Snap Inc.

Q1 2025 Earnings Slides

April 29, 2025

Forward-Looking Statements & Non-GAAP Financial Measures

This presentation contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this presentation, including statements regarding guidance, our future results of operations or financial condition, future stock repurchase programs or stock dividends, business strategy and plans, user growth and engagement, product initiatives, objectives of management for future operations, and advertiser and partner offerings are forward-looking statements.

In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “going to,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will,” or “would” or the negative of these words or other similar terms or expressions. We caution you that the foregoing may not include all of the forward-looking statements made in this presentation.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this presentation primarily on our current expectations and projections about future events and trends, including our financial outlook, macroeconomic uncertainty, and geo-political events and conflicts, that we believe may continue to affect our business, financial condition, results of operations, and prospects. These forward-looking statements are subject to risks, uncertainties, and other factors, including those described in the sections titled “Risk Factors” and elsewhere in our most recent periodic report filed with the SEC, which is available on the SEC’s website at www.sec.gov. Additional information will be made available in our periodic report that will be filed with the SEC for the period covered by this presentation and other filings that we make from time to time with the SEC.

In addition, any forward-looking statements contained in this presentation relate only to events as of the date on which the statements are made and are based on information available to us as of the date of this presentation. We undertake no obligation to update any forward-looking statements made in this presentation to reflect events or circumstances after the date of this presentation or to reflect new information or the occurrence of unanticipated events, including future developments related to geo-political events and conflicts and macroeconomic conditions, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, dispositions, joint ventures, restructurings, legal settlements or investments.

This presentation includes certain non-GAAP financial measures. These non-GAAP financial measures, which may be different than similarly titled measures used by other companies, are presented to enhance investors’ overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. A reconciliation of GAAP to non-GAAP measures is provided in the Appendix of this presentation.

First Quarter 2025 Financial Summary

Revenue

- Revenue was $1,363 million, compared to $1,195 million in the prior year, an increase of 14%[1] year-over-year.
- Average revenue per user was $2.96, compared to $2.83 in the prior year.

Operating Performance

- GAAP gross margin was 53%, compared to 52% in the prior year.
- Adjusted Gross Margin[2] was 53%, compared to 52% in the prior year.
- Net loss was $140 million, compared to $305 million in the prior year.
- Adjusted EBITDA[3] was $108 million, compared to $46 million in the prior year.
- Net loss margin was (10)%, compared to (26)% in the prior year.
- Adjusted EBITDA Margin[3] was 8%, compared to 4% in the prior year.

Cash

- Operating cash flow was $152 million, compared to $88 million in the prior year.
- Free Cash Flow[4] was $114 million, compared to $38 million in the prior year.
- Cash, cash equivalents, and marketable securities were $3.2 billion as of March 31, 2025.

[1]On a constant currency basis, the impact of foreign exchange rates on revenue was not material at less than 1% in Q1 2025. Constant currency revenue is a non-GAAP measure, see Appendix for further detail.
[2]Adjusted Gross Margin is a non-GAAP measure. Refer to slide 9 for additional information.
[3]Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP measures. Refer to slide 11 for additional information.
[4]Free Cash Flow is a non-GAAP measure. Refer to slide 13 for additional information.
Quarterly information is unaudited. Numbers throughout presentation may not foot due to rounding.

REVENUE WAS $1,363 MILLION IN Q1 2025, AN INCREASE OF 14% YoY

Business Highlights

We deepened engagement with our community:

- Q1 marked an important milestone for Snap, as we reached more than 900 million monthly active users (MAU), on the way to our goal of 1 billion MAU.
- Daily active users (DAU) were 460 million in Q1 2025, an increase of 38 million, or 9%, year-over-year.
- The total number of Snap Star Spotlight posts grew by over 125% year-over-year in Q1.
- The number of views on Spotlight posts less than 24 hours old doubled year-over-year—which contributes to a more engaging, timely, and fresh viewer experience.
- My AI DAUs grew more than 55% year-over-year in the U.S. as a result of the multimodal improvements we've rolled out to My AI over the past year.

We are focused on accelerating and diversifying our revenue growth:

- Total active advertisers grew by 60% year-over-year in Q1.
- SKAdNetwork reported app purchases grew more than 30% year-over-year in Q1.
- We rolled out improvements to our automated Target Cost (tCPA) bidding strategy, leveraging ML technology to help advertisers achieve more consistent cost-per-action results.
- We expanded our Agency Partner Program to agencies of all sizes, providing them with dedicated support, training, and resources to help their clients maximize ROI on Snapchat.
- In addition to the Sponsored Snap takeover buys launched last quarter, we began early testing of Sponsored Snaps in our auction in Q1 as we look to expand Sponsored Snaps to additional bidding objectives.
- We launched our new brand suitability solutions, giving advertisers even more control when it comes to content adjacency.
- Other Revenue, the majority of which is Snapchat+ subscription revenue, increased 75% year-over-year in Q1.

Business Highlights (Continued)

We invested in our augmented reality platform:

- We introduced new advanced AI video Lenses, powered by our in-house generative video model.
- Easy Lens, an AI-powered tool that simplifies Lens creation, went into early testing in mid-December and has already been used to create over 10,000 Lenses, generating over 2 billion impressions.
- We launched our Music Lyrics feature, combining community-created Lenses with our music library to bring songs to life through visualized lyrics — including “APT.” by Bruno Mars and ROSÉ.
- In Q1, Lens Studio downloads more than doubled year-over year, and Lens Studio monthly active users reached an all-time high.
- We introduced Challenge Tags, a new way Snap AR developers can be rewarded for submitting Lenses using active Challenge Tags, which are judged on their originality, technical excellence, and theme focus.

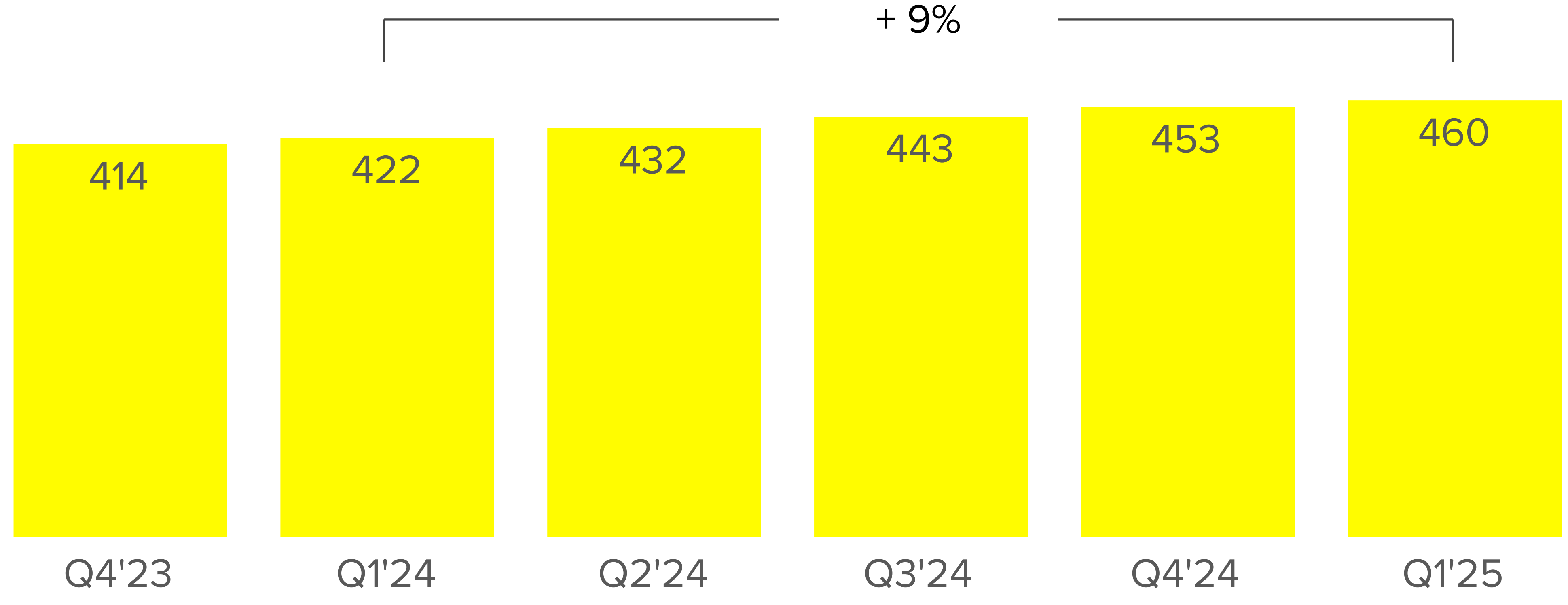
We are building the next-generation AR operating system for Spectacles:

- We introduced a set of platform capabilities that unlock the ability to build Lenses using global positioning system integration, compass heading, and custom locations, which improves location-based experiences.
- One of our newest Lenses, Basketball Trainer, brings practice to life in AR with a holographic AR coach and shooting drills that use SnapML to track your score automatically.
- Niantic's latest update of Peridot Beyond now enables a multiplayer AR experience with our Connected Lens technology and connects Spectacles with the Peridot mobile game.
- Wabisabi Games created an AR Lens that gamifies dog walking by using SnapML to recognize your dog, overlay visual effects, track routes and steps, and reward users with virtual items.
- We added the ability to integrate in-game leaderboards into Lenses, released an improved keyboard, and introduced new hand tracking capabilities.
- We introduced Spectacles Community Challenges, a new way developers can win cash prizes for submitting new or updating existing Lenses, which are judged on engagement, technical excellence, and Lens quality.

Average Daily Active Users (DAU)

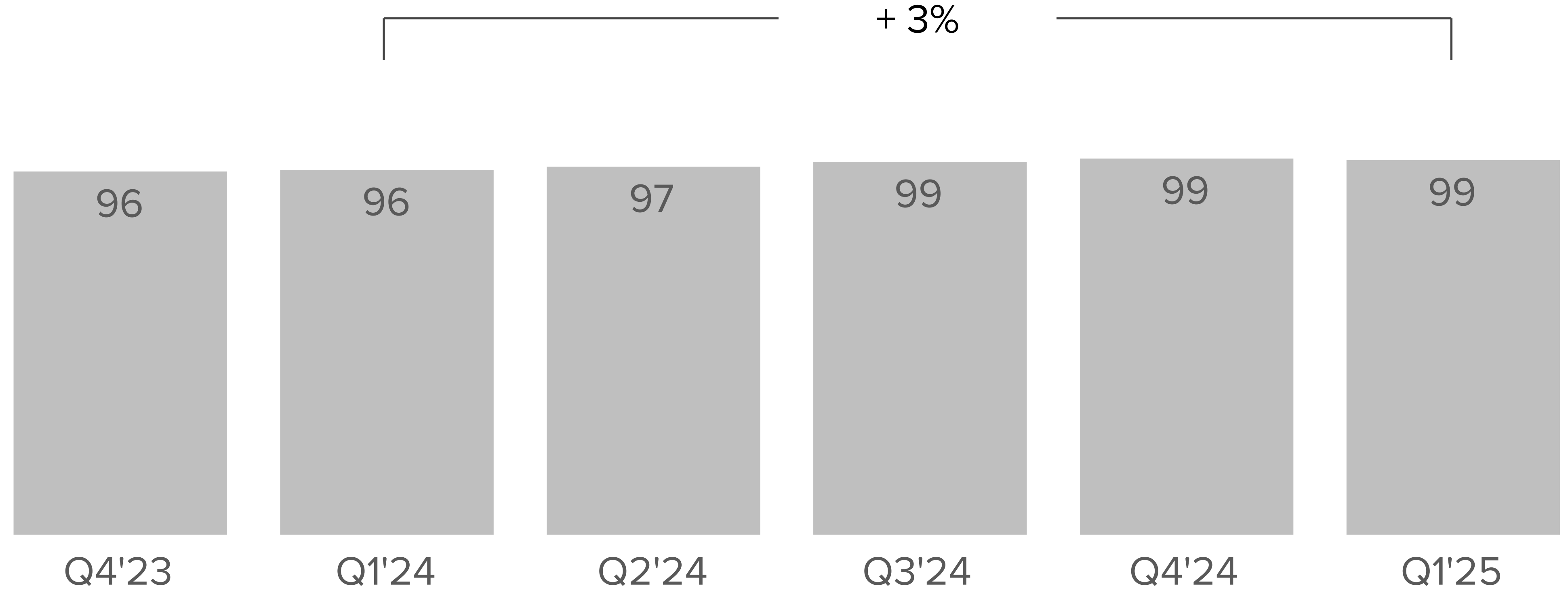
(in millions, unaudited)

GLOBAL

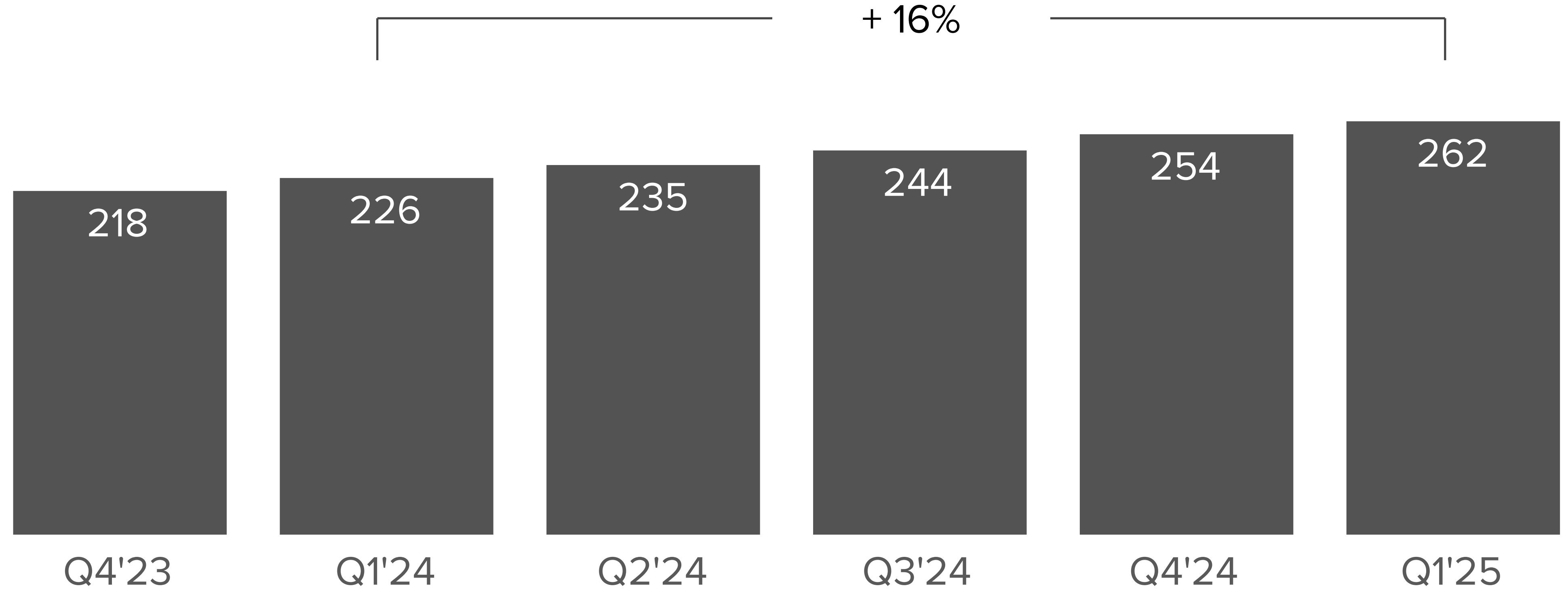


NORTH AMERICA[1]

EUROPE[2]



REST OF WORLD



We define a Daily Active User, or DAU, as a registered and logged-in Snapchat user who visits Snapchat through our applications or websites at least once during a defined 24-hour period. We calculate average Daily Active Users for a particular quarter by adding the number of DAUs on each day of that quarter and dividing that sum by the number of days in that quarter. In the first quarter of 2025, we refined our processes and controls to allow us to more accurately record user activity. For additional information concerning these refinements, see the "Note Regarding User Metrics and Other Data" within the Appendix.

[1]North America includes Mexico, the Caribbean, and Central America.

[2]Europe includes Russia and Turkey.

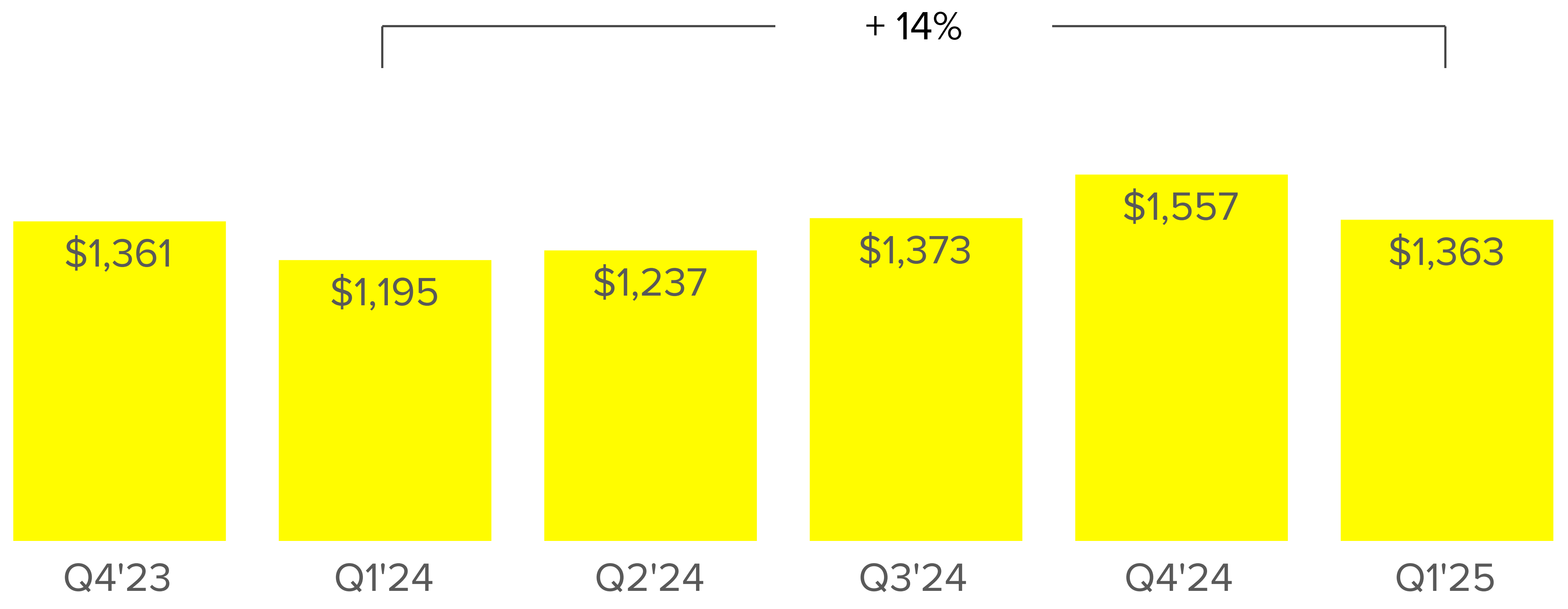
Numbers throughout presentation may not foot due to rounding.

GLOBAL DAU INCREASED 38 MILLION, OR 9%, YoY
GLOBAL MAU EXCEEDED 900 MILLION IN Q1 2025

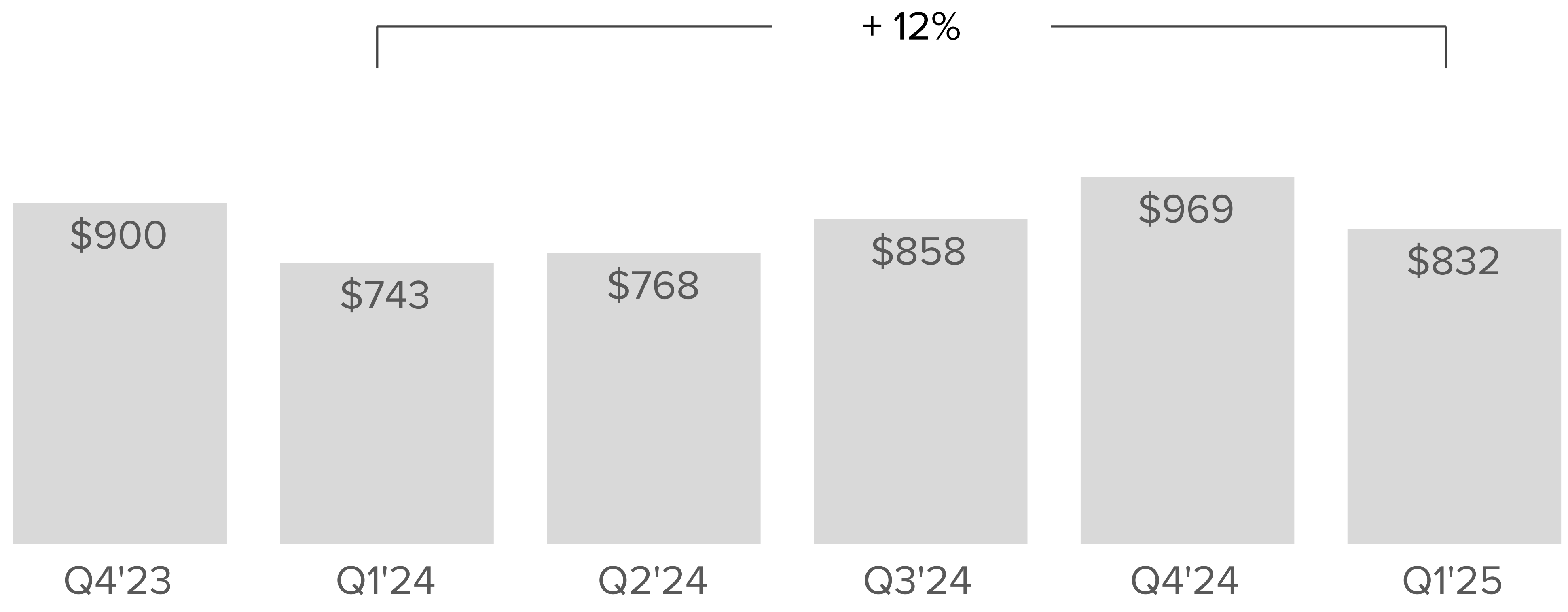
Revenue by Geography

(in millions, unaudited)

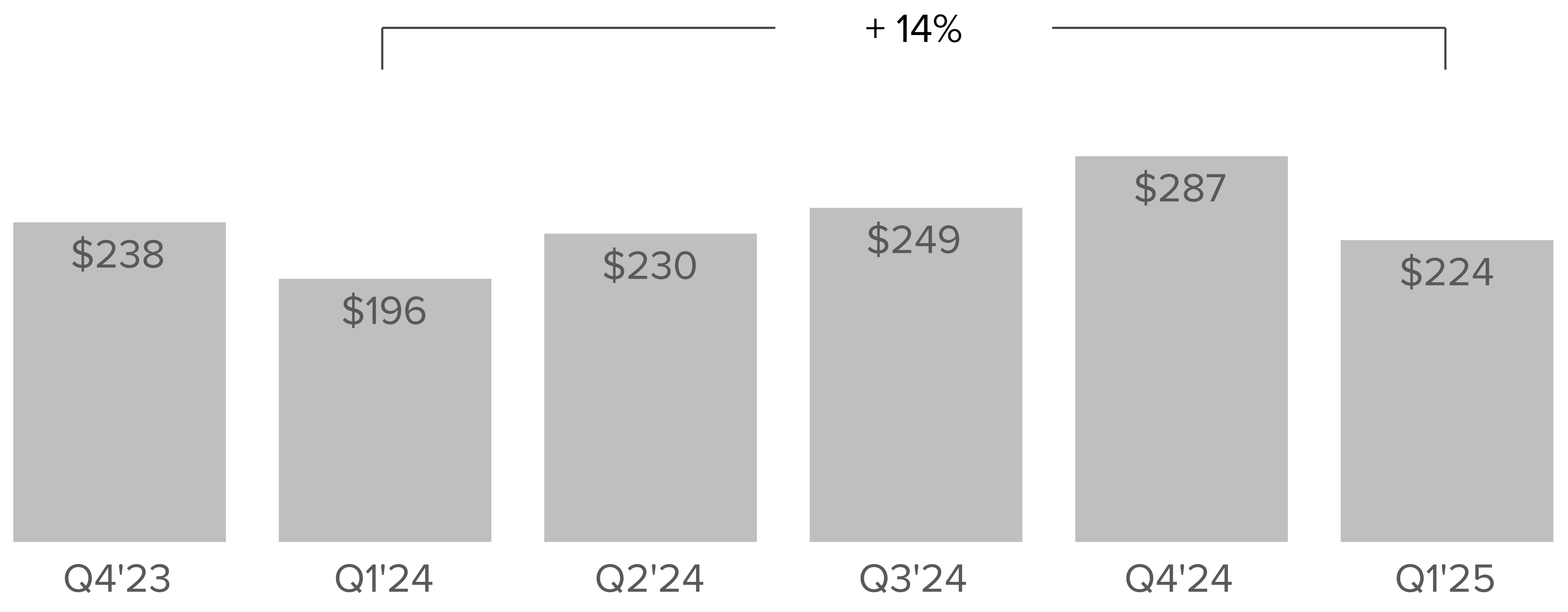
GLOBAL



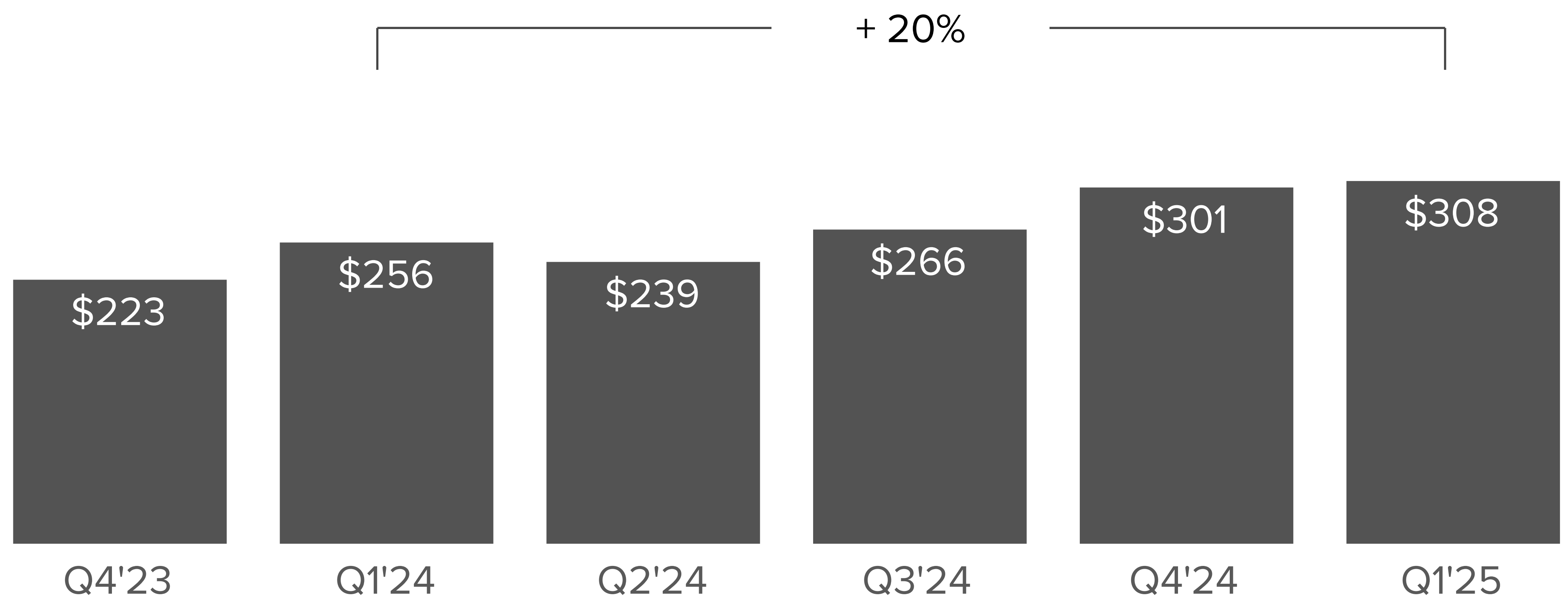
NORTH AMERICA[1]



EUROPE[2]



REST OF WORLD



Total revenue for geographic reporting is apportioned to each region based on our determination of the geographic location in which advertising impressions are delivered, as this approximates revenue based on user activity. This allocation is consistent with how we determine ARPU.

[1] North America includes Mexico, the Caribbean, and Central America.

[2] Europe includes Russia and Turkey. Effective March 2022, we halted advertising sales to Russian and Belarusian entities.

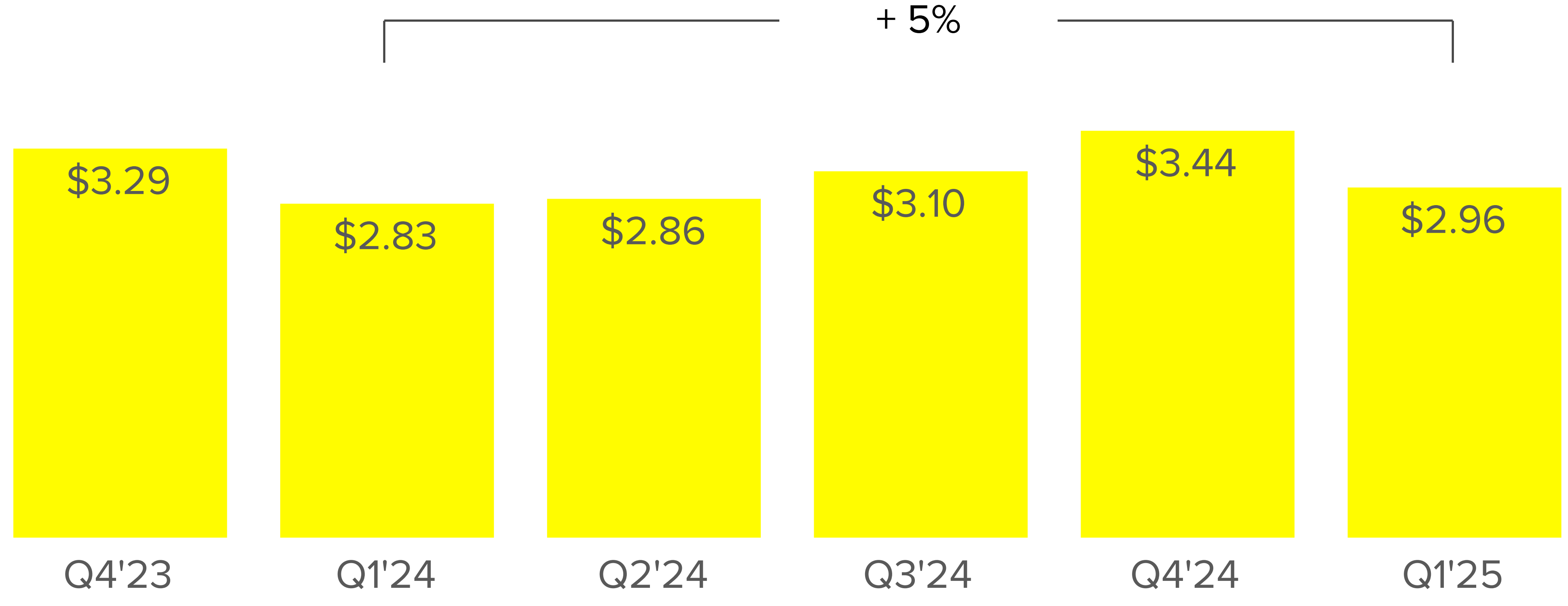
Numbers throughout presentation may not foot due to rounding.

NORTH AMERICA REVENUE GROWTH ACCELERATED BY 4 PPT QoQ

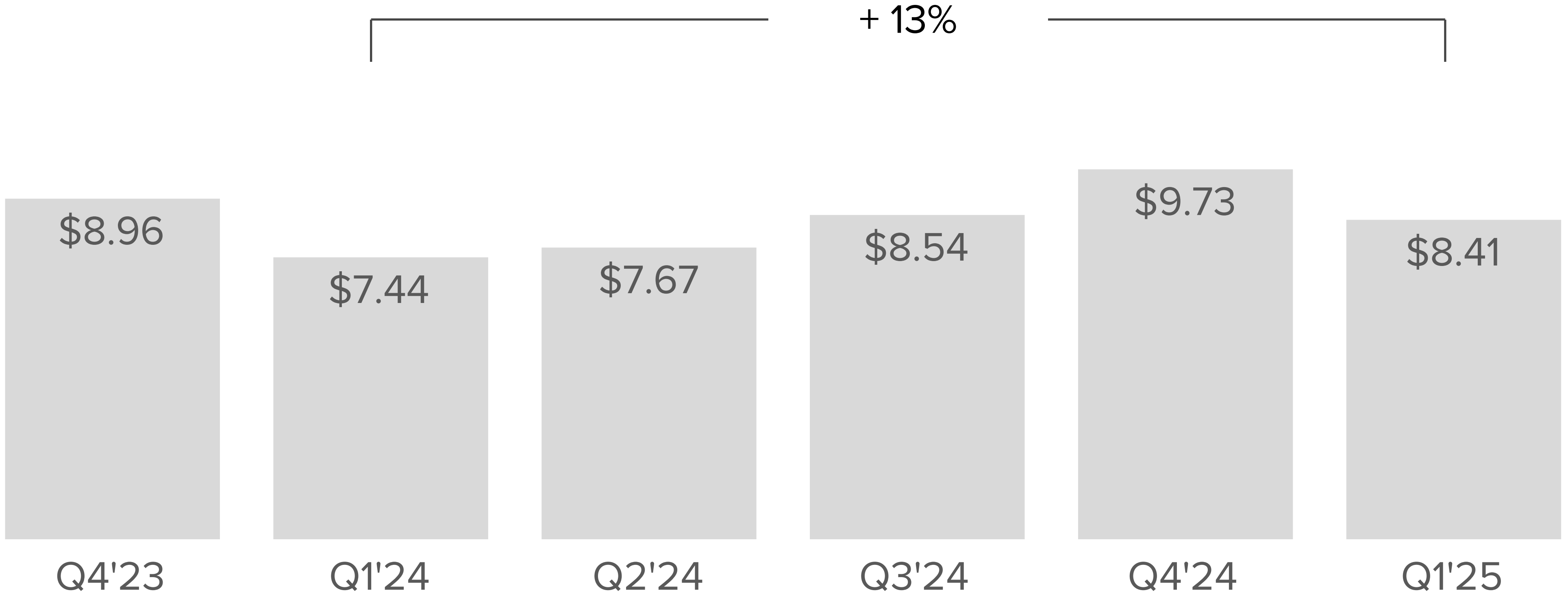
Average Revenue Per User (ARPU)

(unaudited)

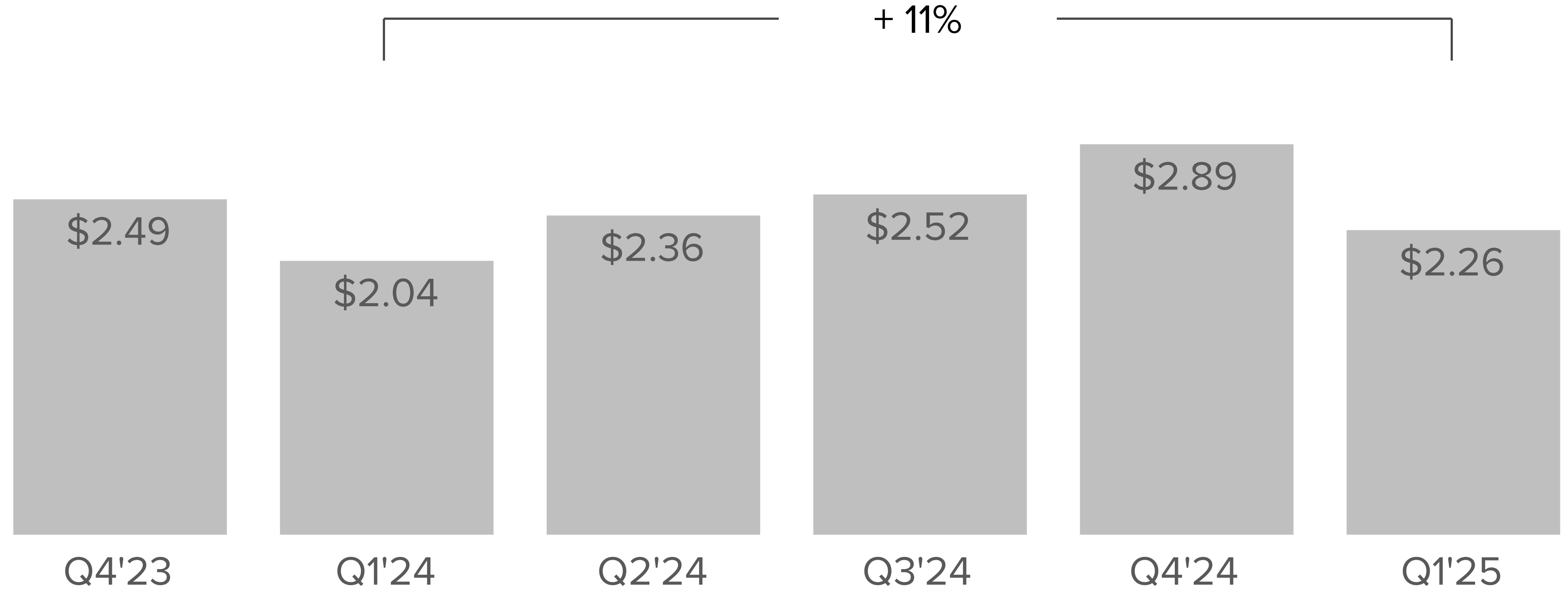
GLOBAL



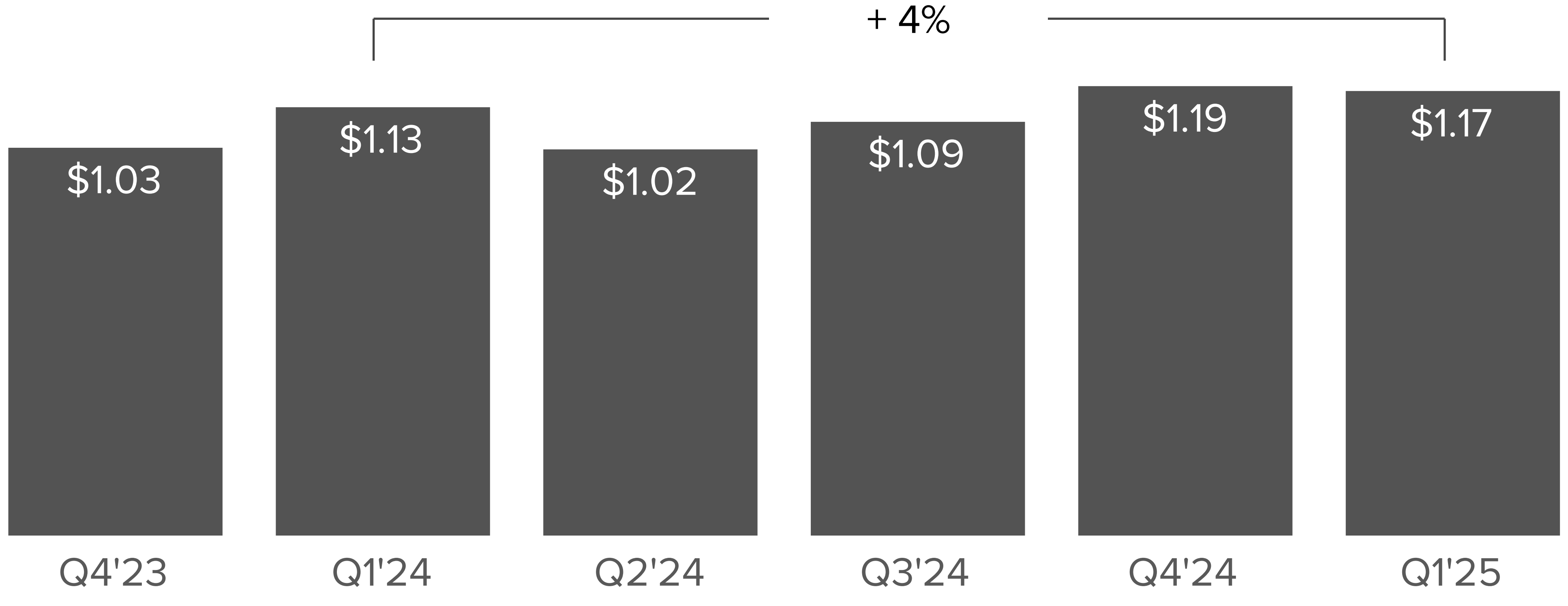
NORTH AMERICA[1]



EUROPE[2]



REST OF WORLD



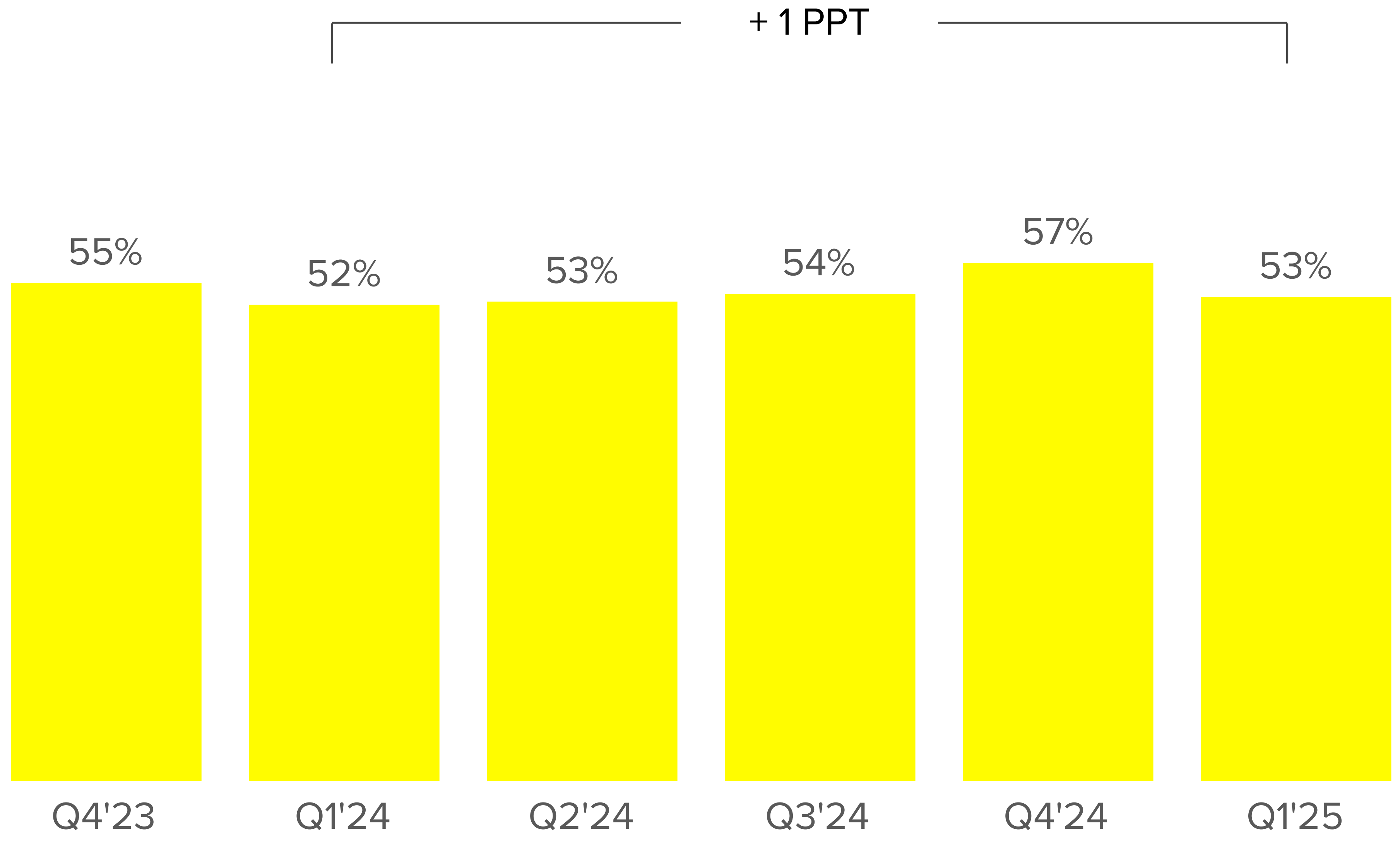
We define ARPU as quarterly revenue divided by the average Daily Active Users. For purposes of calculating ARPU, revenue by user geography is apportioned to each region based on our determination of the geographic location in which advertising impressions are delivered, as this approximates revenue based on user activity.
[1]North America includes Mexico, the Caribbean, and Central America.
[2]Europe includes Russia and Turkey. Effective March 2022, we halted advertising sales to Russian and Belarusian entities.
Numbers throughout presentation may not foot due to rounding.

GLOBAL ARPU WAS $12.36 OVER THE TRAILING TWELVE MONTHS

Adjusted Gross Margin and Adjusted Cost of Revenue[1]

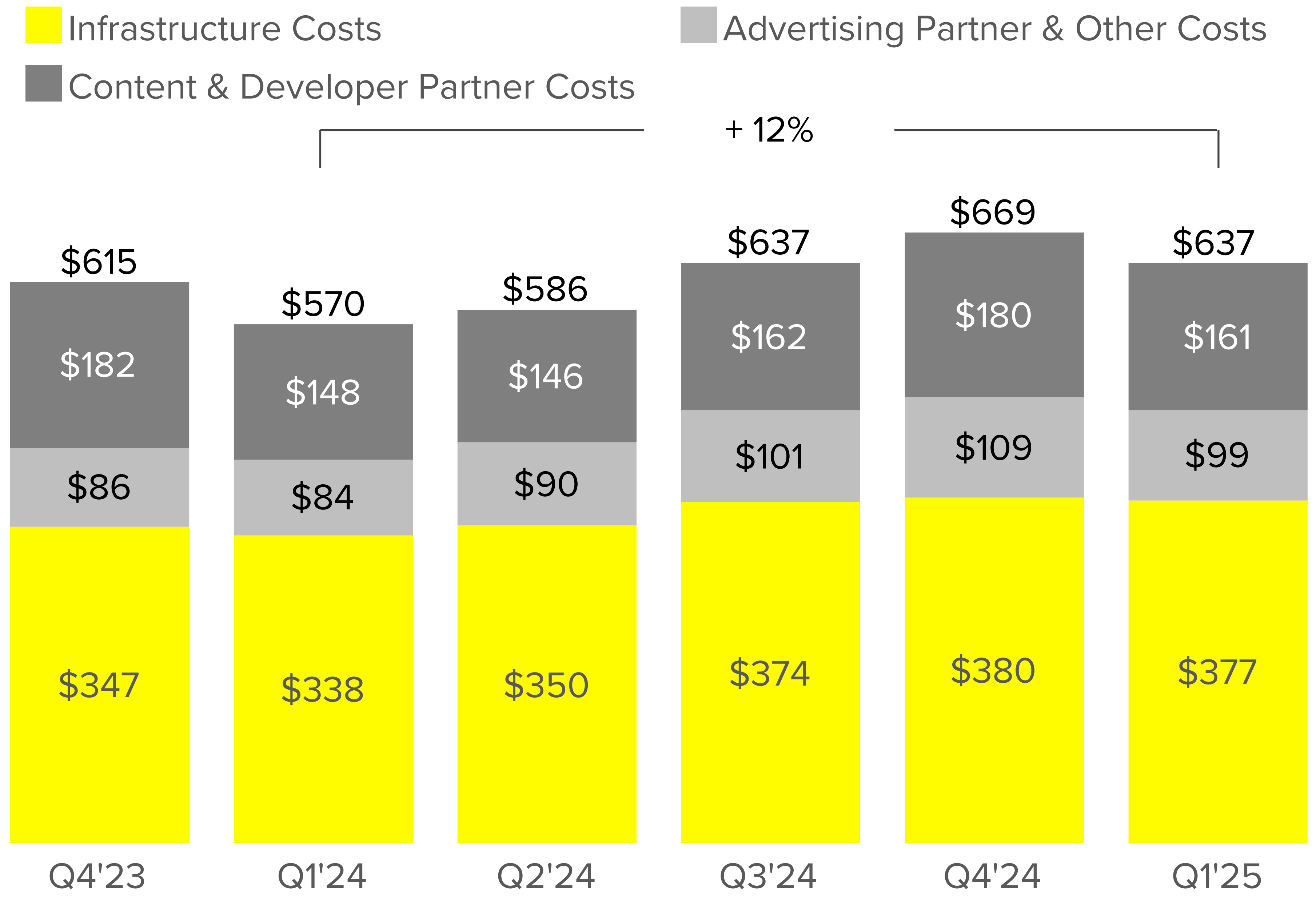
(dollars in millions, unaudited)

ADJUSTED GROSS MARGIN[1]



	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
GAAP Gross Margin	54%	52%	52%	53%	57%	53%

ADJUSTED COST OF REVENUE[1] COMPOSITION



	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Non-GAAP Exclusions[1]	$6	$5	$3	$2	$3	$3
GAAP Cost of Revenue	$622	$575	$589	$639	$672	$640

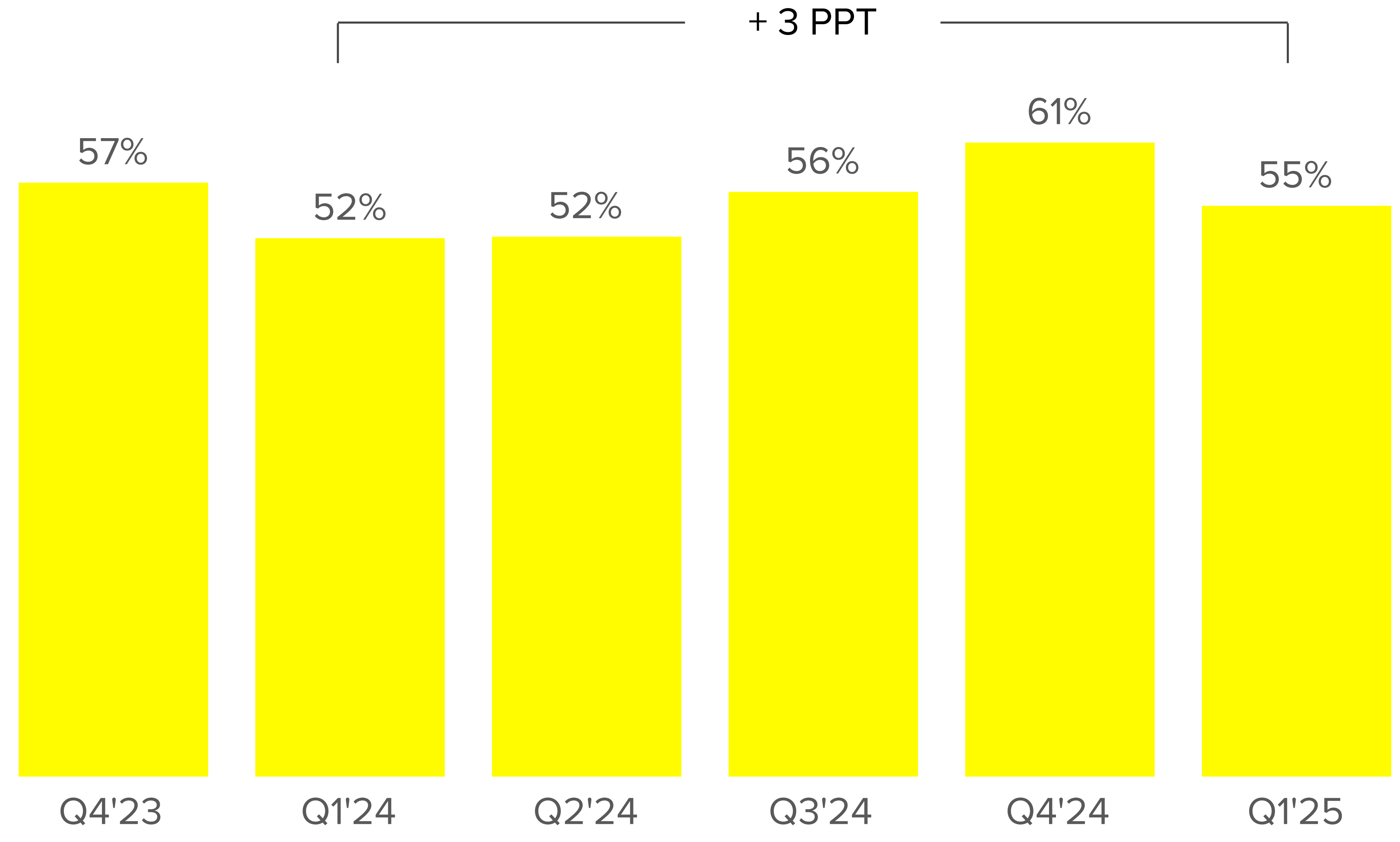
[1]Adjusted Gross Margin is a non-GAAP measure, which we define as GAAP revenue less Adjusted Cost of Revenue divided by GAAP revenue. Adjusted Cost of Revenue is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other items impacting net income (loss) from time to time. In Q1 2024, other items included restructuring charges of $1 million. See Appendix for a reconciliation of GAAP Cost of Revenue to Adjusted Cost of Revenue.
Numbers throughout presentation may not foot due to rounding.

GAAP GROSS MARGIN AND ADJUSTED GROSS MARGIN IMPROVED BY 1 PPT YoY
INFRASTRUCTURE COST PER DAU WAS $0.82 IN Q1 2025

Adjusted Operating Expense Margin and Adjusted Operating Expenses[1]

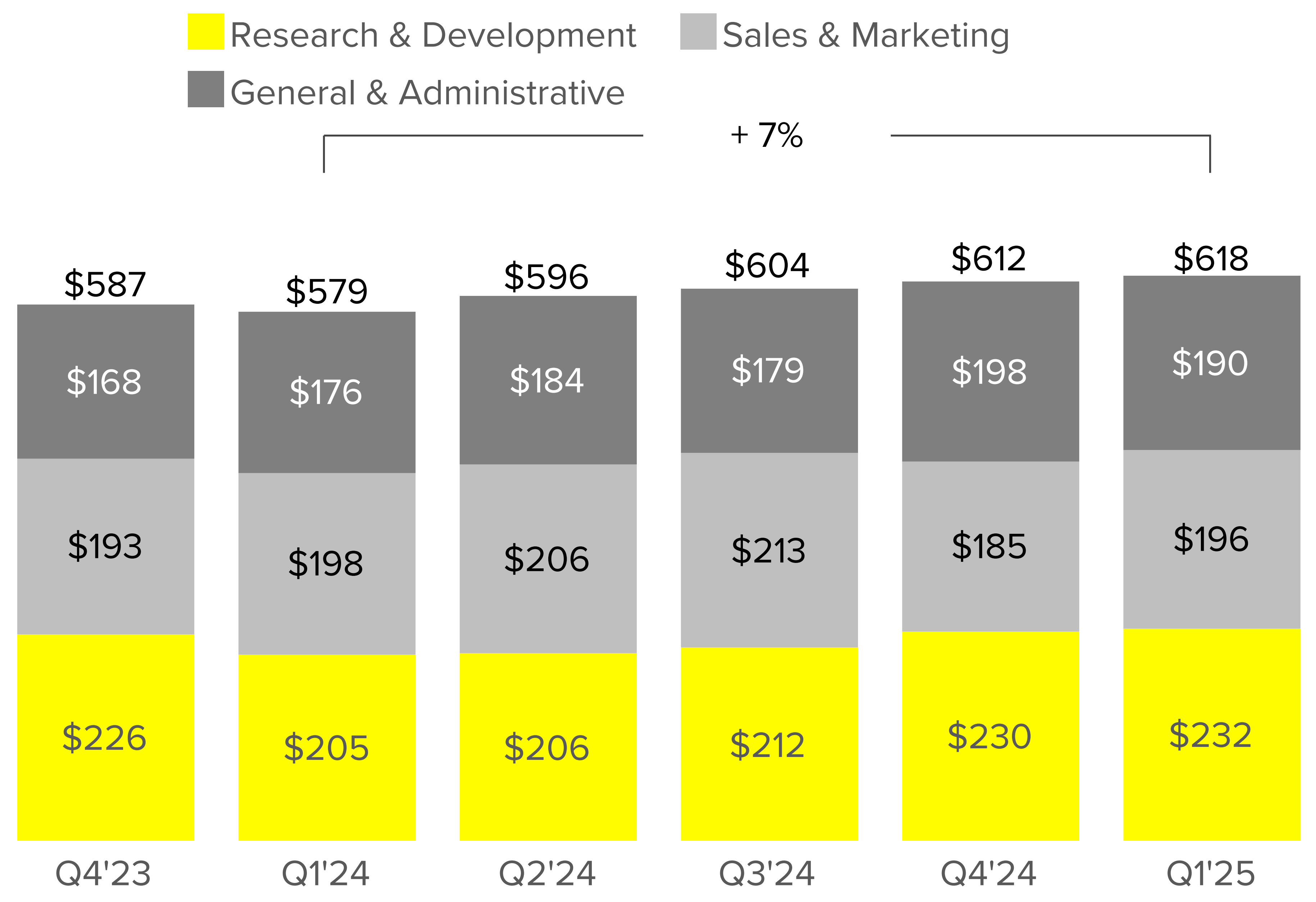
(dollars in millions, unaudited)

ADJUSTED OPERATING EXPENSE MARGIN[1]



	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
GAAP Operating Expense Margin	27%	20%	27%	34%	41%	33%

ADJUSTED OPERATING EXPENSES[1] COMPOSITION



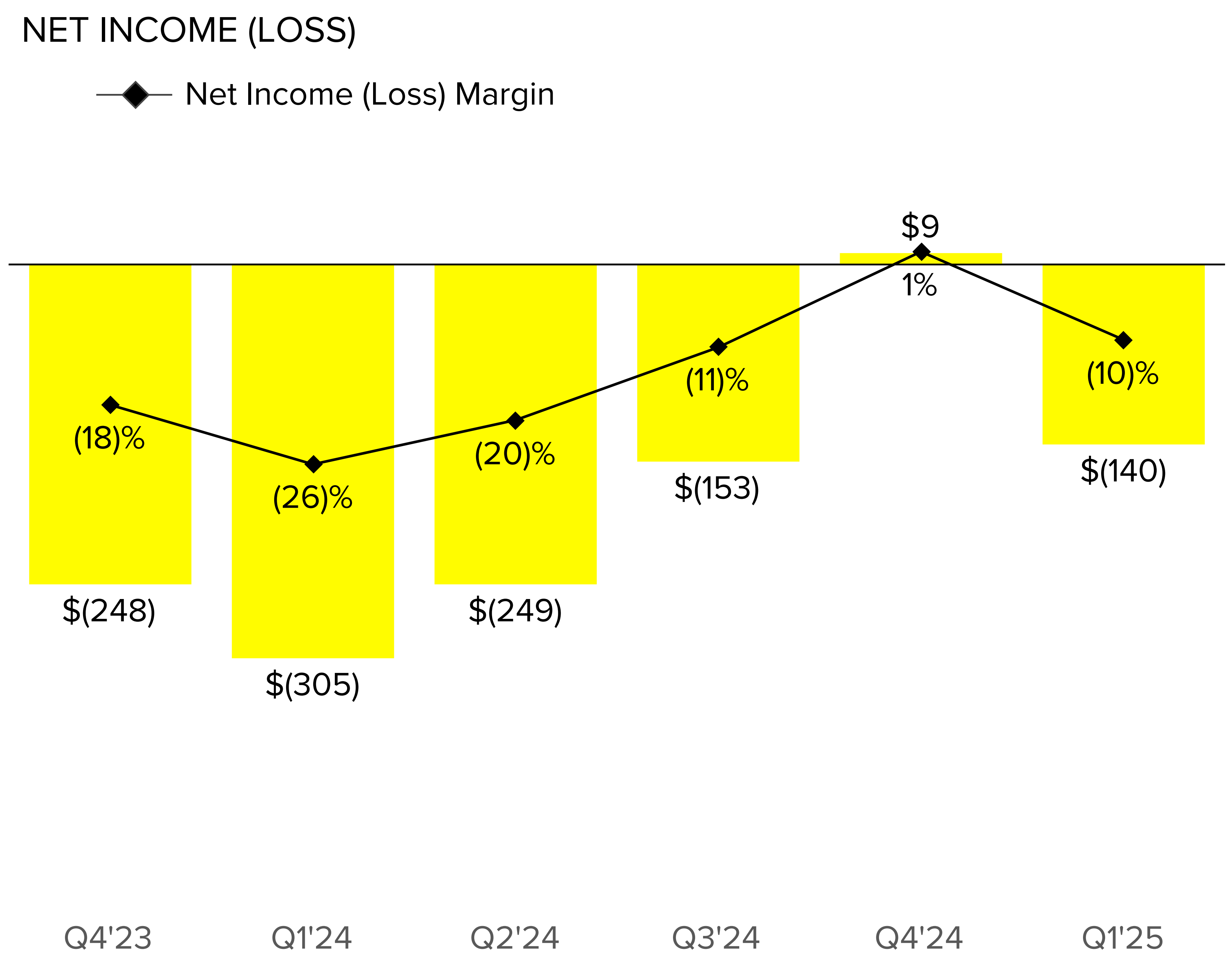
	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Non-GAAP Exclusions[1]	$402	$374	$306	$303	$300	$299
GAAP Operating Expenses	$988	$953	$902	$907	$913	$917

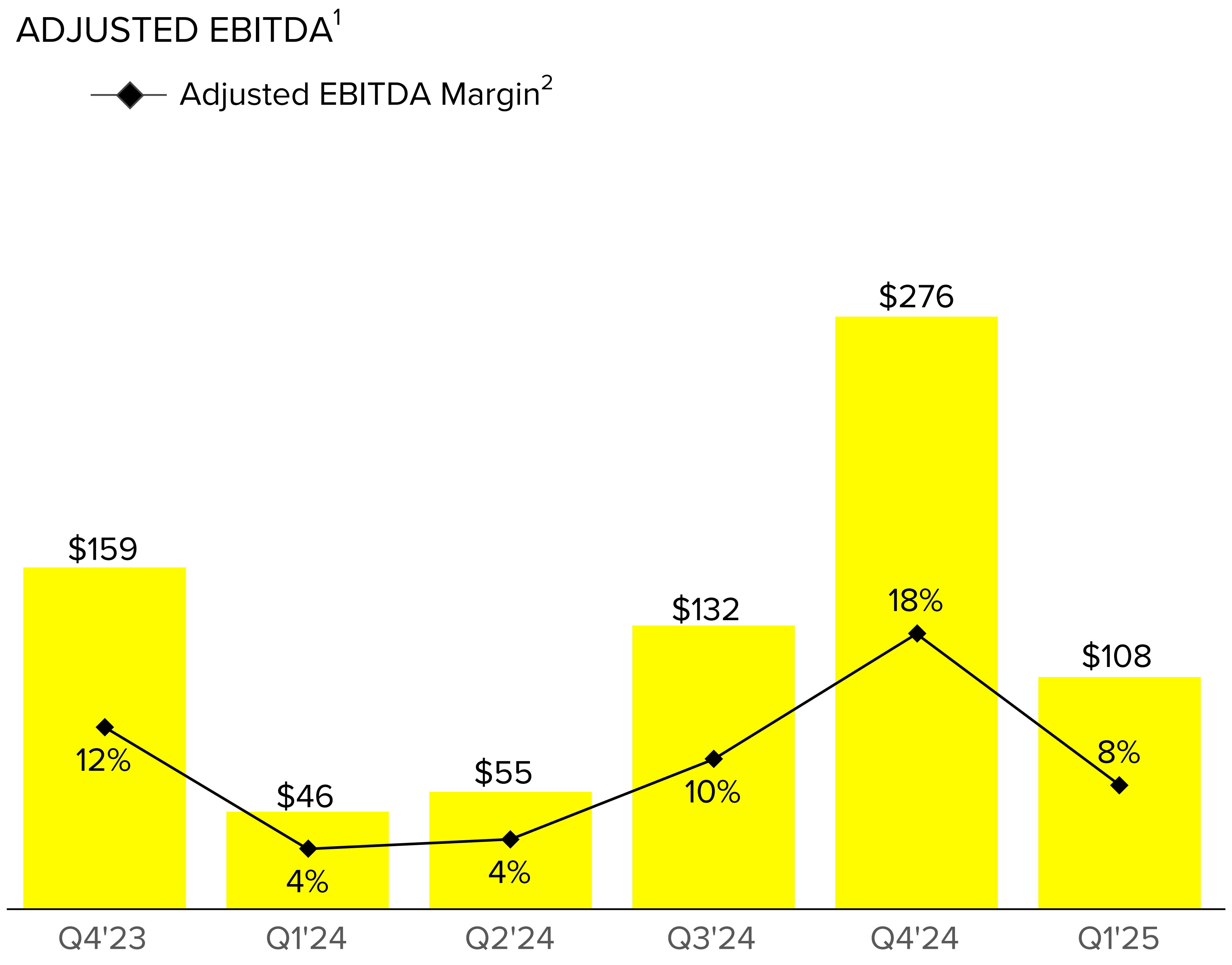
[1]Adjusted Operating Expense Margin is a non-GAAP measure, which we define as GAAP revenue less Adjusted Operating Expenses, divided by GAAP revenue. Adjusted Operating Expenses is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other items impacting net income (loss) from time to time. In Q4 2023, Q1 2024, and Q2 2024, other items included restructuring charges of $22 million, $69 million, and $2 million, respectively. See Appendix for a reconciliation of GAAP Operating Expenses to Adjusted Operating Expenses.
Numbers throughout presentation may not foot due to rounding.

GAAP OPERATING EXPENSE MARGIN IMPROVED 13 PPT YoY
ADJUSTED OPERATING EXPENSE MARGIN IMPROVED 3 PPT YoY

Net Income (Loss) & Adjusted EBITDA[1]

(dollars in millions, unaudited)





[1]Adjusted EBITDA is a non-GAAP measure, which we define as net income (loss), excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; and certain other items impacting net income (loss) from time to time. In Q4 2023, Q1 2024, and Q2 2024, other items included restructuring charges of $22 million, $70 million, and $2 million, respectively. See Appendix for a reconciliation of net loss to Adjusted EBITDA.
[2]Adjusted EBITDA Margin is a non-GAAP measure, which we define as Adjusted EBITDA divided by GAAP revenue.
Numbers throughout presentation may not foot due to rounding.

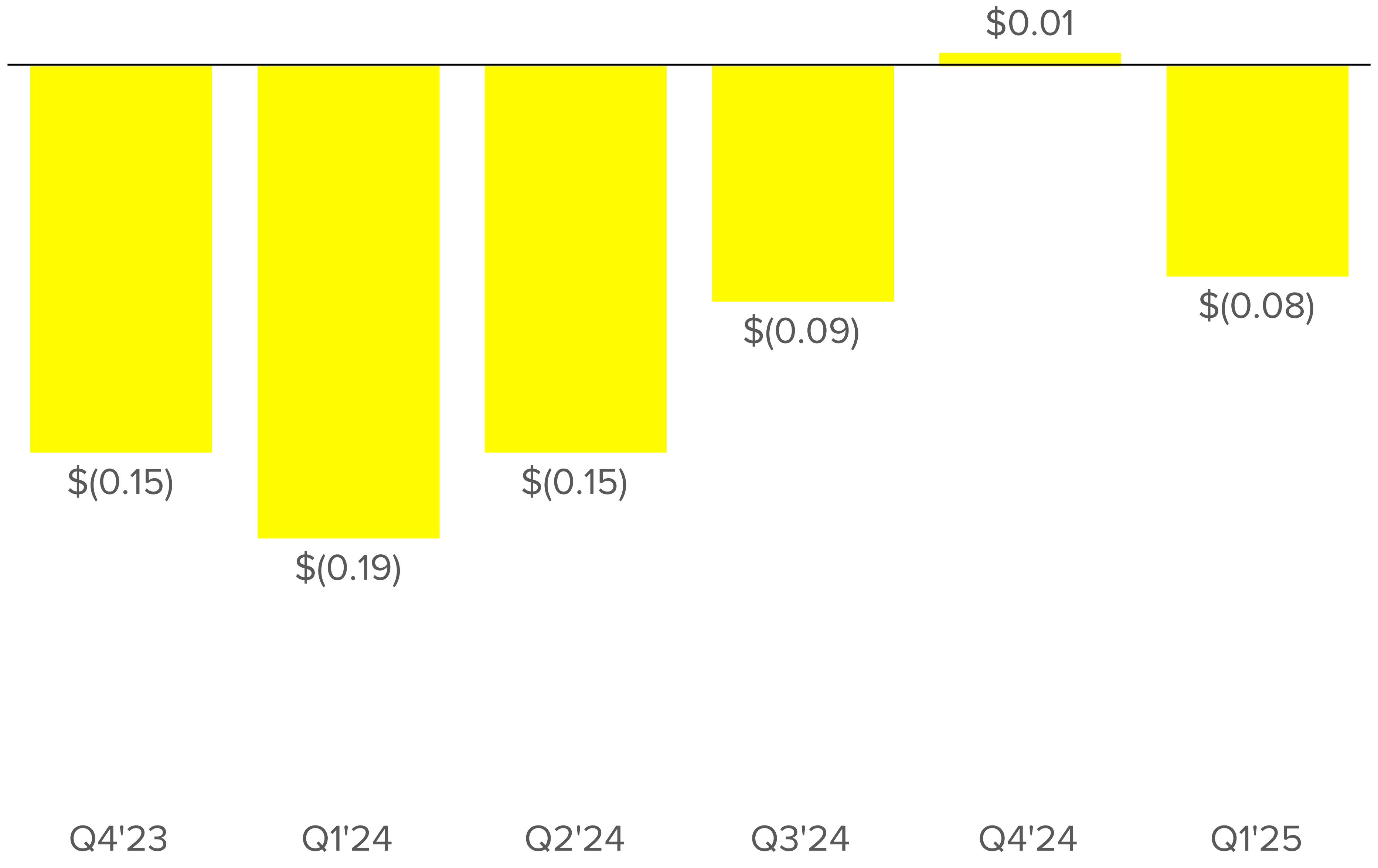
NET LOSS IMPROVED 54% YoY

ADJUSTED EBITDA WAS $108 MILLION IN Q1 2025 AND $571 MILLION OVER THE TRAILING TWELVE MONTHS

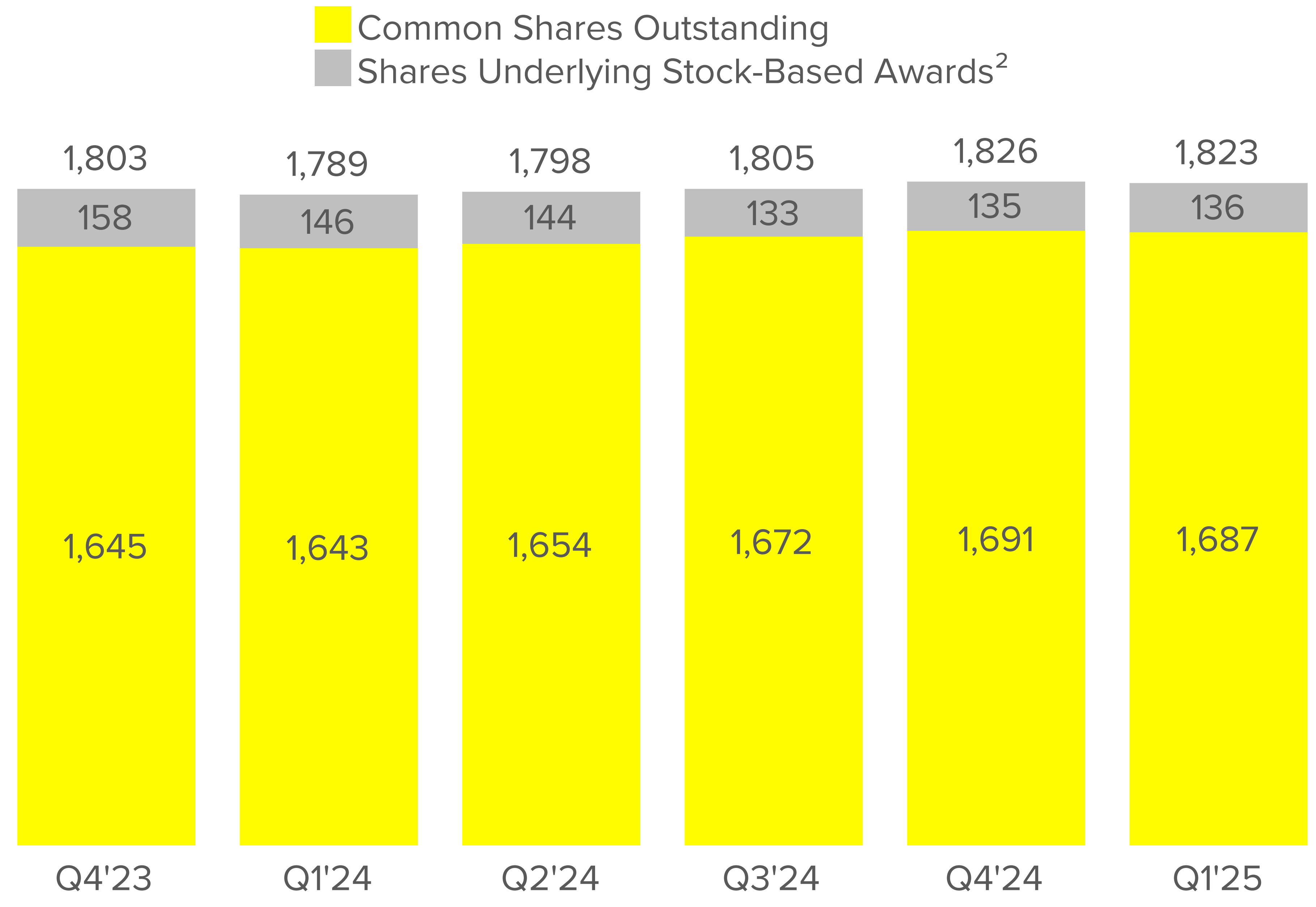
Diluted Net Income (Loss) Per Share & Common Shares Outstanding Plus Shares Underlying Stock-Based Awards

(in millions, except per share data, unaudited)

DILUTED NET INCOME (LOSS) PER SHARE[1]



COMMON SHARES OUTSTANDING PLUS SHARES UNDERLYING STOCK-BASED AWARDS



	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Shares repurchased	18.4	21.0	6.9	—	—	27.3
YoY Change	5.7%	3.8%	1.9%	0.6%	1.2%	1.9%

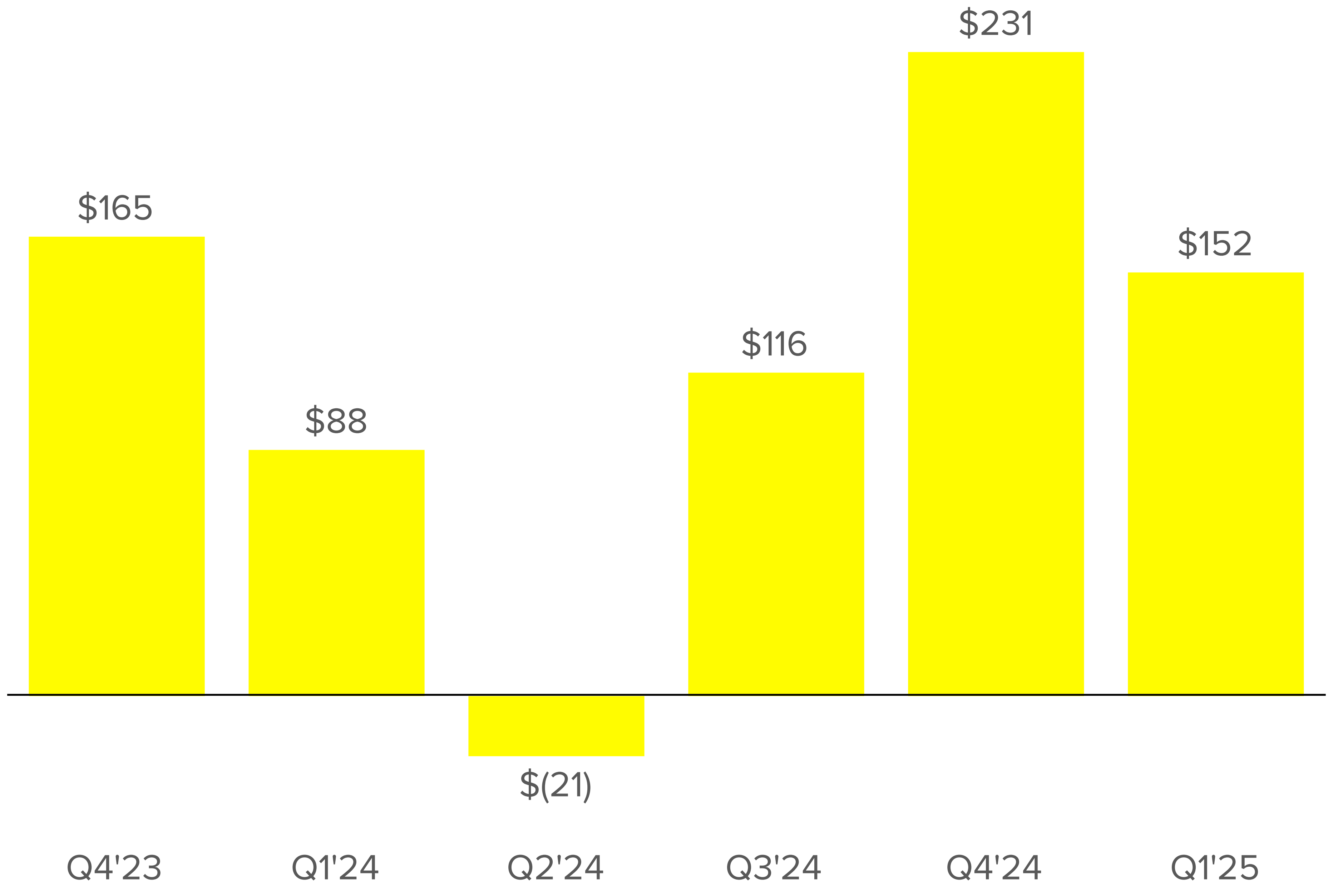
[1]Diluted net income (loss) per share is calculated using weighted average shares outstanding during the period.
[2]Shares underlying stock-based awards include restricted stock units, restricted stock awards, and outstanding stock options.
Numbers throughout presentation may not foot due to rounding.

REPURCHASED 27.3 MILLION SHARES IN Q1 2025 AT A COST OF $257 MILLION
DILUTION WAS 1.9% YoY IN Q1 2025

Operating Cash Flow and Free Cash Flow[1]

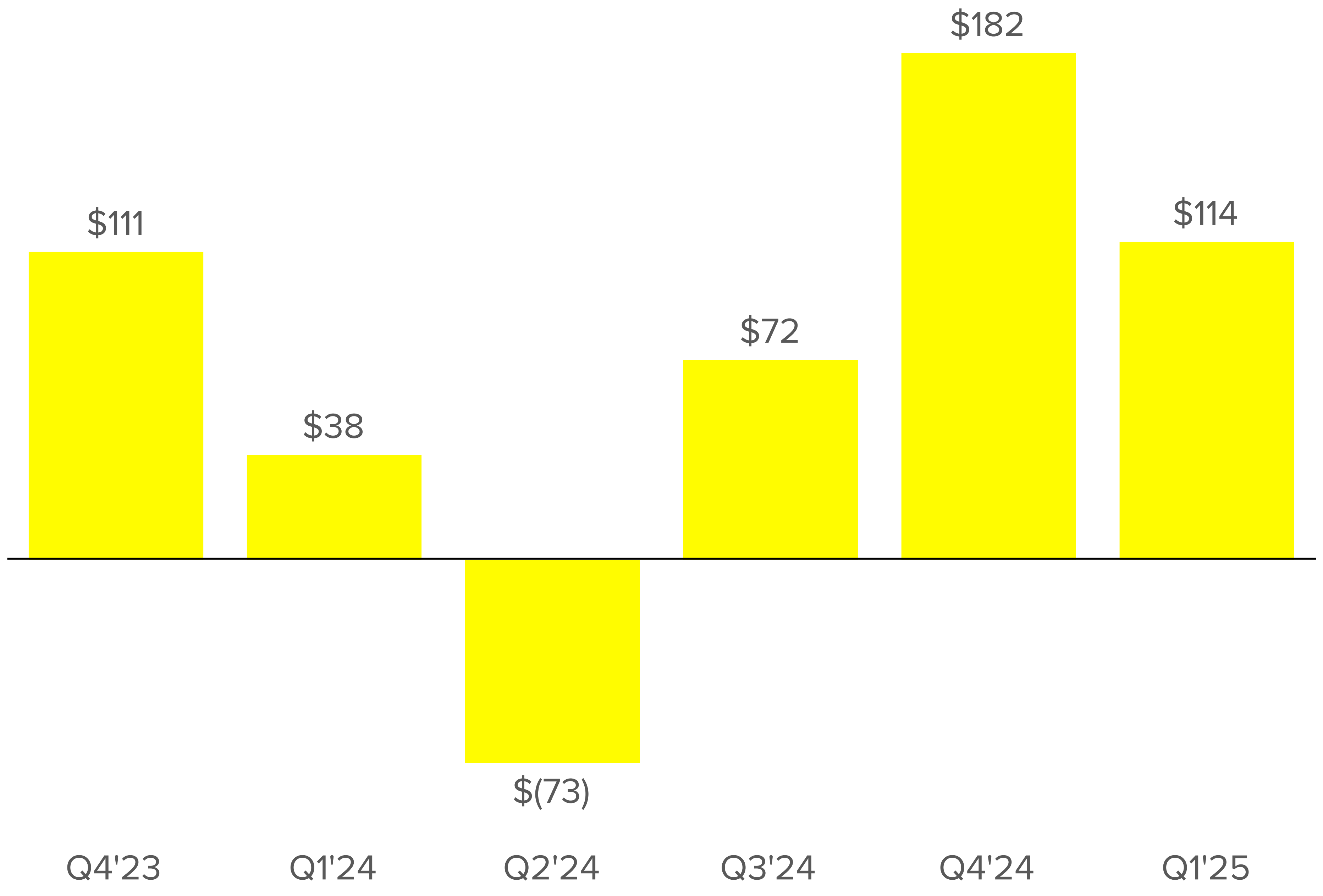
(in millions, unaudited)

OPERATING CASH FLOW



Capex	$(54)	$(50)	$(52)	$(44)	$(48)	$(37)

FREE CASH FLOW[1]



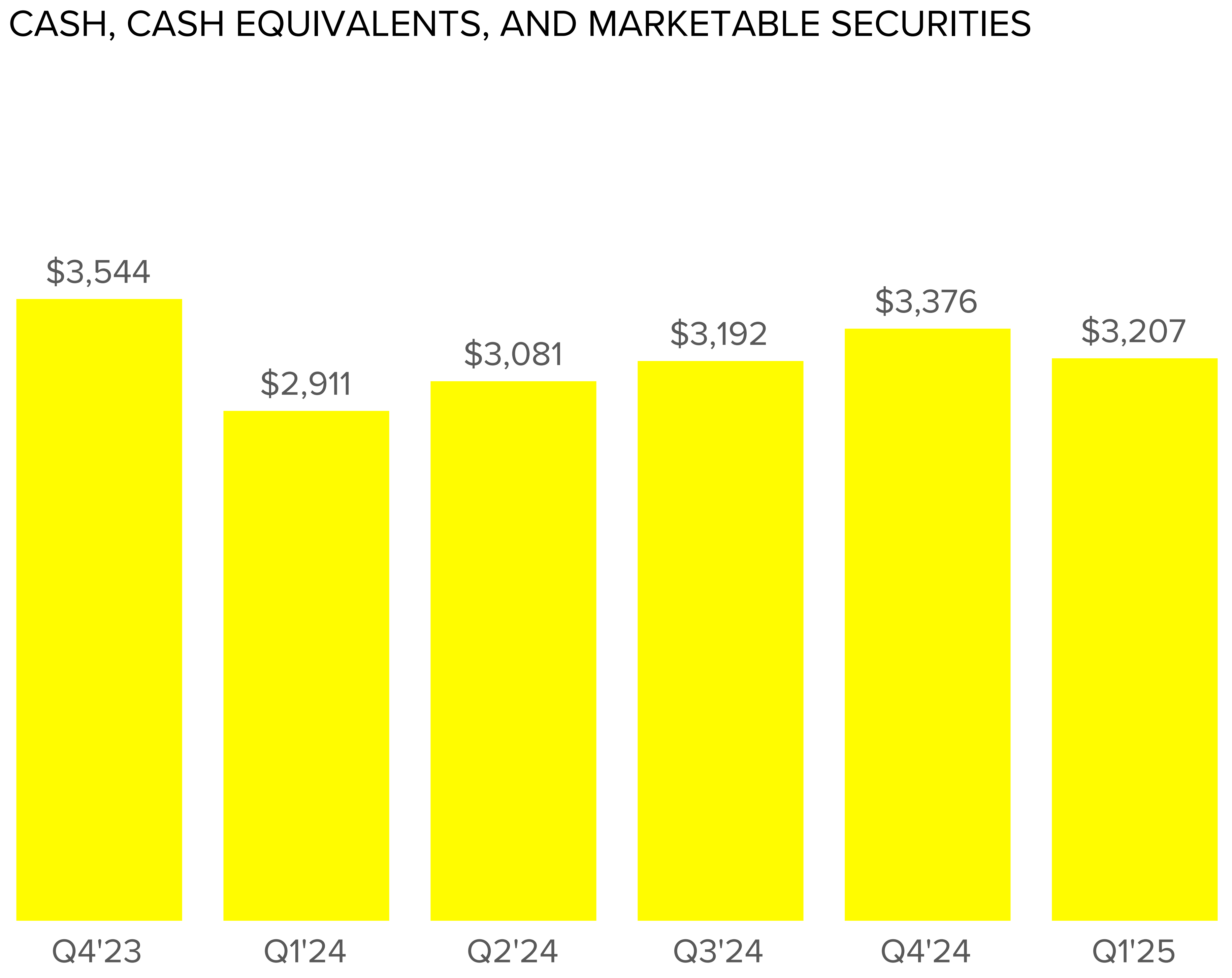
YoY Change	41%	(63)%	38%	218%	65%	202%

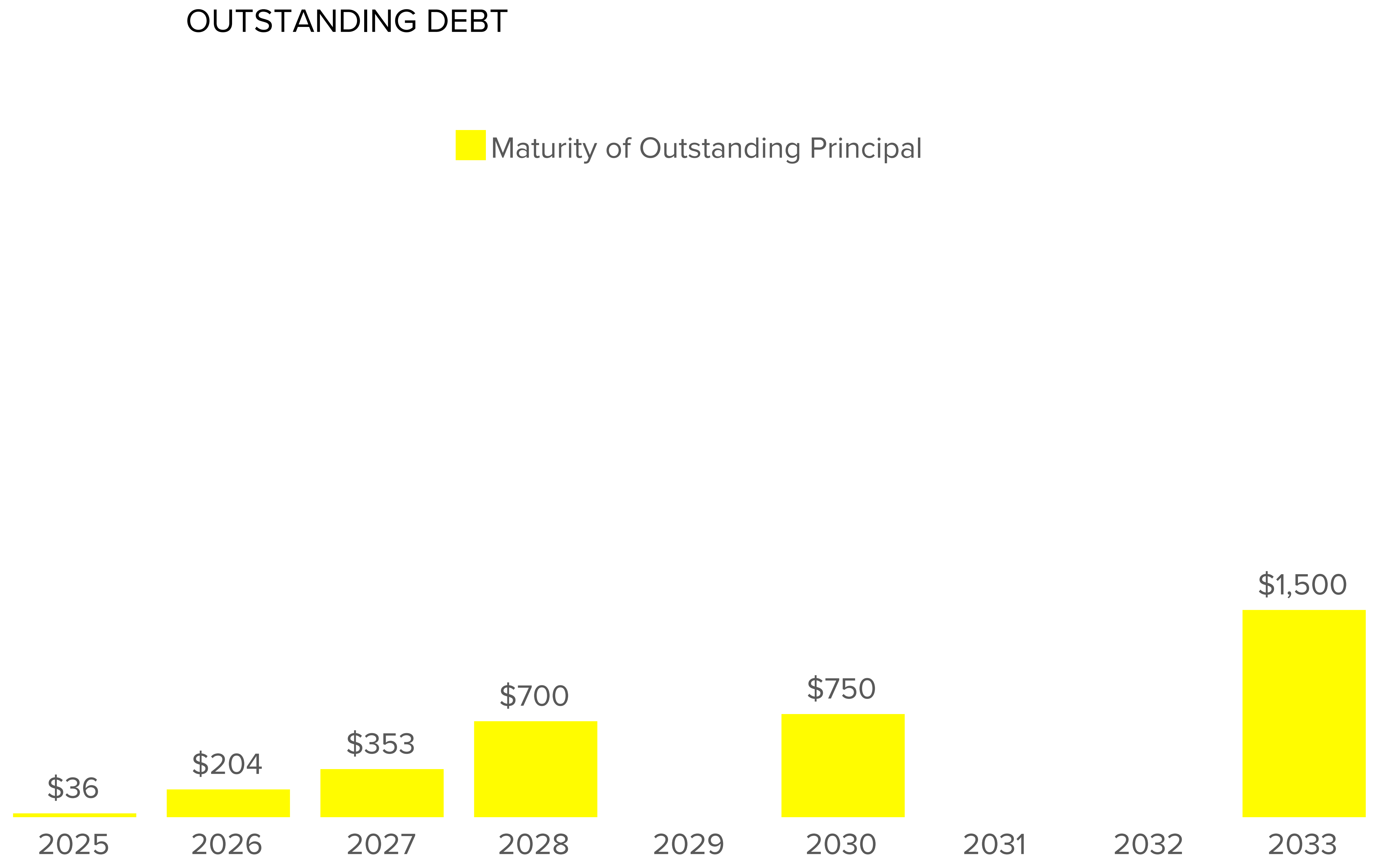
[1]Free Cash Flow is a non-GAAP measure, which we define as net cash provided by (used in) operating activities, reduced by purchases of property and equipment. See Appendix for a reconciliation of net cash provided by (used in) operating activities to Free Cash Flow.
Numbers throughout presentation may not foot due to rounding.

OPERATING CASH FLOW INCREASED 72% YoY TO $152 MILLION IN Q1 2025
FREE CASH FLOW INCREASED 202% YoY TO $114 MILLION IN Q1 2025

Capital Resources and Liquidity

(in millions, unaudited)





Significant financing activities	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Note Repurchases	—	$(441)	$(418)	—	—	$(1,445)
Stock Repurchases	$(189)	$(235)	$(76)	—	—	$(257)
Issuance of Notes[1]	—	—	$672	—	—	$1,473
Other[2]	—	—	$63	—	—	—

[1] In Q1 2025, we issued the 2033 Notes. In Q2 2024, we issued the 2030 Convertible Notes and purchased the 2030 Capped Call Transactions.
[2] In Q2 2024, Other is composed of proceeds from the termination of the 2025 Capped Call Transactions.
Numbers throughout presentation may not foot due to rounding.

$3.2 BILLION IN CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES ON HAND AT Q1 2025
TOTAL DEBT OUTSTANDING DECLINED FROM $3.7 BILLION TO $3.5 BILLION QoQ

Appendix

Non-GAAP Financial Measures Reconciliation – Quarterly

(in thousands, unaudited)

	Three Months Ended					
	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025
Adjusted Cost of Revenue reconciliation						
GAAP Cost of Revenue	$ 621,504	$ 574,749	$ 588,921	$ 638,907	$ 671,660	$ 639,579
Stock-based compensation expense	(2,665)	(1,608)	(1,278)	(1,333)	(1,626)	(1,434)
Payroll and other tax expense related to stock-based compensation	(97)	(86)	(70)	(48)	(36)	(102)
Depreciation and amortization	(3,171)	(2,150)	(1,872)	(965)	(1,123)	(1,420)
Restructuring charges	(260)	(1,050)	(77)	—	—	—
Adjusted Cost of Revenue[1]	**$ 615,311**	**$ 569,855**	**$ 585,624**	**$ 636,561**	**$ 668,875**	**$ 636,623**
GAAP Gross Margin	54 %	52 %	52 %	53 %	57 %	53 %
Adjusted Gross Margin[1]	55 %	52 %	53 %	54 %	57 %	53 %
Adjusted Operating Expenses reconciliation						
GAAP Operating Expenses[2]	$ 988,496	$ 953,256	$ 901,822	$ 906,877	$ 912,500	$ 917,484
Stock-based compensation expense	(330,398)	(253,107)	(257,668)	(258,896)	(256,105)	(245,904)
Payroll and other tax expense related to stock-based compensation	(8,609)	(15,884)	(10,063)	(6,045)	(5,536)	(17,116)
Depreciation and amortization	(40,711)	(35,948)	(36,058)	(37,885)	(38,458)	(36,295)
Restructuring charges	(21,951)	(69,058)	(1,866)	—	—	—
Adjusted Operating Expenses[3]	**$ 586,827**	**$ 579,259**	**$ 596,167**	**$ 604,051**	**$ 612,401**	**$ 618,169**
GAAP Operating Expense Margin[2]	27 %	20 %	27 %	34 %	41 %	33 %
Adjusted Operating Expense Margin[3]	57 %	52 %	52 %	56 %	61 %	55 %

[1]Adjusted Cost of Revenue is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other items impacting net income (loss) from time to time. Adjusted Gross Margin is a non-GAAP measure, which we define as GAAP revenue less Adjusted Cost of Revenue divided by GAAP revenue.
[2]GAAP Operating Expenses is defined as total costs and expenses, as reported on our consolidated statements of operations, minus GAAP Cost of Revenue. GAAP Operating Expense Margin is defined as GAAP revenue less GAAP Operating Expenses, divided by GAAP revenue.
[3]Adjusted Operating Expenses is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other items impacting net income (loss) from time to time. Adjusted Operating Expense Margin is a non-GAAP measure, which we define as GAAP revenue less Adjusted Operating Expenses, divided by GAAP revenue.
Numbers throughout presentation may not foot due to rounding.

Non-GAAP Financial Measures Reconciliation – Quarterly

(in thousands, unaudited)

	Three Months Ended					
	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025
Adjusted Research and Development Expenses reconciliation						
GAAP Research and Development Expenses	$ 483,528	$ 449,759	$ 406,196	$ 412,791	$ 422,937	$ 424,165
Stock-based compensation expense	(220,927)	(170,002)	(171,180)	(172,516)	(165,330)	(156,688)
Payroll and other tax expense related to stock-based compensation	(5,137)	(11,087)	(6,157)	(3,634)	(3,582)	(12,109)
Depreciation and amortization	(27,557)	(24,397)	(22,909)	(24,798)	(24,351)	(22,987)
Restructuring charges	(4,100)	(39,055)	138	—	—	—
Adjusted Research and Development Expenses[1]	**$ 225,807**	**$ 205,218**	**$ 206,088**	**$ 211,843**	**$ 229,674**	**$ 232,381**
Adjusted Sales and Marketing Expenses reconciliation						
GAAP Sales and Marketing Expenses	$ 275,811	$ 276,034	$ 266,320	$ 273,107	$ 248,214	$ 257,957
Stock-based compensation expense	(70,304)	(50,438)	(52,251)	(53,345)	(56,463)	(54,440)
Payroll and other tax expense related to stock-based compensation	(2,125)	(3,065)	(2,265)	(1,449)	(1,340)	(2,937)
Depreciation and amortization	(5,129)	(4,577)	(5,084)	(4,953)	(5,333)	(4,823)
Restructuring charges	(5,645)	(19,588)	(457)	—	—	—
Adjusted Sales and Marketing Expenses[1]	**$ 192,608**	**$ 198,366**	**$ 206,263**	**$ 213,360**	**$ 185,078**	**$ 195,757**
Adjusted General and Administrative Expenses reconciliation						
GAAP General and Administrative Expenses	$ 229,157	$ 227,463	$ 229,306	$ 220,979	$ 241,349	$ 235,362
Stock-based compensation expense	(39,167)	(32,667)	(34,237)	(33,035)	(34,312)	(34,776)
Payroll and other tax expense related to stock-based compensation	(1,347)	(1,732)	(1,641)	(962)	(614)	(2,070)
Depreciation and amortization	(8,025)	(6,974)	(8,065)	(8,134)	(8,774)	(8,485)
Restructuring charges	(12,206)	(10,415)	(1,547)	—	—	—
Adjusted General and Administrative Expenses[1]	**$ 168,412**	**$ 175,675**	**$ 183,816**	**$ 178,848**	**$ 197,649**	**$ 190,031**

[1]Adjusted Research and Development Expenses, Adjusted Sales and Marketing Expenses, and Adjusted General and Administrative Expenses are non-GAAP measures. These measures exclude stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other items impacting net income (loss) from time to time.

Non-GAAP Financial Measures Reconciliation – Quarterly

(in thousands, unaudited)

	Three Months Ended					
	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025
Adjusted EBITDA reconciliation						
Net income (loss)	$ (248,247)	$ (305,090)	$ (248,620)	$ (153,247)	$ 9,101	$ (139,587)
Add (deduct):						
Interest income	(43,463)	(39,898)	(36,462)	(38,533)	(38,573)	(37,018)
Interest expense	5,275	4,743	5,113	5,883	5,813	23,399
Other (income) expense, net	34,447	81	20,792	4,355	(8,382)	(49,069)
Income tax (benefit) expense	3,275	6,932	5,202	8,332	5,164	8,429
Depreciation and amortization	43,882	38,098	37,930	38,850	39,581	37,715
Stock-based compensation expense	333,063	254,715	258,946	260,229	257,731	247,338
Payroll and other tax expense related to stock-based compensation	8,706	15,970	10,133	6,093	5,572	17,218
Restructuring charges[1]	22,211	70,108	1,943	—	—	—
Adjusted EBITDA[2]	**$ 159,149**	**$ 45,659**	**$ 54,977**	**$ 131,962**	**$ 276,007**	**$ 108,425**
Net income (loss) margin	(18)%	(26)%	(20)%	(11)%	1 %	(10)%
Adjusted EBITDA Margin[2]	12 %	4 %	4 %	10 %	18 %	8 %

	Three Months Ended					
	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025
Free Cash Flow reconciliation						
Net cash provided by (used in) operating activities	$ 164,574	$ 88,352	$ (21,377)	$ 115,872	$ 230,633	$ 151,610
Less:						
Purchases of property and equipment	(53,719)	(50,448)	(52,062)	(44,041)	(48,275)	(37,214)
Free Cash Flow[3]	**$ 110,855**	**$ 37,904**	**$ (73,439)**	**$ 71,831**	**$ 182,358**	**$ 114,396**

[1]In Q4 2023, charges relating to the wind down of our AR Enterprise business were composed primarily of cash severance, stock-based compensation expense, and charges related to the revision of the useful lives and disposal of certain acquired intangible assets. Additionally, we recognized an income tax benefit of $6 million in Q4 2023 relating to the wind down, which is included in the income tax (benefit) expense line item above. In Q1 2024 and Q2 2024, charges relating to the 2024 restructuring were composed primarily of cash severance and stock-based compensation expense. These charges are not reflective of underlying trends in our business.

[2]Adjusted EBITDA is a non-GAAP measure, which we define as net income (loss), excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; and certain other items impacting net income (loss) from time to time. Adjusted EBITDA Margin is a non-GAAP measure, which we define as Adjusted EBITDA divided by GAAP revenue.

[3]Free Cash Flow is a non-GAAP measure, which we define as net cash provided by (used in) operating activities, reduced by purchases of property and equipment.

Numbers throughout presentation may not foot due to rounding.

Non-GAAP Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use certain non-GAAP financial measures, as described below, to understand and evaluate our core operating performance. These non-GAAP financial measures, which may be different than similarly titled measures used by other companies, are presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. We use the non-GAAP financial measure of Free Cash Flow, which is defined as net cash provided by (used in) operating activities, reduced by purchases of property and equipment. We believe Free Cash Flow is an important liquidity measure of the cash that is available, after capital expenditures, for operational expenses and investment in our business and is a key financial indicator used by management. Additionally, we believe that Free Cash Flow is an important measure since we use third-party infrastructure partners to host our services and therefore we do not incur significant capital expenditures to support revenue generating activities. Free Cash Flow is useful to investors as a liquidity measure because it measures our ability to generate or use cash. Once our business needs and obligations are met, cash can be used to maintain a strong balance sheet and invest in future growth. We use the non-GAAP financial measure of Adjusted EBITDA, which is defined as net income (loss), excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; and certain other items impacting net income (loss) from time to time. We believe that Adjusted EBITDA helps identify underlying trends in our business that could otherwise be masked by the effect of the expenses that we exclude in Adjusted EBITDA. We use other non-GAAP financial measures such as Adjusted Cost of Revenue and Adjusted Operating Expenses (which is composed of Adjusted Research and Development Expenses, Adjusted Sales and Marketing Expenses, and Adjusted General and Administrate Expenses). These measures are defined as their respective GAAP expense line items, excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; and certain other items impacting net income (loss) from time to time. We use the non-GAAP financial measure of Adjusted Gross Margin, which we define as GAAP revenue less Adjusted Cost of Revenue divided by GAAP revenue as well as the non-GAAP financial measure of Adjusted Operating Expense Margin, which we define as GAAP revenue less Adjusted Operating Expenses, divided by GAAP revenue. Similar to Adjusted EBITDA, we believe these measures help identify underlying trends in our business that could otherwise be masked by the effect of the expenses we exclude in the measure. We believe that these non-GAAP financial measures provide useful information about our financial performance, enhance the overall understanding of our past performance and future prospects, and allow for greater transparency with respect to key metrics used by our management for financial and operational decision-making. We are presenting these non-GAAP measures to assist investors in seeing our financial performance through the eyes of management, and because we believe that these measures provide an additional tool for investors to use in comparing our core financial performance over multiple periods with other companies in our industry. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measure, please see the reconciliations included within this Appendix.

Note Regarding User Metrics and Other Data

We define a Daily Active User, or DAU, as a registered and logged-in Snapchat user who visits Snapchat through our applications or websites at least once during a defined 24-hour period. We calculate average DAUs for a particular quarter by adding the number of DAUs on each day of that quarter and dividing that sum by the number of days in that quarter. DAUs are broken out by geography because markets have different characteristics. We define a Monthly Active User, or MAU, as a registered and logged-in Snapchat user who visits Snapchat through our applications or websites at least once during the 30-day period ending on the calendar month-end. We calculate average Monthly Active Users for a particular quarter by calculating the average of the MAUs as of each calendar month-end in that quarter. We define average revenue per user, or ARPU, as quarterly revenue divided by the average DAUs. For purposes of calculating ARPU, revenue by user geography is apportioned to each region based on our determination of the geographic location in which advertising impressions are delivered, as this approximates revenue based on user activity. This allocation differs from our components of revenue disclosure in the notes to our consolidated financial statements, where revenue is based on the billing address of the advertising customer. For information concerning these metrics as measured by us, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent periodic report filed with the U.S. Securities and Exchange Commission, or the SEC, which is available on the SEC's website at www.sec.gov. Additional information will be made available in our periodic report that will be filed with the SEC for our most recently completed period and other filings that we make from time to time with the SEC.

Unless otherwise stated, statistical information regarding our users and their activities is determined by calculating the daily average of the selected activity for the most recently completed quarter.

While these metrics are determined 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 how our products are used across large populations globally. For example, there may be individuals who attempt to create accounts for malicious purposes, including at scale, even though we forbid that in our Terms of Service and Community Guidelines. We implement measures in our user registration process and through other technical measures to prevent, detect and suppress that behavior, although we have not determined the number of such accounts. Changes in our products, infrastructure, mobile operating systems, or metric tracking system, or the introduction of new products, may impact our ability to accurately determine active users or other metrics and we may not determine such inaccuracies promptly. We also believe that we don't capture all data regarding each of our active users. Technical issues may result in data not being recorded from every user's application. For example, because some Snapchat features can be used without internet connectivity, we may not count a DAU because we don't receive timely notice that a user has opened the Snapchat application. This undercounting may increase as we grow in Rest of World markets where users may have poor connectivity. We do not adjust our reported metrics to reflect this underreporting. We believe that we have adequate controls to collect user metrics, however, there is no uniform industry standard. We continually seek to identify these technical issues and improve both our accuracy and precision, including ensuring that our investors and others can understand the factors impacting our business, but these technical issues and new issues may continue in the future, including if there continues to be no uniform industry standard.

Note Regarding User Metrics and Other Data (Continued)

Some of our demographic data may be incomplete or inaccurate. For example, because users self-report their dates of birth, our age-demographic data may differ from our users' actual ages. And because users who signed up for Snapchat before June 2013 were not asked to supply their date of birth, we may exclude those users from our age demographics or estimate their ages based on a sample of the self-reported ages that we do have. If our active users provide us with incorrect or incomplete information regarding their age or other attributes, then our estimates may prove inaccurate and fail to meet investor expectations.

We count a DAU only when a user visits Snapchat through our applications or websites and only once per user per day. We believe this methodology more accurately measures our user engagement. We have multiple pipelines of user data that we use to determine whether a user has visited Snapchat through our applications or websites during a particular day. This provides redundancy in the event one pipeline of data were to become unavailable for technical reasons, and also gives us redundant data to help measure how users interact with our application.

If we fail to maintain an effective analytics platform, our metrics calculations may be inaccurate. We regularly review, have adjusted in the past, and are likely in the future to adjust our processes for calculating our internal metrics to improve their accuracy. For example, in the first quarter of 2025, we refined our processes and controls in recording user activity to allow us to more accurately count DAUs that would not otherwise be counted during such period due to delays in receiving user metric information resulting from carrier or other user connectivity issues during the measurement period. While these refinements improve both our accuracy and precision in counting DAUs, they resulted in less than a 1% increase in our DAUs in the first quarter of 2025 and would have resulted in similarly immaterial changes in our DAUs for all periods in 2024, and which increase was primarily concentrated in Rest of World due to the greater prevalence of network connectivity delays in this region. Had such refinements not been made in the first quarter of 2025, the year-over-year increase in such quarter for Rest of World would have been 15% instead of 16% given that the refinements primarily affected this region. Any such adjustments would have a commensurate immaterial impact on our calculations of ARPU for such periods. As a result of such adjustments, our DAUs, ARPU, or other metrics may not be directly comparable to those in prior periods. Our measures of DAUs may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology or data used.