

Snap Inc.

Q4 2024 Earnings Slides

February 4, 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.

Fourth Quarter 2024 Financial Summary

Revenue	• Revenue was \$1,557 million, compared to \$1,361 million in the prior year, an increase of 14%¹ year-over-year. • Average revenue per user was \$3.44, compared to \$3.29 in the prior year.
Operating Performance	• GAAP gross margin was 57%, compared to 54% in the prior year. • Adjusted Gross Margin² was 57%, compared to 55% in the prior year. • Net income was \$9 million, compared to a net loss of \$248 million in the prior year. • Adjusted EBITDA³ was \$276 million, compared to \$159 million in the prior year. • Net income (loss) margin was 1%, compared to (18)% in the prior year. • Adjusted EBITDA Margin³ was 18%, compared to 12% in the prior year.
Cash	• Operating cash flow was \$231 million, compared to \$165 million in the prior year. • Free Cash Flow³ was \$182 million, compared to \$111 million in the prior year. • Cash, cash equivalents, and marketable securities were \$3.4 billion as of December 31, 2024.

¹On a constant currency basis, the impact of foreign exchange rates on revenue was not material at less than 1% in Q4 2024. Constant currency revenue is a non-GAAP measure, see Appendix for further detail.

²Adjusted 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.

³Adjusted EBITDA Margin is a non-GAAP measure, which we define as Adjusted EBITDA divided by GAAP revenue. See Appendix for 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.

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REVENUE WAS \$1,557 MILLION IN Q4 2024, AN INCREASE OF 14% YoY
ACHIEVED \$9 MILLION OF NET INCOME IN Q4 2024

Business Highlights

We deepened engagement with our community:

- DAUs were 453 million in Q4 2024, an increase of 39 million, or 9% year-over-year.
- More than one billion Snaps were shared publicly on Snapchat every month in Q4 from our community, creators, and media partners.
- We continue to support and grow the number of creators in our Snap Star program, which led to an over 40% year-over-year increase in the number of creators posting content on Snapchat in Q4.
- We launched new Bitmoji stickers showcasing the latest trends for Snapchatters to react and express themselves visually.
- We announced new location sharing features in Family Center, our in-app hub for parental tools and resources, making it easier than ever for families to stay connected while out and about.

We are focused on accelerating and diversifying our revenue growth:

- Ongoing momentum with our direct response products and growth in small- and medium-size businesses contributed to total active advertisers more than doubling year-over-year in Q4.
- In Q4, Sponsored Snaps and Promoted Places grew the number of unique Snapchatters reached by advertising partners, delivering a 30% increase in reach on average in the US.
- Other Revenue, the majority of which is Snapchat+ subscription revenue, grew 131% year-over-year in 2024 and exited the year with an annualized revenue run rate well over \$500 million.
- We launched new and early access Snapchat+ features including Footsteps, which helps Snapchatters keep track of the places they've visited on the Snap Map and new app themes and custom backgrounds.
- We announced our new unified Monetization Program for creators that allows eligible creators to monetize Spotlight videos, building on our Stories Revenue Share Program that helps creators monetize their Stories.
- We launched our first branded Dreams AI Lens with partners like Uber Eats and Tinder, and the immersive experience led to increased engagement compared to standard Lenses.

Business Highlights (Continued)

We invested in our augmented reality platform:

- Over 200 million Spotlight videos have been created this year featuring Lenses made by our talented community of Lens Creators.
- More than 400 million Snapchatters engaged with new Gen AI Lenses more than 4 billion times in Q4.
- We launched our first-ever Pre-Generated AI Lens, a groundbreaking update that significantly reduces GPU utilization during generation.
- Lens Studio has now been downloaded more than 1 million times.
- The number of Snaps with Lenses that our community posted on Snapchat in Q4 increased 49% year-over-year and the number of Snaps with Lenses sent between friends and family increased 40% year-over-year.

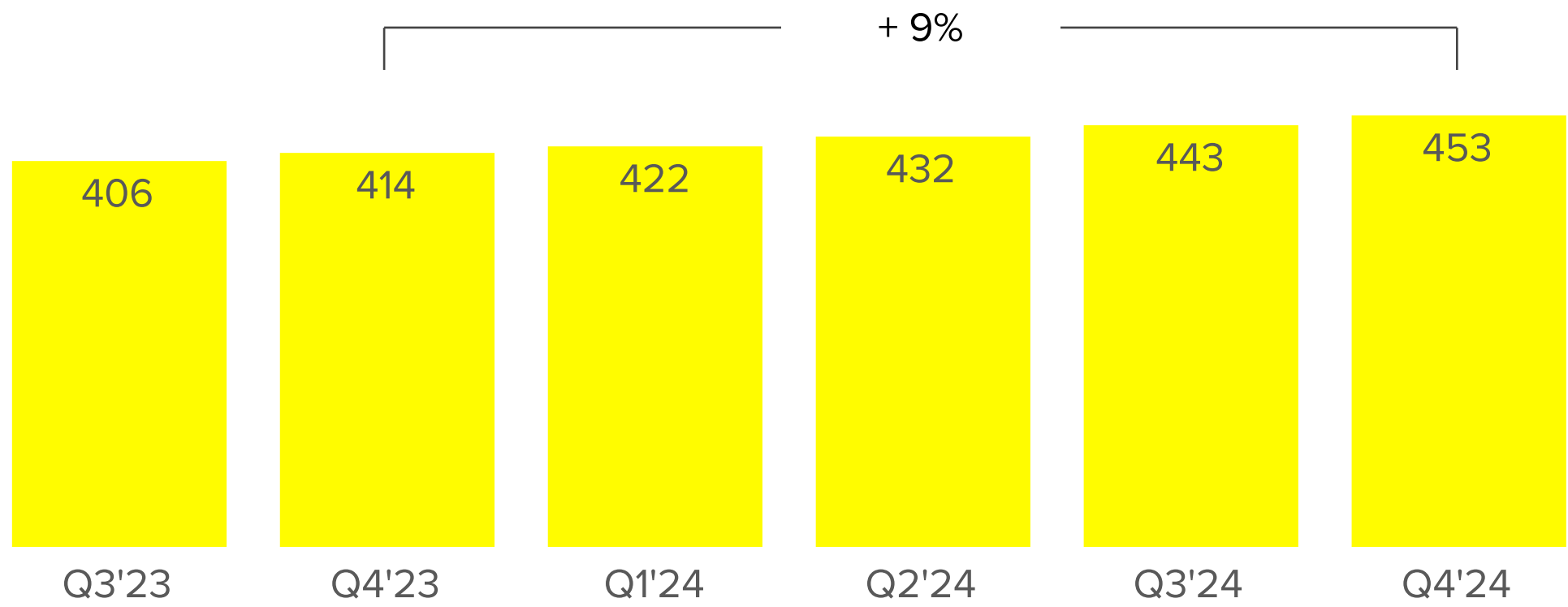
We are building the next generation AR operating system for Spectacles:

- We launched a new version of Snap OS, which includes new Lenses that showcase the power of the Spectacles camera and SnapML, as well as platform features and capabilities to better build and experiment.
- We introduced new first-party Lenses that help our community learn how to play piano through interactive courses and practice soccer shots through SnapML tracking models, and games that can be played with family and friends.
- Developers have already built advanced Lenses for Snap OS that help our community master the art of calligraphy, make better shots in pool, and turn outdoor walks into interactive adventures.
- We introduced more than a dozen new developer tools, including an Image Spatialization API that leverages generative AI to convert 2D images into 3D, and Spectacles Sync Kit, an improved framework that makes it easier for developers to build shared AR experiences with a new Typescript package.
- We expanded Spectacles' availability beyond the United States to developers in six new countries: Austria, France, Germany, Italy, Netherlands, and Spain.
- We announced Challenge Tags, a new way for Snap AR developers to be rewarded for their creativity by submitting Lenses which are judged on their originality, technical excellence, and theme focus.
- To ensure Spectacles is accessible to students, teachers, and staff from colleges and universities across the world, we introduced educational pricing and a special student discount for a subscription fee of \$49.50 or €55 a month.

Average Daily Active Users (DAU)

(in millions, unaudited)

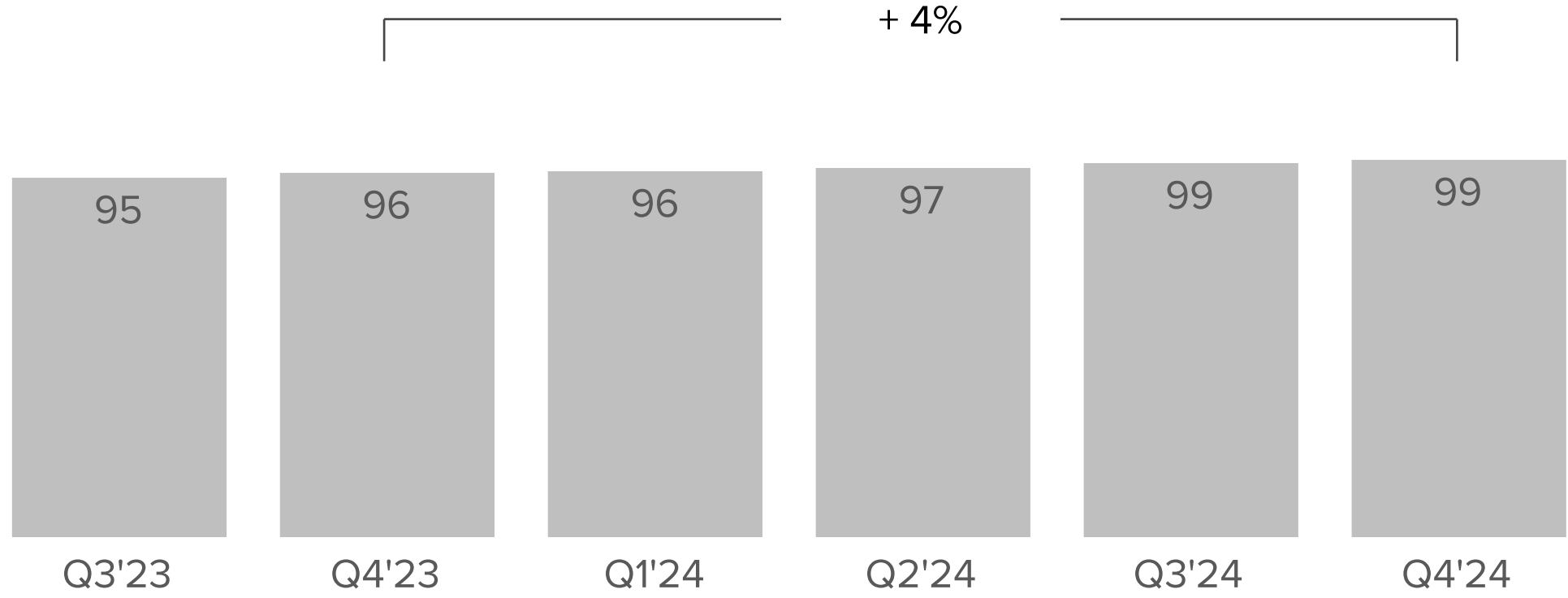
GLOBAL



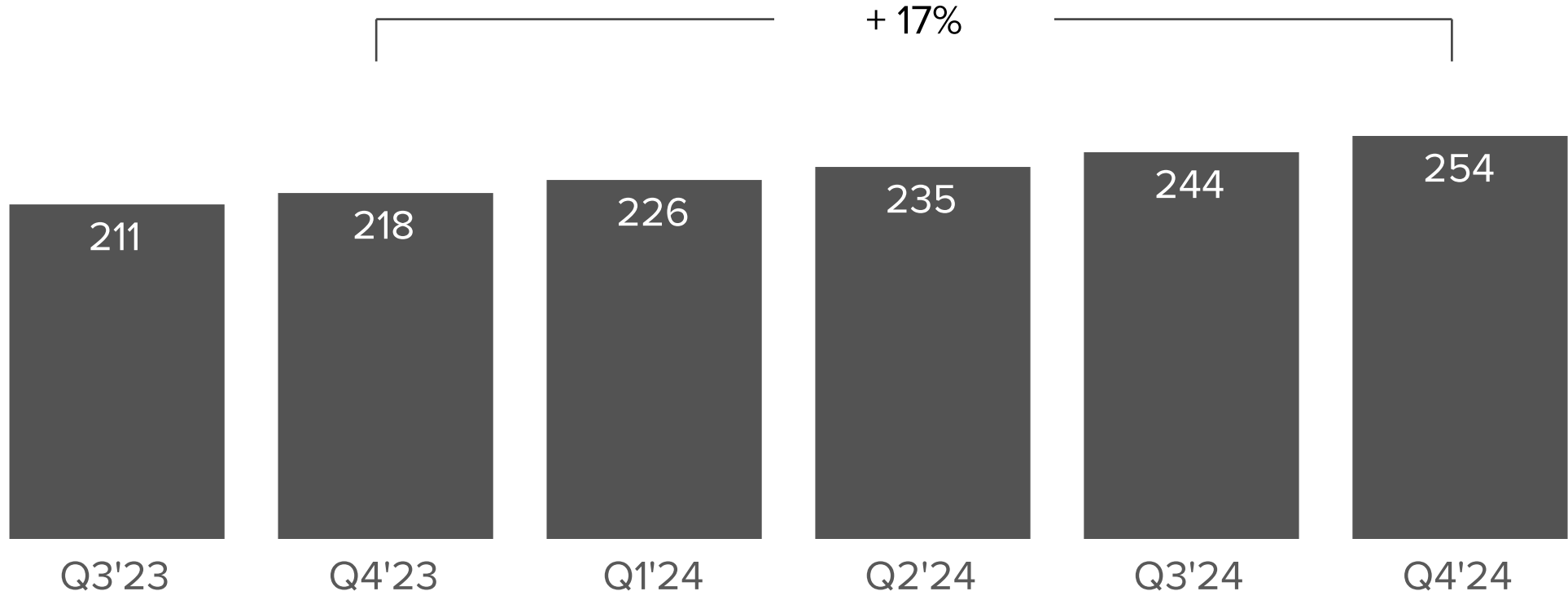
NORTH AMERICA¹



EUROPE²



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.

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

²Europe includes Russia and Turkey.

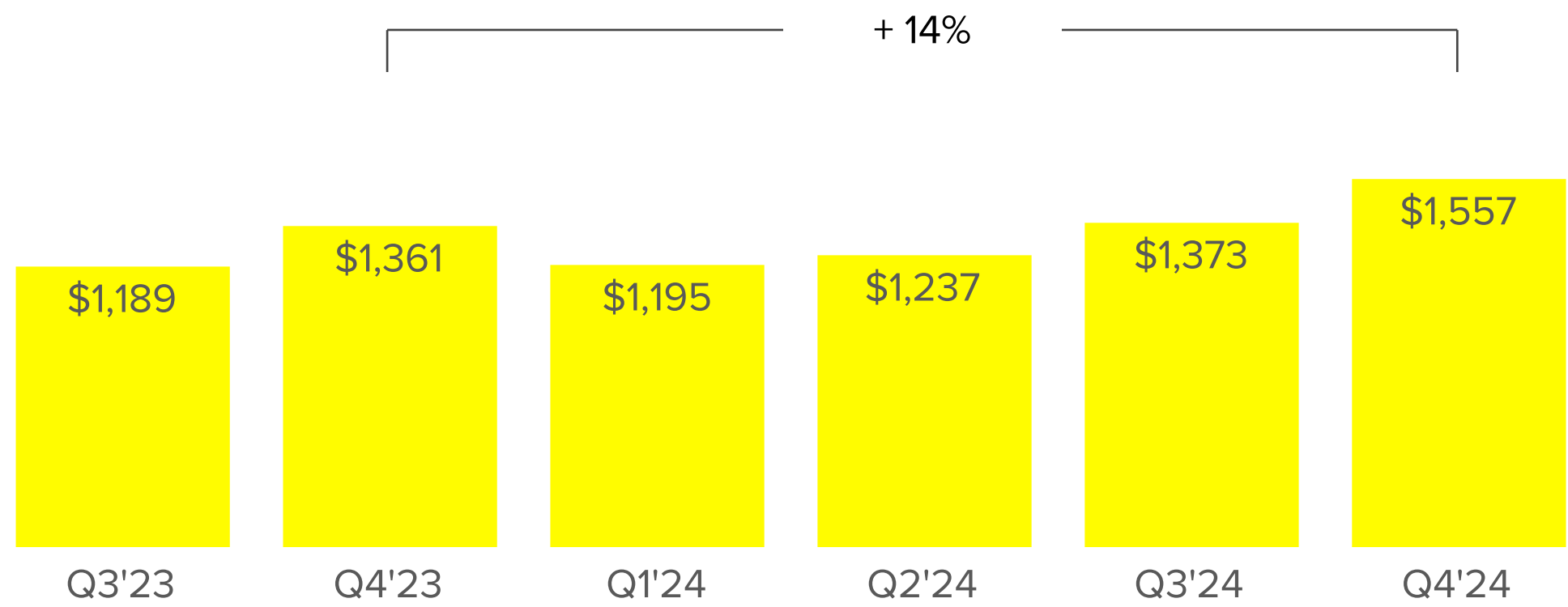
Numbers throughout presentation may not foot due to rounding.

GLOBAL DAU INCREASED 39 MILLION, OR 9%, YoY

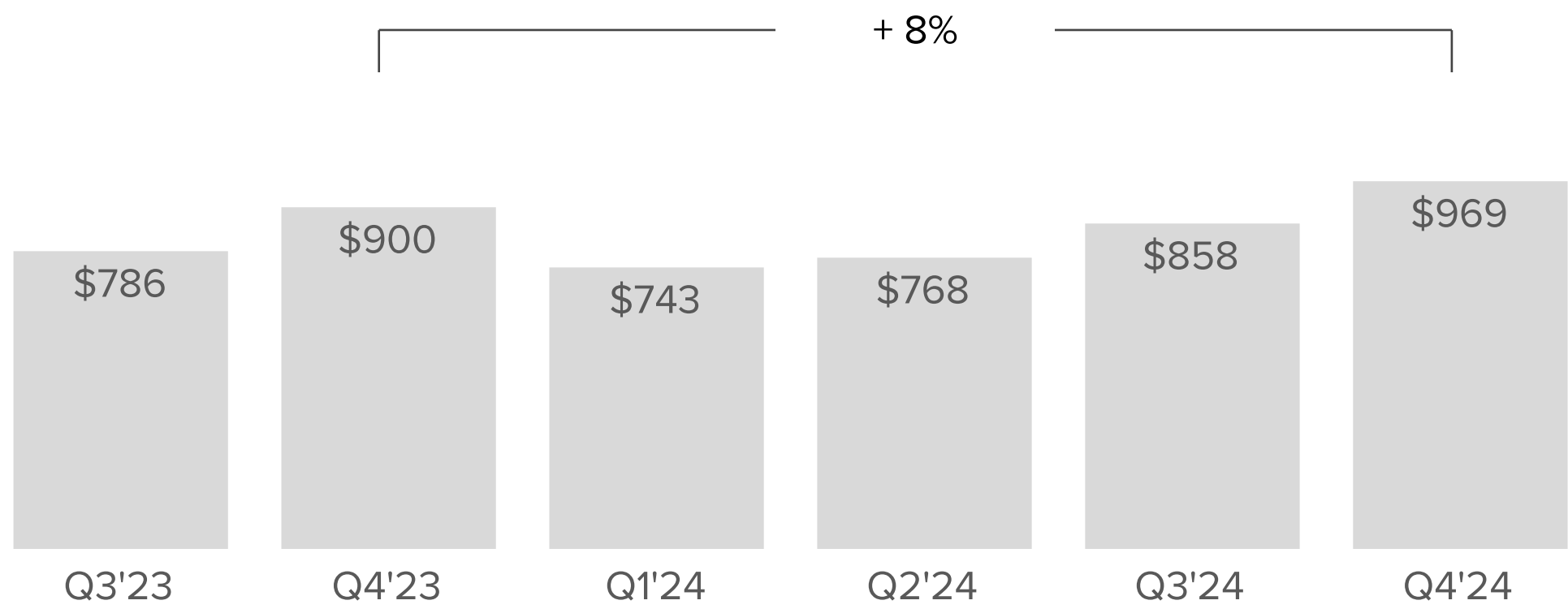
Revenue by Geography

(in millions, unaudited)

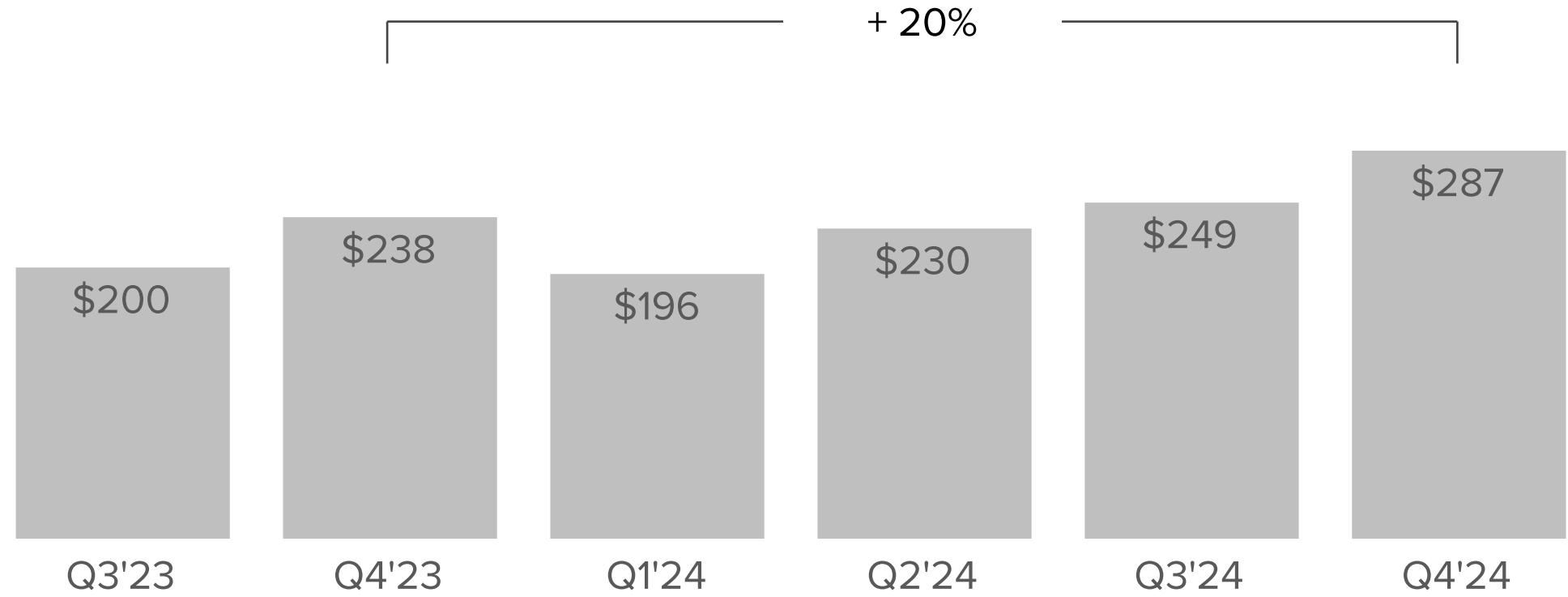
GLOBAL



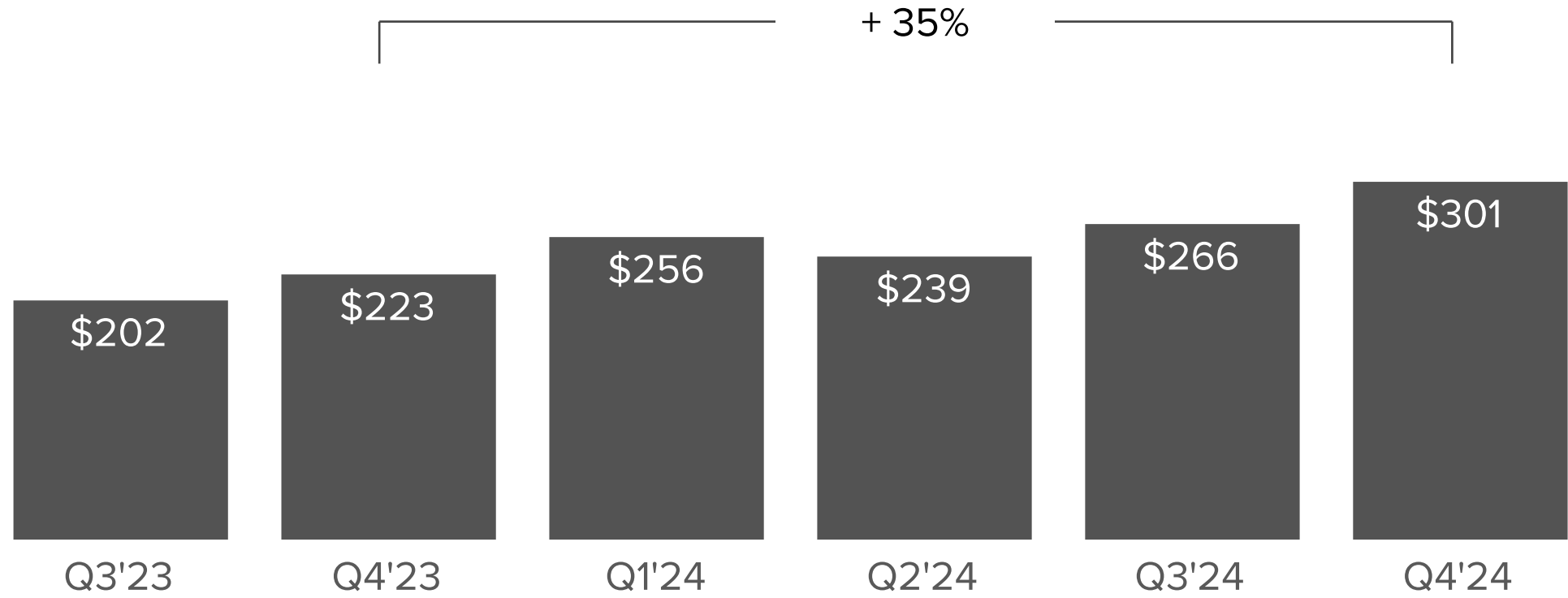
NORTH AMERICA¹



EUROPE²



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.

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

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

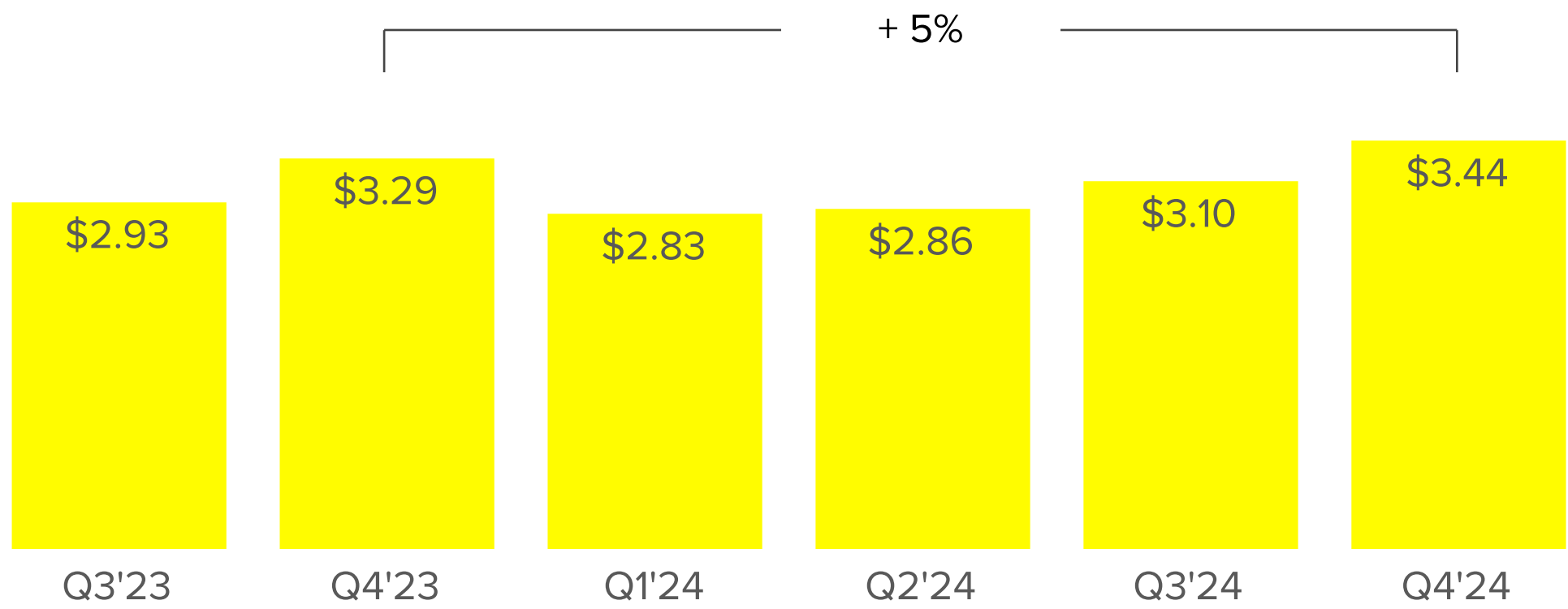
Numbers throughout presentation may not foot due to rounding.

GLOBAL REVENUE INCREASED 14% YoY

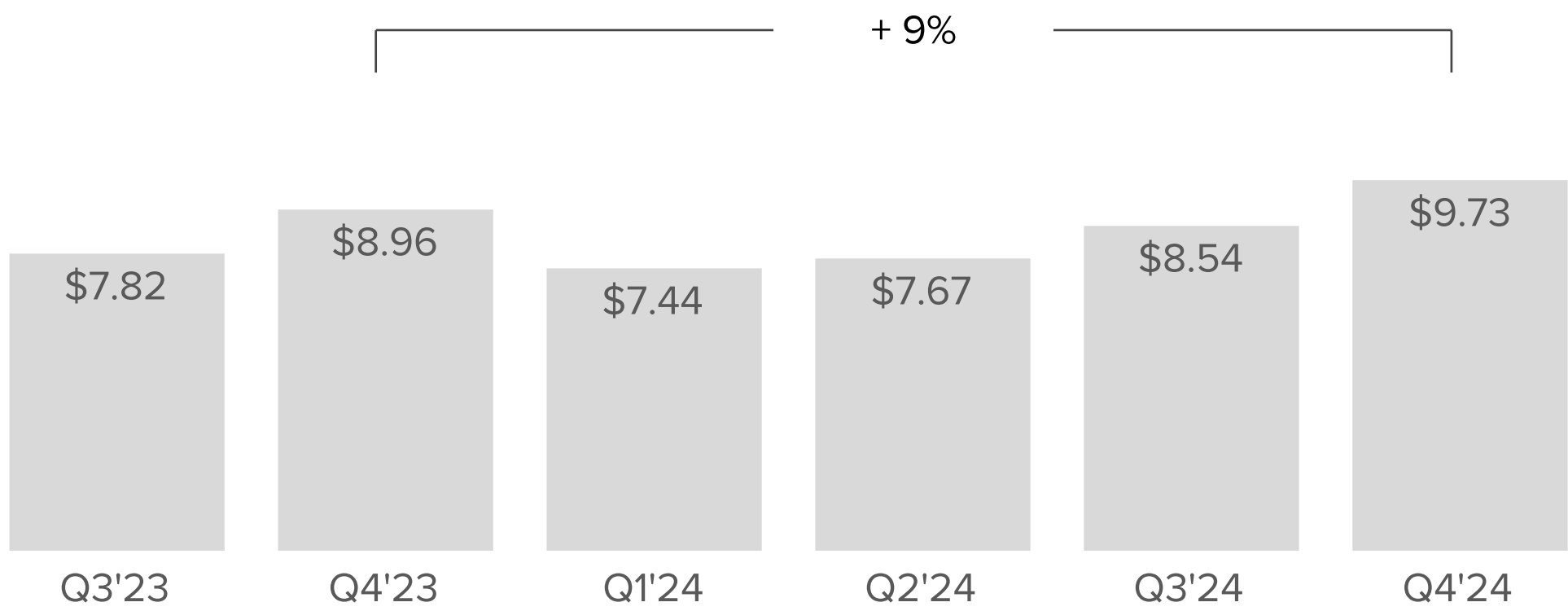
Average Revenue Per User (ARPU)

(unaudited)

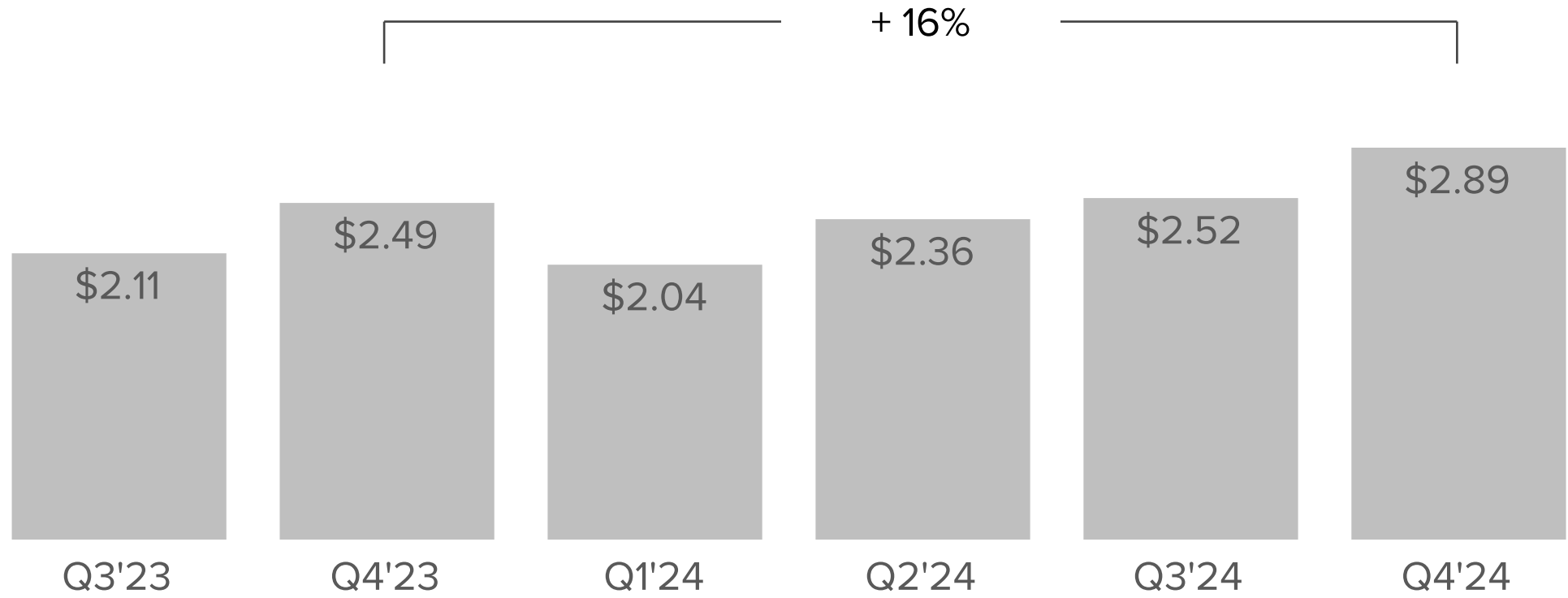
GLOBAL



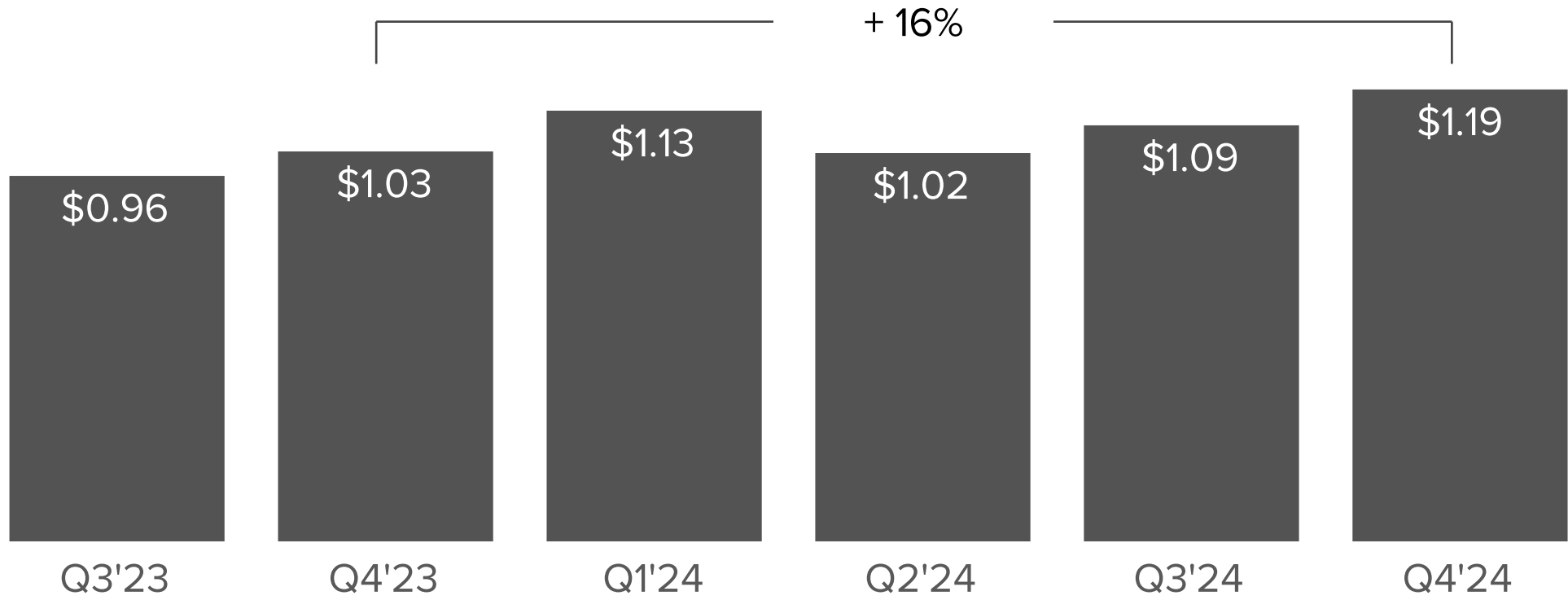
NORTH AMERICA¹



EUROPE²



REST OF WORLD



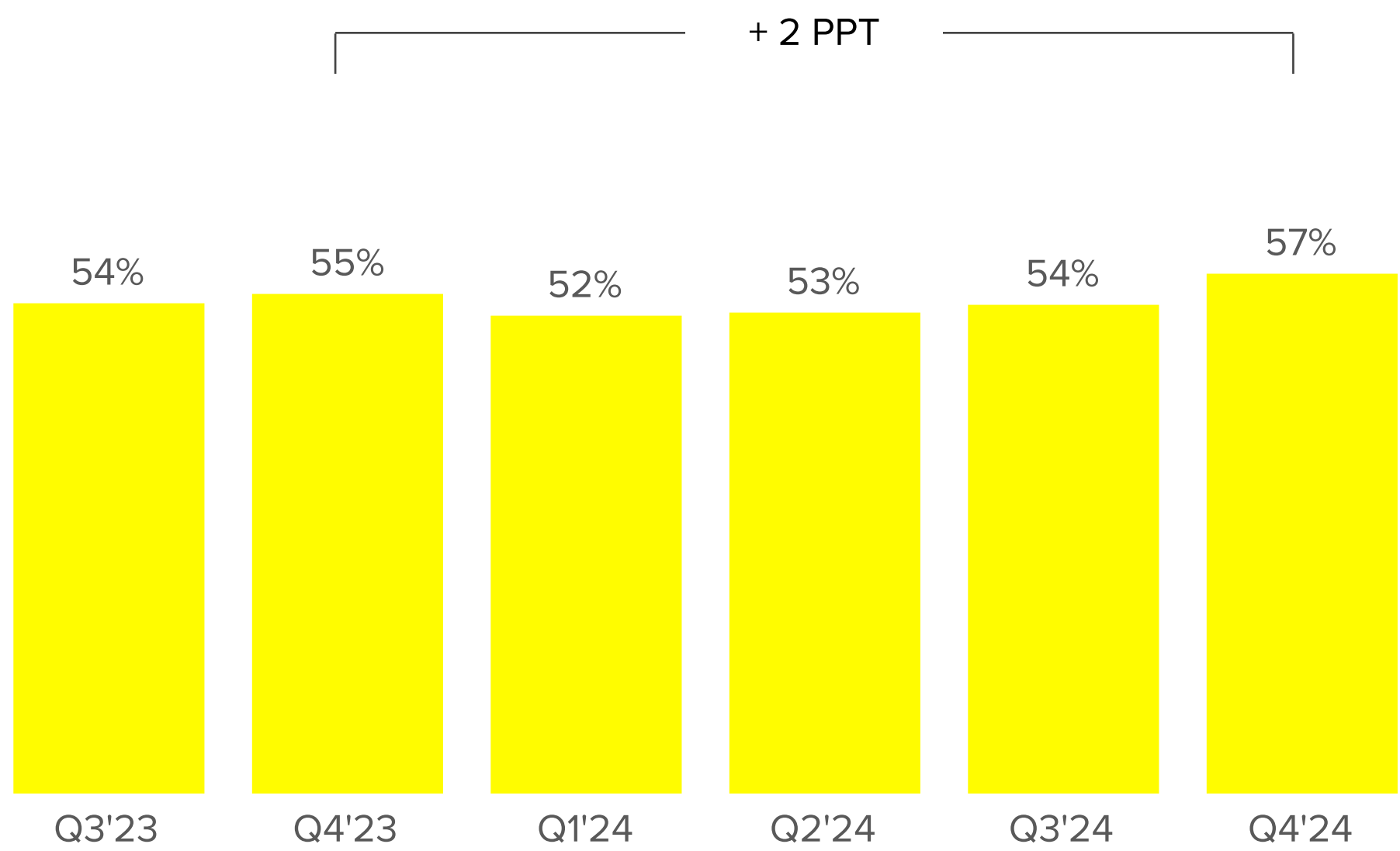
We define ARPU as quarterly revenue divided by the average Daily Active Users. For purposes of calculating ARPU, revenue by user geography is apportioned to each region based on our determination of the geographic location in which advertising impressions are delivered, as this approximates revenue based on user activity.
¹North America includes Mexico, the Caribbean, and Central America.
²Europe 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 \$12.23 OVER THE TRAILING TWELVE MONTHS

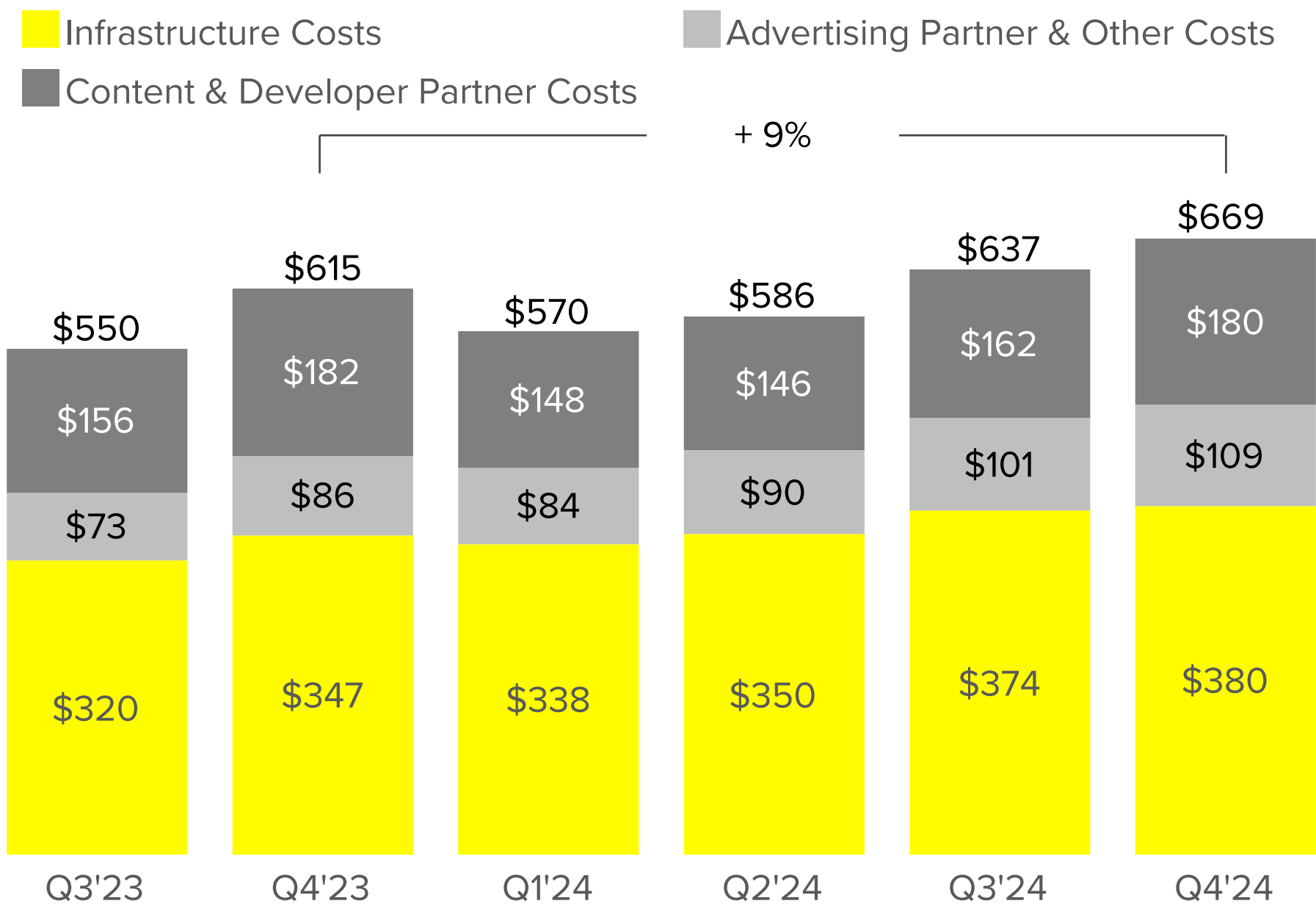
Adjusted Gross Margin and Adjusted Cost of Revenue¹

(dollars in millions, unaudited)

ADJUSTED GROSS MARGIN¹



ADJUSTED COST OF REVENUE¹ COMPOSITION



GAAP Gross Margin

53% 54% 52% 52% 53% 57%

Non-GAAP Exclusions¹

\$6 \$6 \$5 \$3 \$2 \$3

GAAP Cost of Revenue

\$556 \$622 \$575 \$589 \$639 \$672

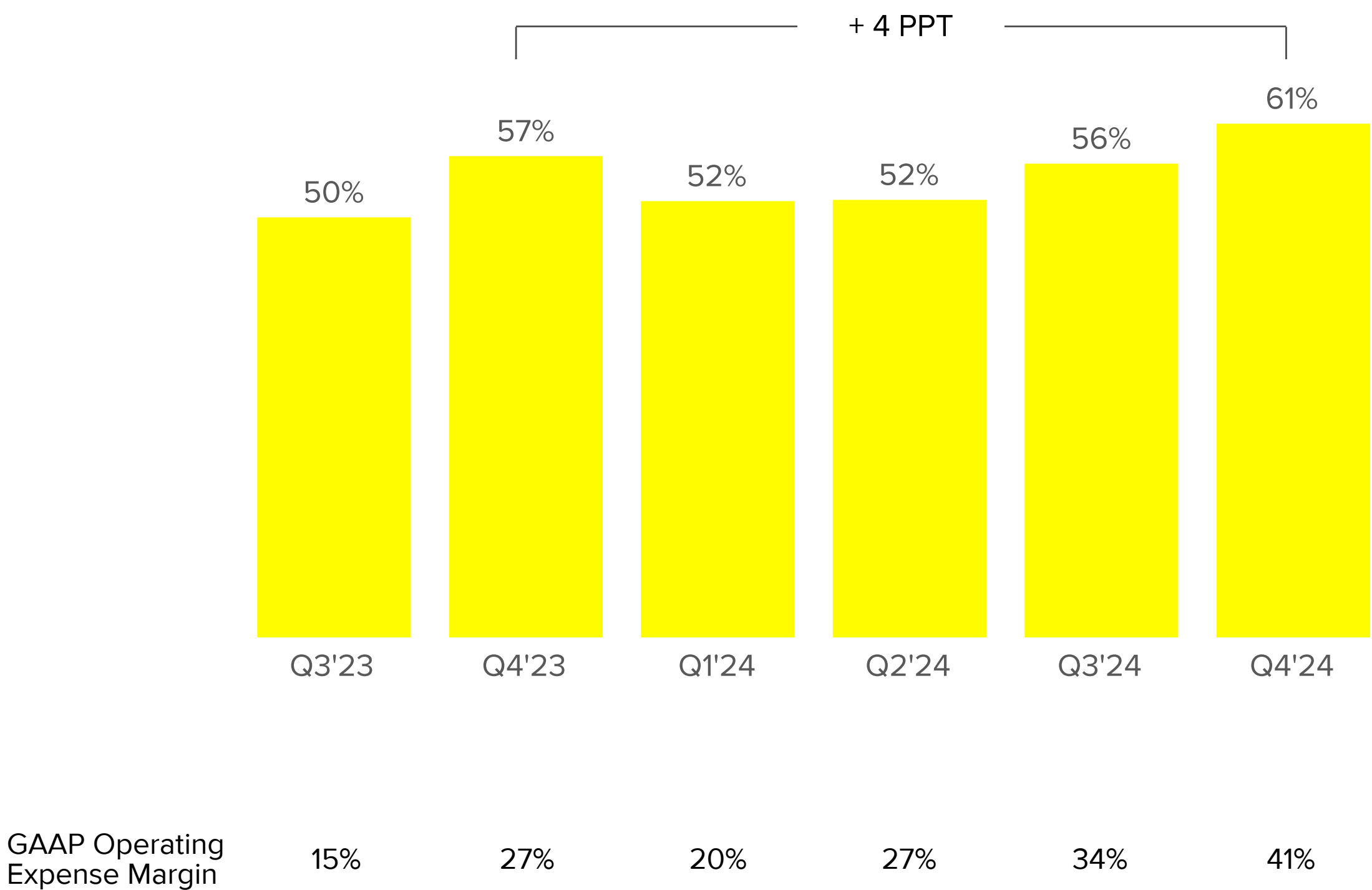
¹Adjusted Gross Margin is a non-GAAP measure, which we define as GAAP revenue less Adjusted Cost of Revenue divided by GAAP revenue. Adjusted Cost of Revenue is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation 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 further detail. Numbers throughout presentation may not foot due to rounding.

ADJUSTED GROSS MARGIN IMPROVED BY 3 PPT QoQ
INFRASTRUCTURE COST PER DAU WAS \$0.84 IN Q4 2024

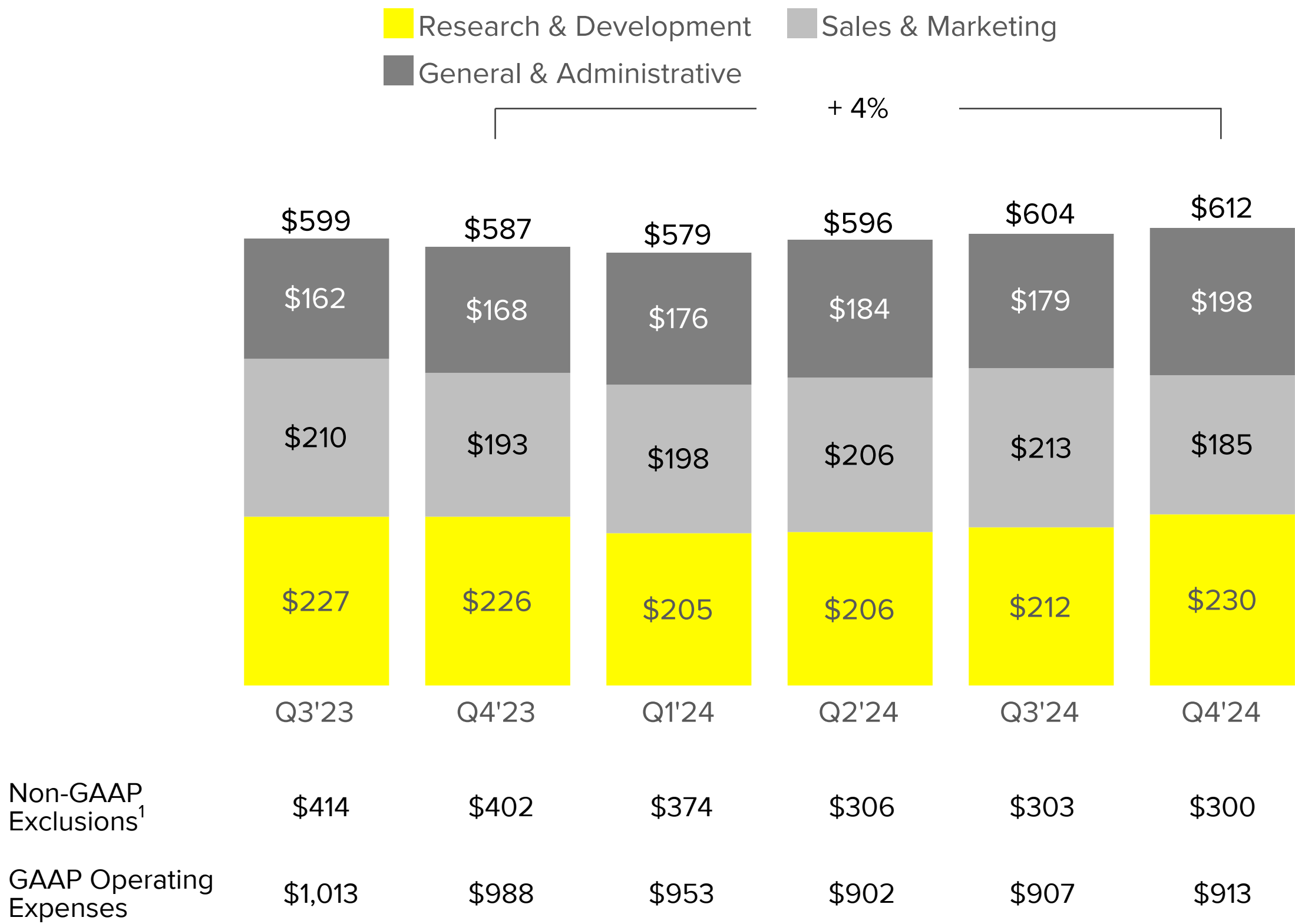
Adjusted Operating Expense Margin and Adjusted Operating Expenses¹

(dollars in millions, unaudited)

ADJUSTED OPERATING EXPENSE MARGIN¹



ADJUSTED OPERATING EXPENSES¹ COMPOSITION



¹Adjusted 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 Q3 2023, Q4 2023, Q1 2024, and Q2 2024, other items included restructuring charges of \$19 million, \$22 million, \$69 million, and \$2 million, respectively. See Appendix for further detail. Numbers throughout presentation may not foot due to rounding.

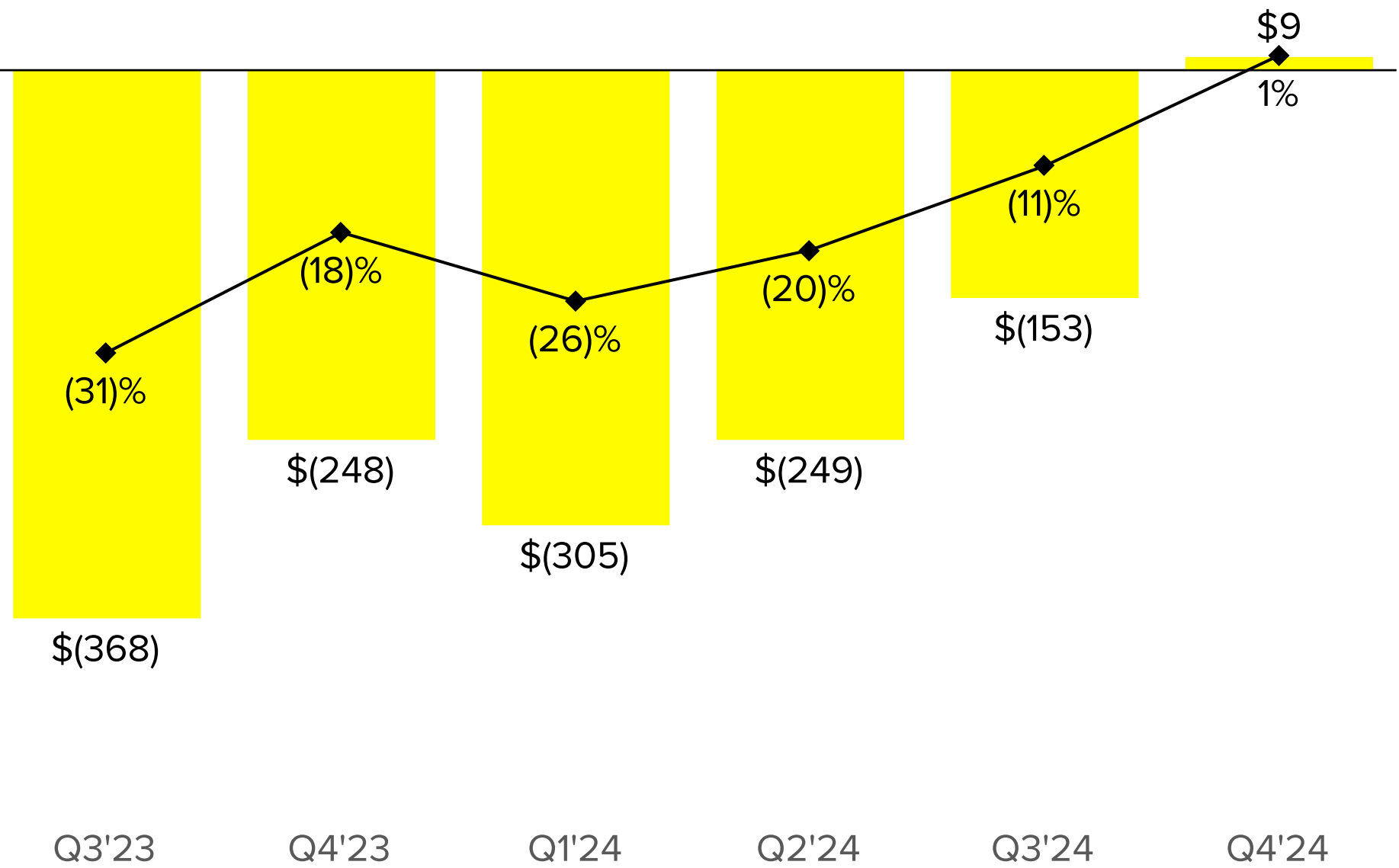
ADJUSTED OPERATING EXPENSE MARGIN IMPROVED 4 PPT YoY AND 5 PPT QoQ

Net Income (Loss) & Adjusted EBITDA¹

(dollars in millions, unaudited)

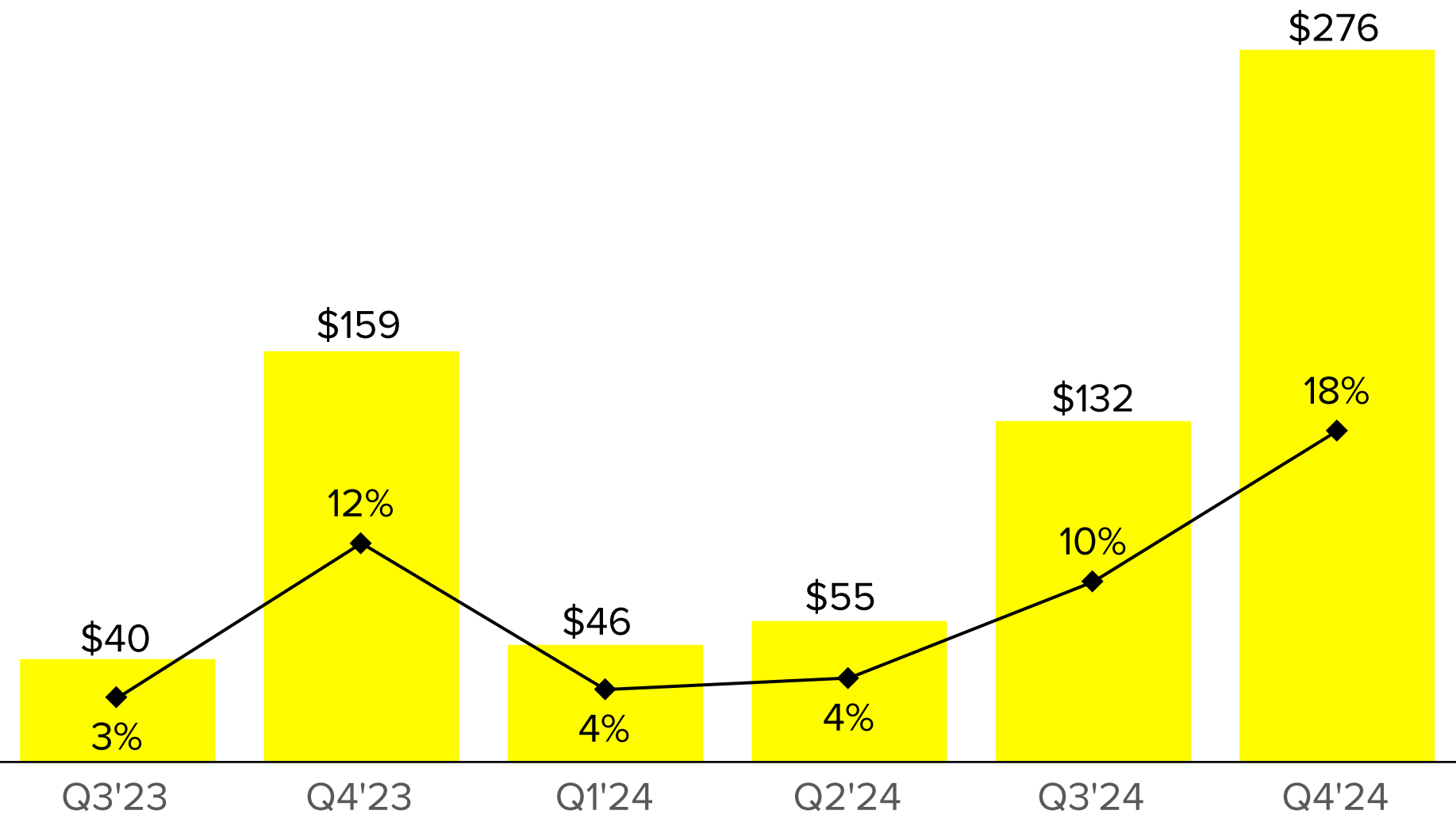
NET INCOME (LOSS)

—◆— Net Income (Loss) Margin



ADJUSTED EBITDA¹

—◆— Adjusted EBITDA Margin²



¹Adjusted 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 Q3 2023, Q4 2023, Q1 2024, and Q2 2024, other items included restructuring charges of \$19 million, \$22 million, \$70 million, and \$2 million, respectively. See Appendix for reconciliation of net loss to Adjusted EBITDA.

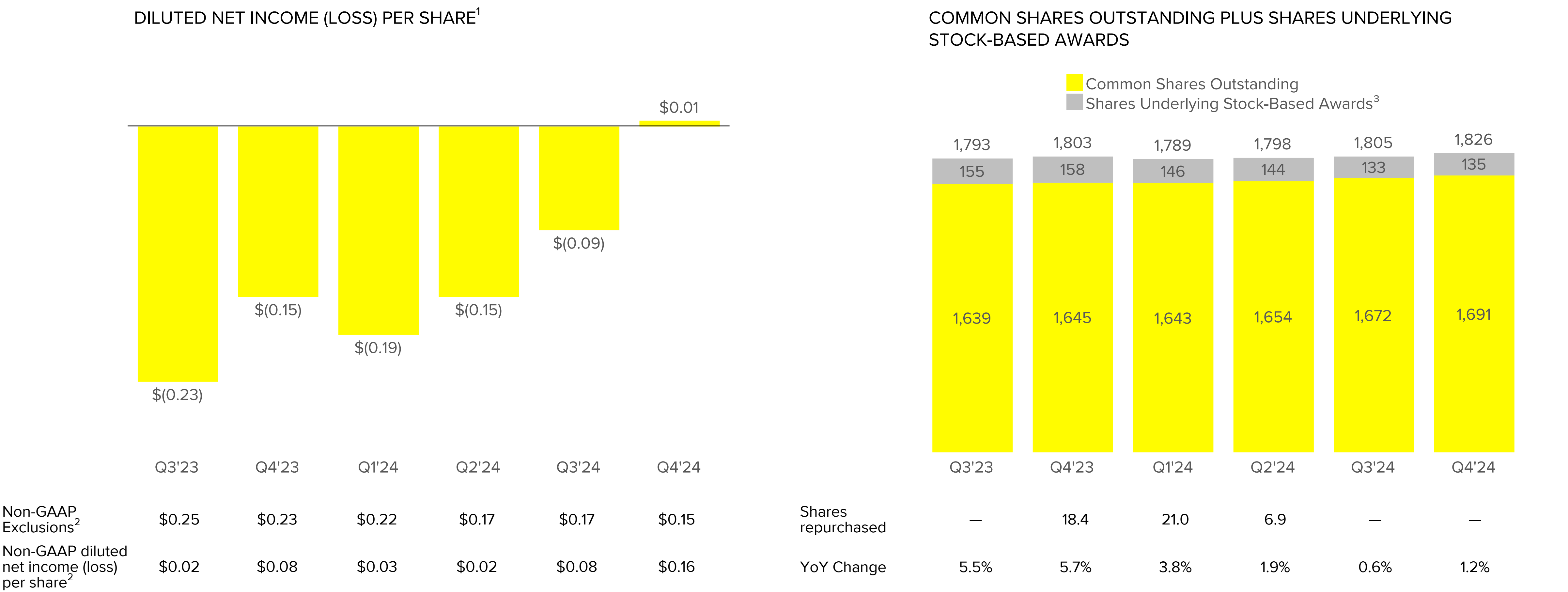
²Adjusted EBITDA Margin is a non-GAAP measure, which we define as Adjusted EBITDA divided by GAAP revenue.

Numbers throughout presentation may not foot due to rounding.

ACHIEVED \$9 MILLION OF NET INCOME AND ADJUSTED EBITDA OF \$276 MILLION IN Q4 2024

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

(in millions, except per share data, unaudited)



¹Diluted net income (loss) per share is calculated using weighted average shares outstanding during the period.

²We 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 items impacting net income (loss) from time to time; and related income tax adjustments specific to the non-GAAP adjustments in the current period. 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 2023, Q4 2023, Q1 2024, and Q2 2024, other items included restructuring charges of \$19 million, \$22 million, \$70 million, and \$2 million, respectively. See Appendix for reconciliation of diluted net income (loss) per share to non-GAAP diluted net income (loss) per share.

³Shares underlying stock-based awards include restricted stock units, restricted stock awards, and outstanding stock options.

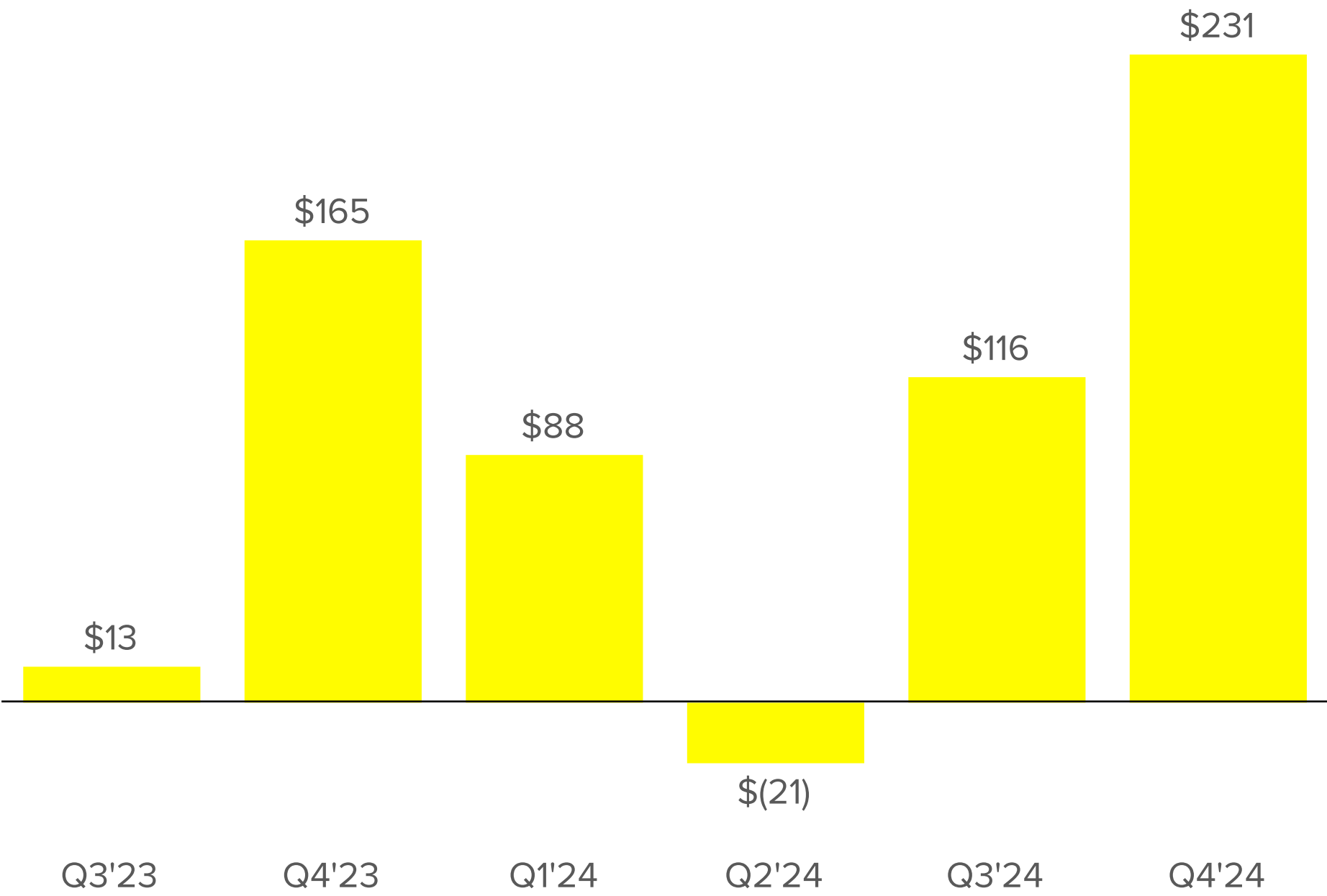
Numbers throughout presentation may not foot due to rounding.

DILUTION WAS 1.2% YoY IN Q4 2024

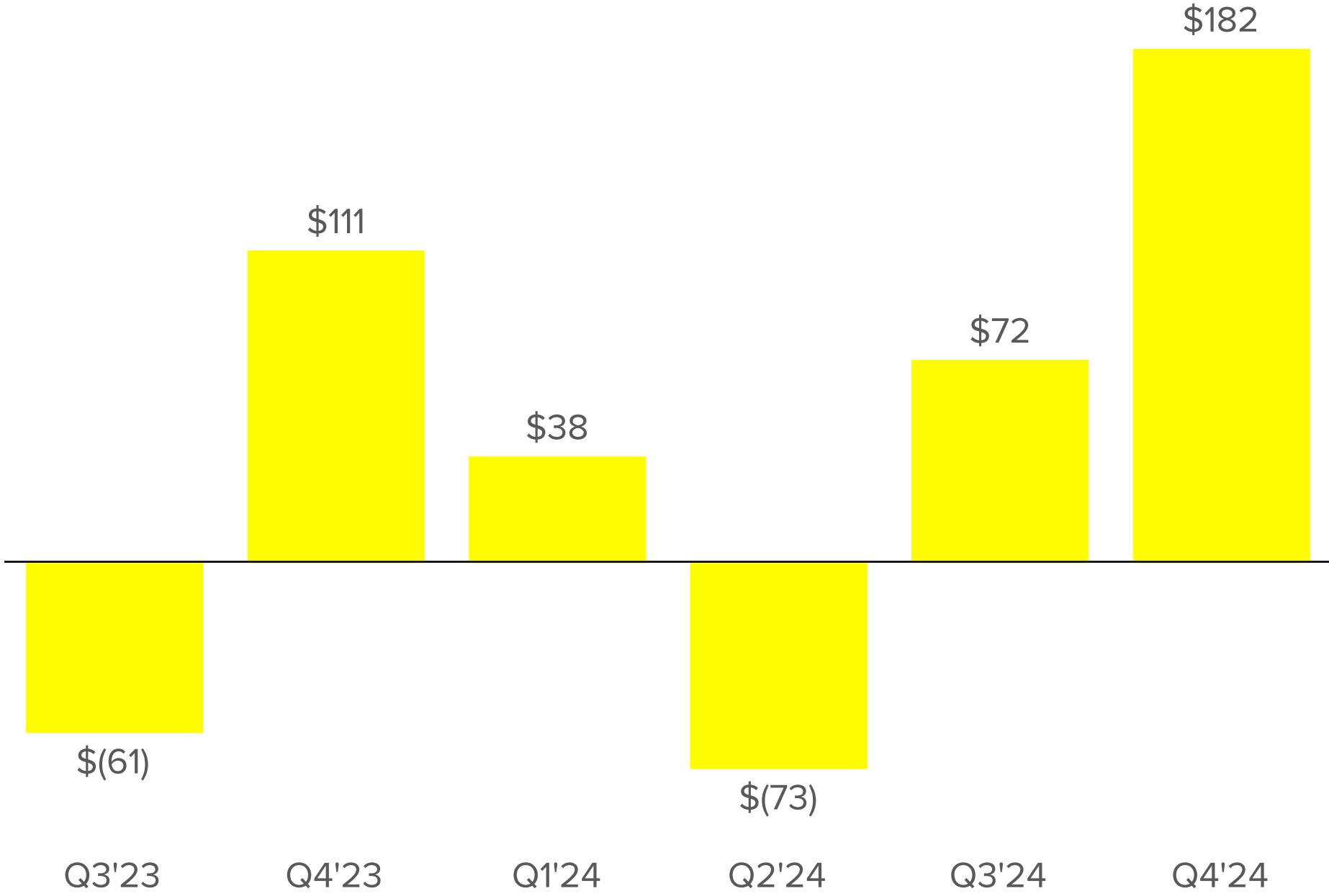
Operating Cash Flow and Free Cash Flow¹

(in millions, unaudited)

OPERATING CASH FLOW



FREE CASH FLOW¹



Capex

\$(73) \$(54) \$(50) \$(52) \$(44) \$(48)

YoY Change

(435)% 41% (63)% 38% 218% 65%

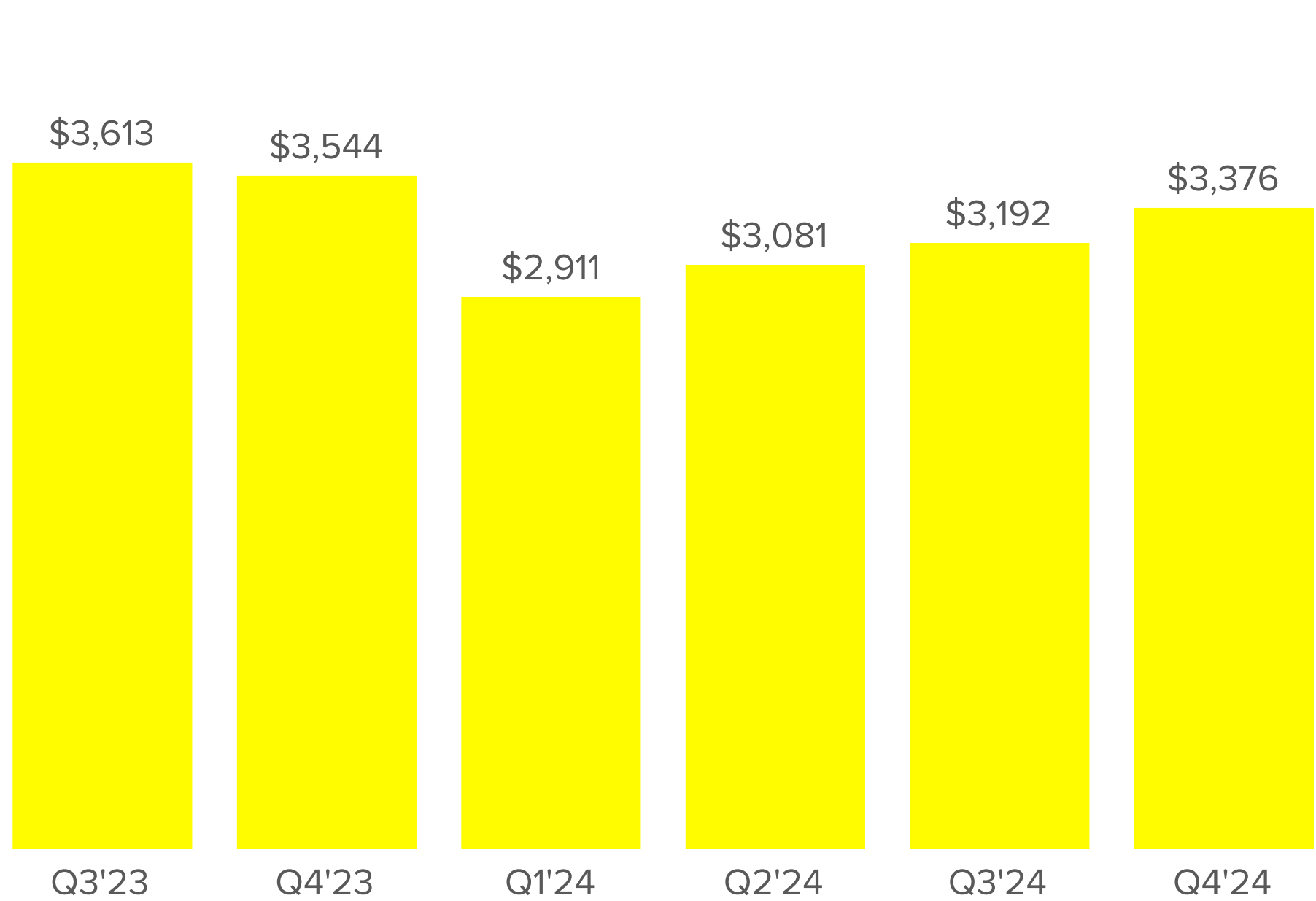
¹Free Cash Flow is a non-GAAP measure, which we define as net cash provided by (used in) operating activities, reduced by purchases of property and equipment. See Appendix for reconciliation of net cash provided by (used in) operating activities to Free Cash Flow. Numbers throughout presentation may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

OPERATING CASH FLOW INCREASED 40% YoY TO \$231 MILLION IN Q4 2024
FREE CASH FLOW INCREASED 65% YoY TO \$182 MILLION IN Q4 2024

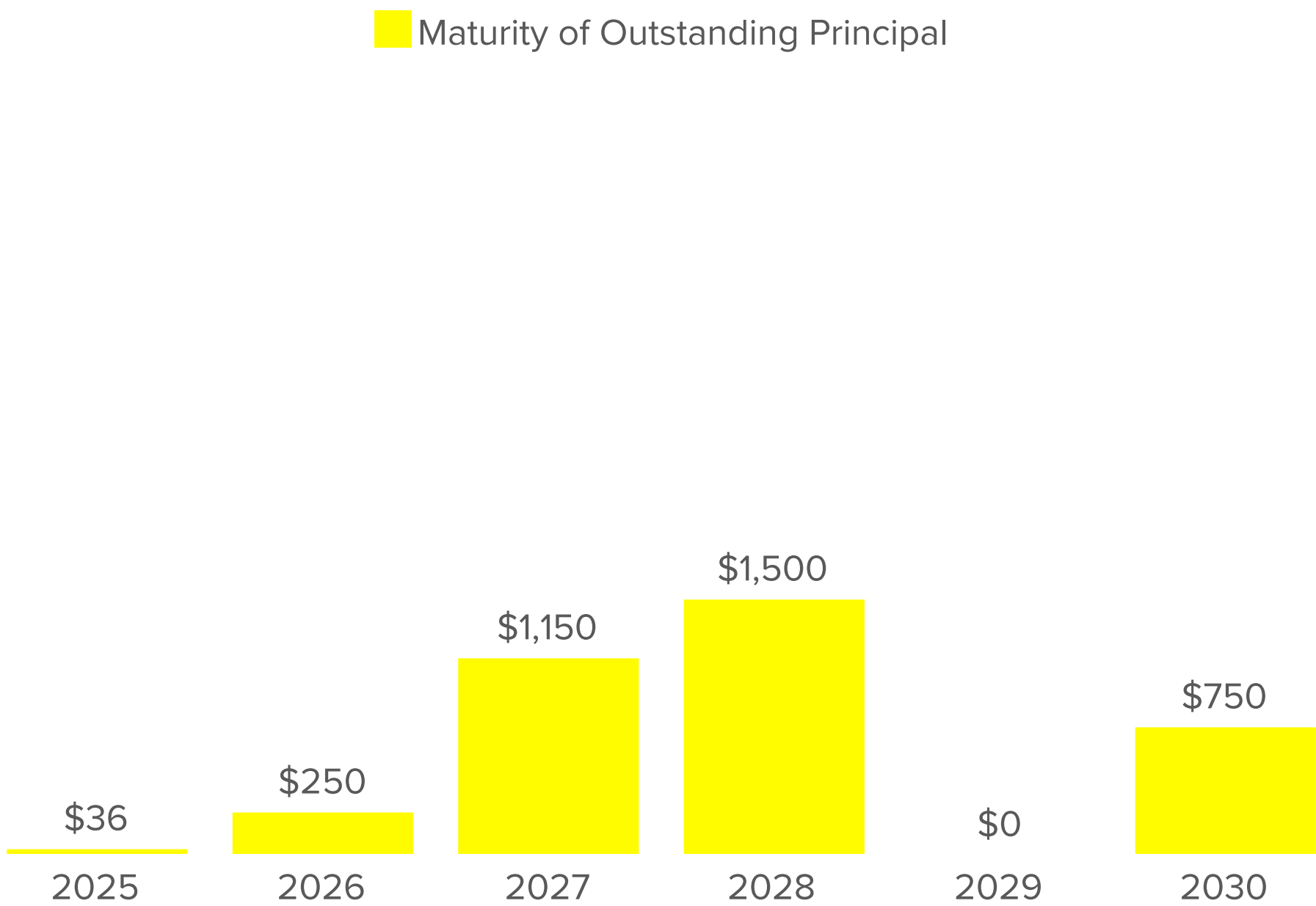
Capital Resources and Liquidity

(in millions, unaudited)

CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES



OUTSTANDING CONVERTIBLE NOTES



Significant financing activities

Note Repurchases	—	—	\$(441)	\$(418)	—	—
Stock Repurchases	—	\$(189)	\$(235)	\$(76)	—	—
Issuance of 2030 Notes, net of Capped Calls	—	—	—	\$672	—	—
Other ¹	—	—	—	\$63	—	—

¹In 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.

\$3.4 BILLION IN CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES ON HAND AT Q4 2024
ONLY \$36 MILLION OF DEBT MATURING IN 2025

Full Year Summary

Full Year Financial Summary

Revenue	• Revenue was \$5,361 million¹ in 2024, compared to \$4,606 million in the prior year. • Average revenue per user² was \$12.23 in 2024, compared to \$11.49 in the prior year.
Operating Performance	• GAAP gross margin was 54% in 2024, compared to 54% in the prior year. • Adjusted Gross Margin³ was 54% in 2024, compared to 55% in the prior year. • Net loss was \$698 million in 2024, compared to \$1,322 million in the prior year. • Adjusted EBITDA⁴ was \$509 million in 2024, compared to \$162 million in the prior year. • Net loss margin was (13)% in 2024, compared to (29)% in the prior year. • Adjusted EBITDA Margin⁴ was 9% in 2024, compared to 4% in the prior year.
Cash	• Operating cash flow was \$413 million in 2024, compared to \$247 million in the prior year. • Free Cash Flow⁴ was \$219 million in 2024, compared to \$35 million in the prior year. • Cash, cash equivalents, and marketable securities were \$3.4 billion as of December 31, 2024.

¹On a constant currency basis, the impact of foreign exchange rates on revenue was not material at less than 1% in 2024. Constant currency revenue is a non-GAAP measure, see Appendix for further detail.

²ARPU is presented as an annual ARPU, calculated as the sum of each reported quarterly Global ARPU.

³Adjusted 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.

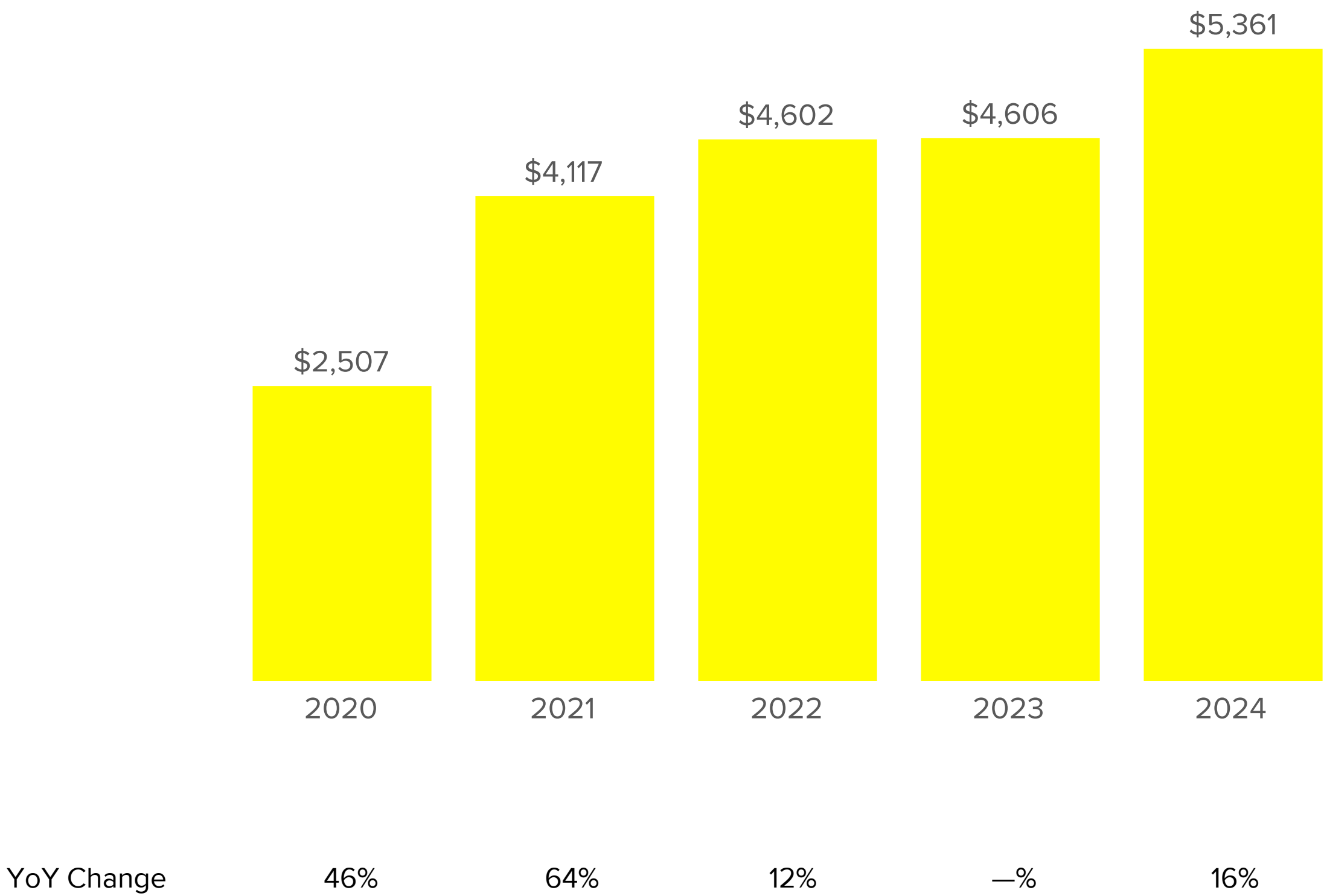
⁴Adjusted EBITDA Margin is a non-GAAP measure, which we define as Adjusted EBITDA divided by GAAP revenue. See Appendix for reconciliations of net loss to Adjusted EBITDA and net cash provided by (used in) operating activities to Free Cash Flow.

Numbers throughout presentation may not foot due to rounding.

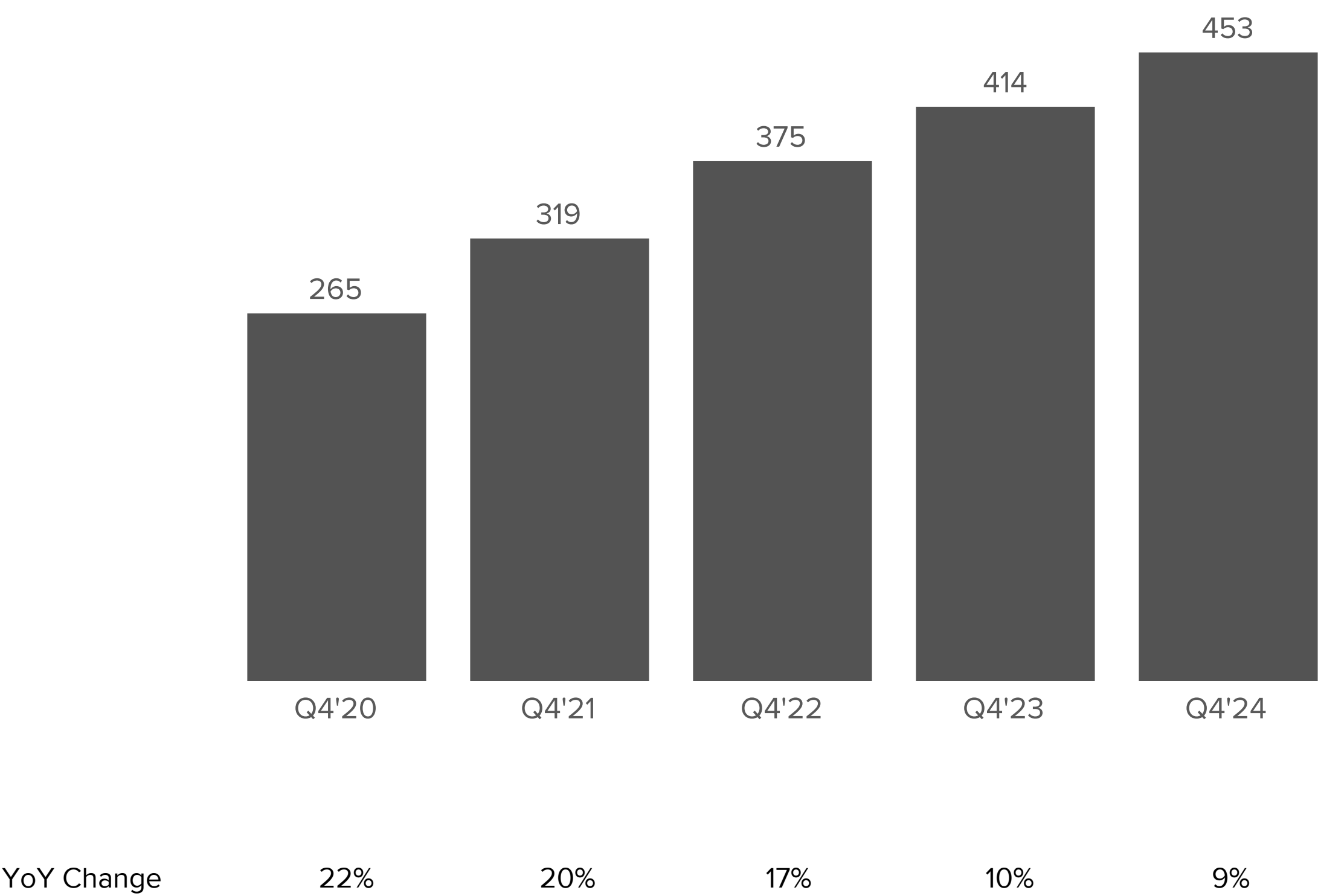
Revenue and Average Daily Active Users (DAU)¹

(in millions, unaudited)

REVENUE



AVERAGE DAILY ACTIVE USERS¹



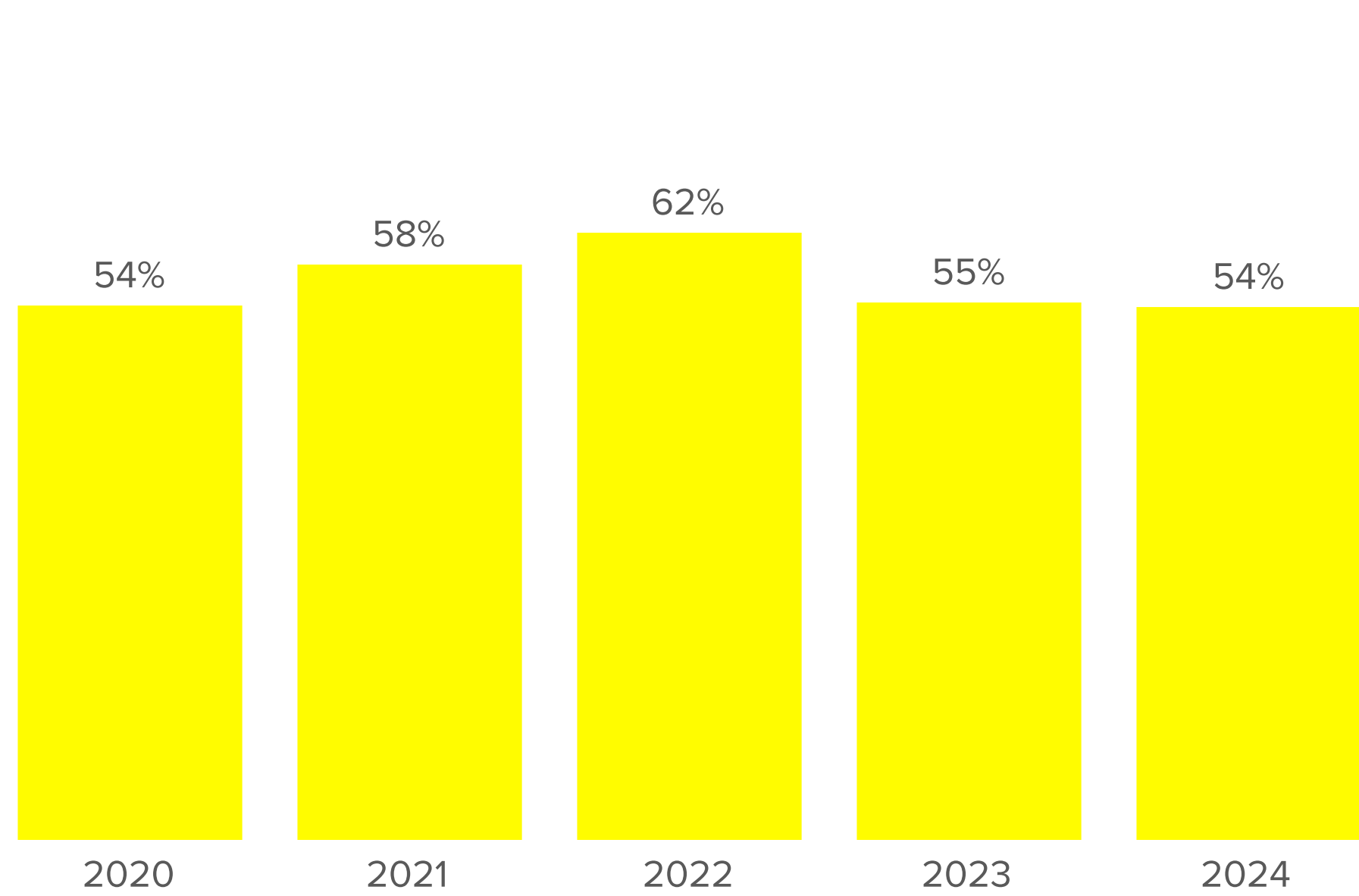
¹We define a Daily Active User, or DAU, as a registered and logged-in Snapchat user who visits Snapchat through our applications or websites at least once during a defined 24-hour period. We calculate average Daily Active Users for a particular quarter by adding the number of DAUs on each day of that quarter and dividing that sum by the number of days in that quarter. Numbers throughout presentation may not foot due to rounding.

REVENUE INCREASED 16% YoY TO \$5.4 BILLION IN 2024
DAU INCREASED 9% YoY TO 453 MILLION

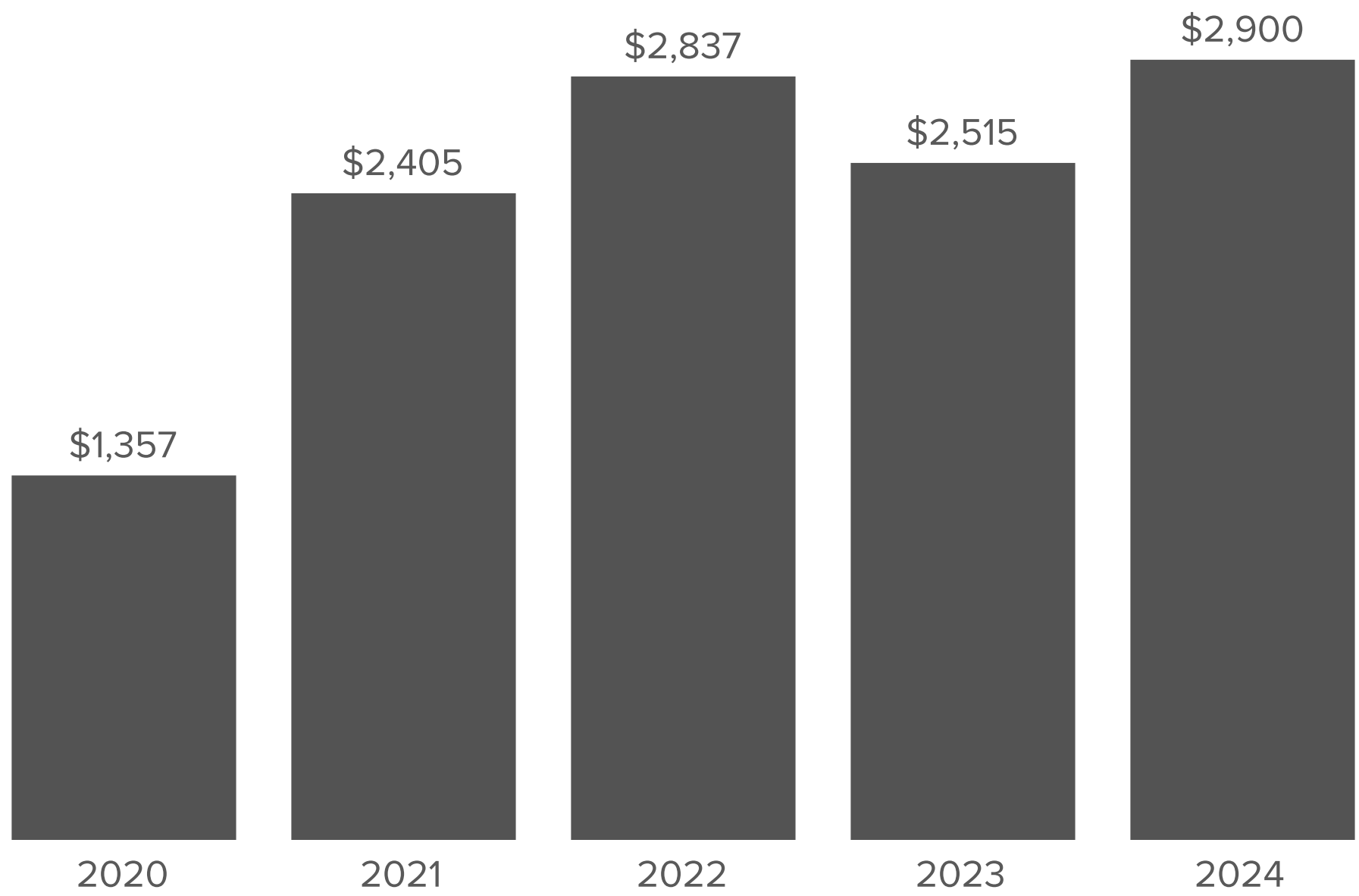
Adjusted Gross Margin and Adjusted Gross Profit¹

(dollars in millions, unaudited)

ADJUSTED GROSS MARGIN¹



ADJUSTED GROSS PROFIT¹



GAAP Gross Margin

53% 57% 61% 54% 54%

GAAP Gross Profit

\$1,324 \$2,367 \$2,787 \$2,492 \$2,887

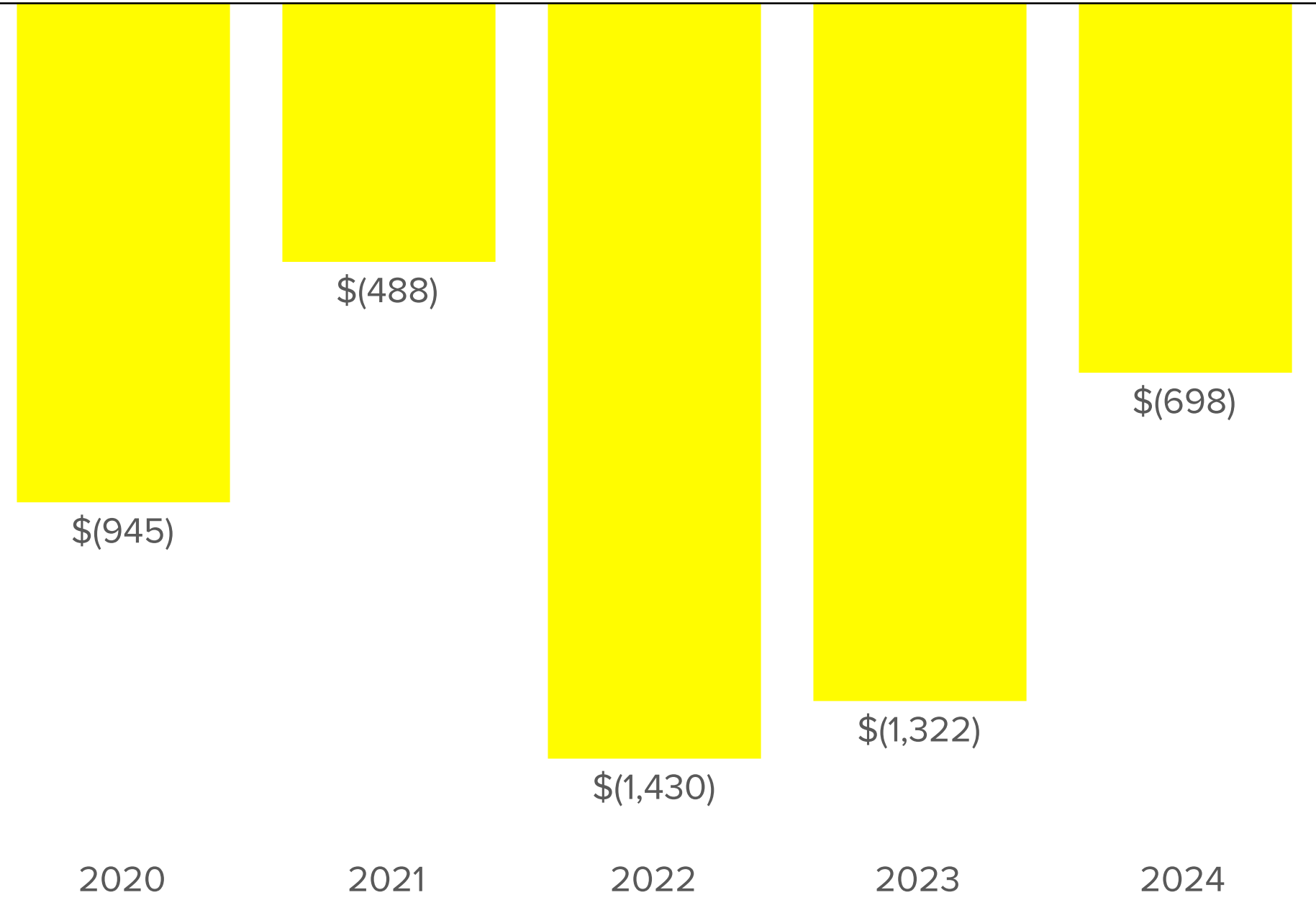
¹Adjusted Gross Margin is a non-GAAP measure, which we define as Adjusted Gross Profit divided by GAAP revenue. Adjusted Gross Profit is a non-GAAP measure, which we define as GAAP revenue less Adjusted Cost of Revenue. Adjusted Cost of Revenue is a non-GAAP measure and excludes stock-based compensation 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 2022 and 2024, other items included restructuring charges of \$21 million and \$1 million, respectively. See Appendix for further detail.
Numbers throughout presentation may not foot due to rounding.

ADJUSTED GROSS PROFIT INCREASED 15% YoY TO \$2.9 BILLION IN 2024

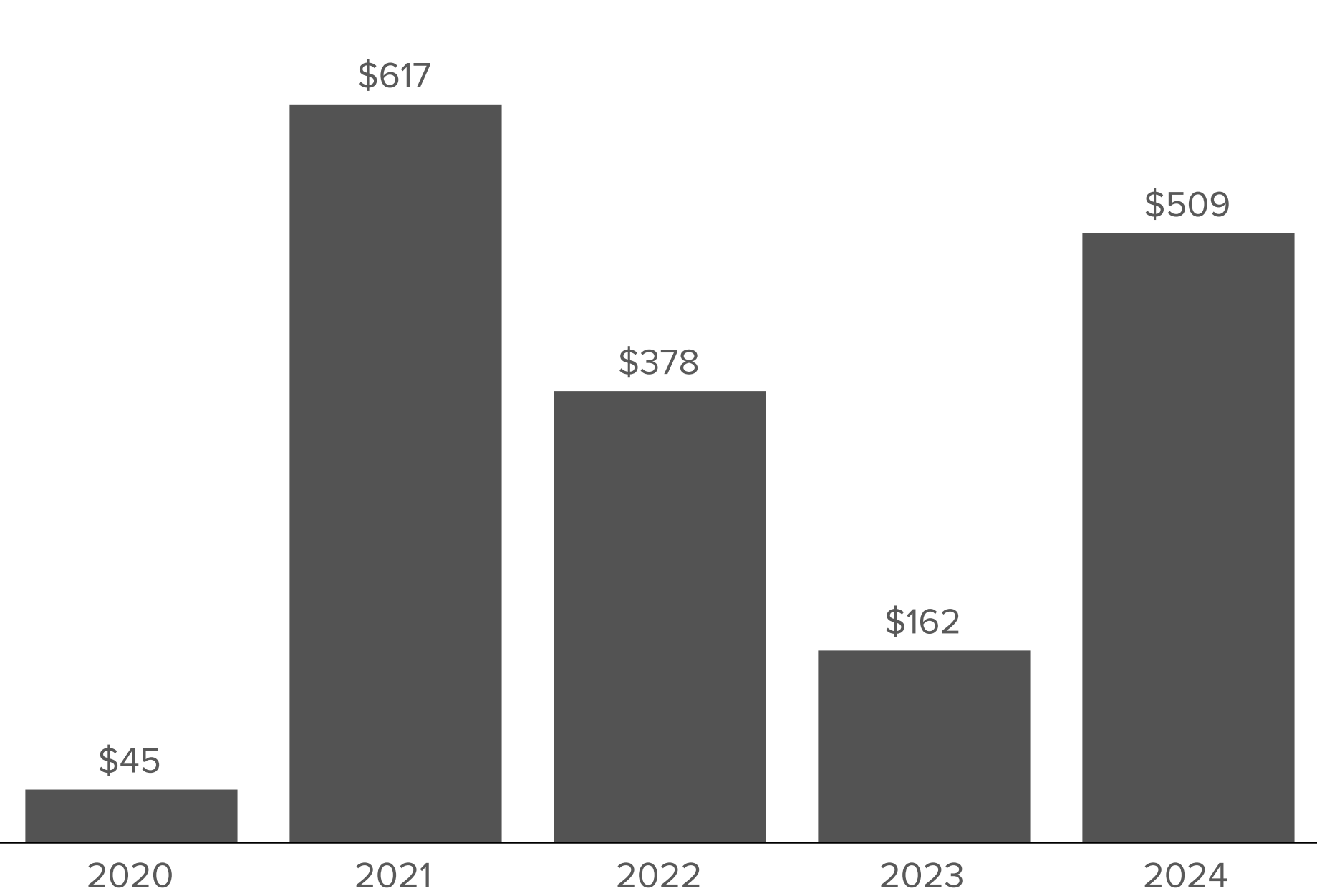
Net Loss & Adjusted EBITDA¹

(in millions, unaudited)

NET LOSS



ADJUSTED EBITDA¹

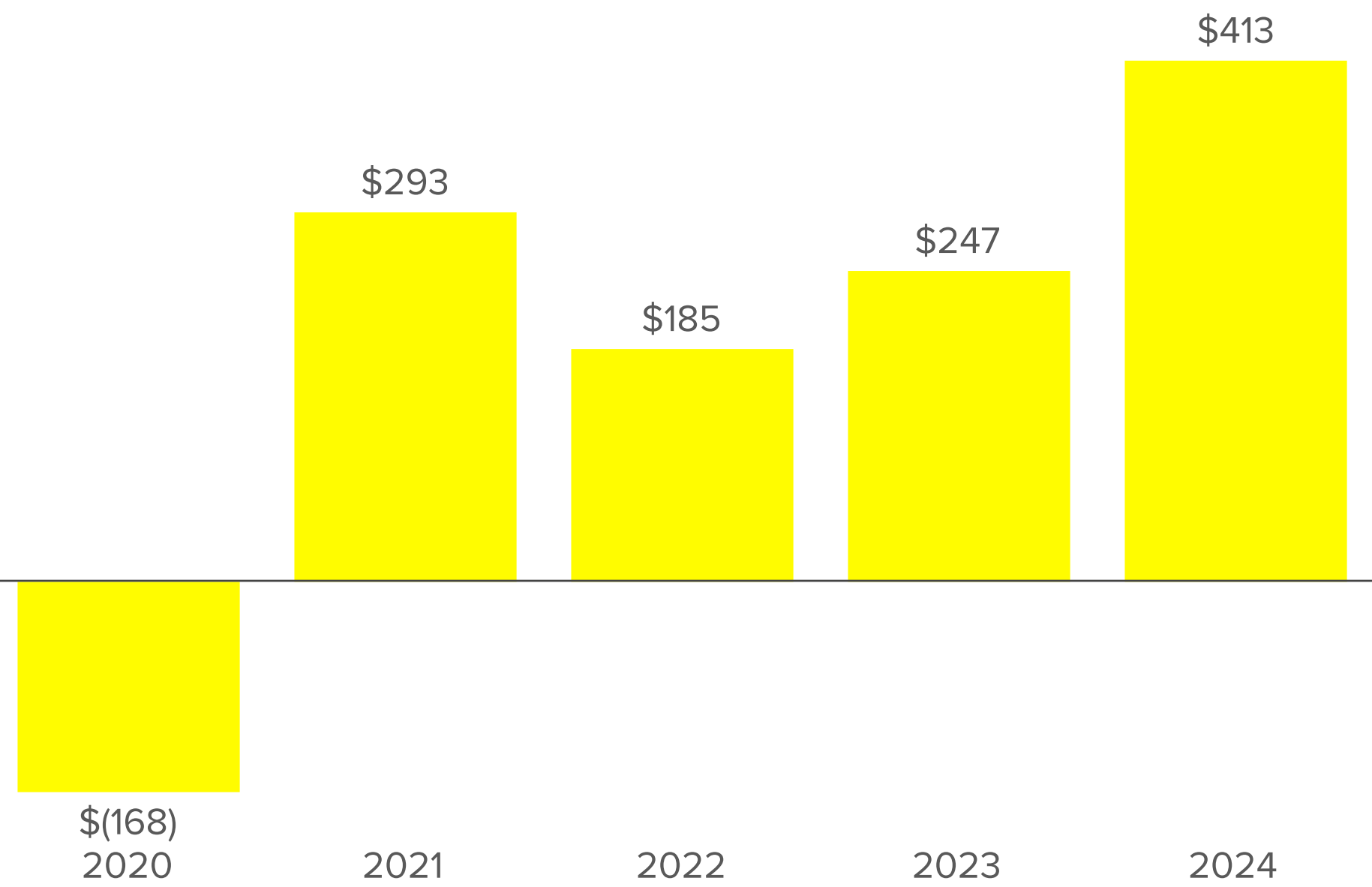


¹Adjusted EBITDA is a non-GAAP measure, which we define as net income (loss), excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; and certain other items impacting net income (loss) from time to time. In 2022, 2023, and 2024 other items included restructuring charges of \$189 million, \$41 million, and \$72 million, respectively. See Appendix for reconciliation of net loss to Adjusted EBITDA. Numbers throughout presentation may not foot due to rounding.

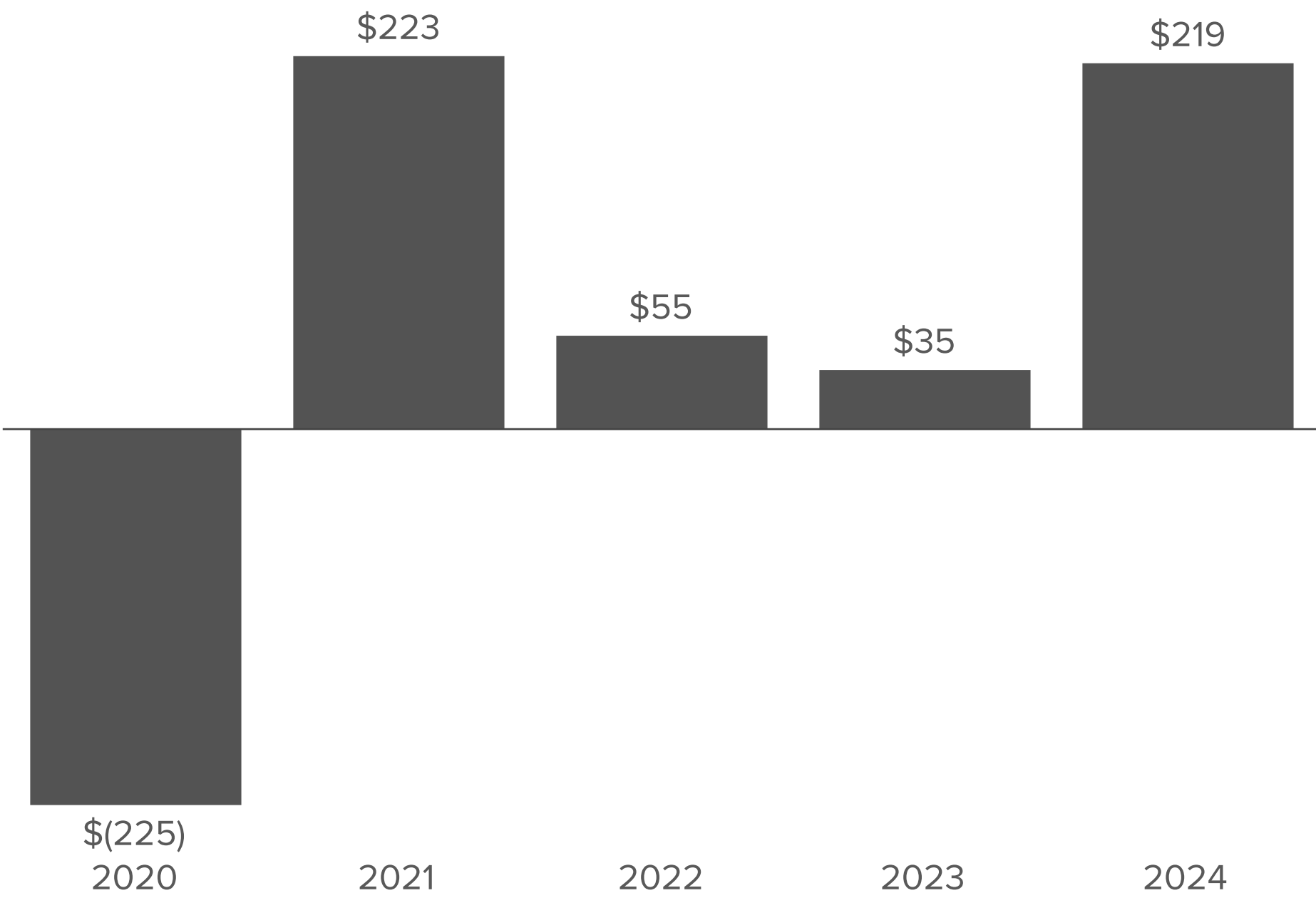
Operating Cash Flow and Free Cash Flow¹

(in millions, unaudited)

OPERATING CASH FLOW



FREE CASH FLOW¹



Capex

\$(58) \$(70) \$(129) \$(212) \$(195)

¹Free 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. Operating Cash Flow and Free Cash Flow in 2020 include a \$98 million payment for a non-recurring legal settlement related to a securities class action, accrued in 2019. Numbers throughout presentation may not foot due to rounding.

FOURTH CONSECUTIVE YEAR OF BOTH POSITIVE OPERATING CASH FLOW AND FREE CASH FLOW

Appendix

Non-GAAP Financial Measures Reconciliation – Quarterly

(in thousands, unaudited)

	Three Months Ended					
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024
Adjusted Cost of Revenue reconciliation						
GAAP Cost of Revenue	\$ 555,753	\$ 621,504	\$ 574,749	\$ 588,921	\$ 638,907	\$ 671,660
Stock-based compensation expense	(2,640)	(2,665)	(1,608)	(1,278)	(1,333)	(1,626)
Payroll and other tax expense related to stock-based compensation	(44)	(97)	(86)	(70)	(48)	(36)
Depreciation and amortization	(3,184)	(3,171)	(2,150)	(1,872)	(965)	(1,123)
Restructuring charges	—	(260)	(1,050)	(77)	—	—
Adjusted Cost of Revenue¹	\$ 549,885	\$ 615,311	\$ 569,855	\$ 585,624	\$ 636,561	\$ 668,875
GAAP Gross Margin	53 %	54 %	52 %	52 %	53 %	57 %
Adjusted Gross Margin¹	54 %	55 %	52 %	53 %	54 %	57 %
Adjusted Operating Expenses reconciliation						
GAAP Operating Expenses ²	\$ 1,012,861	\$ 988,496	\$ 953,256	\$ 901,822	\$ 906,877	\$ 912,500
Stock-based compensation expense	(351,206)	(330,398)	(253,107)	(257,668)	(258,896)	(256,105)
Payroll and other tax expense related to stock-based compensation	(6,419)	(8,609)	(15,884)	(10,063)	(6,045)	(5,536)
Depreciation and amortization	(38,025)	(40,711)	(35,948)	(36,058)	(37,885)	(38,458)
Restructuring charges	(18,639)	(21,951)	(69,058)	(1,866)	—	—
Adjusted Operating Expenses³	\$ 598,572	\$ 586,827	\$ 579,259	\$ 596,167	\$ 604,051	\$ 612,401
GAAP Operating Expense Margin²	15 %	27 %	20 %	27 %	34 %	41 %
Adjusted Operating Expense Margin³	50 %	57 %	52 %	52 %	56 %	61 %

¹Adjusted 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.

²GAAP 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.

³Adjusted 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					
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024
Adjusted Research and Development Expenses reconciliation						
GAAP Research and Development Expenses	\$ 494,559	\$ 483,528	\$ 449,759	\$ 406,196	\$ 412,791	\$ 422,937
Stock-based compensation expense	(234,151)	(220,927)	(170,002)	(171,180)	(172,516)	(165,330)
Payroll and other tax expense related to stock-based compensation	(3,553)	(5,137)	(11,087)	(6,157)	(3,634)	(3,582)
Depreciation and amortization	(26,252)	(27,557)	(24,397)	(22,909)	(24,798)	(24,351)
Restructuring charges	(3,620)	(4,100)	(39,055)	138	—	—
Adjusted Research and Development Expenses¹	\$ 226,983	\$ 225,807	\$ 205,218	\$ 206,088	\$ 211,843	\$ 229,674
Adjusted Sales and Marketing Expenses reconciliation						
GAAP Sales and Marketing Expenses	\$ 297,251	\$ 275,811	\$ 276,034	\$ 266,320	\$ 273,107	\$ 248,214
Stock-based compensation expense	(69,160)	(70,304)	(50,438)	(52,251)	(53,345)	(56,463)
Payroll and other tax expense related to stock-based compensation	(1,391)	(2,125)	(3,065)	(2,265)	(1,449)	(1,340)
Depreciation and amortization	(5,466)	(5,129)	(4,577)	(5,084)	(4,953)	(5,333)
Restructuring charges	(11,300)	(5,645)	(19,588)	(457)	—	—
Adjusted Sales and Marketing Expenses¹	\$ 209,934	\$ 192,608	\$ 198,366	\$ 206,263	\$ 213,360	\$ 185,078
Adjusted General and Administrative Expenses reconciliation						
GAAP General and Administrative Expenses	\$ 221,051	\$ 229,157	\$ 227,463	\$ 229,306	\$ 220,979	\$ 241,349
Stock-based compensation expense	(47,895)	(39,167)	(32,667)	(34,237)	(33,035)	(34,312)
Payroll and other tax expense related to stock-based compensation	(1,475)	(1,347)	(1,732)	(1,641)	(962)	(614)
Depreciation and amortization	(6,307)	(8,025)	(6,974)	(8,065)	(8,134)	(8,774)
Restructuring charges	(3,719)	(12,206)	(10,415)	(1,547)	—	—
Adjusted General and Administrative Expenses¹	\$ 161,655	\$ 168,412	\$ 175,675	\$ 183,816	\$ 178,848	\$ 197,649

¹Adjusted 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					
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024
Adjusted EBITDA reconciliation						
Net income (loss)	\$ (368,256)	\$ (248,247)	\$ (305,090)	\$ (248,620)	\$ (153,247)	\$ 9,101
Add (deduct):						
Interest income	(43,839)	(43,463)	(39,898)	(36,462)	(38,533)	(38,573)
Interest expense	5,521	5,275	4,743	5,113	5,883	5,813
Other (income) expense, net	20,662	34,447	81	20,792	4,355	(8,382)
Income tax (benefit) expense	5,849	3,275	6,932	5,202	8,332	5,164
Depreciation and amortization	41,209	43,882	38,098	37,930	38,850	39,581
Stock-based compensation expense	353,846	333,063	254,715	258,946	260,229	257,731
Payroll and other tax expense related to stock-based compensation	6,463	8,706	15,970	10,133	6,093	5,572
Restructuring charges ¹	18,639	22,211	70,108	1,943	—	—
Adjusted EBITDA²	\$ 40,094	\$ 159,149	\$ 45,659	\$ 54,977	\$ 131,962	\$ 276,007
Net income (loss) margin	(31)%	(18)%	(26)%	(20)%	(11)%	1 %
Adjusted EBITDA Margin ²	3 %	12 %	4 %	4 %	10 %	18 %

	Three Months Ended					
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024
Free Cash Flow reconciliation						
Net cash provided by (used in) operating activities	\$ 12,781	\$ 164,574	\$ 88,352	\$ (21,377)	\$ 115,872	\$ 230,633
Less:						
Purchases of property and equipment	(73,435)	(53,719)	(50,448)	(52,062)	(44,041)	(48,275)
Free Cash Flow³	\$ (60,654)	\$ 110,855	\$ 37,904	\$ (73,439)	\$ 71,831	\$ 182,358

¹In Q3 2023 and 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.

²Adjusted 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.

³Free 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					
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024
Non-GAAP net income (loss) reconciliation						
Net income (loss)	\$ (368,256)	\$ (248,247)	\$ (305,090)	\$ (248,620)	\$ (153,247)	\$ 9,101
Amortization of intangible assets	19,134	17,484	15,443	14,950	13,889	12,557
Stock-based compensation expense	353,846	333,063	254,715	258,946	260,229	257,731
Payroll and other tax expense related to stock-based compensation	6,463	8,706	15,970	10,133	6,093	5,572
Restructuring charges ¹	18,639	22,211	70,108	1,943	—	—
Income tax adjustments	(573)	(5,306)	(1,999)	(4,020)	(1,858)	(5,363)
Non-GAAP net income (loss)²	\$ 29,253	\$ 127,911	\$ 49,147	\$ 33,332	\$ 125,106	\$ 279,598
Weighted-average common shares - Diluted³	1,625,917	1,638,714	1,647,387	1,644,736	1,663,011	1,717,119

	Three Months Ended					
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024
Non-GAAP diluted net income (loss) per share reconciliation						
GAAP diluted net income (loss) per share	\$ (0.23)	\$ (0.15)	\$ (0.19)	\$ (0.15)	\$ (0.09)	\$ 0.01
Non-GAAP adjustment to net income (loss)	0.25	0.23	0.22	0.17	0.17	0.15
Non-GAAP diluted net income (loss) per share²	\$ 0.02	\$ 0.08	\$ 0.03	\$ 0.02	\$ 0.08	\$ 0.16

¹In Q3 2023 and 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 adjustments 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.

²We 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 items impacting net income (loss) from time to time; and related income tax adjustments specific to the non-GAAP adjustments in the current period. Non-GAAP net income (loss) and weighted average diluted shares are then used to calculate Non-GAAP diluted net income (loss) per share.

³For all periods, 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.

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. Numbers throughout presentation may not foot due to rounding.

Non-GAAP Financial Measures Reconciliation – Annual

(in thousands, unaudited)

	Year Ended					
	2020	2021	2022	2023	2024	
Adjusted EBITDA Reconciliation						
Net income (loss)	\$ (944,839)	\$ (487,955)	\$ (1,429,653)	\$ (1,322,485)	\$ (697,856)	
Add (deduct):						
Interest income	(18,127)	(5,199)	(58,597)	(168,394)	(153,466)	
Interest expense	97,228	17,676	21,459	22,024	21,552	
Other (income) expense, net	(14,988)	(240,175)	42,529	42,414	16,846	
Income tax (benefit) expense	18,654	13,584	28,956	28,062	25,630	
Depreciation and amortization	86,744	119,141	186,434	159,999	154,459	
Stock-based compensation expense	770,182	1,092,135	1,353,283	1,319,783	1,031,621	
Payroll and other tax expense related to stock-based compensation	50,309	107,479	44,213	39,324	37,768	
Restructuring charges ¹	—	—	188,949	40,850	72,051	
Adjusted EBITDA²	\$ 45,163	\$ 616,686	\$ 377,573	\$ 161,577	\$ 508,605	

	Year Ended					
	2020	2021	2022	2023	2024	
Free Cash Flow Reconciliation						
Net cash provided by (used in) operating activities	\$ (167,644)	\$ 292,880	\$ 184,614	\$ 246,521	\$ 413,480	
Less:						
Purchases of property and equipment	(57,832)	(69,875)	(129,306)	(211,727)	(194,826)	
Free Cash Flow³	\$ (225,476)	\$ 223,005	\$ 55,308	\$ 34,794	\$ 218,654	

¹Restructuring charges in 2022 relating to the strategic reprioritization plan were composed primarily of severance and related charges of \$97 million, stock-based compensation expense, lease exit and related charges, impairment charges, contract termination charges, and intangible asset amortization. Restructuring charges in 2023 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 2023 relating to the wind down, which is included in the income tax (benefit) expense line item above. Restructuring charges in 2024 were composed primarily of cash severance, stock-based compensation expense, and other charges associated with the 2024 restructuring. These charges are not reflective of underlying trends in our business.

²Adjusted 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.

³Free 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.

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.

Numbers throughout presentation may not foot due to rounding.

Non-GAAP Financial Measures Reconciliation – Annual

(in thousands, unaudited)

	Year Ended					
	2020	2021	2022	2023	2024	
Revenue	\$ 2,506,626	\$ 4,117,048	\$ 4,601,847	\$ 4,606,115	\$ 5,361,398	
Adjusted Cost of Revenue reconciliation						
GAAP Cost of Revenue	\$ 1,182,505	\$ 1,750,246	\$ 1,815,342	\$ 2,114,117	\$ 2,474,237	
Stock-based compensation expense	(9,367)	(17,221)	(11,579)	(9,555)	(5,845)	
Payroll and other tax expense related to stock-based compensation	(1,451)	(1,042)	(400)	(325)	(240)	
Depreciation and amortization	(22,205)	(19,711)	(18,244)	(12,751)	(6,110)	
Restructuring charges	—	—	(20,585)	(260)	(1,127)	
Adjusted Cost of Revenue ¹	\$ 1,149,482	\$ 1,712,272	\$ 1,764,534	\$ 2,091,226	\$ 2,460,915	
GAAP Gross Profit	\$ 1,324,121	\$ 2,366,802	\$ 2,786,505	\$ 2,491,998	\$ 2,887,161	
Adjusted Gross Profit	\$ 1,357,144	\$ 2,404,776	\$ 2,837,313	\$ 2,514,889	\$ 2,900,483	
GAAP Gross Margin	53 %	57 %	61 %	54 %	54 %	
Adjusted Gross Margin ¹	54 %	58 %	62 %	55 %	54 %	

¹Adjusted 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. 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 Administrative 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. We use the non-GAAP financial measure of non-GAAP net income (loss), which is defined 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 items impacting net income (loss) from time to time; and related income tax adjustments specific to the non-GAAP adjustments in the current period. Non-GAAP net income (loss) and weighted average diluted shares are then used to calculate non-GAAP diluted net income (loss) per share. 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 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. 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.