MANAGEMENT DISCUSSION SECTION

Operator
Hello, everyone. Thank you for joining us and welcome to Pinterest's Third Quarter 2026 Earnings Conference Call. After today's prepared remarks, we will host a question-and-answer session.

I will now hand the conference over to Andrew Somberg, Vice President of Investor Relations and Treasury. Please go ahead.

Andrew Somberg, Vice President, Investor Relations & Treasury

Good afternoon, and thank you for joining us. Welcome to Pinterest's earnings call for the third quarter ended September 30, 2026. Joining me on today's call are Bill Ready, Pinterest's CEO, and James Dibbo, who recently joined as Pinterest's CFO and will briefly introduce himself.

The statements we make on this call reflect management's views as of today and will include forward-looking statements. Such statements involve a number of assumptions, risks and uncertainties, and actual results may differ materially. We disclaim any obligation to update these statements. For information about assumptions, risks, uncertainties and other factors that could affect our results, please refer to our earnings press releases and the periodic reports we file with the SEC and that are available on our Investor Relations website at investor.pinterestinc.com.

During this call, we will present both GAAP and non-GAAP financial measures. A reconciliation of non-GAAP to GAAP measures is included in today's earnings press release and presentation, which are distributed and available to the public through our Investor Relations website.

Lastly, all growth rates discussed today are on a year-over-year basis unless otherwise specified.

And now I'll turn the call over to Bill.

Bill Ready, Chief Executive Officer

Thank you, Andrew. Good afternoon, and thank you for joining our third quarter 2026 earnings call. Before we begin, I want to officially welcome James Dibbo, who joined Pinterest as Chief Financial Officer earlier this week. James joins us from Amazon, where he most recently served as CFO of their ads and media businesses. Before that, he was CFO of Amazon's worldwide consumer business. James brings deep experience from one of the largest and fastest-growing ad platforms in the industry, and one of the best shopping experiences in the world. Both are highly relevant to what we are building, and we are thrilled to have him here. Later in the call, James will share a few words and introduce himself. Welcome, James.

Before I turn to the specifics of the quarter, I want to take a moment to step back and frame where we are in Pinterest's journey. Pinterest is where users come in search of something they'll love. We have become an increasingly important destination for visual search and shopping, powered by differentiated AI capabilities and built around commercial intent.

Unlike platforms built around passive content consumption, Pinterest helps people discover what they love and act on it. At a time when search and consumer expectations are changing rapidly, we continue to win consumer shopping demand at record levels for our platform, including across geographies and generations, and especially with Gen Z.

In our core UCAN market, engagement is deepening as searches, boards created, and outbound clicks all grew faster than users in Q3. Users and engagement are the clearest indicators of the strength of a platform, and that gives us conviction in our long-term opportunity.

Our focus over the last year has been to translate that strong engagement into more durable monetization. We are doing that in two ways: continuing to improve our performance ads platform and strengthening our go-to-market motion, including new leadership across the organization.

Now, let me turn to the quarter. In Q3, we delivered our 13th straight quarter of record users and our 12th straight quarter of double-digit user growth.

On revenue, we flagged two headwinds coming into the quarter affecting our international business: regulatory changes to the de minimis exemption in Europe affecting cross-border sellers, and the restructuring of our international go-to-market organization. The regulatory impact was greater than we anticipated, as it is inherently hard to forecast when changes take effect during the quarter.

The pullback from cross-border sellers accounted for approximately three points of the sequential change in our global revenue growth rate from Q2 to Q3. The impact of our international go-to-market restructuring played out about as we expected and was a smaller contributor.

Overall, Q3 revenue came in below our range. We are not happy with that result, and we have clear plans in place to accelerate our revenue diversification efforts. Despite these headwinds, we delivered Adjusted EBITDA within the range we expected. This quarter reinforces the importance of the work already underway to build a broader, more durable revenue base.

The reinvigoration of our UCAN business provides a clear proof point for the approach we are taking. Last year, changes in the regulatory environment in the United States affected large retailers and cross-border sales into the U.S. Despite those headwinds, continued improvements to our performance ads platform and go-to-market execution helped us drive a reacceleration in UCAN revenue growth.

Year to date, UCAN revenue has grown at a mid-teens rate, a clear acceleration from 2025. We are now applying that same playbook internationally, and we are beginning to see early signs that these changes are taking hold internationally. That gives us confidence that the actions we are taking are right for the long-term health of the business.

As we said at the beginning of the year, progress would not always be linear, and we might face some short-term headwinds as we make changes that are right for the long term.

Moving forward, our priorities remain clear. First, continue building a differentiated visual search, discovery, and shopping experience. Second, keep AI at the core of everything we do. Third, accelerate monetization through improved go-to-market and measurement. With that context, I'll start with engagement, which underscores the distinct role Pinterest plays for users.

Pinterest has become a destination for search, particularly visual search. Users conduct more than 80 billion searches on Pinterest each month. The vast majority are visual, and more than half are commercial. This is a different kind of search experience from traditional text-based search. People come to Pinterest with a point of view, but often without the exact words, brand, or product in mind. At the core of this search experience is our approach to agentic discovery.

We use AI to proactively bring users relevant ideas, products, and next steps based on their taste and intent. For many people, shopping is not a task to be automated. It is a joyful activity and a pastime.

Our AI-assisted experiences are designed to enhance a journey the user wants to engage in, rather than take that journey away from them. We use AI trained on our unique data to understand people's preferences and anticipate what might inspire them next. But taste is personal, and the ultimate choice belongs to the individual.

We believe the best AI experiences will expand human choice, not replace it. This is why Pinterest is built for all the wonderful parts of shopping that people do not want to give up, in the same way that people don't seek to automate away their entertainment. Approximately 70% of search journeys on Pinterest begin with a proactive recommendation made by our AI-enabled systems before a user types a word. From there, users explore possibilities, compare options visually, and turn inspiration into action. That experience continues to drive user momentum. Global MAUs grew 10% in Q3. It is resonating particularly well with Gen Z, our fastest-growing cohort.

Gen Z now represents 57% of our users and is our most engaged cohort across monthly retention, saves, and sessions.

They also come with intent. Two-thirds of Gen Z users say they come to Pinterest to shop. That intent carries through to monetization, as ARPU for Gen Z users is comparable to millennials in UCAN, which bodes well for ARPU growth as Gen Z begins to enter their peak spending years.

What makes our engagement particularly valuable is the intent behind it. As users search, save, and build boards, they reveal evolving tastes and interests that help us anticipate what they want next. This creates a valuable feedback loop. The more people engage, the more relevant and personalized their search experience becomes, giving them more reasons to return.

These distinctive signals built over years create an increasingly differentiated experience for users and a powerful commercial opportunity for advertisers. Pinterest Intelligence is the foundation that connects our proprietary first-party signals, visual understanding, and purpose-built AI models. With it, we can deliver more personalized discovery for users and better performance for advertisers.

We pair our proprietary data with compact, fit-for-purpose models and open-weight models post-trained in our own environment. As I said last quarter, open-weight models can outperform comparably sized closed third-party models for our use cases because we can post-train them on Pinterest's unique data. We are also achieving a cost per transaction at less than 8% of comparable closed proprietary models.

Importantly, we are scaling these AI capabilities efficiently and applying them to highly monetizable use cases such as Pinterest Assistant. Pinterest Assistant is now generally available in the U.S., and we are encouraged by the early signals.

While more than half of all searches on Pinterest are commercial, approximately 80% of searches using Pinterest Assistant are commercial in nature. Within the assistant, we are building more agentic experiences designed to assist users in their discovery journey, rather than automating them out of it, including Ask mode, which is beginning to scale in the U.S.

We are also deepening capabilities across our core use cases with products such as beauty guides and Restyle. Restyle, which launched in beta in Q3, helps users reimagine a room from a photo by adding a new piece, replacing an existing one, or exploring a different look. It combines Pinterest Intelligence's understanding of style with shoppable products from our catalog, helping users see how an idea could work in their own space. Much of the Restyle experience is currently powered by Pinterest Canvas, our proprietary AI image-generation model. The same intelligence that improves the user experience is also helping drive compounding gains for advertisers.

We continue to improve how we retrieve and rank ads using stronger relevance signals and predicted purchase intent. We are also increasing the pace of these enhancements, so gains reach advertisers sooner.

Visual search ads is a new lower-funnel format, currently in beta, which helps performance advertisers reach users in some of Pinterest's highest-intent moments: search results and Pin closeups. The format is designed to drive measurable outbound action, giving advertisers a new way to turn visual discovery into conversion.

Advertisers can use their existing catalogs and keyword targeting, making adoption straightforward. We are extending the same focus on performance to app promotion, our new objective for app installs, now in beta with qualified advertisers globally. Pinterest has not historically been a meaningful participant in mobile app advertising, and this opens an important new budget pool.

Alongside these launches, we are making Pinterest easier for advertisers to use, optimize, and scale. We have consistently said that Pinterest Performance+, our AI-powered campaign solution, would be a multiyear product and adoption cycle. Advertisers can now add the keywords and interests that matter most to them and track results for each. With priority products, they can also emphasize the product groups they value most. The result is automation with greater control and transparency. Larger advertisers have asked for both, and they are driving continued Pinterest Performance+ adoption.

We are also advancing our measurement and bidding capabilities to help advertisers see the full value Pinterest drives. In Q3, more of our most sophisticated advertisers directly integrated their in-house measurement systems with our AI

bidding tools. These integrations allow us to optimize toward the outcomes each advertiser values most. For example, in early testing with a leading e-commerce platform, that advertiser saw 77% higher new-customer return on ad spend reflected in their proprietary measurement source of truth.

We are pairing these platform improvements with a more disciplined go-to-market motion focused on selling performance advertising. Stepping back, we are only about three years into our performance advertising journey, which started in UCAN. We built our lower-funnel playbook around shopping in a deliberate order, starting with making Pinterest a place where users shop and take action. We then built a performance ads platform so advertisers could tap into that intent, and aligned our sales and go-to-market teams behind it. We are now running the same playbook internationally.

On go-to-market, we are building across three areas: people, organizational structure, and operational rigor. Starting with people, we have leveled up our sales leadership to align with our shift toward performance selling, which takes different skills than selling upper-funnel brand ads. In our international regions, we started this process more recently, and more changes were required across multiple markets. Overall, while the toughest parts of our personnel changes are behind us, many of our new leaders are still ramping up.

Second, organizational structure: we are refining account coverage around our largest opportunities and bringing our technical and sales teams closer together. That gives advertisers more consistent access to the performance, measurement, and product expertise they need to scale with Pinterest.

Third, operational rigor: we are creating clearer seller accountability through more consistent training, incentives, and sales motions. In UCAN, this has helped us package key commercial moments more effectively and connect Pinterest product performance more directly to advertiser outcomes. Internationally, we are bringing the same discipline to each market.

These actions are designed to improve client coverage, seller productivity, and our ability to convert strong advertiser performance into more durable revenue growth. Ultimately, the goal is a more resilient revenue base that reflects both the strength of our users and engagement, and the performance we deliver for advertisers.

In summary, I am confident in this work because our foundation is strong. Our users are growing and engaged, our platform is delivering performance for advertisers, and we are strengthening our go-to-market engine. The work we are doing now positions Pinterest to accelerate growth over time and return to the mid-to-high-teens revenue growth we have delivered historically.

Before I walk through our results and outlook, I'd like to turn it over to James to share a few words about why he joined Pinterest.

James Dibbo, Chief Financial Officer

Thank you, Bill. I'm delighted to have joined Pinterest on Monday, and since it's only been a few days, I'll keep my remarks brief for this call. I came to Pinterest because I have huge admiration for what Bill and the team have built, but primarily because of the enormous upside opportunity still ahead of us.

I first discovered Pinterest in 2014 and have used it for house moves and remodels, and for planning my dream Jeep Wrangler builds. And just last weekend, I had some fun searching for outfit ideas for my first day as Pinterest CFO.

I'm looking forward to getting to know the analyst and investor community and working with Bill, the board, and the whole team to realize Pinterest's full potential as a world-leading visual search, shopping, and advertising platform.

Pinterest is a place where a growing number of users from around the world come looking for inspiration and a safe space online to discover the ideas, products, and adventures that bring them joy offline. At a moment when a growing number of people are actively trying to limit their use of social media, and as the father of two daughters, I believe Pinterest's focus on positivity and inspiration is especially timely and important, as well as a significant business opportunity.

The AI-powered innovations the team continues to develop are helping more and more brands reach those high-intent customers at exactly the right moment with relevant, useful, actionable ads that are complementary to users' Pinterest experience. Success will create an accelerating growth flywheel of higher advertiser value, deeper user engagement, and increasing value for shareholders. I'm looking forward to the journey and to our discussions on future earnings calls.

Thank you. And I'll pass it back to you, Bill.

Bill Ready, Chief Executive Officer

Thank you, James. Now I'll discuss our third quarter 2026 financial results and provide an update on our fourth quarter 2026 outlook. All financial metrics, except for revenue, will be discussed in non-GAAP terms unless otherwise specified, and all comparisons will be discussed on a year-over-year basis unless otherwise noted.

We ended the quarter with 661 million global monthly active users, or MAUs, growing 10% and reaching another record high. We continue to demonstrate user growth across all of our geographic regions.

In Q3, our U.S. and Canada region had 107 million MAUs, growing 4%. Our Europe region had 161 million MAUs, growing 7%. In the Rest of World markets, we had 394 million MAUs, growing 13%.

Shifting to revenue, in Q3, our global revenue was $1.174 billion, up 12% on both a reported and constant-currency basis. We saw strength from our consideration objective, particularly our performance-driven CPC advertisers, and to a lesser extent our awareness objective. Across verticals, we continue to see strength in retail, as well as smaller but faster-growing emerging verticals on our platform, including financial services, health, and travel.

Turning to our geographical breakouts for Q3, revenue in the U.S. and Canada was $894 million, growing 14%. Growth came from retail, financial services, and health. In Europe, revenue was $193 million, roughly flat on a reported basis, or up 1% on a constant-currency basis. The pullback from cross-border sellers represented roughly an 11-point drag on Europe's year-over-year growth. Revenue from Rest of World was $87 million, growing 24% on a reported basis, or 21% on a constant-currency basis.

I want to be clear about the primary drivers of the 6-point sequential deceleration in global revenue growth from 18% in Q2 to 12% in Q3. Approximately three points reflected the pullback from cross-border sellers in response to the EU regulatory change on the de minimis exemption. Approximately two points reflected the timing of Prime Day and World Cup-related spend that we called out last quarter. The remaining point reflected foreign exchange, which added one point to Q2 growth and was neutral in Q3.

In Q3, overall ad impressions grew 17%. Ad pricing in Q3 declined 4%, as ad impressions growth outpaced revenue growth.

Moving to expenses, in Q3, cost of revenue was $250 million, up 21% year-over-year and up 2% versus Q2, driven by increased infrastructure spend related to our user and engagement growth and investments in GPU capacity, as well as the impact of tvScientific.

Our Non-GAAP operating expense was $591 million, up 9%. The increase was primarily driven by sales and marketing, reflecting higher marketing expense and sales headcount, as well as R&D to support our AI and product initiatives.

We ended Q3 with 5,192 employees, down slightly year-over-year, including employees who joined Pinterest through the tvScientific acquisition. Excluding that acquisition, headcount was down 4% year-over-year in Q3. We will continue to invest in specialized talent where we see a clear and compelling ROI, but an ongoing focus for us is finding the right mix of talent, infrastructure, and AI-enabled productivity tooling to produce durable growth and expand margins over time.

In Q3, we delivered $339 million in Adjusted EBITDA, with an Adjusted EBITDA margin of 29%, down 30 basis points versus Q3 last year.

We also delivered Q3 free cash flow of $300 million. On a trailing 12-month basis, we generated nearly $1.26 billion of free cash flow, representing 90% free cash flow conversion. We ended the quarter with cash, cash equivalents, and marketable securities of $1.5 billion.

Now, I'll discuss our guidance for the fourth quarter. We expect Q4 revenue to be in the range of $1.425 billion to $1.475 billion, representing 8% to 12% growth year-over-year. Based on current spot rates, we expect foreign exchange to be a modest headwind in Q4.

Our outlook assumes that the puts and takes that impacted our Q3 revenue growth will continue in Q4. First, we expect to see continued strong revenue growth in UCAN, our largest region. However, we expect the pullback from cross-border sellers to continue to weigh on international revenue growth.

We are beginning to see early signs that our international go-to-market changes are taking hold, but their associated revenue benefits will take time to build and are not expected to fully offset this pressure in Q4. To be prudent, we have widened our Q4 revenue guidance range to reflect the broader range of potential outcomes we see for the quarter. We are confident in the underlying drivers of the business, and we have made significant progress to simplify how we operate and invest intentionally in the areas that matter most, which gives us the flexibility to navigate a range of scenarios.

Moving down the P&L, we expect Q4 Adjusted EBITDA to be in the range of $538 million to $588 million.

We anticipate Q4 2026 non-GAAP cost of revenue to grow sequentially from Q3 2026 at a low-teens rate, partially driven by our investment in GPU capacity. As a reminder, Q3 2026 non-GAAP cost of revenue benefited from the accelerated recognition of certain contractual benefits associated with our recently executed multiyear infrastructure agreement. Within Q4 non-GAAP operating expense, the primary areas of year-over-year investment will be sales and marketing and R&D to support our AI and product initiatives.

We continue to expect full-year 2026 Adjusted EBITDA margins of approximately 30%.

While our near-term revenue growth is not where we want it to be, I'm proud of the experience we continue to deliver for users. I have full confidence in our team, our strategy, and the actions we are taking to durably reaccelerate growth over time.

With that, Andrew and I will now move to Q&A.

QUESTION AND ANSWER SECTION

Operator

We will now begin the question-and-answer session.

Your first question comes from the line of Jason Helfstein from Oppenheimer. Please go ahead.

Jason Helfstein
Oppenheimer & Co., Inc.

Thanks for taking my question, everybody. Bill, I think you were pretty clear about the headwinds in Q3. I'm intrigued by your comment about seeing internal signs that international can accelerate. Obviously, we have the fourth quarter guide, but help us think about when the initiatives could start to turn international revenue. And if there's any other color you want to give us on how to process what we saw in Q3 and how that follows through the model into the fourth quarter and next year. Thank you.

Bill Ready
Chief Executive Officer

Thanks for the question. I'll give a little more color on Q3 and then give you some more color on our Q4 outlook as well. In Q3, the sources of puts and takes in the business were consistent with what we described on our last earnings call, namely strong UCAN growth continuing and two headwinds impacting international: one being regulatory changes in Europe, and the other being our own go-to-market restructuring. However, the magnitude of the European regulatory change was greater than we forecast and contributed 3 points of deceleration in the quarter.

Let me give you a little more color on all those puts and takes. We continue to drive strong user and engagement growth globally and in UCAN. Users grew 10% to 661 million, and engagement in UCAN is deepening, with searches, boards created, and outbound clicks all growing faster than users. UCAN revenue is up 15% year-to-date, a meaningful acceleration from 2025. Globally, revenue growth decelerated sequentially from 18% in Q2 to 12% in Q3.

Three points of that came from factors we mentioned on our last earnings call: the World Cup, the timing of Prime Day shifting from Q3 into Q2, and a point from foreign exchange. The other three points were due to the removal of the European de minimis exemption, which resulted in cross-border sellers pulling back more than we anticipated.

Regulatory changes like those are inherently hard to forecast, particularly as they took effect during the quarter. We also saw some near-term disruption from the transition of our international go-to-market organization, although that impact played out largely as we expected.

I'd add that in recent months, we've made a number of leadership changes as we transition toward a more performance-oriented selling model. We're quite encouraged by the talent we've added, and we're largely through the most difficult parts of that transition.

We're starting to see early signs of those changes taking hold. For example, the growth rate in our core European enterprise business, which excludes cross-border sellers, halved in Q3 relative to Q2. But quarter-to-date in Q4, we have since reaccelerated that growth rate above its Q2 level.

We and our advertisers were dealing with major regulatory changes, and the implementation of those changes played out through the quarter, leading to a miss in our revenue guidance. The deviation from the forecast was greater in the later weeks of the quarter. That has now stabilized in Q4, and we're seeing good green shoots from our international sales restructuring.

For Q4, based on our quarter-to-date results, Q4 is tracking broadly in line with the growth that we saw in Q3. We continue to see strong global engagement along with continued strong revenue growth in UCAN, offset by pressure on international growth from cross-border sellers, although that pressure has stabilized.

That said, as mentioned earlier, we have provided a wider revenue guidance range to reflect a broader range of potential outcomes, as well as a desire to provide a prudent baseline that we feel highly confident we can meet or exceed.

Operator

Your next question comes from the line of John Blackledge from TD Cowen. Please go ahead.

John Blackledge
TD Cowen & Company

Great. Thanks. I think you just addressed it, but could you expand on the impact of the cross-border sellers from the de minimis regulatory change? And following up on Jason's question, any color on a return to growth in Europe as we enter next year would be helpful.

Bill Ready
Chief Executive Officer

Thanks for the question. As I mentioned, regulatory changes like these can be inherently difficult to forecast in the short term as advertisers adapt to a new reality. I mentioned that there was a 3-point sequential change in our overall revenue growth at the global level.

We do anticipate that will still weigh on international growth in Q4, though it has stabilized. It's also important to recall what happened with these advertisers last year. When tariffs went into effect in the U.S., many rerouted their spend into Europe and LatAm.

Now there are barriers in both the U.S. and Europe, and there are fewer large markets to reroute to. So in the short term, we're seeing these advertisers pull back globally to protect margins, but we do expect these sellers to adapt over time.

For example, some of those retailers have talked about their plans to leverage local warehouses to navigate those new regulations. But those shifts take some time, so it's hard for us to predict. In the meantime, our new sales leaders are ramping. They're helping to bring in more advertisers across more categories, and that will diversify our revenue over time. While that doesn't fully offset the headwinds we see, we are quite encouraged by it.

While we're not guiding to next year, and we don't expect cross-border spend to come back for the holiday, as we look into the first half of next year, we think that allows more time for those advertisers to make those kinds of shifts, while we also continue to build out our revenue diversification.

Operator

Your next question comes from the line of Colin Sebastian from Baird. Please go ahead.

Colin Sebastian
Robert W. Baird & Co., Inc.

Great. Thanks for the questions, and I'll add my welcome to James. Bill, thanks for the comments on the agentic initiatives. How are you thinking about the role of Pinterest Assistant alongside core discovery within the app? And I'd be curious to understand a little better what you're learning about the role of agents or assistants in helping users move from inspiration toward a purchase. Thank you.

Bill Ready
Chief Executive Officer

Thanks for the question. The first thing I'd say is that, having just put up our 13th straight quarter of record-high users, through multiple waves of AI-driven and agentic experiences, we have continued to show strong user and engagement

growth.

At the core of that is that we are delivering an AI-powered shopping experience that we think really meets our users' needs in the ways they want. As I mentioned in my prepared remarks, from the very beginning, we've been focused on the aspects of shopping that the user wants to engage in.

As you have heard me say many times before, the first 25 years of e-commerce solved buying but, in some ways, killed shopping. The distinction is that shopping is the journey the user wants to engage in: the joy of discovery, figuring out what you want your look to be, and refining your own taste.

So we've designed Pinterest Assistant to be woven throughout the experience. It acts as a copilot, taking users from inspiration to comparison and research while the user stays in control. Pinterest Assistant, which is our AI conversational layer, is not a separate experience.

It's woven throughout the user experience, where every Pin is already served by AI, and it brings large language model capabilities into our visual, personalized experience. Users can research, compare, and decide without leaving Pinterest. That experience is now generally available in the U.S., and we're really encouraged by what we're seeing as users engage with it.

One of the most encouraging signs is that roughly 80% of Assistant searches are commercial, compared with about half of searches across the rest of Pinterest. That demonstrates how we are aligning AI to highly monetizable use cases, and we feel really good about that alignment and our ability to monetize it. We're doing more than 80 billion monthly searches, and on the topic of agentic, 70% of the searches on Pinterest today start with a proactive recommendation.

That gives you a sense of how much we have woven this into the core experience, making proactive recommendations before the user has to type or ask anything. That gets to the promise of agentic, but in a way that is built for mass adoption and meets everyday users where they are.

The assistant makes recommendations easier to digest and meets users where they are. As we look forward, we see an opportunity to expand further into more agentic experiences like the Ask mode I mentioned. That's now available to millions of users in the U.S., and it helps with multi-step journeys such as planning a trip.

For something like planning a trip, you can ask about it and it will come back with recommendations aligned with your style and taste: where to stay, what activities you might engage in, what restaurants you might dine at, and what outfits you might plan for.

These are all things taking us deeper into that agentic experience, while keeping the user in control: they get great recommendations, but the user still decides. We're just getting started there.

We continue to focus on scaling actionability and monetization, and we continue to test, innovate, and add assistive capabilities. We feel really good about how we're aligning those AI-driven capabilities with good commercial experiences, which bodes well for monetization as we look forward.

We also feel really good about the way we're designing these for mass user adoption: meeting users where they are and helping them with the decisions they want to make, while still allowing them to ultimately decide for themselves. People may want help with decisions, but they don't want to lose control of the decision. We think that's really at the core of how we're driving great growth in users and engagement.

Operator

Your next question comes from the line of Justin Patterson from KeyBanc. Please go ahead.

Justin Patterson
KeyBanc Capital Markets, Inc.

Great. Thank you very much, and good afternoon. I was hoping you could talk a little more about the decision to expand programmatic partnerships. How do you see this influencing advertiser reach and auction density? And since you've done some of these before, could you talk about your initial learnings and how that's been playing out thus far? Thank you.

Bill Ready
Chief Executive Officer

Thanks for the question. Yes, we're expanding the partners we work with programmatically. It's one of several ways we've been broadening demand on Pinterest, and it helps us reach advertisers where they are.

Up to this point, our goal has been to complement our first-party business with more sources of demand to round out gaps in our auction, drawing on the commercial intent we see on the platform. However, we also see a meaningful opportunity to make it easier for our customers to buy where they want. As we increasingly see advertisers buying programmatically, we want to meet them where they are.

As we announced this week, we're now working with DSPs that represent two-thirds of the DSP market, including Google DV360, Amazon DSP, and Yahoo DSP, with Magnite as our supply-side partner. As we look forward, we think there are more of those types of opportunities to come.

As we've shared over the last few quarters, there's also a meaningful opportunity to leverage our audience beyond our own platform. We started this with our acquisition of tvScientific earlier this year, which extended our audience into connected TV.

Now, as these platforms advance, there are more privacy-safe ways to leverage our unique audience data in partnership with these DSPs. That opens the door to bring in more demand programmatically, while still highlighting the value of our unique signal and the highly commercial audience we have on Pinterest.

I'll close with a reminder, as I've shared on these partnerships before, that this demand takes time to tune and ramp, as you've seen with prior programmatic partnerships. We think this is an important step to make it easier for more partners to bring more demand onto the platform, but again, expect these things to take time to ramp.

Operator

Your next question comes from the line of Lloyd Walmsley from Mizuho. Please go ahead.

Lloyd Walmsley
Mizuho Securities USA LLC

Thanks for taking the question. I wanted to ask about the new visual search ad unit you announced in the last month or so. The release cited some pretty bullish stats: the vast majority of searches are visual, and more than half of them are commercial. Help us frame how meaningful and incremental this potential ad unit could be, maybe relative to your other big surfaces. Thanks.

Bill Ready
Chief Executive Officer

Thanks for the question, Lloyd. Visual search is a whole new way that people are searching online, and we're the leader in visual search, with more than 80 billion monthly searches, the vast majority of them visual.

What we're doing with visual search ads is giving advertisers a direct way to engage users in that experience for the first time, and we think this is a big and meaningful opportunity. Those visual searches occurring on the platform carry high commercial intent, with more than half commercial, and we're now opening up a way for advertisers to engage at the top of those interactions.

We focus on building those experiences organically first, and we hadn't really featured ads in the visual search

experience. Now we're opening that up for advertisers to be much more prominent, with top-of-page placement.

Visual search ads will appear at the top of visual search results and on Pin closeups, where users are looking at what they want to buy. This unlocks that user interaction for advertisers, and they can now engage with users in a way they can't on other platforms, particularly given that we skew so significantly toward these visual interactions.

This is a major user need we are solving that's different from what users get from traditional search or from chatbots, where one of the biggest issues is that users so often don't have the words to express what they're looking for. They have a loosely formed idea.

That's why I mentioned earlier that more than 70% of our searches start with a proactive recommendation we make. When you pair a proactive recommendation made without the user having to ask, which is the promise of agentic experiences, helping the user and acting on the user's behalf, with their ability to engage and refine visually and now get great product placements and great ad placements that are relevant to them right at the top of those results, we think this is a compelling experience for both users and advertisers.

It debuted at Pinterest Presents in September and is now in beta. We're quite excited about it, we're learning with advertisers, and we're excited to share more as it progresses.

Operator

Your next question comes from the line of Rich Greenfield from LightShed Partners. Please go ahead.

Rich Greenfield
LightShed Partners LLC

Hi. Thanks for taking the questions. First, I wanted to follow up on the DSP deals. Why now? Obviously, you could have done this last quarter or last year, Bill. What was the catalyst to put these into effect earlier this week?

And second, last quarter there was a lot of excitement among investors that your revenue growth in the U.S., the key market, had accelerated from the low teens into the high teens. It slowed back down to 14% this quarter. Were there any unique items that drove the acceleration or the slowdown, and is there the ability to sustain the higher level of growth you had last quarter as we think about the go-forward? Thanks.

Bill Ready
Chief Executive Officer

Thanks, Rich. Appreciate the questions. I'll start with the first part and then give Andrew the second part. On the DSP deals, you've heard us talk for some time about the opportunity to monetize our audience in other contexts. We started that by bringing third-party demand onto our platform, and we extended it beyond our platform with the acquisition of tvScientific.

Part of what's enabling us to do more is our own learnings from first bringing demand onto our platform, our learnings on how to monetize our audience on new surfaces like connected TV, and the advance of privacy-preserving technologies across the industry. Those advances help us think about how we can work with others to meet advertisers where they are and bring our unique audience and personalization onto more surfaces or into partnerships with others and their data. Part of why now is that we've been testing and learning our way toward this, and the advance of privacy-preserving technologies gives us confidence that we can do these things in a way that delivers better experiences for users and advertisers, preserves privacy, and ensures we capture the value from our audience as we engage in these partnerships. I'll give it to Andrew for the second part of your question.

Andrew Somberg
Vice President, Investor Relations & Treasury

Thanks, Rich. UCAN grew 14% in Q3, which represents strong reacceleration from where we ended 2025. As we noted on our last call, Q2 included a few unique one-time benefits, including elevated spend from the World Cup as

well as the shift of Prime Day into Q2. In Q3, we did see some softness in food, beverage, and alcohol, which resulted in about a point of sequential pressure in UCAN. At the same time, as we've noted, we are successfully broadening our advertiser base across categories to help offset some of this pressure in food and beverage.

In addition to retail, we've also seen health, inclusive of GLP-1 advertisers, growing nicely, and this has helped to partially offset some of the pressure we see from food and beverage. Looking into Q4, we feel good about UCAN overall, but those are some of the puts and takes I'd point to, Rich.

Bill Ready
Chief Executive Officer

In closing on that, I'd say again that the reacceleration of UCAN, along with our really strong user growth and engagement, are real highlights in the business. We navigated a regulatory change in the U.S. last year, which is analogous to what we're now going through in Europe, and we've clearly reaccelerated from last year. It wasn't just us; you've heard others talk about the World Cup and Prime Day shifting the shape of Q2 versus Q3, which is consistent with what you're seeing across the industry. But when you compare to where UCAN was last year, it's still a very clear reacceleration. We feel good about that, and as you heard in my comments on the guide, we see that strength in UCAN continuing into Q4.

Operator

Your next question comes from the line of Eric Sheridan from Goldman Sachs. Please go ahead.

Eric Sheridan
Goldman Sachs & Co. LLC

Thanks so much for taking the question. Maybe two, if I could. On the back of the user growth you saw, I want to pull on a thread we've been discussing on the call. How should investors think about the duration of the opportunity to close the ARPU or monetization gap relative to the user growth you've achieved, so we understand how those might correlate over the next 12 to 24 months? And in your earlier answer, you were talking primarily about Pinterest Assistant. If we widen the conversation to horizontal agents, how are you thinking about both the opportunity set they present and some of the friction points that have to be solved for? Thanks so much.

Bill Ready
Chief Executive Officer

Thanks for the question, Eric. On the growth in ARPU, look at our UCAN business, where we started our shopping journey first. As a reminder, we only launched our first ad product designed to drive clicks to advertisers about three years ago. So we're still early in that monetization journey, but we've made great progress as we've rebuilt Pinterest into an AI-driven shopping platform that's clearly bringing users here, and you've seen ARPU improvement in UCAN.

Internationally, we've been making good progress. But if you look at the ratio of ARPU in Europe or international relative to our U.S. business, there is a meaningful gap. The shopping behavior we see is a global phenomenon, so our user growth and engagement being driven by shopping behaviors is a global phenomenon for us.

We started the ad opportunity in our largest home market and are now expanding into Europe and international markets. While we're earlier on, we're running that playbook and we're seeing it take hold.

We've had a bit of a speed bump with the European regulatory change, but that's not impacting user growth and engagement around shopping. Ultimately, if you have user engagement on shopping, advertisers will meet that engagement. We're making that more available to advertisers through our ad products and our go-to-market realignment, and I mentioned the early green shoots there.

We're excited about that progress, and we're also quite excited about the upside. When you look at how low our international ARPU is relative to the U.S., and what that ratio looks like on other platforms, it says there's a lot of upside in addressing ARPU internationally.

As we look into next year, we see the go-to-market changes we're making internationally starting to take hold, and I shared some of those examples. What we saw in the U.S. was that tariff adjustments by advertisers can take a couple of quarters.

We can't perfectly predict how the European de minimis exemption change plays out, and it's probably a multiquarter event. But just as we reaccelerated in the U.S., we think we can reaccelerate internationally, and the biggest thing that gives us confidence is the core user shopping behavior we see. We don't guide beyond the quarter, but as we look into next year, we expect we'll reaccelerate internationally just as we did in the U.S.

On the second part of your question regarding horizontal agents, it's interesting to note how search has played out over the last 20-plus years: while there were a few winners in horizontal search, there were many winners in more verticalized search experiences.

Think about how many product searches start on Amazon versus on a horizontal search platform, or how many travel searches start on Booking or Expedia versus a horizontal search platform. As we look into the future world of agents, we think there will be broad horizontal agents, but there will also be opportunities for vertical-specific winners. We're very focused on delivering a great shopping experience, one designed to help the user continue to drive those experiences.

We feel really good about that progress. We've been designing it in a way that meets users where they are and drives mass adoption, delivering agentic experiences in a way that users feel is assisting and helping them, without taking the decision out of their hands. I shared some of the stats around that.

That's why, as we've been through multiple rounds of improvements in chatbots and now the launch of other horizontal agents, we have not seen any impact on our UCAN engagement since the launch of some of those popular consumer agent experiences, because those tend to be more horizontal. Users come to us for a specific purpose around shopping, where we're able to drive experiences that are deeply personalized to them and that let them feel in control.

Said simply, users are happy to automate away drudgery. They don't want to automate away their joy, their entertainment, or their pastime. We've done some research on this. New research conducted by YouGov on behalf of Pinterest found that more than 8 in 10 Americans say they'd miss something about shopping if AI did it for them, from discovering things they weren't looking for to figuring out what they like.

This is why at Pinterest, we've been building for all the wonderful parts of shopping that people don't want to give up, in the same way that people don't seek to automate away their entertainment. That has been at the very core of our deep engagement. As I mentioned, in the U.S., we continue to see deepening engagement, especially with Gen Z, the most digitally native audience, even as these other tools become available. A big part of that is that we're in an expansionary moment for search.

I think we're carving out a unique space for ourselves, particularly around shopping, in a way that is highly personalized. That strikes the right balance between users retaining their own agency and participating in those decisions versus giving the decision up to others. As that research shows, users aren't necessarily wanting to give up the decision. They want help making the decision, but they still want to be there for it. That will continue to play out. There's more work to do, but we feel really good about the progress we're making there.

Operator

Our last question comes from the line of Shweta Khajuria from Wolfe Research. Please go ahead.

Shweta Khajuria
Wolfe Research LLC

Thanks for taking my question. I have one on bidding optimization. The AI-driven bidding optimizations you deployed late in Q1 and then through Q2 were resonating really well with larger advertisers. Any more color you could provide on how that progressed through the quarter, and how we should think about the potential impact or tailwinds, if any,

between now and year-end, and, to the degree you can, going forward beyond that? Thank you.

Bill Ready
Chief Executive Officer

Thanks for the question, Shweta. As you noted, we're aligning our AI bidding systems to advertisers' measurement sources of truth. That allows us to deliver the hyper-specific outcomes they care about, and we're seeing strong results from that.

We've significantly advanced our ability to deliver great personalized recommendations to users for what they're shopping for. But every advertiser values different events in different ways and has different outcomes they want to see. As advertisers give us more specifics about how they value different events, whether it's a specific product sale, acquiring a new customer, or deepening engagement with an existing customer, we can be hyper-specific about the outcomes we drive for them, in the same way our AI is hyper-specific about the recommendations we make to consumers. We feel really good about the progress we've made there.

Our focus to date has been on more sophisticated advertisers with proprietary measurement systems. As we said earlier this year, we've seen those advertisers leaning in as a result. In Q3, as planned, we extended these integrations to a small number of additional sophisticated advertisers. For example, in early testing with a leading e-commerce platform, that advertiser saw 77% higher new-customer ROAS reflected in their proprietary measurement source of truth.

We feel good about that, and we will continue to broaden it out. It's an important moment in time because the industry is moving beyond last-click attribution, which is ultimately good for a platform like Pinterest. But different advertisers are moving at different speeds, and we're continuing to learn from these direct integrations and extending that into partnerships with third-party measurement providers to reach the longer tail of advertisers.

For the more sophisticated advertisers, these are direct integrations. We're taking those learnings to work more with the third-party measurement providers that the longer tail of advertisers use. Those adoption curves naturally take time, but we're very encouraged about what we can do there.

Again, we are much further along on the consumer and engagement side of this, but the same techniques for driving hyper-personalized results for consumers are allowing us to deliver hyper-specific results for advertisers as they open up more of their attribution around different events. These things take time to play out, but we feel really good about what that means for the long term of the business.

Bill Ready
Chief Executive Officer

With that, I want to thank everyone for joining our call today and for your questions. Before we conclude, I also want to thank Julia Donnelly for her contributions to Pinterest. Finally, I want to thank our teams at Pinterest, our advertising partners, and all the people that come to Pinterest to find inspiration and take action. I hope you have a great rest of your day.

Operator

This concludes today's call. Thank you for attending. You may now disconnect.