

PLURALSIGHT

LIVE LIVE LIVE

AUGUST 27-29 | SALT LAKE CITY, UTAH

Investor & Analyst Session

August 28, 2019

AGENDA

Welcome / Safe Harbor – James Budge.....12:15 – 12:20

Customer Discussion – Brad Mallard, CTO - Fujitsu.....12:20 – 12:30

Update on Business & Strategy – Aaron Skonnard.....12:30-12:50

Platform Usage Update & Demo – Nate Walkingshaw.....12:50-1:20

Financial overview – James Budge.....1:20-1:40

Q&A – Aaron, James & Nate.....1:40-2:30

Safe Harbor Statement

This presentation regarding Pluralsight, Inc. ("Pluralsight", "we," "us" or "our") is strictly confidential and is for you to familiarize yourself with the company.

This presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements contained in this presentation other than statements of historical facts, including statements regarding future results of operations and financial condition of Pluralsight, our business strategy and plans and our objectives for future operations, are forward-looking statements. The words "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "will" and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions including the indicativeness of our historical financial results, our ability to manage and sustain our growth, our limited operating history, the success of our strategic relationships, our ability to grow internationally, competition in our industry, general economic trends and market risks, and other factors. Moreover, we operate in a competitive and rapidly changing environment in which new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause our actual results or performance to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. We are under no duty to update any of these forward-looking statements after the date of this presentation, except as required by law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this presentation.

This presentation also contains estimates, projections and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry and our business. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. We have not independently verified the accuracy and completeness of the information obtained by third parties included in this presentation. In addition, projections, assumptions and estimates of our future performance and the future performance of the markets in which we operate are necessarily subject to a high degree of uncertainty and risk.

This presentation includes certain non-GAAP financial measures as defined by SEC rules. The non-GAAP financial measures have limitations as analytical tools and you should not consider them in isolation or as a substitute for the most directly comparable financial measures prepared in accordance with GAAP. We urge you to review the reconciliation of our non-GAAP financial measures to the most directly comparable GAAP financial measures set forth in the Appendix to this presentation, and not to rely on any single financial measure to evaluate our business.

Unless otherwise specified, data presented in this presentation is presented as of June 30, 2019.

Before you invest, you should read our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019, our Annual Report on Form 10-K/A for the year ended December 31, 2018, and other documents Pluralsight has filed (or will file) with the SEC for more complete information about Pluralsight. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov.

PSLIVE19 – Investor/Analyst Session

Customer Discussion



Brad Mallard
CTO, Fujitsu



Nate Walkingshaw
Chief Experience Officer

PSLIVE19 – Investor/Analyst Session

Update on Strategy / Business



Aaron Skonnard
CEO, Co-Founder, and Chairman

Strategy

- Strategic positioning
- Market and competitive dynamics
- GitPrime Update
- Focus on Growth

Improvements made since June

- Big deal review owned by CEO, and weekly big deal review with Exec team
- Mandatory weekly sales forecast, deal, and pipeline review all the way down to individual Sales rep
- Weekly focus on large renewals, and any at-risk accounts, to coordinate CSM and AE efforts
- Weekly pipe gen targets down to the rep level and stronger accountability to pipe gen.
- Significant additional investment in enablement, customer success and hiring quota bearing sales reps
- Mandatory sales enablement trainings and feedback for all Sales personnel

CRO Recruitment Update

- Profile for candidate
- Progress of the search
- Timing

PSLIVE19 – Investor/Analyst Session

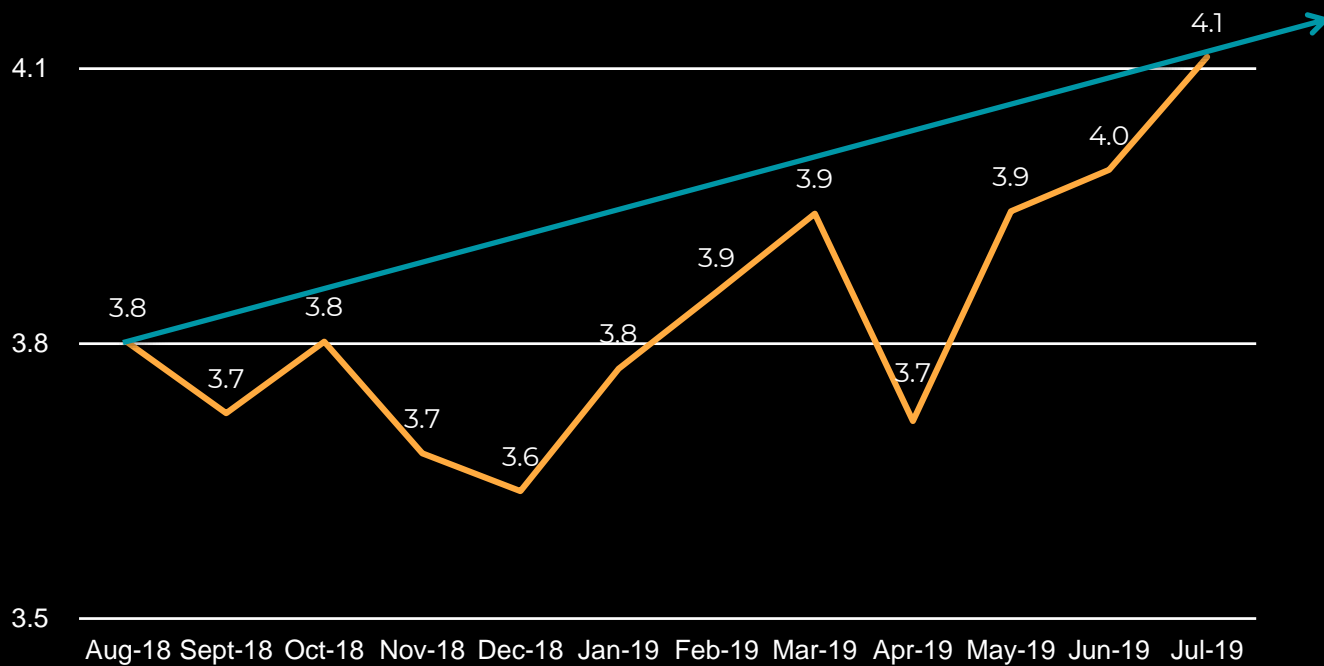
Experience Strategy, Product Update & Usage Patterns



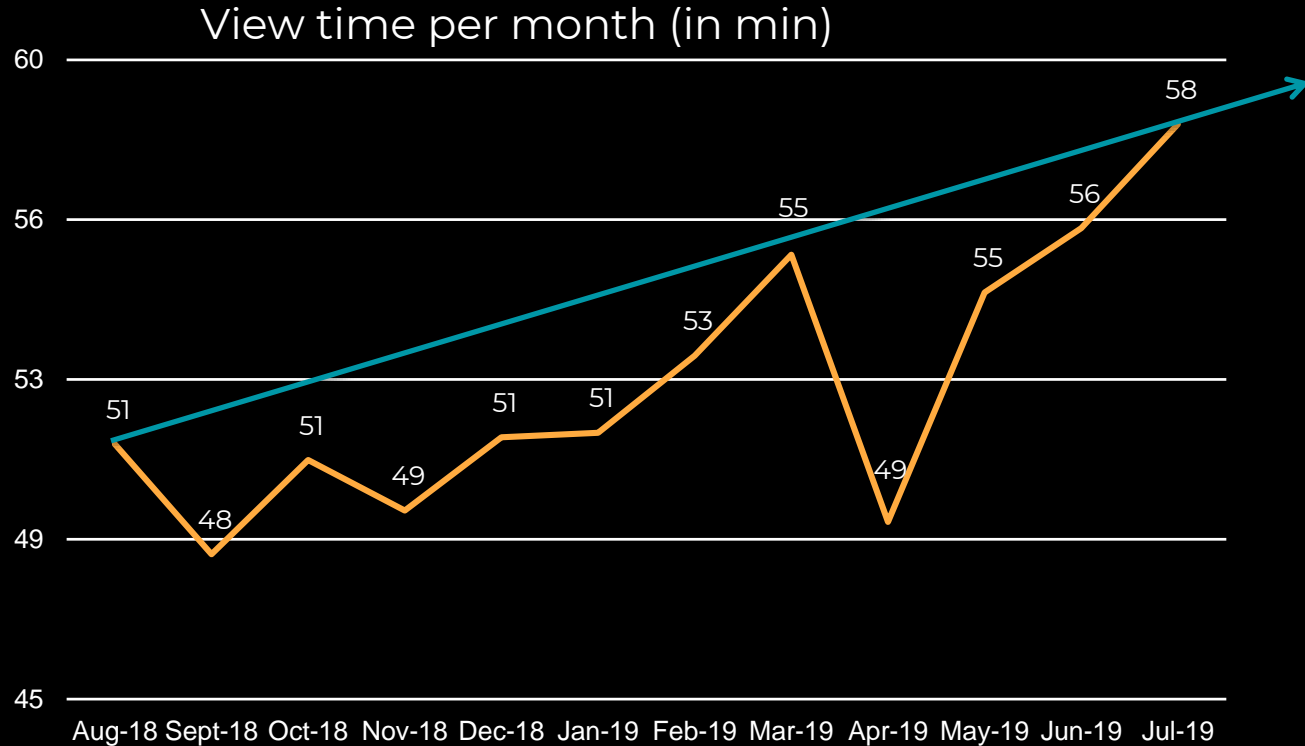
Nate Walkingshaw
Chief Experience Officer

Learners visit more frequently

Visits per unique visitor

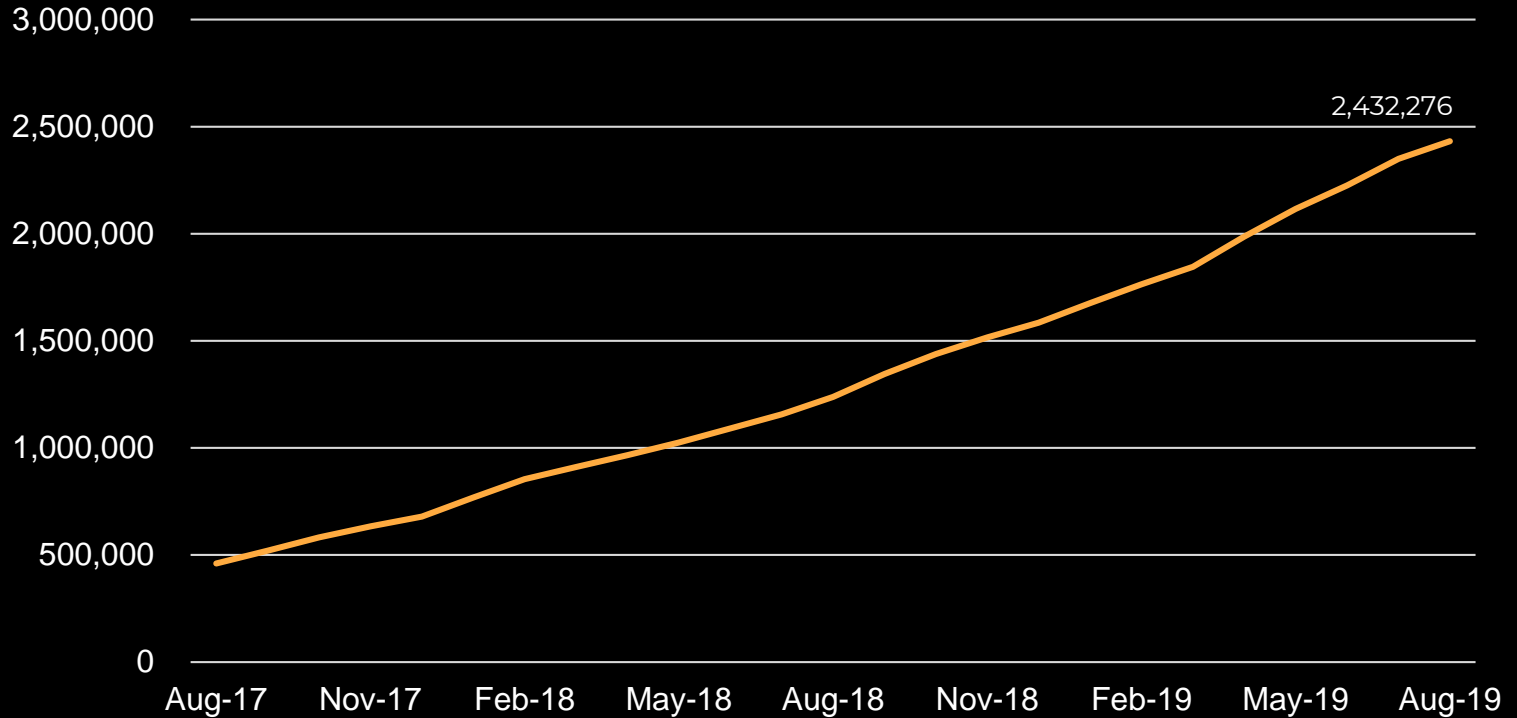


Learners spend more time on the platform

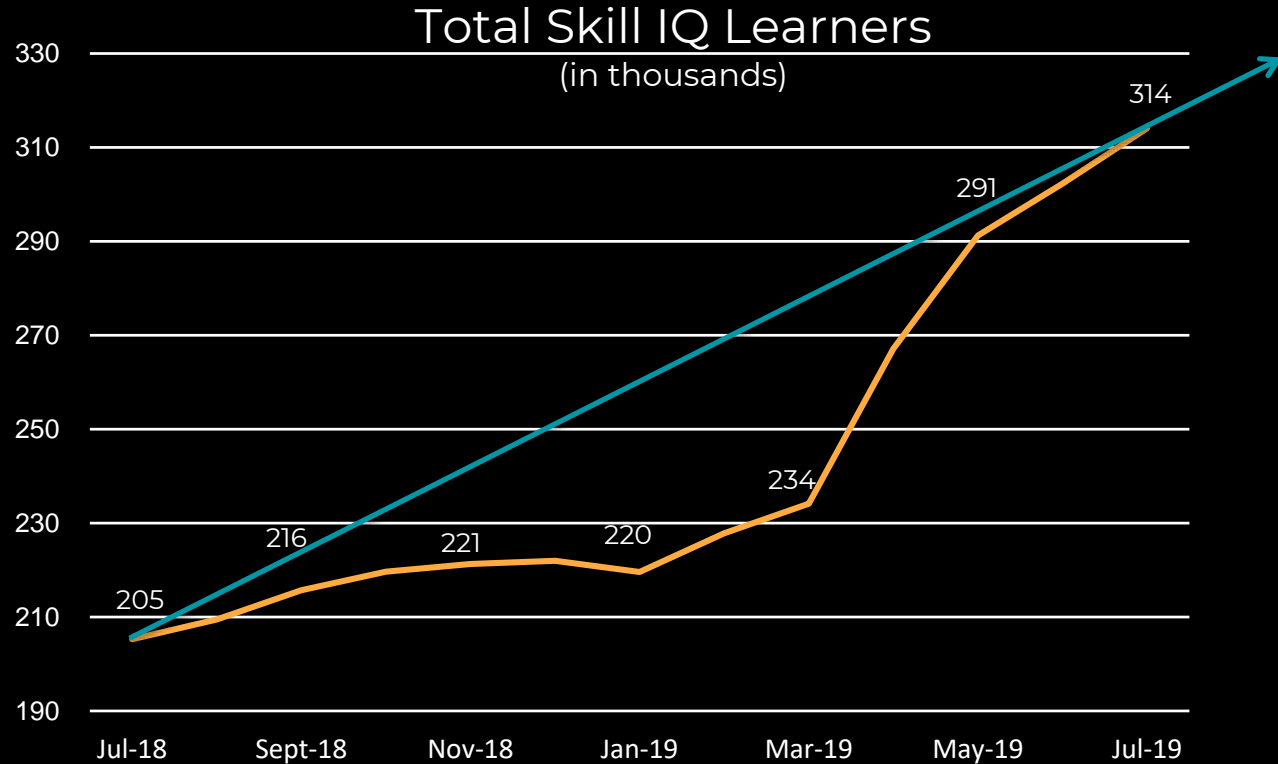


SKILL IQ Progression

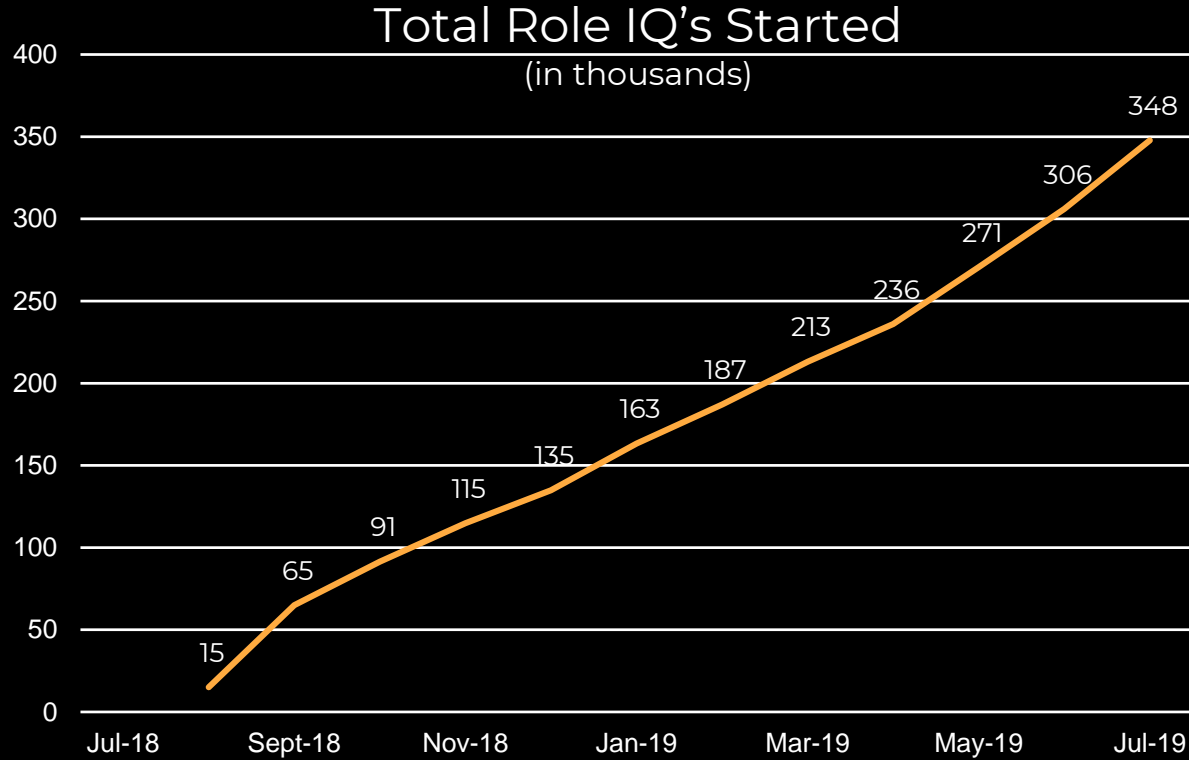
Total number of assessments completed



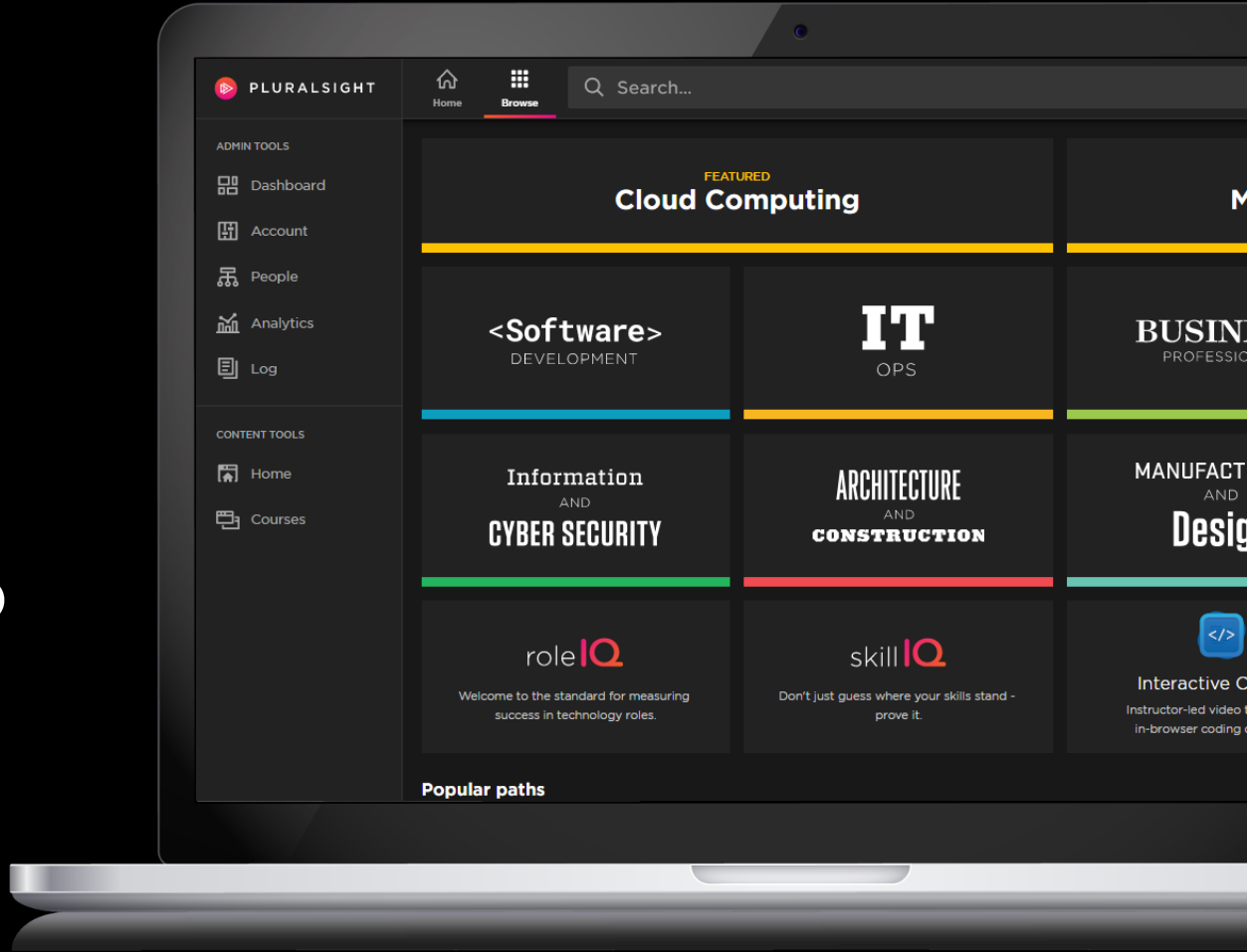
Number of learners indexed increased by 50% yoy



Role IQ's Progression since Launch last year



Platform Demo



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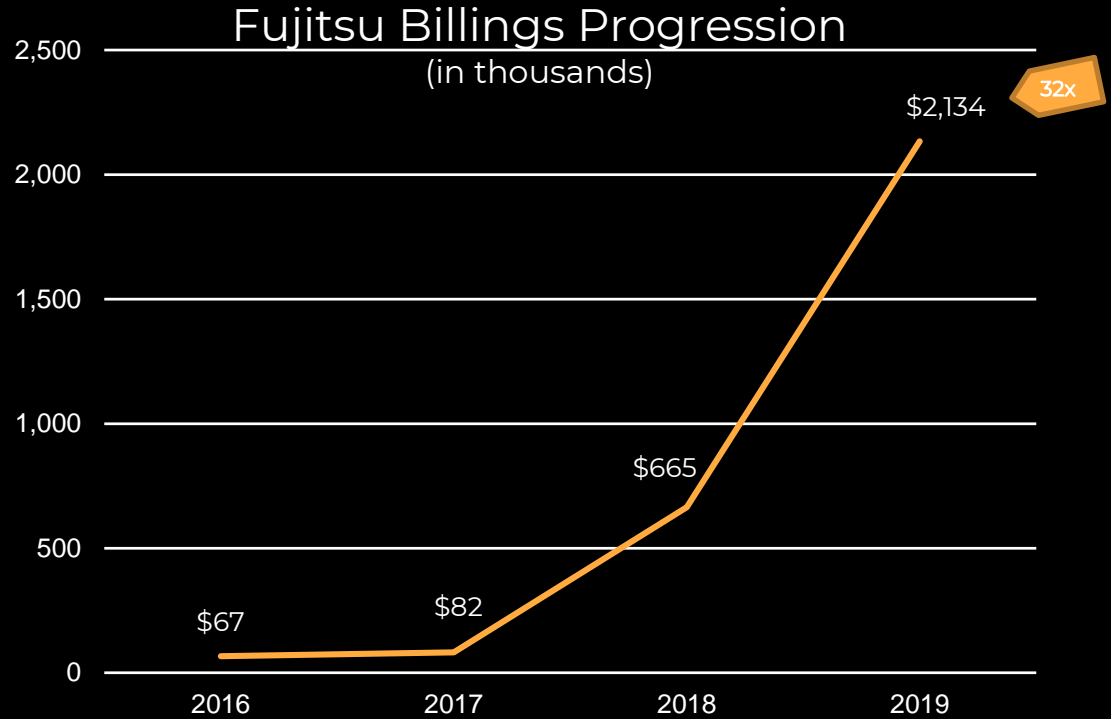
CFO Update



James Budge
Chief Financial Officer

Fujitsu

Customer progression



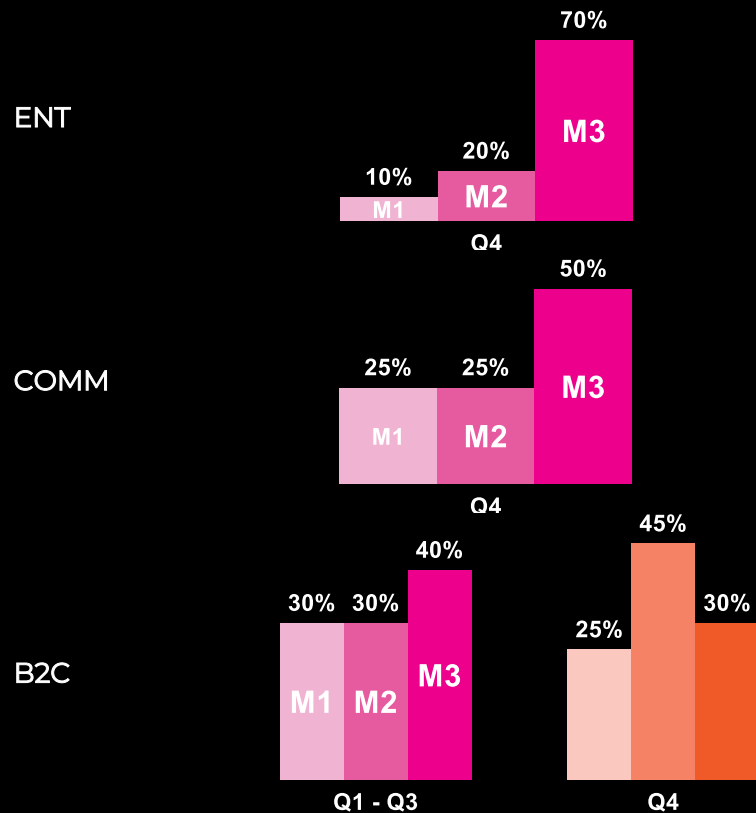
Billings by Sales Territory

1H'18 –1H'19
(in millions)

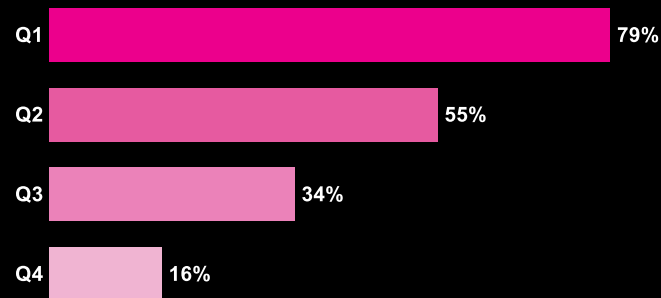
| | 1H'2018 | 1H'2019 | 1H YoY % |
|-------------------------------------|---------|---------|----------|
| EMEA | 28.6 | 39.9 | 39% |
| APAC | 4.1 | 6.0 | 47% |
| NA COMM | | | |
| COMM 1 | 9.1 | 12.0 | 32% |
| COMM 2 – 3 | 16.7 | 21.5 | 29% |
| NA ENT | | | |
| East | 15.8 | 24.0 | 52% |
| Central | 8.1 | 9.8 | 21% |
| West | 4.4 | 4.8 | 8% |
| B2C | 20.9 | 22.2 | 6% |
| GitPrime | - | 2.1 | |
| Other (Partnerships, ACA,GOV) | 13.3 | 16.2 | 21% |
| Total | \$121.0 | \$158.5 | 31% |

Billings Distribution and Revenue Waterfall

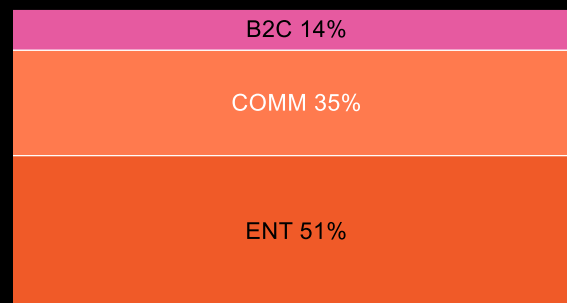
Typical B2B Billings Distribution across Quarter



Typical Locked-in B2B Revenue Flow from prior period Billings

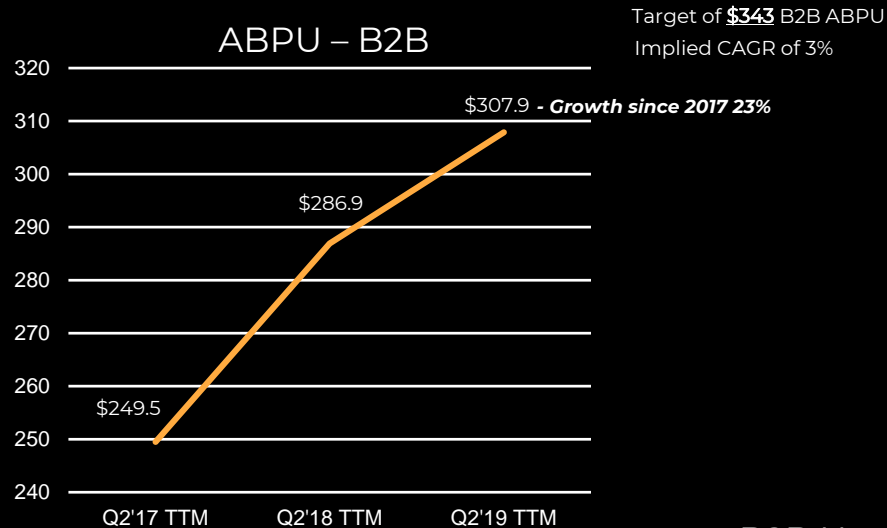


Billings Composition



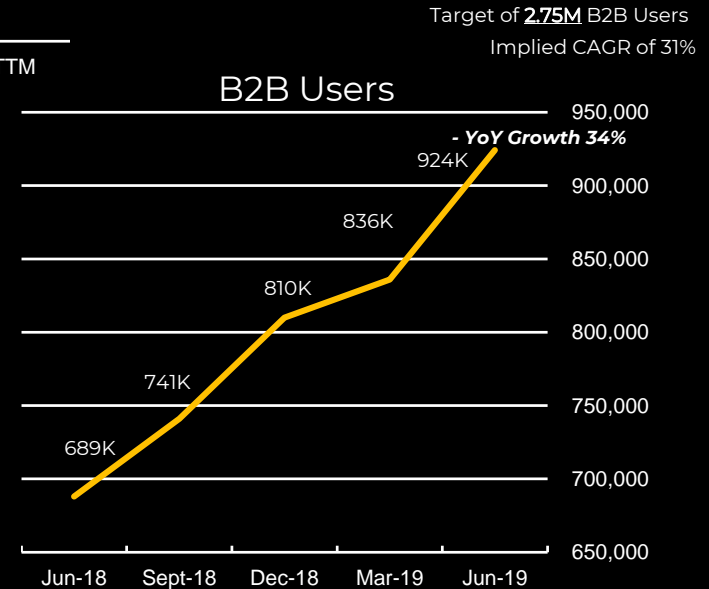
Average Billings per User

TTM Q2'17 – TTM Q2'19

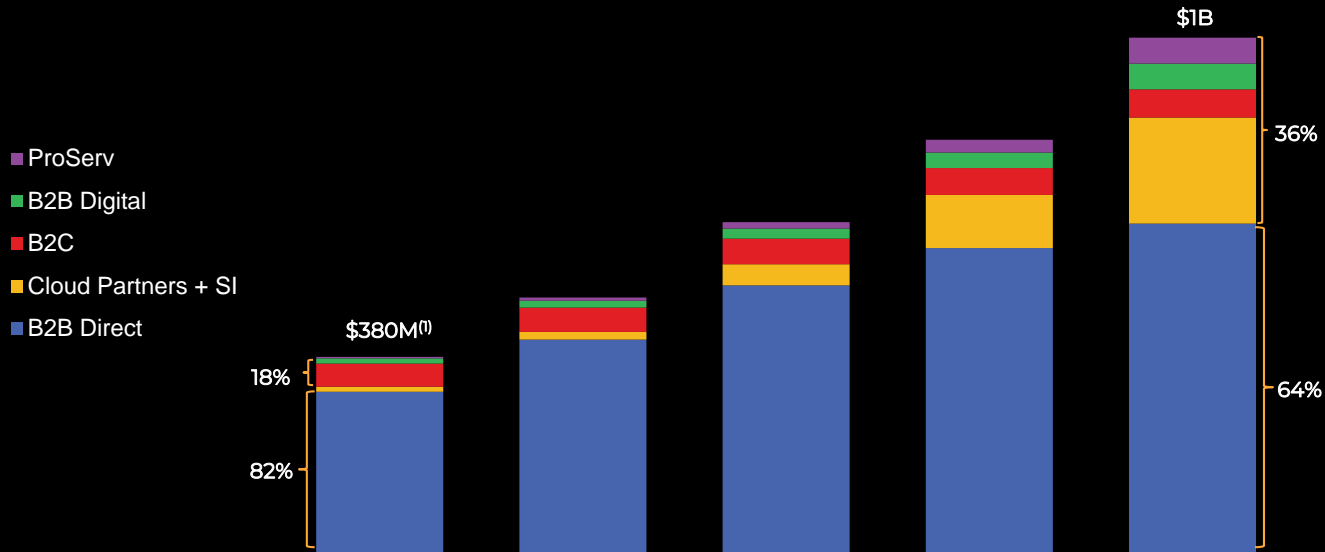


B2B User Growth

July 2018 – July 2019

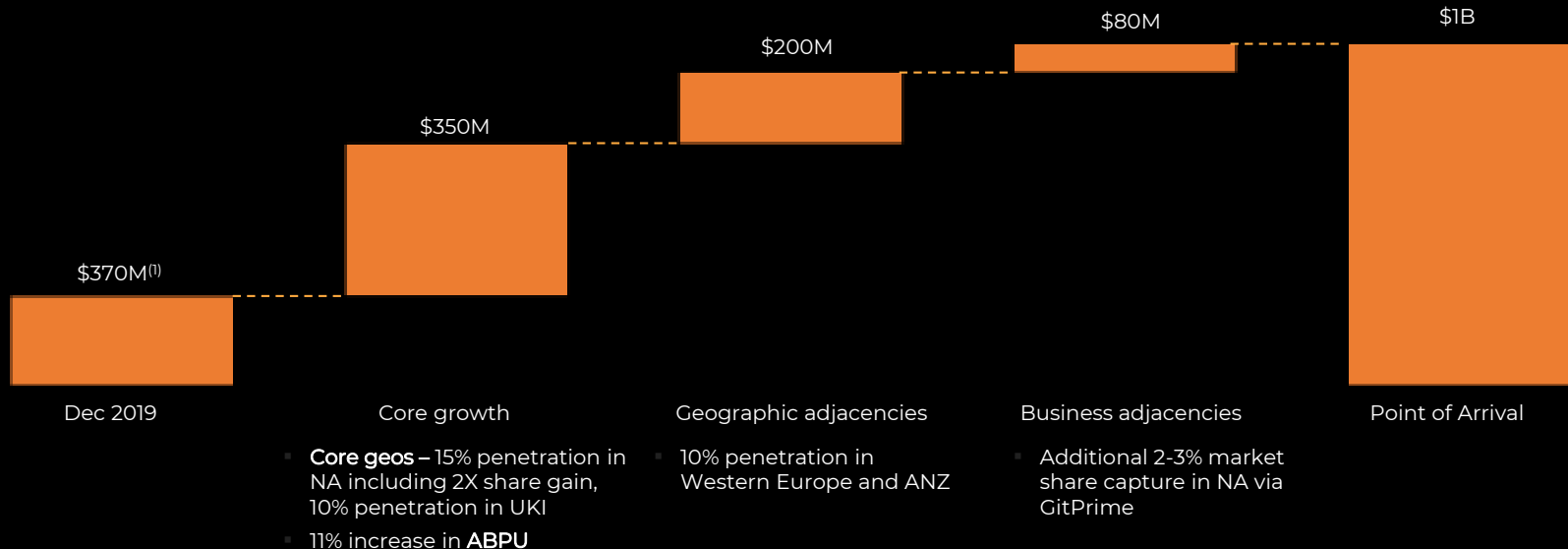


Path to \$1B by Channel



(1) Current consensus mean for FY'19 Total Billings

Path to \$1B by Adjacency



1. (1) Current consensus mean for FY'19 Total Billings – less impact of GitPrime

THANK YOU



PSLIVE19 – Investor/Analyst Session

APPENDIX

Target Model

Non-GAAP Metrics ⁽¹⁾

% of Revenue

| | FY'16 | FY'17 | FY'18 | TTM | TARGET MODEL Based on Rev of \$1B ⁽²⁾ |
|-----------------------------|-------|-------|-------|-------|--|
| GROSS MARGIN | 75% | 74% | 76% | 77% | ~80% |
| TECHNOLOGY & CONTENT | 25% | 28% | 24% | 24% | ~15% |
| SALES & MARKETING | 37% | 60% | 60% | 56% | ~35% |
| GENERAL & ADMINISTRATIVE | 12% | 18% | 16% | 14% | ~8% |
| OPERATING MARGIN | 0% | (31%) | (23%) | (17%) | ~22% |

- Each of the measures presented in this table are non-GAAP measures. See the appendix for a reconciliation of each measure to the most directly comparable GAAP measure. The Company has not provided a reconciliation of the forward-looking information presented in the Target Model because material items that impact that reconciliation are not reasonably estimable at this time.
- Target model is forward-looking, is subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. For discussion of some of the important factors that could cause these variations, please consult the "Risk Factors" section of the Annual Report on Form 10-K. Nothing in this presentation should be regarded as a representation by any person that these goals will be achieved and the Company undertakes no duty to update its goals.

GAAP to Non-GAAP Reconciliation

| \$ Thousands | 2016 | 2017 | 2018 | 6/30/2019 | 2016 | | | | 2017 | | | | 2018 | | | | 2019 | |
|---|--------------------------|-----------------|------------------|------------------|----------------|----------------|---------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | FY | FY | FY | TTM | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| | GAAP Gross Profit | 91,680 | 116,996 | 169,414 | 207,985 | 21,836 | 23,132 | 23,075 | 23,637 | 26,030 | 27,004 | 30,704 | 33,258 | 34,758 | 37,639 | 46,206 | 50,811 | 52,907 |
| Equity-Based Compensation | 20 | 20 | 205 | 333 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | - | 89 | 56 | 60 | 84 | 133 |
| Employer Payroll Taxes on Employee Stock Transactions | - | - | 16 | 32 | - | - | - | - | - | - | - | - | - | - | - | 16 | 3 | 13 |
| Amortization of Acquired Intangibles | 6,565 | 7,008 | 7,586 | 2,890 | 1,643 | 1,640 | 1,640 | 1,642 | 1,642 | 1,642 | 1,642 | 2,082 | 2,962 | 2,961 | 880 | 783 | 525 | 702 |
| Non-GAAP Gross Profit | 98,265 | 124,024 | 177,221 | 211,240 | 23,484 | 24,777 | 24,720 | 25,284 | 27,677 | 28,651 | 32,351 | 35,345 | 37,720 | 40,689 | 47,142 | 51,670 | 53,519 | 58,909 |
| <i>Non-GAAP Gross Profit Margin (%)</i> | <i>75%</i> | <i>74%</i> | <i>76%</i> | <i>77%</i> | <i>75%</i> | <i>75%</i> | <i>74%</i> | <i>74%</i> | <i>74%</i> | <i>74%</i> | <i>75%</i> | <i>75%</i> | <i>76%</i> | <i>76%</i> | <i>77%</i> | <i>77%</i> | <i>77%</i> | <i>78%</i> |
| GAAP Operating Loss | (13,843) | (82,746) | (136,702) | (139,721) | (3,923) | (2,847) | (828) | (6,245) | (8,268) | (16,752) | (30,248) | (27,478) | (19,326) | (48,616) | (34,381) | (34,379) | (33,641) | (37,320) |
| Equity-Based Compensation | 5,738 | 21,781 | 72,492 | 83,140 | 808 | 1,373 | 1,250 | 2,307 | 1,712 | 4,379 | 12,897 | 2,793 | 3,373 | 28,979 | 20,630 | 19,510 | 20,268 | 22,732 |
| Employer Payroll Taxes on Employee Stock Transactions | - | - | 1,180 | 3,953 | - | - | - | - | - | - | - | - | - | - | - | 1,180 | 1,444 | 1,329 |
| Amortization of Acquired Intangibles | 8,034 | 8,526 | 8,681 | 3,625 | 2,013 | 2,011 | 2,004 | 2,006 | 2,006 | 2,006 | 2,006 | 2,508 | 3,333 | 3,332 | 1,056 | 960 | 702 | 907 |
| Secondary Offering Costs | - | - | - | 918 | - | - | - | - | - | - | - | - | - | - | - | - | 918 | - |
| Acquisition Related Costs | - | - | - | 835 | - | - | - | - | - | - | - | - | - | - | - | - | - | 835 |
| Non-GAAP Operating Profit / (Loss) | (71) | (52,439) | (54,349) | (47,250) | (1,102) | 537 | 2,426 | (1,932) | (4,550) | (10,367) | (15,345) | (22,177) | (12,620) | (16,305) | (12,695) | (12,729) | (10,309) | (11,517) |
| <i>Non-GAAP Operating Profit / (Loss) Margin (%)</i> | <i>(0%)</i> | <i>(31%)</i> | <i>(23%)</i> | <i>(17%)</i> | <i>(4%)</i> | <i>2%</i> | <i>7%</i> | <i>(6%)</i> | <i>(12%)</i> | <i>(27%)</i> | <i>(35%)</i> | <i>(47%)</i> | <i>(25%)</i> | <i>(30%)</i> | <i>(21%)</i> | <i>(19%)</i> | <i>(15%)</i> | <i>(15%)</i> |

GAAP to Non-GAAP Reconciliation (Cont'd)

| \$ Thousands | 2016 | 2017 | 2018 | 6/30/19 | 2016 | | | | 2017 | | | | 2018 | | | | 2019 | |
|--|---------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | FY | FY | FY | TTM | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| GAAP Sales and Marketing Expense | 51,234 | 103,478 | 158,409 | 181,210 | 11,581 | 12,878 | 11,576 | 15,199 | 17,826 | 23,018 | 29,410 | 33,224 | 29,467 | 41,857 | 42,632 | 44,453 | 44,131 | 49,994 |
| Equity-Based Compensation | 1,462 | 2,624 | 19,096 | 25,429 | 246 | 261 | 317 | 638 | 664 | 715 | 631 | 614 | 539 | 7,356 | 5,612 | 5,589 | 6,276 | 7,952 |
| Employer Payroll Taxes on Employee Stock Transactions | - | - | 418 | 1,559 | - | - | - | - | - | - | - | - | - | - | - | 418 | 608 | 533 |
| Amortization of Acquired Intangibles | 643 | 721 | 389 | 29 | 160 | 161 | 161 | 161 | 161 | 161 | 161 | 238 | 195 | 194 | - | - | - | 29 |
| Non-GAAP Sales and Marketing Expense | 49,129 | 100,133 | 138,506 | 154,193 | 11,175 | 12,456 | 11,098 | 14,400 | 17,001 | 22,142 | 28,618 | 32,372 | 28,733 | 34,307 | 37,020 | 38,446 | 37,247 | 41,480 |
| <i>Non-GAAP Sales and Marketing Expense as a % of Revenue</i> | 37% | 60% | 60% | 56% | 36% | 38% | 33% | 42% | 46% | 57% | 66% | 68% | 58% | 64% | 60% | 57% | 54% | 55% |
| GAAP Technology and Content Expense | 36,159 | 49,293 | 69,289 | 82,598 | 9,962 | 8,898 | 8,011 | 9,288 | 10,205 | 11,326 | 12,448 | 15,314 | 13,325 | 18,396 | 18,137 | 19,431 | 20,244 | 24,786 |
| Equity-Based Compensation | 2,050 | 1,966 | 12,038 | 15,933 | 379 | 479 | 487 | 705 | 464 | 526 | 499 | 477 | 381 | 4,571 | 3,700 | 3,386 | 3,710 | 5,137 |
| Employer Payroll Taxes on Employee Stock Transactions | - | - | 346 | 1,260 | - | - | - | - | - | - | - | - | - | - | - | 346 | 480 | 434 |
| Amortization of Acquired Intangibles | 706 | 706 | 706 | 706 | 177 | 176 | 176 | 177 | 176 | 176 | 176 | 178 | 176 | 177 | 176 | 177 | 177 | 176 |
| Non-GAAP Technology and Content Expense | 33,403 | 46,621 | 56,199 | 64,699 | 9,406 | 8,243 | 7,348 | 8,406 | 9,565 | 10,624 | 11,773 | 14,659 | 12,768 | 13,648 | 14,261 | 15,522 | 15,877 | 19,039 |
| <i>Non-GAAP Technology and Content Expense as a % of Revenue</i> | 25% | 28% | 24% | 24% | 30% | 25% | 22% | 25% | 26% | 27% | 27% | 31% | 26% | 25% | 23% | 23% | 23% | 25% |
| GAAP General and Administrative Expense | 18,130 | 46,971 | 78,418 | 83,898 | 4,216 | 4,203 | 4,316 | 5,395 | 6,267 | 9,412 | 19,094 | 12,198 | 11,292 | 26,002 | 19,818 | 21,306 | 22,173 | 20,601 |
| Equity-Based Compensation | 2,206 | 17,171 | 41,153 | 41,445 | 178 | 628 | 441 | 959 | 579 | 3,133 | 11,762 | 1,697 | 2,453 | 16,963 | 11,262 | 10,475 | 10,198 | 9,510 |
| Employer Payroll Taxes on Employee Stock Transactions | - | - | 400 | 1,102 | - | - | - | - | - | - | - | - | - | - | - | 400 | 353 | 349 |
| Amortization of Acquired Intangibles | 120 | 91 | - | - | 33 | 34 | 27 | 26 | 27 | 27 | 27 | 10 | - | - | - | - | - | - |
| Secondary Offering Costs | - | - | - | 918 | - | - | - | - | - | - | - | - | - | - | - | - | 918 | - |
| Acquisition Related Costs | - | - | - | 835 | - | - | - | - | - | - | - | - | - | - | - | - | - | 835 |
| Non-GAAP General and Administrative Expense | 15,804 | 29,709 | 36,865 | 39,598 | 4,005 | 3,541 | 3,848 | 4,410 | 5,661 | 6,252 | 7,305 | 10,491 | 8,839 | 9,039 | 8,556 | 10,431 | 10,704 | 9,907 |
| <i>Non-GAAP General and Administrative Expense as a % of Revenue</i> | 12% | 18% | 16% | 14% | 13% | 11% | 12% | 13% | 15% | 16% | 17% | 22% | 18% | 17% | 14% | 16% | 15% | 13% |
| Total Non-GAAP Operating Expense | 98,336 | 176,463 | 231,570 | 258,490 | 24,586 | 24,240 | 22,294 | 27,216 | 32,227 | 39,018 | 47,696 | 57,522 | 50,340 | 56,994 | 59,837 | 64,399 | 63,828 | 70,426 |
| <i>Non-GAAP Operating Expense as a % of Revenue</i> | 75% | 106% | 100% | 94% | 78% | 73% | 67% | 79% | 87% | 100% | 110% | 121% | 101% | 106% | 97% | 96% | 92% | 93% |

GAAP to Non-GAAP Reconciliation (Cont'd)

| \$ Thousands | 2016 | 2017 | 2018 | 2019 | 2018 | 2019 |
|---|----------------|-----------------|-----------------|----------------|----------------|-----------------|
| | FY | FY | FY | TTM | Q2 | Q2 |
| Net cash provided by (used in) operating activities | 4,468 | (12,139) | (5,896) | 8,680 | (5,793) | (7,181) |
| Less: purchases of property and equipment | 10,142 | 5,951 | 8,796 | 8,812 | 2,706 | 2,457 |
| Less: purchases of content library | 2,253 | 2,382 | 3,340 | 4,277 | 735 | 1,504 |
| Free Cash Flow | (7,927) | (20,472) | (18,032) | (4,409) | (9,234) | (11,142) |
| <i>Free Cash Flow Margin (%)</i> | <i>(6%)</i> | <i>(12%)</i> | <i>(8%)</i> | <i>(2%)</i> | <i>(17%)</i> | <i>(15%)</i> |

DEFINITION

Dollar-based net retention rate

To calculate our dollar-based net retention rate, we first calculate the subscription revenue in one quarter from a cohort of customers that were customers at the beginning of the same quarter in the prior fiscal year, or cohort customers. We repeat this calculation for each quarter in the trailing four-quarter period. The numerator for dollar-based net retention rate is the sum of subscription revenue from cohort customers for the four most recent quarters, or numerator period, and the denominator is the sum of subscription revenue from cohort customers for the four quarters preceding the numerator period. Dollar-based net retention rate is the quotient obtained by dividing the numerator by the denominator.