Snap Inc.

Q4 2023 Earnings Slides

February 6, 2024

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 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 in this presentation relate only to events as of the date on which the statements are made and are based on information available to us as of the date of this presentation. We undertake no obligation to update any forward-looking statements made in this presentation to reflect events or circumstances after the date of this presentation or to reflect new information or the occurrence of unanticipated events, including future developments related to geo-political conflicts 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 Financial Summary

Revenue	• Revenue was $1,361 million in Q4 2023, compared to $1,300 million in Q4 2022, an increase of 5%[1] year-over-year and 15% quarter-over-quarter. • Average revenue per user was $3.29 in Q4 2023, compared to $3.47 in Q4 2022.
Operating Performance	• Operating margin was (18)% in Q4 2023, compared to (22)% in Q4 2022. • Adjusted gross margin[2] was 55% in Q4 2023, compared to 64% in Q4 2022. • Net loss was $248 million in Q4 2023, compared to $288 million in Q4 2022. • Adjusted EBITDA[3] was $159 million in Q4 2023, compared to $233 million in Q4 2022. • Adjusted EBITDA margin[3] was 12% in Q4 2023, compared to 18% in Q4 2022.
Cash	• Operating cash flow was $165 million in Q4 2023, compared to $125 million in Q4 2022. • Free Cash Flow[3] was $111 million in Q4 2023, compared to $78 million in Q4 2022. • Cash, cash equivalents, and marketable securities were $3.5 billion as of December 31, 2023.

[1]On a constant currency basis, the impact of foreign exchange rates on revenue was not material at less than 1% in Q4 2023. Constant currency revenue is a non-GAAP measure, see Appendix for further detail.
[2]Adjusted gross margin is a non-GAAP measure, which we define as GAAP revenue less adjusted cost of revenue divided by GAAP revenue. Adjusted cost of revenue is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other items impacting net income (loss) from time to time.
[3]Adjusted EBITDA margin is a non-GAAP measure, which we define as Adjusted EBITDA divided by GAAP revenue. See Appendix for non-GAAP measures of Adjusted EBITDA and Free Cash Flow, including reconciliations of net loss to Adjusted EBITDA and net cash provided by (used in) operating activities to Free Cash Flow.
Quarterly information is unaudited.
Numbers throughout presentation may not foot due to rounding.

REVENUE WAS $1,361 MILLION IN Q4 2023, AN INCREASE OF 5% YoY
FREE CASH FLOW WAS $111 MILLION IN Q4 2023, AN INCREASE OF 41% YoY

Business Highlights

We grew and deepened our engagement with our community:

- DAUs were 414 million in Q4 2023, an increase of 39 million, or 10%, year-over-year.
- DAUs increased sequentially and year-over-year on both iOS and Android platforms.
- Total time spent watching Spotlight content increased more than 175% year-over-year, and Spotlight average monthly active users increased more than 35% year-over-year.
- Total public Stories posted by Snap Stars grew over 125% year-over-year in the United States.
- We signed a new publisher deal with Spotify in the United States that will bring shorter-form highlights from Spotify's podcasts onto Spotlight and Stories.

We are focused on accelerating and diversifying our revenue growth:

- Snapchat+, our subscription service that offers exclusive, experimental, and pre-release features, reached over 7 million subscribers.
- We announced new AI-powered features for Snapchat+ subscribers, giving them the ability to enhance their Snaps and create and send AI-generated images based on a text prompt.
- Ongoing momentum with our 7/0 Pixel Purchase optimization model led to a more than 90% increase in purchase related conversions year-over-year.
- We launched Snap Promote, an easy-to-use ad creation interface within the Snapchat app, that helps an entire new audience of creators and small businesses discover our ads platform and grow their reach and followers by creating engaging promotions with just a few clicks.
- With the introduction of Creator Collab Campaigns, a suite of products making it easier for advertisers to discover and partner with the influential creator community on Snapchat, we helped advertisers like e.l.f. Cosmetics activate creator-inspired beauty campaigns to drive results against their business goals.
- We partnered with NYX Professional Makeup to release Beauty Bestie, an interactive, AR- and AI-powered sponsored Lens experience that recommends beauty products based on a Snapchatter's aesthetic, mood, and color palettes.

Business Highlights (Continued)

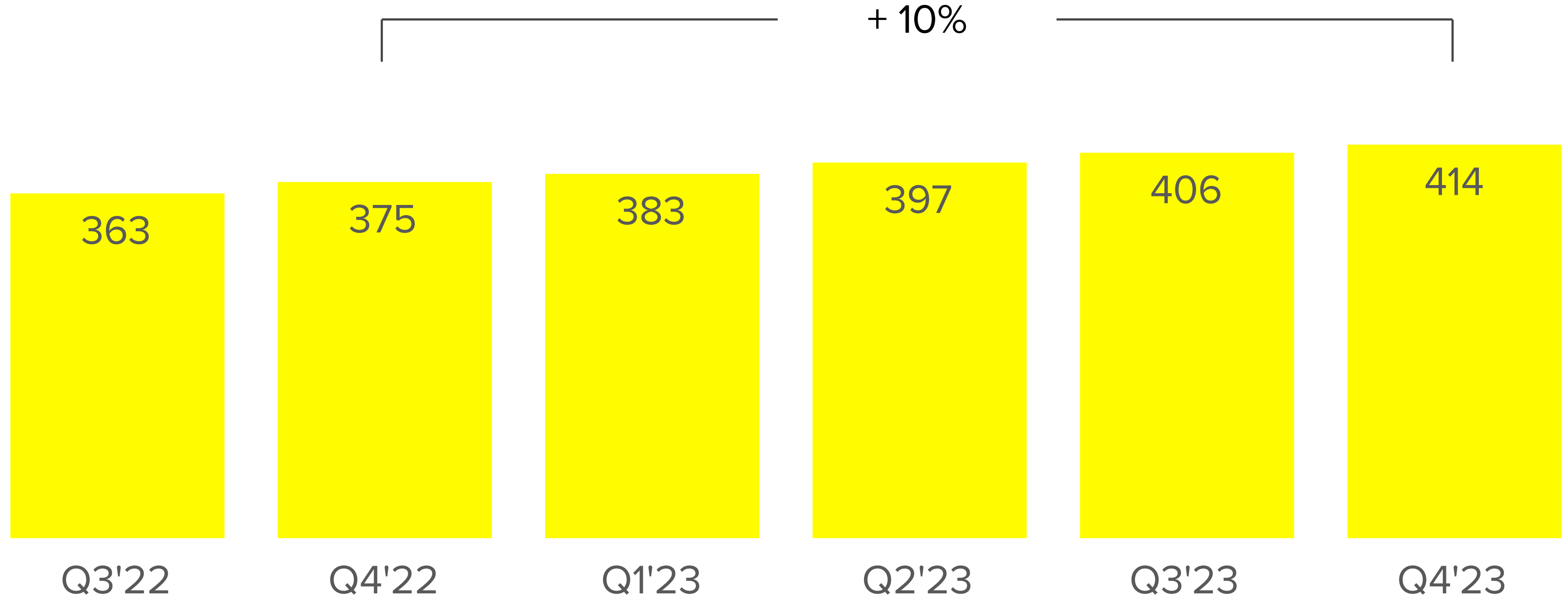
We invested in our augmented reality platform:

- Over 350,000 AR creators and developers have built nearly 3.5 million AR Lenses that have been viewed over 3 trillion times.
- Over 300 million Snapchatters engage with augmented reality every day, on average.
- At our annual Lens Fest, we released our Lens Studio 5.0 Beta, which features dramatically faster project load times, new AI capabilities leveraging ChatGPT, and team collaboration tools.
- We optimized the ML Lens creation workflow by utilizing Generative models and investing into tooling and automation, which have contributed to the number of ML Lenses viewed by Snapchatters increasing more than 60% year-over-year.
- We partnered with the Rolling Stones to celebrate the release of the new Rolling Stones album “Hackney Diamonds” with a Rolling Stones Bitmoji Show Lens that projects 3D Bitmoji avatars of Mick Jagger, Keith Richards, and Ronnie Wood using the phone’s back-facing camera.
- We hosted our inaugural APAC AR Day in Mumbai, India, celebrating the region’s thriving AR creator and developer community and our ongoing commitment to democratizing AR for users and brands.
- We extended the reach of our AR content via Camera Kit Live in sports venues including the stadiums of the Cincinnati Bengals, Seattle Mariners, and the Barclays Center, home of the Brooklyn Nets, and New York Liberty. Additionally, we've incorporated AR in telecasts such as the 2023 MTV Video Music Awards and ESPN's SEC Nation, and music festivals including the Bonnaroo Music & Arts Festival.
- We teamed up with Inspirit, an edtech company, to bring our AR technology to Inspirit’s STEM curriculum powered by Camera Kit.

Average Daily Active Users (DAU)

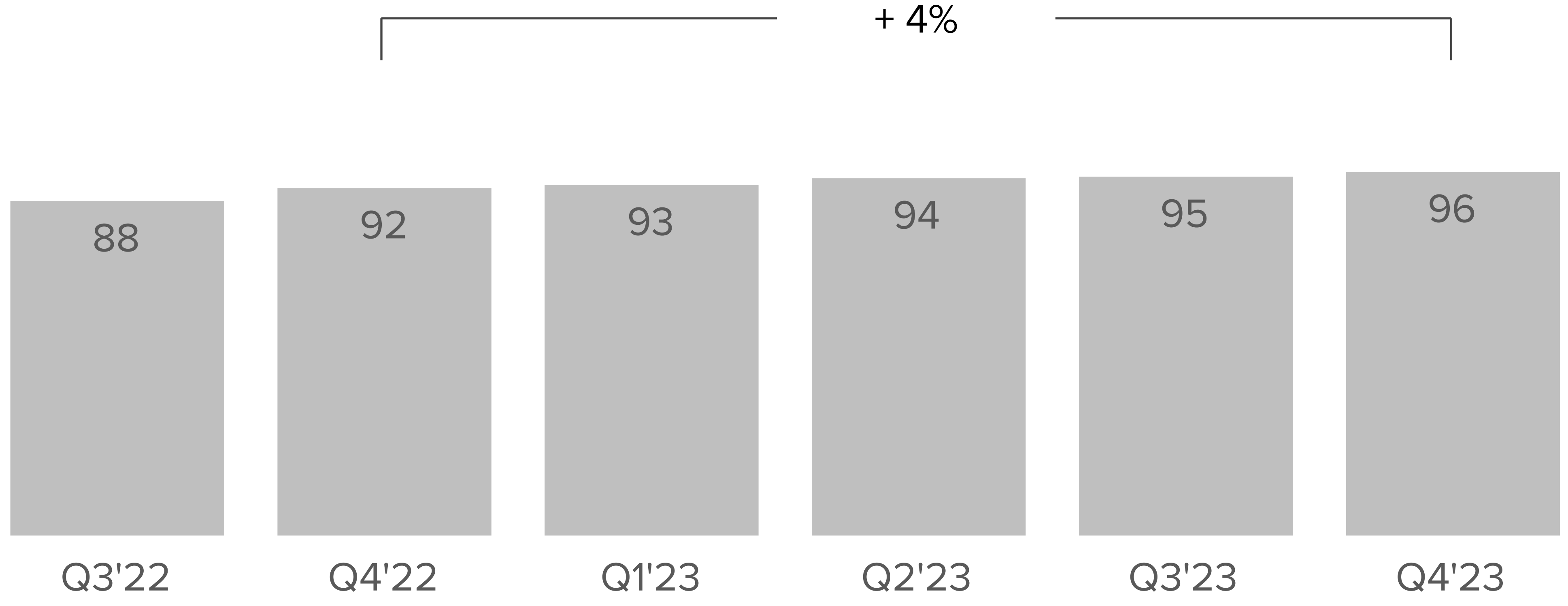
(in millions, unaudited)

GLOBAL

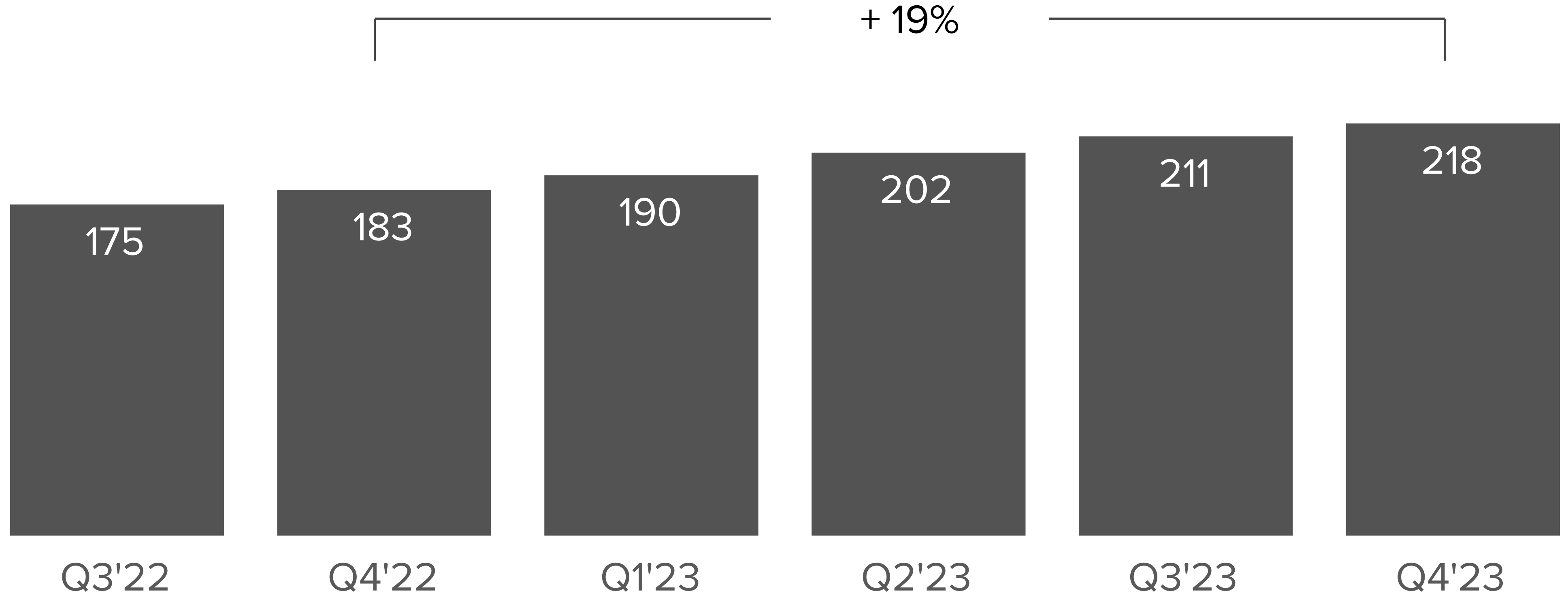


NORTH AMERICA[1]

EUROPE[2]



REST OF WORLD



We define a Daily Active User, or DAU, as a registered Snapchat user who opens the Snapchat application at least once during a defined 24-hour period. We calculate average Daily Active Users for a particular quarter by adding the number of DAUs on each day of that quarter and dividing that sum by the number of days in that quarter.

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

[2]Europe includes Russia and Turkey.

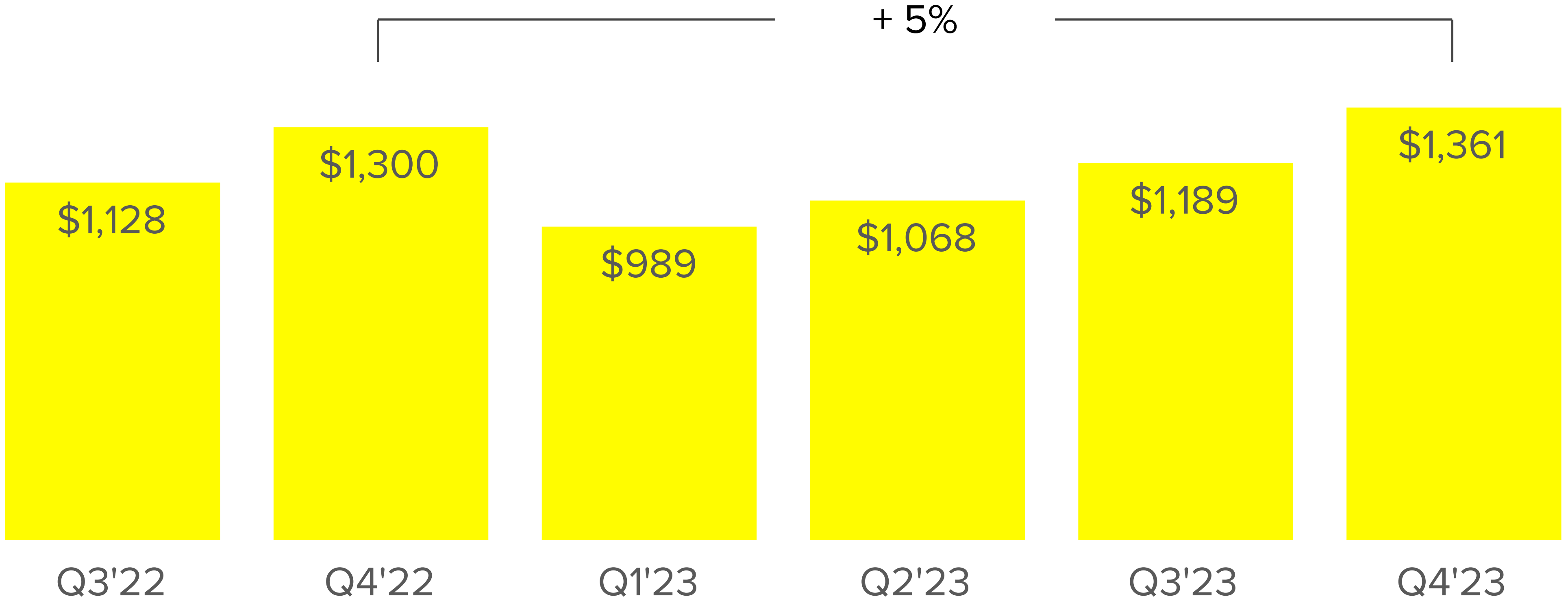
Numbers throughout presentation may not foot due to rounding.

GLOBAL DAU INCREASED 39 MILLION, OR 10%, YoY
REST OF WORLD DAU INCREASED 35 MILLION, OR 19%, YoY

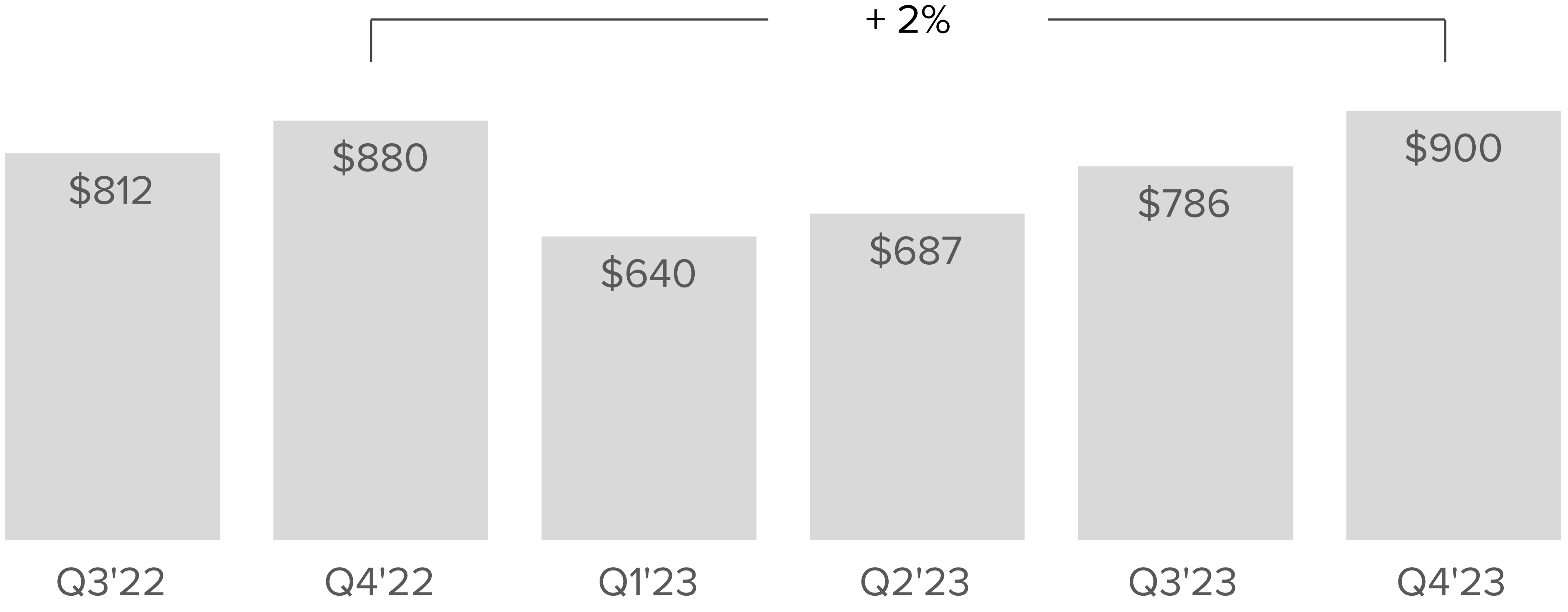
Revenue by Geography

(in millions, unaudited)

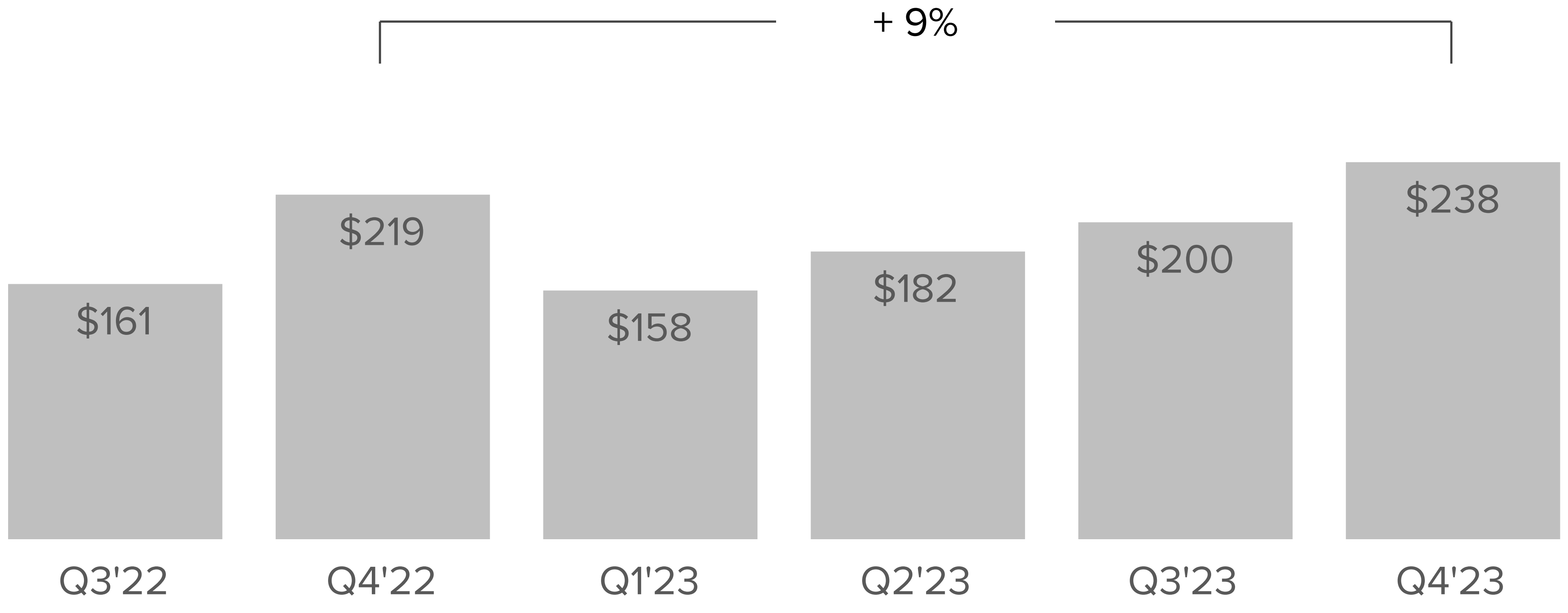
GLOBAL



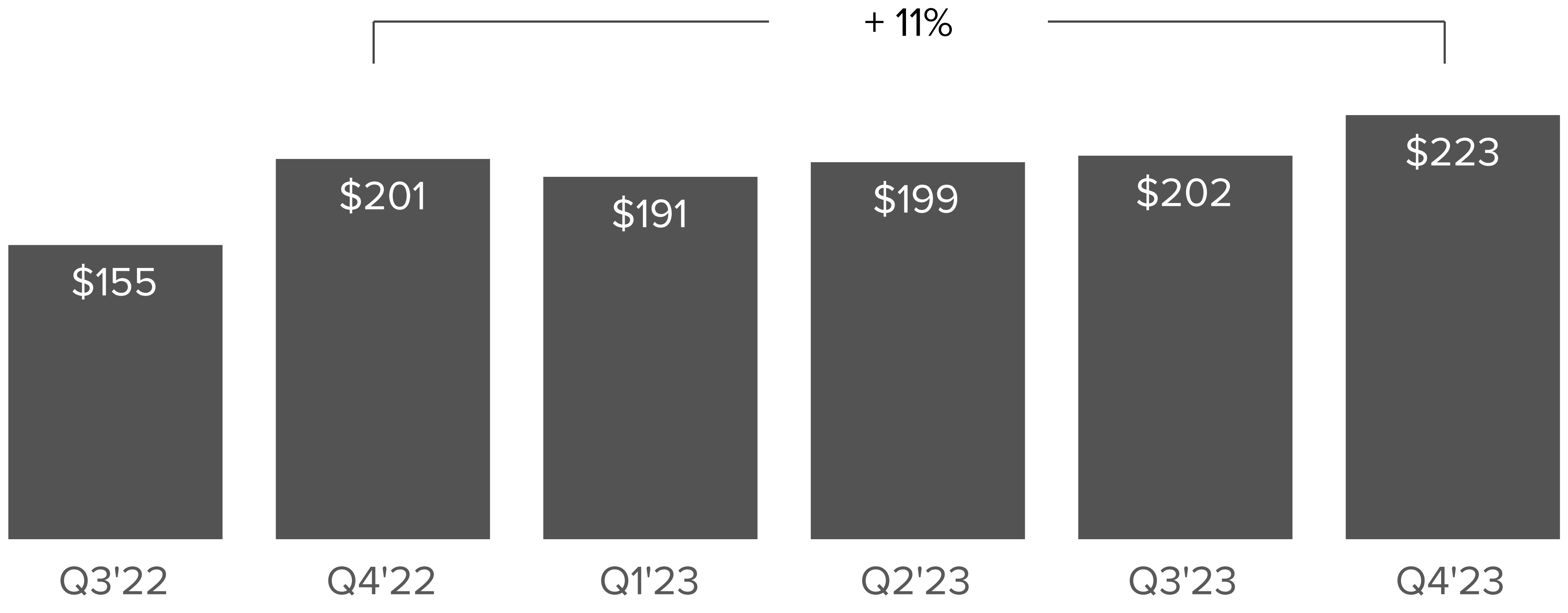
NORTH AMERICA[1]



EUROPE[2]



REST OF WORLD



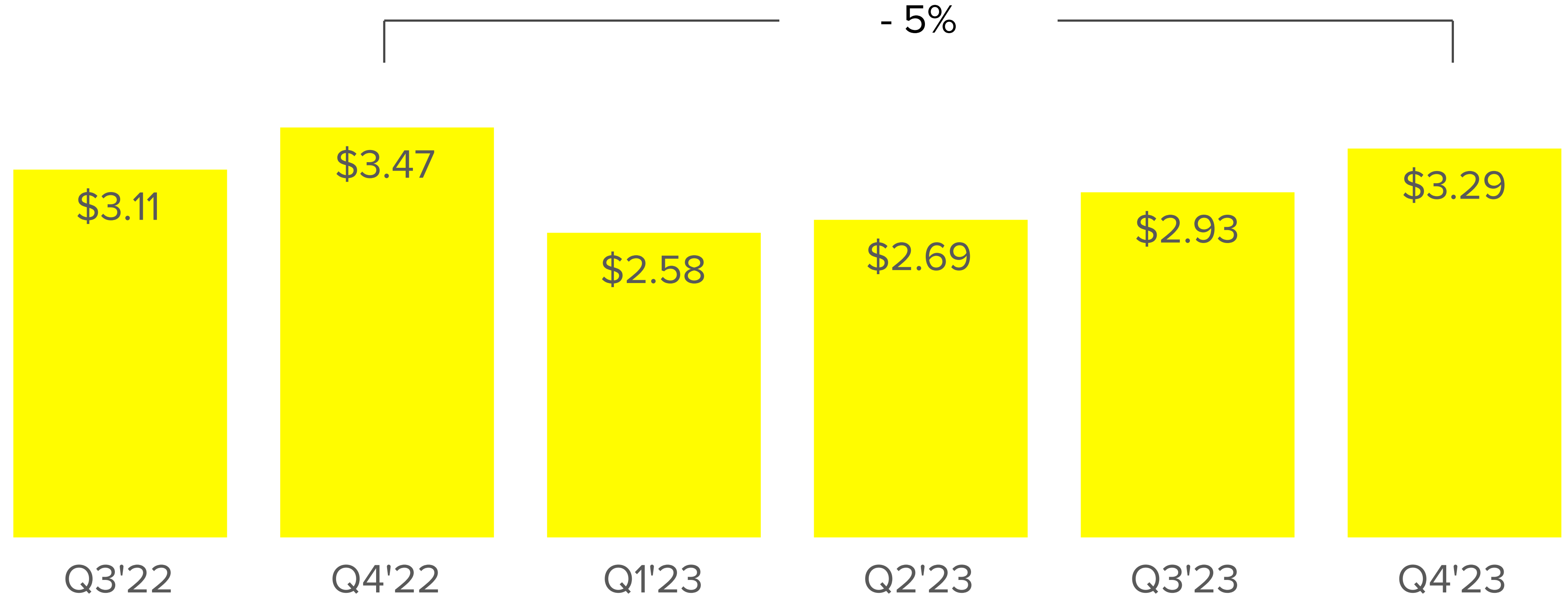
Total revenue for geographic reporting is apportioned to each region based on our determination of the geographic location in which advertising impressions are delivered, as this approximates revenue based on user activity. This allocation is consistent with how we determine ARPU.
[1] North America includes Mexico, the Caribbean, and Central America.
[2] Europe includes Russia and Turkey. Effective March 2022, we halted advertising sales to Russian and Belarusian entities.
Numbers throughout presentation may not foot due to rounding.

Q4 2023 REVENUE INCREASED 5% YoY AND 15% QoQ

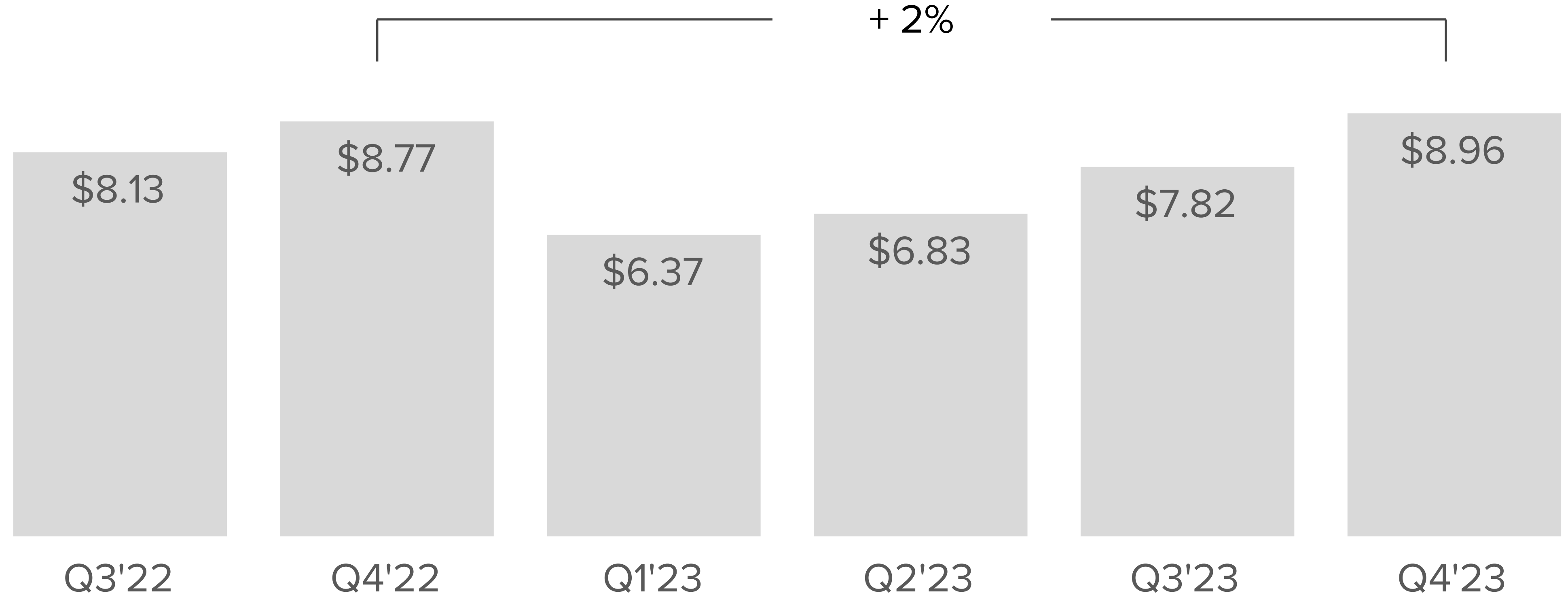
Average Revenue Per User (ARPU)

(unaudited)

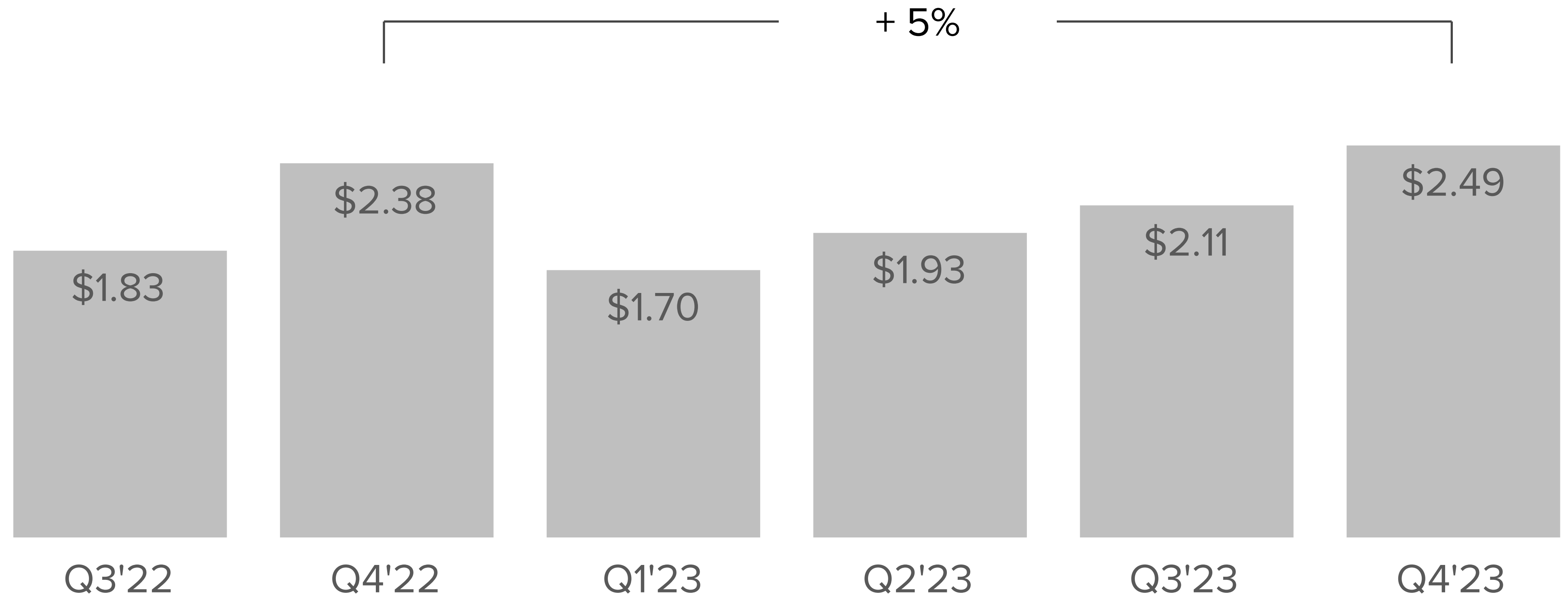
GLOBAL



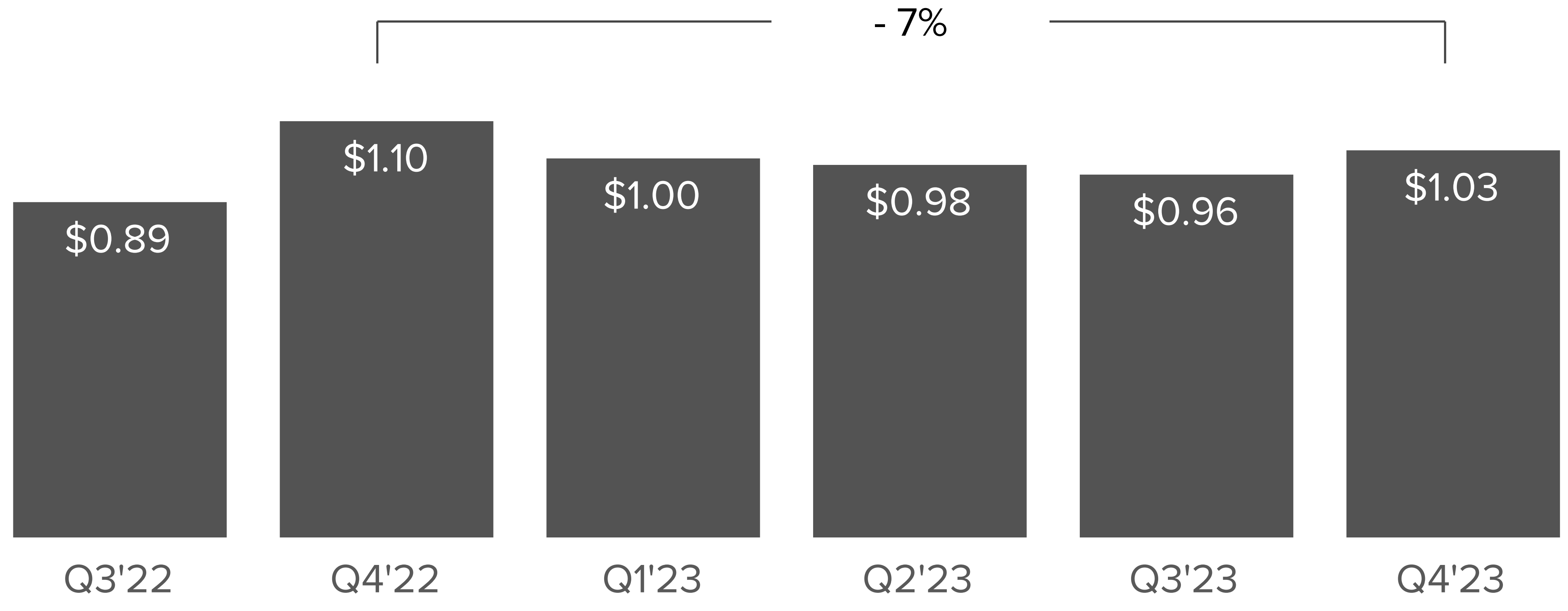
NORTH AMERICA[1]



EUROPE[2]



REST OF WORLD



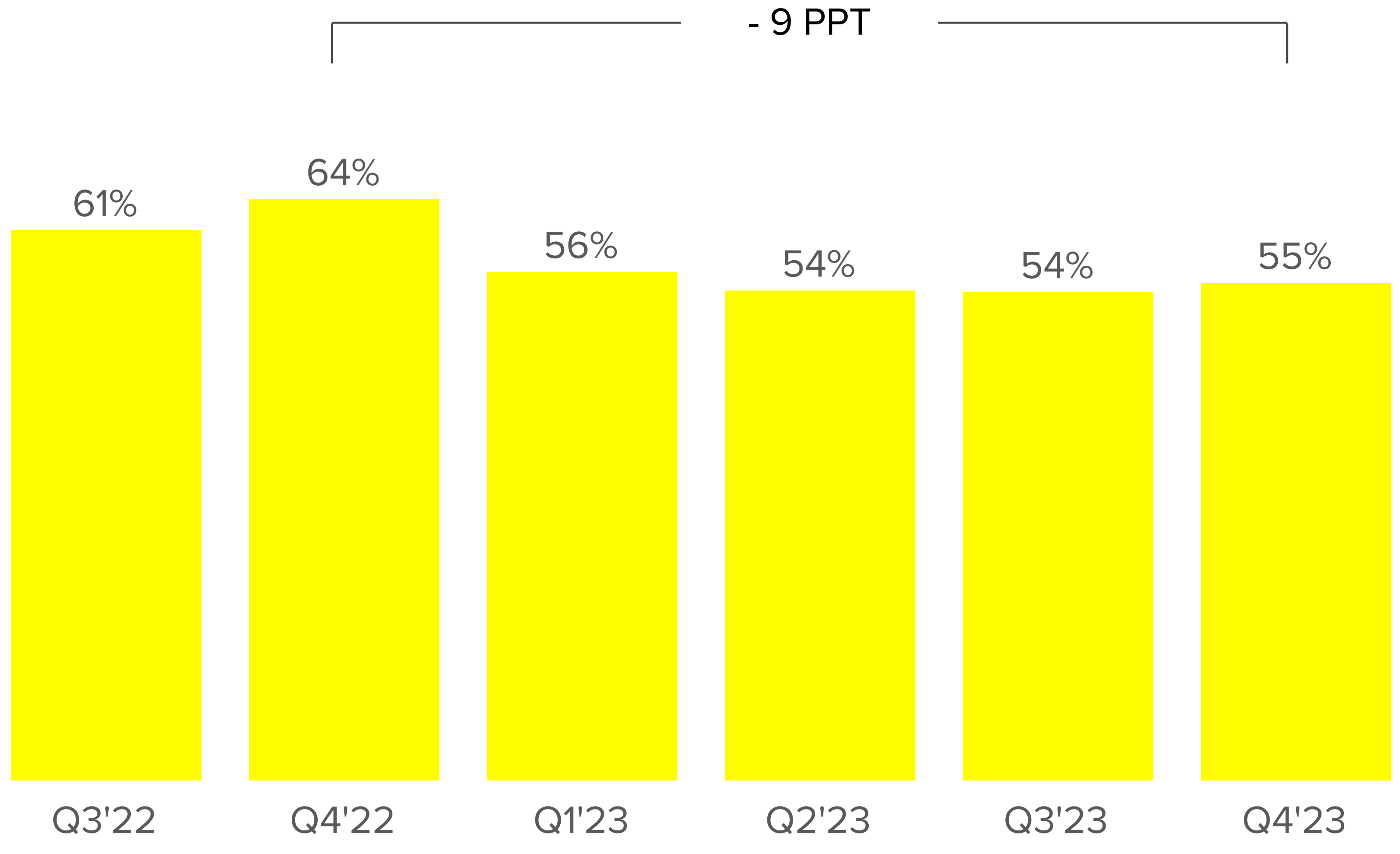
We define ARPU as quarterly revenue divided by the average Daily Active Users. For purposes of calculating ARPU, revenue by user geography is apportioned to each region based on our determination of the geographic location in which advertising impressions are delivered, as this approximates revenue based on user activity.
[1]North America includes Mexico, the Caribbean, and Central America.
[2]Europe includes Russia and Turkey. Effective March 2022, we halted advertising sales to Russian and Belarusian entities.
Numbers throughout presentation may not foot due to rounding.

Q4 2023 GLOBAL ARPU WAS $3.29, UP 12% QoQ

Adjusted Gross Margin and Adjusted Cost of Revenue[1]

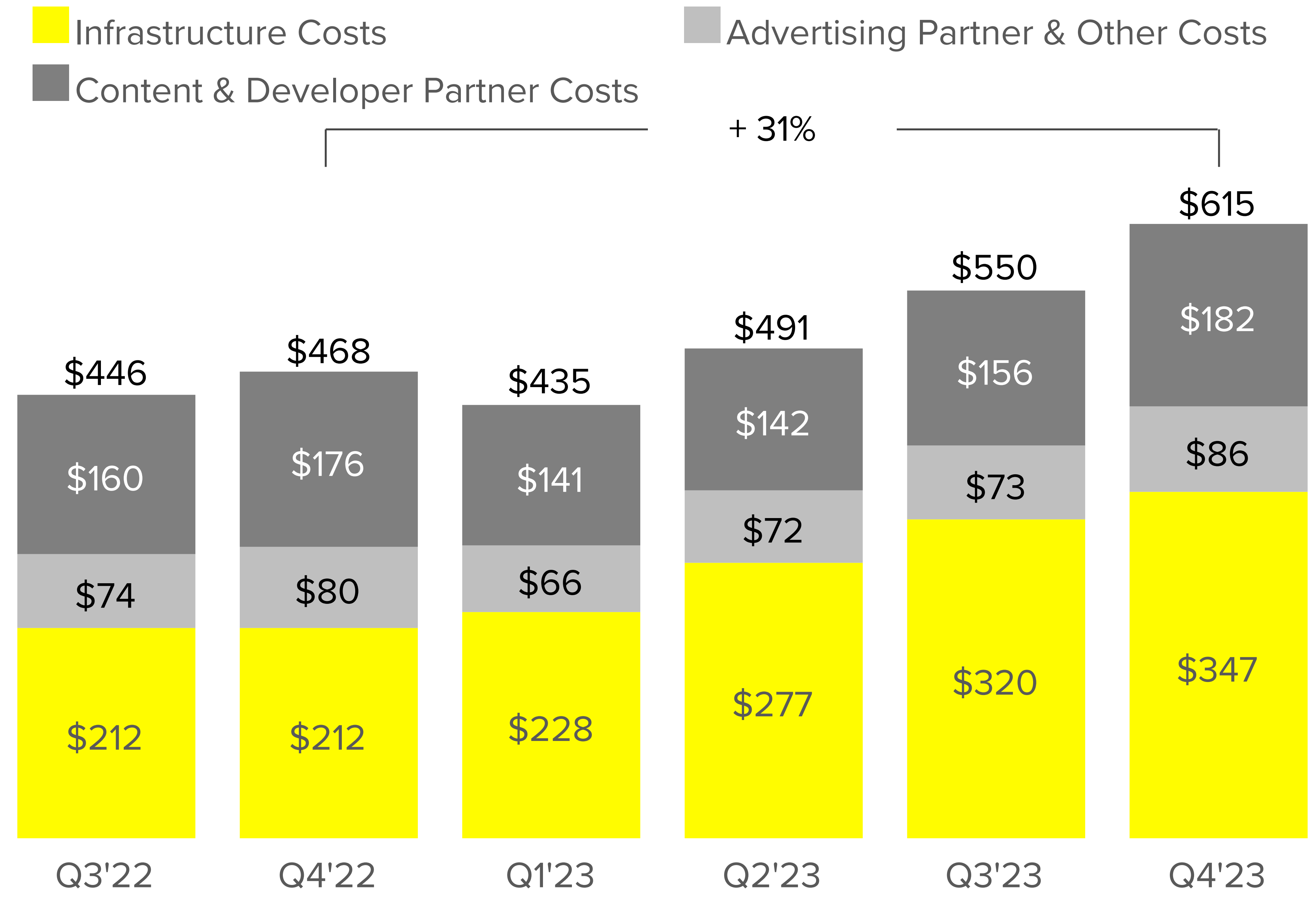
(dollars in millions, unaudited)

ADJUSTED GROSS MARGIN[1]



	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
Adjusted Cost of Revenue[1] as a % of Revenue	39%	36%	44%	46%	46%	45%

ADJUSTED COST OF REVENUE[1] COMPOSITION



	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
Total Non-GAAP Exclusions[1]	$21	$13	$5	$6	$6	$6
Total GAAP Cost of Revenue	$467	$481	$440	$497	$556	$622

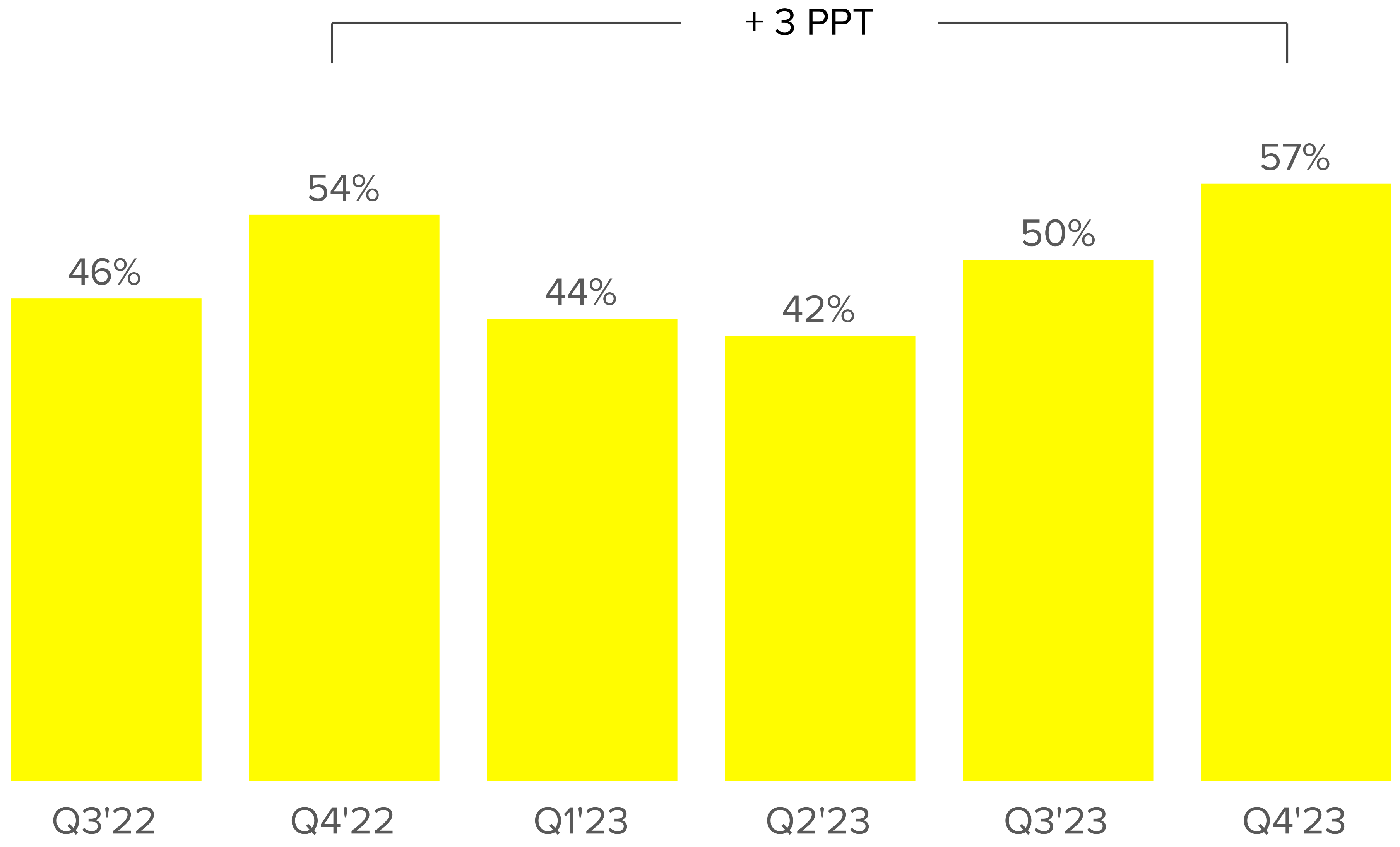
[1]Adjusted gross margin is a non-GAAP measure, which we define as GAAP revenue less adjusted cost of revenue divided by GAAP revenue. Adjusted cost of revenue is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation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

ADJUSTED GROSS MARGIN IMPROVED 1 PPT QoQ

Adjusted Operating Expense Margin and Adjusted Operating Expenses[1]

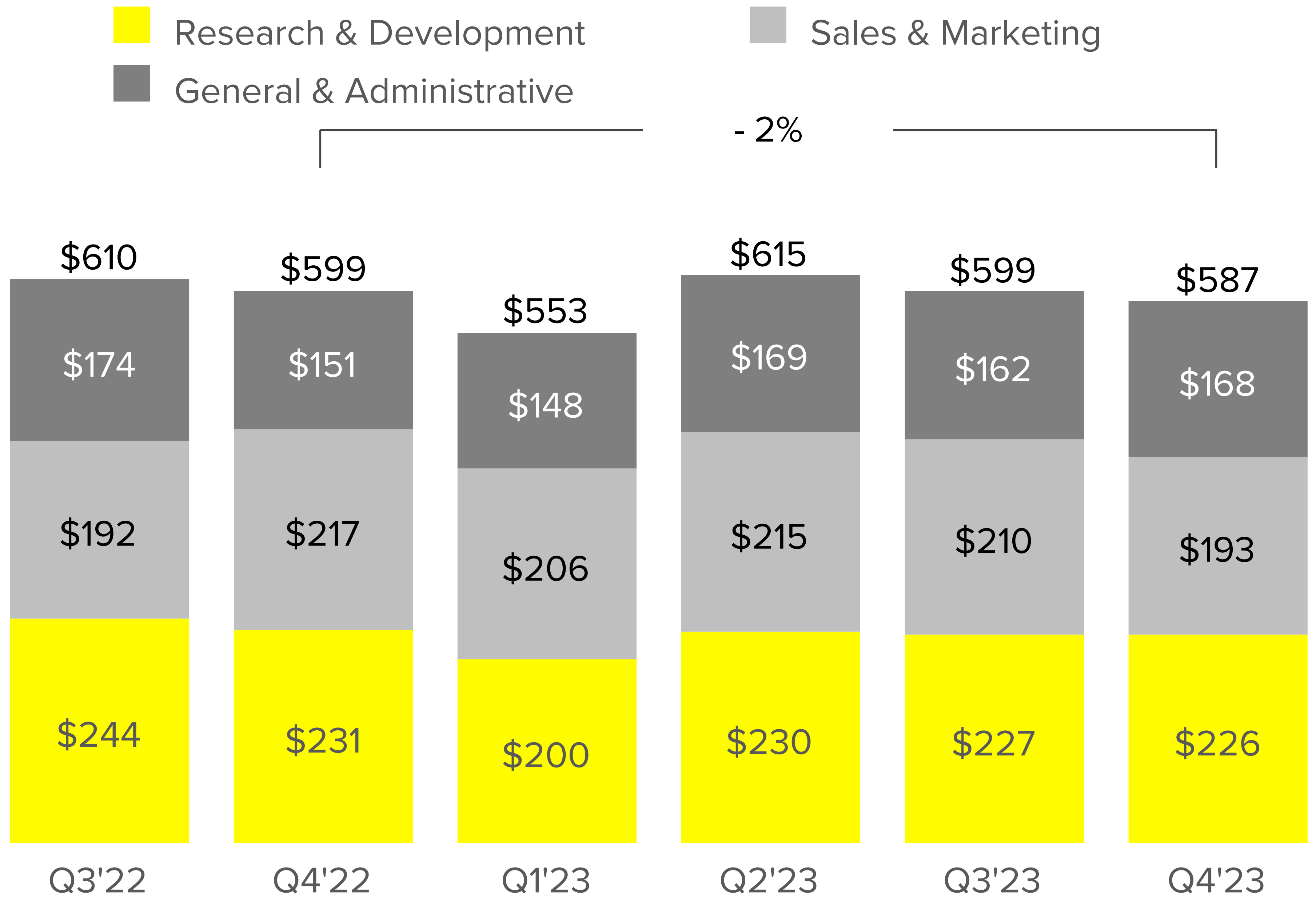
(dollars in millions, unaudited)

ADJUSTED OPERATING EXPENSE MARGIN[1]



	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
Adjusted Operating Expenses[1] as a % of Revenue	54%	46%	56%	58%	50%	43%

ADJUSTED OPERATING EXPENSES[1] COMPOSITION



	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
Total Non-GAAP Exclusions[1]	$487	$507	$361	$360	$414	$402
Total GAAP Operating Expenses	$1,097	$1,106	$914	$975	$1,013	$988

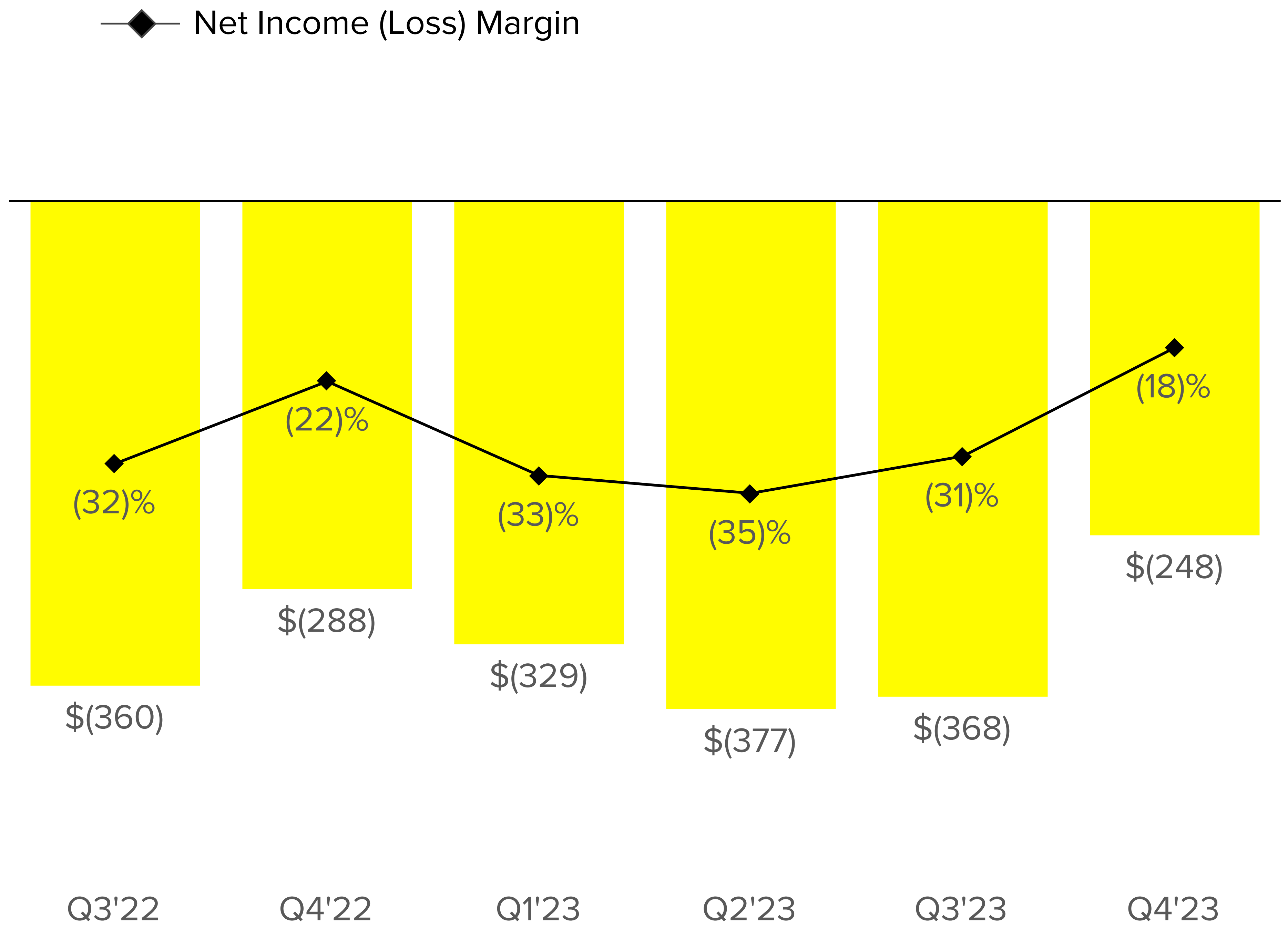
[1]Adjusted operating expense margin is a non-GAAP measure, which we define as GAAP revenue less adjusted operating expenses, divided by GAAP revenue. Adjusted operating expenses is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other items impacting net income (loss) from time to time. In Q3 2022, Q4 2022, Q3 2023, and Q4 2023, other items included restructuring charges of $141 million, $27 million, $19 million, and $22 million, respectively. See Appendix for further detail. Numbers throughout presentation may not foot due to rounding.

ADJUSTED OPERATING EXPENSE MARGIN IMPROVED 3 PPT YoY AND 7 PPT QoQ

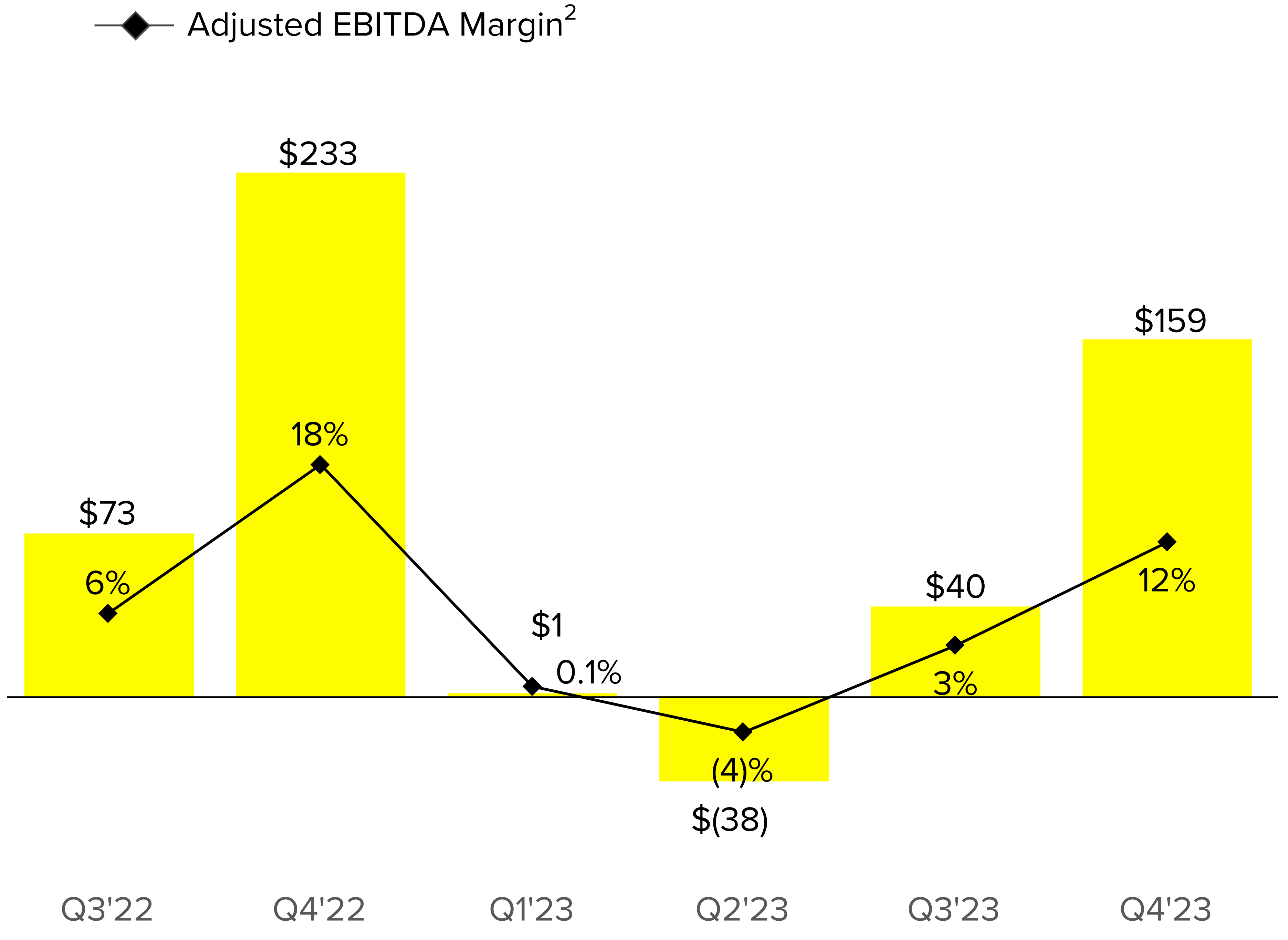
Net Income (Loss) & Adjusted EBITDA[1]

(dollars in millions, unaudited)

NET INCOME (LOSS)



ADJUSTED EBITDA[1]



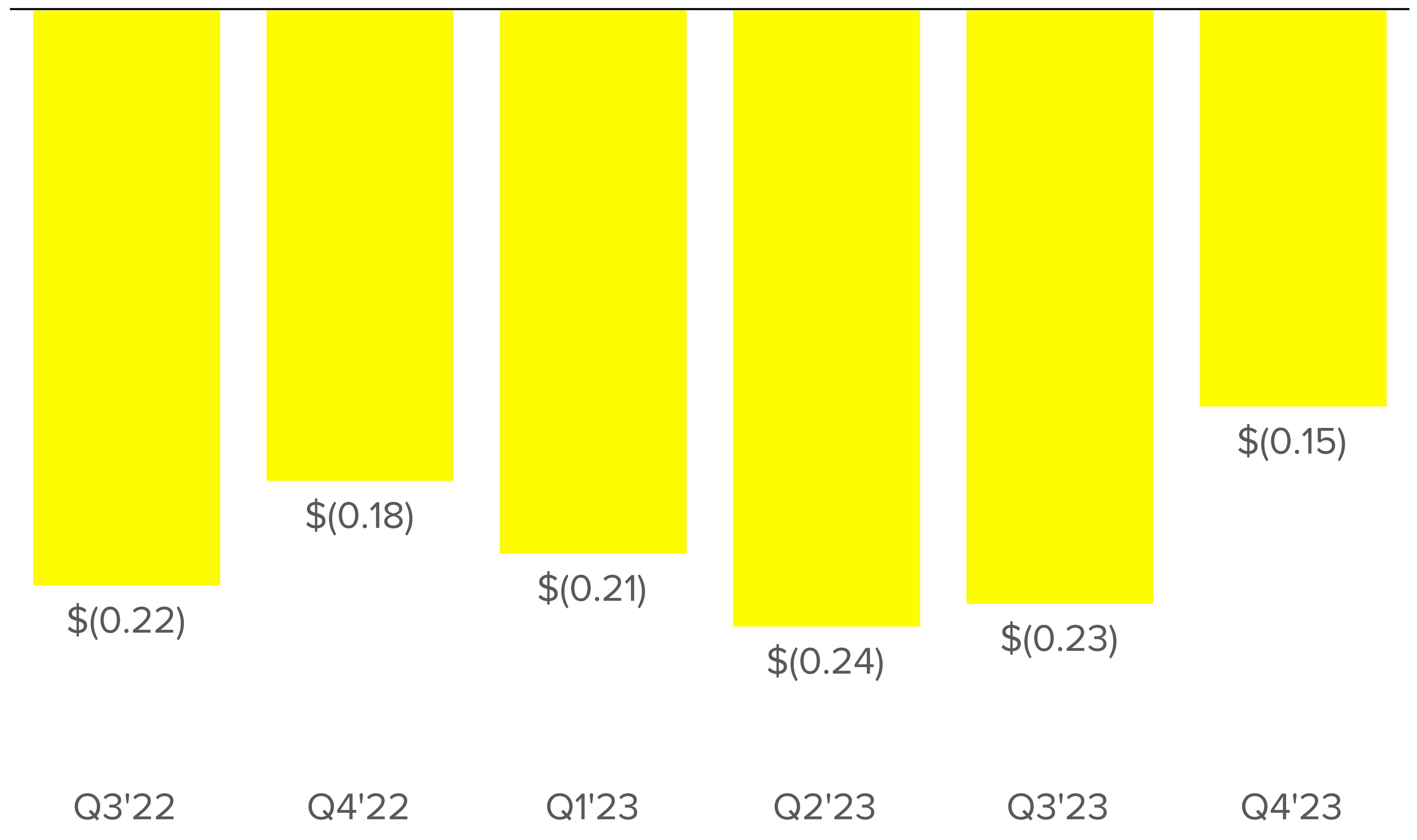
[1]Adjusted EBITDA is a non-GAAP measure, which we define as net income (loss), excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; and certain other items impacting net income (loss) from time to time. In Q3 2022, Q4 2022, Q3 2023, and Q4 2023, other items included restructuring charges of $155 million, $34 million, $19 million, and $22 million respectively. See Appendix for reconciliation of net loss to Adjusted EBITDA.
[2]Adjusted EBITDA margin is a non-GAAP measure, which we define as Adjusted EBITDA divided by GAAP revenue.
Numbers throughout presentation may not foot due to rounding.

ADJUSTED EBITDA WAS $159 MILLION IN Q4 2023
POSITIVE FULL YEAR ADJUSTED EBITDA

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

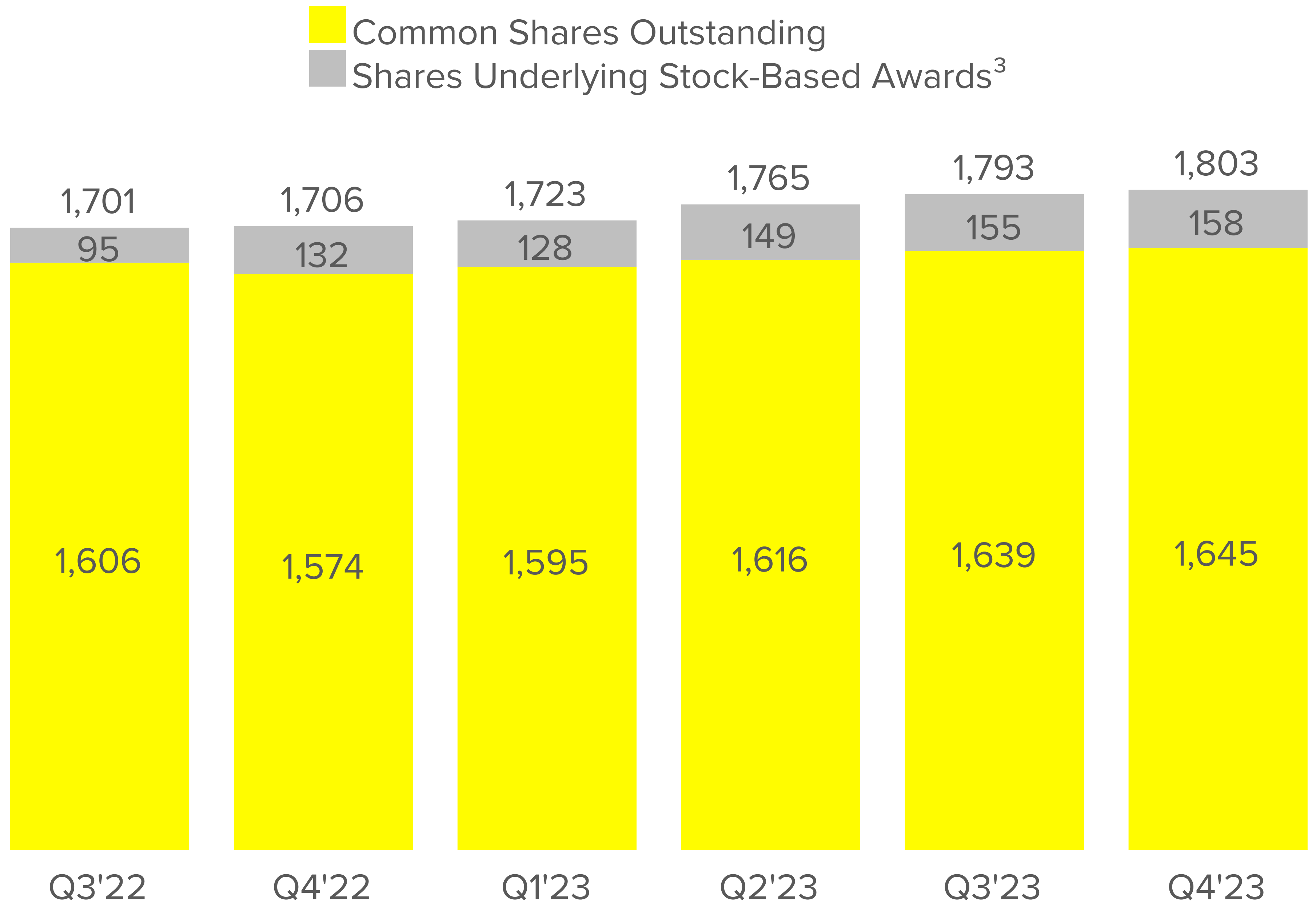
(in millions, except per share data, unaudited)

DILUTED NET INCOME (LOSS) PER SHARE[1]



	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
Total Non-GAAP Exclusions[2]	$0.30	$0.32	$0.22	$0.22	$0.25	$0.23
Non-GAAP diluted net income (loss) per share[2]	$0.08	$0.14	$0.01	$(0.02)	$0.02	$0.08

COMMON SHARES OUTSTANDING PLUS SHARES UNDERLYING STOCK-BASED AWARDS



	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
Shares repurchased	51.3	53.9	—	—	—	18.4
YoY Change excluding exchange shares[4]	0.2%	0.2%	0.9%	1.6%	5.5%	5.7%

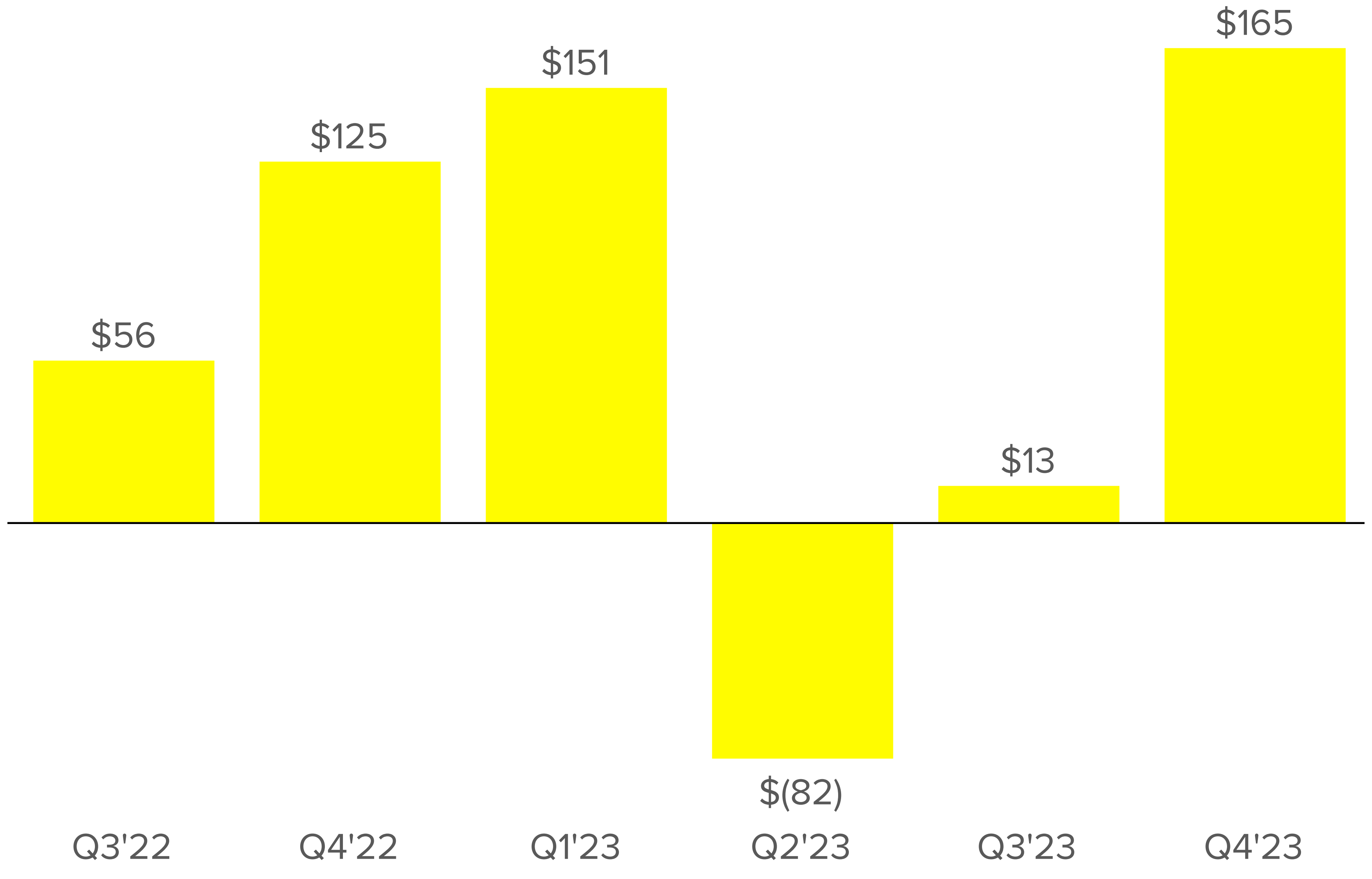
[1]Diluted net income (loss) per share is calculated using weighted average shares outstanding during the period.
[2]We define Non-GAAP net income (loss) as net income (loss); excluding amortization of intangible assets; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; certain other items impacting net income (loss) from time to time; and related income tax adjustments. Non-GAAP net income (loss) and weighted average diluted shares are then used to calculate Non-GAAP diluted net income (loss) per share. In Q3 2022, Q4 2022, Q3 2023, and Q4 2023 other items included restructuring charges of $155 million, $34 million, $19 million, and $22 million, respectively. See Appendix for reconciliation of diluted net income (loss) per share to non-GAAP diluted net income (loss) per share.
[3]Shares underlying stock-based awards include restricted stock units, restricted stock awards, and outstanding stock options.
[4]YoY change excludes approximately 52 million shares issued as part of the induced conversions of convertible notes in Q3 2021.
Numbers throughout presentation may not foot due to rounding.

REPURCHASED 18.4 MILLION SHARES IN Q4 2023 AT AN AVERAGE PRICE OF $10.28
CUMULATIVE SHARE REPURCHASES OF 123.6 MILLION SHARES FOR $1.19 BILLION AT AN AVERAGE PRICE OF $9.63

Operating Cash Flow and Free Cash Flow[1]

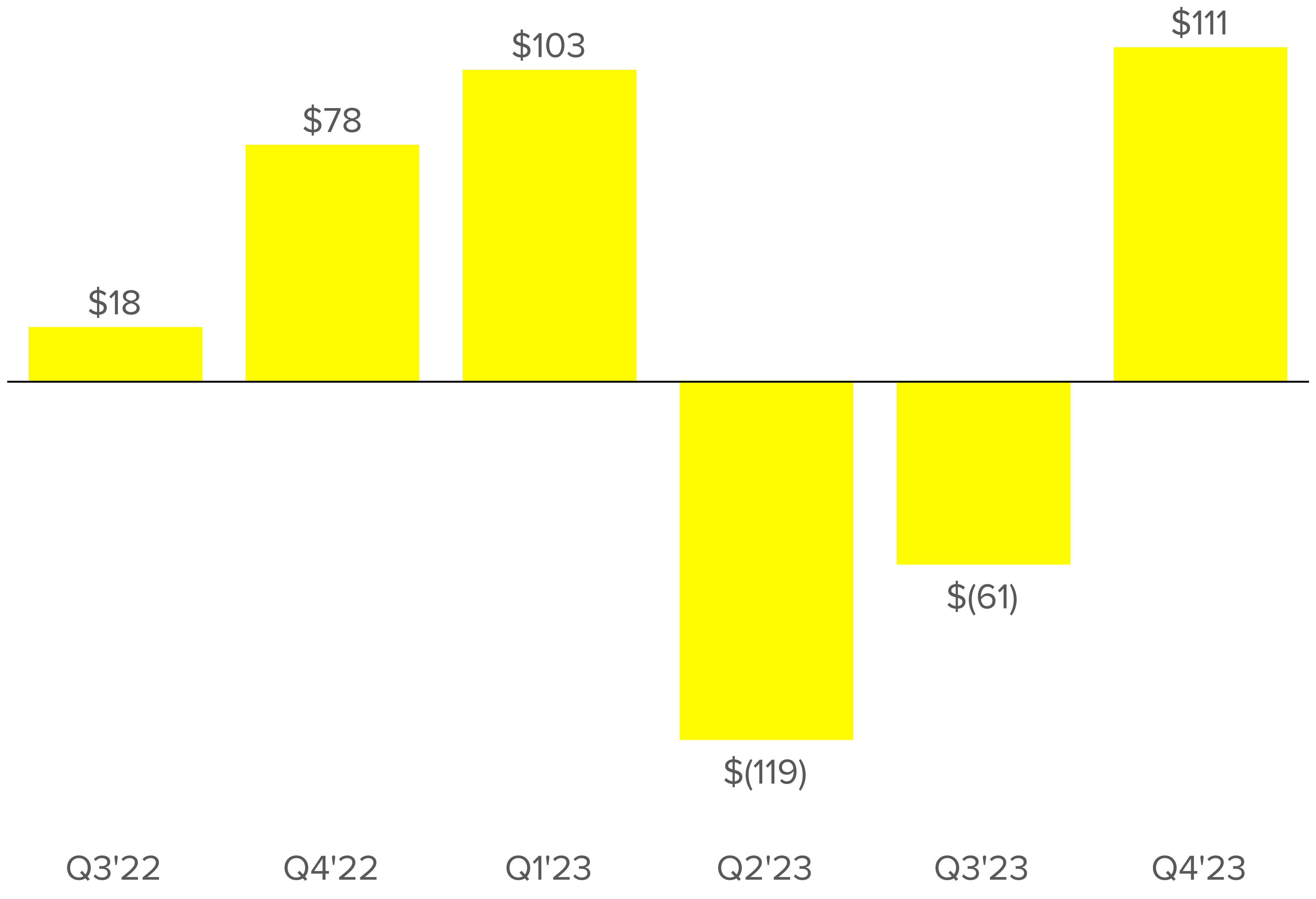
(in millions, unaudited)

OPERATING CASH FLOW



Capex	$(38)	$(47)	$(48)	$(37)	$(73)	$(54)

FREE CASH FLOW[1]



YoY Change	(65)%	(51)%	(3)%	19%	(435)%	41%

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

OPERATING CASH FLOW INCREASED 31% YoY TO $165 MILLION IN Q4 2023
FREE CASH FLOW INCREASED 41% YoY TO $111 MILLION IN Q4 2023

Full Year Summary

Full Year Financial Summary

Revenue

- Revenue was $4,606 million[1] in 2023, compared to $4,602 million in 2022.
- Average revenue per user[2] was $11.49 in 2023, compared to $12.98 in 2022.

Operating Performance

- Operating margin was (30)% in 2023, compared to (30)% in 2022.
- Adjusted gross margin[3] was 55% in 2023, compared to 62% in 2022.
- Net loss was $1,322 million in 2023, compared to $1,430 million in 2022.
- Adjusted EBITDA[4] was $162 million in 2023, compared to $378 million in 2022.
- Adjusted EBITDA margin[4] was 4% in 2023, compared to 8% in 2022.

Cash

- Operating cash flow was $247 million in 2023, compared to $185 million in 2022.
- Free Cash Flow[4] was $35 million in 2023, compared to $55 million in 2022.
- Cash, cash equivalents, and marketable securities were $3.5 billion as of December 31, 2023.

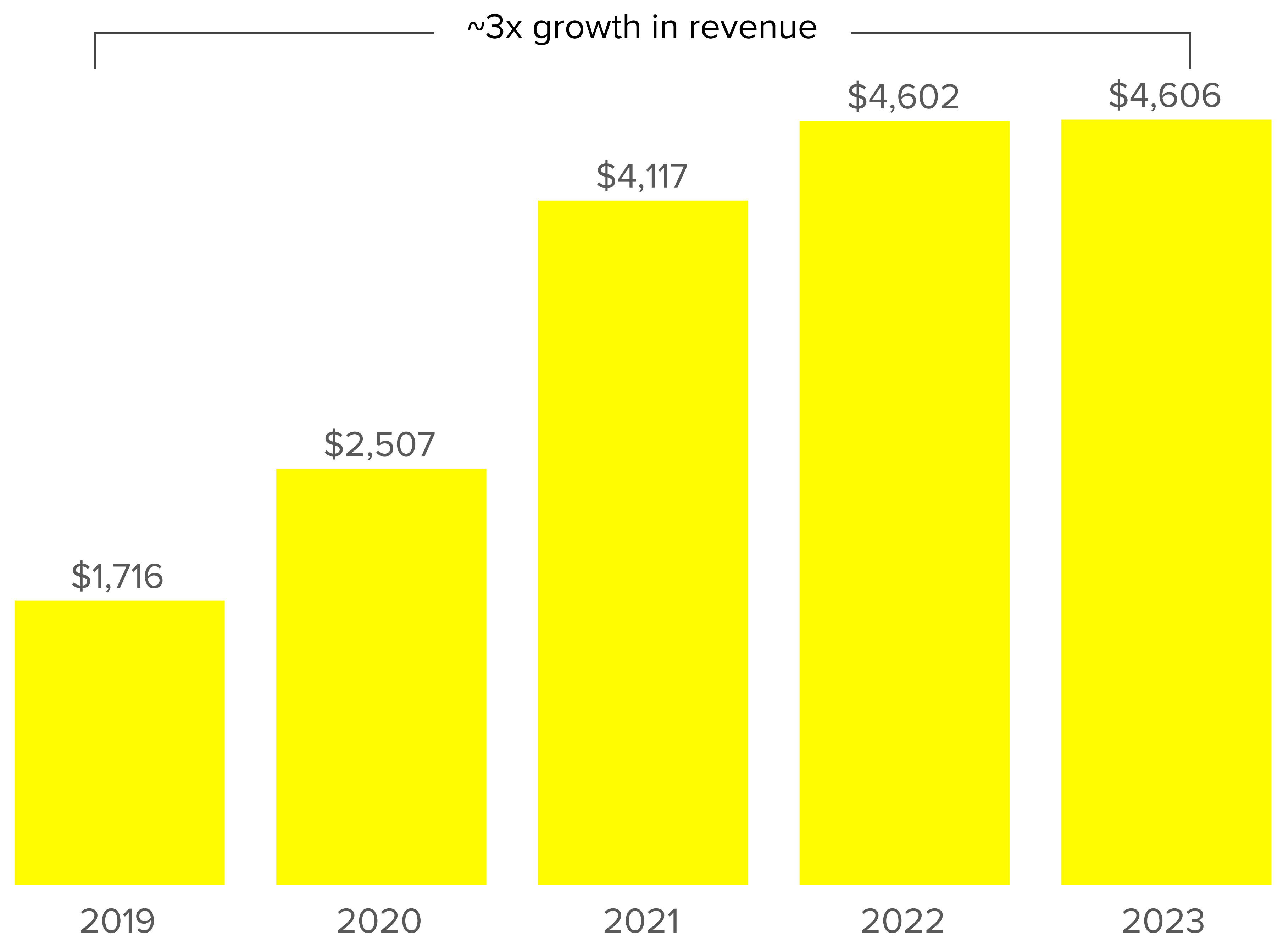
[1] On a constant currency basis, the impact of foreign exchange rates on revenue was not material at less than 1% in 2023. Constant currency revenue is a non-GAAP measure, see Appendix for further detail.
[2] ARPU is presented as an annual ARPU, calculated as the sum of each reported quarterly Global ARPU.
[3] Adjusted gross margin is a non-GAAP measure, which we define as GAAP revenue less adjusted cost of revenue, divided by GAAP revenue. Adjusted cost of revenue is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other items impacting net income (loss) from time to time.
[4] Adjusted EBITDA margin is a non-GAAP measure, which we define as Adjusted EBITDA divided by GAAP revenue. See Appendix for non-GAAP measures of Adjusted EBITDA and Free Cash Flow, including reconciliations of net loss to Adjusted EBITDA and net cash provided by (used in) operating activities to Free Cash Flow.
Numbers throughout presentation may not foot due to rounding.

REVENUE WAS $4,606 MILLION IN 2023
FREE CASH FLOW WAS $35 MILLION IN 2023

Revenue and Average Daily Active Users (DAU)[1]

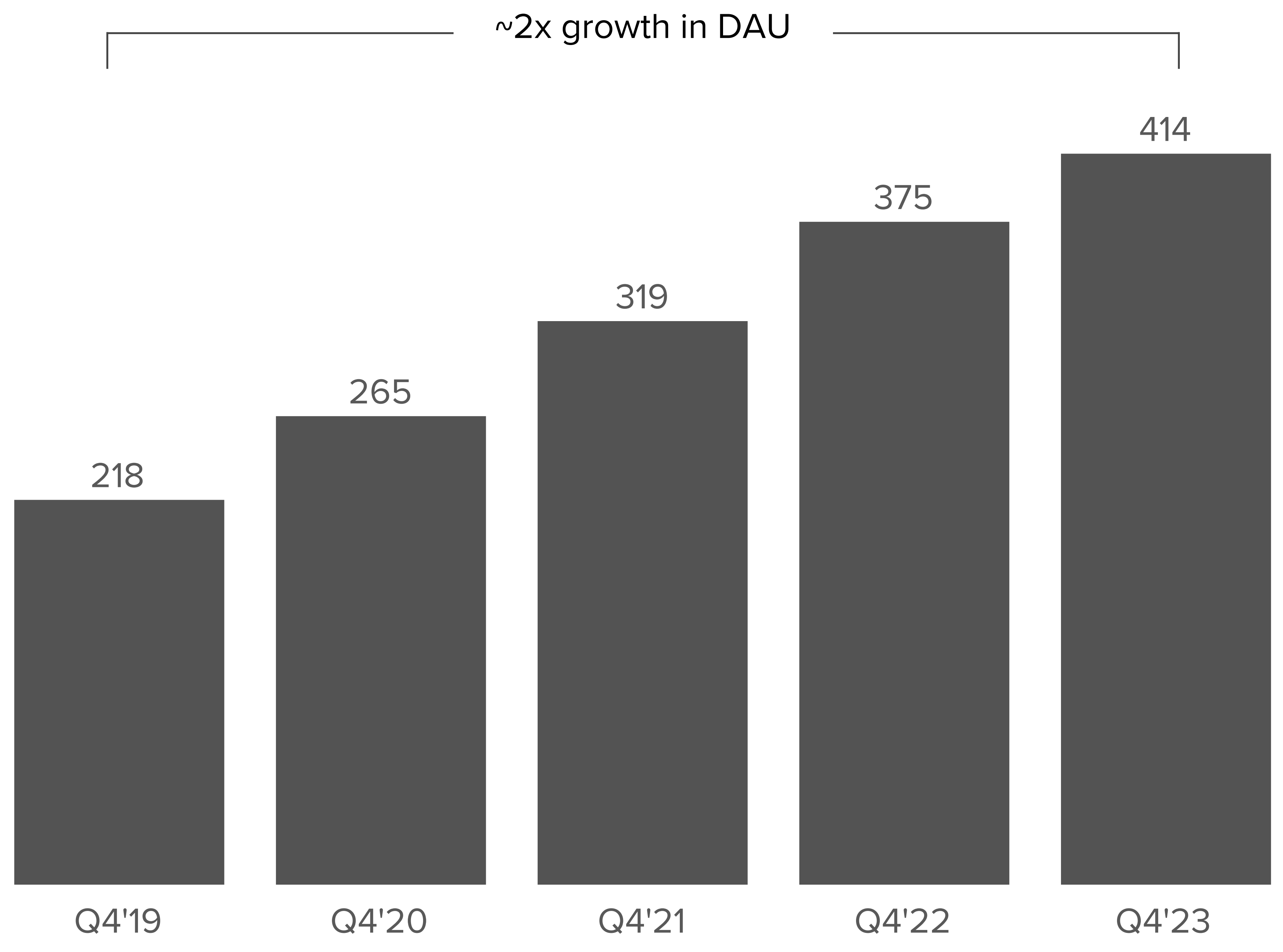
(in millions, unaudited)

REVENUE



YoY Change	45%	46%	64%	12%	—%

AVERAGE DAILY ACTIVE USERS[1]



YoY Change	17%	22%	20%	17%	10%

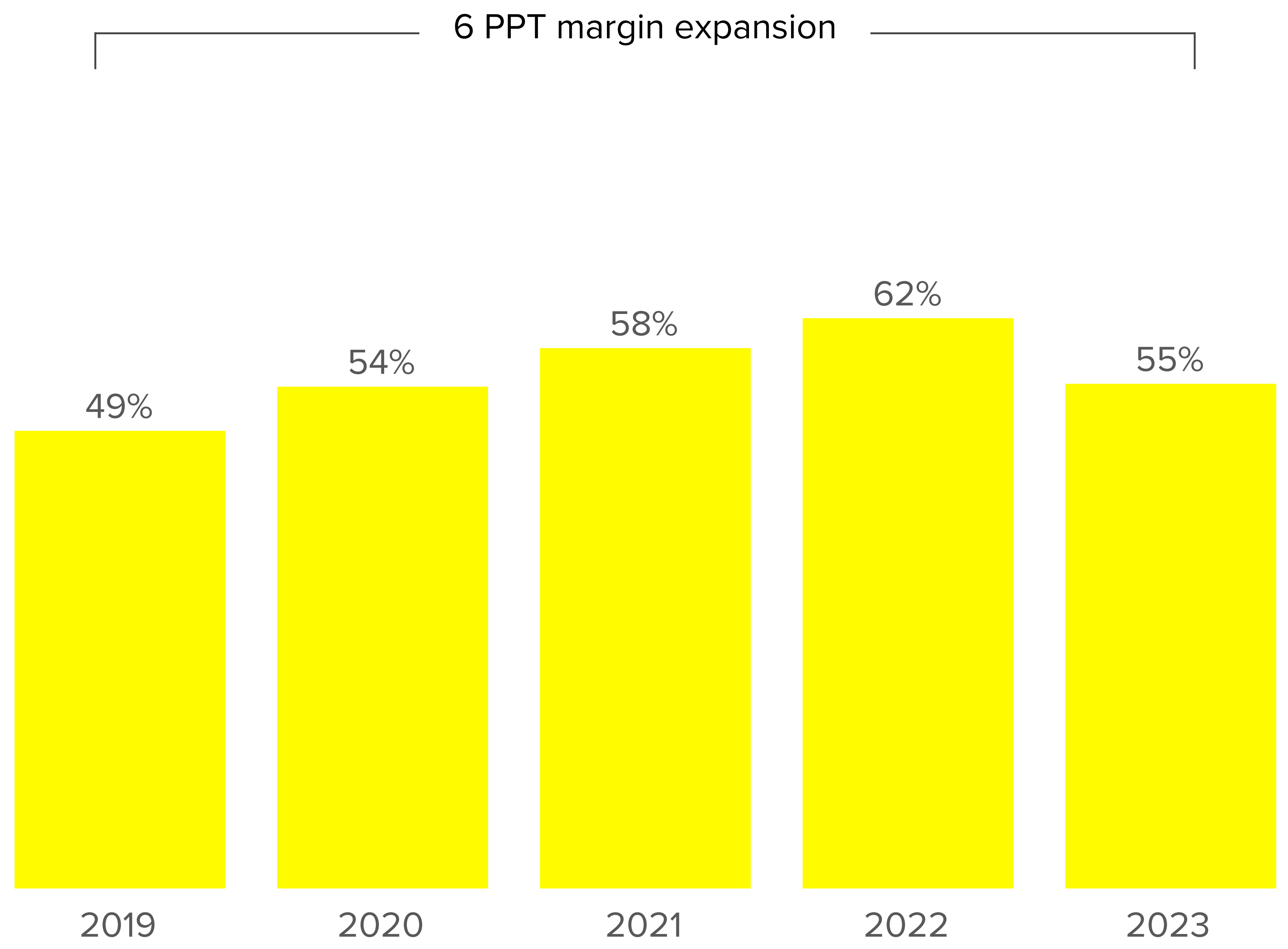
[1]We define a Daily Active User, or DAU, as a registered Snapchat user who opens the Snapchat application at least once during a defined 24-hour period. We calculate average Daily Active Users for a particular quarter by adding the number of DAUs on each day of that quarter and dividing that sum by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

REVENUE WAS $4.6 BILLION IN 2023
DAU INCREASED 10% YoY TO 414 MILLION

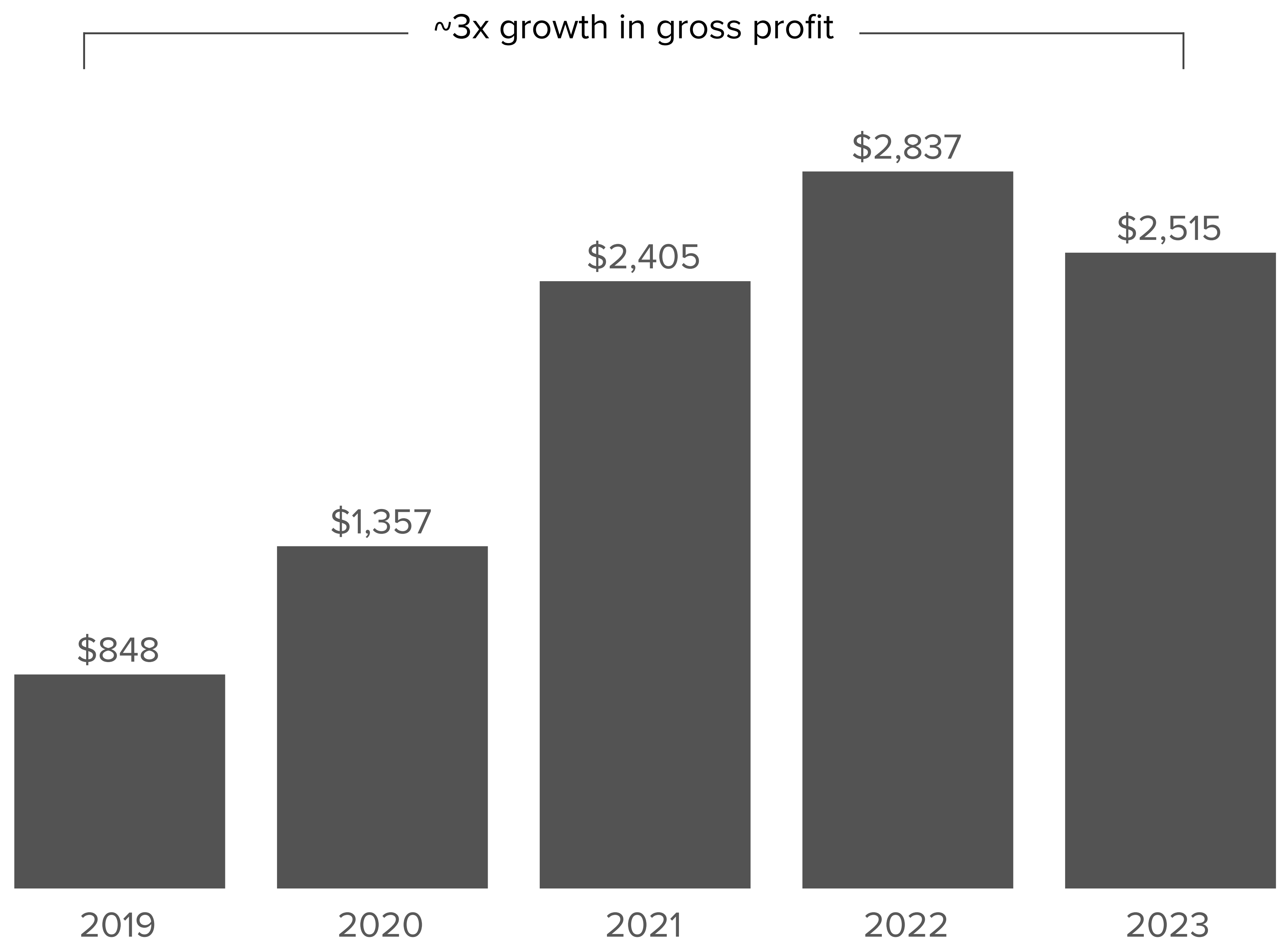
Adjusted Gross Margin and Adjusted Gross Profit[1]

(dollars in millions, unaudited)

ADJUSTED GROSS MARGIN[1]



ADJUSTED GROSS PROFIT[1]



GAAP Gross Margin	48%	53%	57%	61%	54%

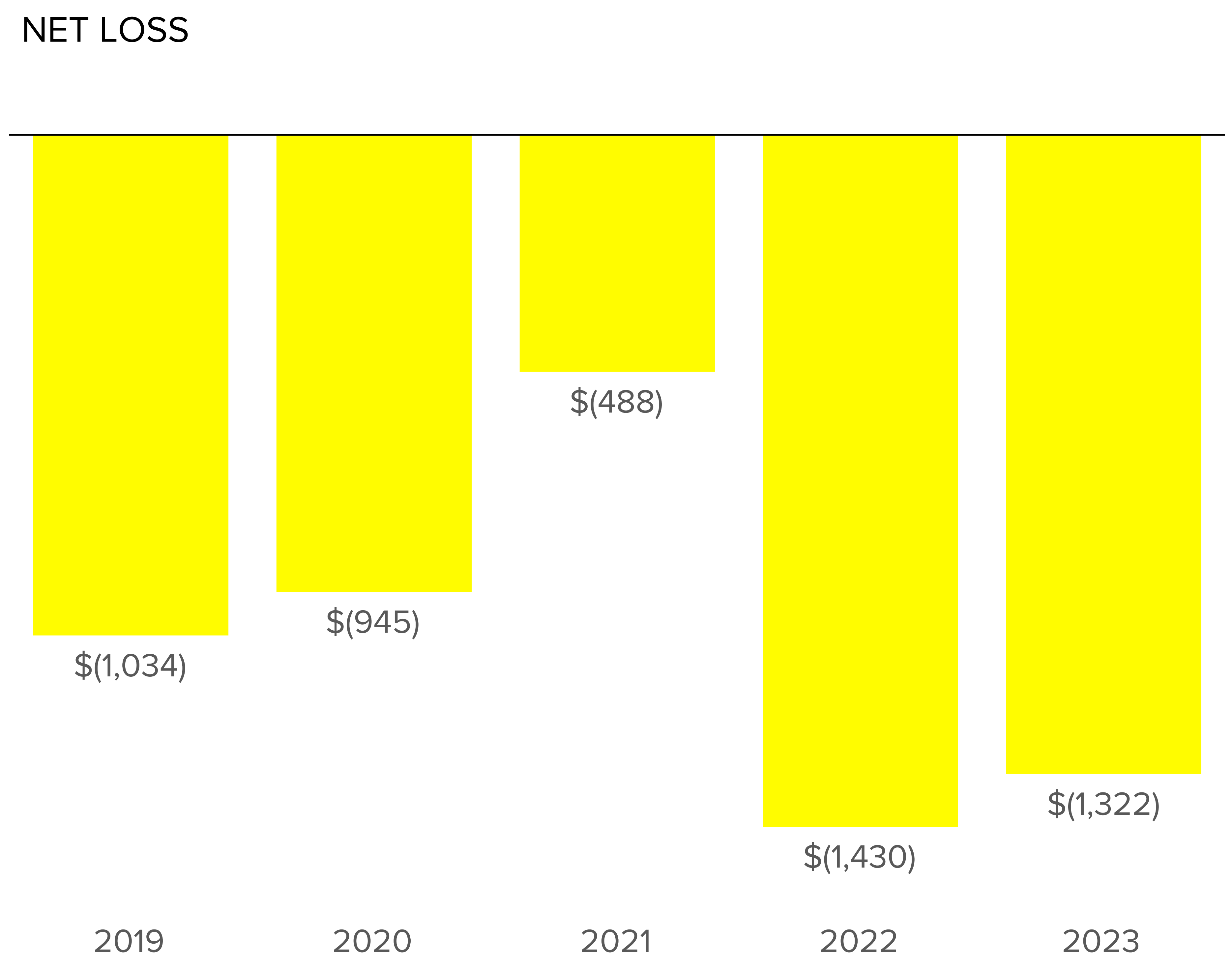
GAAP Gross Profit	$820	$1,324	$2,367	$2,787	$2,492

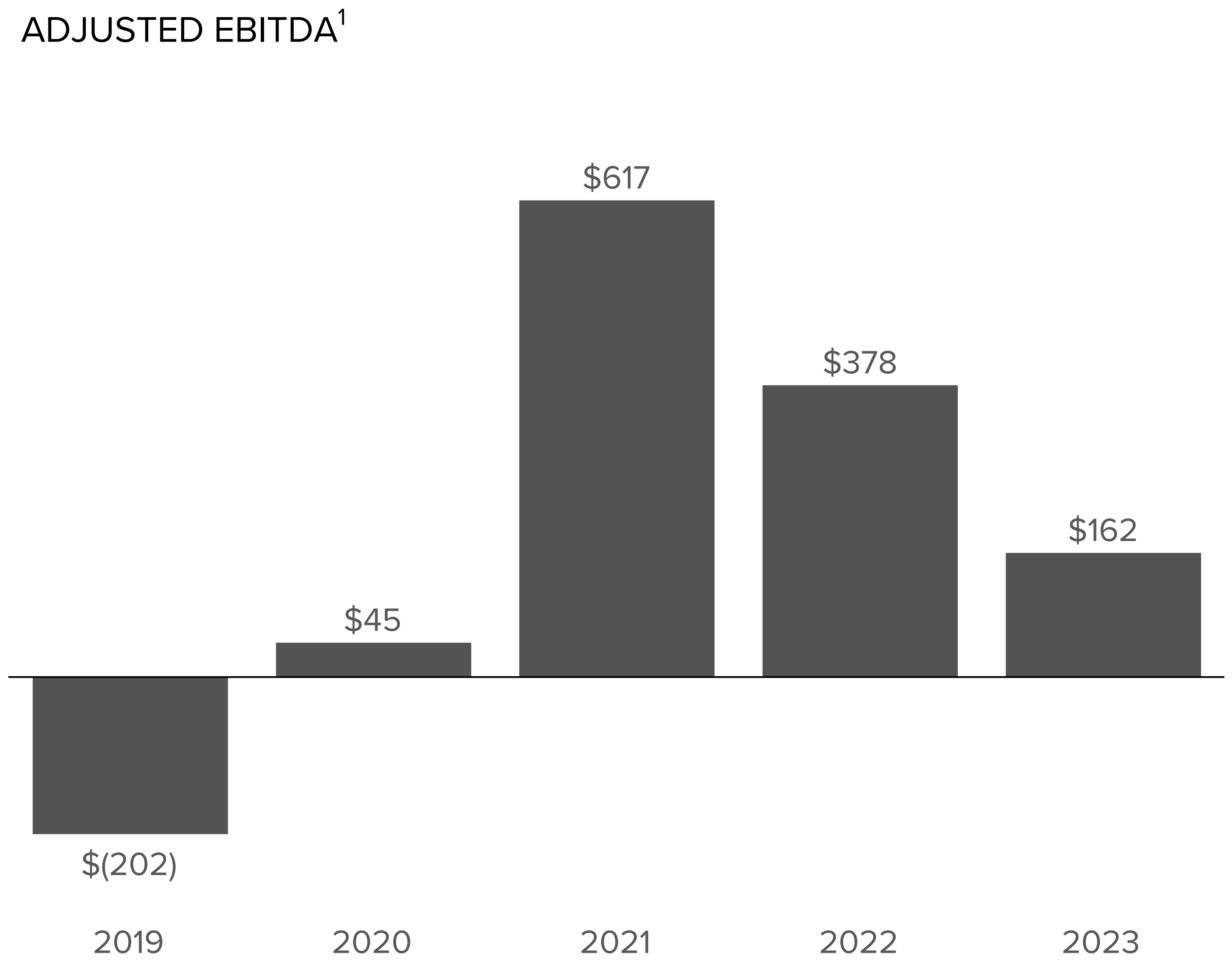
[1]Adjusted gross margin is a non-GAAP measure, which we define as adjusted gross profit divided by GAAP revenue. Adjusted gross profit is a non-GAAP measure, which we define as GAAP revenue less adjusted cost of revenue. Adjusted cost of revenue is a non-GAAP measure and excludes stock-based compensation 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, other items included restructuring charges of $21 million. See Appendix for further detail. Numbers throughout presentation may not foot due to rounding.

FROM 2019 TO 2023, ADJUSTED GROSS MARGIN IMPROVED 6 PPT TO 55%

Net Loss & Adjusted EBITDA[1]

(in millions, unaudited)





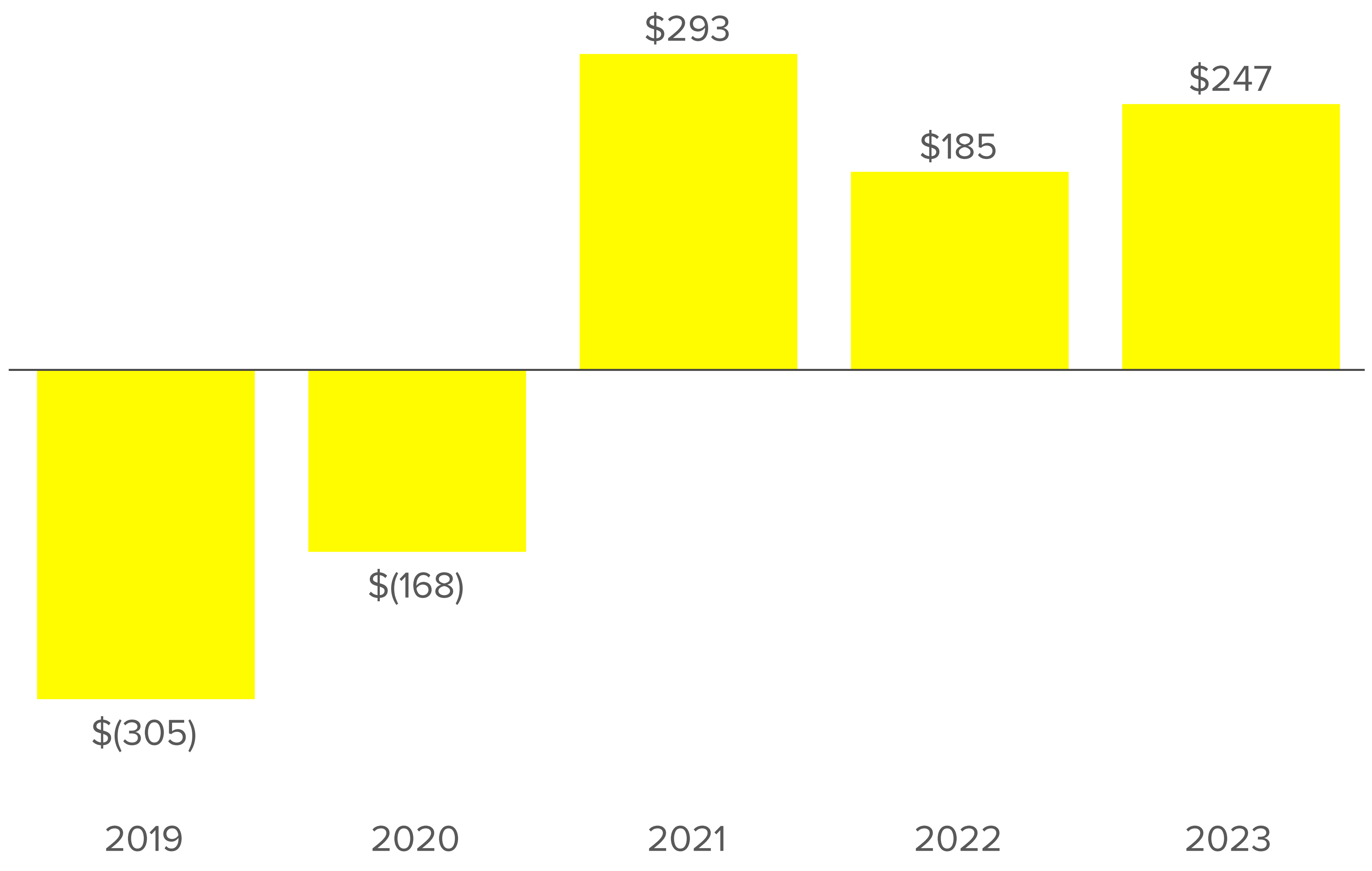
[1]Adjusted EBITDA is a non-GAAP measure, which we define as net income (loss), excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based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

FOURTH CONSECUTIVE FULL YEAR OF ADJUSTED EBITDA PROFITABILITY

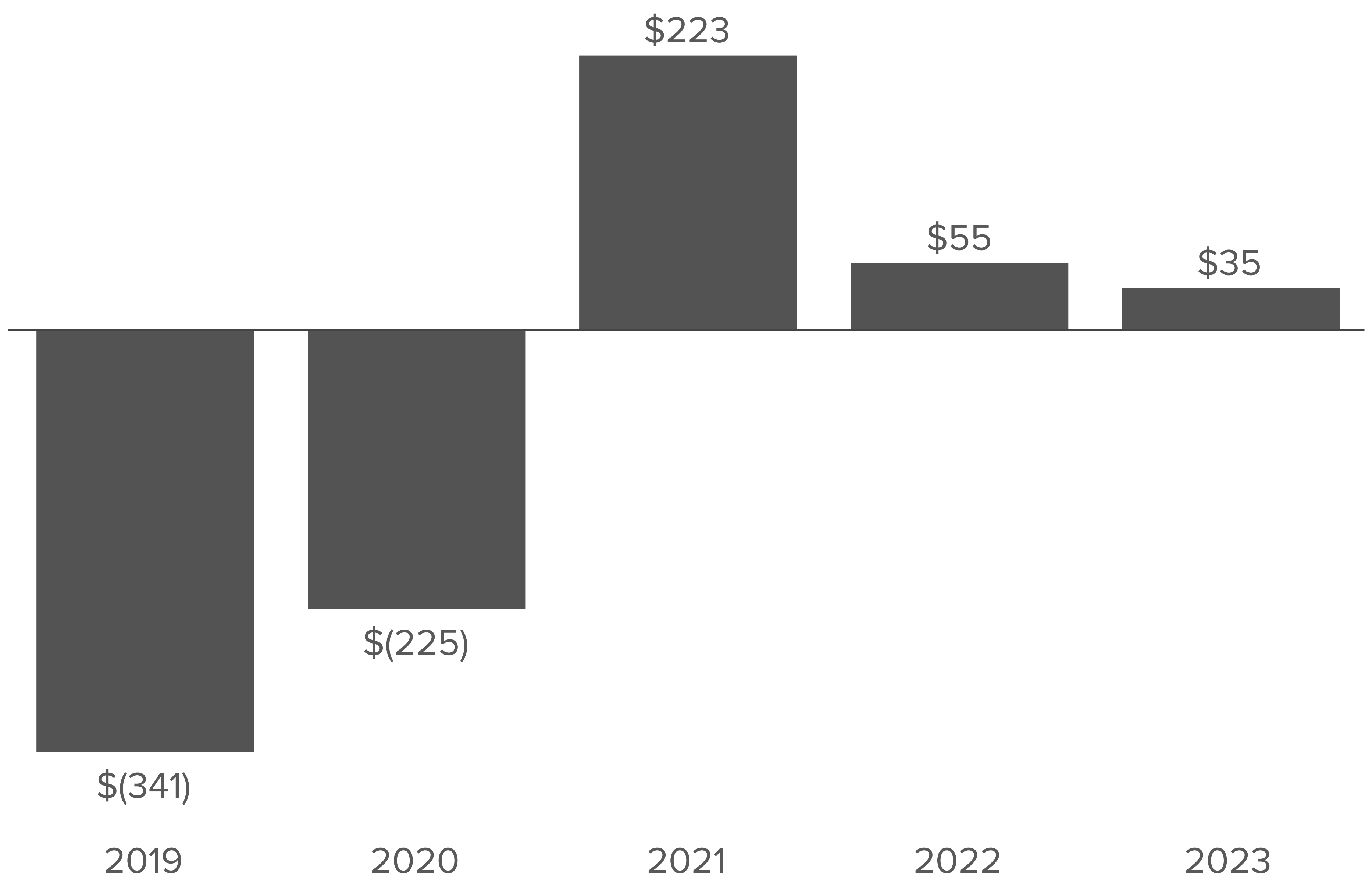
Operating Cash Flow and Free Cash Flow[1]

(in millions, unaudited)

OPERATING CASH FLOW



FREE CASH FLOW[1]



Capex	$(36)	$(58)	$(70)	$(129)	$(212)

[1]Free Cash Flow is a non-GAAP measure, which we define as net cash provided by (used in) operating activities, reduced by purchases of property and equipment. See Appendix for reconciliation of net cash provided by (used in) operating activities to Free Cash Flow. Operating Cash Flow and Free Cash Flow in 2022 include $86 million cash paid for restructuring activities. 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.

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

Q1 2024 Outlook

As we enter Q1, we anticipate continued growth of our global community and, as a result, our guidance range is built on the assumption that DAU[1] will be approximately 420 million in Q1. We are focused on executing against our roadmap to deliver improvements to our direct-response advertising platform to drive improved results for our advertising partners and accelerate topline growth. Our guidance range is for revenue of $1,095 million to $1,135 million, implying year-over-year revenue growth of 11% to 15%. Based on this revenue range and our investment plans for the quarter, we estimate that Adjusted EBITDA will be between negative $55 million and negative $95 million in Q1.

[1]At the beginning of the first quarter 2024, we updated the definition of DAU to include web platform use. Historically, DAU from web platforms has not been material.

Appendix

Non-GAAP Financial Measures Reconciliation – Quarterly

(in thousands, unaudited)

	Three Months Ended					
	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Adjusted EBITDA Reconciliation						
Net income (loss)	$ (359,502)	$ (288,460)	$ (328,674)	$ (377,308)	$ (368,256)	$ (248,247)
Add (deduct):						
Interest income	(18,445)	(28,698)	(37,948)	(43,144)	(43,839)	(43,463)
Interest expense	5,425	5,312	5,885	5,343	5,521	5,275
Other (income) expense, net	(71,961)	20,043	(11,372)	(1,323)	20,662	34,447
Income tax (benefit) expense	9,241	4,206	6,845	12,093	5,849	3,275
Depreciation and amortization	34,068	34,975	35,220	39,688	41,209	43,882
Stock-based compensation expense	312,690	446,339	314,931	317,943	353,846	333,063
Payroll and other tax expense related to stock-based compensation	6,561	5,172	15,926	8,229	6,463	8,706
Restructuring charges[1]	154,563	34,386	—	—	18,639	22,211
Adjusted EBITDA[2]	**$ 72,640**	**$ 233,275**	**$ 813**	**$ (38,479)**	**$ 40,094**	**$ 159,149**

	Three Months Ended					
	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Free Cash Flow Reconciliation						
Net cash provided by (used in) operating activities	$ 55,945	$ 125,291	$ 151,102	$ (81,936)	$ 12,781	$ 164,574
Less:						
Purchases of property and equipment	(37,836)	(46,925)	(47,630)	(36,943)	(73,435)	(53,719)
Free Cash Flow[3]	**$ 18,109**	**$ 78,366**	**$ 103,472**	**$ (118,879)**	**$ (60,654)**	**$ 110,855**

[1]Restructuring charges relating to the strategic reprioritization plan were composed primarily of severance and related charges of $91 million and $6 million in Q3 2022 and Q4 2022, respectively, stock-based compensation expense, lease exit and related charges, impairment charges, contract termination charges, and intangible asset amortization. Restructuring 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 in Q3 2023 and Q4 2023. 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. These charges are not reflective of underlying trends in our business.

[2]Adjusted EBITDA is a non-GAAP measure, which we define as net income (loss), excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; and certain other items impacting net income (loss) from time to time.

[3]Free Cash Flow is a non-GAAP measure, which we define as net cash provided by (used in) operating activities, reduced by purchases of property and equipment.

Numbers throughout presentation may not foot due to rounding.

Non-GAAP Financial Measures Reconciliation – Quarterly

(in thousands, unaudited)

	Three Months Ended					
	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Non-GAAP net income (loss) reconciliation						
Net income (loss)	$ (359,502)	$ (288,460)	$ (328,674)	$ (377,308)	$ (368,256)	$ (248,247)
Amortization of intangible assets	18,701	18,073	17,755	18,405	19,134	17,484
Stock-based compensation expense	312,690	446,339	314,931	317,943	353,846	333,063
Payroll and other tax expense related to stock-based compensation	6,561	5,172	15,926	8,229	6,463	8,706
Restructuring charges[1]	154,563	34,386	—	—	18,639	22,211
Income tax adjustments	(954)	(988)	32	(269)	(573)	(5,306)
Non-GAAP net income (loss)[2]	**$ 132,059**	**$ 214,522**	**$ 19,970**	**$ (33,000)**	**$ 29,253**	**$ 127,911**
Weighted-average common shares - Diluted[3]	**1,608,523**	**1,573,883**	**1,581,370**	**1,603,172**	**1,625,917**	**1,638,714**

	Three Months Ended					
	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Non-GAAP diluted net income (loss) per share reconciliation						
GAAP diluted net income (loss) per share	$ (0.22)	$ (0.18)	$ (0.21)	$ (0.24)	$ (0.23)	$ (0.15)
Non-GAAP adjustment to net income (loss)	0.30	0.32	0.22	0.22	0.25	0.23
Non-GAAP diluted net income (loss) per share[2]	**$ 0.08**	**$ 0.14**	**$ 0.01**	**$ (0.02)**	**$ 0.02**	**$ 0.08**

[1]Restructuring charges relating to the strategic reprioritization plan were composed primarily of severance and related charges of $91 million and $6 million in Q3 2022 and Q4 2022, respectively, stock-based compensation expense, lease exit and related charges, impairment charges, contract termination charges, and intangible asset amortization. Restructuring 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 in Q3 2023 and Q4 2023. 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. These charges are not reflective of underlying trends in our business.
[2]We define Non-GAAP net income (loss) as net income (loss); excluding amortization of intangible assets; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; certain other items impacting net income (loss) from time to time; and related income tax adjustments. Non-GAAP net income (loss) and weighted average diluted shares are then used to calculate Non-GAAP diluted net income (loss) per share.
[3]For all periods, 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				
	2019	2020	2021	2022	2023
Adjusted EBITDA Reconciliation					
Net income (loss)	$ (1,033,660)	$ (944,839)	$ (487,955)	$ (1,429,653)	$ (1,322,485)
Add (deduct):					
Interest income	(36,042)	(18,127)	(5,199)	(58,597)	(168,394)
Interest expense	24,994	97,228	17,676	21,459	22,024
Other (income) expense, net	(59,013)	(14,988)	(240,175)	42,529	42,414
Income tax (benefit) expense	393	18,654	13,584	28,956	28,062
Depreciation and amortization	87,245	86,744	119,141	186,434	159,999
Stock-based compensation expense	686,013	770,182	1,092,135	1,353,283	1,319,783
Payroll and other tax expense related to stock-based compensation	27,840	50,309	107,479	44,213	39,324
Securities class actions legal charges[1]	100,000	—	—	—	—
Restructuring charges[2]	—	—	—	188,949	40,850
Adjusted EBITDA[3]	**$ (202,230)**	**$ 45,163**	**$ 616,686**	**$ 377,573**	**$ 161,577**

	Year Ended				
	2019	2020	2021	2022	2023
Free Cash Flow Reconciliation					
Net cash provided by (used in) operating activities	$ (304,958)	$ (167,644)	$ 292,880	$ 184,614	$ 246,521
Less:					
Purchases of property and equipment	(36,478)	(57,832)	(69,875)	(129,306)	(211,727)
Free Cash Flow[4]	**$ (341,436)**	**$ (225,476)**	**$ 223,005**	**$ 55,308**	**$ 34,794**

[1]Securities class actions legal charges related to a preliminary agreement to settle the securities class actions that arose following our IPO. Charges recorded are net of amounts directly covered by insurance. These charges are non-recurring and not reflective of underlying trends in our business.
[2]Restructuring 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. These charges are not reflective of underlying trends in our business.
[3]Adjusted EBITDA is a non-GAAP measure, which we define as net income (loss), excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; and certain other items impacting net income (loss) from time to time.
[4]Free Cash Flow is a non-GAAP measure, which we define as net cash provided by (used in) operating activities, reduced by purchases of property and equipment.
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.

Note Regarding User Metrics and Other Data

We define a Daily Active User, or DAU, as a registered Snapchat user who opens the Snapchat application at least once during a defined 24-hour period. We calculate average DAUs for a particular quarter by adding the number of DAUs on each day of that quarter and dividing that sum by the number of days in that quarter. DAUs are broken out by geography because markets have different characteristics. We define average revenue per user, or ARPU, as quarterly revenue divided by the average DAUs. For purposes of calculating ARPU, revenue by user geography is apportioned to each region based on our determination of the geographic location in which advertising impressions are delivered, as this approximates revenue based on user activity. This allocation differs from our components of revenue disclosure in the notes to our consolidated financial statements, where revenue is based on the billing address of the advertising customer.

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

While these metrics are determined based on what we believe to be reasonable estimates of our user base for the applicable period of measurement, there are inherent challenges in measuring how our products are used across large populations globally. For example, there may be individuals who 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.

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

Note Regarding User Metrics and Other Data (Continued)

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

If we fail to maintain an effective analytics platform, our metrics calculations may be inaccurate. We regularly review, have adjusted in the past, and are likely in the future to adjust our processes for calculating our internal metrics to improve their accuracy. As a result of such adjustments, our DAUs or other metrics may not be comparable to those in prior periods. Our measures of DAUs may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology or data used.