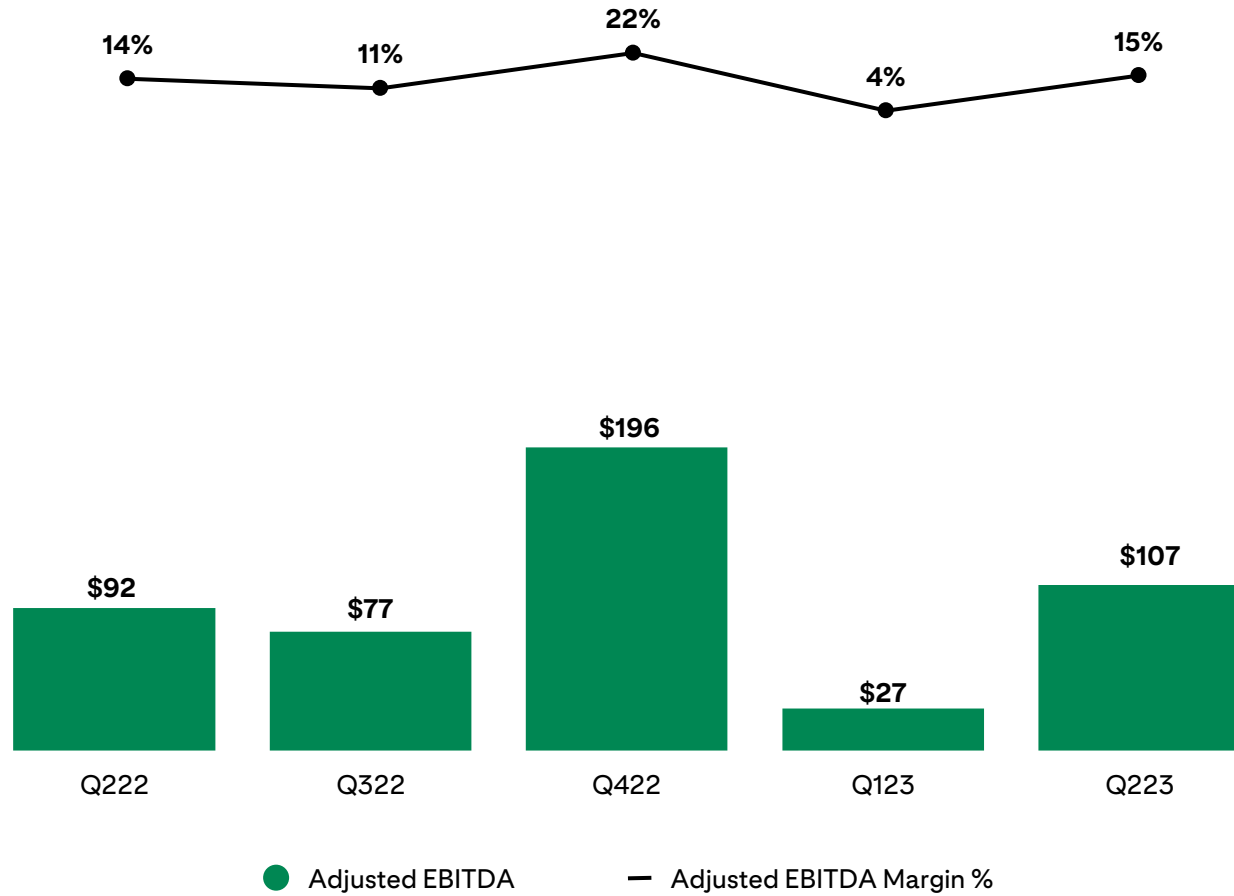
(15%)

G&A Y/Y

Note: Costs and expenses are non-GAAP financial measures, which exclude share-based compensation (SBC), amortization of acquired intangible assets, and non-cash charitable contributions. 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.

Adjusted EBITDA

(in millions)



+16%
Adj. EBITDA Y/Y

Note: Adjusted EBITDA is a non-GAAP financial measure. We define adjusted EBITDA as net income (loss) adjusted to exclude depreciation and amortization expense, share-based compensation expense, interest and other (income) expense, net and provision for (benefit from) income taxes, and non-cash charitable contributions. 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. © 2022 Pinterest. All rights reserved.

Appendix

GAAP to non-GAAP costs and expenses reconciliation

(in millions)

Quarter ended June 30, 2023

	GAAP	Share-based compensation	Amortization	Other expense ¹	Non-GAAP
Cost of revenue	\$168.7	\$2.7	\$1.5	\$0.0	\$164.5
Research and development	269.4	108.6	0.0	0.6	160.2
Sales and marketing	243.2	26.4	0.1	0.1	216.6
General and administrative	99.9	31.9	0.2	4.9	62.9
Total costs and expenses	\$781.3	\$169.6	\$1.8	5.6	\$604.2

Quarter ended March 31, 2023

	GAAP	Share-based compensation	Amortization	Other expense ¹	Non-GAAP
Cost of revenue	\$170.9	\$2.3	\$1.5	\$0.0	\$167.1
Research and development	266.3	94.3	0.0	4.1	168.0
Sales and marketing	201.1	19.2	0.1	2.7	179.1
General and administrative	207.9	27.4	0.2	114.6	65.8
Total costs and expenses	\$846.3	\$143.1	\$1.8	121.3	\$580.0

Note: Totals may not sum due to rounding.
1: Other expense is comprised of restructuring costs.

GAAP to non-GAAP costs and expenses reconciliation

(in millions)

Quarter ended December 31, 2022

	GAAP	Share-based compensation	Amortization	Other expense	Non-GAAP
Cost of revenue	\$185.0	\$2.8	\$5.0	\$0.0	\$177.2
Research and development	265.2	100.2	0.0	0.0	165.1
Sales and marketing	317.3	45.9	10.1	0.0	261.2
General and administrative	103.8	21.4	0.2	0.0	82.2
Total costs and expenses	\$871.3	\$170.3	\$15.3	0.0	\$685.7

Quarter ended September 30, 2022

	GAAP	Share-based compensation	Amortization	Other expense	Non-GAAP
Cost of revenue	\$182.6	\$2.2	\$2.0	\$0.0	\$178.4
Research and development	254.7	89.7	0.0	0.0	165.0
Sales and marketing	229.9	23.3	3.4	0.0	203.2
General and administrative	86.8	21.0	0.2	0.0	65.6
Total costs and expenses	\$753.9	\$136.2	\$5.5	0.0	\$612.2

Note: Totals may not sum due to rounding.

GAAP to non-GAAP costs and expenses reconciliation

(in millions)

Quarter ended June 30, 2022

	GAAP	Share-based compensation	Amortization	Other expense	Non-GAAP
Cost of revenue	\$164.9	\$1.4	\$0.9	\$0.0	\$162.5
Research and development	233.5	81.4	0.0	0.0	152.1
Sales and marketing	212.0	18.5	1.9	0.0	191.6
General and administrative	90.0	16.1	0.2	0.0	73.7
Total costs and expenses	\$700.4	\$117.4	\$3.0	0.0	\$580.0

Note: Totals may not sum due to rounding.

Adjusted EBITDA reconciliation

Reconciliation of net income (loss) to adjusted EBITDA

(in millions)

Three months ended

	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023
Net income (loss)	\$(43.1)	\$(65.2)	\$17.5	\$(208.6)	\$(34.9)
Depreciation and amortization	9.1	10.5	19.6	6.2	5.1
Share-based compensation	117.4	136.2	170.3	143.1	169.6
Interest income	(3.4)	(9.3)	(17.2)	(24.9)	(24.9)
Interest and other expense (income), net	9.3	10.1	(5.7)	(0.3)	(2.2)
Provision for (benefit from) income taxes	2.7	(5.0)	11.3	(9.9)	(11.2)
Restructuring Costs	0.0	0.0	0.0	121.3	5.6
Adjusted EBITDA	\$92.0	\$77.3	\$195.8	27.0	107.0

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

Note: Totals may not sum due to rounding.

