

## Pinterest Announces Second Quarter 2022 Results

SAN FRANCISCO, Calif. - August 1, 2022 - Pinterest, Inc. (NYSE: PINS) today announced financial results for the quarter ended June 30, 2022.

- Q2 revenue grew 9% year over year to \$666 million.
- Global Monthly Active Users (MAUs) decreased 5% year over year to 433 million.
- GAAP net loss was \$43 million for Q2. Adjusted EBITDA was \$92 million for Q2.

“Pinterest achieved 9% revenue growth year over year in Q2, or 10% revenue growth on a constant currency basis, despite the uncertainty facing our advertisers,” said Bill Ready, CEO Pinterest. “We accelerated our investment in shopping and ecommerce this quarter, and I am thrilled by the dedication of our leaders and employees to continue to build a positive place on the Internet. Pinterest is uniquely positioned to tackle unsolved problems in our industry, capitalize on long-term digital commerce trends and help people go from inspiration to realization.”

### Q2 2022 Financial Highlights

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

	Three Months Ended June 30,		
	2022	2021	% Change
Revenue	\$ 665,930	\$ 613,210	9 %
Net income (loss)	\$ (43,076)	\$ 69,417	NM
Non-GAAP net income*	\$ 77,365	\$ 169,930	(54)%
Adjusted EBITDA*	\$ 92,043	\$ 178,213	(48)%
<u>Adjusted EBITDA margin*</u>	14 %	29 %	

NM - not meaningful

\* 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.

## Q2 2022 Other Highlights

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

	Three Months Ended June 30,			% Change
	2022	2021		
Revenue - Global	\$ 666	\$ 613	9 %	
Revenue - U.S. and Canada	\$ 542	\$ 508	7 %	
Revenue - Europe	\$ 102	\$ 92	10 %	
Revenue - Rest of World	\$ 22	\$ 13	71 %	
MAUs - Global	433	454	(5)%	
MAUs - U.S. and Canada	92	100	(8)%	
MAUs - Europe	117	123	(4)%	
MAUs - Rest of World	223	231	(3)%	
ARPU - Global	\$ 1.54	\$ 1.32	17 %	
ARPU - U.S. and Canada	\$ 5.82	\$ 4.87	20 %	
ARPU - Europe	\$ 0.86	\$ 0.72	20 %	
ARPU - Rest of World	\$ 0.10	\$ 0.06	80 %	

## Guidance

Our current expectation is that Q3 2022 revenue will grow mid-single digits on a year-over-year percentage basis, which takes into account slightly greater foreign exchange headwinds than in Q2 2022. We expect our Q3 2022 non-GAAP operating expenses to grow low double digits percent quarter-over-quarter\*.

For the full year, there is no change to our previous expense outlook of non-GAAP operating expense growth in the range of 35-40% year over year\*.

We intend to provide further detail on our outlook during the conference call.

- \* We have not provided the forward-looking GAAP equivalents for certain forward-looking non-GAAP operating expenses or a GAAP reconciliation as a result of the uncertainty regarding, and the potential variability of, reconciling items such as share-based compensation expense. Accordingly, a reconciliation of these non-GAAP guidance metrics to their corresponding GAAP equivalents is not available without unreasonable effort. However, it is important to note that material changes to reconciling items could have a significant effect on future GAAP results and, as such, we also believe that any reconciliations provided would imply a degree of precision that could be confusing or misleading to investors.

## **Webcast and conference call information**

A live audio webcast of our second quarter 2022 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: the impact of the COVID-19 pandemic, including its impact on our business as well as on global and regional economies and economic activity; general economic and political uncertainty in global markets and a worsening of global economic conditions or low levels of economic growth, including inflation, foreign exchange fluctuations and supply-chain issues as well as events such as Russia's invasion of Ukraine; our ability to provide useful and relevant content; our ability to attract and retain creators that create relevant and engaging content on our platform; 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 online application stores' and 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 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 fiscal quarter ended June 30, 2022, 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). All information provided in this release and in the earnings materials is as of August 1, 2022. 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 income from operations, non-GAAP net income, non-GAAP net income per share and constant currency revenue growth rates. 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 income (loss) adjusted to exclude depreciation and amortization expense, share-based compensation expense, interest income, interest expense and other income (expense), net, provision for (benefit from) income taxes and non-cash charitable contributions. 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 exclude amortization of acquired intangible assets, share-based compensation expense and non-cash charitable contributions. Non-GAAP income from operations is calculated by subtracting non-GAAP costs and expenses from revenue. Non-GAAP net income per share is calculated by dividing non-GAAP net income by diluted weighted-average shares outstanding. We use Adjusted EBITDA, Adjusted EBITDA margin, non-GAAP costs and expenses, non-GAAP income from operations, non-GAAP net income and non-GAAP net income per share to evaluate our operating results and for financial and operational decision-making purposes. We believe these non-GAAP financial measures 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 income from operations, non-GAAP net income and non-GAAP net income 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 income from operations, non-GAAP net income and non-GAAP net income 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 income from operations, non-GAAP net income and non-GAAP net income per share rather than net income (loss), net margin, total costs and expenses, income (loss) from operations, net income (loss) and net income (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.

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. Unless otherwise indicated, we present MAUs based on the number of MAUs measured on the last day of the current period. 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 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.

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

	June 30, 2022	December 31, 2021
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,641,509	\$ 1,419,630
Marketable securities	1,017,510	1,060,488
Accounts receivable, net of allowances of \$8,803 and \$8,282 as of June 30, 2022 and December 31, 2021, respectively	511,468	653,355
Prepaid expenses and other current assets	75,583	48,090
Total current assets	3,246,070	3,181,563
Property and equipment, net	66,074	53,401
Operating lease right-of-use assets	218,325	227,912
Goodwill and intangible assets, net	145,673	61,115
Other assets	17,890	13,247
Total assets	<u>\$ 3,694,032</u>	<u>\$ 3,537,238</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 57,906	\$ 17,675
Accrued expenses and other current liabilities	292,949	242,131
Total current liabilities	350,855	259,806
Operating lease liabilities	192,543	209,181
Other liabilities	14,545	29,508
Total liabilities	557,943	498,495
Commitments and contingencies		
Stockholders' equity:		
Class A common stock, \$0.00001 par value, 6,666,667 shares authorized, 579,656 and 568,228 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively; Class B common stock, \$0.00001 par value, 1,333,333 shares authorized, 90,470 and 88,644 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	7	7
Additional paid-in capital	5,216,308	5,059,528
Accumulated other comprehensive loss	(13,258)	(2,181)
Accumulated deficit	(2,066,968)	(2,018,611)
Total stockholders' equity	3,136,089	3,038,743
Total liabilities and stockholders' equity	<u>\$ 3,694,032</u>	<u>\$ 3,537,238</u>

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

	<b>Three Months Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
Revenue	\$ 665,930	\$ 613,210
Costs and expenses:		
Cost of revenue	164,896	127,819
Research and development	233,508	181,731
Sales and marketing	212,037	164,340
General and administrative	89,994	68,122
Total costs and expenses	<u>700,435</u>	<u>542,012</u>
Income (loss) from operations	(34,505)	71,198
Interest income	3,365	1,125
Interest expense and other income (expense), net	(9,252)	337
Income (loss) before provision for income taxes	(40,392)	72,660
Provision for income taxes	2,684	3,243
Net income (loss)	<u>\$ (43,076)</u>	<u>\$ 69,417</u>
Net income (loss) per share:		
Basic	<u>\$ (0.07)</u>	<u>\$ 0.11</u>
Diluted	<u>\$ (0.07)</u>	<u>\$ 0.10</u>
Weighted-average shares used in computing net income (loss) per share:		
Basic	<u>662,242</u>	<u>636,190</u>
Diluted	<u>662,242</u>	<u>692,364</u>



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

	<b>Six Months Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>Operating activities</b>		
Net income (loss)	\$ (48,357)	\$ 47,743
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	16,355	13,537
Share-based compensation	190,653	179,720
Non-cash charitable contributions	—	20,490
Other	12,473	9,398
Changes in assets and liabilities:		
Accounts receivable	143,877	98,686
Prepaid expenses and other assets	(31,057)	(18,342)
Operating lease right-of-use assets	25,103	20,643
Accounts payable	40,557	(1,498)
Accrued expenses and other liabilities	10,605	25,662
Operating lease liabilities	(26,752)	(20,646)
Net cash provided by operating activities	<u>333,457</u>	<u>375,393</u>
<b>Investing activities</b>		
Purchases of property and equipment and intangible assets	(19,916)	(3,428)
Purchases of marketable securities	(367,806)	(571,216)
Sales of marketable securities	4,168	154,586
Maturities of marketable securities	393,784	373,162
Acquisition of business, net of cash acquired	(86,059)	—
Net cash used in investing activities	<u>(75,829)</u>	<u>(46,896)</u>
<b>Financing activities</b>		
Proceeds from exercise of stock options, net	4,080	14,935
Shares repurchased for tax withholdings on release of restricted stock units and restricted stock awards	(37,953)	—
Net cash (used in) provided by financing activities	<u>(33,873)</u>	<u>14,935</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,947)	(305)
Net increase in cash, cash equivalents and restricted cash	221,808	343,127
Cash, cash equivalents and restricted cash, beginning of period	1,427,064	678,911
Cash, cash equivalents and restricted cash, end of period	<u>\$ 1,648,872</u>	<u>\$ 1,022,038</u>
<b>Supplemental cash flow information</b>		
Accrued property and equipment	\$ 7,314	\$ 905
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	\$ 15,899	\$ 1,657
<b>Reconciliation of cash, cash equivalents and restricted cash to condensed consolidated balance sheets</b>		
Cash and cash equivalents	\$ 1,641,509	\$ 1,012,928
Restricted cash included in prepaid expenses and other current assets	1,834	299
Restricted cash included in other assets	5,529	8,811
Total cash, cash equivalents and restricted cash	<u>\$ 1,648,872</u>	<u>\$ 1,022,038</u>

**PINTEREST, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL RESULTS**  
*(in thousands)*  
*(unaudited)*

	<b>Three Months Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>Share-based compensation by function:</b>		
Cost of revenue	\$ 1,417	\$ 2,180
Research and development	81,436	70,729
Sales and marketing	18,501	13,996
General and administrative	16,059	13,356
Total share-based compensation	<u>\$ 117,413</u>	<u>\$ 100,261</u>
<b>Amortization of acquired intangible assets by function:</b>		
Cost of revenue	\$ 938	\$ 94
Sales and marketing	1,893	—
General and administrative	197	158
Total amortization of acquired intangible assets	<u>\$ 3,028</u>	<u>\$ 252</u>
<b>Reconciliation of total costs and expenses to non-GAAP costs and expenses:</b>		
Total costs and expenses	\$ 700,435	\$ 542,012
Share-based compensation	(117,413)	(100,261)
Amortization of acquired intangible assets	(3,028)	(252)
Total non-GAAP costs and expenses	<u>\$ 579,994</u>	<u>\$ 441,499</u>
<b>Reconciliation of net income (loss) to Adjusted EBITDA:</b>		
Net income (loss)	\$ (43,076)	\$ 69,417
Depreciation and amortization	9,135	6,754
Share-based compensation	117,413	100,261
Interest income	(3,365)	(1,125)
Interest expense and other (income) expense, net	9,252	(337)
Provision for income taxes	2,684	3,243
Adjusted EBITDA	<u>\$ 92,043</u>	<u>\$ 178,213</u>

**PINTEREST, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL RESULTS**  
*(in thousands, except per share amounts)*  
*(unaudited)*

	<b>Three Months Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>Reconciliation of net income (loss) to non-GAAP net income:</b>		
Net income (loss)	\$ (43,076)	\$ 69,417
Share-based compensation	117,413	100,261
Amortization of acquired intangible assets	3,028	252
<b>Non-GAAP net income</b>	<b>\$ 77,365</b>	<b>\$ 169,930</b>
Basic weighted-average shares used in computing net income (loss) per share	662,242	636,190
Weighted-average dilutive securities <sup>(1)</sup>	25,463	56,173
Diluted weighted-average shares used in computing non-GAAP net income per share	687,705	692,364
<b>Non-GAAP net income per share</b>	<b>\$ 0.11</b>	<b>\$ 0.25</b>

<sup>(1)</sup> Gives effect to potential common stock instruments such as stock options, unvested restricted stock units and unvested restricted stock awards.