Snap Inc.

Q1 2023 Earnings Slides

April 27, 2023

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 on our current expectations and projections about future events and trends, including our financial outlook, macroeconomic uncertainty, geo-political conflicts, and the COVID-19 pandemic, 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 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 conflicts, the COVID-19 pandemic, 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 Financial Summary

Revenue

- Revenue was $989 million in Q1 2023, compared to $1,063 million in Q1 2022, a decrease of 7% year-over-year. On a constant currency basis[1] to account for changes in foreign exchange rates, the decrease was approximately 6% year-over-year.
- Average revenue per user was $2.58 in Q1 2023, compared to $3.20 in Q1 2022.

Operating Performance

- Operating margin was (37)% in Q1 2023, compared to (26)% in Q1 2022.
- Adjusted gross margin[2] was 56% in Q1 2023, compared to 61% in Q1 2022.
- Net loss was $329 million in Q1 2023, compared to $360 million in Q1 2022.
- Adjusted EBITDA[3] was $1 million in Q1 2023, compared to $64 million in Q1 2022.
- Adjusted EBITDA margin[3] was 0.1% in Q1 2023, compared to 6% in Q1 2022.

Cash

- Operating cash flow was $151 million in Q1 2023, compared to $127 million in Q1 2022.
- Free Cash Flow[3] was $103 million in Q1 2023, compared to $106 million in Q1 2022.
- Cash, cash equivalents, and marketable securities were $4.1 billion as of March 31, 2023.

[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. The constant currency revenue percentage change is determined using current period constant currency revenue and prior period GAAP revenue.
[2]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 non-cash or non-recurring items impacting net income (loss) from time to time.
[3]Adjusted EBITDA margin is a non-GAAP measure, which we define as Adjusted EBITDA divided by GAAP revenue. See Appendix for non-GAAP measures of Adjusted EBITDA and Free Cash Flow, including reconciliations of net loss to Adjusted EBITDA and net cash provided by (used in) operating activities to Free Cash Flow.
Quarterly information is unaudited.
Numbers throughout presentation may not foot due to rounding.

FREE CASH FLOW WAS $103 MILLION IN Q1 2023

Business Highlights

We grew and deepened our engagement with our community:

- DAUs were 383 million in Q1 2023, an increase of 51 million, or 15% year-over-year.
- DAUs increased sequentially and year-over-year in each of North America, Europe, and Rest of World.
- Total time spent watching Spotlight content grew more than 170% year-over-year, and Spotlight reached more than 350 million monthly active users on average in Q1, representing an increase of 46% year-over-year.
- We launched My AI, a new AI-powered chatbot to make conversational artificial intelligence useful and enjoyable for our community, and surface the best of Snapchat to our community, including relevant AR Lenses and recommendations from the Snap Map.
- We introduced 3D to the Snap Map to highlight Places and make the Map more personal, fun, and engaging.
- We introduced our new Content Controls feature in Family Center that allows parents to filter the types of content their teens can watch on Snapchat.
- We announced new safeguards to My AI, including a new age signal and time out functionality.
- We launched two new Sounds creative tools to make it easier to discover and share music — Sounds Recommendations for Lenses and Sounds Sync for Camera Roll.

Business Highlights (Continued)

We are focused on expanding and diversifying our revenue growth:

- We simplified Ads Manager create workflows, improved ad management experiences on mobile, redesigned the creative library and simplified our payments onboarding experiences.
- We transitioned to a new ad format for Snapchatters that aligned ad design with content design, which is an important input toward a consistent and unified content and advertising interaction experience across Spotlight and Stories.
- Apparel company Courir saw a 24% decrease in cost per purchase within Ads Manager and a 43% increase in ROAS reported in Google Analytics after implementing the 7/0 Pixel Purchase optimization model.
- Snapchat+, our subscription service that offers exclusive, experimental, and pre-release features, reached over 3 million paying subscribers in Q1.
- We launched Generative AI Backgrounds, an exclusive Snapchat+ feature that allows Snapchatters to generate fun backgrounds for their profiles using free-form text prompts.
- We launched AR Enterprise Services (ARES), our new SaaS business, bringing our world-class AR technology suite beyond Snapchat, and into customers' owned-and-operated apps and websites; early customers include Goodr, Princess Polly, and Gobi Cashmere.
- Goodr leveraged our AR Try-On to replicate the experience of in-store shopping on customers' mobile devices, and saw an 81% uplift in add-to-cart and a 67% uplift in conversion for mobile device users, leading to a 59% increase in revenue per shopper.
- Princess Polly incorporated our fit & sizing technology Fit Finder for recommendations and our AR Image Try-On feature to deliver over 50 million recommendations and saw a 24% lower product return rate when shoppers used the technology.
- Gobi Cashmere's shoppers using Fit Finder for recommendations and AR Try-On for clothing features were 4x as likely to convert.

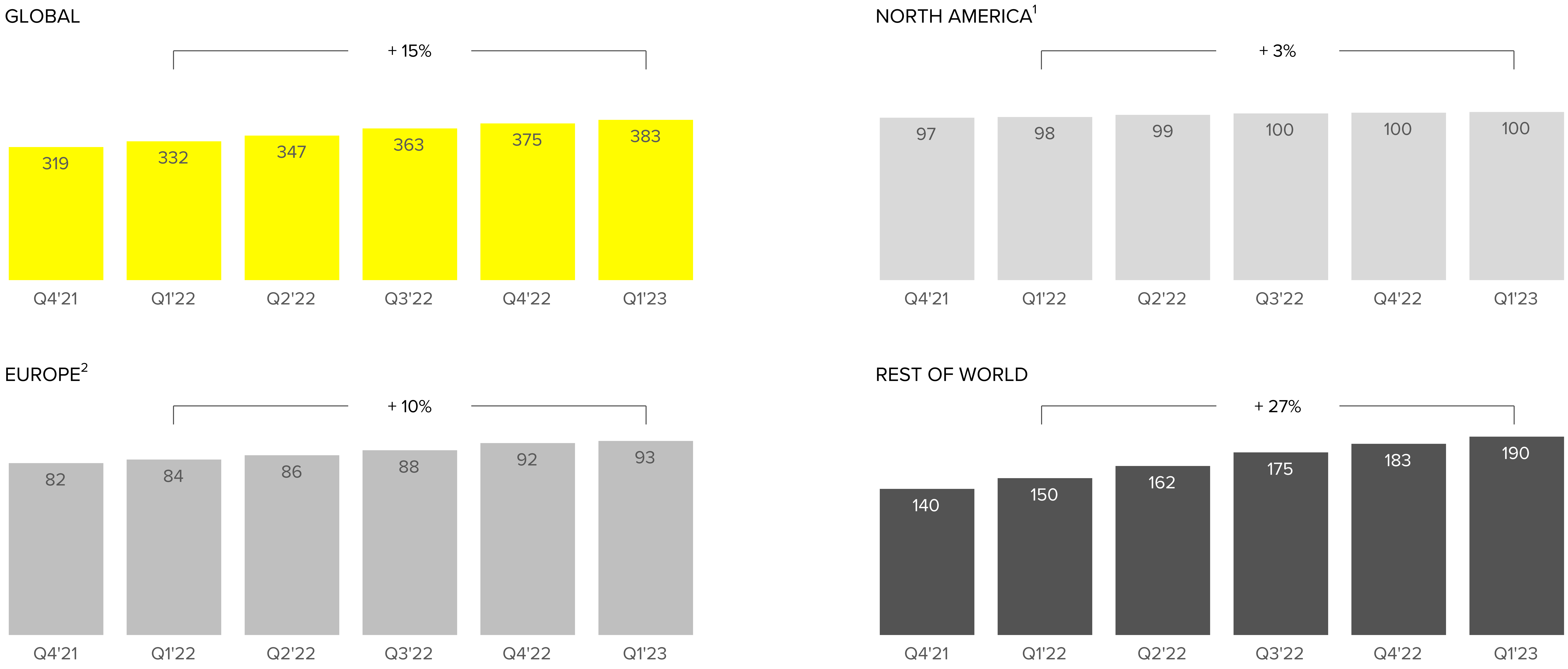
Business Highlights (Continued)

We invested in our augmented reality platform:

- Ray Tracing, which enables photorealistic quality on digital objects, is now available in Lens Studio to developers around the world.
- We introduced support for Version Control for project collaboration in Lens Studio, enabling developers to collaborate simultaneously on new or existing Lens Studio projects while maintaining the integrity of their source code.
- We introduced Portrait Relighting, which gives developers the ability to enhance or change the light and background of photos, as well as add their own custom lighting to photos.
- Lens Studio's start screen now has a dedicated Learn Tab that offers educational materials like videos and guides to help developers learn how to build Lenses.
- Powered by Camera Kit, Microsoft Teams brought Snapchat Lenses right into video meetings to help colleagues communicate and collaborate as they discuss projects.
- We announced a new integration with Disguise, an industry leader in live event visualization technology, that will bring Snap AR to the world's largest venues and tours.
- We partnered with the NFL to create a 3D model of the State Farm Stadium so fans on the NFL app could see what it's like inside the official Super Bowl LVII stadium, and a Snapchat Lens of the stadium allowed them to keep up with the game in real time through AR.
- We partnered with British Vogue for an immersive experience through Vogue x Snapchat: Redefining the Body, which allowed visitors to enter the worlds of renowned designers and try on iconic digital designs from Dior, Kenneth Ize, Richard Quinn, Stella McCartney, Thebe Magugu, and Versace.
- Our AR Studio in Paris created a unique AR experience for International Women's Day by installing eight AR statues of important female figures in French history across eight French cities.

Average Daily Active Users (DAU)

(in millions, unaudited)



We define a Daily Active User, or DAU, as a registered Snapchat user who opens the Snapchat application 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.

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

[2]Europe includes Russia and Turkey.

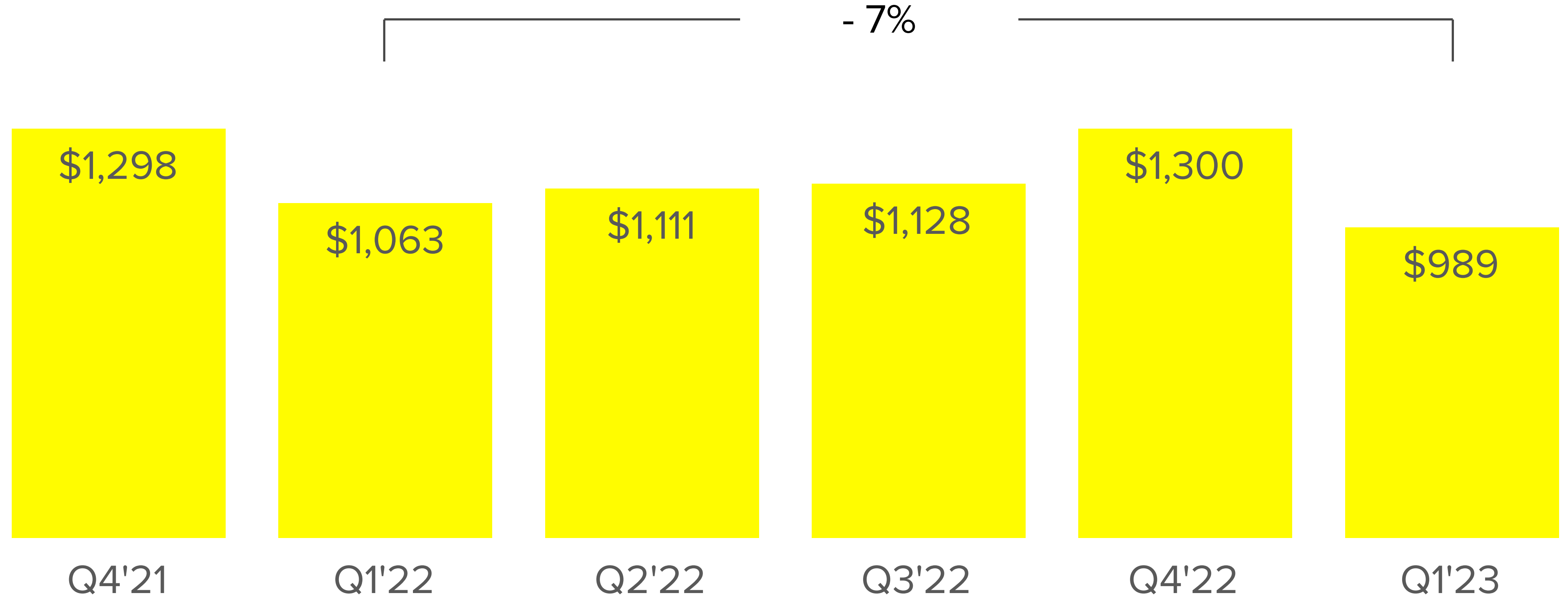
Numbers throughout presentation may not foot due to rounding.

GLOBAL DAU INCREASED 51 MILLION, OR 15%, YoY

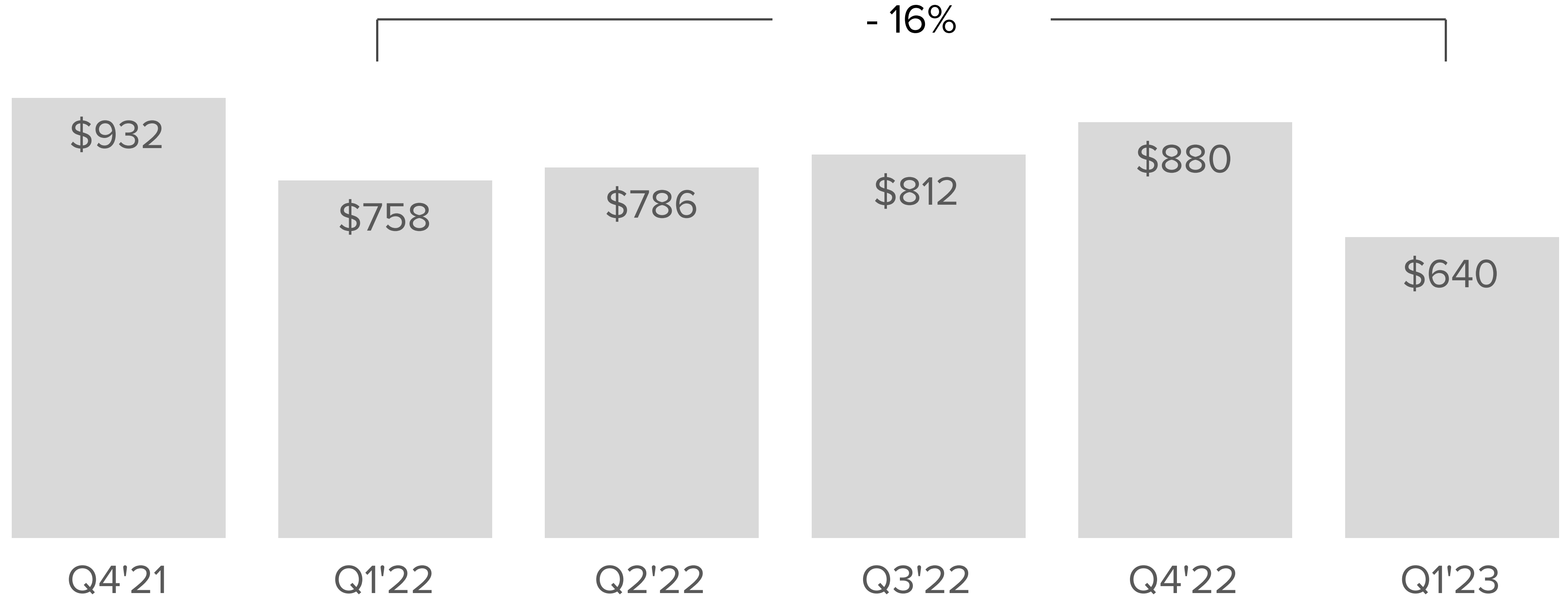
Revenue by Geography

(in millions, unaudited)

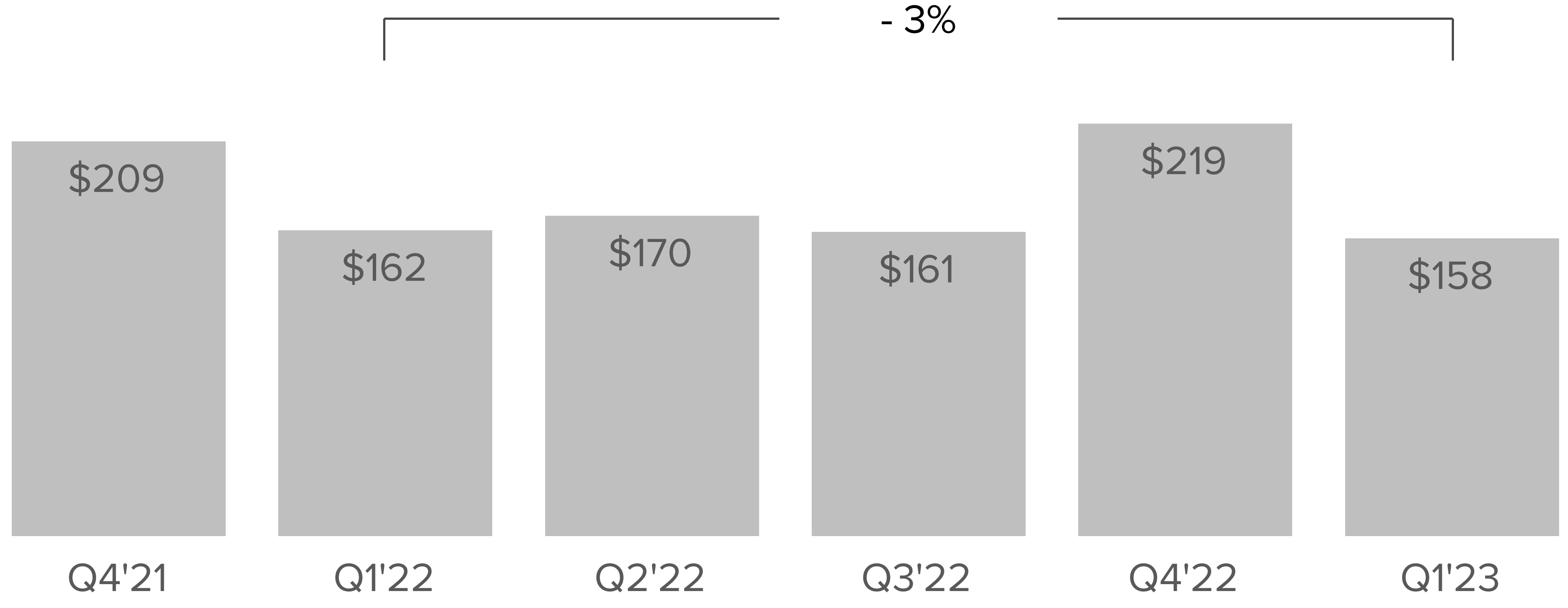
GLOBAL



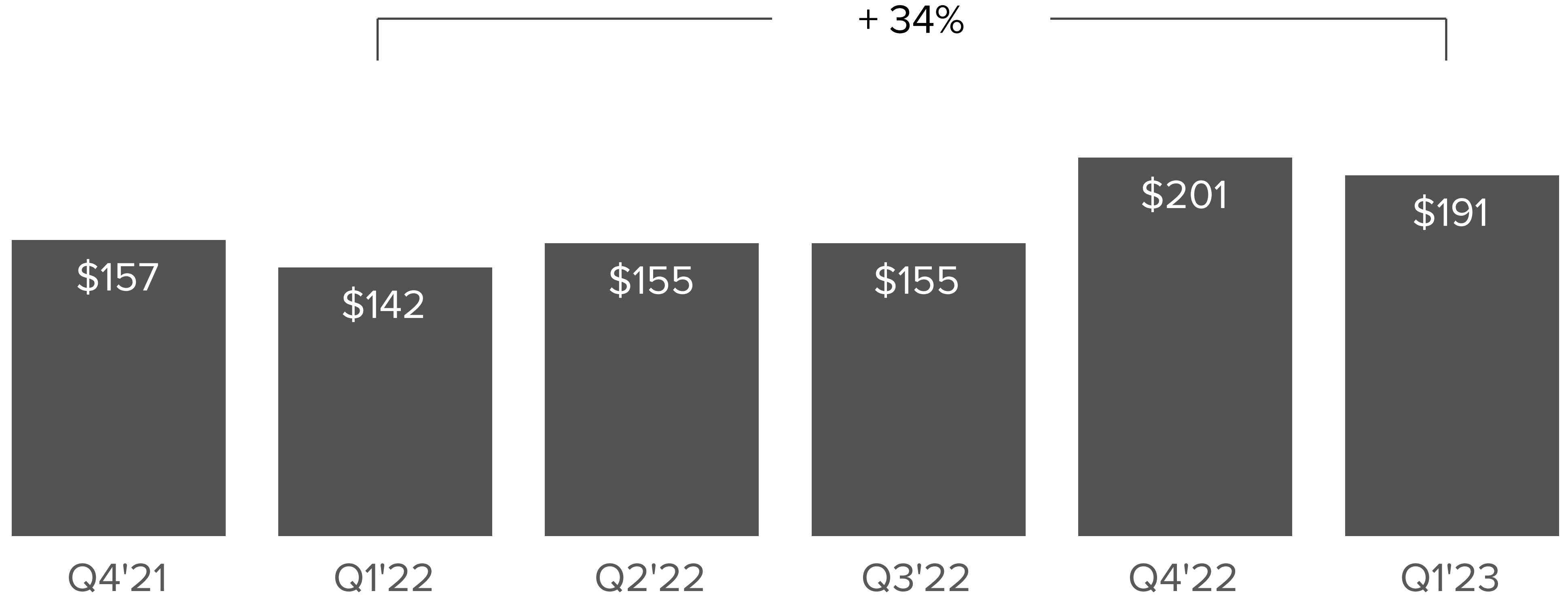
NORTH AMERICA[1]



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.

[3] 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. The constant currency revenue percentage change is determined using current period constant currency revenue and prior period GAAP revenue.

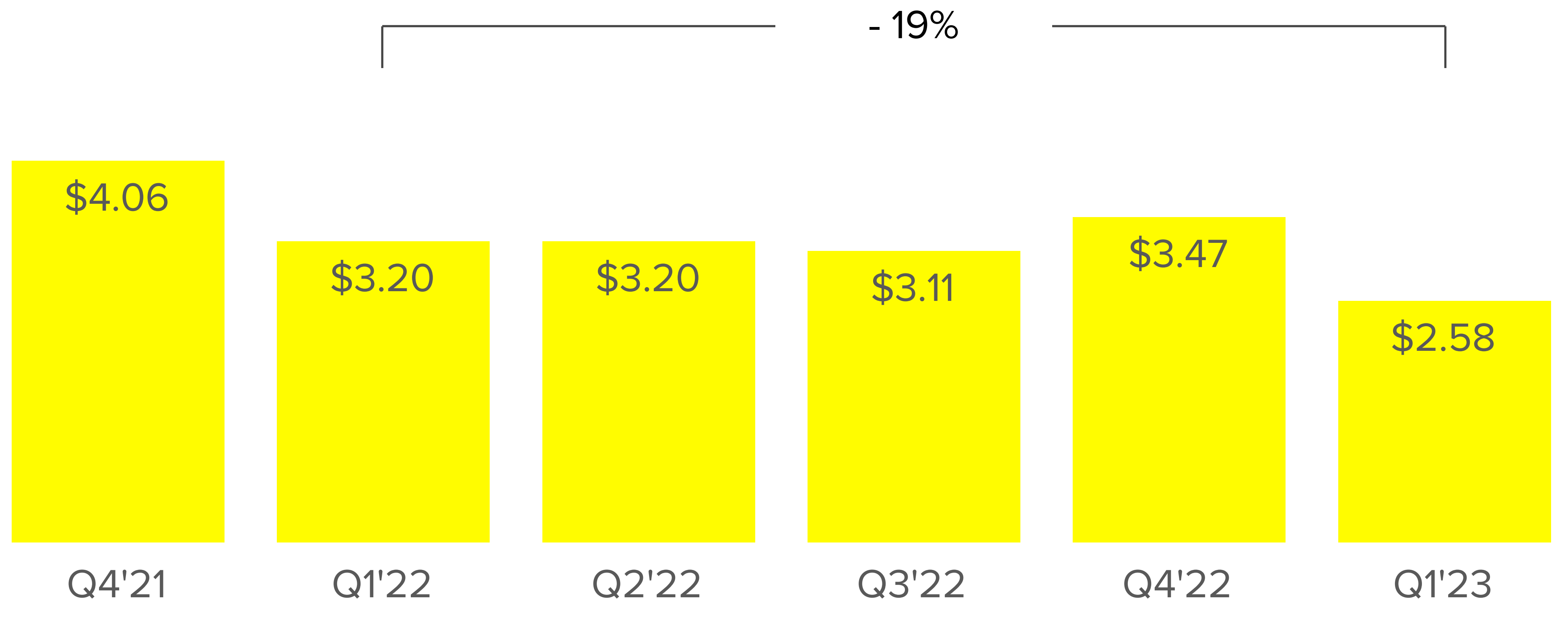
Numbers throughout presentation may not foot due to rounding.

Q1 2023 REVENUE WAS $989 MILLION; ON A CONSTANT CURRENCY BASIS[3], APPROXIMATELY 6% DECLINE YoY

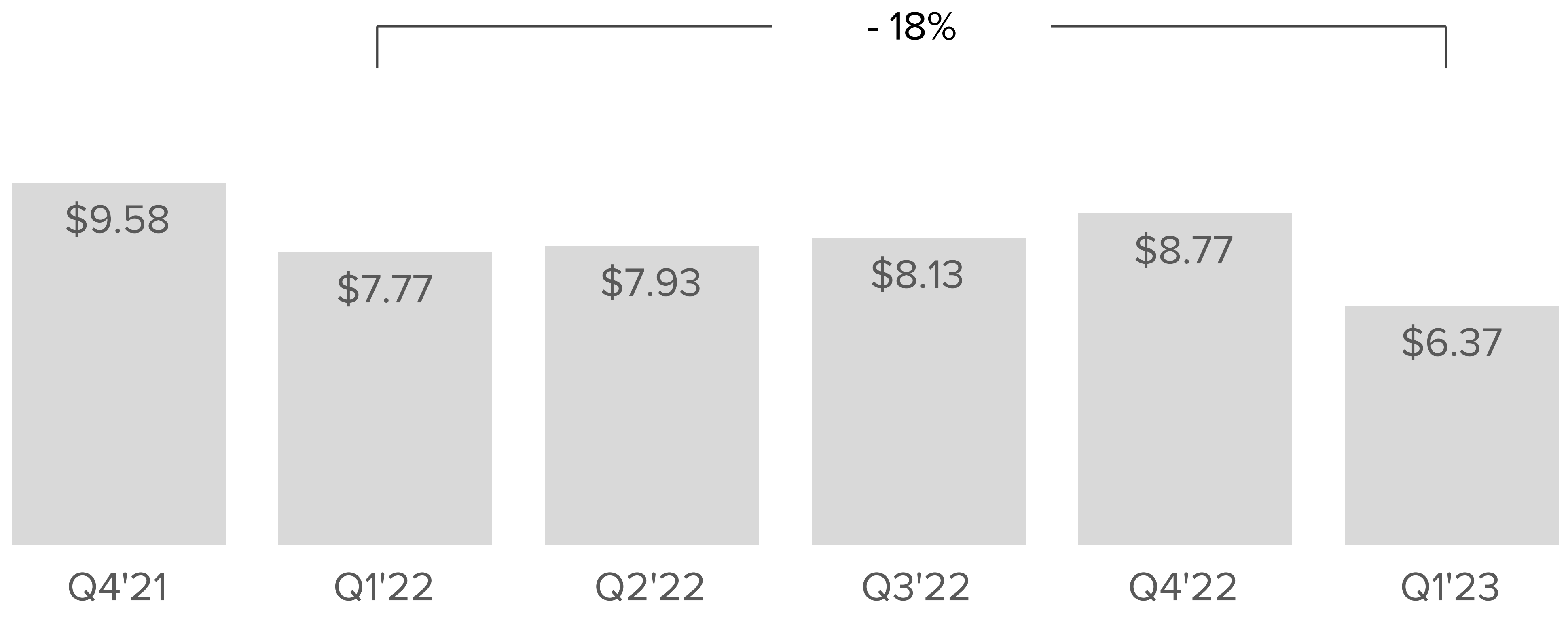
Average Revenue Per User (ARPU)

(unaudited)

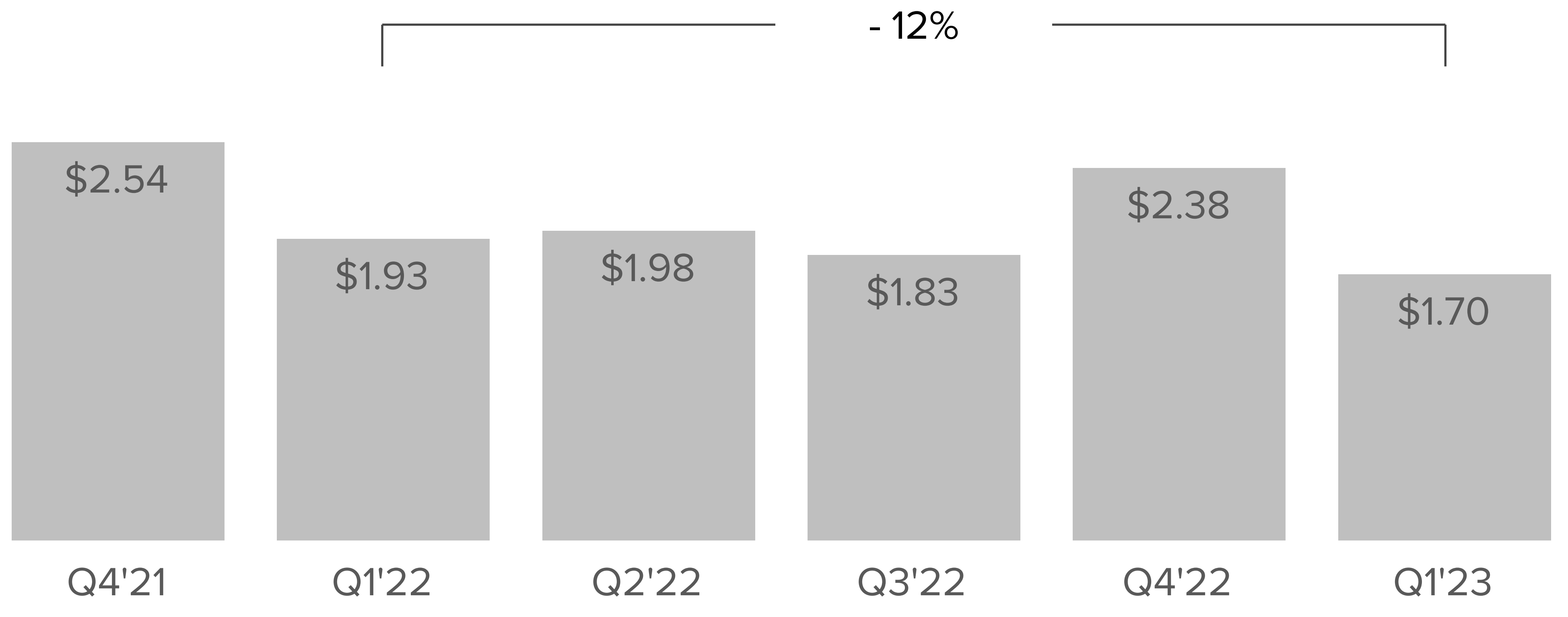
GLOBAL



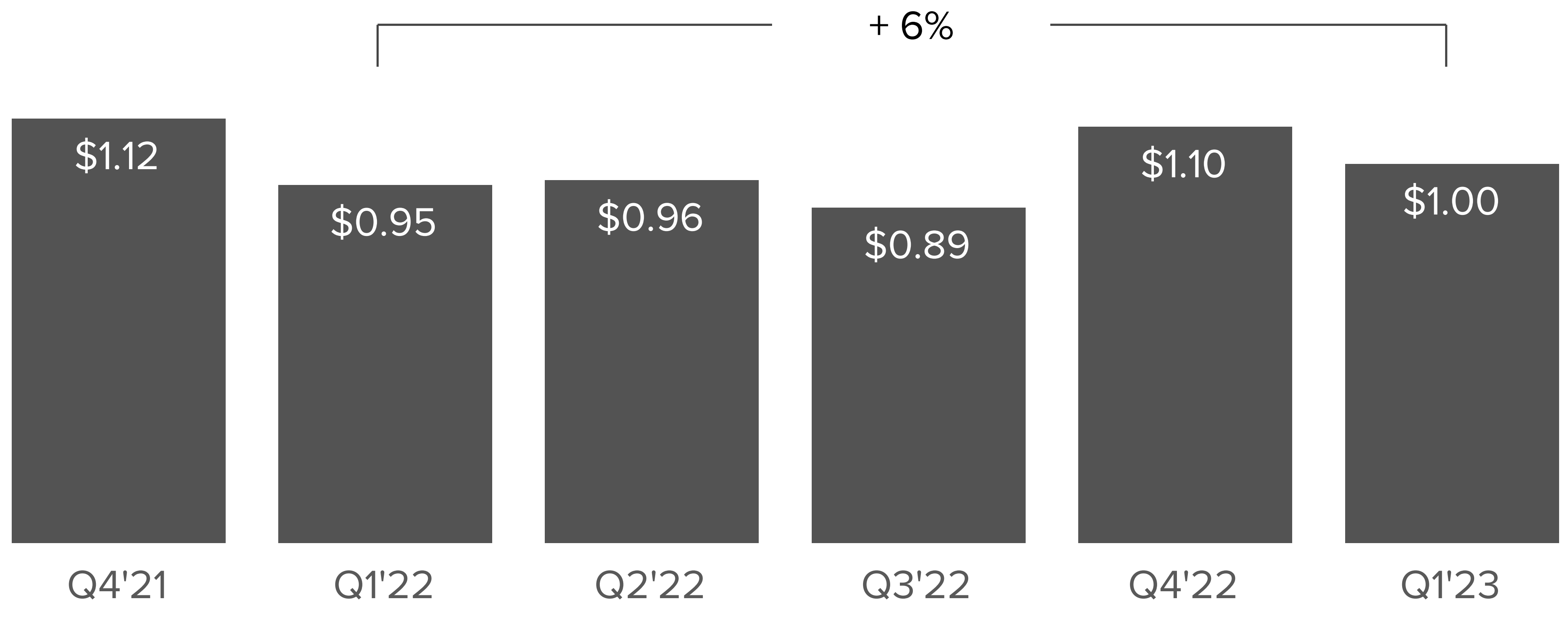
NORTH AMERICA[1]



EUROPE[2]



REST OF WORLD



We define ARPU as quarterly revenue divided by the average Daily Active Users. For purposes of calculating ARPU, 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.

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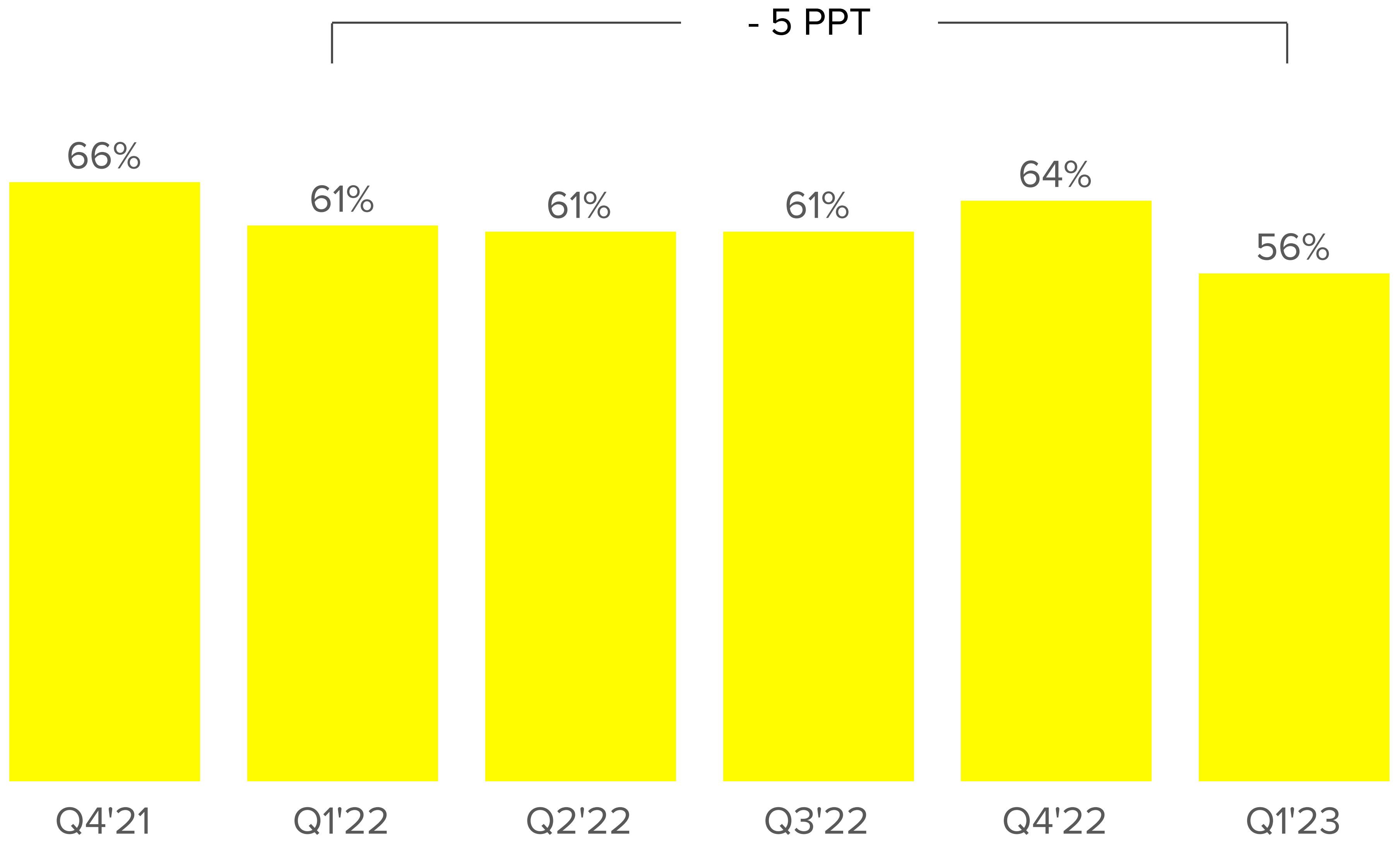
Q1 2023 GLOBAL ARPU WAS $2.58

Q1 2023 REST OF WORLD ARPU INCREASED 6% YoY TO $1.00

Adjusted Gross Margin and Adjusted Cost of Revenue[1]

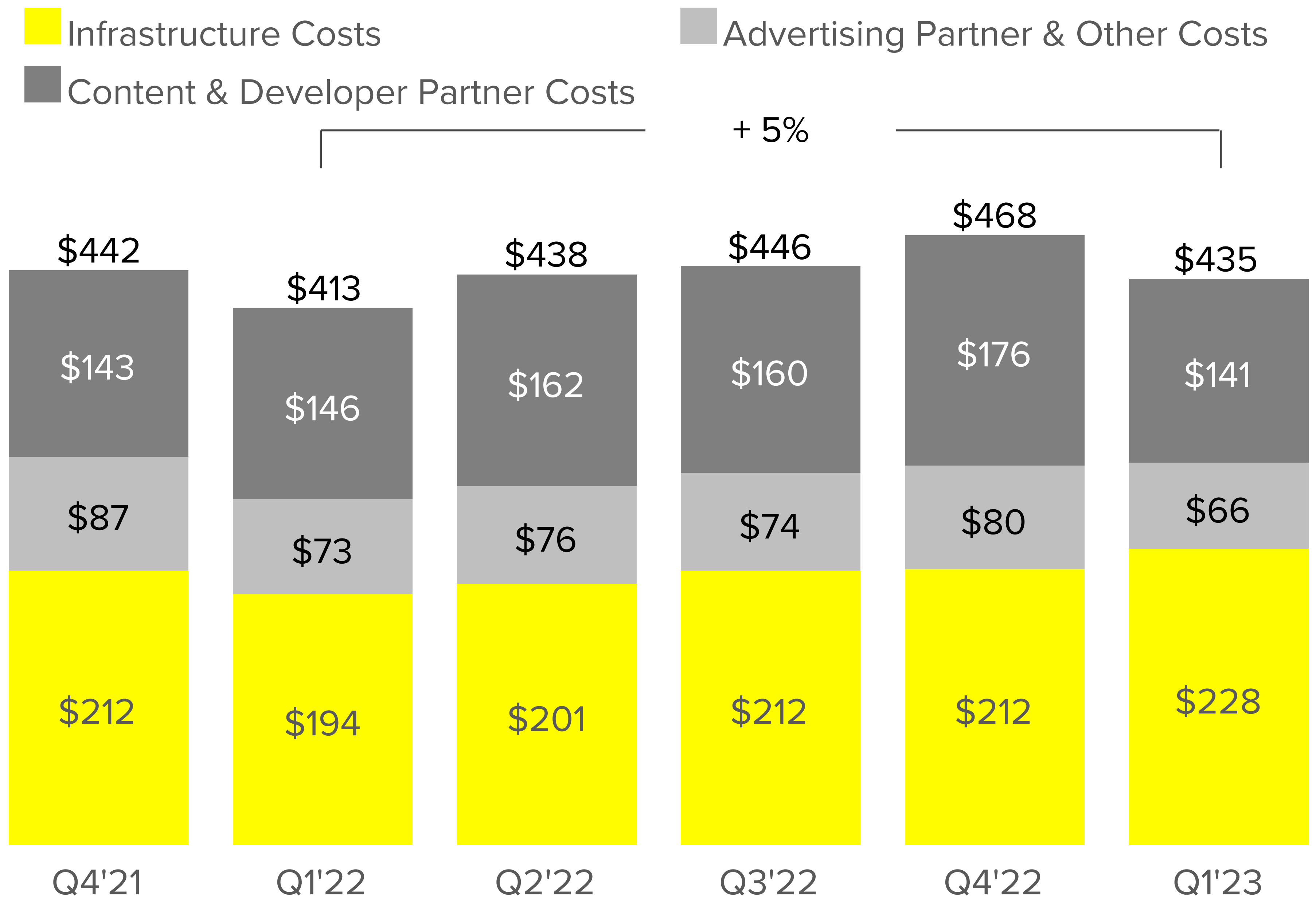
(dollars in millions, unaudited)

ADJUSTED GROSS MARGIN[1]



	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
Adjusted Cost of Revenue[1] as a % of Revenue	34%	39%	39%	39%	36%	44%

ADJUSTED COST OF REVENUE[1] COMPOSITION



	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
Total Non-GAAP Exclusions[1]	$8	$8	$8	$21	$13	$5
Total GAAP Cost of Revenue	$449	$421	$446	$467	$481	$440

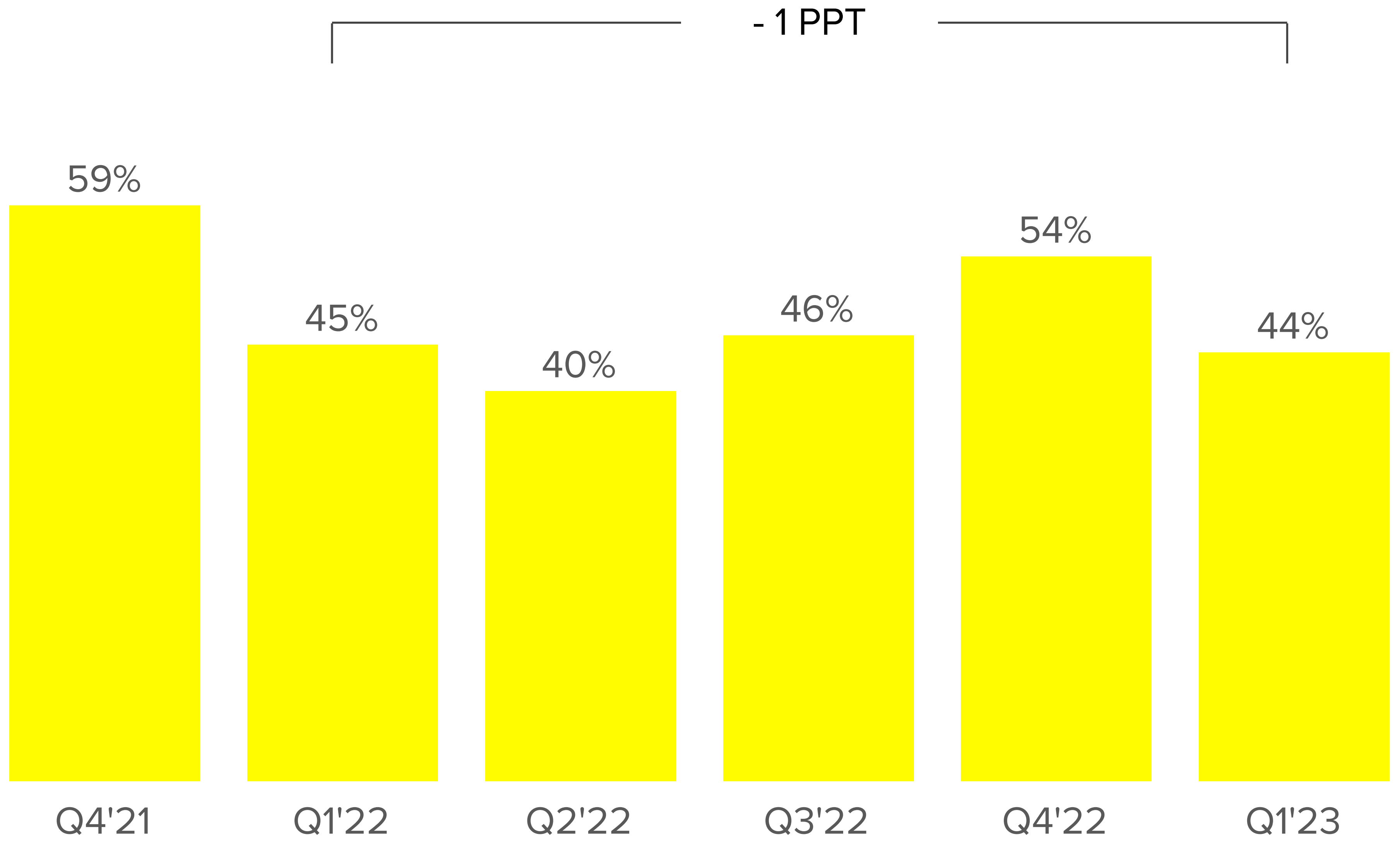
[1]Adjusted gross margin is a non-GAAP measure, which we define as GAAP revenue less adjusted cost of revenue divided by GAAP revenue. Adjusted cost of revenue is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other non-cash or non-recurring items impacting net income (loss) from time to time. In Q3 2022 and Q4 2022, non-recurring items included restructuring charges of $14 million and $7 million, respectively. See Appendix for further detail.
Numbers throughout presentation may not foot due to rounding.

CONTENT & DEVELOPER PARTNER COSTS DOWN $21 MILLION FROM Q2 2022, IN LINE WITH $50 MILLION REDUCTION IN ANNUALIZED FIXED CONTENT COSTS ANNOUNCED IN Q3 2022

Adjusted Operating Expense Margin and Adjusted Operating Expenses[1]

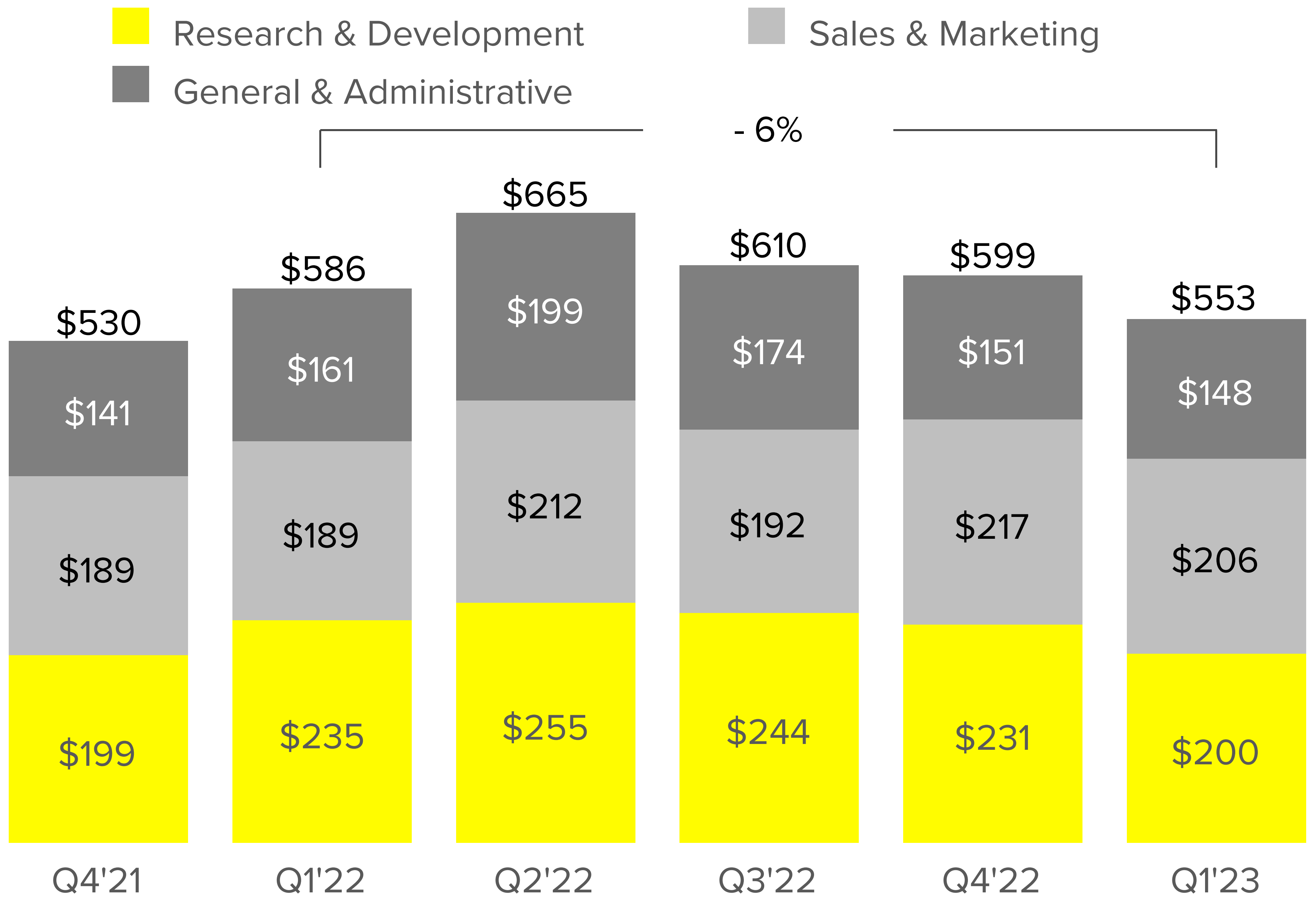
(dollars in millions, unaudited)

ADJUSTED OPERATING EXPENSE MARGIN[1]



	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
Adjusted Operating Expenses[1] as a % of Revenue	41%	55%	60%	54%	46%	56%

ADJUSTED OPERATING EXPENSES[1] COMPOSITION



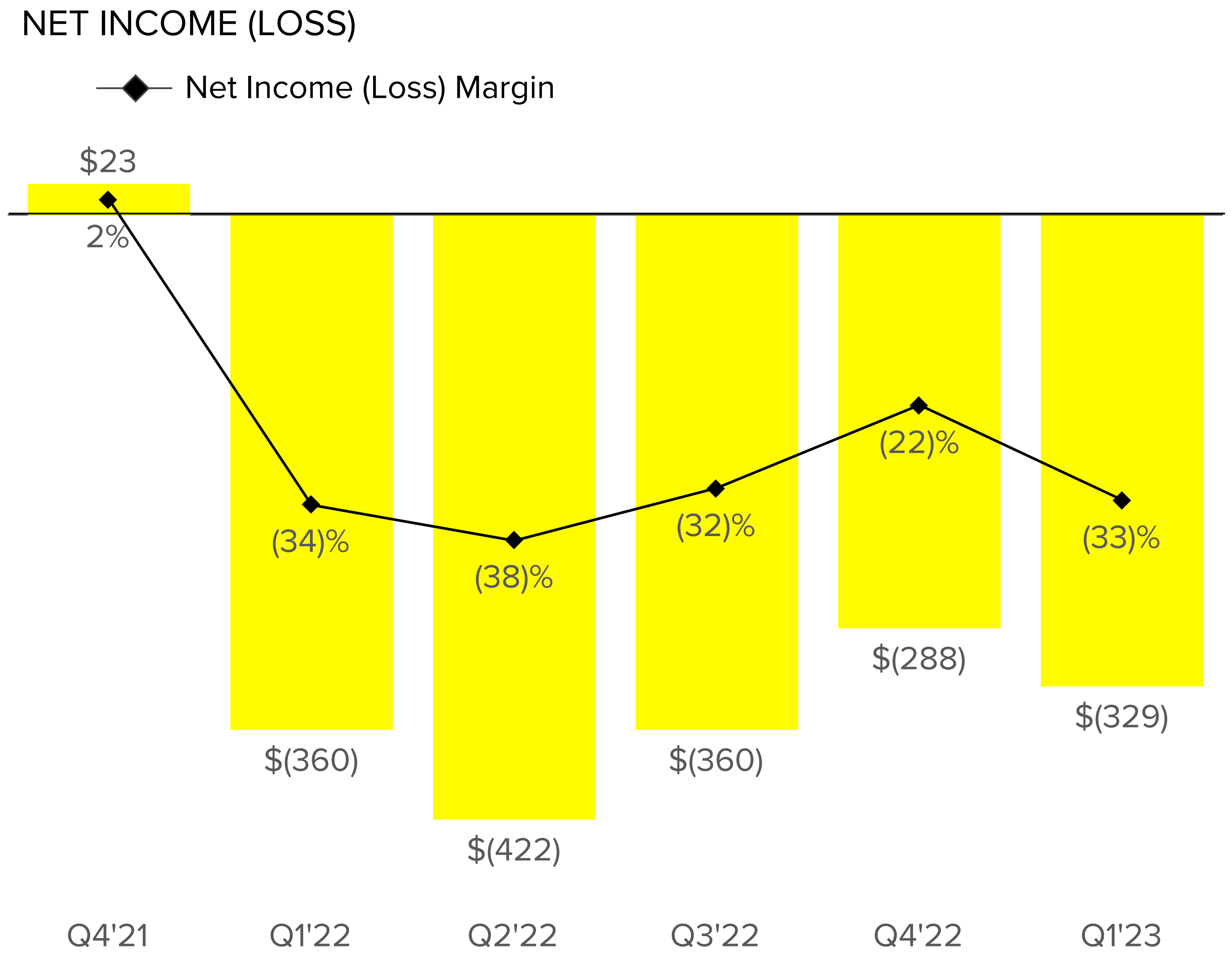
	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
Total Non-GAAP Exclusions[1]	$344	$328	$400	$487	$507	$361
Total GAAP Operating Expenses	$874	$913	$1,065	$1,097	$1,106	$914

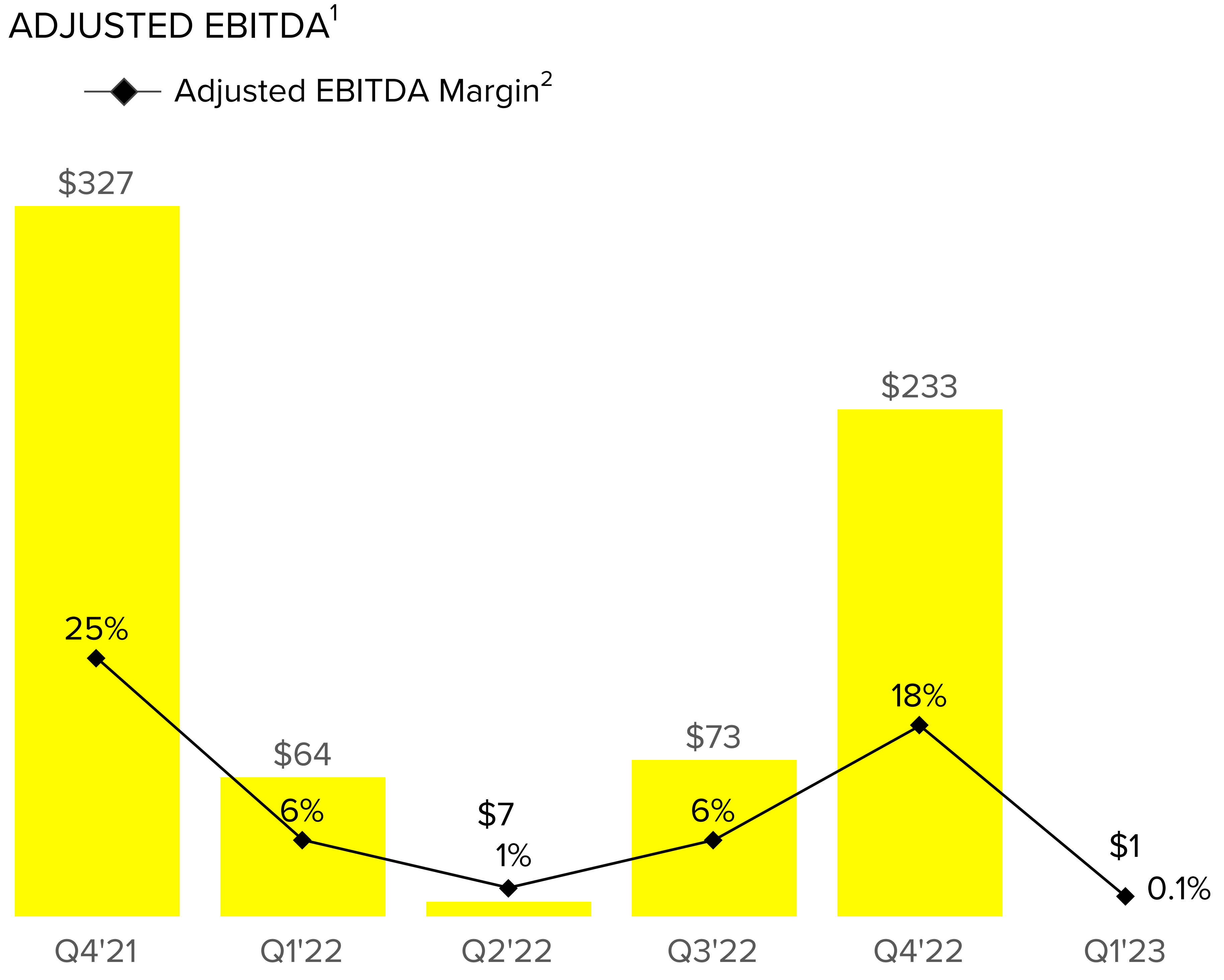
[1]Adjusted operating expense margin is a non-GAAP measure, which we define as GAAP revenue less adjusted operating expenses, divided by GAAP revenue. Adjusted operating expenses is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other non-cash or non-recurring items impacting net income (loss) from time to time. In Q3 2022 and Q4 2022, non-recurring items included restructuring charges of $141 million and $27 million, respectively. See Appendix for further detail. Numbers throughout presentation may not foot due to rounding.

ADJUSTED OPERATING EXPENSES DOWN $112 MILLION FROM Q2 2022, IN LINE WITH $450 MILLION REDUCTION IN ANNUALIZED ADJUSTED OPERATING EXPENSES ANNOUNCED IN Q3 2022

Net Income (Loss) & Adjusted EBITDA[1]

(dollars in millions, unaudited)





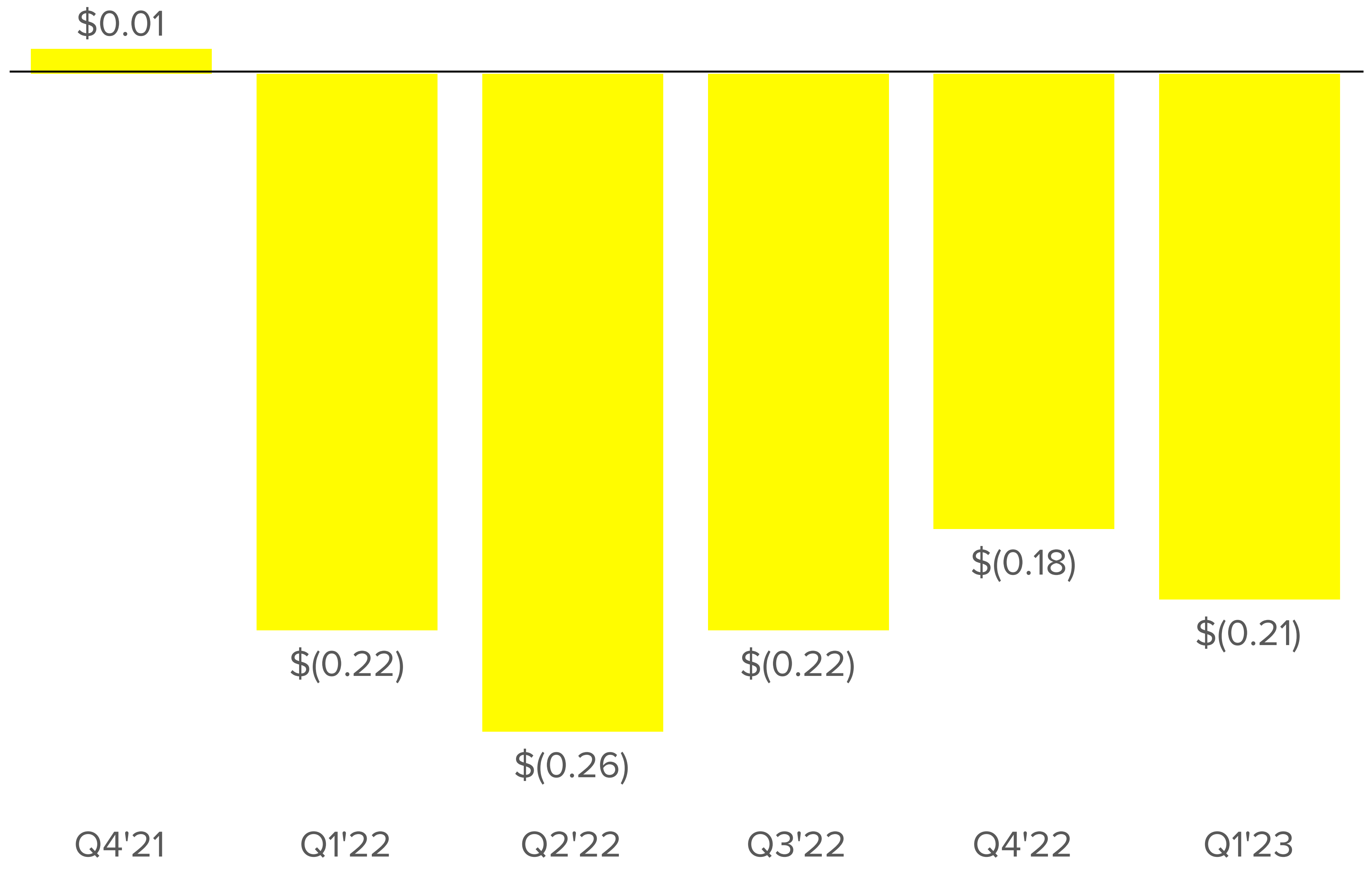
[1]Adjusted EBITDA is a non-GAAP measure, which we define as net income (loss), excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; and certain other non-cash or non-recurring items impacting net income (loss) from time to time. In Q3 2022 and Q4 2022, non-recurring items included restructuring charges of $155 million and $34 million, respectively. See Appendix for 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.

8 CONSECUTIVE QUARTERS OF POSITIVE ADJUSTED EBITDA

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

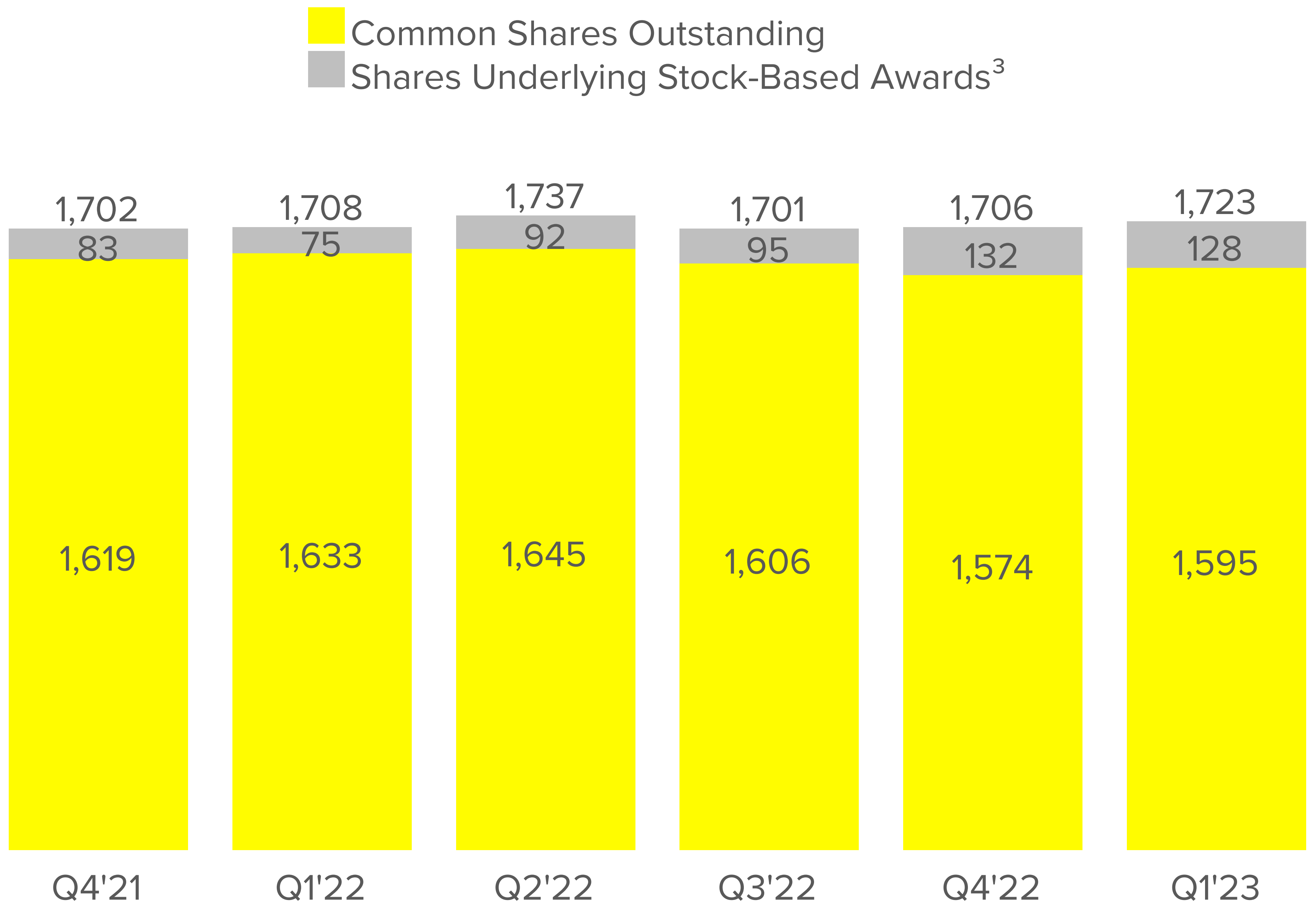
(in millions, except per share data, unaudited)

DILUTED NET INCOME (LOSS) PER SHARE[1]



	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
Total Non-GAAP Exclusions[2]	$0.21	$0.20	$0.24	$0.30	$0.32	$0.22
Non-GAAP diluted net income (loss) per share[2]	$0.22	$(0.02)	$(0.02)	$0.08	$0.14	$0.01

COMMON SHARES OUTSTANDING PLUS SHARES UNDERLYING STOCK-BASED AWARDS



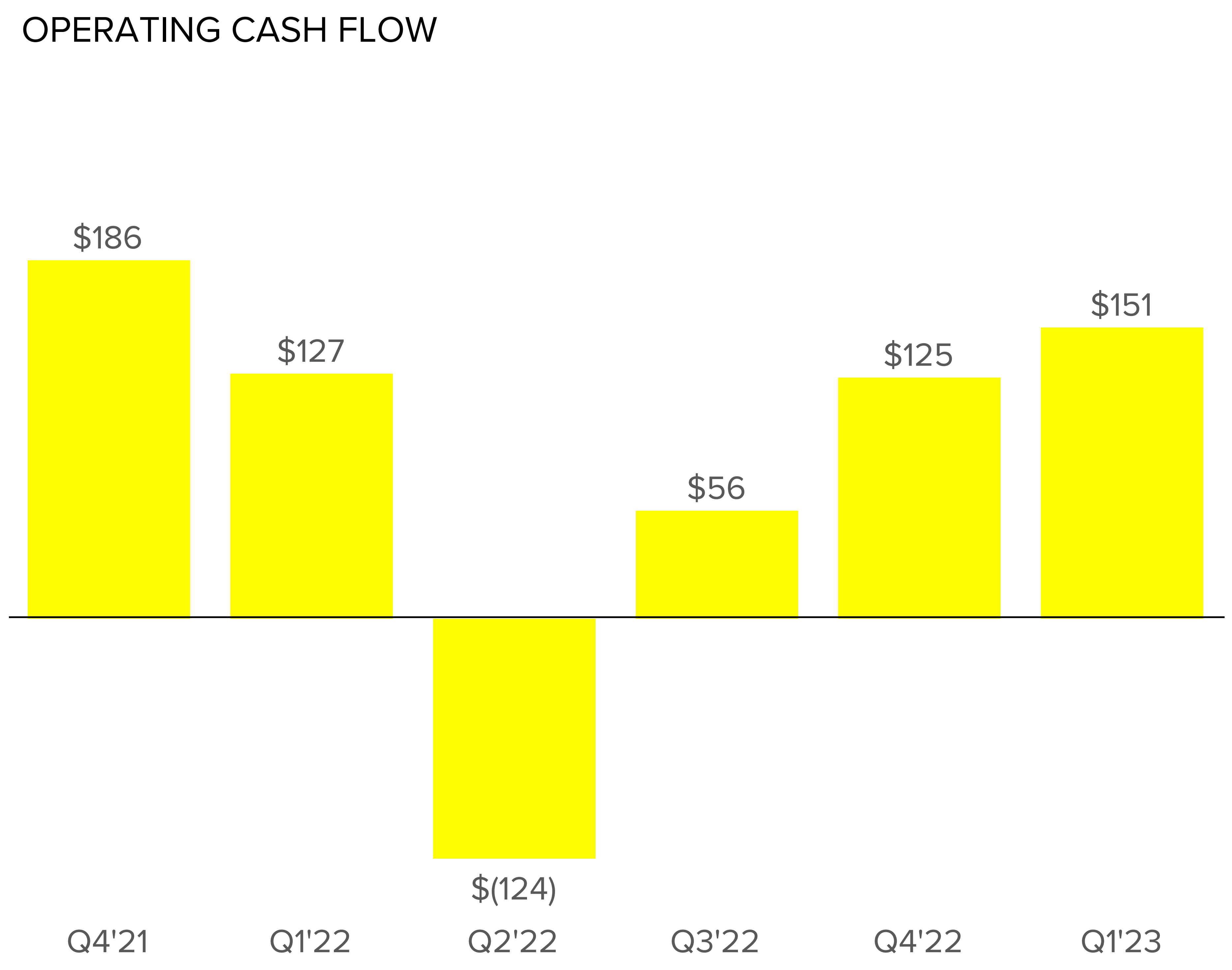
	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
Shares repurchased	—	—	—	51.3	53.9	—
YoY Change excluding exchange shares[4]	1.2%	1.3%	2.5%	0.2%	0.2%	0.9%

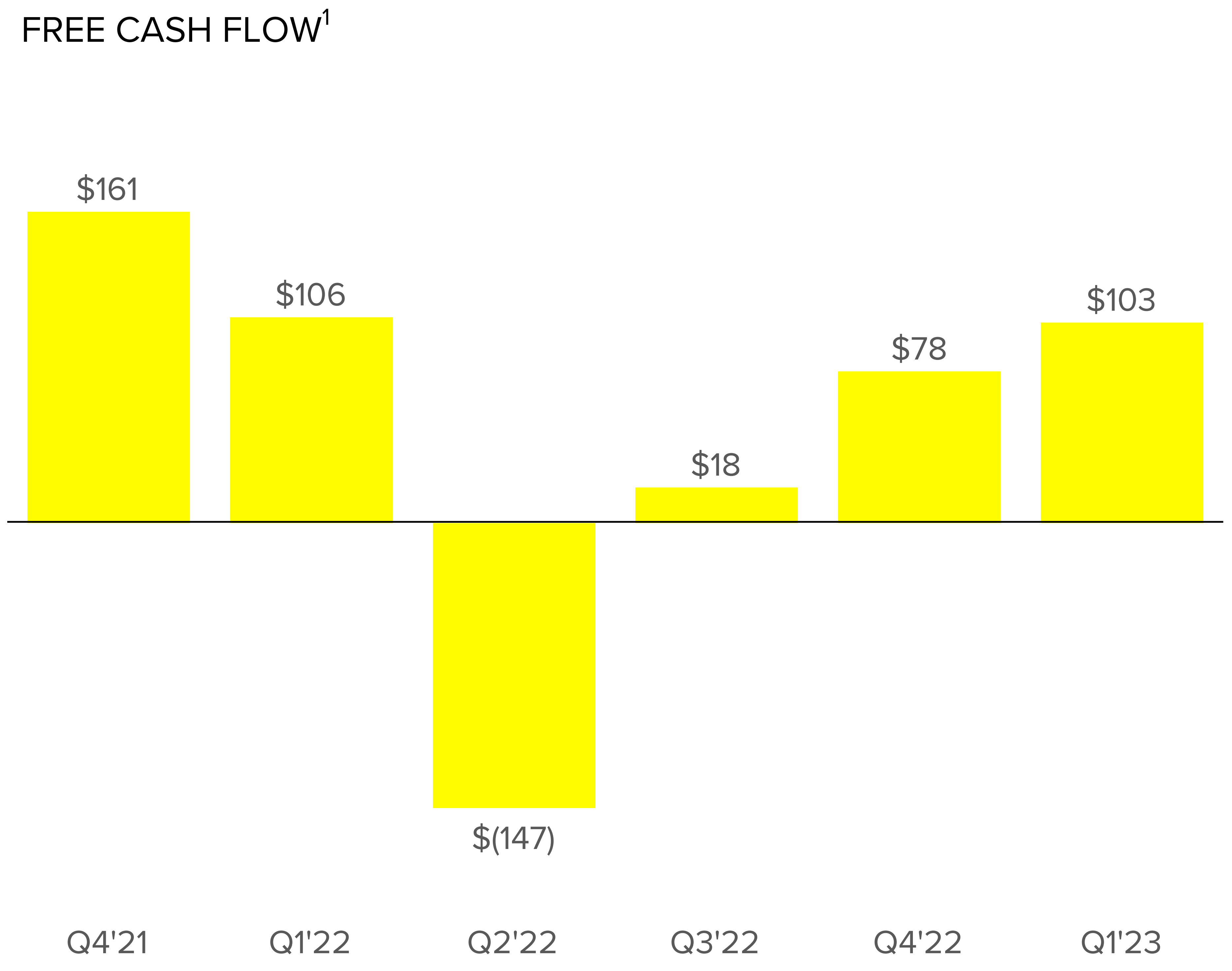
[1]Diluted net income (loss) per share is calculated using weighted average shares outstanding during the period. Diluted net income per share in Q4 2021 includes 64 million shares in excess of weighted average shares outstanding during the period primarily related to unvested or unexercised stock-based awards.
[2]We define Non-GAAP net income (loss) as net income (loss); excluding amortization of intangible assets; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; certain other non-cash or non-recurring items impacting net income (loss) from time to time; and related income tax adjustments. Non-GAAP net income (loss) and weighted average diluted shares are then used to calculate Non-GAAP diluted net income (loss) per share. In Q3 2022 and Q4 2022, non-recurring items included restructuring charges of $155 million and $34 million, respectively. See Appendix for reconciliation of diluted net income (loss) per share to non-GAAP diluted net income (loss) per share.
[3]Shares underlying stock-based awards include restricted stock units, restricted stock awards, and outstanding stock options.
[4]YoY change excludes approximately 52 million shares issued as part of the induced conversions of convertible notes in Q2 and Q3 2021
Numbers throughout presentation may not foot due to rounding.

CONTINUED RESPONSIBLE MANAGEMENT OF FULLY DILUTED SHARES OUTSTANDING

Operating Cash Flow and Free Cash Flow[1]

(in millions, unaudited)





	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
Capex	$(25)	$(21)	$(23)	$(38)	$(47)	$(48)

	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
YoY Change	333%	(16)%	(27)%	(65)%	(51)%	(3)%

[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 reconciliation of net cash provided by (used in) operating activities to Free Cash Flow.
Numbers throughout presentation may not foot due to rounding.

FREE CASH FLOW WAS $103 MILLION IN Q1 2023
TRAILING TWELVE MONTHS FREE CASH FLOW WAS POSITIVE $52 MILLION IN Q1 2023

Financial Guidance

We are not providing formal guidance for revenue or adjusted EBITDA for the second quarter of 2023.

Appendix

Non-GAAP Financial Measures Reconciliation – Quarterly

(in thousands, unaudited)

	Three Months Ended					
	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023
Adjusted EBITDA Reconciliation						
Net income (loss)	$ 22,550	$ (359,624)	$ (422,067)	$ (359,502)	$ (288,460)	$ (328,674)
Add (deduct):						
Interest income	(1,554)	(3,123)	(8,331)	(18,445)	(28,698)	(37,948)
Interest expense	4,050	5,173	5,549	5,425	5,312	5,885
Other (income) expense, net	(63,204)	77,537	16,910	(71,961)	20,043	(11,372)
Income tax (benefit) expense	13,031	8,510	6,999	9,241	4,206	6,845
Depreciation and amortization	34,863	38,100	79,291	34,068	34,975	35,220
Stock-based compensation expense	297,564	275,444	318,810	312,690	446,339	314,931
Payroll and other tax expense related to stock-based compensation	19,493	22,451	10,029	6,561	5,172	15,926
Restructuring charges[1]	—	—	—	154,563	34,386	—
Adjusted EBITDA[2]	**$ 326,793**	**$ 64,468**	**$ 7,190**	**$ 72,640**	**$ 233,275**	**$ 813**

	Three Months Ended					
	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023
Free Cash Flow Reconciliation						
Net cash provided by (used in) operating activities	$ 185,528	$ 127,459	$ (124,081)	$ 55,945	$ 125,291	$ 151,102
Less:						
Purchases of property and equipment	(24,565)	(21,175)	(23,370)	(37,836)	(46,925)	(47,630)
Free Cash Flow[3]	**$ 160,963**	**$ 106,284**	**$ (147,451)**	**$ 18,109**	**$ 78,366**	**$ 103,472**

[1]Restructuring charges were composed primarily of severance and related charges of $91 million and $6 million in Q3 2022 and Q4 2022, respectively, stock-based compensation expense, lease exit and related charges, impairment charges, contract termination charges, and intangible asset amortization. These charges are non-recurring and 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 non-cash or non-recurring items impacting net income (loss) from time to time.
[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 Financial Measures Reconciliation – Quarterly

(in thousands, unaudited)

	Three Months Ended					
	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023
Non-GAAP net income (loss) reconciliation						
Net income (loss)	$ 22,550	$ (359,624)	$ (422,067)	$ (359,502)	$ (288,460)	$ (328,674)
Amortization of intangible assets	20,228	22,505	64,134	18,701	18,073	17,755
Stock-based compensation expense	297,564	275,444	318,810	312,690	446,339	314,931
Payroll and other tax expense related to stock-based compensation	19,493	22,451	10,029	6,561	5,172	15,926
Restructuring charges[1]	—	—	—	154,563	34,386	—
Income tax adjustments	(374)	(61)	(504)	(954)	(988)	32
Non-GAAP net income (loss)[2]	**$ 359,461**	**$ (39,285)**	**$ (29,598)**	**$ 132,059**	**$ 214,522**	**$ 19,970**
Weighted-average common shares - Diluted[3]	**1,668,879**	**1,619,113**	**1,632,140**	**1,608,523**	**1,573,883**	**1,581,370**

	Three Months Ended					
	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023
Non-GAAP diluted net income (loss) per share reconciliation						
GAAP diluted net income (loss) per share	$ 0.01	$ (0.22)	$ (0.26)	$ (0.22)	$ (0.18)	$ (0.21)
Non-GAAP adjustment to net income (loss)	0.21	0.20	0.24	0.30	0.32	0.22
Non-GAAP diluted net income (loss) per share[2]	**$ 0.22**	**$ (0.02)**	**$ (0.02)**	**$ 0.08**	**$ 0.14**	**$ 0.01**

[1]Restructuring charges were composed primarily of severance and related charges of $91 million and $6 million in Q3 2022 and Q4 2022, respectively, stock-based compensation expense, lease exit and related charges, impairment charges, contract termination charges, and intangible asset amortization. These charges are non-recurring and not reflective of underlying trends in our business.
[2]We define Non-GAAP net income (loss) as net income (loss); excluding amortization of intangible assets; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; certain other non-cash or non-recurring items impacting net income (loss) from time to time; and related income tax adjustments. Non-GAAP net income (loss) and weighted average diluted shares are then used to calculate Non-GAAP diluted net income (loss) per share.
[3]For all periods except Q4 2021, weighted average common shares used in computation of diluted EPS primarily excluded unvested or unexercised stock-based awards, Convertible Notes, and Capped Call shares as they were anti-dilutive. In Q4 2021, weighted average common shares used in computation of diluted EPS excludes Convertible Notes and Capped Call shares as they were anti-dilutive.
Numbers throughout presentation may not foot due to rounding.

Note Regarding User Metrics and Other Data

We define a Daily Active User, or DAU, as a registered Snapchat user who opens the Snapchat application 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 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.

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 have unauthorized or multiple Snapchat accounts, even though we forbid that in our Terms of Service and implement measures to detect and suppress that behavior. We have not determined the number of such multiple 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.

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.

Note Regarding User Metrics and Other Data (Continued)

We count a DAU only when a user opens the application 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 opened the application during a particular day, and becoming a DAU. 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. As a result of such adjustments, our DAUs or other metrics may not be 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.