

Snap Inc.

Q3 2025 Earnings Slides

November 5, 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.

Third Quarter 2025 Financial Summary

Revenue

- Revenue was \$1,507 million, compared to \$1,373 million in the prior year, an increase of 10%¹ year-over-year.
- Average revenue per user was \$3.16, compared to \$3.10 in the prior year.

Operating Performance

- GAAP gross margin was 55%, compared to 53% in the prior year.
- Adjusted Gross Margin² was 55%, compared to 54% in the prior year.
- Net loss was \$104 million, compared to \$153 million in the prior year.
- Adjusted EBITDA³ was \$182 million, compared to \$132 million in the prior year.
- Net loss margin was (7)%, compared to (11)% in the prior year.
- Adjusted EBITDA Margin³ was 12%, compared to 10% in the prior year.

Cash

- Operating cash flow was \$146 million, compared to \$116 million in the prior year.
- Free Cash Flow⁴ was \$93 million, compared to \$72 million in the prior year.
- Cash, cash equivalents, and marketable securities were \$3.0 billion as of September 30, 2025.

¹On a constant currency basis, the impact of foreign exchange rates on revenue was less than 1% in Q3 2025. Constant currency revenue is a non-GAAP measure, see Appendix for further detail.

²Adjusted Gross Margin is a non-GAAP measure. Refer to slide 12 for additional information.

³Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP measures. Refer to slide 14 for additional information.

⁴Free Cash Flow is a non-GAAP measure. Refer to slide 16 for additional information.

Quarterly information is unaudited. Numbers throughout presentation may not foot due to rounding.

Business Highlights

We deepened engagement with our community:

- The Snapchat community continues to grow, reaching 943 million global monthly active users (MAU) in Q3, an increase of 60 million or 7% year-over-year.
- Daily active users (DAU) were 477 million in Q3 2025, an increase of 34 million, or 8%, year-over-year.
- In Q3, we shared that Snapchatters created well over one trillion selfie Snaps in 2024, a testament to how our global community uses our camera to communicate, play, and feel closer together.
- Global time spent watching content and the number of content viewers increased year-over-year in Q3, reflecting the multi-year investment in our machine learning infrastructure and the continued growth in Spotlight.
- The share of total Spotlight views from content posted in the last 24 hours increased more than 300% year-over-year in the US as our models better surface more topical and trending content.
- Over the past year, we onboarded thousands of creators to our Snap Star program, with the number of Spotlight posts by Snap Stars growing nearly 180% year-over-year in North America in Q3.
- We launched The Keys: A Guide to Digital Safety – a first-of-its-kind interactive online safety program specifically designed for teens and their parents.

Business Highlights (Continued)

We are focused on accelerating and diversifying our revenue growth:

- Direct Response advertising revenue increased 8% year-over-year, accelerating 3 percentage points from the prior quarter, driven by strong demand for our Pixel Purchase and App Purchase optimizations.
- Purchase-related ad revenue grew over 30% year-over-year, reflecting higher attribution accuracy and better campaign performance.
- Sponsored Snaps have proven to be one of the most effective ways for brands to join the conversation, driving up to 22% more conversions and achieving up to 19% lower costs per action (CPAs) when included in an advertiser's broader Snap campaign mix.
- According to a recent Kantar study, approximately 85% of US Snapchatters feel that Sponsored Snaps are “relevant to me” and “fit in with my habits on the platform.”
- We advanced Dynamic Product Ads with large language models that better understand products, driving over 4x higher conversion rates compared to baseline for certain campaigns.
- We launched the App Power Pack, a suite of new products which includes improved Target Cost Bidding, Sponsored Snaps for app advertisers, App End Cards, and Playables for interactive game previews, with early results showing that products in the App Power Pack are driving over 25% lift in iOS App Installs.
- Other Revenue, the majority of which is Snapchat+ subscription revenue, increased 54% year-over-year to \$190 million in Q3.
- We announced Memories Storage Plans in Q3 and started to introduce this new offering to our community.
- We took an important step toward building out our AI platform by partnering with Perplexity AI to integrate its conversational search directly into Snapchat.

Business Highlights (Continued)

We invested in our augmented reality platform:

- Our community uses AR Lenses in our Snapchat camera 8 billion times per day, and over 400,000 developers have built more than 4 million Lenses with Snap's world-leading AR tools.
- In Q3, more than 350 million Snapchatters engaged with AR every day on average.
- More than 500 million users have engaged with Gen AI Lenses over 6 billion times, underscoring the growing demand for AI-powered creative tools on the platform.
- Snapchatters engaged with our AI Face Swap Lens over one billion times in Q3, highlighting strong engagement with our latest AR experiences powered by generative AI.
- We introduced the Imagine Lens, our first Open Prompt Image Generation Lens, where Snapchatters can create, edit, and recreate Snaps simply by entering their own prompts.
- We launched the Lens Studio AI Assistant, enabling developers to describe a Lens concept and have AI generate, code, and refine it automatically.
- We also launched Realistic StyleGen Mode, which applies lifelike transformations to clothing, hair, and accessories using on-device machine learning.
- We introduced AI Portraits, which lets Snapchatters create dynamic Lenses by defining a concept through person, action, and scene, and Selfie Attachments, which generate custom 3D assets that automatically attach to the face or body.
- To help developers monetize their work, we introduced Lens+ Partner Payouts, a program that allows creators to publish exclusive GenAI-powered Lenses for Lens+ and earn directly from subscribers.

Business Highlights (Continued)

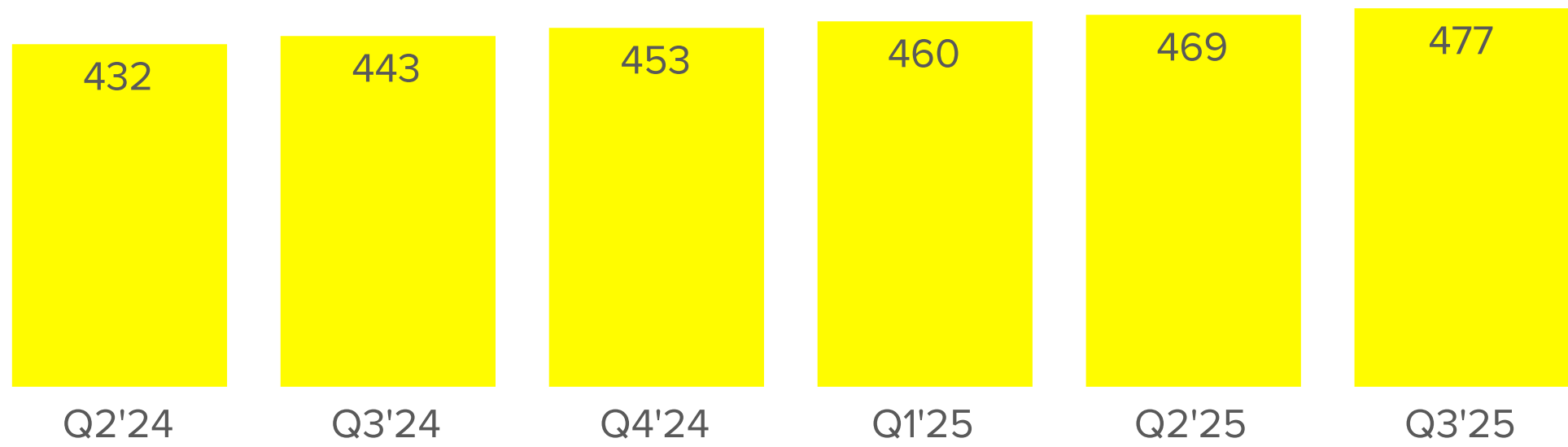
We are making computers more human with Specs:

- In Q3, we launched Snap OS 2.0, a major update that lays the foundation for the public debut of our next-generation Specs in 2026.
- Snap OS 2.0 introduces a redesigned browser with faster performance, lower power usage, a minimalist user interface, support for widgets and bookmarks, resizable windows, and full WebXR capabilities.
- New features also expand creative and utility use cases: the Spotlight Lens lets users watch short video content , while the Gallery Lens provides a more immersive way to browse, organize, and share videos captured with Spectacles.
- We introduced Travel Mode, which improves the stability of AR content while in motion.
- Our new Spatial Tips Lens enables AI-powered contextual guidance in the real world, from labeling everyday objects to providing instructions for activities like a kick-flip on a skateboard.
- We announced Commerce Kit for Spectacles, enabling select developers to accept payments directly inside Lenses on Specs, allowing for the sale of digital goods or unlocking premium features.
- To prepare for the consumer launch of Specs next year, partners and developers have been building compelling AR experiences:
 - Partners like Enklu and Artglass are transforming live events with location-based Lenses.
 - Developer Caio Alves created Apollo 11, an immersive AR Lens that celebrates the historic 1969 moon landing, transporting users to the lunar surface with rockets, craters, and space-themed visuals.
 - Developer Stijn Spanhove created AI Teleport, a futuristic Lens that uses AI-driven effects to instantly “teleport” users into new environments, transforming their surroundings in a dramatic, sci-fi-inspired way.

Average Daily Active Users (DAU)

(in millions, unaudited)

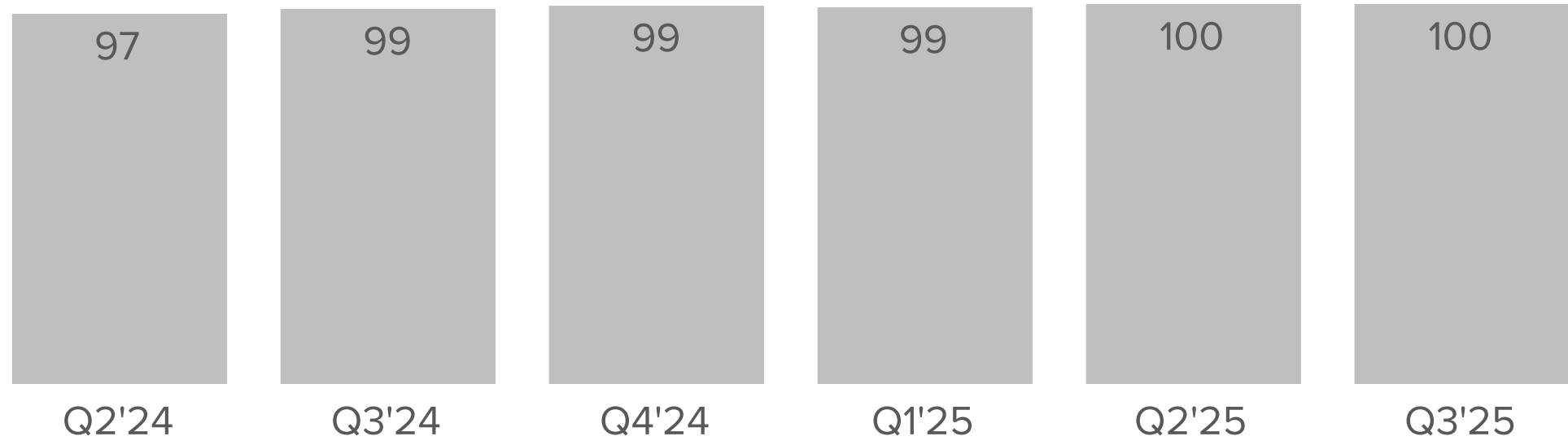
GLOBAL



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. In the first quarter of 2025, we refined our processes and controls to allow us to more accurately record user activity. For additional information concerning these refinements, see the “Note Regarding User Metrics and Other Data” within the Appendix.

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

²Europe includes Russia and Turkey.

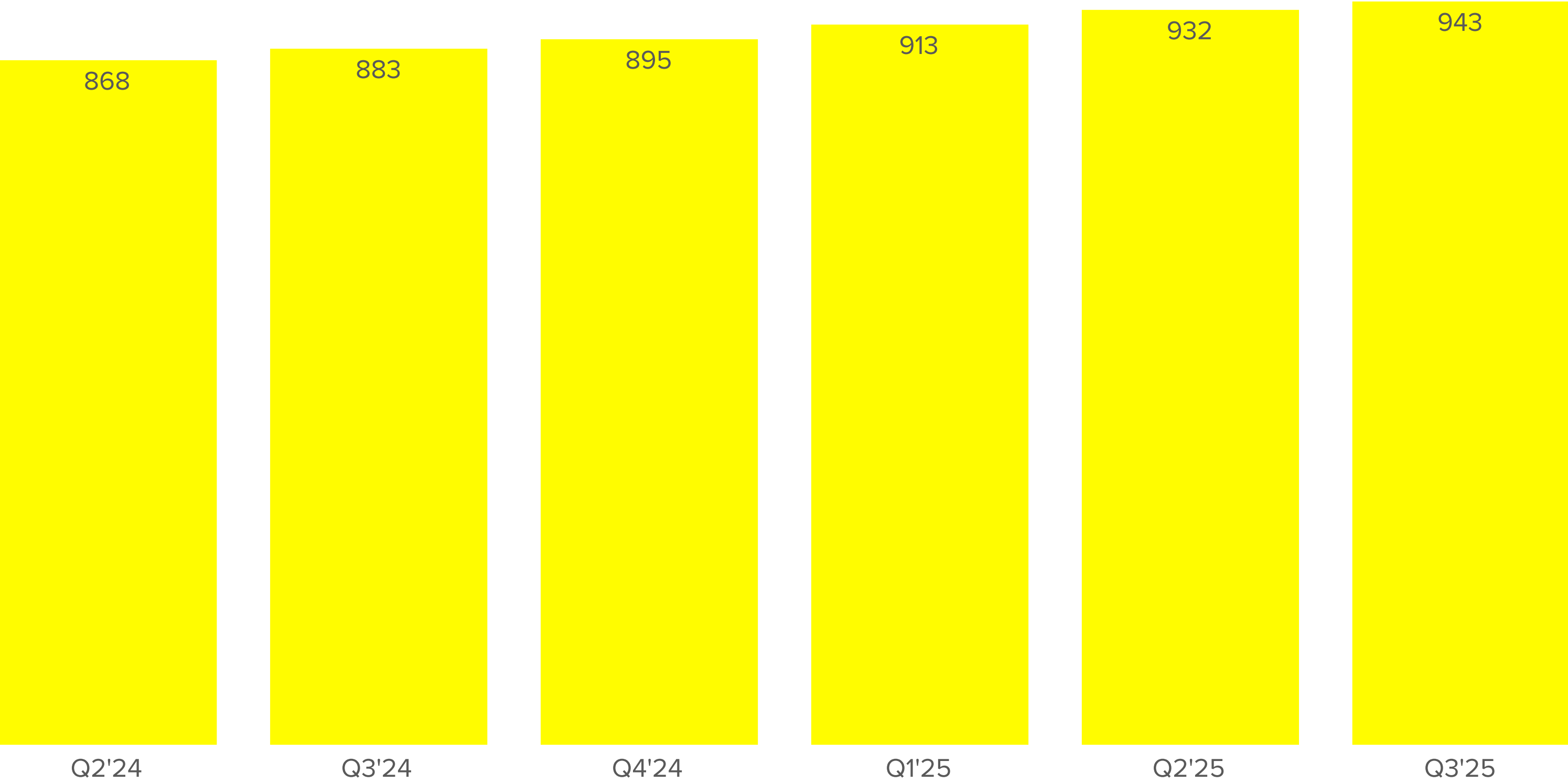
Numbers throughout presentation may not foot due to rounding.

GLOBAL DAU INCREASED 34 MILLION, OR 8%, YoY

Average Monthly Active Users (MAU)

(in millions, unaudited)

GLOBAL



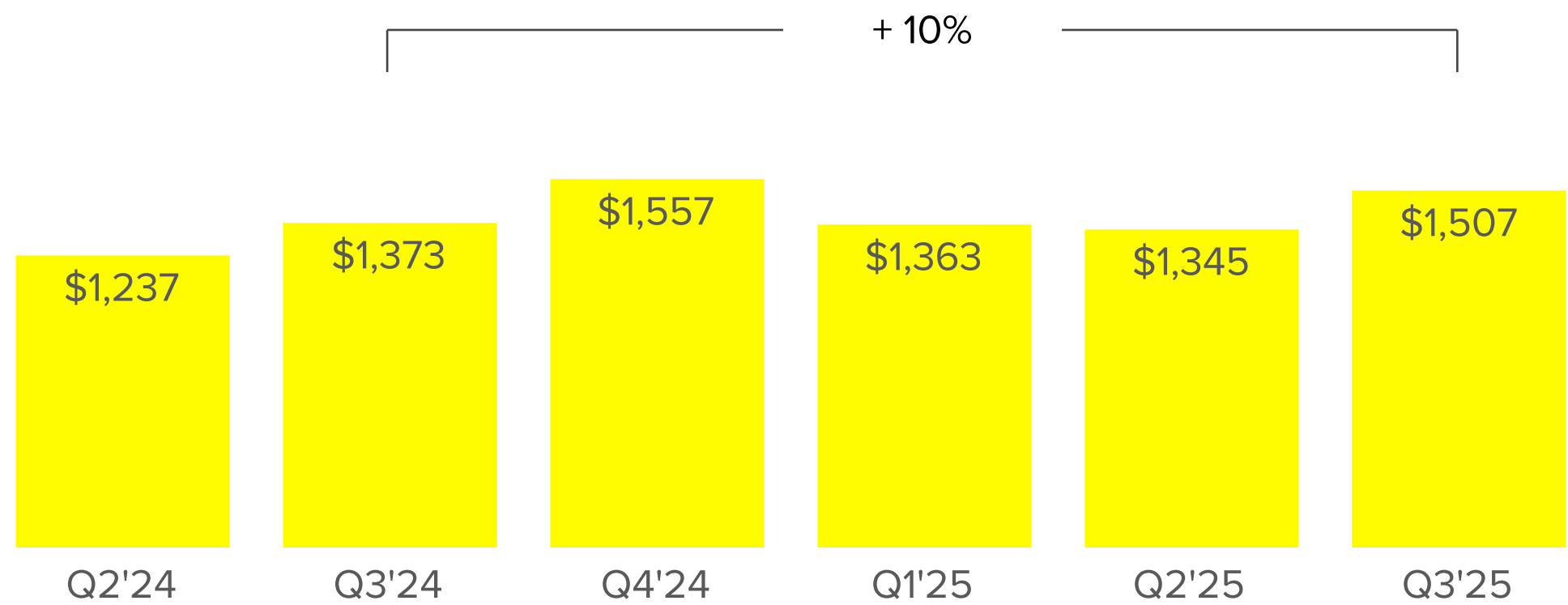
We define a Monthly Active User, or MAU, as a registered and logged-in Snapchat user who visits Snapchat through our applications or websites at least once during the 30-day period ending on the calendar month-end. We calculate average Monthly Active Users for a particular quarter by calculating the average of the MAUs as of each calendar month-end in that quarter. In the first quarter of 2025, we refined our processes and controls to allow us to more accurately record user activity. For additional information concerning these refinements, see the “Note Regarding User Metrics and Other Data” within the Appendix.

GLOBAL MAU INCREASED 60 MILLION, OR 7%, YoY

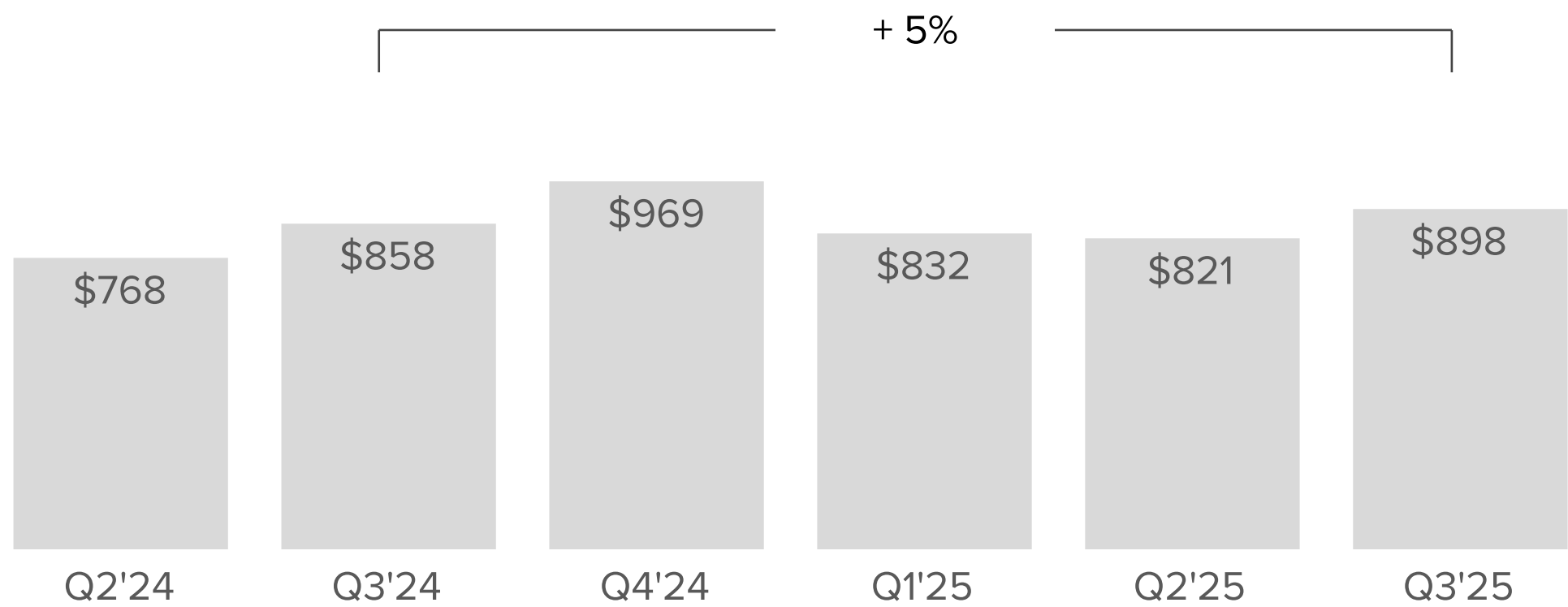
Revenue by Geography

(in millions, unaudited)

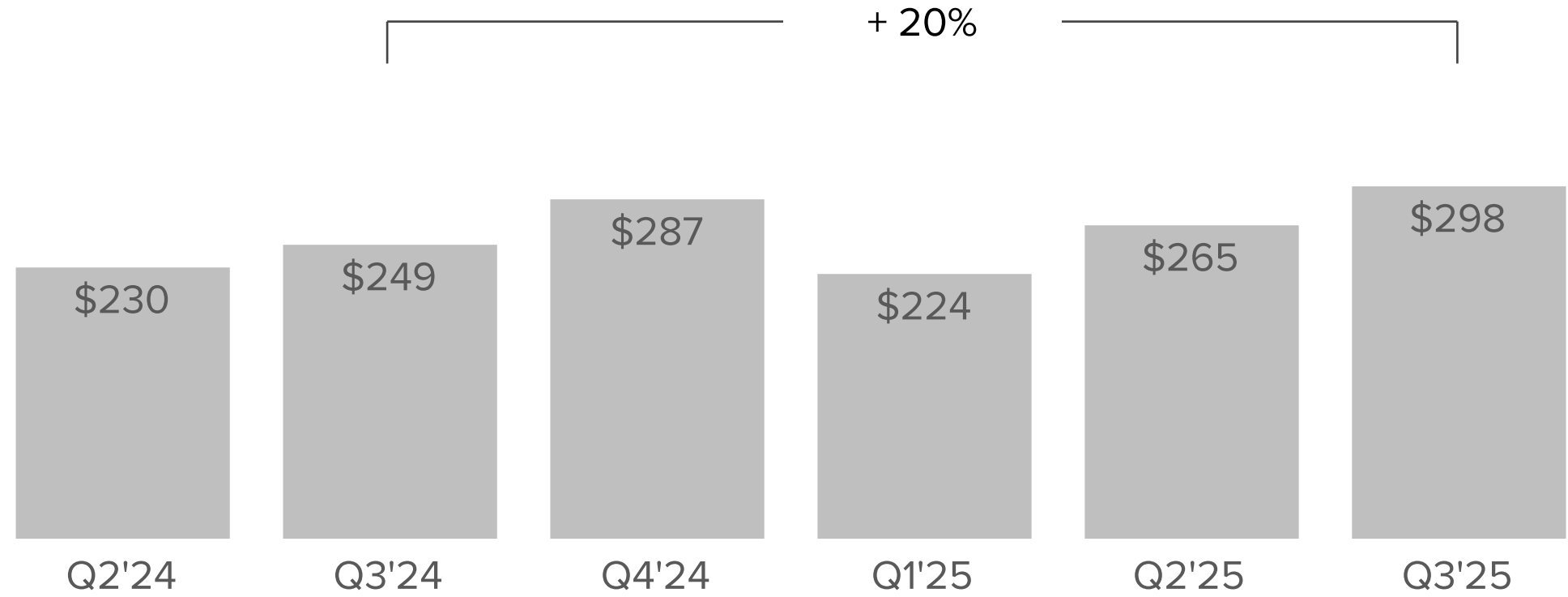
GLOBAL



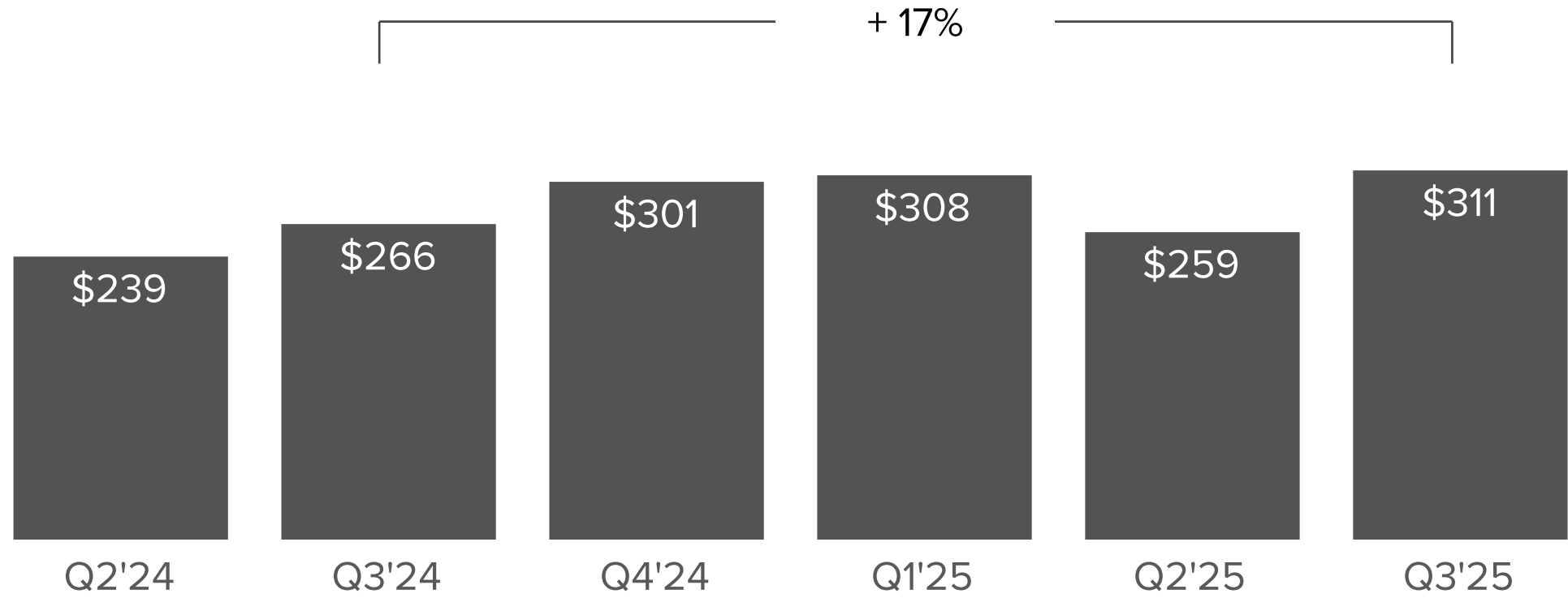
NORTH AMERICA¹



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.

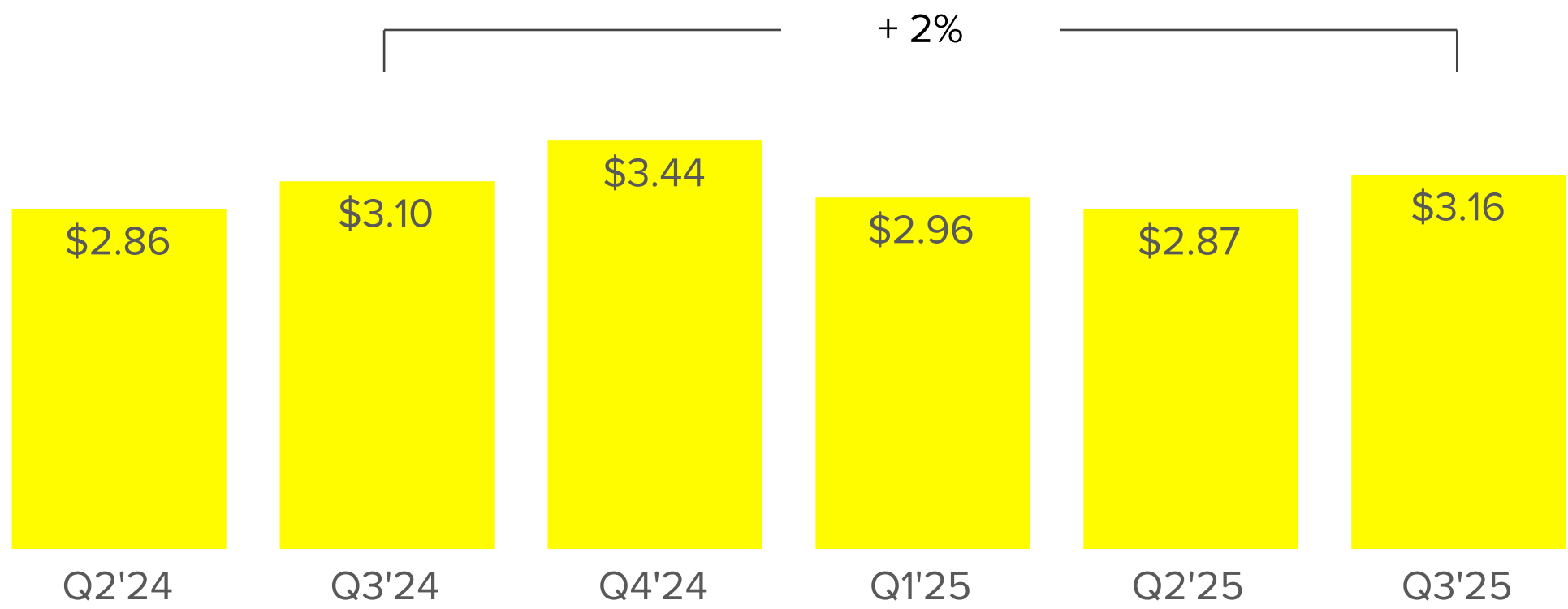
Numbers throughout presentation may not foot due to rounding.

GLOBAL REVENUE INCREASED 10% YoY

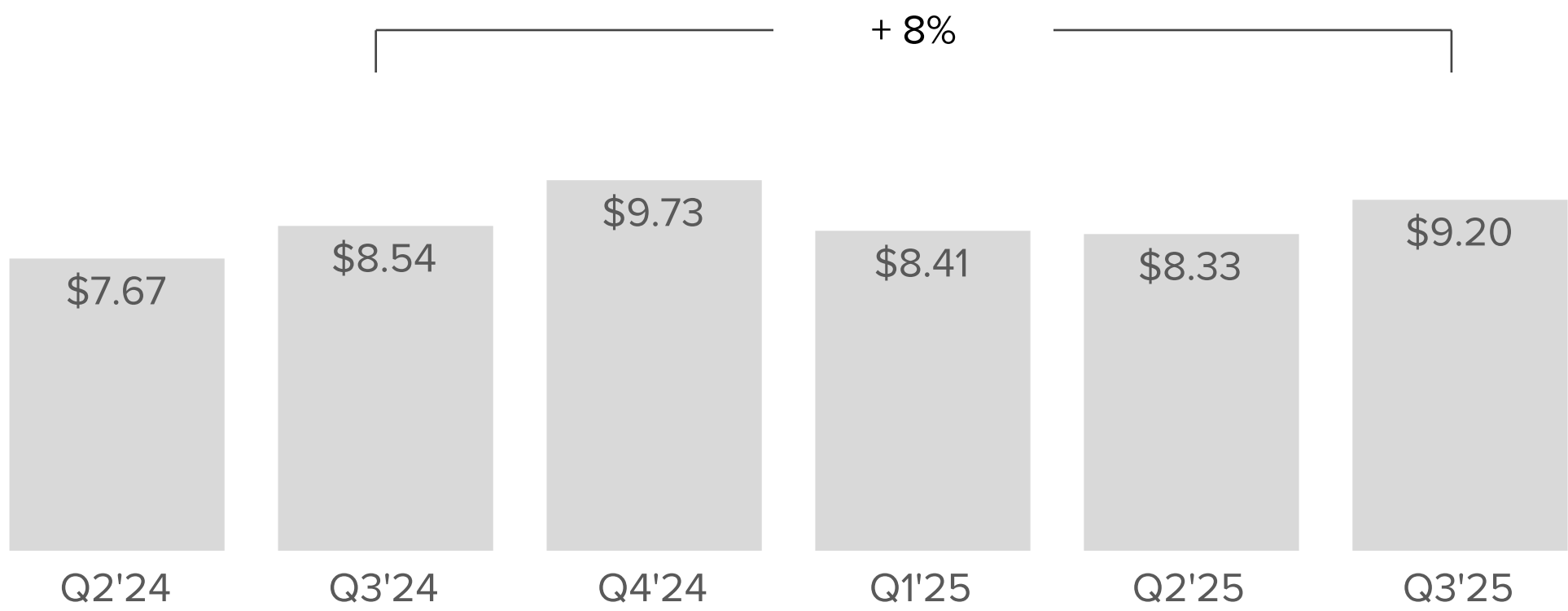
Average Revenue Per User (ARPU)

(unaudited)

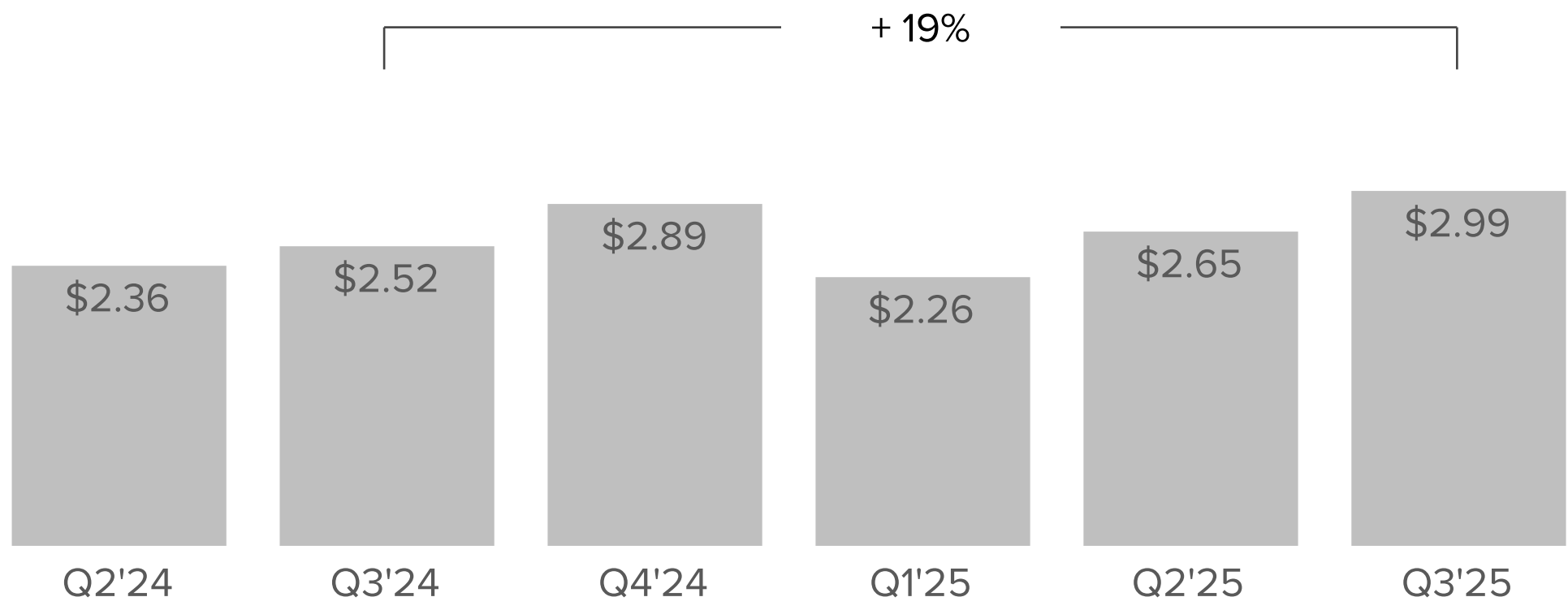
GLOBAL



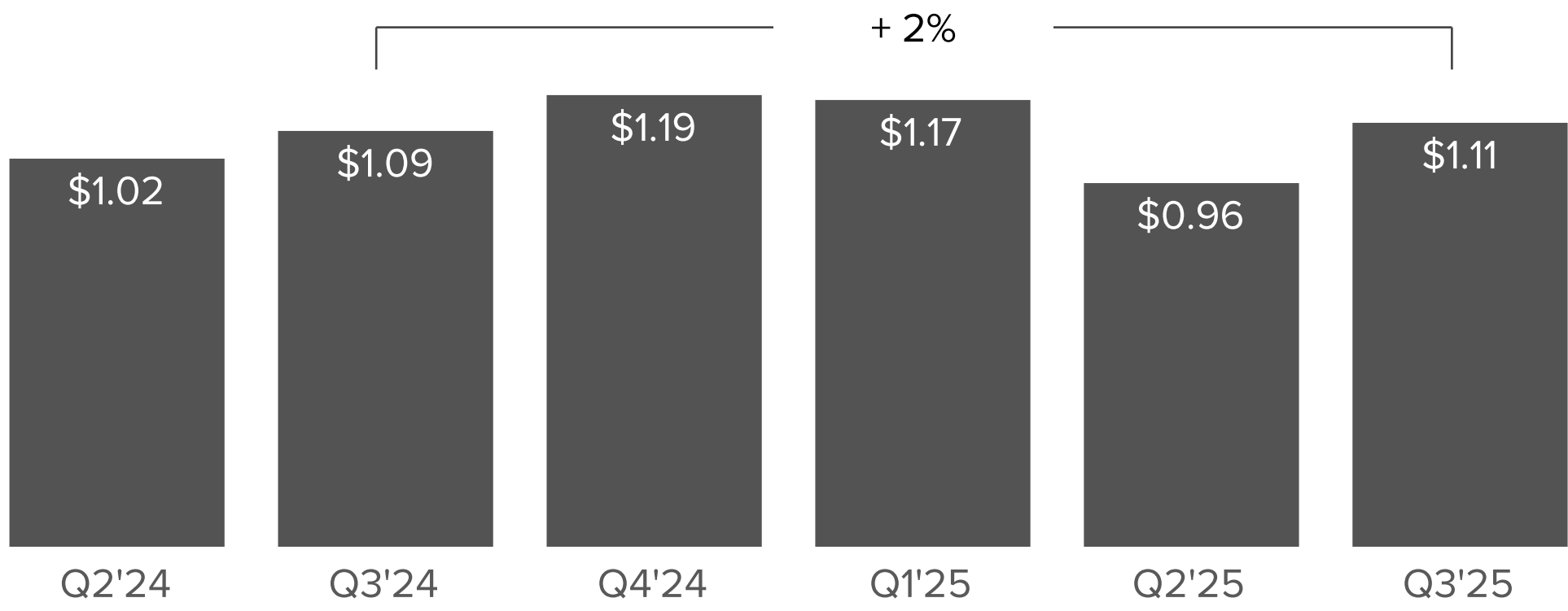
NORTH AMERICA¹



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.

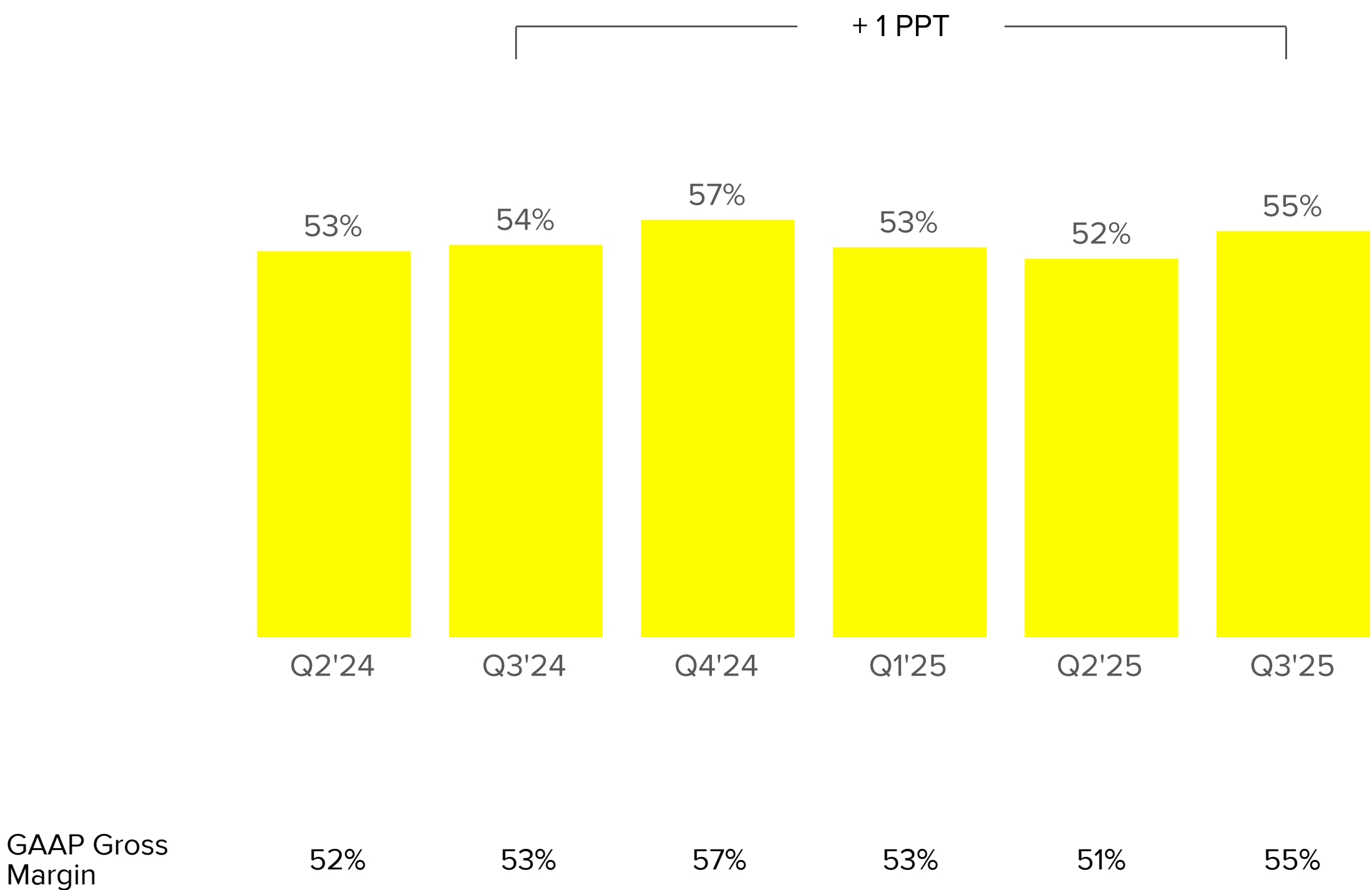
Numbers throughout presentation may not foot due to rounding.

GLOBAL ARPU WAS \$12.42 OVER THE TRAILING TWELVE MONTHS

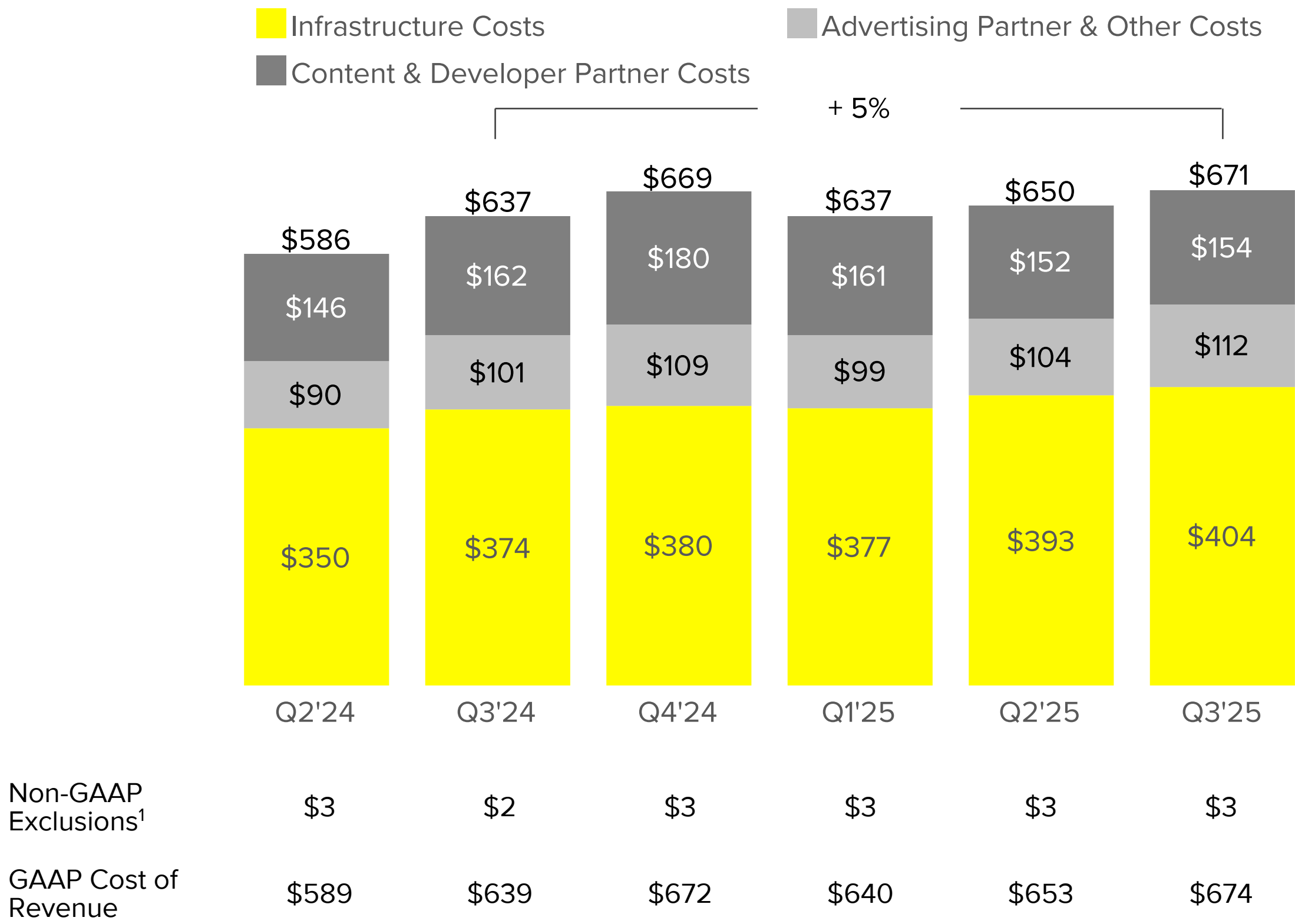
Adjusted Gross Margin and Adjusted Cost of Revenue¹

(dollars in millions, unaudited)

ADJUSTED GROSS MARGIN¹



ADJUSTED COST OF REVENUE¹ COMPOSITION



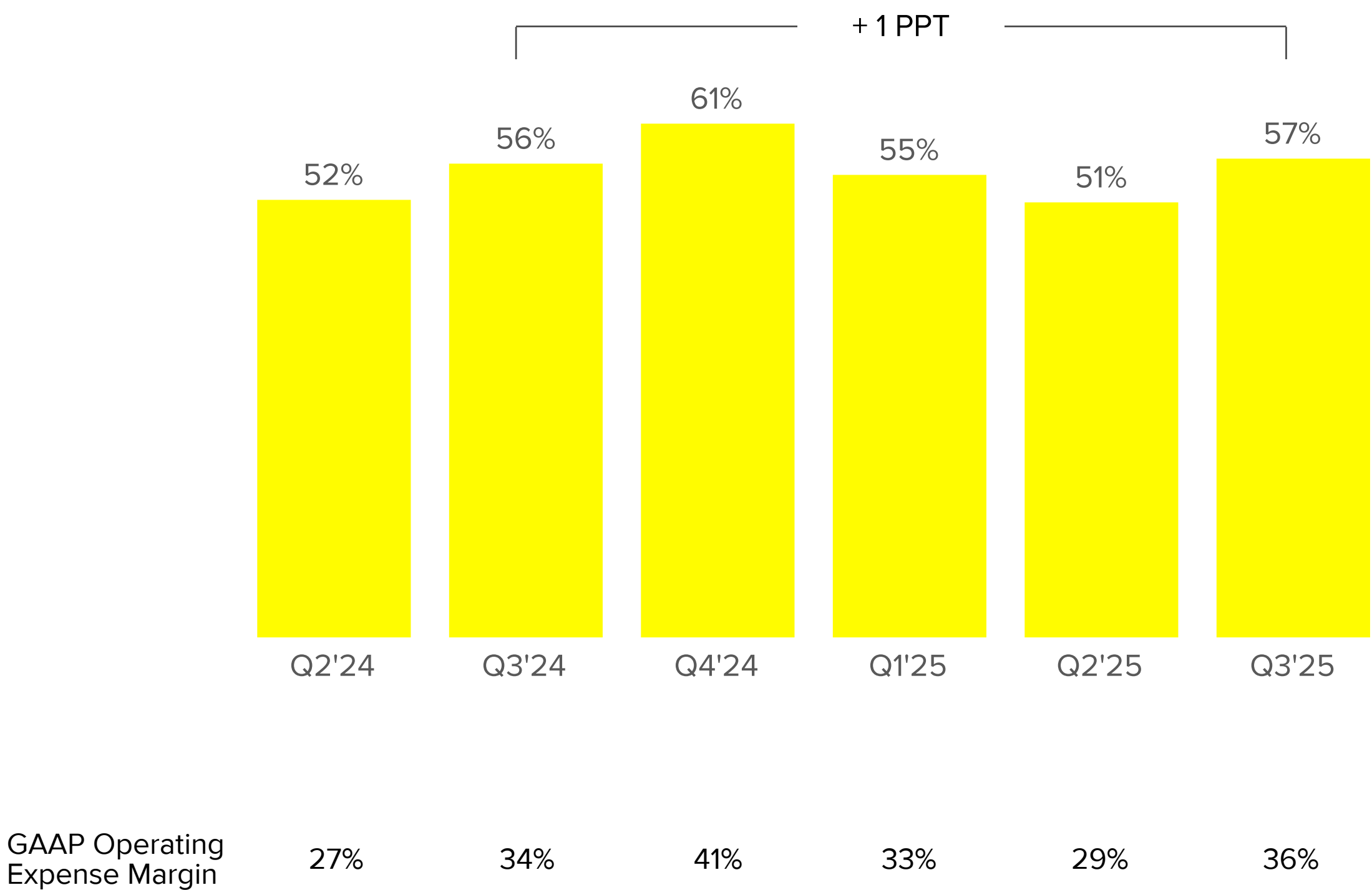
¹Adjusted Gross Margin is a non-GAAP measure, which we define as GAAP revenue less Adjusted Cost of Revenue divided by GAAP revenue. Adjusted Cost of Revenue is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation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

INFRASTRUCTURE COST PER DAU WAS \$0.85 IN Q3 2025

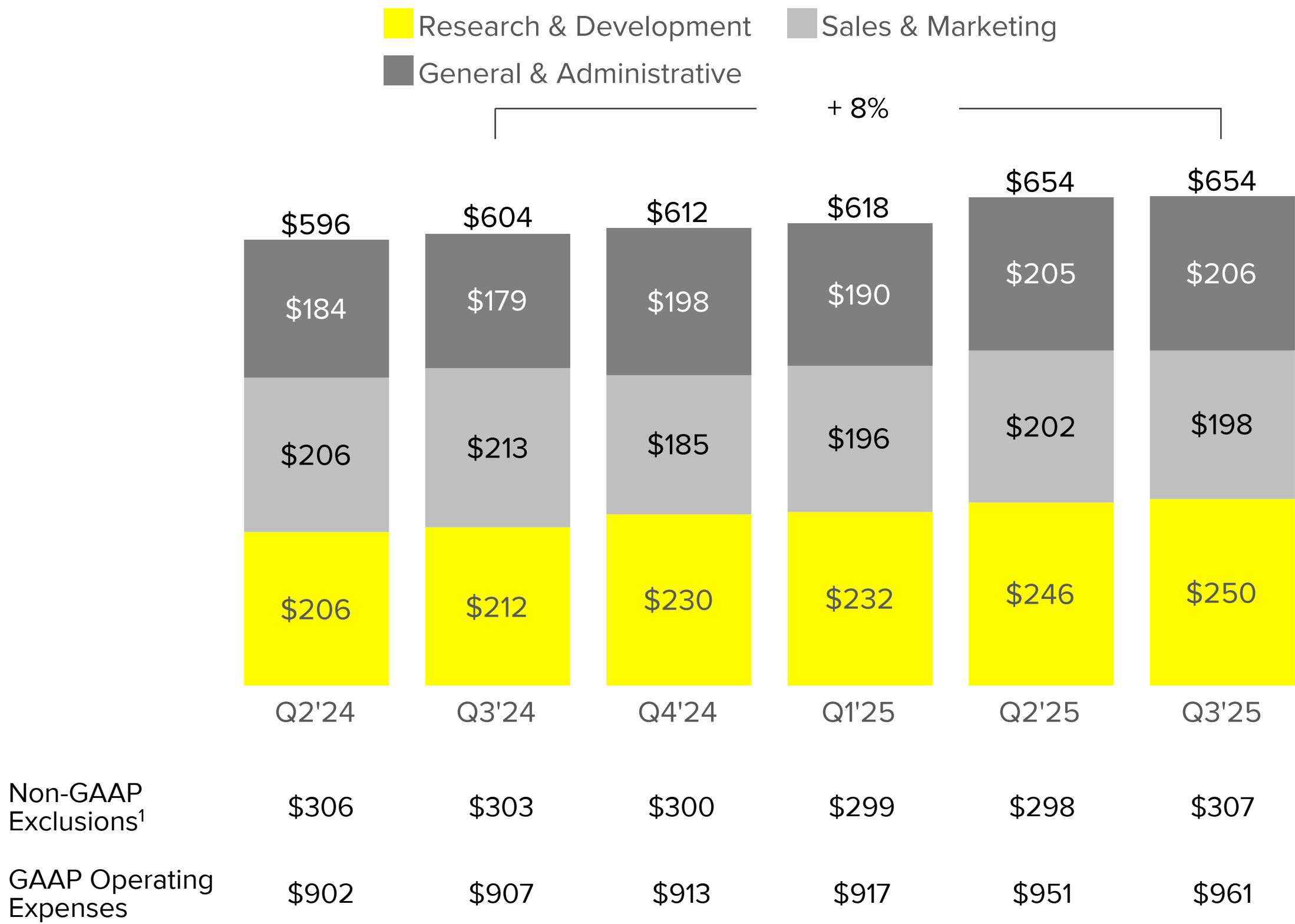
Adjusted Operating Expense Margin and Adjusted Operating Expenses¹

(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 Q2 2024, other items included restructuring charges of \$2 million. See Appendix for a reconciliation of GAAP Operating Expenses to Adjusted Operating Expenses. Numbers throughout presentation may not foot due to rounding.

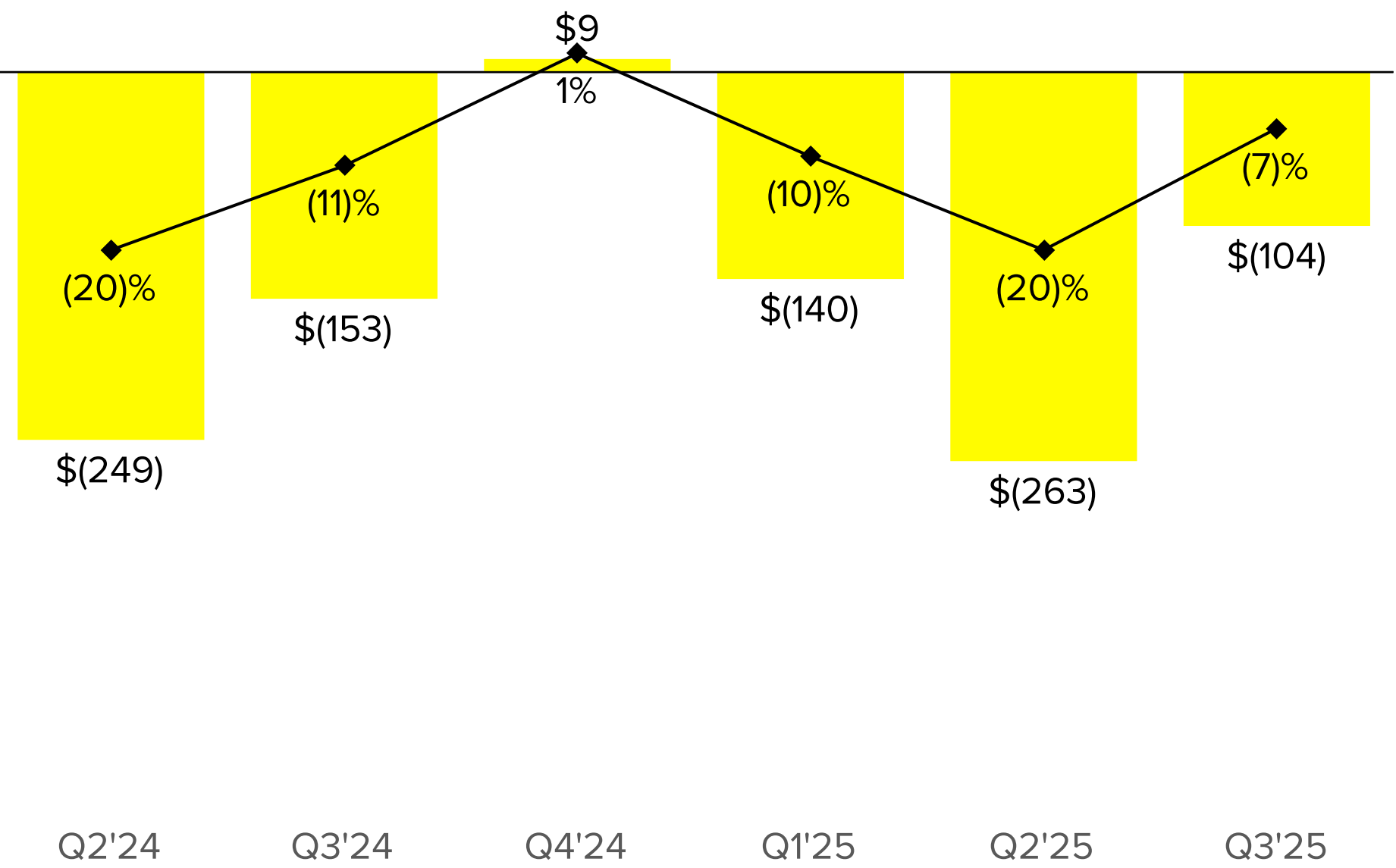
GAAP OPERATING EXPENSE MARGIN IMPROVED 2 PPT YoY

Net Income (Loss) & Adjusted EBITDA¹

(dollars in millions, unaudited)

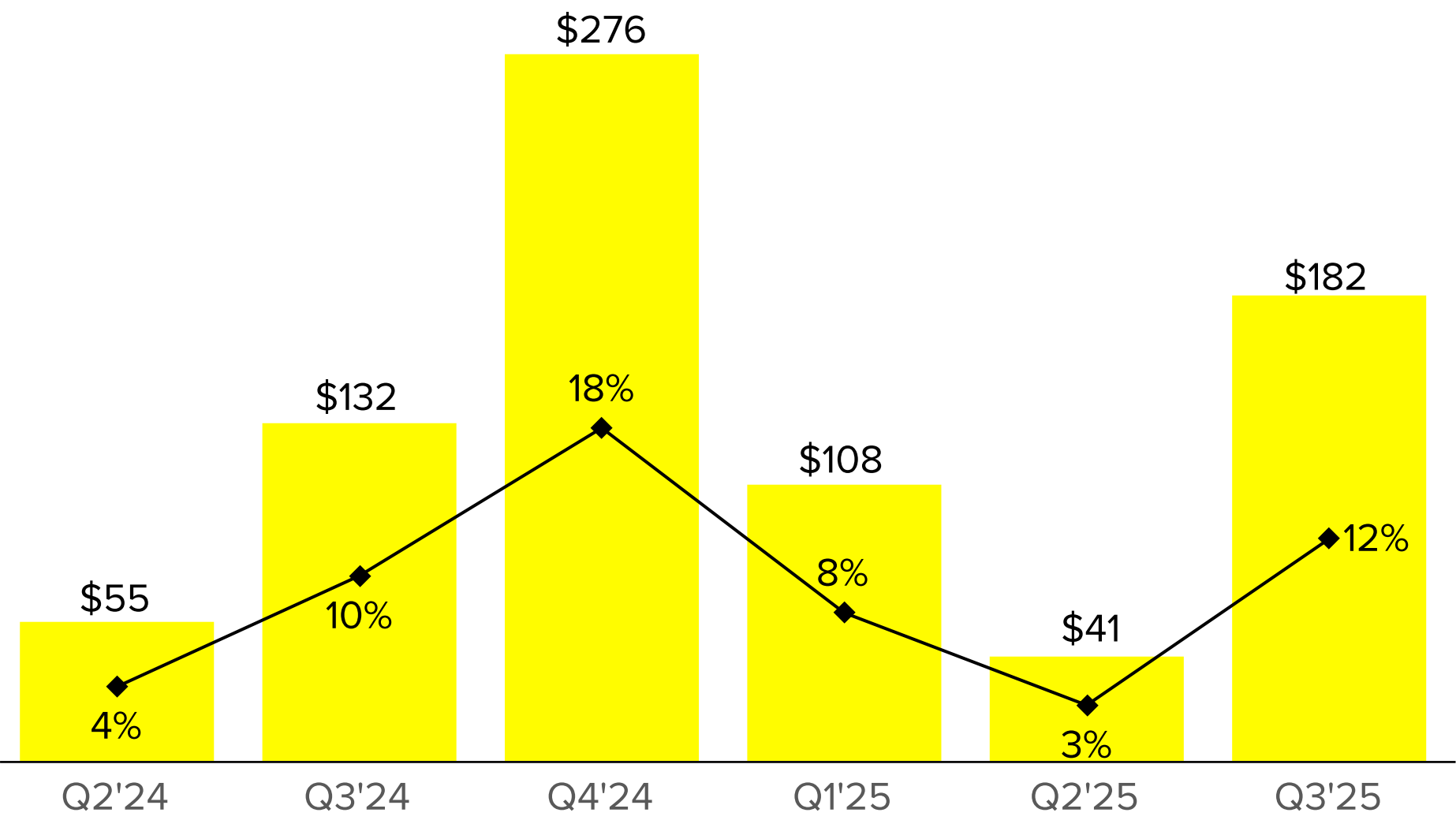
NET INCOME (LOSS)

—◆— 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 Q2 2024, other items included restructuring charges of \$2 million. See Appendix for a 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.

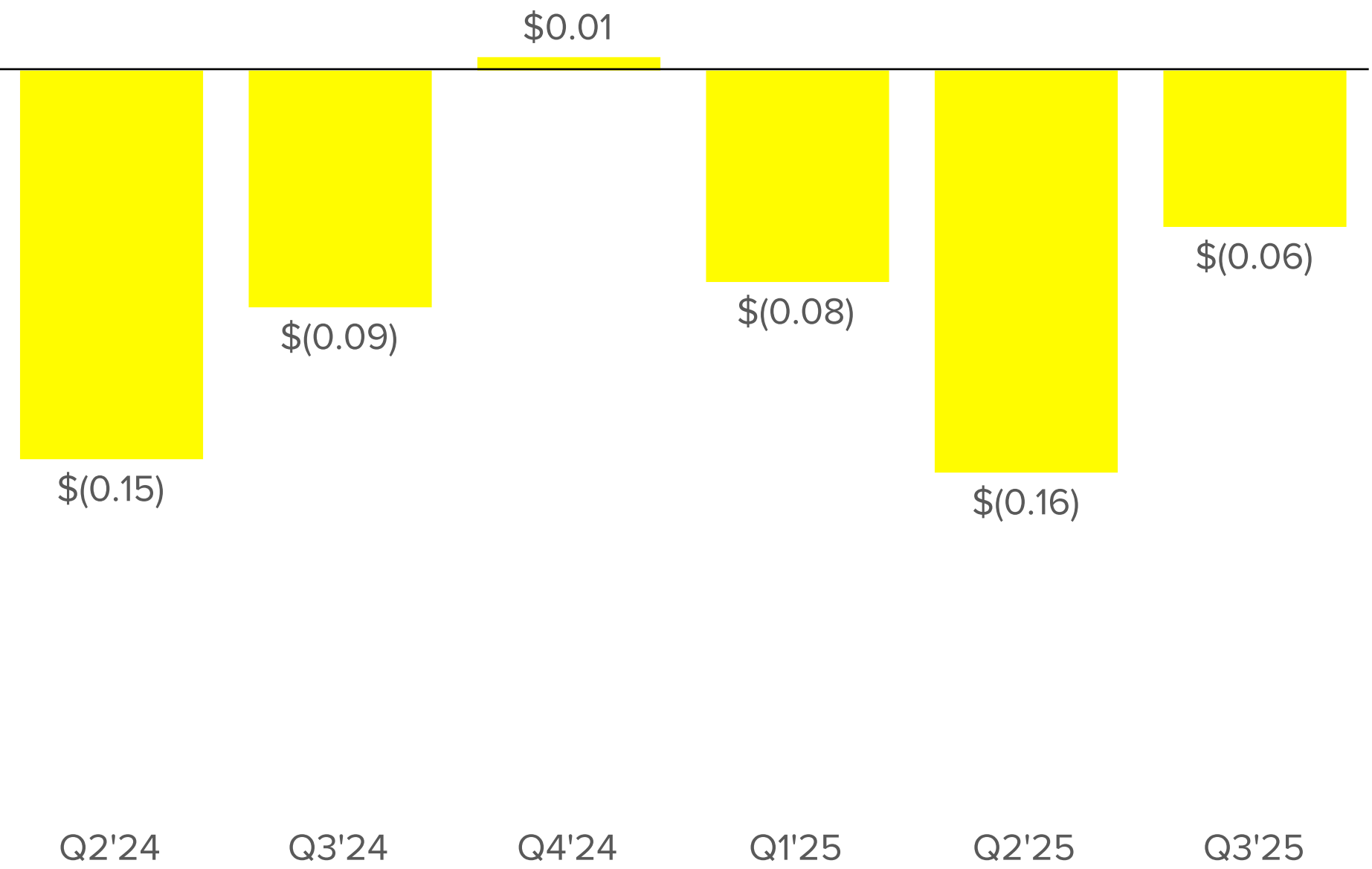
NET LOSS IMPROVED 32% YoY

ADJUSTED EBITDA WAS \$182 MILLION IN Q3 2025 AND \$608 MILLION OVER THE TRAILING TWELVE MONTHS

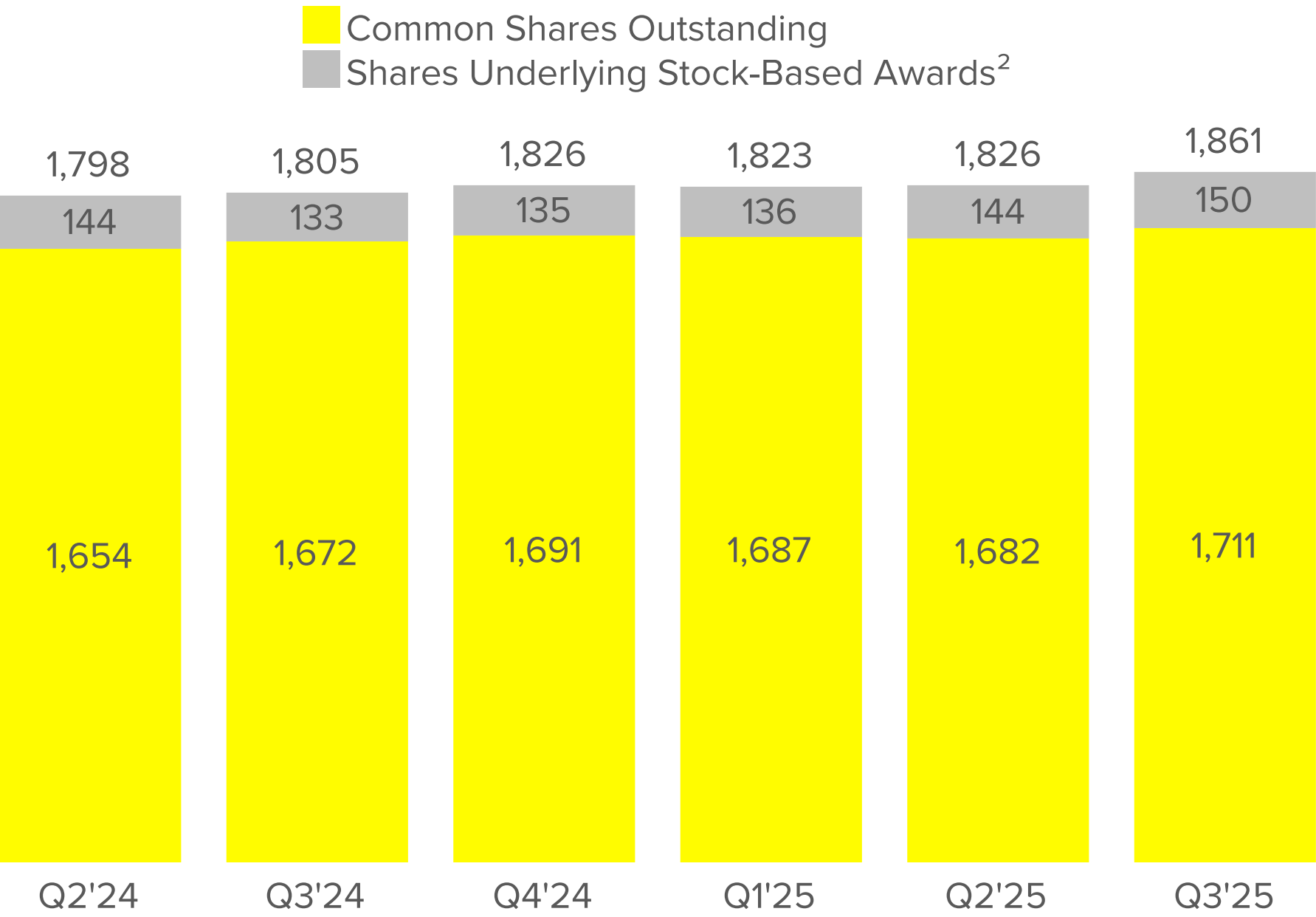
Diluted Net Income (Loss) Per Share & Common Shares Outstanding Plus Shares Underlying Stock-Based Awards

(in millions, except per share data, unaudited)

DILUTED NET INCOME (LOSS) PER SHARE¹



COMMON SHARES OUTSTANDING PLUS SHARES UNDERLYING STOCK-BASED AWARDS



Shares repurchased	6.9	—	—	27.3	30.0	—
YoY Change	1.9%	0.6%	1.2%	1.9%	1.6%	3.1%

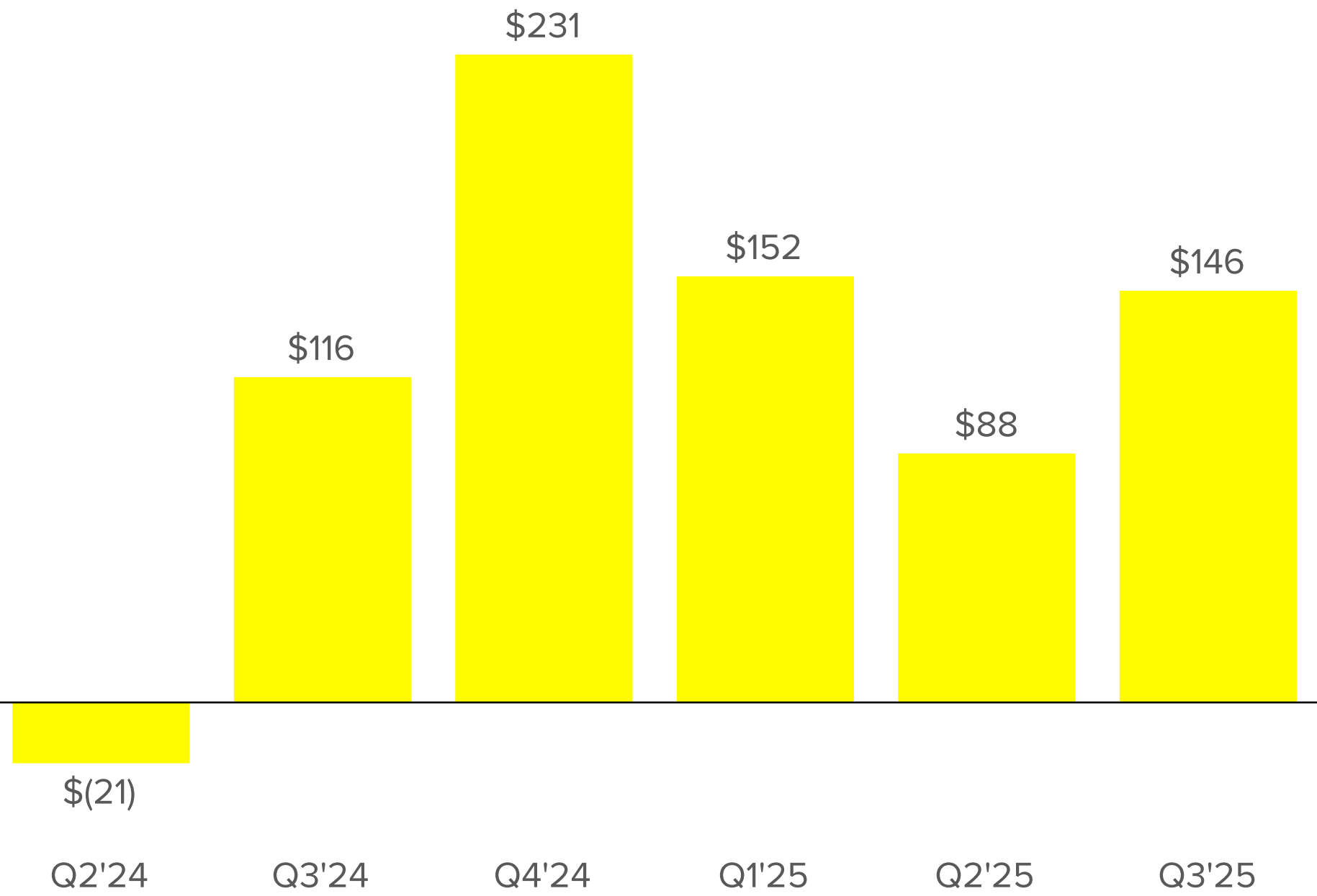
¹Diluted net income (loss) per share is calculated using weighted average shares outstanding during the period.
²Shares underlying stock-based awards include restricted stock units, restricted stock awards, and outstanding stock options.
Numbers throughout presentation may not foot due to rounding.

AUTHORIZED A NEW \$500M STOCK REPURCHASE PROGRAM

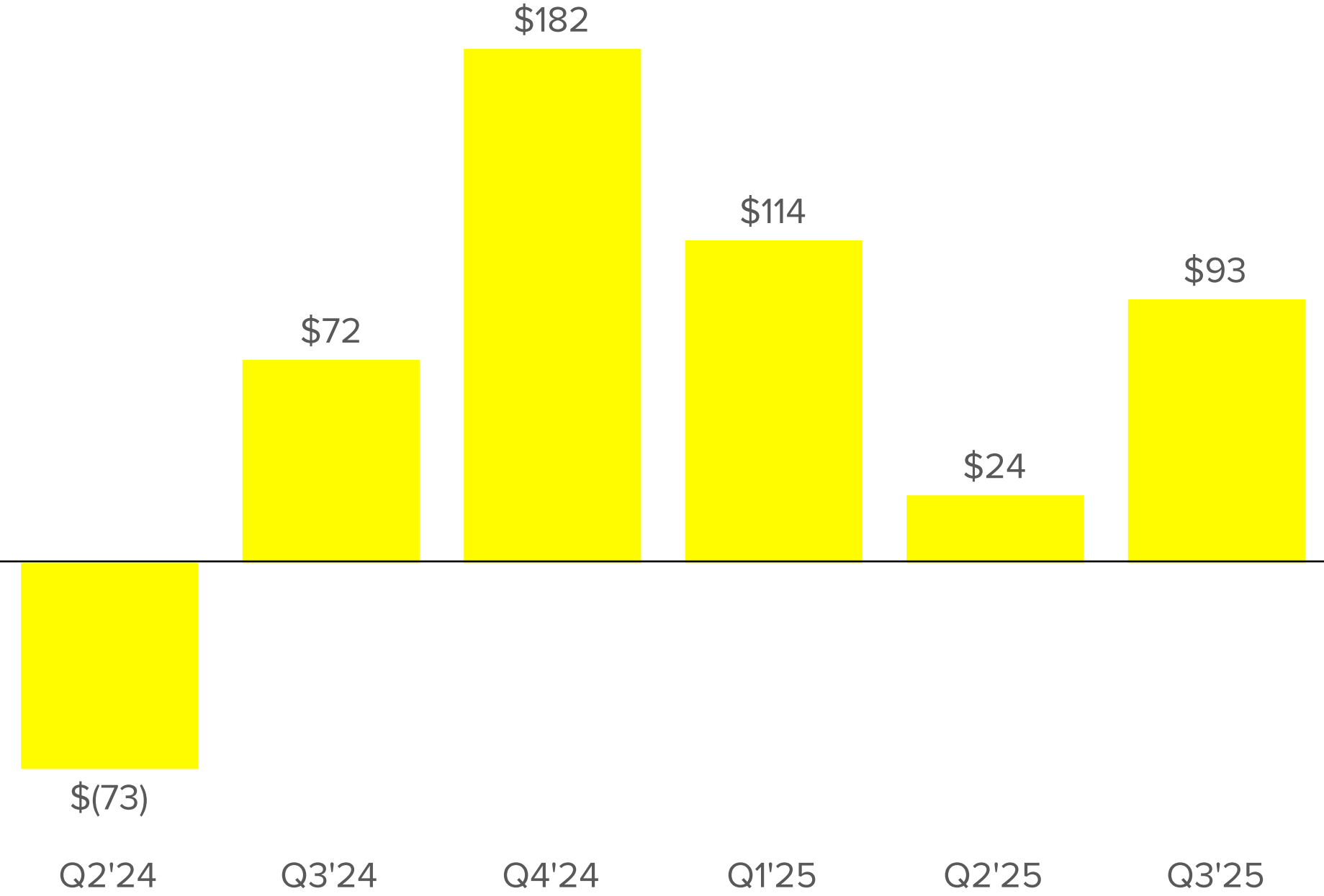
Operating Cash Flow and Free Cash Flow¹

(in millions, unaudited)

OPERATING CASH FLOW



FREE CASH FLOW¹



Capex

\$(52) \$(44) \$(48) \$(37) \$(65) \$(53)

YoY Change

38% 218% 65% 202% 132% 30%

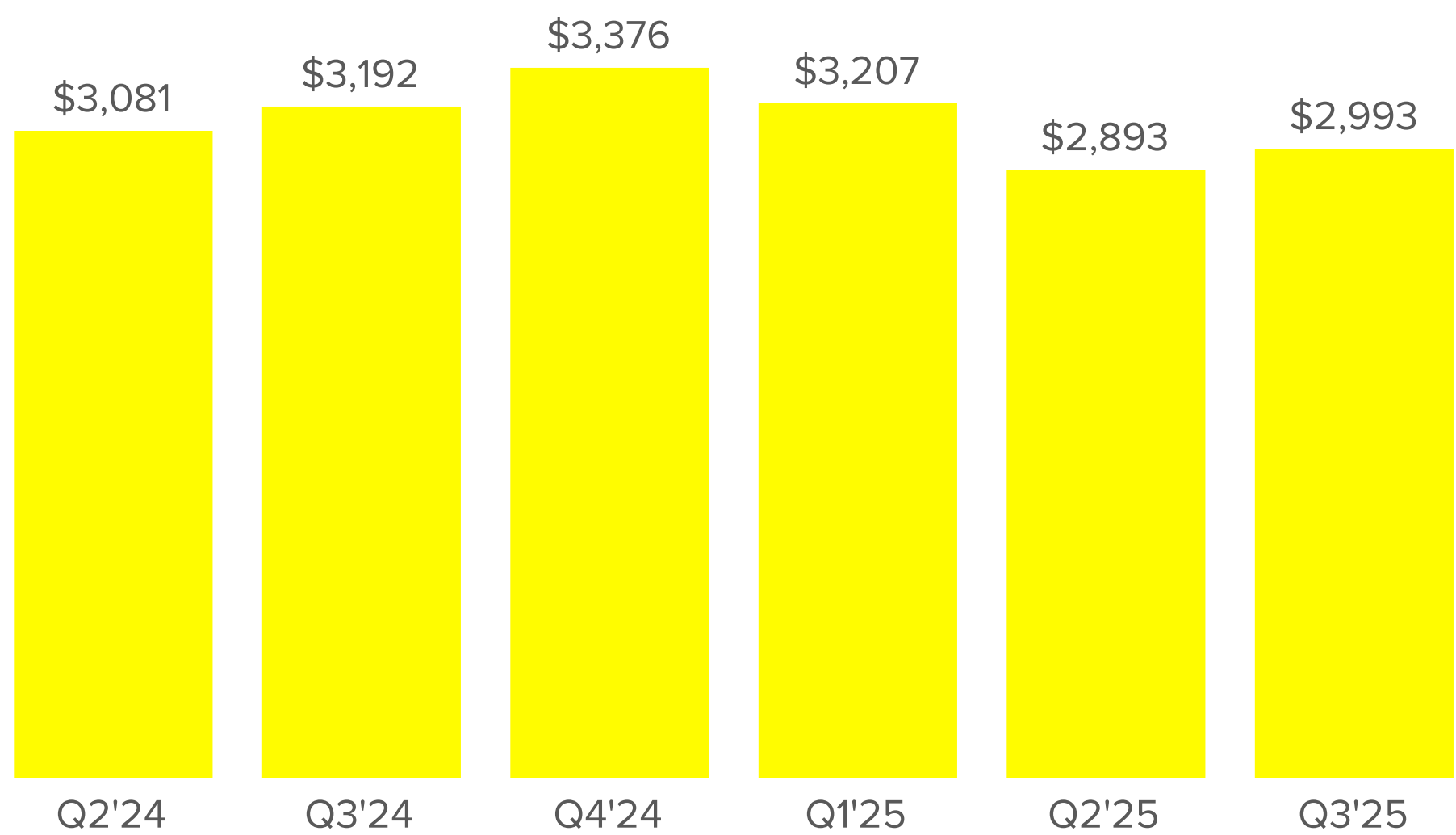
¹Free Cash Flow is a non-GAAP measure, which we define as net cash provided by (used in) operating activities, reduced by purchases of property and equipment. See Appendix for a reconciliation of net cash provided by (used in) operating activities to Free Cash Flow. Numbers throughout presentation may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

OPERATING CASH FLOW WAS \$617 MILLION OVER THE TRAILING TWELVE MONTHS
FREE CASH FLOW WAS \$414 MILLION OVER THE TRAILING TWELVE MONTHS

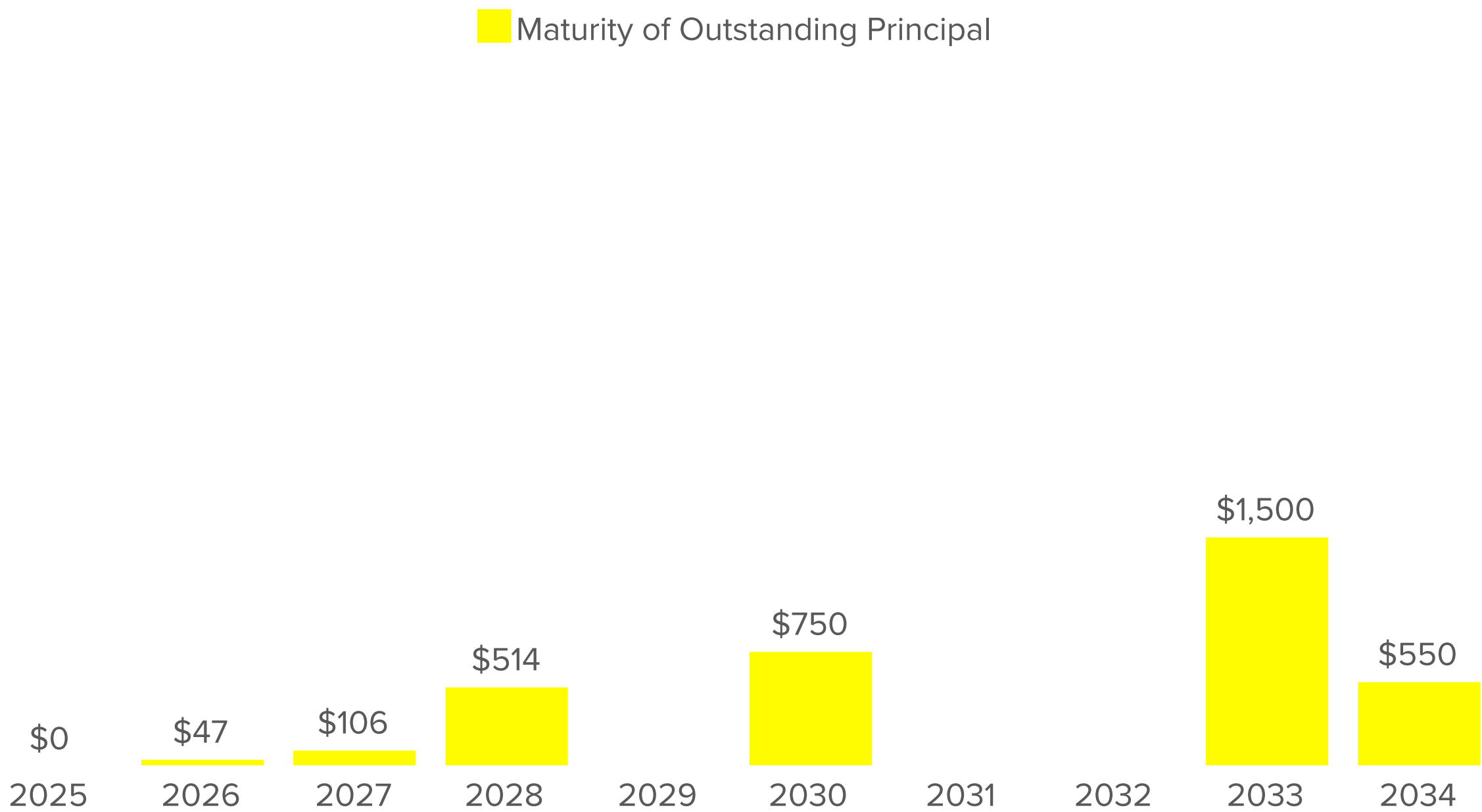
Capital Resources and Liquidity

(in millions, unaudited)

CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES



OUTSTANDING DEBT



Significant financing activities

Note Repurchases	\$(418)	—	—	\$(1,445)	—	\$(550)
Stock Repurchases	\$(76)	—	—	\$(257)	\$(243)	—
Issuance of Notes ¹	\$672	—	—	\$1,473	—	\$541
Other ²	\$63	—	—	—	\$(36)	—

¹ In Q3 2025, we issued the 2034 Notes. In Q1 2025, we issued the 2033 Notes. In Q2 2024, we issued the 2030 Convertible Notes and purchased the 2030 Capped Call Transactions.
² In Q2 2025, other is composed of the repayment of the outstanding balance of the 2025 Notes at maturity. In Q2 2024, other is composed of proceeds from the termination of the 2025 Capped Call Transactions.
Numbers throughout presentation may not foot due to rounding.

\$3.0 BILLION IN CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES ON HAND AT Q3 2025

Appendix

Non-GAAP Financial Measures Reconciliation – Quarterly

(in thousands, unaudited)

	Three Months Ended					
	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025	September 30, 2025
Adjusted Cost of Revenue reconciliation						
GAAP Cost of Revenue	\$ 588,921	\$ 638,907	\$ 671,660	\$ 639,579	\$ 653,333	\$ 674,220
Stock-based compensation expense	(1,278)	(1,333)	(1,626)	(1,434)	(1,656)	(2,327)
Payroll and other tax expense related to stock-based compensation	(70)	(48)	(36)	(102)	(74)	(69)
Depreciation and amortization	(1,872)	(965)	(1,123)	(1,420)	(1,505)	(1,016)
Restructuring charges	(77)	—	—	—	—	—
Adjusted Cost of Revenue¹	\$ 585,624	\$ 636,561	\$ 668,875	\$ 636,623	\$ 650,098	\$ 670,808
GAAP Gross Margin	52 %	53 %	57 %	53 %	51 %	55 %
Adjusted Gross Margin¹	53 %	54 %	57 %	53 %	52 %	55 %
Adjusted Operating Expenses reconciliation						
GAAP Operating Expenses ²	\$ 901,822	\$ 906,877	\$ 912,500	\$ 917,484	\$ 951,273	\$ 960,981
Stock-based compensation expense	(257,668)	(258,896)	(256,105)	(245,904)	(250,230)	(258,036)
Payroll and other tax expense related to stock-based compensation	(10,063)	(6,045)	(5,536)	(17,116)	(8,963)	(7,454)
Depreciation and amortization	(36,058)	(37,885)	(38,458)	(36,295)	(38,518)	(41,498)
Restructuring charges	(1,866)	—	—	—	—	—
Adjusted Operating Expenses³	\$ 596,167	\$ 604,051	\$ 612,401	\$ 618,169	\$ 653,562	\$ 653,993
GAAP Operating Expense Margin²	27 %	34 %	41 %	33 %	29 %	36 %
Adjusted Operating Expense Margin³	52 %	56 %	61 %	55 %	51 %	57 %

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					
	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025	September 30, 2025
Adjusted Research and Development Expenses reconciliation						
GAAP Research and Development Expenses	\$ 406,196	\$ 412,791	\$ 422,937	\$ 424,165	\$ 443,325	\$ 453,418
Stock-based compensation expense	(171,180)	(172,516)	(165,330)	(156,688)	(166,809)	(171,649)
Payroll and other tax expense related to stock-based compensation	(6,157)	(3,634)	(3,582)	(12,109)	(5,761)	(4,780)
Depreciation and amortization	(22,909)	(24,798)	(24,351)	(22,987)	(24,849)	(27,127)
Restructuring charges	138	—	—	—	—	—
Adjusted Research and Development Expenses¹	\$ 206,088	\$ 211,843	\$ 229,674	\$ 232,381	\$ 245,906	\$ 249,862
Adjusted Sales and Marketing Expenses reconciliation						
GAAP Sales and Marketing Expenses	\$ 266,320	\$ 273,107	\$ 248,214	\$ 257,957	\$ 257,853	\$ 256,215
Stock-based compensation expense	(52,251)	(53,345)	(56,463)	(54,440)	(48,710)	(51,236)
Payroll and other tax expense related to stock-based compensation	(2,265)	(1,449)	(1,340)	(2,937)	(1,804)	(1,502)
Depreciation and amortization	(5,084)	(4,953)	(5,333)	(4,823)	(5,108)	(5,487)
Restructuring charges	(457)	—	—	—	—	—
Adjusted Sales and Marketing Expenses¹	\$ 206,263	\$ 213,360	\$ 185,078	\$ 195,757	\$ 202,231	\$ 197,990
Adjusted General and Administrative Expenses reconciliation						
GAAP General and Administrative Expenses	\$ 229,306	\$ 220,979	\$ 241,349	\$ 235,362	\$ 250,095	\$ 251,348
Stock-based compensation expense	(34,237)	(33,035)	(34,312)	(34,776)	(34,711)	(35,151)
Payroll and other tax expense related to stock-based compensation	(1,641)	(962)	(614)	(2,070)	(1,398)	(1,172)
Depreciation and amortization	(8,065)	(8,134)	(8,774)	(8,485)	(8,561)	(8,884)
Restructuring charges	(1,547)	—	—	—	—	—
Adjusted General and Administrative Expenses¹	\$ 183,816	\$ 178,848	\$ 197,649	\$ 190,031	\$ 205,425	\$ 206,141

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					
	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025	September 30, 2025
Adjusted EBITDA reconciliation						
Net income (loss)	\$ (248,620)	\$ (153,247)	\$ 9,101	\$ (139,587)	\$ (262,570)	\$ (103,541)
Add (deduct):						
Interest income	(36,462)	(38,533)	(38,573)	(37,018)	(33,199)	(32,255)
Interest expense	5,113	5,883	5,813	23,399	27,607	34,494
Other (income) expense, net	20,792	4,355	(8,382)	(49,069)	823	(27,570)
Income tax (benefit) expense	5,202	8,332	5,164	8,429	7,663	510
Depreciation and amortization	37,930	38,850	39,581	37,715	40,023	42,514
Stock-based compensation expense	258,946	260,229	257,731	247,338	251,886	260,363
Payroll and other tax expense related to stock-based compensation	10,133	6,093	5,572	17,218	9,037	7,523
Restructuring charges ¹	1,943	—	—	—	—	—
Adjusted EBITDA²	\$ 54,977	\$ 131,962	\$ 276,007	\$ 108,425	\$ 41,270	\$ 182,038
Net income (loss) margin	(20)%	(11)%	1 %	(10)%	(20)%	(7)%
Adjusted EBITDA Margin ²	4 %	10 %	18 %	8 %	3 %	12 %

	Three Months Ended					
	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025	September 30, 2025
Free Cash Flow reconciliation						
Net cash provided by (used in) operating activities	\$ (21,377)	\$ 115,872	\$ 230,633	\$ 151,610	\$ 88,494	\$ 146,488
Less:						
Purchases of property and equipment	(52,062)	(44,041)	(48,275)	(37,214)	(64,701)	(53,044)
Free Cash Flow³	\$ (73,439)	\$ 71,831	\$ 182,358	\$ 114,396	\$ 23,793	\$ 93,444

¹In 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 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. Similar to Adjusted EBITDA, we believe these measures help identify underlying trends in our business that could otherwise be masked by the effect of the expenses we exclude in the measure. We believe that these non-GAAP financial measures provide useful information about our financial performance, enhance the overall understanding of our past performance and future prospects, and allow for greater transparency with respect to key metrics used by our management for financial and operational decision-making. We are presenting these non-GAAP measures to assist investors in seeing our financial performance through the eyes of management, and because we believe that these measures provide an additional tool for investors to use in comparing our core financial performance over multiple periods with other companies in our industry. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measure, please see the reconciliations included within this Appendix.

Note Regarding User Metrics and Other Data

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

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

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

Note Regarding User Metrics and Other Data (Continued)

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

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

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