

SNAP INC. Q3 2025 QUARTERLY EARNINGS CALL Q&A TRANSCRIPT

QUESTION AND ANSWER:

OPERATOR

The first question comes from Rich Greenfield with Lightshed Partners. You may proceed.

RICH GREENFIELD, LIGHTSHED PARTNERS

Hi, thanks for taking the questions. I got a couple. On the Perplexity partnership, which is really interesting that you're going to add it on to Snap AI. Is the cash stock split already determined, Evan, or could it actually change based on factors that you could help us understand. And you talk about monetization for the partnership starting in 2026. Does Snap ad sales, like, will your ad sales team be selling ad units that appear in Perplexity or just help us understand what monetization could look like inside this Perplexity bot that's going to live inside of Snap. And then just a question for Derek. On a two-year stack basis, it looks like cost of revenue really came down. You talked about a shift spotlight in sponsored snaps. Should we presume that the reason why we're seeing that leverage in cost of revenue is because you're not paying out to content owners the way you do in Discover for those ad units. I just would love to understand those two main things. Thanks.

EVAN SPIEGEL, CHIEF EXECUTIVE OFFICER AND CO-FOUNDER

Hey Rich, thanks so much for the question. We're really excited about the Perplexity partnership and I think it sort of underscores Snapchat's role as a messaging service and how valuable that is in age of AI, you know, especially because Snapchat engagement is built around real relationships between friends and family, but also because conversational assistance is very quickly becoming the primary way that people are choosing to interact with information on the internet. So, I think, you know, we have a really unique opportunity ahead to help distribute AI agents through our chat interface and launching with Perplexity next year to bring their answer engine to Snapchat, you know, as really in the in the default placement in our chat inbox is going to be really valuable to our community and hopefully very valuable to Perplexity and to Snap as well. And I think Perplexity's focus on trusted and verifiable sources really aligns with our values and makes them a good fit for our community. I think, you know, to answer your question from a monetization perspective. We don't expect to recognize any of the 400 million until we begin to roll out the integration likely towards the beginning of next year and Perplexity will control the, you know, the responses from their chatbot inside of Snapchat. So, we won't be selling, you know, advertising against the Perplexity responses, but I do believe that the placement will help

Perplexity drive additional subscribers, which I think is something that will be valuable to their business. I think just looking ahead, one of the things that's really exciting is the opportunity to expand to more partnerships and advertisers are very focused on leveraging sponsored snaps to distribute conversational commerce experiences with their brands. So, that's something we'll be experimenting with, you know, as we kick off next year. Thanks.

DEREK ANDERSEN, CHIEF FINANCIAL OFFICER

Hey Derek speaking I can take the cost element of that question. You know, as Evan noted in his letter earlier this fall we see a lot of opportunity to expand our gross margins and we're working across a number of different fronts to achieve this including by improving the topline growth as well as becoming more efficient on cost of sales. So on the revenue front we're broadly taking steps to better monetize our core product value. So we see Sponsored Snaps and Promoted Places were first steps on that journey. The ongoing growth of Snapchat+, the introduction of Lens+, and now the recent announcement and testing of memory storage plans are all examples with the latter being a great example of an area where we can flip a cost structure into a revenue generating business line. The Perplexity deal is yet another example of a new line of revenue generation that helps expand the margins also. On the cost side, we see several dimensions to this including work to optimize our content programs, re-calibrating our investments in community growth, and the cost to serve our community to better match the long-term financial potential of each market. In Q3 specifically, we're seeing the benefit of a mix shift in where impressions are being delivered, you know, in particular to sponsored snaps and to a certain extent spotlight. And as you've noted, these surfaces have higher margins and this contributed directly to gross margin improvement of 55% in Q3, up from 52% in the prior quarter and 54% in the prior year. So, lots of work to do there, but we're excited about the progress that we saw there in Q3.

RICH GREENFIELD, LIGHTSHED PARTNERS

Thanks for clarifying Derek. Thanks.

OPERATOR

Thank you. Next question comes from Mark Schmulik with Alliance Bernstein. You may proceed.

MARK SHMULIK, ALLIANCE BERNSTEIN

Yes, thanks for taking the questions. Evan, just to follow up on that last answer, kind of beyond Perplexity, you know, how do you see Snap's role evolving here as kind of this distribution channel? Sounds like there may be something about kind of brand messaging integrations, but you know, could we potentially see the ad stack open up as well? And then Derek, kind of on the commentary around the the Q4 engagement headwinds, you know, if we try to compartmentalize that, is the bulk of that kind of like one time in nature as we kind of think about some of these regulatory type headwinds and then we kind of rebuild the ramp from there. Is that the right way to think about it? Thank you.

EVAN SPIEGEL, CHIEF EXECUTIVE OFFICER AND CO-FOUNDER

Hey, thanks so much for the question. I think you know as it pertains to opening up the platform further, what we're seeing is a lot of our advertising clients are investing a lot in these, you know, conversational experiences, whether they're, you know, educational or really designed to improve consideration or folks who are going, you know, and developing full-fledged commerce experiences inside their own chat bots. But despite all this investment in building out that customer experience, folks are struggling to find distribution channels for those experiences. And so while there's a lot of you know development of AI agents right now, I think, you know, we're very quickly seeing people you know shift their focus to trying to develop more distribution. So I think, you know, given Snap's primary engagement around messaging there's a real opportunity to open up our chat inbox and chat interface to more of these agents and to really to distribute them through our Sponsored Snaps product. So that's an area of investment for us. The work we're doing to support Perplexity and the development of our APIs there will also, you know, support other partners over time and it's certainly something we're excited about. I think it's also a really compelling customer experience given what we're seeing in the way people are shifting their behavior patterns to, you know, engage with these chatbots. So definitely as a chat service we're very excited about the evolution in the customer expectation there. You know, I think as it pertains to the overall DAU growth and our efforts, we've been doing a lot to overcome ongoing engagement headwinds to DAU primarily by introducing new conversation starters. So if you think historically on Snapchat, a lot of conversations have been started by folks replying to friend stories. As we've seen engagement shift from things like friend stories to, you know, content posted on spotlight, for example, we have to migrate that friend story reply behavior to things like sharing spotlight videos or reposting spotlight videos or playing games with friends. And we've got some forthcoming product initiatives as well that are oriented around, you know, new ways to start conversations and spark conversations with friends. I would say big picture though in terms of, you know, our growth in daily active users, I outlined in my letter I think that

was released back in September this crucible moment for Snap and and, you know, really a pivot to more profitable growth during this period and, you know, we tried to provide a few examples in the earnings release but we're experimenting with things like changing the way we do prefetching and caching in certain geographies for our content business. You know, changing the candidate size, you know, number of candidates essentially in our ranking and retrieval systems in certain geographies and really trying to line up our infrastructure and marketing investments against the geographies where we see the largest long-term monetization potential. So, I do think there will be trade-offs there in terms of engagement, but ultimately, as we focus on more profitable growth, I think those are trade-offs that we're going to want to accept. And then, you know, we're also, of course, in investing in things like memory storage plans or Lens+ I think those are things that reflect the [inaudible] in terms of large scale cloud storage or new AI tools in Lens+ but those also add some friction to to the user experience and then I think per perhaps most importantly we're going to be proactive we're going to get on the on the front foot when it comes to rolling out age assurance there are new age assurance signals that Apple is providing us you know this quarter we're going to use those signals to detect underage users. I think Google's rolling out a solution as well perhaps at the beginning of next year. And so as we roll out those age assurance signals that may have an impact on DAU as well, but we think that's the right thing to do. It's important for maintaining trust with our community and of course as well with regulators, but that could be a headwind to growth as well.

OPERATOR

Thank you. As a quick reminder, if you'd like to ask a question, please press star, then one on your touchtone keypad. The next question comes from Doug Anmouth with JP Morgan. You may proceed.

MAGGIE, JP MORGAN

Hi, this is Maggie on for Doug. Thanks for taking the question. We can tell that midsize advertisers are clearly a focus for Snap. Could you just expand a bit more on your go to market efforts and product roadmap to unlock greater spend from this segment? Thanks.

EVAN SPIEGEL, CHIEF EXECUTIVE OFFICER AND CO-FOUNDER

Yeah, we're so excited about the growth we've been seeing. with our SMB customers. We've obviously got very strong product market fit with our app product lead gen of course, you know, our web DR product as well. A lot of what we've been focused on from a product perspective you know things like speeding up signals onboarding or simplifying account setup. We've also improved partner onboarding as well which is helping us scale

and we've seen some improvements in the median login to spend time for that advertiser cohort. You know I also just want to you know recognize the business development team has been doing a great job onboarding more customers. So, we'll definitely be investing there as well as we work to further accelerate the growth we're seeing with small and medium customers.

OPERATOR

Thank you. The next question comes from Michael Morris with Guggenheim Securities. You may proceed.

MICHAEL MORRIS, GUGGENHEIM SECURITIES

Thanks for taking the question. Good afternoon. Wanted to ask about DR advertising. Can you share how much was the 8% growth in the quarter and acceleration from the core trend in the second quarter when we removed the impact of the execution error that you guys had and then as you look forward can you return to double digit growth in in DR advertising and if so I know that you have a number of initiatives I appreciate all the details but would you maybe give us the top two or three contributors that can really impact that growth rate over the next year and I've got to just slip one more in following the error that you did experience last quarter, can you just provide an update on your comfort and confidence with the stability of the bidding and optimization tools now that you know to kind of ensure that you wouldn't have that happen again? Thank you.

DEREK ANDERSEN, CHIEF FINANCIAL OFFICER

Hey there, it's Derek speaking. Thanks for the question. Yeah, DR revenue was up 8% year-over-year in the most recent quarter. That was an acceleration of three percentage points over the prior quarter. So, we're pleased with the progress there. What we saw was good strength in our pixel purchase demand as well as the app to optimizations and really broadly across the SMB segment helping to drive that acceleration in the quarter. You know, when you're looking at ad revenue broadly, you know, with DR being the vast majority of it, we saw really good strength across Europe and rest of world. Europe, in particular grew 12% year-over-year, that was an acceleration of six percentage points. Rest of world grew 13%, which is an acceleration of 10 percentage points in the quarter. So, really strong results there, you know, both across LCS and in particular the SMC market there. As we look at North America, that business still lagged a little bit and so dragged on the rate of acceleration on the overall business as well as in DR specifically. Within North America, though, really pleased with what we're seeing on the SMB segment up more than 25% year-over-year in Q3. So given the strong momentum that we're seeing, you know, in

Europe and rest of world and with the SMB business globally, we're pretty pleased with what we're seeing on both the ad platform and our ad units there in terms of driving improvement on revenue and the business generally. I think as it pertains to our large client segment in North America, we saw a small decline there. We've been really focused on, you know, doubling down on what's working in the business, but also making targeted adjustments for go to market operations there in order to drive growth. We don't have, you know, recovery in that North America large client segment really baked in, you know, in Q4 obviously, with the guide, but we expect that the work that we're doing there will help us build momentum over time. And if we can bring the growth in that portion of the business back up to what we're seeing elsewhere, then that is a path to further improvement in the overall growth and ads business going forward. So hopefully that gives you, you know, a sense of what's driving the growth and acceleration on DR and of course we're watching our ad platform extremely carefully and the roadmap there and working with our teams to execute well there and I think it's showing up in the results that we're seeing on the ad platform across the business globally. Thanks very much.

OPERATOR

Thank you. The following comes from Shweta Kajuria with Wolf Research. You may proceed.

SHWETA KHAJURIA, WOLFE RESEARCH

Okay. Thank you for taking my question. I just had a quick one on infrastructure costs for next year. Yes. Could you please talk to your conviction level on keeping infrastructure costs basically flat next year and what in your view could drive those costs higher, and when would you think you would step in? Thank you.

DEREK ANDERSEN, CHIEF FINANCIAL OFFICER

Derek speaking here. You know, there's a number of different drivers here. Obviously, over the last several years, one of the really big drivers of our growth in infrastructure costs has been the rapid growth and investment of ML and AI infrastructure and we do expect that we're going to be able to deploy capacity there, but we're getting a big focus on capacity utilization improvement. The other is we've scaled the business obviously a lot with the growth in our community and there's an opportunity for us to do work around the efficiency of that cost structure and our cost to serve. So both in terms of the services we're utilizing from our cloud partners, the pricing of those services, but then also just how we're engineering our product and the cost to serve, which Evan talked about a little bit earlier in terms of our ability to calibrate that cost to serve relative to each market and its long-term

financial potential. And so we think across each of these vectors that there's a lot of opportunity for us to make progress on the infrastructure costs and make progress towards that specific goal we had stated of working to make infrastructure flat into 2026. Hopefully that gives you a little more color.

OPERATOR

Thank you. The final question comes from Ross Sandler with Barclays. You may proceed.

ROSS SANDLER, BARCLAYS

Great. Evan, just a question on Spectacles. So there's been recent press reports about potential financial partners and I think some of your peers have done partnerships with you know these manufacturing or distribution entities. So, what's your latest thinking here? And your AR software stack is fairly advanced versus the field for smart glasses. So, how are you thinking about leveraging software versus the hardware side? Just any updated thinking there would be great.

EVAN SPIEGEL, CHIEF EXECUTIVE OFFICER AND CO-FOUNDER

Yeah, thanks so much for the question, Ross. We've got a really exciting year ahead here as we prepare for the public release of Specs and we've been thinking a lot about ways to accelerate our technical leadership in the space. This is a form factor obviously we've been focused on now for more than a decade and I think we've been able to really leverage our advantages in terms of lens core the huge ecosystem of lenses that have already been built the amazing developer tools in lens studio and obviously now the Snap operating system that runs on the current developer version of Specs. So, you know, one of the things that we have been doing to, you know, create more optionality in terms of our ability to accelerate is that in putting Specs into their own standalone 100% owned subsidiary that'll give us some options as we think about you know potential partners to work with to accelerate our leadership here in the space as we prepare for the public roll out. So definitely some great opportunities to partner. We really believe that the killer use case for Specs is lenses and we've seen some incredible lenses that have been created so far, you know, almost weekly it seems like developers are rolling out new and unique experiences. So, if you haven't gotten a chance to check out the latest, I'd highly recommend it. Thanks so much.

OPERATOR

This concludes our question and answer session as well as Snap Inc.'s third-quarter 2025 earnings conference call. Thank you for attending today's session. You may now disconnect.

SNAP INC. Q3 2025 INVESTOR FOLLOW UP CALL TRANSCRIPT

OPERATOR

We will now begin the question and answer session. The first question comes from John Blackledge with TD Cowen. You may proceed.

JOHN BLACKLEDGE, TD COWEN

Great. Thank you. Two questions here. First on the large advertisers in North America. What led to the softness in spend and any verticals that you would call out and will it continue to be soft? Is that included in the Q4 guide? And then the second question on Perplexity, I'm just curious, how much of the 400 million would you expect to recognize in revenue next year? And how is that kind of recognized as revenue? Is it recognized ratably or how should we think about that? Thank you.

DEREK ANDERSEN, CHIEF FINANCIAL OFFICER

Hey John, thanks for the questions. In the North America large advertiser business, you know, we've talked about this for quite some time here just in terms of some of the headwinds that we're seeing there with that large advertiser group. It has, you know, it's an issue where we're focused on improving our go to market performance. If you look across the business and some of the data I shared earlier, we did see, you know, nice growth in both Europe and the rest of world and really significant acceleration in the most recent quarter in both of those markets accelerating 6 and 10 percentage points respectively. And then we're also seeing the SMB segment in North America up more than 25% year-over-year in the most recent quarter. So that gives us confidence that the work that we've been doing to improve our ad platform and the progress we've been making with our newer ad units are really helping to contribute here to the topline growth. So as we look at the North America large customer segment, the focus here is that we've made some improvements to our team and we're looking to stabilize that team and improve our go to market operations in that area in order to build on some of the performance improvements that we've been seeing. We're excited about you know for example, things like Sponsored Snaps and the ability to deliver that into this market. To be able to evangelize what we've seen has really improved performance and pricing there. So you know we have seen eCPMs a little lower in North America and we've seen really nice

performance from these Sponsored Snaps as ad units. So to the extent that the team is able to evangelize these results into that market, we do see an opportunity to make some improvements in our ability to take share in that market over time. In terms of how this is reflected in the guide for Q4, we're not assuming material improvement in that business in Q4 in the guide at 8 to 10% for total revenue. So, that's something we'll be focusing on building momentum on in the quarters ahead. Thanks very much. Oh, In terms of the Perplexity deal, your second question, we expect to recognize the 400 million relatively straight line over the course of the first year of that deal and as Evan noted, we expect that we'll be launching the integration there in Q1. So I would certainly expect no impact from that deal in Q4 but beginning to see some of that roll in in Q1. Hopefully that's helpful. Thank you.

OPERATOR

Thank you. The next question comes from Youssef Squali with Truist. You may proceed.

ROBERT, TRUIST

Hi, this is Robert on for Youssef Squali. Thanks for taking the question. My one question is just on the user engagement softness commentary. So how should we be thinking about that for Q4? Are you guys internally expecting or forecasting a decline? And in terms of the geo breakdown, what are you guys forecasting there? Thanks.

DEREK ANDERSEN, CHIEF FINANCIAL OFFICER

Hi there. Thanks for the question. I think Evan covered this in quite a bit in detail in the main call there. So, I would refer you back to his comments about the drivers of the softness and where we expect that to materialize in the business just to give you a better sense of where that will show up and also the drivers and how they'll contribute to that in the quarter. So, I'll refer you back to that. Please check that and follow through there. Thank you so much.

OPERATOR

Thank you. The following comes from Benjamin Black with Deutsche Bank. you may proceed.

JEFF, DEUTSCHE BANK

Hi, this is Jeff on for Ben. Thanks for taking my questions. On the Perplexity partnership you mentioned that it seems to be a one-year deal. Is that right? And is there an opportunity to

renew it or are there any reasons why you'd want to limit it to just kind of one year? And then also, is there any color on the split between cash versus equity? Thank you.

DEREK ANDERSEN, CHIEF FINANCIAL OFFICER

Hi Ben. Thanks for the question. You know we're excited about the partnership with Perplexity. We hope this is the beginning of a very fruitful relationship for both companies where we're able to bring their great AI search capabilities to our community and help them connect with our community in terms of growing their overall business. So we're very excited about that. Yes, the first year of the deal, you know the one-year deal that we've set up for now is a sizable deal. We're excited about that. We're excited about the benefit to both of our companies associated with that and hopefully we'll be building on that over time. The structure here, you know, delivers to them very specific placement and access during that period of time. And so that's structured over a one-year period. And then certainly, we'll hope to build on that relationship over time from there. And then we do there is a mix of cash and equity in that deal. So yes, there is a split and hopefully the additional context here on the deal and the nature of it helps a little bit. Thanks very much.

OPERATOR

Again, if you have a question, please press star then one. The next question comes from Naved Khan with B Riley Securities. You may proceed.

NAVED KHAN, B RILEY SECURITIES

Yes, thank you very much. I have a two-part question. One just on the Perplexity relationship in how it is going to get rolled out. Is there testing that you are doing or have already done that shows that maybe you can get greater engagement with the integration? Or is there a risk that it might actually reduce the time spent in terms of engagement with the content on the platform itself? So that's part one and the second question I have is just around the memories storage. Can you give us a sense of the opportunity here and where this could go in terms of the number of users who might need the options from these plans. Thanks.

DEREK ANDERSEN, CHIEF FINANCIAL OFFICER

Hey, thanks for the questions. You know on the Perplexity side, we do expect to introduce that integration with them in Q1 as Evan noted earlier. So we'll be learning a lot more in the coming year about how that partnership works and how our community benefits from it and so on. In terms of the memory storage products, it's very early in testing and so not a lot incremental to share there, but we are excited about the opportunity for this business

over time. As you can imagine, as a visual communication service and one of the world's most used cameras, memories are a significant offer for our community and so we're excited about the work here to roll out this offer to the community and to see how we can build on that in the quarters and years ahead.

OPERATOR

Thank you. The next question comes from Barton Crockett with Rosenblatt. You may proceed.

BARTON CROCKETT, ROSENBLATT

Okay. Thanks for taking the question and I apologize if this has already been covered. I just, sadly, I'm just juggling a couple of calls but for the Perplexity deal, is there any commentary from you guys about the amount of variable expense that comes with these incremental revenues in 2026? You know 400 million if it's largely contribution would be you know monumental lift to EBITDA estimates for next year. So, how should we think about the incremental expense and the EBITDA impact from this? And then I'm also just wondering on the \$400 million, is that largely just a payment for placement or is a lot of that just payment for engineering work that once it's engineered into your system, they wouldn't have to pay for that again? So, maybe the fees would be less in renewal if you did renew.

DEREK ANDERSEN, CHIEF FINANCIAL OFFICER

Hey there, thanks for the questions. In terms of Perplexity and the relationship there, the fundamental partnership there is for us to be bringing you know their area search capabilities into our community and providing them with exclusive and then fixed placement over time for that integration. And so we'll be looking to deliver that in Q1 and you should expect the revenue to be recognized over the year of the deal beginning once that integration begins in Q1. In terms of the variable costs I do expect the margin on this to be extremely high from a revenue perspective and our variable cost to serve that. So we'll be obviously sharing more on that as we think about clear cost structure guidance for next year and as we specifically implement you know this integration in the new year and have more data to share in that I do expect that to be highly accretive to the business at a high level. Hopefully that gives you a little more context. Thank you.

OPERATOR

Thank you. The following comes from Jason Hellstein with Oppenheimer. You may proceed.

JASON HELFSTEIN, OPPENHEIMER

Hi, thanks for taking the question. I just want to dig in a little more to the letter that was published in September from your open letter that talked about getting margins up 600 basis points over time compared to where it'll probably be by the end of this year. Derek, maybe help us. Do we think about that gross margin improvement over two years or three years? Is there any kind of help as we're obviously all kind of factoring all of this in? I don't know if there's any kind of help with like cloud cost per DAU for next year you want to provide. And then just one other followup: investors seem to kind of be asking a lot about when you might increase the price for Snapchat+. Just any broad thoughts about that. Thank you.

DEREK ANDERSEN, CHIEF FINANCIAL OFFICER

Sure. In terms of the gross margin improvement objectives, number one, there's a number of initiatives that we're working on in order to drive gross margin improvement. Some of those are topline oriented and so on the theme of you know better monetizing our core product value, that's everything from Sponsored Snaps and Promoted Places, to the ongoing growth of Snapchat+, to the recent introduction of Lens+, and now Memories+ more recently, which effectively flips you know what has and a cost structure into a revenue generating business. The Perplexity deal is another contributor here just in terms of growth and the monetization of the business that can help with margin expansion. On the cost side, a number of factors here: the sort of first flavor here is the work that we're doing to really calibrate our investments in community growth and the cost to serve our community so that our investments in each market and our cost to serve are better calibrated to the long-term financial potential of those markets. And then lastly, there's some scale and pricing and efficiency benefits that we see that we can hit here simply by taking advantage of better scale and the services that we're using and pricing on the cloud side and so on and some other initiatives around the variable costs associated with our subscription platforms and the payment processing associated with that. So there's a lot of initiatives here that have the opportunity to contribute meaningfully to this and we'll be working on each of those over time and certainly some of them are already in testing. Memories+ is one really good example there. In terms of infrastructure, specifically one of the things that Evan did share in his letter was that we were setting an objective to get infrastructure costs to flat next year. So that can give you; and that's an absolute term. So like that's a good flavor for how high we're stretching here to see you know more efficiency on that particular aspect of things as well. If you're looking at other aspects of cost of revenue just the progress we've made over the last quarter or so in terms of the other cost of revenue as a percentage of revenue which came down from 19% to 18% quarter over quarter so in Q3. So hopefully that gives you a little bit more perspective as well. And then

on Snapchat+ you know nothing to share here necessarily on pricing. We're always looking at what the [inaudible] is on pricing for that product over time. Certainly one strategy is optimizing the price of that particular SKU. The other is about the innovation that we've had around introducing additional SKUs with additional value propositions. Whether that is Memories+ or Lens+, which is at a higher price point, or even the platinum product that we had introduced previously, these are other ways for us to think about, growing penetration and also growing ARPU over time. So, hopefully that context helps a little bit.

OPERATOR

Thank you. The next question comes from Tom Champion with Piper Sandler. Apologies. The next question is from Brian Pitz with BMO. You may proceed.

BRIAN PITZ, BMO

Thanks. Maybe two quick ones. First on the age verification to remove users under age 13, what realistic percentage of your user base do you think is 13 and under and how are you potentially sizing the platform impact here? And then secondly on Sponsored Snaps, obviously continued great success, can you maybe help us understand in rough percentages you know what does that represent a total revenue now and where do you expect it can scale over time? Thanks.

DEREK ANDERSEN, CHIEF FINANCIAL OFFICER

Hi there Brian. Thanks for the question. On your first question around age verification, I think Evan said it well on the main call which is that we want to make sure that we are in compliance with the law and we have a commitment to making sure that we are following our own policies as well as government regulation on the age of users on our platform. Certainly we leverage the signals that we have to do that. But you know what we have here is the platform level age assurance you know signals that are new signals that may be available to us. We do intend to leverage those. As Evan mentioned we expect those signals from Apple in Q4 and potentially additional signal from Google in the new year. And so, we will be intending to be on our front foot, to make sure that we're taking advantage of those signals in order to continue to comply with our own policies and regulations and laws in the jurisdictions in which we offer our service. Thanks for the question.

OPERATOR

Thank you. The following comes from Justin Patterson with KeyBanc Capital Markets. You may proceed.

JUSTIN PATTERSON, KEYBANC CAPITAL MARKETS

Thank you. In terms of North America, a large client business, you mentioned you guys are working on some go to market improvements to kind of re-accelerate that business. Can you kind of expand on some of those go to market improvements? Then on Snap Plus also, you guys have delivered strong growth there. It's been out for over three years. How do you think about penetrating like the overall subscriber opportunity and like what inning do you think the business is there?

DEREK ANDERSEN, CHIEF FINANCIAL OFFICER

Hey there. Thanks for the questions. On North America, I think when we step back and look at the ad business and the stronger growth that we saw in both Europe and the rest of world and the acceleration in those two regions, you know, 6 percentage points and 10 percentage points respectively in the most recent quarter. And then the really robust growth that we're seeing in the SMB business in North America and across of course globally with that segment, it gives us confidence that the work that we have been doing on our ad platform and with our newer ad products is really bearing fruit across the business. And so a big part of the work here is you know number one we've added some leadership to the North America large customer segment business recently and stabilizing that team. Really it's about evangelizing the results that we're seeing from our ad platform and our ad products in this region. You know we've had good growth in impressions being delivered in that market. You know, pricing, you know, obviously has gotten better from an eCPM perspective. We're seeing really good performance with some of these newer products, including Sponsored Snaps for our clients. So, it's really about operational effort and effectiveness here and evangelizing the results that we're seeing for our ad platform and our ad products to this customer base and building momentum in that over time. You know, as I said earlier, we don't have a recovery in that segment built into our expectations for Q4, but certainly looking to see momentum build in into that business and contribute more in the year ahead. Thanks for that question.

And then in terms of Snapchat+, yeah, we've made a lot of progress over the last few years and we're very encouraged by what we're seeing there. You know, other revenue which is the majority of which is driven by the subscription business was up over 50% in the most recent quarter. We saw subscribers up 35% year-over-year in the most recent quarter approaching 17 million there. So our big focus there is continuing to innovate, deliver features to the user base who've been responding really well to the new features and benefits we've been rolling into that product. And you know, in a lot of cases, the social recognition of being able to experience some of those benefits when you're communicating

or sharing with your friends helps to reinforce that discovery and the value proposition there. So, we're continuing to build on that. And then, as I mentioned earlier, you know, part of the overall subscription, you know, and direct revenue story here is continuing to innovate on the offers and whether that's, you know, Lens+ that we launched last quarter which is at a higher price point or a product that's in testing now more recently like memory storage plans. These are new ways for us to innovate on the value proposition here and grow the overall direct revenue business. Thank you very much.

OPERATOR

Thank you. The final question comes from Ron Josey with Citi. You may proceed.

RON JOSEY, CITI

Great. Thanks for taking the question. Derek, I wanted to follow up really quickly just on the platform level age verification that Brian asked earlier. Can you help us just a little bit more on the cohorts within Snap and how many of those are under 13, under 16, and and just sort of insights? You know, we used to always talk about the amount of users under the age of 25 that are on Snap. So, any insights there would be helpful. And then I want to ask about the strength of the SMBs, a 25% increase in onboarding benefits I think we talked about in the call. I would love to hear how many of these SMBs that are coming back are already familiar with Snap and are re-engaging versus how many are new. Thank you.

DEREK ANDERSEN, CHIEF FINANCIAL OFFICER

Hey there. Thanks for the questions. You know, on the age verification, obviously as I said earlier, we want to be on our front foot in terms of making sure that we're complying with our own policies but also government regulations and laws in the market in which we offer our service. And so, we want to leverage the signals that we have, but we're excited to be getting these new signals, from Apple in Q4 and then potentially from Google in the new quarter. We do intend to leverage those signals and so we'll be learning more from those signals as we have them, but it's too early really to be able to extrapolate anything from those at this point as we look to be deploying them in the quarter. So, on the SMB side, I'm really pleased with what I'm seeing there. We've seen really nice progress on both revenue retention and advertiser retention and the growth and spending by that cohort. It has been the leading driver of advertising revenue growth for at least a few quarters here and as I noted, growing at really strong rates in all of our regions in addition to globally. So, really pleased with the progress we're seeing there and the retention and the wallet growth. So, looking to continue to build on that momentum and continue to connect that large base of

prospective customers into the app platform and help folks drive success. Thanks for the question.

OPERATOR

This concludes our follow-up question and answer session as well as today's conference. Thank you for attending today's session. You may now disconnect.