Snap Inc.

Q3 2026 Earnings Slides

November 4, 2026

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.

Third Quarter 2026 Financial Summary

Revenue	• Revenue was $1,722 million, compared to $1,507 million in the prior year, an increase of 14%[1] year-over-year. • Average revenue per user was $3.48, compared to $3.16 in the prior year.
Operating Performance	• GAAP gross margin was 62%, compared to 55% in the prior year. • Adjusted Gross Margin[2] was 62%, compared to 55% in the prior year. • Net income was $56 million, compared to net loss of $104 million in the prior year. • Adjusted EBITDA[3] was $383 million, compared to $182 million in the prior year. • Net income margin was 3%, compared to net loss margin of 7% in the prior year. • Adjusted EBITDA Margin[3] was 22%, compared to 12% in the prior year.
Cash	• Operating cash flow was $210 million, compared to $146 million in the prior year. • Free Cash Flow[4] was $164 million, compared to $93 million in the prior year. • Cash, cash equivalents, and marketable securities were $2.8 billion as of September 30, 2026.

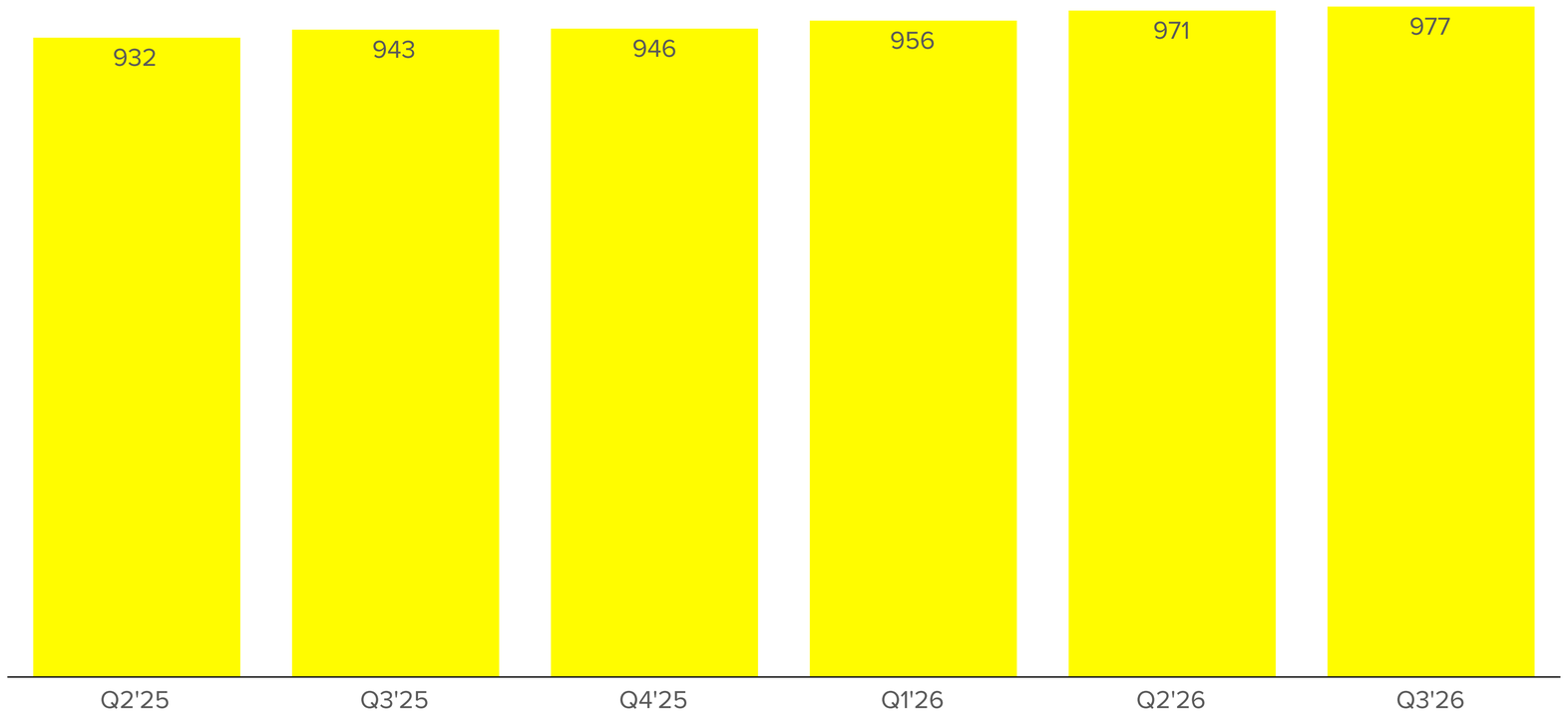
[1]Constant currency revenue increased 14% year-over-year to $1,725 million in Q3 2026. Constant currency revenue differs from GAAP revenue by approximately $2 million due to the impact of foreign exchange rates. Constant currency revenue is a non-GAAP measure. Refer to Appendix for further detail.
[2]Adjusted Gross Margin is a non-GAAP measure. Refer to slide 8 for additional information.
[3]Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP measures. Refer to slide 10 for additional information.
[4]Free Cash Flow is a non-GAAP measure. Refer to slide 12 for additional information.
Quarterly information is unaudited. Numbers throughout presentation may not foot due to rounding.

NET INCOME WAS $56 MILLION IN Q3 2026

Average Monthly Active Users (MAU)

(in millions, unaudited)

GLOBAL MAU



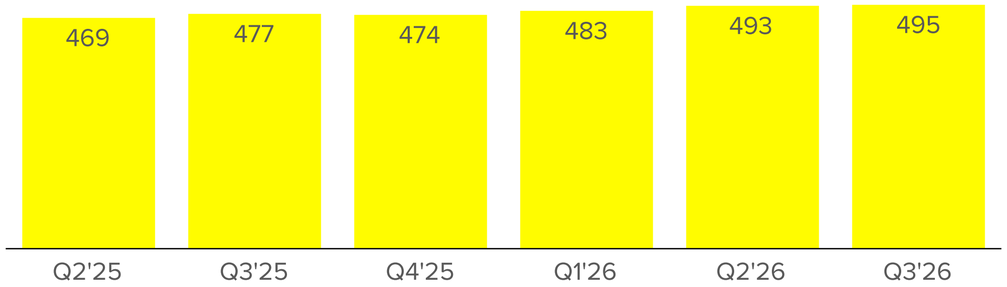
We define a Monthly Active User, or MAU, as a registered and logged-in Snapchat user who visits Snapchat through our applications or websites at least once during the 30-day period ending on the calendar month-end. We calculate average MAUs for a particular quarter by calculating the average of the MAUs as of each calendar month-end in that quarter.
In the first quarter of 2027, we plan to transition to global MAU as our primary audience metric among other changes to our user metrics. For a description of these changes, see the "Note Regarding User Metrics and Other Data" included in the Appendix to this presentation.

GLOBAL MAU INCREASED 34 MILLION, OR 4%, YoY

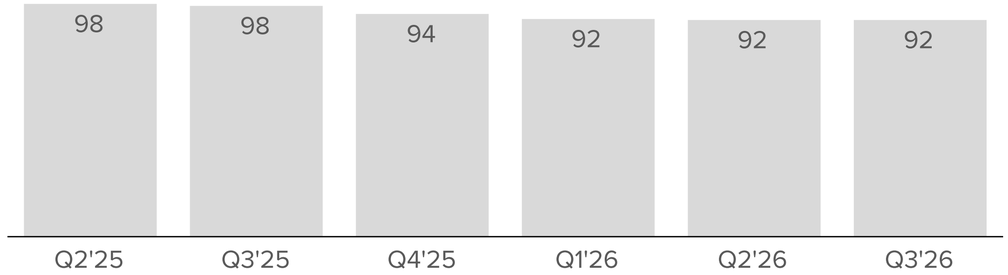
Average Daily Active Users (DAU)

(in millions, unaudited)

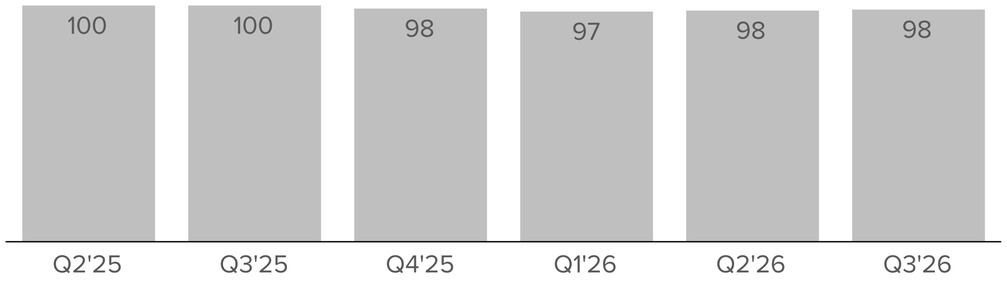
GLOBAL



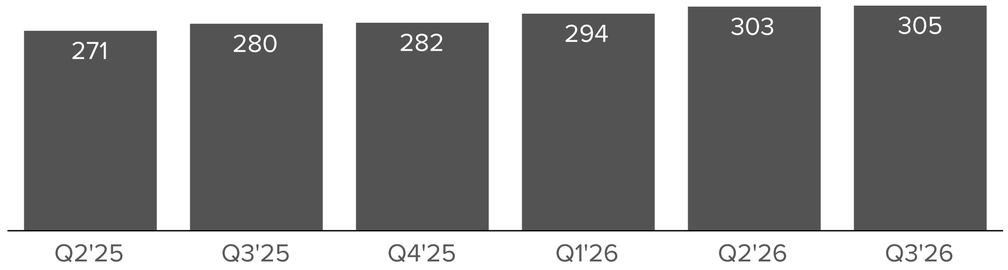
NORTH AMERICA[1]



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 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. Numbers throughout presentation may not foot due to rounding.

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

[2]Europe includes Russia and Turkey.

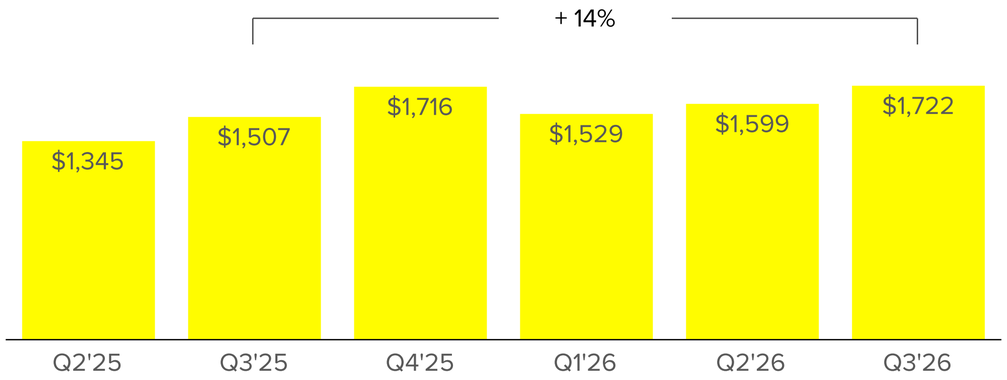
In the first quarter of 2027, we plan to transition to global MAU as our primary audience metric among other changes to our user metrics. For a description of these changes, see the “Note Regarding User Metrics and Other Data” included in the Appendix to this presentation.

GLOBAL DAU INCREASED 18 MILLION, OR 4%, YoY

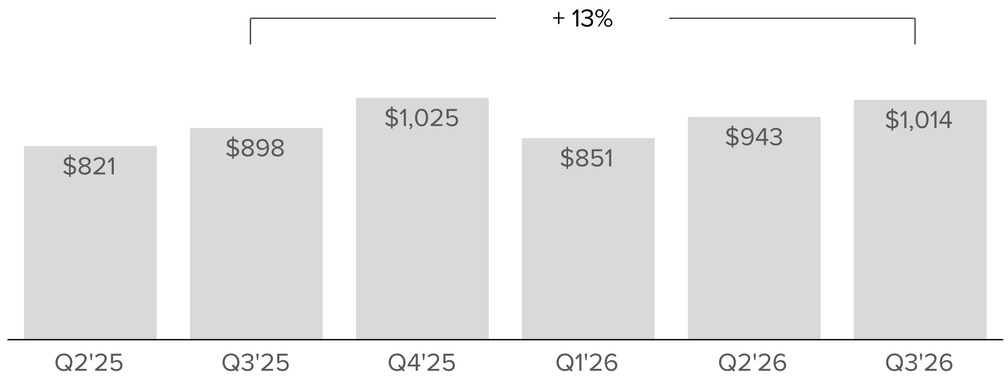
Revenue by Geography

(in millions, unaudited)

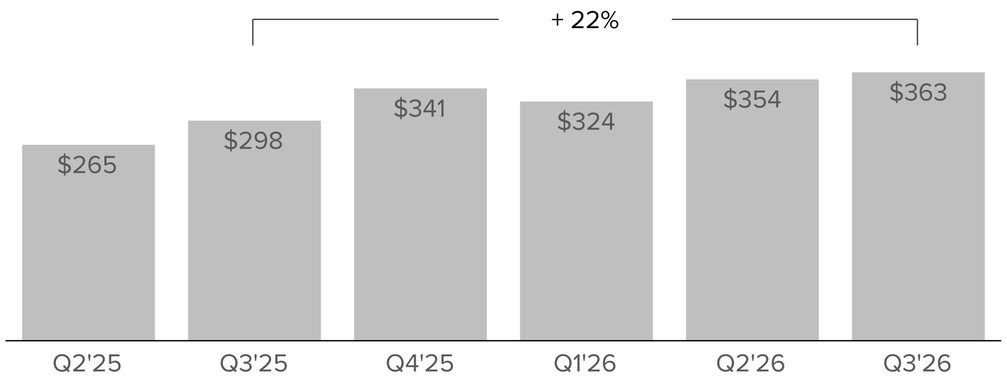
GLOBAL



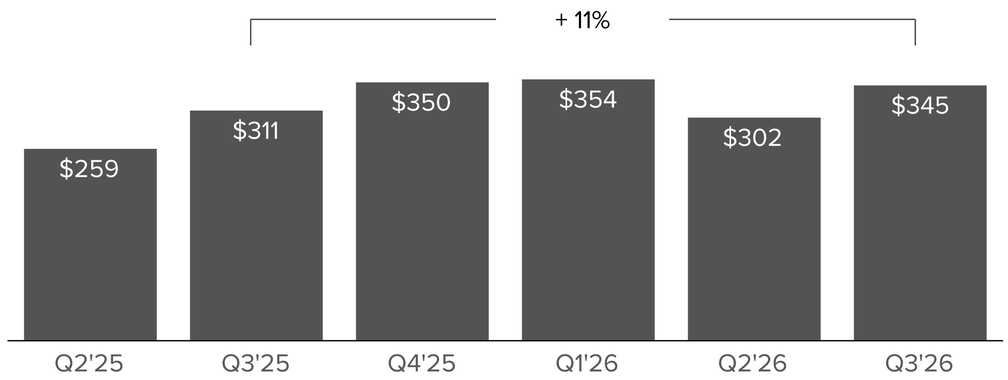
NORTH AMERICA[1]



EUROPE[2]



REST OF WORLD



Revenue for geographic reporting is attributed to regions based on our estimate of where revenue-generating activities occur, which is generally determined by the billing address of the customer. For advertising revenue, we allocate revenue based on the geographic location where 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 Turkey. Europe also includes Russia and Belarus; however, we maintain a policy prohibiting sales to entities in these countries.

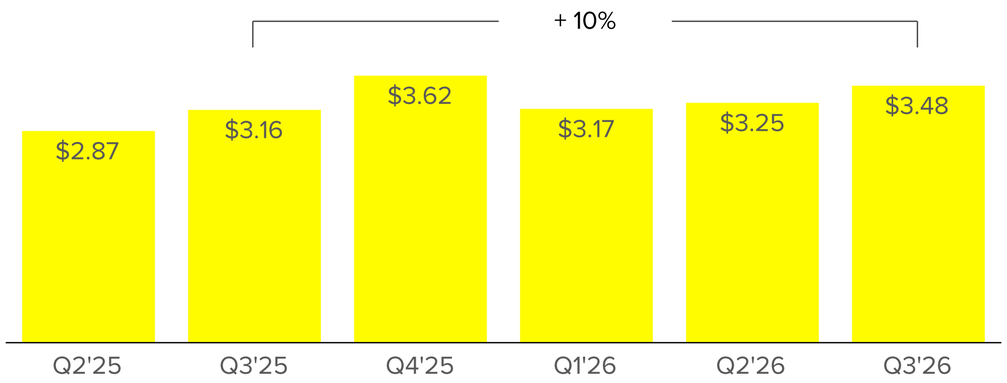
Numbers throughout presentation may not foot due to rounding.

GLOBAL REVENUE INCREASED 14% YoY

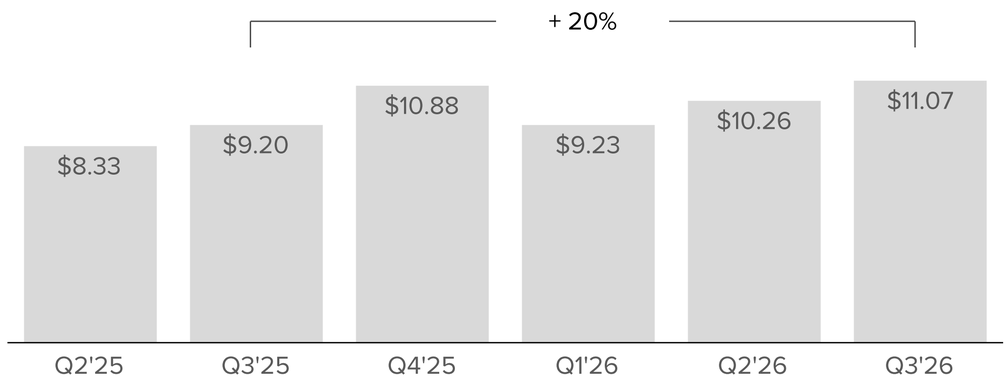
Average Revenue Per User (ARPU)

(unaudited)

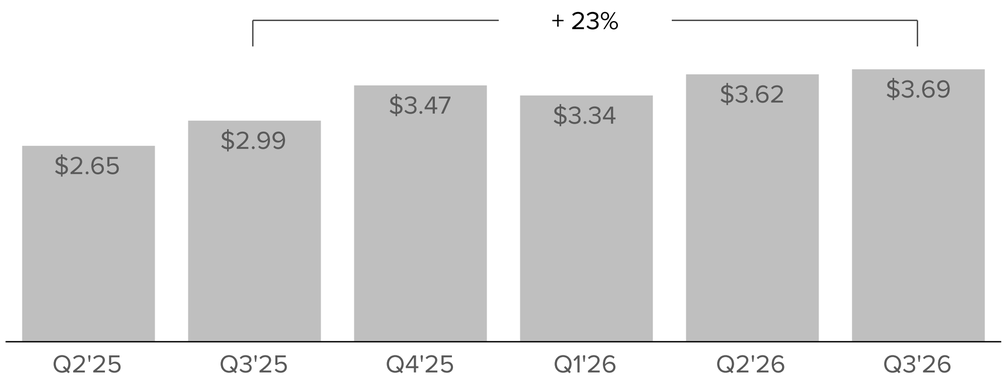
GLOBAL



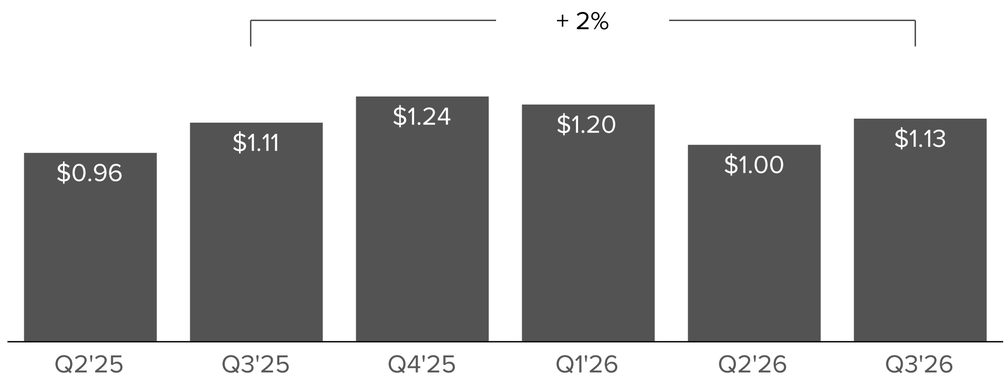
NORTH AMERICA[1]



EUROPE[2]



REST OF WORLD



We define ARPU as quarterly revenue divided by the average Daily Active Users. For purposes of calculating ARPU, we attribute revenue to regions based on our estimate of where revenue-generating activities occur, which is generally determined by the billing address of the customer. For advertising revenue, we allocate revenue based on the geographic location where advertising impressions are delivered, as this approximates revenue based on user activity. Numbers throughout presentation may not foot due to rounding.

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

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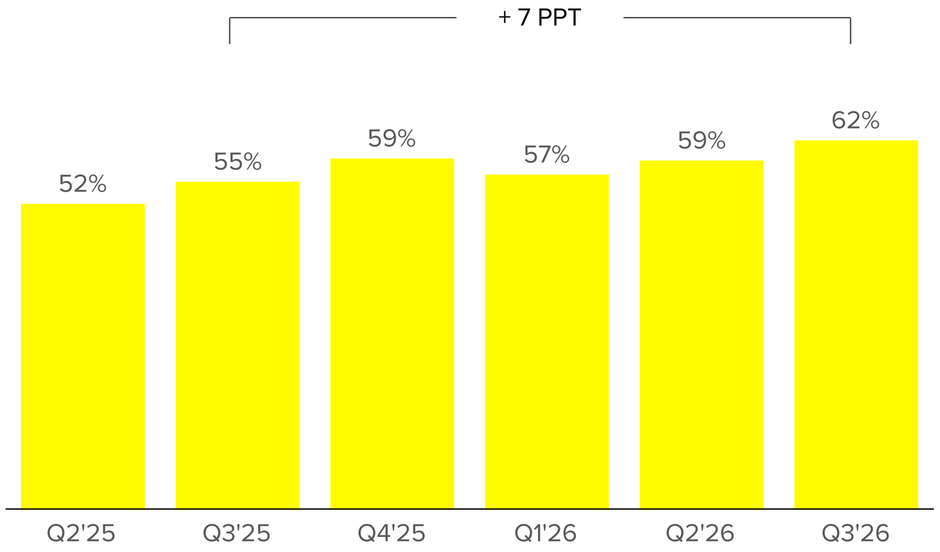
In the first quarter of 2027, we plan to transition to global MAU as our primary audience metric among other changes to our user metrics. For a description of these changes, see the “Note Regarding User Metrics and Other Data” included in the Appendix to this presentation.

GLOBAL ARPU WAS $13.51 OVER THE TRAILING TWELVE MONTHS

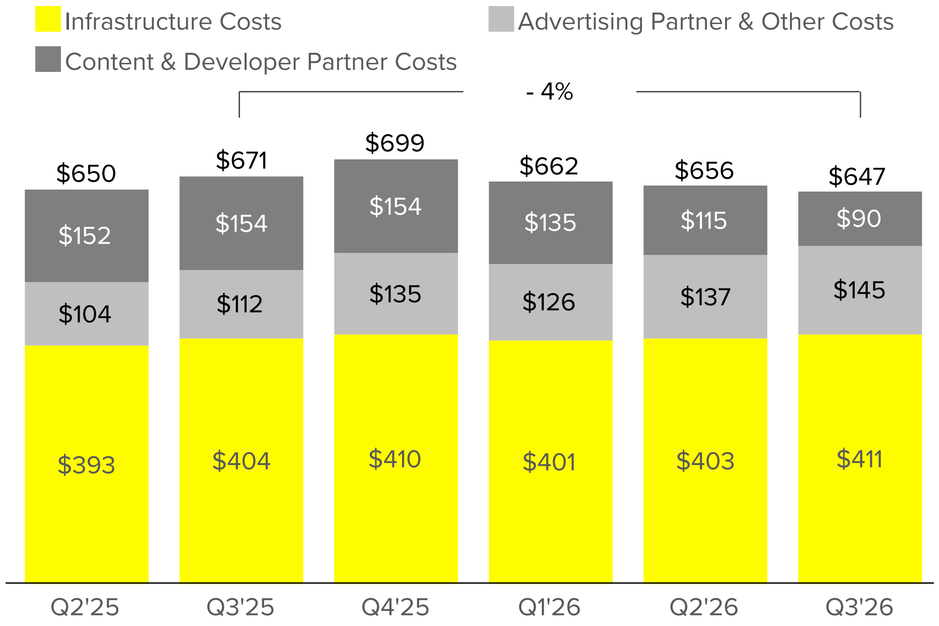
Adjusted Gross Margin and Adjusted Cost of Revenue[1]

(dollars in millions, unaudited)

ADJUSTED GROSS MARGIN[1]



ADJUSTED COST OF REVENUE[1] COMPOSITION



	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26
GAAP Gross Margin	51%	55%	59%	56%	58%	62%
Non-GAAP Exclusions[1]	$3	$3	$4	$3	$12	$3
GAAP Cost of Revenue	$653	$674	$702	$665	$668	$649

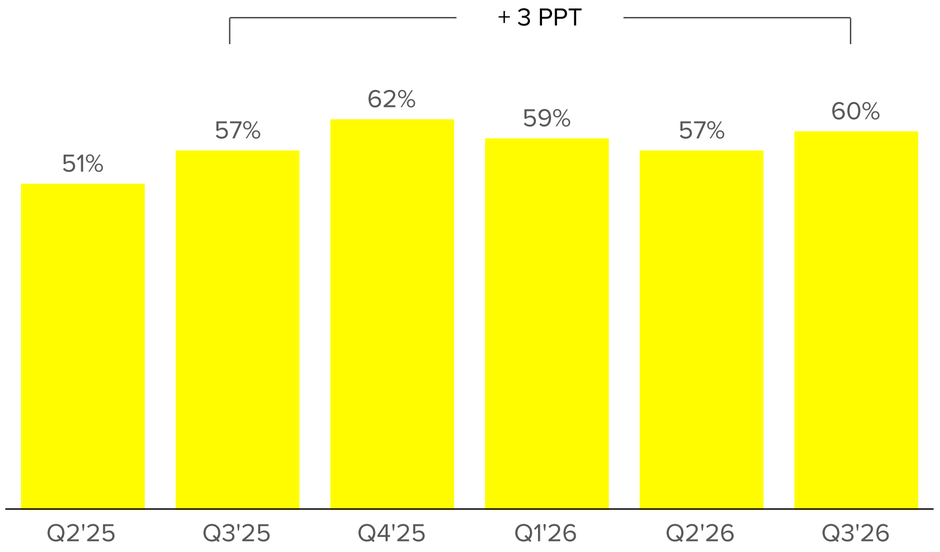
[1]Adjusted Gross Margin is a non-GAAP measure, which we define as GAAP revenue less Adjusted Cost of Revenue divided by GAAP revenue. Adjusted Cost of Revenue is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other items impacting net income (loss) from time to time. 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 AND ADJUSTED GROSS MARGIN INCREASED BY 7 PPT YoY TO 62%

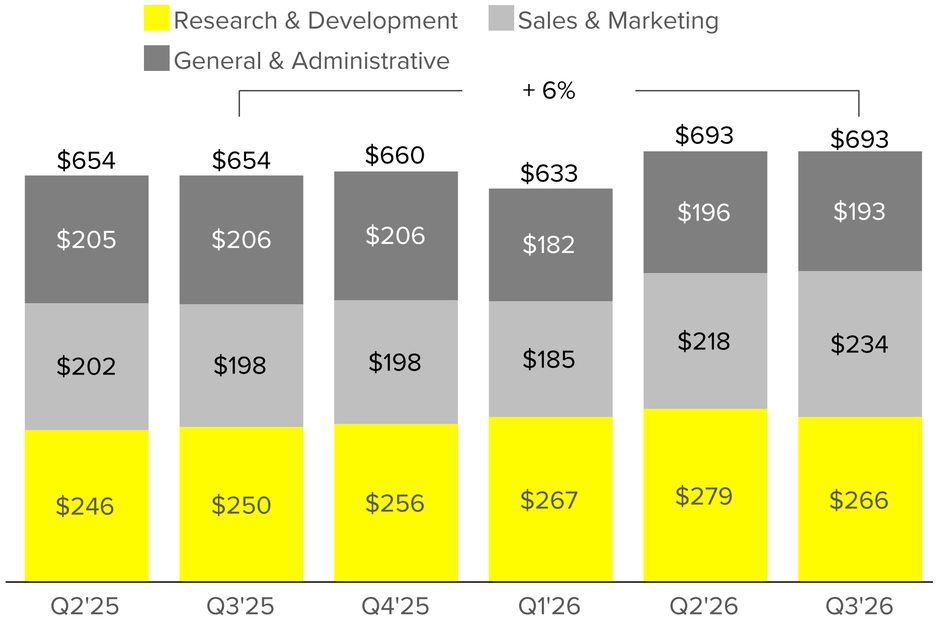
Adjusted Operating Expense Margin and Adjusted Operating Expenses[1]

(dollars in millions, unaudited)

ADJUSTED OPERATING EXPENSE MARGIN[1]



ADJUSTED OPERATING EXPENSES[1] COMPOSITION



	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26
Non-GAAP Exclusions[1]	$298	$307	$304	$305	$408	$303
GAAP Operating Expenses	$951	$961	$964	$938	$1,102	$996
GAAP Operating Expense Margin	29%	36%	44%	39%	31%	42%

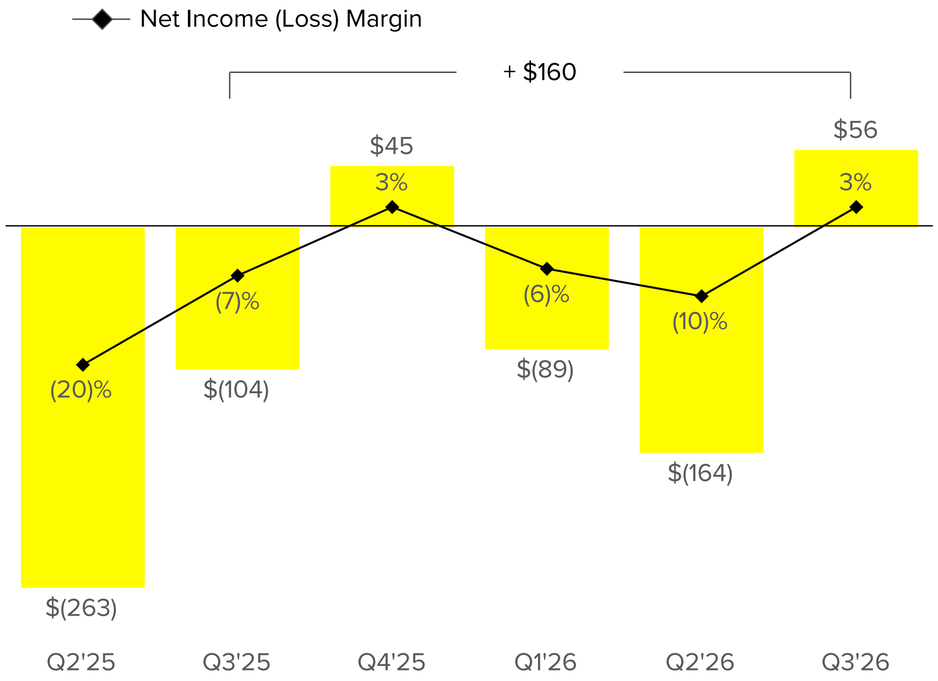
[1]Adjusted Operating Expense Margin is a non-GAAP measure, which we define as GAAP revenue less Adjusted Operating Expenses, divided by GAAP revenue. Adjusted Operating Expenses is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other items impacting net income (loss) from time to time. In Q2 2026, we incurred restructuring charges that are excluded from Adjusted Operating Expenses. 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 6 PPT YoY
ADJUSTED OPERATING EXPENSE MARGIN IMPROVED 3 PPT YoY

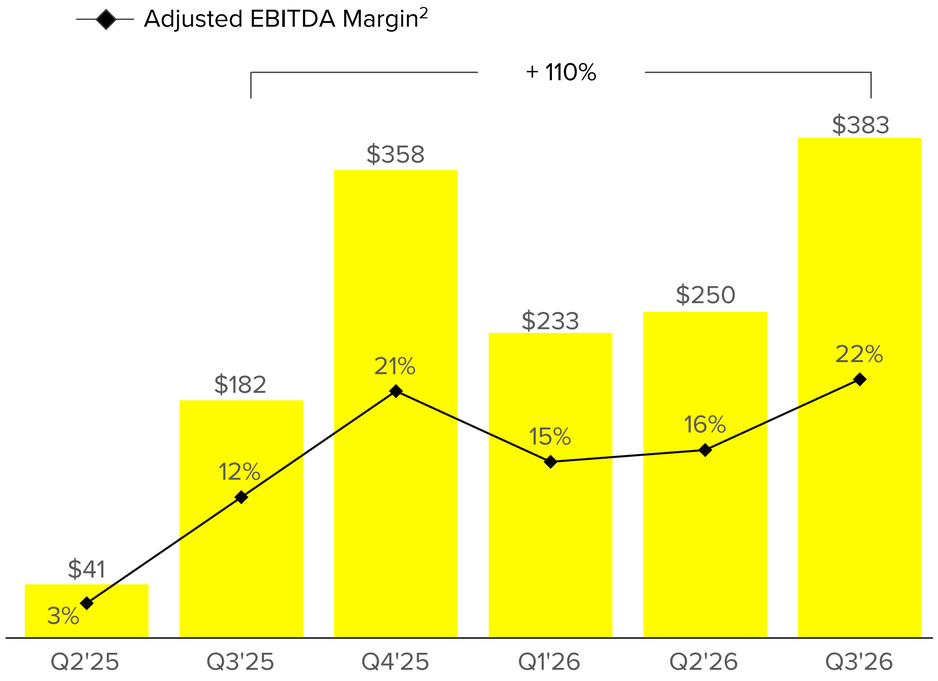
Net Income (Loss) & Adjusted EBITDA[1]

(dollars in millions, unaudited)

NET INCOME (LOSS)



ADJUSTED EBITDA[1]



[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 Q2 2026, we incurred restructuring charges that are excluded from Adjusted EBITDA. See Appendix for a reconciliation of net income (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 WAS $151 MILLION AND ADJUSTED EBITDA WAS $1,223 MILLION OVER THE TRAILING TWELVE MONTHS

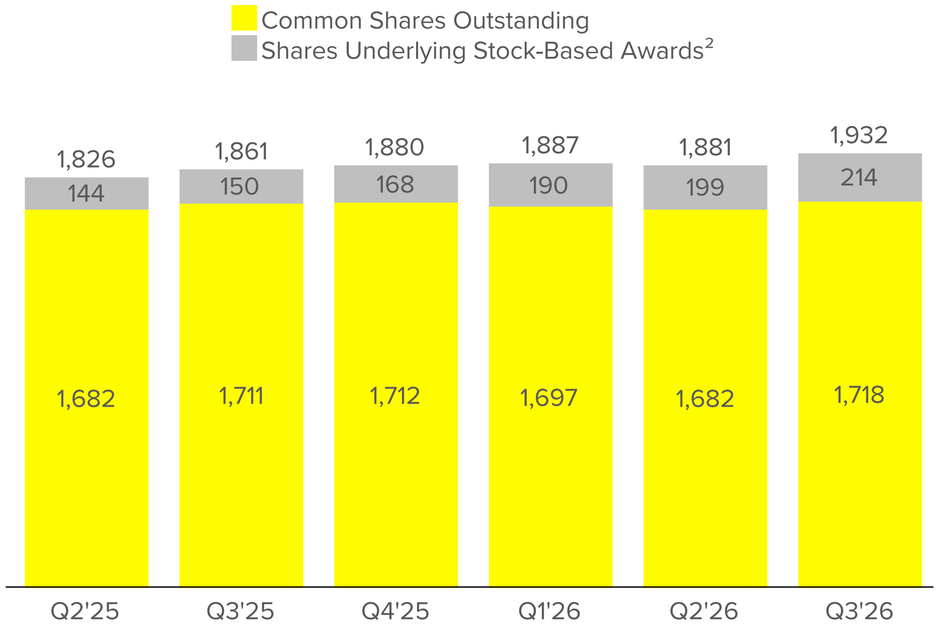
Diluted Net Income (Loss) Per Share & Common Shares Outstanding Plus Shares Underlying Stock-Based Awards

(in millions, except per share data, unaudited)

DILUTED NET INCOME (LOSS) PER SHARE[1]



COMMON SHARES OUTSTANDING PLUS SHARES UNDERLYING STOCK-BASED AWARDS



	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26
Shares repurchased	30.0	—	29.4	49.9	48.6	—
YoY Change	1.6%	3.1%	3.0%	3.5%	3.0%	3.8%

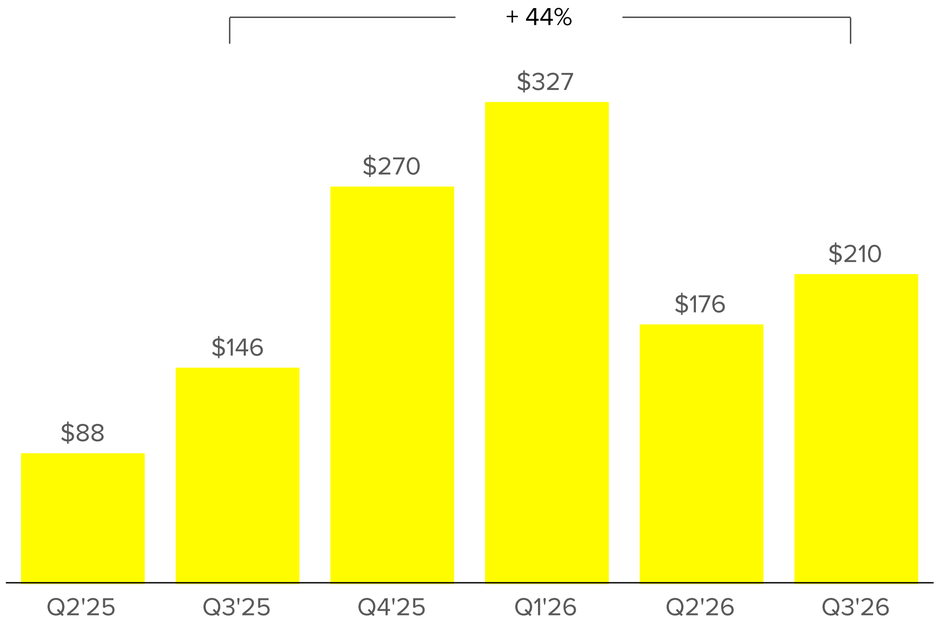
[1]Diluted net income (loss) per share is calculated using diluted weighted average shares outstanding during the period.
[2]Shares underlying stock-based awards include restricted stock units, restricted stock awards, and outstanding stock options.
Numbers throughout presentation may not foot due to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

$150 MILLION IN SHARE REPURCHASE AUTHORIZATION REMAINING

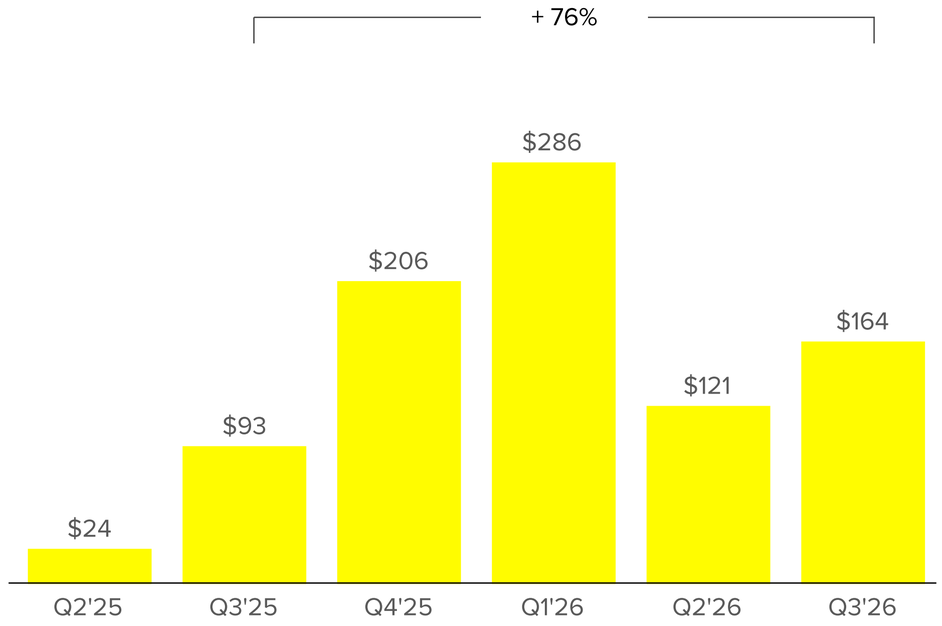
Operating Cash Flow and Free Cash Flow[1]

(in millions, unaudited)

OPERATING CASH FLOW



FREE CASH FLOW[1]



	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26
Capex	$(65)	$(53)	$(64)	$(41)	$(56)	$(46)
Total common shares outstanding plus shares underlying stock-based awards	1,826	1,861	1,880	1,887	1,881	1,932

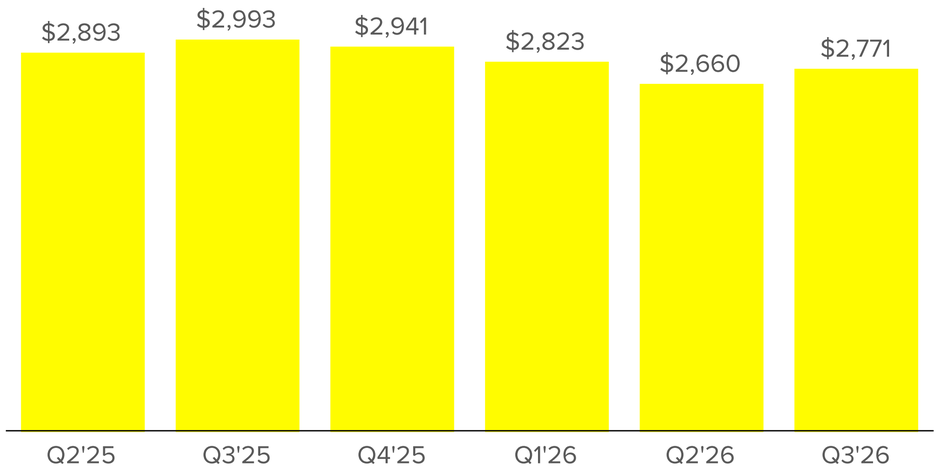
[1]Free Cash Flow is a non-GAAP measure, which we define as net cash provided by (used in) operating activities, reduced by purchases of property and equipment. See Appendix for a reconciliation of net cash provided by (used in) operating activities to Free Cash Flow.
Numbers throughout presentation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

OPERATING CASH FLOW WAS $983 MILLION OVER THE TRAILING TWELVE MONTHS
FREE CASH FLOW WAS $777 MILLION OVER THE TRAILING TWELVE MONTHS

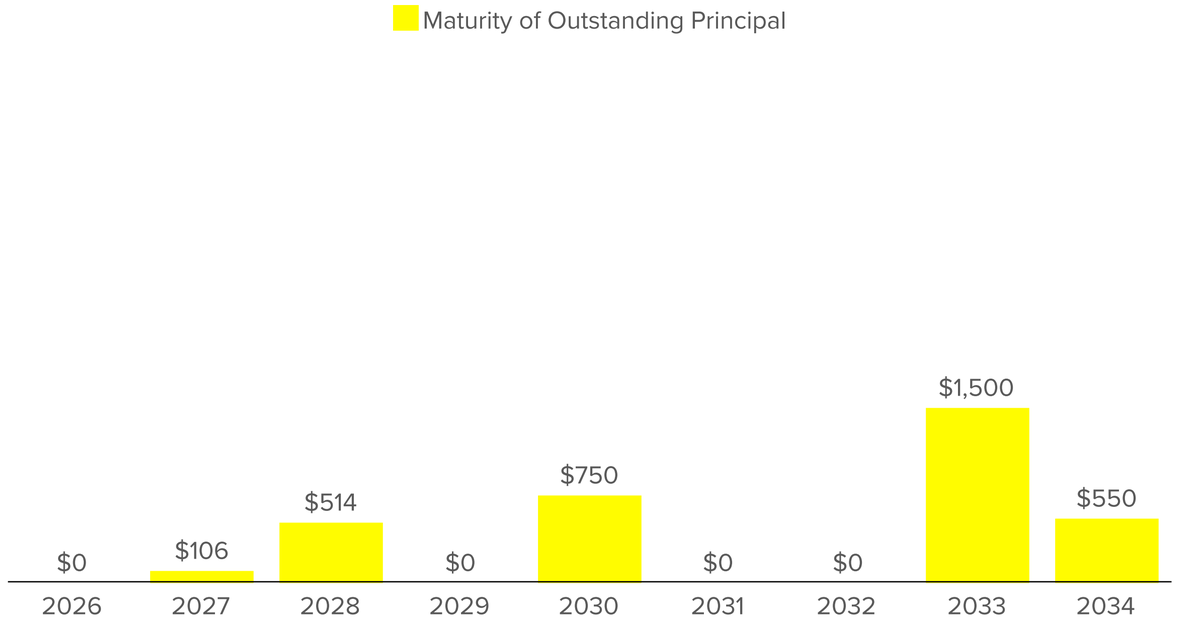
Capital Resources and Liquidity

(in millions, unaudited)

CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES



OUTSTANDING DEBT[1]



Significant financing activities						
Note Repurchases	—	$(550)	—	—	—	—
Stock Repurchases	$(243)	—	$(250)	$(350)	$(250)	—
Issuance of Notes[2]	—	$541	—	—	—	—
Other[3]	$(36)	—	—	—	—	$(47)

[1]Outstanding debt is shown as of September 30, 2026.
[2]In Q3 2025, we issued the 2034 Notes.
[3]In Q2 2025, other is composed of the repayment of the outstanding balance of the 2025 Notes at maturity. In Q3 2026, other is composed of the repayment of the outstanding balance of the 2026 Notes at maturity.
Numbers throughout presentation may not foot due to rounding.

$2.8 BILLION IN CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES ON HAND AT Q3 2026

Appendix

Non-GAAP Financial Measures Reconciliation – Quarterly

(in thousands, unaudited)

	Three Months Ended					
	June 30, 2025	September 30, 2025	December 31, 2025	March 31, 2026	June 30, 2026	September 30, 2026
Adjusted Cost of Revenue reconciliation						
GAAP Cost of Revenue	$ 653,333	$ 674,220	$ 702,443	$ 665,241	$ 667,885	$ 649,413
Stock-based compensation expense	(1,656)	(2,327)	(2,009)	(1,586)	(1,819)	(1,407)
Payroll and other tax expense related to stock-based compensation	(74)	(69)	(48)	(66)	(79)	(36)
Depreciation and amortization	(1,505)	(1,016)	(1,818)	(1,463)	(1,384)	(1,365)
Restructuring charges	—	—	—	—	(8,568)	—
Adjusted Cost of Revenue[1]	**$ 650,098**	**$ 670,808**	**$ 698,568**	**$ 662,126**	**$ 656,035**	**$ 646,605**
GAAP Gross Margin	51 %	55 %	59 %	56 %	58 %	62 %
Adjusted Gross Margin[1]	52 %	55 %	59 %	57 %	59 %	62 %
Adjusted Operating Expenses reconciliation						
GAAP Operating Expenses[2]	$ 951,273	$ 960,981	$ 964,301	$ 937,999	$ 1,101,829	$ 996,342
Stock-based compensation expense	(250,230)	(258,036)	(255,229)	(248,454)	(234,861)	(253,820)
Payroll and other tax expense related to stock-based compensation	(8,963)	(7,454)	(7,362)	(12,980)	(9,473)	(6,071)
Depreciation and amortization	(38,518)	(41,498)	(41,563)	(43,233)	(44,215)	(43,232)
Restructuring charges	—	—	—	—	(119,937)	—
Adjusted Operating Expenses[3]	**$ 653,562**	**$ 653,993**	**$ 660,147**	**$ 633,332**	**$ 693,343**	**$ 693,219**
GAAP Operating Expense Margin[2]	29 %	36 %	44 %	39 %	31 %	42 %
Adjusted Operating Expense Margin[3]	51 %	57 %	62 %	59 %	57 %	60 %

[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					
	June 30, 2025	September 30, 2025	December 31, 2025	March 31, 2026	June 30, 2026	September 30, 2026
Adjusted Research and Development Expenses reconciliation						
GAAP Research and Development Expenses	$ 443,325	$ 453,418	$ 472,693	$ 478,296	$ 542,092	$ 477,678
Stock-based compensation expense	(166,809)	(171,649)	(185,456)	(173,916)	(175,085)	(176,820)
Payroll and other tax expense related to stock-based compensation	(5,761)	(4,780)	(4,852)	(9,423)	(6,653)	(3,838)
Depreciation and amortization	(24,849)	(27,127)	(26,568)	(28,160)	(32,615)	(31,051)
Restructuring charges	—	—	—	—	(48,453)	—
Adjusted Research and Development Expenses[1]	**$ 245,906**	**$ 249,862**	**$ 255,817**	**$ 266,797**	**$ 279,286**	**$ 265,969**
Adjusted Sales and Marketing Expenses reconciliation						
GAAP Sales and Marketing Expenses	$ 257,853	$ 256,215	$ 249,280	$ 239,011	$ 298,399	$ 298,036
Stock-based compensation expense	(48,710)	(51,236)	(43,627)	(45,332)	(42,035)	(54,478)
Payroll and other tax expense related to stock-based compensation	(1,804)	(1,502)	(1,418)	(2,060)	(1,513)	(1,176)
Depreciation and amortization	(5,108)	(5,487)	(5,945)	(6,635)	(7,711)	(7,938)
Restructuring charges	—	—	—	—	(29,446)	—
Adjusted Sales and Marketing Expenses[1]	**$ 202,231**	**$ 197,990**	**$ 198,290**	**$ 184,984**	**$ 217,694**	**$ 234,444**
Adjusted General and Administrative Expenses reconciliation						
GAAP General and Administrative Expenses	$ 250,095	$ 251,348	$ 242,328	$ 220,692	$ 261,338	$ 220,628
Stock-based compensation expense	(34,711)	(35,151)	(26,146)	(29,206)	(17,741)	(22,522)
Payroll and other tax expense related to stock-based compensation	(1,398)	(1,172)	(1,092)	(1,497)	(1,307)	(1,057)
Depreciation and amortization	(8,561)	(8,884)	(9,050)	(8,438)	(3,889)	(4,243)
Restructuring charges	—	—	—	—	(42,038)	—
Adjusted General and Administrative Expenses[1]	**$ 205,425**	**$ 206,141**	**$ 206,040**	**$ 181,551**	**$ 196,363**	**$ 192,806**

[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.
Numbers throughout presentation may not foot due to rounding.

Non-GAAP Financial Measures Reconciliation – Quarterly

(in thousands, unaudited)

	Three Months Ended					
	June 30, 2025	September 30, 2025	December 31, 2025	March 31, 2026	June 30, 2026	September 30, 2026
Adjusted EBITDA reconciliation						
Net income (loss)	$ (262,570)	$ (103,541)	$ 45,209	$ (88,951)	$ (163,960)	$ 56,498
Add (deduct):						
Interest income	(33,199)	(32,255)	(31,687)	(26,459)	(24,672)	(26,859)
Interest expense	27,607	34,494	36,498	36,756	36,941	37,290
Other (income) expense, net	823	(27,570)	6,946	1,014	(21,502)	36
Income tax (benefit) expense	7,663	510	(7,249)	3,191	2,472	9,751
Depreciation and amortization	40,023	42,514	43,381	44,696	45,599	44,597
Stock-based compensation expense	251,886	260,363	257,238	250,040	236,680	255,227
Payroll and other tax expense related to stock-based compensation	9,037	7,523	7,410	13,046	9,552	6,107
Restructuring charges[1]	—	—	—	—	128,505	—
Adjusted EBITDA[2]	**$ 41,270**	**$ 182,038**	**$ 357,746**	**$ 233,333**	**$ 249,615**	**$ 382,647**
Net income (loss) margin	(20)%	(7)%	3 %	(6)%	(10)%	3 %
Adjusted EBITDA Margin[2]	3 %	12 %	21 %	15 %	16 %	22 %

[1] Restructuring charges primarily include cash severance, stock-based compensation expense, depreciation expense and other charges associated with the restructuring. 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.
Numbers throughout presentation may not foot due to rounding.

Non-GAAP Financial Measures Reconciliation – Quarterly

(in thousands, unaudited)

	Three Months Ended					
	June 30, 2025	September 30, 2025	December 31, 2025	March 31, 2026	June 30, 2026	September 30, 2026
Constant Currency Revenue reconciliation						
GAAP revenue	$ 1,344,930	$ 1,506,839	$ 1,716,461	$ 1,528,791	$ 1,598,993	$ 1,722,471
Effect of using prior period foreign exchange rates on current period revenue	(10,324)	(11,840)	(20,973)	(28,417)	(7,941)	2,403
Constant Currency Revenue[1]	**$ 1,334,606**	**$ 1,494,999**	**$ 1,695,488**	**$ 1,500,374**	**$ 1,591,052**	**$ 1,724,874**
GAAP revenue percentage change	9%	10%	10%	12%	19%	14%
Constant Currency Revenue percentage change	8%	9%	9%	10%	18%	14%

	Three Months Ended					
	June 30, 2025	September 30, 2025	December 31, 2025	March 31, 2026	June 30, 2026	September 30, 2026
Free Cash Flow reconciliation						
Net cash provided by operating activities	$ 88,494	$ 146,488	$ 269,578	$ 326,779	$ 176,214	$ 210,484
Less:						
Purchases of property and equipment	(64,701)	(53,044)	(64,022)	(40,772)	(55,676)	(46,031)
Free Cash Flow[2]	**$ 23,793**	**$ 93,444**	**$ 205,556**	**$ 286,007**	**$ 120,538**	**$ 164,453**

[1]Constant Currency Revenue is a non-GAAP measure, which we define as GAAP revenue in the current period translated using the prior period average monthly exchange rates for revenue transactions in currencies other than the U.S. dollar. We calculate the Constant Currency Revenue percentage change using current period constant currency revenue and prior period GAAP revenue. We report revenue on a constant-currency basis in order to facilitate period-to-period comparisons of our results without regard to the impact of fluctuating foreign currency exchange rates, which we believe is helpful to investors. However, Constant Currency Revenue is a non-GAAP financial measure, may be calculated differently from similarly titled measures used by other companies, and is not meant to be considered as an alternative or substitute for comparable measures prepared in accordance with GAAP.
[2]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 the non-GAAP financial measure of Constant Currency Revenue, which is defined as GAAP revenue in the current period translated using the prior period average monthly exchange rates for revenue transactions in currencies other than the U.S. dollar. We calculate the Constant Currency Revenue percentage change using current period constant currency revenue and prior period GAAP revenue. We report revenue on a constant-currency basis in order to facilitate period-to-period comparisons of our results without regard to the impact of fluctuating foreign currency exchange rates, which we believe is helpful to investors. However, Constant Currency Revenue is a non-GAAP financial measure, may be calculated differently from similarly titled measures used by other companies, and is not meant to be considered as an alternative or substitute for comparable measures prepared in accordance with GAAP. 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

Beginning in the first quarter of 2027, we plan to transition to global MAU as our primary audience metric. This change will include the replacement of global DAU with global MAU, as well as the discontinuation of regional DAU and regional ARPU. While DAU remains an important measure of engagement, we no longer believe it is the best primary measure of long-term value. MAU represents the scale of our community, while engagement and monetization metrics reflect the depth and value of our service. Daily engagement has historically been stable as a percentage of monthly engagement, but we do not intend to optimize Snapchat around daily use at the expense of long-term value for our community. A longer-term horizon better aligns our reported metrics with the product and safety decisions that strengthen relationships, create lasting utility, and support broader, more durable audience growth. Alongside global MAU, we are introducing global MAU-based ARPU as our primary monetization metric. The following describes these user metrics both prior to and after our planned transition.

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 MAUs for a particular quarter by calculating the average of the MAUs as of each calendar month-end in that quarter. Beginning in the first quarter of 2027, we plan to update the definition of MAU to include any registered and logged-in Snapchat user who visits at least one Snapchat-branded product through our applications or websites, which under the updated definition will include users who access our products through Apple Watch. Historically, MAU attributable to Apple Watch users has not been material. Additionally, beginning in the first quarter of 2027, MAU will be calculated using activity during the last 30 days of the quarter. Accordingly, reported quarterly MAU will represent the number of active users as of quarter end rather than an average of monthly active users during the quarter. We believe this measurement period provides a more current view of our trajectory and improves comparability with peers. The impact of these changes to our historical MAU definition would have resulted in a less than 1% change to our historical MAU in the third quarter of 2026 and would have resulted in similarly immaterial changes in our historical MAUs in each quarter from the first quarter of 2024 to the second quarter of 2026.

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 customer. Beginning in the first quarter of 2027, we plan to define ARPU as quarterly revenue divided by global MAU reported for the quarter. We will also no longer report regional ARPU. Any adjustments to historical MAUs discussed above would have a commensurate immaterial impact on our calculations of historical ARPU under the updated definition. 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.

Note Regarding User Metrics and Other Data (Continued)

Unless otherwise stated, statistical information regarding our users and their activities is determined using the applicable measurement period and calculation method described above.

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 or MAU 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.
Some of our demographic data may be incomplete or inaccurate. For example, although we take steps to understand our users' ages, including requiring new users to 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 age data 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 or MAU only once during the applicable measurement period. 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 the applicable measurement period. 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 applications and websites.

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. As a result of any such adjustments, including the adjustments that are part of our planned transition described above, our DAUs, MAUs, ARPU, or other metrics may not be directly comparable to those in prior periods. Our measures of DAUs or MAUs may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology or data used.