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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (date of earliest event reported)**  
July 29, 2020

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**PLURALSIGHT, INC.**  
(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of incorporation or  
organization)

**001-38498**  
(Commission File Number)

**82-3605465**  
(I.R.S. Employer Identification Number)

**182 North Union Avenue  
Farmington, Utah 84025**  
(Address of principal executive offices)

**(801) 784-9007**  
(Registrant's telephone number, including area code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| <b>Title of each class</b>                          | <b>Trading Symbol(s)</b> | <b>Name of each exchange on which registered</b> |
|---|--------------------------|--|
| Class A Common Stock, \$0.0001, par value per share | PS                       | The Nasdaq Global Select Market                  |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02 Results of Operations and Financial Condition.**

On July 29, 2020, Pluralsight, Inc. issued a press release announcing its financial results for the quarter ended June 30, 2020. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The information contained in Item 2.02 and Item 9.01 in this Form 8-K, including the accompanying Exhibit 99.1 hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filings, unless expressly incorporated by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.*****(d) Exhibits.***

| <b><u>Exhibit No.</u></b> | <b><u>Description of Exhibit</u></b>  |
|---------------------------|---|
| 99.1                      | <a href="#">Press release dated July 29, 2020</a>                           |
| 104                       | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Pluralsight, Inc.**

Date: July 29, 2020

/s/ James Budge  
\_\_\_\_\_  
James Budge  
Chief Financial Officer

## Pluralsight Announces Second Quarter 2020 Results

**Silicon Slopes, Utah - July 29, 2020** - Pluralsight, Inc. (NASDAQ: PS), the enterprise technology skills and engineering management platform, today announced financial results for the second quarter ended June 30, 2020.

"Our commitment to our customers and each other has never been stronger despite these extraordinary circumstances. I'm proud to see this commitment reflected in our financial performance for the quarter, and I'm confident that our platform will continue to help companies and individuals adapt to the changing remote work environments around the globe," said Aaron Skonnard, co-founder and CEO of Pluralsight. "This need, coupled with our commitment to our customers and our world-class, highly differentiated product offerings allowed us to excel in the current environment."

### Second Quarter Financial Highlights

- **Billings** - Q2 2020 billings were \$89.0 million, an increase of 11% period over period. Q2 2020 billings from business customers were \$77.7 million, an increase of 12% period over period.
- **Revenue** - Q2 2020 revenue was \$94.8 million, an increase of 25% period over period.
- **Gross margin** - Q2 2020 gross margin was 79%, compared to 77% in Q2 2019. Q2 2020 non-GAAP gross margin was 81%, compared to 78% in Q2 2019.
- **Net loss per share** - GAAP net loss per share for Q2 2020 was \$0.28, compared to \$0.30 in Q2 2019. Adjusted pro forma net loss per share for Q2 2020 was \$0.02, compared to \$0.06 in Q2 2019.
- **Cash flows** - Cash used in operations was \$9.3 million for Q2 2020, compared to \$7.2 million in Q2 2019. Free cash flow was negative \$18.0 million for Q2 2020, compared to negative \$11.1 million in Q2 2019.

For information regarding the non-GAAP financial measures discussed in this press release, please see the section titled "Non-GAAP Financial Measures." Reconciliations between GAAP and non-GAAP financial measures are provided in the tables of this press release.

### Financial Outlook

The following forward-looking statements reflect Pluralsight's expectations as of July 29, 2020.

#### *Third Quarter 2020 Guidance*

- Revenue is expected to be in the range of \$95.0 million to \$96.0 million.
- Adjusted pro forma net loss per share is expected to be in the range of \$0.05 to \$0.06, assuming weighted-average shares outstanding of approximately 144 million.

## ***Full Year 2020 Guidance***

- Revenue is expected to be in the range of \$375.0 million to \$390.0 million.
- Adjusted pro forma net loss per share is expected to be in the range of \$0.19 to \$0.27, assuming weighted-average shares outstanding of approximately 143.5 million.

Guidance for non-GAAP financial measures excludes equity-based compensation, amortization of acquired intangible assets, employer payroll taxes on employee stock transactions, amortization of debt discount and issuance costs, and, as applicable, other special items, which may be significant. Pluralsight has not reconciled its expectations as to adjusted pro forma net loss per share to their most directly comparable GAAP measures because certain items cannot be reasonably predicted. Accordingly, a reconciliation for expectations of adjusted pro forma net loss per share is not available without unreasonable effort.

Pluralsight's guidance for the third quarter and full year 2020 reflects its expectations for the periods after taking into account the impact of COVID-19. However, the crisis that this pandemic has created is very fluid, and the situation is constantly evolving. As such, Pluralsight's actual results may differ materially from such guidance based on a variety of factors, including Pluralsight's ability to execute its business during this crisis, the impact of the crisis on Pluralsight's suppliers, customers and partners, governmental action taken in response to COVID-19, and other factors.

## **Conference Call Information**

Pluralsight will host a conference call for analysts and investors to discuss its second quarter 2020 results and outlook for its third quarter and full year 2020, today at 2:30 p.m. Mountain Time (4:30 p.m. Eastern Time).

|                        |   |
|------------------------|---|
| <b>Date:</b>           | July 29, 2020   |
| <b>Time:</b>           | 2:30 p.m. MT (4:30 p.m. ET)   |
| <b>Webcast:</b>        | <a href="https://investors.pluralsight.com/">https://investors.pluralsight.com/</a> |
| <b>Dial-in number:</b> | (877) 350-6732 or (629) 228-0693, conference ID: 1883129                            |

A live audio webcast of the conference call will also be accessible from the Pluralsight website at [investors.pluralsight.com](https://investors.pluralsight.com). A telephonic replay of the call will be available three hours after the call, will run for seven days, and may be accessed by dialing (855) 859-2056 or (404) 537-3406 and entering the passcode 1883129.

## **About Pluralsight**

Pluralsight is the leading technology skills and engineering management platform. Trusted by forward-thinking companies of every size in every industry, Pluralsight helps individuals and businesses transform with technology through its Skills and Flow products. Skills helps build technology skills at scale with expert-authored courses on today's most important technologies, including cloud, artificial intelligence, machine learning, data science, and security, among others. Skills also offers analytics and Skill IQ and Role IQ assessments. Flow complements Skills by providing visibility and analytics into software development workflows to accelerate the delivery of products and services.

*Pluralsight and the Pluralsight logo are trademarks of Pluralsight, LLC in the United States and in jurisdictions throughout the world.*

### **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of federal securities laws that involve risks and uncertainties, including the quotations of management and statements regarding our future financial and operating performance, and our financial outlook for the third quarter and full year 2020. There are a significant number of factors that could cause actual results to differ materially from statements made in this press release, including: our ability to attract and retain customers; our ability to expand our course library and develop new platform features; the demand for, and market acceptance of our platform; competition; our ability to improve sales management and execution; our expectations of the potential impact the COVID-19 pandemic may have on our business; and other market, political, economic, and business conditions.

Additional risks and uncertainties that could affect our financial results are included under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K/A filed with the SEC on March 2, 2020 and in our quarterly report on Form 10-Q filed with the SEC on July 29, 2020, which is available on our website at [investors.pluralsight.com](http://investors.pluralsight.com) and on the SEC’s website at [www.sec.gov](http://www.sec.gov). Additional information will also be set forth in other filings that we make with the SEC from time to time. All forward-looking statements in this press release are based on information available to us as of the date hereof, and we do not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made, except as required by law.

### **Key Business Metrics**

*Billings.* Billings represents total revenue plus the change in deferred revenue in the period, as presented in our condensed consolidated statements of cash flows, less the change in contract assets and unbilled accounts receivable in the period. Billings in any particular period represents amounts invoiced to customers and reflects subscription renewals and upsells to existing customers plus sales to new customers. We use billings to measure our ability to sell subscriptions to our platform to both new and existing customers. We use billings from business customers and our percentage of billings from business customers to measure and monitor our ability to sell subscriptions to our platform to business customers.

### **Non-GAAP Financial Measures**

Pluralsight has provided in this press release financial information that has not been prepared in accordance with generally accepted accounting principles in the United States (GAAP). Pluralsight uses the non-GAAP financial measures of non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating loss, adjusted pro forma net loss, adjusted pro forma net loss per share, and free cash flow in analyzing its financial results and believes that the use of these metrics is useful to investors as an additional tool to evaluate ongoing operating results and trends and in comparing Pluralsight’s financial results with other companies in its industry, many of which present similar non-GAAP financial measures.

The presentation of these non-GAAP financial measures is not meant to be considered in isolation or as a substitute for comparable GAAP financial measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. A reconciliation of our historical non-GAAP financial measures to their most directly comparable GAAP measures have been provided in the financial statement tables included in this press release, and investors are encouraged to review these reconciliations.

*Non-GAAP gross profit.* We define non-GAAP gross profit as gross profit plus equity-based compensation, amortization of acquired intangible assets, and employer payroll taxes on employee stock transactions.

*Non-GAAP gross margin.* We define non-GAAP gross margin as non-GAAP gross profit divided by our revenue.

*Non-GAAP operating expenses.* We define non-GAAP operating expenses as operating expenses less equity-based compensation, amortization of acquired intangible assets, and employer payroll taxes on employee stock transactions, and, as applicable, other special items.

*Non-GAAP operating loss.* We define non-GAAP operating loss as loss from operations plus equity-based compensation, amortization of acquired intangible assets, employer payroll taxes on employee stock transactions, and, as applicable, other special items.

*Adjusted pro forma net loss and adjusted pro forma net loss per share.* We define adjusted pro forma net loss as net loss attributable to Pluralsight, Inc. adjusted for the reallocation of loss attributable to non-controlling interests from the assumed exchange of LLC Units of Pluralsight Holdings for newly-issued shares of Class A common stock of Pluralsight, Inc. and further adjusted for equity-based compensation, amortization of acquired intangible assets, employer payroll taxes on employee stock transactions, amortization of debt discount and issuance costs, and, as applicable, other special items. We define adjusted pro forma net loss per share as adjusted pro forma net loss divided by the weighted-average shares of Class A common stock outstanding, assuming the full exchange of all outstanding LLC Units of Pluralsight Holdings for newly-issued shares of Class A common stock of Pluralsight, Inc.

*Free cash flow.* We define free cash flow as cash provided by (used in) operating activities less purchases of property and equipment and purchases of our content library.

PLURALSIGHT, INC.

Condensed Consolidated Statements of Operations  
(in thousands, except per share amounts)  
(unaudited)

|  | Three Months Ended June 30, |             | Six Months Ended June 30, |             |
|--|-----------------------------|-------------|---------------------------|-------------|
|  | 2020                        | 2019        | 2020                      | 2019        |
| Revenue  | \$ 94,765                   | \$ 75,862   | \$ 187,411                | \$ 145,479  |
| Cost of revenue <sup>(1)(2)</sup>  | 19,717                      | 17,803      | 38,725                    | 34,515      |
| Gross profit   | 75,048                      | 58,059      | 148,686                   | 110,964     |
| Operating expenses <sup>(1)(2)</sup> :   |                             |             |                           |             |
| Sales and marketing  | 57,759                      | 50,046      | 120,174                   | 94,217      |
| Technology and content   | 29,514                      | 24,819      | 59,658                    | 45,090      |
| General and administrative   | 22,996                      | 20,575      | 46,367                    | 42,766      |
| Total operating expenses   | 110,269                     | 95,440      | 226,199                   | 182,073     |
| Loss from operations   | (35,221)                    | (37,381)    | (77,513)                  | (71,109)    |
| Other income (expense):  |                             |             |                           |             |
| Interest expense   | (7,241)                     | (7,346)     | (14,390)                  | (9,024)     |
| Other income, net  | 2,267                       | 4,106       | 4,437                     | 5,782       |
| Loss before income taxes   | (40,195)                    | (40,621)    | (87,466)                  | (74,351)    |
| Income tax benefit (expense)   | 465                         | (143)       | 223                       | (297)       |
| Net loss   | \$ (39,730)                 | \$ (40,764) | \$ (87,243)               | \$ (74,648) |
| Less: Net loss attributable to non-controlling interests   | (9,801)                     | (11,637)    | (21,995)                  | (26,446)    |
| Net loss attributable to Pluralsight, Inc.   | \$ (29,929)                 | \$ (29,127) | \$ (65,248)               | \$ (48,202) |
| Net loss per share, basic and diluted <sup>(3)</sup>   | \$ (0.28)                   | \$ (0.30)   | \$ (0.62)                 | \$ (0.56)   |
| Weighted-average shares of Class A common stock used in computing basic and diluted net loss per share | 107,153                     | 97,608      | 105,899                   | 86,827      |

(1) Includes equity-based compensation as follows:

|                                 | Three Months Ended June 30, |           | Six Months Ended June 30, |           |
|---------------------------------|-----------------------------|-----------|---------------------------|-----------|
|                                 | 2020                        | 2019      | 2020                      | 2019      |
| Cost of revenue                 | \$ 296                      | \$ 133    | \$ 566                    | \$ 217    |
| Sales and marketing             | 10,878                      | 7,952     | 20,400                    | 14,228    |
| Technology and content          | 6,884                       | 5,137     | 13,220                    | 8,847     |
| General and administrative      | 8,367                       | 9,510     | 17,817                    | 19,708    |
| Total equity-based compensation | \$ 26,425                   | \$ 22,732 | \$ 52,003                 | \$ 43,000 |

(2) Includes amortization of acquired intangible assets as follows:

|  | Three Months Ended June 30, |        | Six Months Ended June 30, |          |
|--|-----------------------------|--------|---------------------------|----------|
|  | 2020                        | 2019   | 2020                      | 2019     |
| Cost of revenue                                  | \$ 1,209                    | \$ 702 | \$ 2,418                  | \$ 1,227 |
| Sales and marketing                              | 50                          | 29     | 100                       | 29       |
| Technology and content                           | 161                         | 176    | 337                       | 353      |
| Total amortization of acquired intangible assets | \$ 1,420                    | \$ 907 | \$ 2,855                  | \$ 1,609 |



PLURALSIGHT, INC.

**Key Business Metrics and Non-GAAP Financial Measures**  
(dollars in thousands)  
(unaudited)

**Key Business Metrics**

|  | Three Months Ended June 30, |           | Six Months Ended June 30, |            |
|--|-----------------------------|-----------|---------------------------|------------|
|  | 2020                        | 2019      | 2020                      | 2019       |
| Billings                                     | \$ 89,034                   | \$ 80,552 | \$ 179,312                | \$ 158,480 |
| <i>Billings from business customers</i>      | \$ 77,695                   | \$ 69,104 | \$ 158,167                | \$ 136,260 |
| <i>% of billings from business customers</i> | 87%                         | 86%       | 88%                       | 86%        |

**Non-GAAP Financial Measures**

|   | Three Months Ended June 30, |           | Six Months Ended June 30, |            |
|---|-----------------------------|-----------|---------------------------|------------|
|   | 2020                        | 2019      | 2020                      | 2019       |
| <b>Reconciliation of gross profit to non-GAAP gross profit:</b> |                             |           |                           |            |
| Gross profit  | \$ 75,048                   | \$ 58,059 | \$ 148,686                | \$ 110,964 |
| Equity-based compensation                                       | 296                         | 133       | 566                       | 217        |
| Amortization of acquired intangible assets                      | 1,209                       | 702       | 2,418                     | 1,227      |
| Employer payroll taxes on employee stock transactions           | 15                          | 13        | 32                        | 16         |
| Non-GAAP gross profit   | \$ 76,568                   | \$ 58,907 | \$ 151,702                | \$ 112,424 |
| Gross margin  | 79%                         | 77%       | 79%                       | 76%        |
| Non-GAAP gross margin   | 81%                         | 78%       | 81%                       | 77%        |

PLURALSIGHT, INC.

Key Business Metrics and Non-GAAP Financial Measures (cont.)

(dollars in thousands)

(unaudited)

|   | Three Months Ended June 30, |             | Six Months Ended June 30, |             |
|---|-----------------------------|-------------|---------------------------|-------------|
|   | 2020                        | 2019        | 2020                      | 2019        |
| <b>Reconciliation of operating expenses to non-GAAP operating expenses:</b> |                             |             |                           |             |
| Sales and marketing   | \$ 57,759                   | \$ 50,046   | \$ 120,174                | \$ 94,217   |
| Less: Equity-based compensation   | (10,878)                    | (7,952)     | (20,400)                  | (14,228)    |
| Less: Amortization of acquired intangible assets                            | (50)                        | (29)        | (100)                     | (29)        |
| Less: Employer payroll taxes on employee stock transactions                 | (329)                       | (533)       | (821)                     | (1,141)     |
| Non-GAAP sales and marketing  | \$ 46,502                   | \$ 41,532   | \$ 98,853                 | \$ 78,819   |
| Sales and marketing as a percentage of revenue                              | 61%                         | 66%         | 64%                       | 65%         |
| Non-GAAP sales and marketing as a percentage of revenue                     | 49%                         | 55%         | 53%                       | 54%         |
| <b>Technology and content</b>   |                             |             |                           |             |
| Technology and content  | \$ 29,514                   | \$ 24,819   | \$ 59,658                 | \$ 45,090   |
| Less: Equity-based compensation   | (6,884)                     | (5,137)     | (13,220)                  | (8,847)     |
| Less: Amortization of acquired intangible assets                            | (161)                       | (176)       | (337)                     | (353)       |
| Less: Employer payroll taxes on employee stock transactions                 | (381)                       | (434)       | (852)                     | (914)       |
| Non-GAAP technology and content   | \$ 22,088                   | \$ 19,072   | \$ 45,249                 | \$ 34,976   |
| Technology and content as a percentage of revenue                           | 31%                         | 33%         | 32%                       | 31%         |
| Non-GAAP technology and content as a percentage of revenue                  | 23%                         | 25%         | 24%                       | 24%         |
| <b>General and administrative</b>   |                             |             |                           |             |
| General and administrative  | \$ 22,996                   | \$ 20,575   | \$ 46,367                 | \$ 42,766   |
| Less: Equity-based compensation   | (8,367)                     | (9,510)     | (17,817)                  | (19,708)    |
| Less: Employer payroll taxes on employee stock transactions                 | (272)                       | (349)       | (670)                     | (702)       |
| Less: Secondary offering costs  | (1,260)                     | —           | (1,260)                   | (918)       |
| Less: Acquisition-related costs   | —                           | (835)       | —                         | (835)       |
| Non-GAAP general and administrative   | \$ 13,097                   | \$ 9,881    | \$ 26,620                 | \$ 20,603   |
| General and administrative as a percentage of revenue                       | 24%                         | 27%         | 25%                       | 29%         |
| Non-GAAP general and administrative as a percentage of revenue              | 14%                         | 13%         | 14%                       | 14%         |
| <b>Reconciliation of loss from operations to non-GAAP operating loss:</b>   |                             |             |                           |             |
| Loss from operations  | \$ (35,221)                 | \$ (37,381) | \$ (77,513)               | \$ (71,109) |
| Equity-based compensation   | 26,425                      | 22,732      | 52,003                    | 43,000      |
| Amortization of acquired intangible assets                                  | 1,420                       | 907         | 2,855                     | 1,609       |
| Employer payroll taxes on employee stock transactions                       | 997                         | 1,329       | 2,375                     | 2,773       |
| Secondary offering costs  | 1,260                       | —           | 1,260                     | 918         |
| Acquisition-related costs   | —                           | 835         | —                         | 835         |
| Non-GAAP operating loss   | \$ (5,119)                  | \$ (11,578) | \$ (19,020)               | \$ (21,974) |

PLURALSIGHT, INC.

Key Business Metrics and Non-GAAP Financial Measures (cont.)

(in thousands, except per share amounts)

(unaudited)

|   | Three Months Ended June 30, |             | Six Months Ended June 30, |             |
|---|-----------------------------|-------------|---------------------------|-------------|
|   | 2020                        | 2019        | 2020                      | 2019        |
| <b>Adjusted pro forma net loss per share</b>  |                             |             |                           |             |
| <b>Numerator:</b>   |                             |             |                           |             |
| Net loss attributable to Pluralsight, Inc.  | \$ (29,929)                 | \$ (29,127) | \$ (65,248)               | \$ (48,202) |
| Net loss attributable to non-controlling interests  | (9,801)                     | (11,637)    | (21,995)                  | (26,446)    |
| Equity-based compensation   | 26,425                      | 22,732      | 52,003                    | 43,000      |
| Amortization of acquired intangibles  | 1,420                       | 907         | 2,855                     | 1,609       |
| Employer payroll taxes on employee stock transactions   | 997                         | 1,329       | 2,375                     | 2,773       |
| Secondary offering costs  | 1,260                       | —           | 1,260                     | 918         |
| Acquisition-related costs   | —                           | 835         | —                         | 835         |
| Amortization of debt discount and issuance costs  | 6,684                       | 6,749       | 13,275                    | 8,294       |
| Adjusted pro forma net loss   | \$ (2,944)                  | \$ (8,212)  | \$ (15,475)               | \$ (17,219) |
| <b>Denominator:</b>   |                             |             |                           |             |
| Weighted-average shares of Class A common stock outstanding                                       | 107,153                     | 97,608      | 105,899                   | 86,827      |
| Weighted-average LLC Units of Pluralsight Holdings that are convertible into Class A common stock | 35,276                      | 39,006      | 35,702                    | 48,923      |
| Adjusted pro forma weighted-average common shares outstanding, basic and diluted                  | 142,429                     | 136,614     | 141,601                   | 135,750     |
| Adjusted pro forma net loss per share   | \$ (0.02)                   | \$ (0.06)   | \$ (0.11)                 | \$ (0.13)   |
| <b>Reconciliation of net cash (used in) provided by operating activities to free cash flow:</b>   |                             |             |                           |             |
| Net cash (used in) provided by operating activities   | \$ (9,250)                  | \$ (7,184)  | \$ 9,045                  | \$ (1,648)  |
| Less: Purchases of property and equipment   | (6,626)                     | (2,457)     | (20,520)                  | (4,590)     |
| Less: Purchases of content library  | (2,113)                     | (1,504)     | (3,793)                   | (2,441)     |
| Free cash flow  | \$ (17,989)                 | \$ (11,145) | \$ (15,268)               | \$ (8,679)  |

**PLURALSIGHT, INC.**  
**Condensed Consolidated Balance Sheets**  
*(in thousands)*  
*(unaudited)*

|  | June 30,<br>2020 | December 31,<br>2019 |
|--|------------------|----------------------|
| <b>Assets</b>  |                  |                      |
| Current assets:  |                  |                      |
| Cash and cash equivalents                                    | \$ 87,982        | \$ 90,515            |
| Short-term investments                                       | 318,483          | 332,234              |
| Accounts receivable, net                                     | 61,578           | 101,576              |
| Deferred contract acquisition costs                          | 17,745           | 18,331               |
| Prepaid expenses and other current assets                    | 14,764           | 14,174               |
| Total current assets   | 500,552          | 556,830              |
| Restricted cash and cash equivalents                         | 21,622           | 28,916               |
| Long-term investments  | 122,224          | 105,805              |
| Property and equipment, net                                  | 60,788           | 22,896               |
| Right-of-use assets  | 62,982           | 15,804               |
| Content library, net   | 11,017           | 8,958                |
| Intangible assets, net                                       | 19,787           | 22,631               |
| Goodwill   | 262,532          | 262,532              |
| Deferred contract acquisition costs, noncurrent              | 7,164            | 5,982                |
| Other assets   | 1,709            | 1,599                |
| Total assets   | \$ 1,070,377     | \$ 1,031,953         |
| <b>Liabilities and stockholders' equity</b>                  |                  |                      |
| Current liabilities:   |                  |                      |
| Accounts payable   | \$ 5,985         | \$ 10,615            |
| Accrued expenses   | 38,950           | 40,703               |
| Accrued author fees  | 11,711           | 11,694               |
| Lease liabilities  | 7,752            | 5,752                |
| Deferred revenue   | 207,575          | 215,137              |
| Total current liabilities                                    | 271,973          | 283,901              |
| Deferred revenue, noncurrent                                 | 18,813           | 19,517               |
| Convertible senior notes, net                                | 483,503          | 470,228              |
| Lease liabilities, noncurrent                                | 76,340           | 11,167               |
| Other liabilities  | 70               | 980                  |
| Total liabilities  | 850,699          | 785,793              |
| Stockholders' equity:  |                  |                      |
| Preferred stock  | —                | —                    |
| Class A common stock   | 11               | 10                   |
| Class B common stock   | 2                | 2                    |
| Class C common stock   | 1                | 1                    |
| Additional paid-in capital                                   | 693,768          | 641,128              |
| Accumulated other comprehensive income                       | 1,154            | 225                  |
| Accumulated deficit  | (523,629)        | (458,381)            |
| Total stockholders' equity attributable to Pluralsight, Inc. | 171,307          | 182,985              |
| Non-controlling interests                                    | 48,371           | 63,175               |
| Total stockholders' equity                                   | 219,678          | 246,160              |
| Total liabilities and stockholders' equity                   | \$ 1,070,377     | \$ 1,031,953         |

PLURALSIGHT, INC.

Condensed Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

|   | Three Months Ended June 30, |             | Six Months Ended June 30, |             |
|---|-----------------------------|-------------|---------------------------|-------------|
|   | 2020                        | 2019        | 2020                      | 2019        |
| <b>Operating activities</b>   |                             |             |                           |             |
| Net loss  | \$ (39,730)                 | \$ (40,764) | \$ (87,243)               | \$ (74,648) |
| Adjustments to reconcile net loss to net cash (used in) provided by operating activities:           |                             |             |                           |             |
| Depreciation of property and equipment  | 3,225                       | 2,332       | 5,868                     | 4,579       |
| Amortization of acquired intangible assets  | 1,420                       | 907         | 2,855                     | 1,609       |
| Amortization of course creation costs   | 820                         | 611         | 1,581                     | 1,190       |
| Equity-based compensation   | 26,425                      | 22,732      | 52,003                    | 43,000      |
| Amortization of deferred contract acquisition costs   | 6,316                       | 5,444       | 12,767                    | 11,311      |
| Amortization of debt discount and issuance costs  | 6,684                       | 6,749       | 13,275                    | 8,294       |
| Investment discount and premium amortization, net   | (52)                        | (706)       | (428)                     | (706)       |
| Other   | 32                          | 275         | 693                       | 300         |
| Changes in assets and liabilities, net of acquired assets and liabilities:                          |                             |             |                           |             |
| Accounts receivable   | (1,107)                     | (4,276)     | 38,093                    | 7,116       |
| Deferred contract acquisition costs   | (7,492)                     | (5,579)     | (13,363)                  | (11,430)    |
| Prepaid expenses and other assets   | (497)                       | (2,243)     | (211)                     | (4,044)     |
| Right-of-use assets   | 1,548                       | 1,643       | 3,038                     | 2,927       |
| Accounts payable  | (2,139)                     | 18          | (4,606)                   | 1,053       |
| Accrued expenses and other liabilities  | 1,719                       | 2,030       | (4,612)                   | (3,129)     |
| Accrued author fees   | 114                         | 564         | 16                        | 1,299       |
| Lease liabilities   | (949)                       | (1,636)     | (2,874)                   | (3,372)     |
| Deferred revenue  | (5,587)                     | 4,715       | (7,807)                   | 13,003      |
| Net cash (used in) provided by operating activities   | (9,250)                     | (7,184)     | 9,045                     | (1,648)     |
| <b>Investing activities</b>   |                             |             |                           |             |
| Purchases of property and equipment   | (6,626)                     | (2,457)     | (20,520)                  | (4,590)     |
| Purchases of content library  | (2,113)                     | (1,504)     | (3,793)                   | (2,441)     |
| Cash paid for acquisition, net of cash acquired   | —                           | (163,871)   | —                         | (163,871)   |
| Purchases of investments  | (155,150)                   | (317,080)   | (317,012)                 | (317,080)   |
| Proceeds from sales of investments  | —                           | 4,967       | —                         | 4,967       |
| Proceeds from maturities of investments   | 155,070                     | —           | 315,605                   | —           |
| Net cash used in investing activities   | (8,819)                     | (479,945)   | (25,720)                  | (483,015)   |
| <b>Financing activities</b>   |                             |             |                           |             |
| Proceeds from issuance of common stock from employee equity plans                                   | 10,179                      | 12,010      | 10,878                    | 14,631      |
| Taxes paid related to net share settlement  | (1,523)                     | —           | (3,873)                   | —           |
| Proceeds from issuance of convertible senior notes, net of discount and issuance costs              | —                           | (1,009)     | —                         | 616,654     |
| Purchase of capped calls related to issuance of convertible senior notes                            | —                           | —           | —                         | (69,432)    |
| Net cash provided by financing activities   | 8,656                       | 11,001      | 7,005                     | 561,853     |
| Effect of exchange rate changes on cash, cash equivalents, and restricted cash and cash equivalents | 110                         | (4)         | (157)                     | 22          |
| Net (decrease) increase in cash, cash equivalents, and restricted cash and cash equivalents         | (9,303)                     | (476,132)   | (9,827)                   | 77,212      |
| Cash, cash equivalents, and restricted cash and cash equivalents, beginning of period               | 118,907                     | 764,415     | 119,431                   | 211,071     |
| Cash, cash equivalents, and restricted cash and cash equivalents, end of period                     | \$ 109,604                  | \$ 288,283  | \$ 109,604                | \$ 288,283  |

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