

Snap Inc.

Q1 2024 Earnings Slides

April 25, 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.

First Quarter Financial Summary

Revenue	<ul style="list-style-type: none">• Revenue was \$1,195 million in Q1 2024, compared to \$989 million in Q1 2023, an increase of 21%¹ year-over-year.• Average revenue per user was \$2.83 in Q1 2024, compared to \$2.58 in Q1 2023.
Operating Performance	<ul style="list-style-type: none">• Operating margin was (28)% in Q1 2024, compared to (37)% in Q1 2023.• Adjusted gross margin² was 52% in Q1 2024, compared to 56% in Q1 2023.• Net loss was \$305 million in Q1 2024, compared to \$329 million in Q1 2023.• Adjusted EBITDA³ was \$46 million in Q1 2024, compared to \$1 million in Q1 2023.• Adjusted EBITDA margin³ was 4% in Q1 2024, compared to 0.1% in Q1 2023.
Cash	<ul style="list-style-type: none">• Operating cash flow was \$88 million in Q1 2024, compared to \$151 million in Q1 2023.• Free Cash Flow³ was \$38 million in Q1 2024, compared to \$103 million in Q1 2023.• Cash, cash equivalents, and marketable securities were \$2.9 billion as of March 31, 2024.

¹On a constant currency basis, the impact of foreign exchange rates on revenue was not material at less than 1% in Q1 2024. Constant currency revenue is a non-GAAP measure, see Appendix for further detail.

²Adjusted gross margin is a non-GAAP measure, which we define as GAAP revenue less adjusted cost of revenue divided by GAAP revenue. Adjusted cost of revenue is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other items impacting net income (loss) from time to time.

³Adjusted EBITDA margin is a non-GAAP measure, which we define as Adjusted EBITDA divided by GAAP revenue. See Appendix for 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 \$1,195 MILLION IN Q1 2024, AN INCREASE OF 21% YoY

Business Highlights

We grew and deepened our engagement with our community:

- DAUs were 422 million in Q1 2024, an increase of 39 million, or 10%, year-over-year.
- Total time spent watching Spotlight content increased more than 125% year-over-year.
- The growth in the Snap Star program has been an important driver of engagement in North America, with total time spent watching Stories from Snap Stars growing more than 55% year-over-year in North America.
- We onboarded over 1,500 Snap Stars in Q1, which has helped generate quarter-over-quarter growth in Story posts, Spotlight posts, and Stories time spent for Snap Stars globally.
- We introduced new tools to help our community make more creative Snaps, including new Creative Templates, the ability to post longer videos, and access to AI-powered AR Lens creation.

Business Highlights (Continued)

We are focused on accelerating and diversifying our revenue growth:

- Snapchat+ subscribers more than tripled year-over-year, surpassing 9 million subscribers in Q1.
- The number of small and medium sized advertisers on Snapchat increased 85% year-over-year.
- Ongoing momentum with our 7-0 Pixel Purchase optimization model led to a more than 75% increase in purchase related conversions year-over-year.
- We launched a new and improved version of Conversions API (CAPI) available to all advertisers that offers easier set up with reduced integration times.
- We partnered with Snowflake to enable advertisers to easily implement our CAPI solutions without needing to build a bespoke back-end integration.
- Our improvements to CAPI and improved collaboration with advertisers has resulted in CAPI integrations growing approximately 300% year-over-year in Q1 2024.
- We launched Sponsored AR Filters, our new AR ad offering that expands advertisers' reach via the Snapchat Camera and enables Snapchatters to overlay sponsored AR content on their Snaps after a photo or video is captured.
- We announced partnerships with Traackr, Lumen Research, OMD, Amplified Intelligence, and Fospha to empower advertisers with more campaign tools and insights.
- We announced two new brand safety solutions for advertisers: a third-party measurement product in partnership with Integral Ad Science, a leading global media measurement and optimization platform, to provide advertisers with increased transparency across their Snapchat campaigns, and a first-party tool that allows advertisers greater control over where their ads appear.

Business Highlights (Continued)

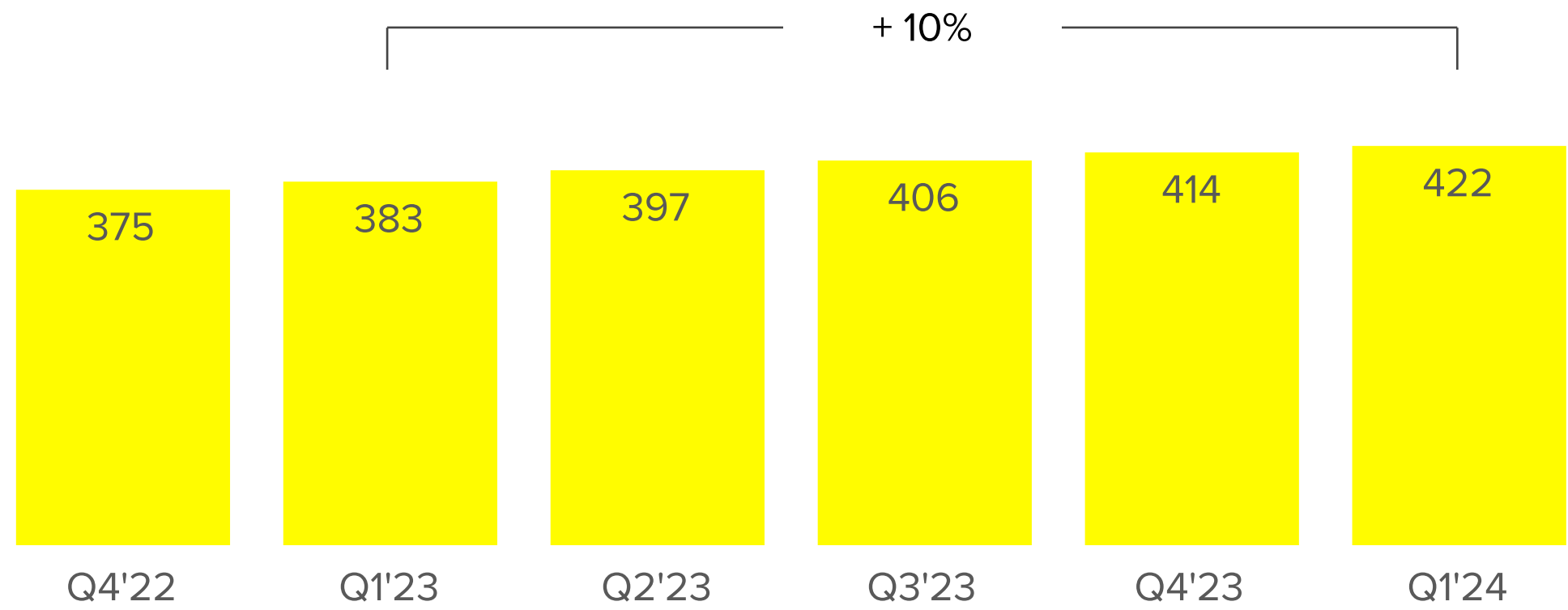
We invested in our augmented reality platform:

- We continue to invest in Generative AI models and automation for the creation of ML and AI Lenses, which contributed to the number of ML and AI Lenses viewed by Snapchatters increasing by more than 50% year-over-year.
- We invested in relationship-centered AR Formats that drove outsized sharing among US Snapchatters including “Friend Lenses” that feature friends in Quizzes and other experiences, and “Q&A Lenses” that prompt Snapchatters to send fun text and image responses to their Friends.
- We implemented an improved AR Carousel ranking model that refreshes AR lenses more frequently, making it easier to discover new Lenses, driving a more than 50% increase in the number of new Lenses seen in the carousel by Snapchatters since launch.
- We integrated a new AI Assistant in Lens Studio that answers developer questions based on our documentation and tutorials to guide developers and help build Lenses more easily.
- We launched a new Compression tool in Lens Studio to easily reduce the size of assets and optimize Lenses in order to improve the Lens creation experience on Snapchat.
- We launched an Animation Curve Editor in Lens Studio, a new interface for developers to edit animations inside Lens Studio — the first of many foundational animation tools coming soon.
- At Super Bowl LVIII, the NFL integrated Snapchat's Camera Kit technology at Allegiant Stadium in Las Vegas — the first time a Super Bowl host stadium has integrated our technology.

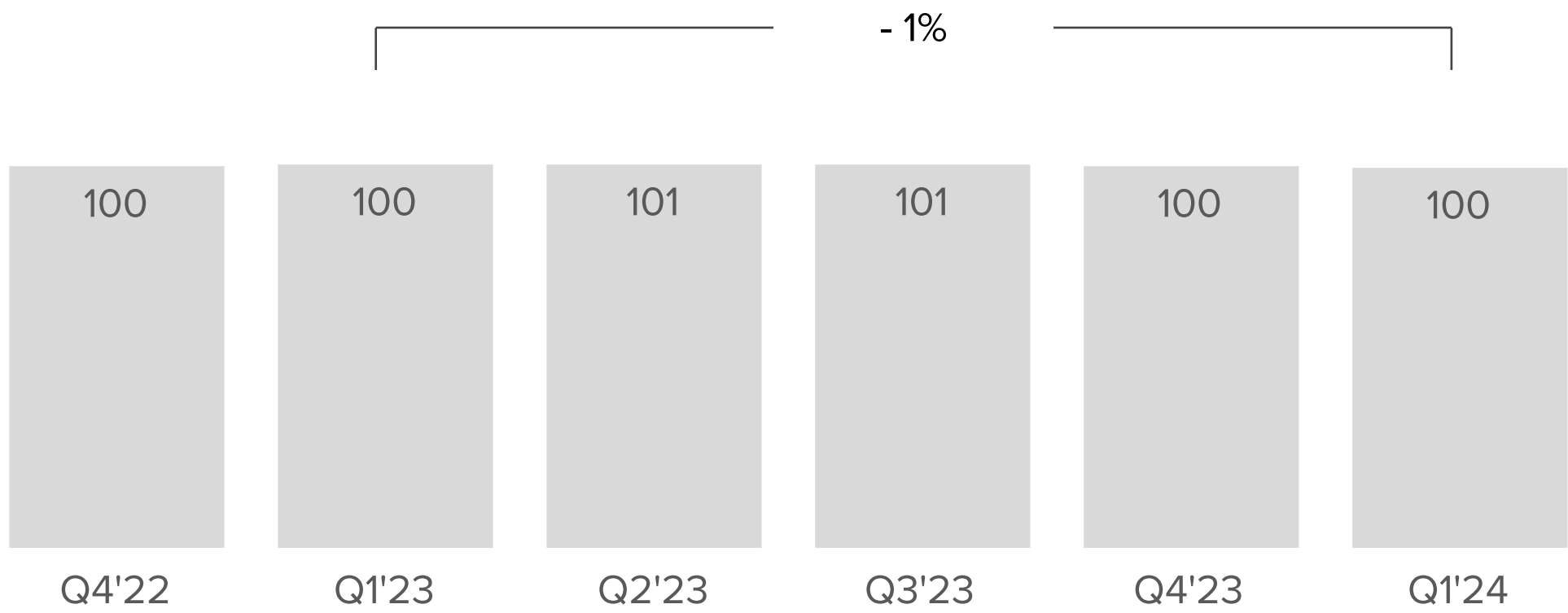
Average Daily Active Users (DAU)

(in millions, unaudited)

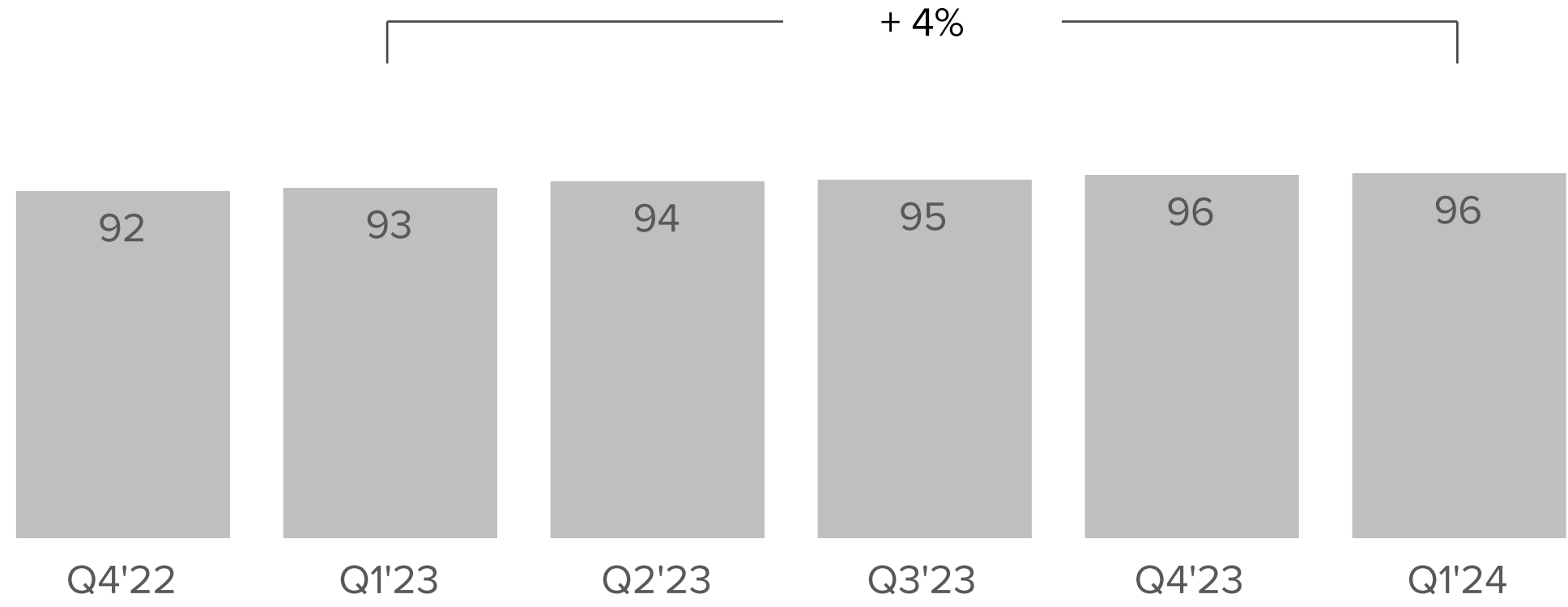
GLOBAL



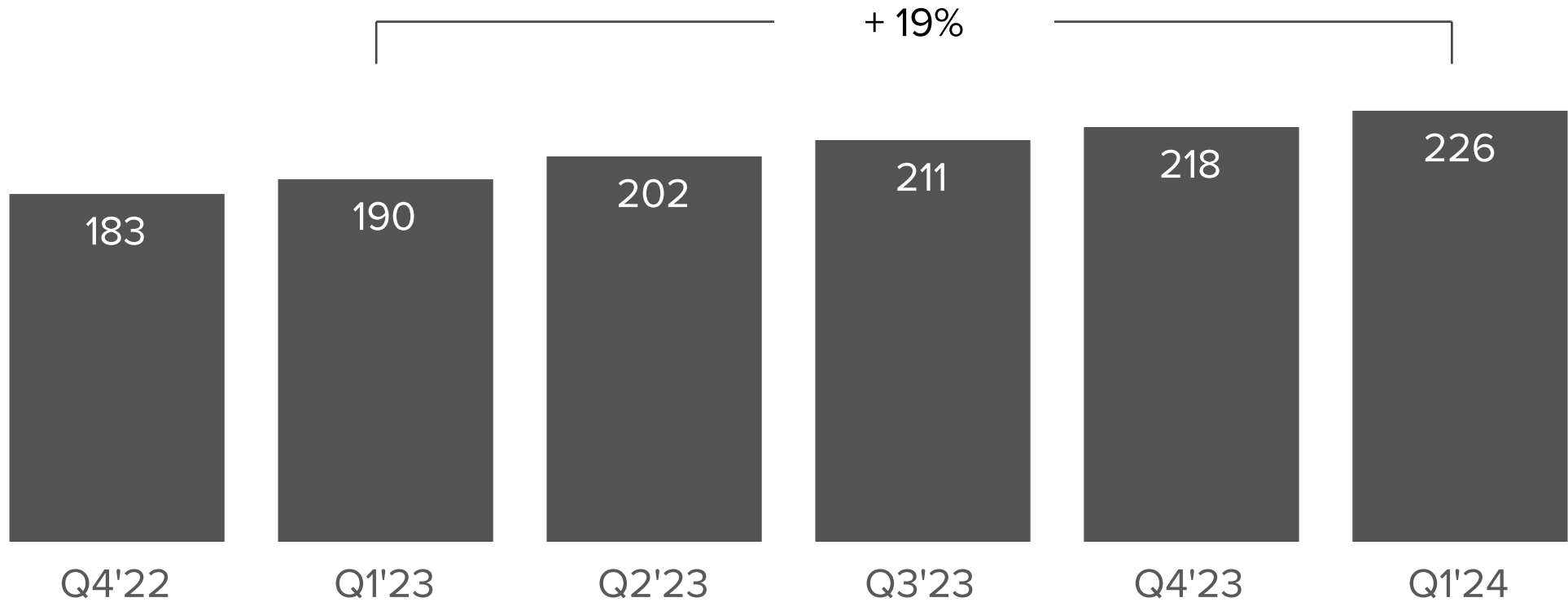
NORTH AMERICA¹



EUROPE²



REST OF WORLD



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

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

²Europe includes Russia and Turkey.

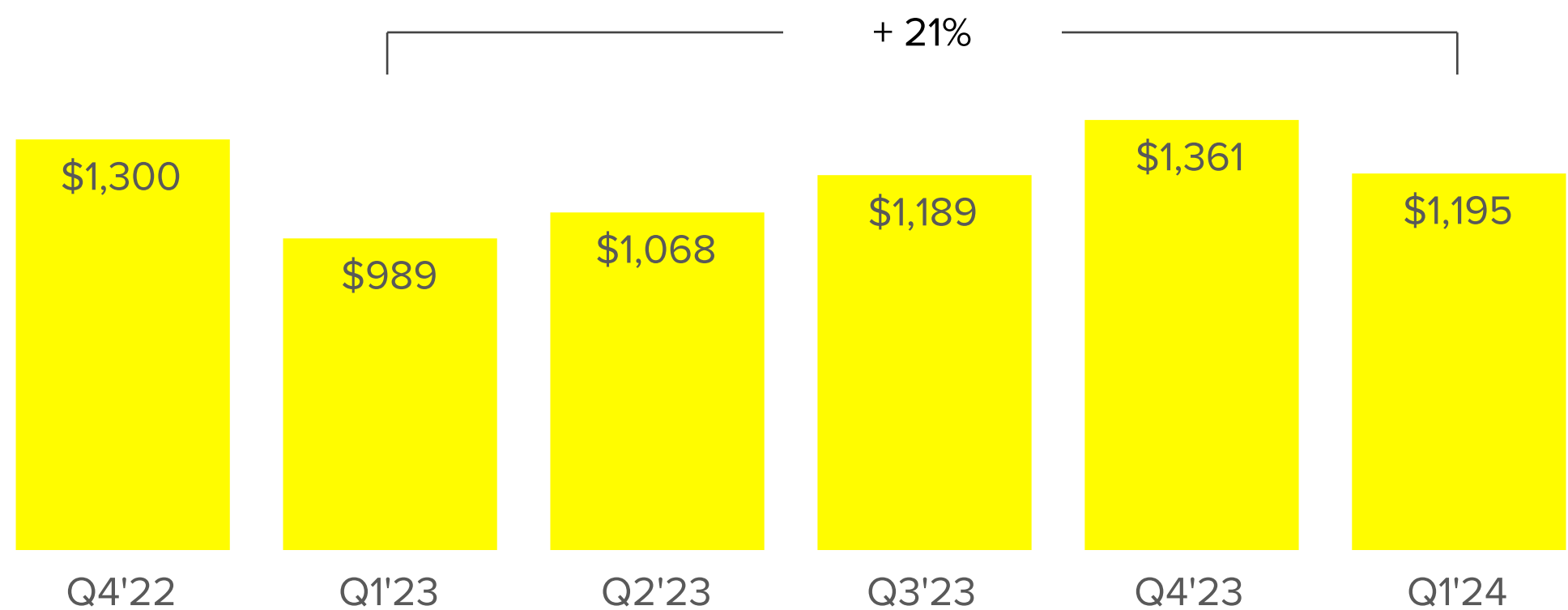
Numbers throughout presentation may not foot due to rounding.

GLOBAL DAU INCREASED 39 MILLION, OR 10%, YoY
REST OF WORLD DAU INCREASED 36 MILLION, OR 19%, YoY

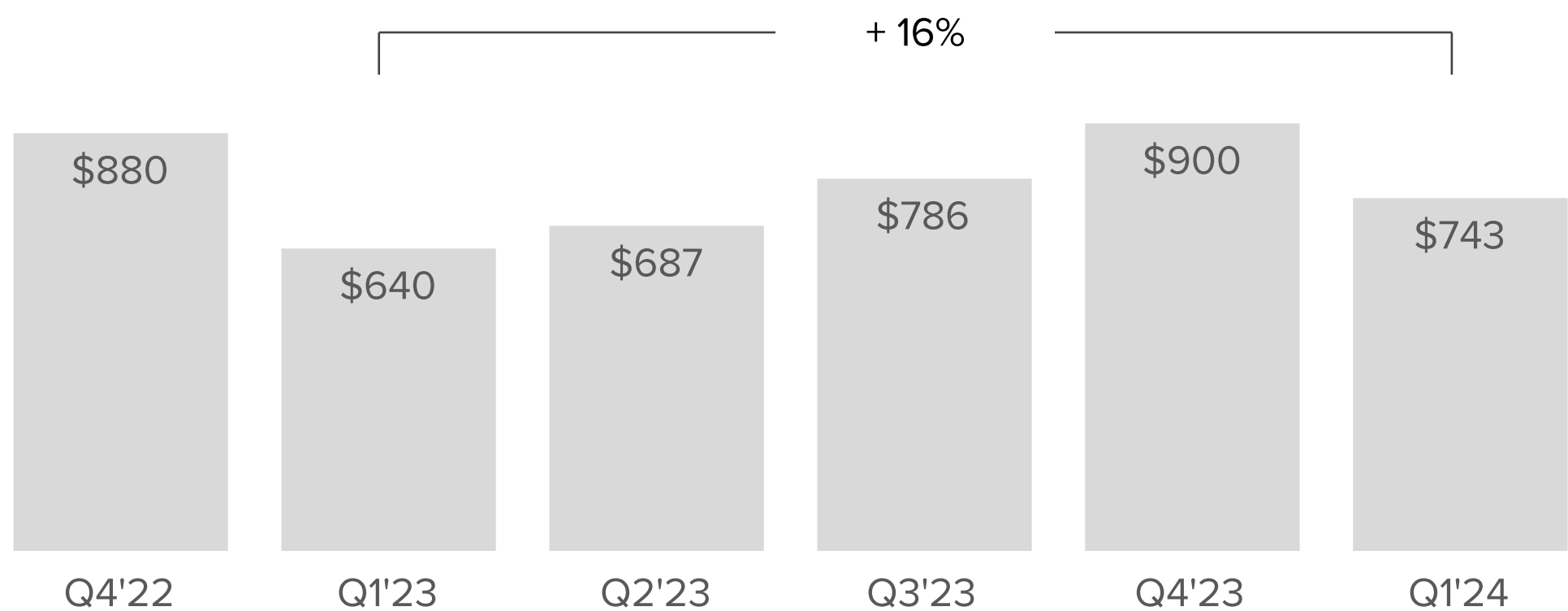
Revenue by Geography

(in millions, unaudited)

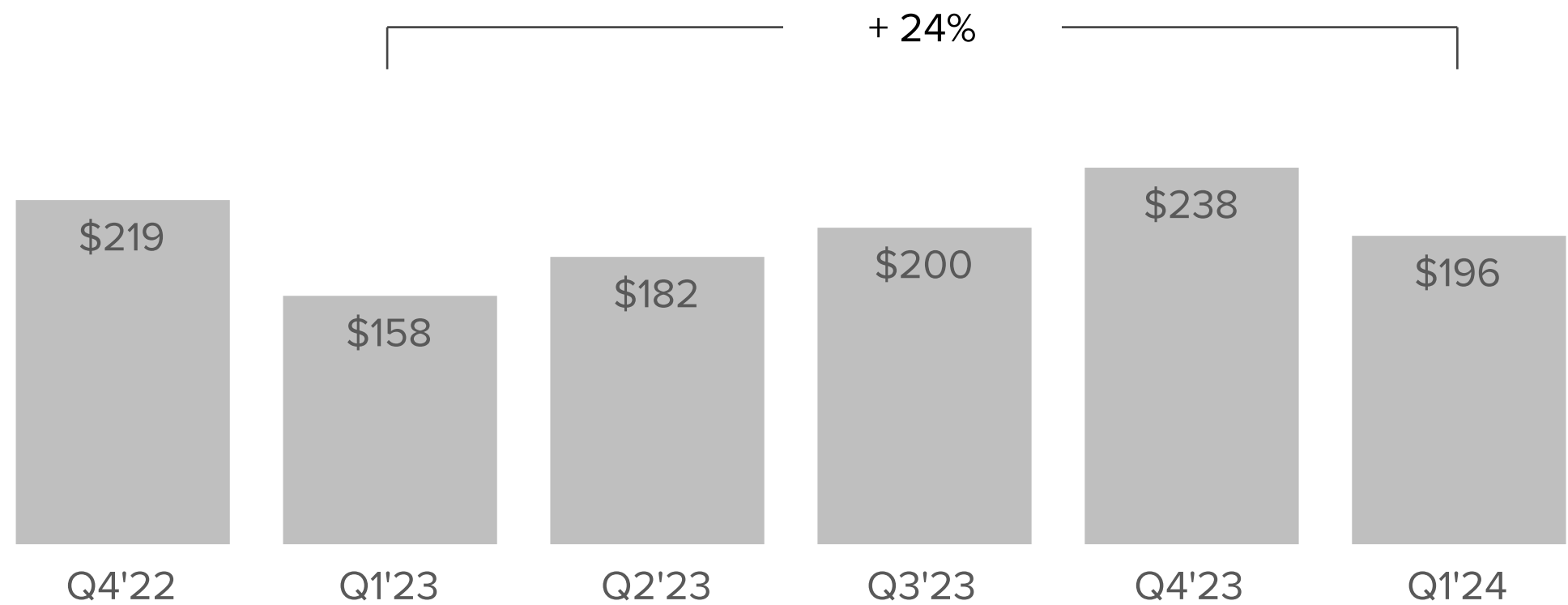
GLOBAL



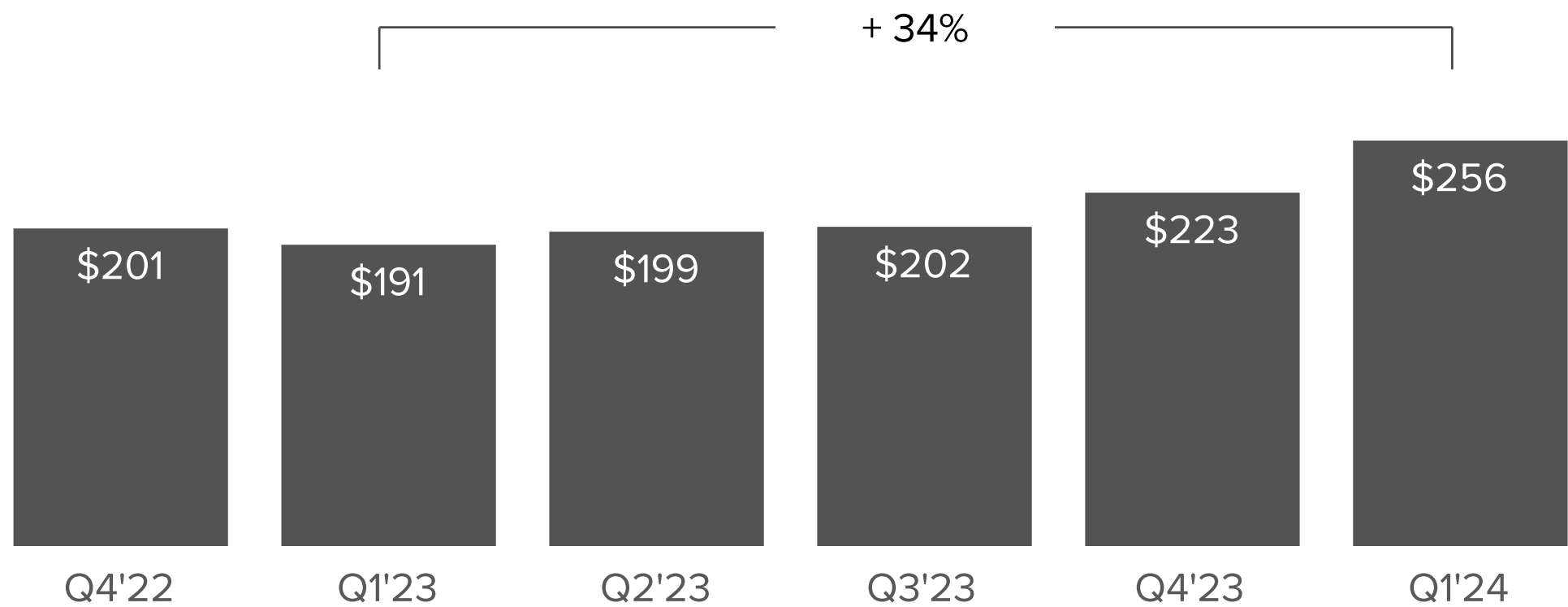
NORTH AMERICA¹



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.

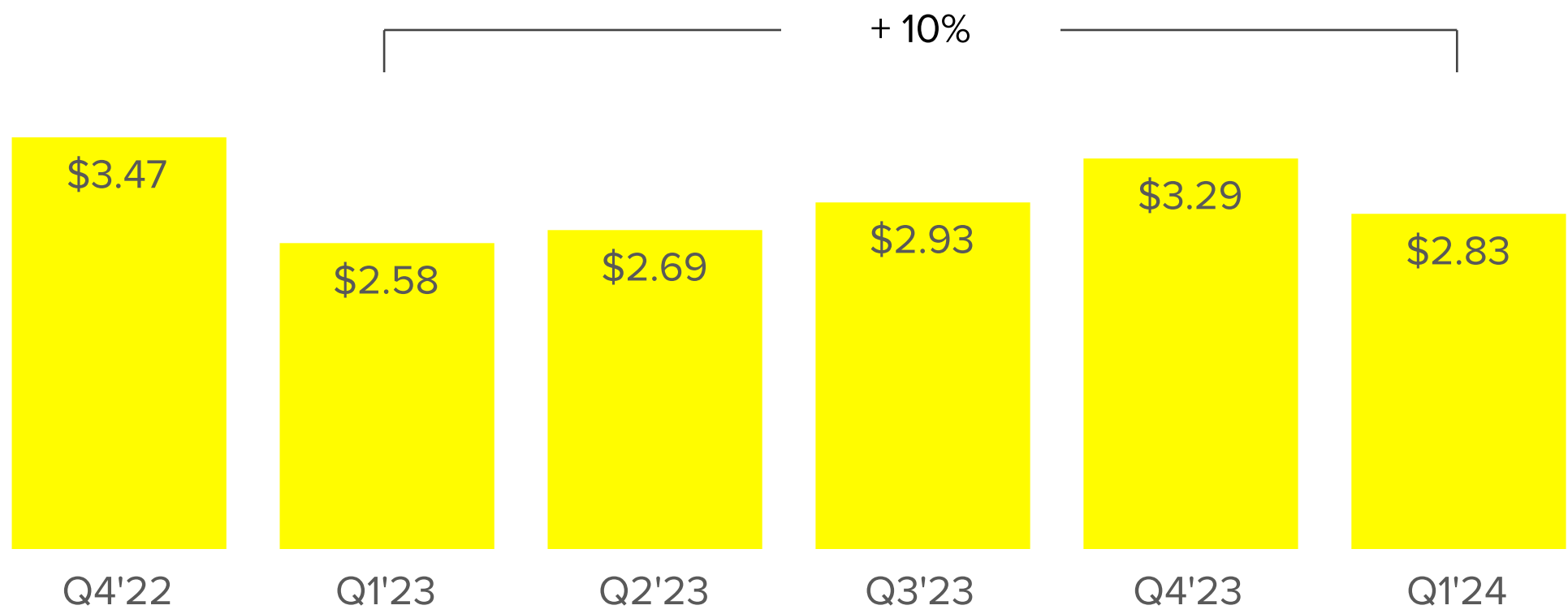
Numbers throughout presentation may not foot due to rounding.

Q1 2024 REVENUE INCREASED 21% YoY
REVENUE GROWTH ACCELERATED 16 PPT QoQ

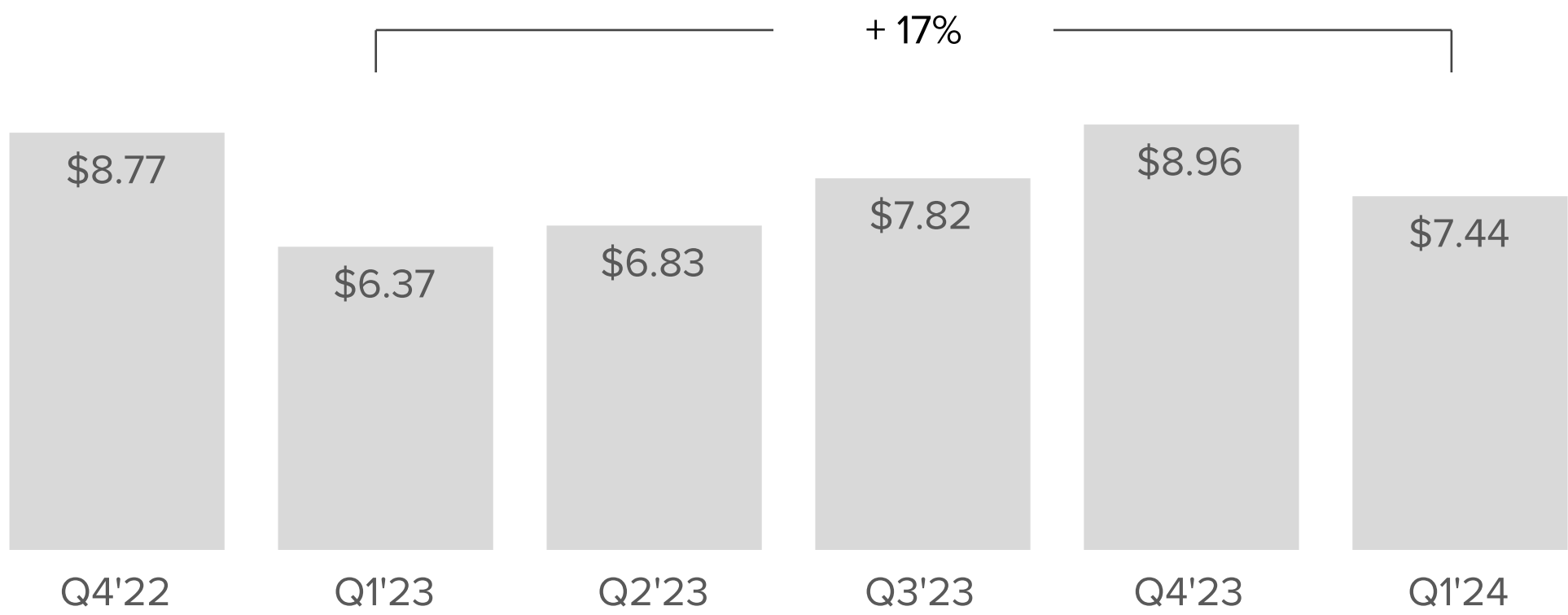
Average Revenue Per User (ARPU)

(unaudited)

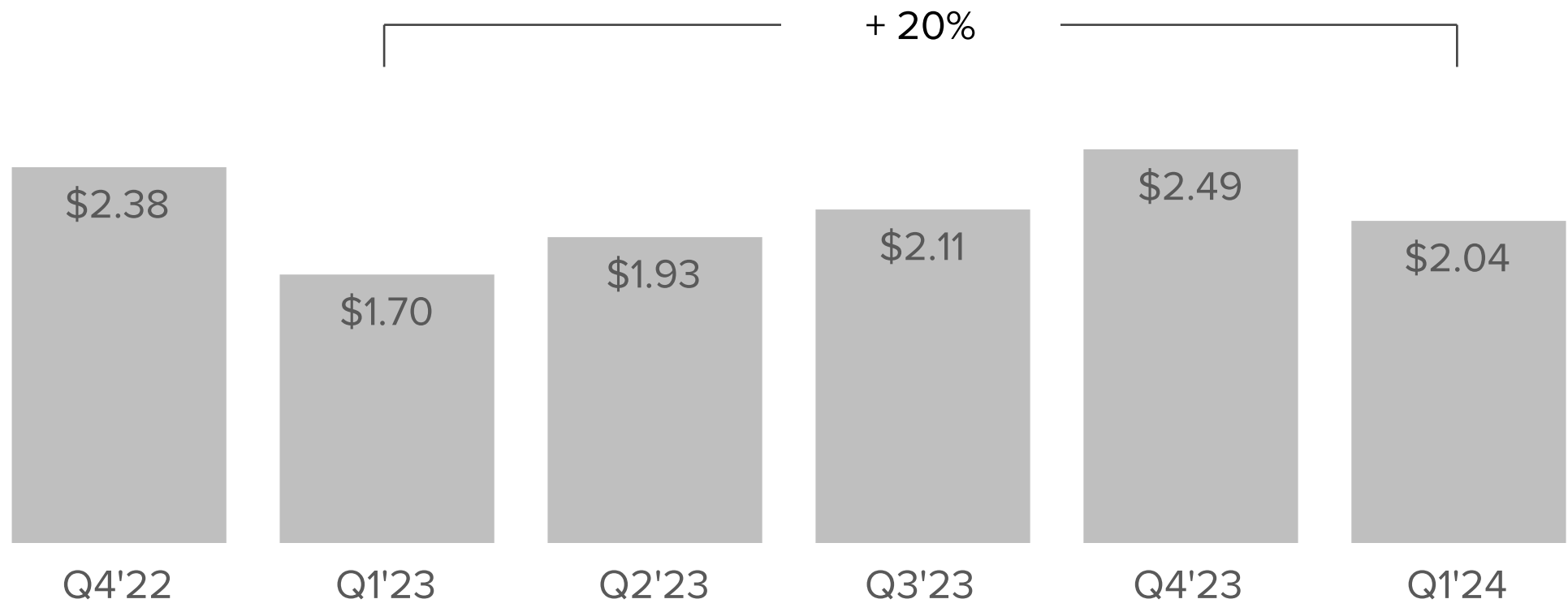
GLOBAL



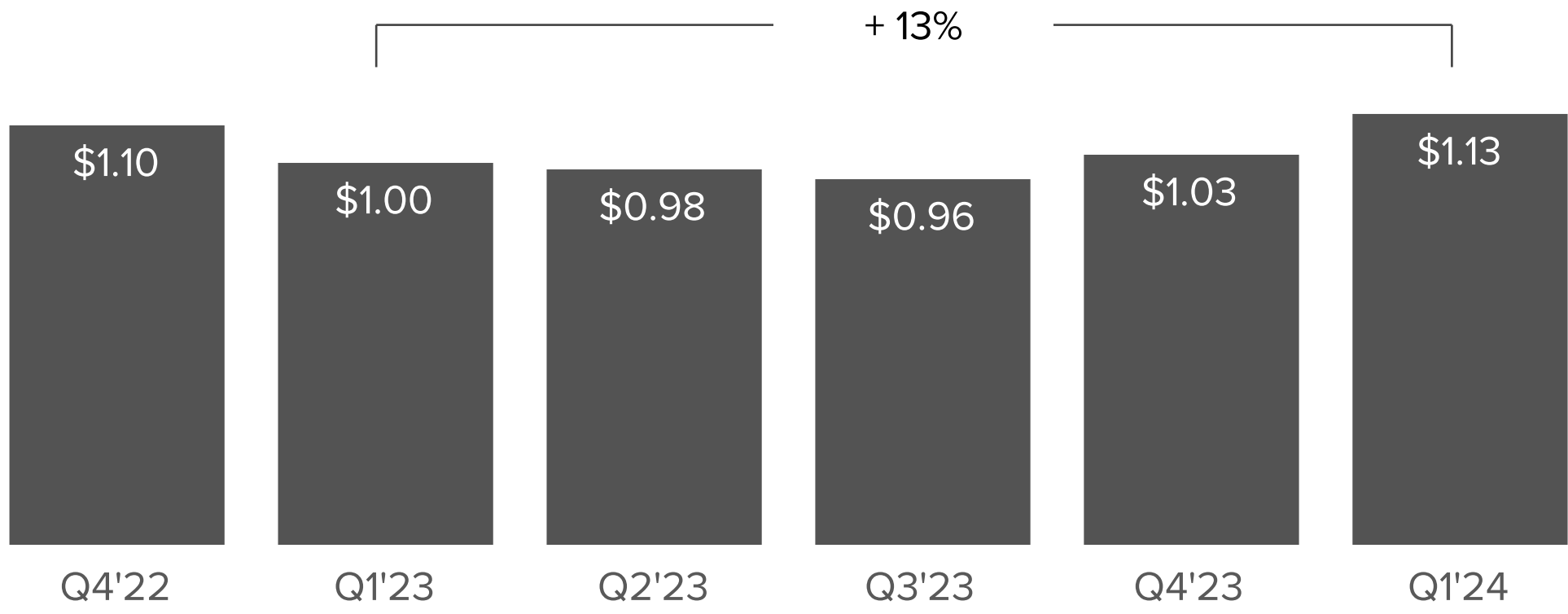
NORTH AMERICA¹



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.

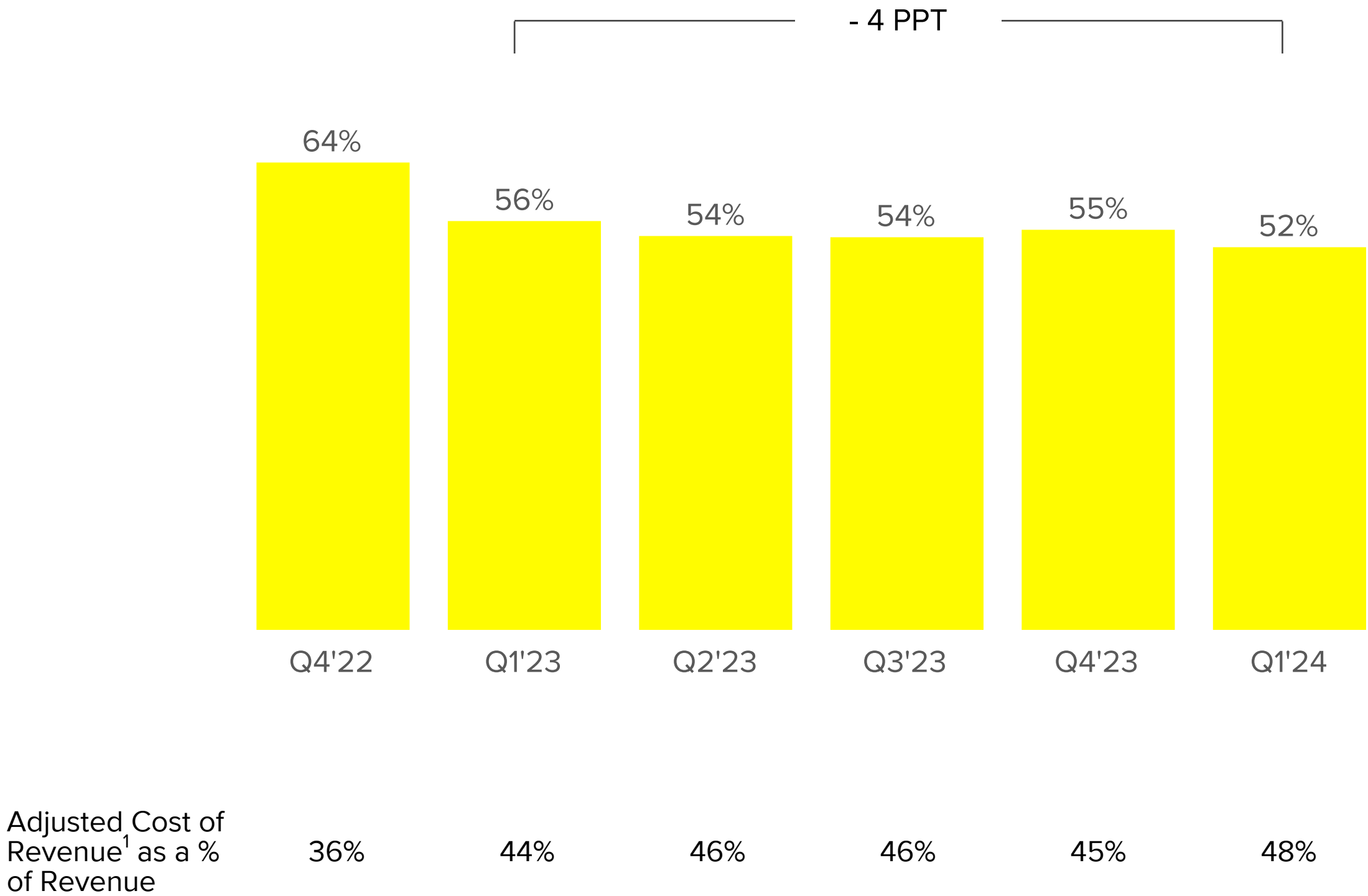
Numbers throughout presentation may not foot due to rounding.

DOUBLE DIGIT PERCENTAGE GROWTH IN ARPU ACROSS ALL REGIONS

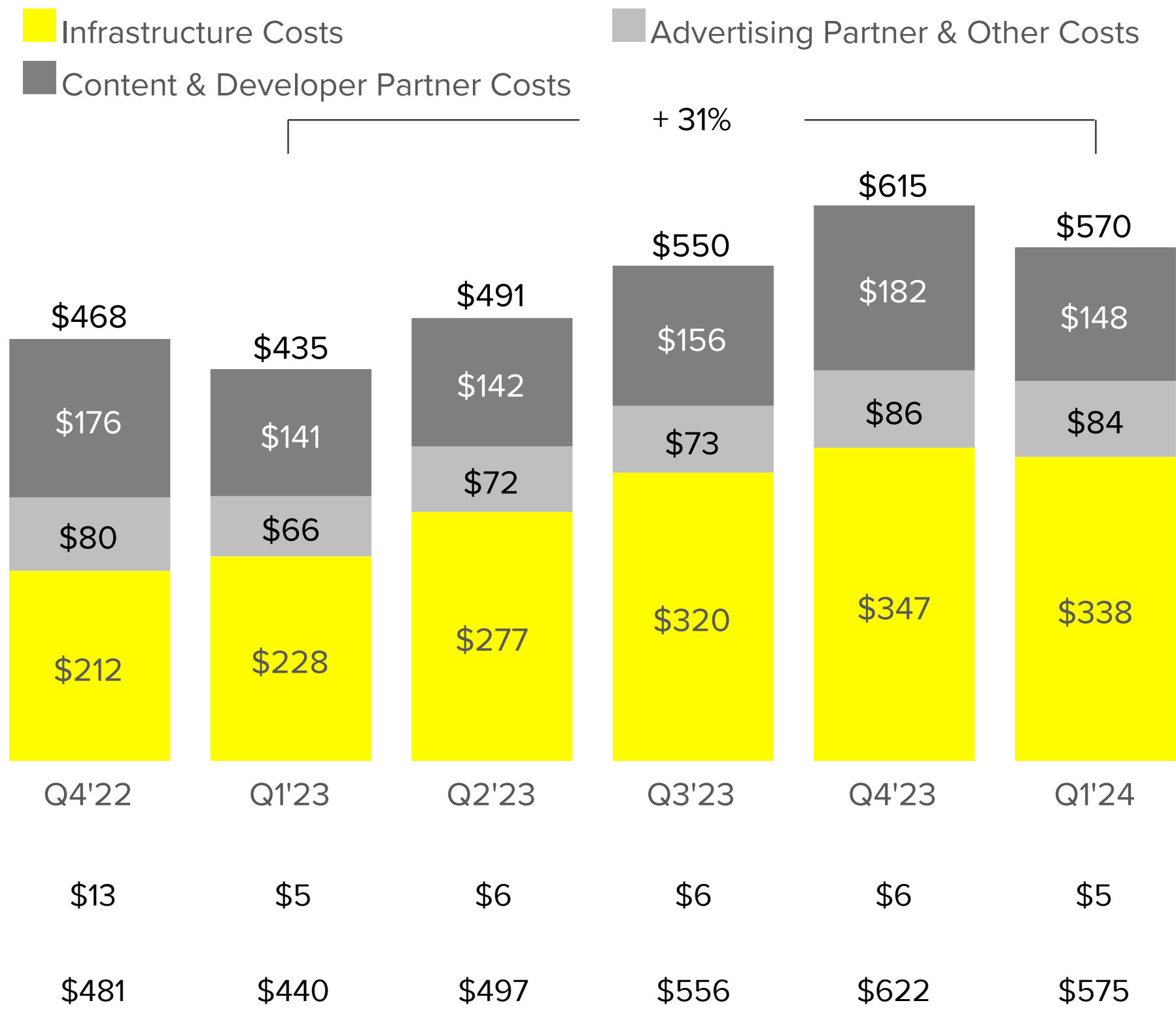
Adjusted Gross Margin and Adjusted Cost of Revenue¹

(dollars in millions, unaudited)

ADJUSTED GROSS MARGIN¹



ADJUSTED COST OF REVENUE¹ COMPOSITION



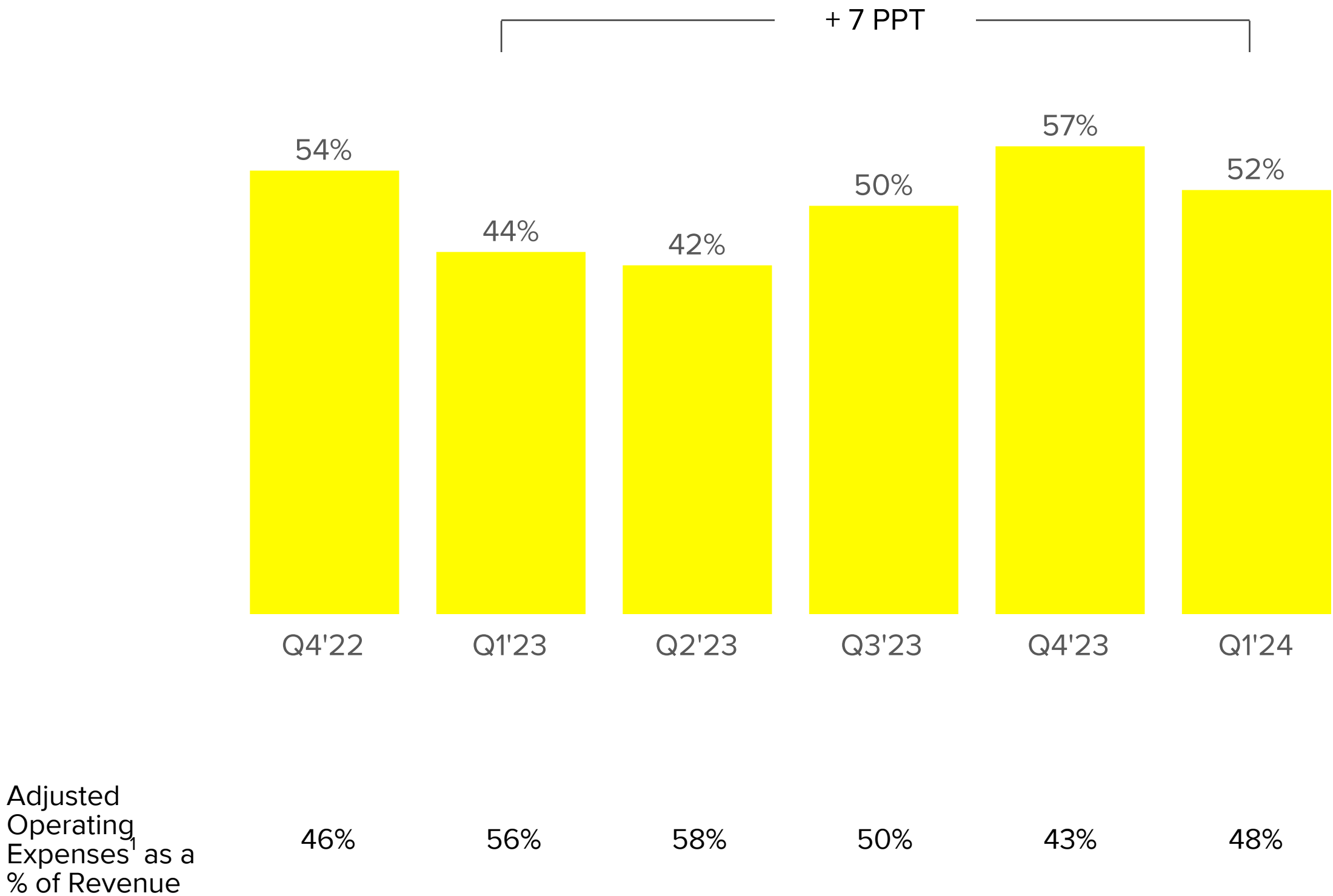
¹Adjusted gross margin is a non-GAAP measure, which we define as GAAP revenue less adjusted cost of revenue divided by GAAP revenue. Adjusted cost of revenue is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other items impacting net income (loss) from time to time. In Q4 2022 and Q1 2024, other items included restructuring charges of \$7 million and \$1 million. See Appendix for further detail. Numbers throughout presentation may not foot due to rounding.

INFRASTRUCTURE INVESTMENT STABILIZED IN Q1 2024
INFRASTRUCTURE COST PER DAU DECLINED FROM \$0.84 IN Q4 2023 TO \$0.80 IN Q1 2024

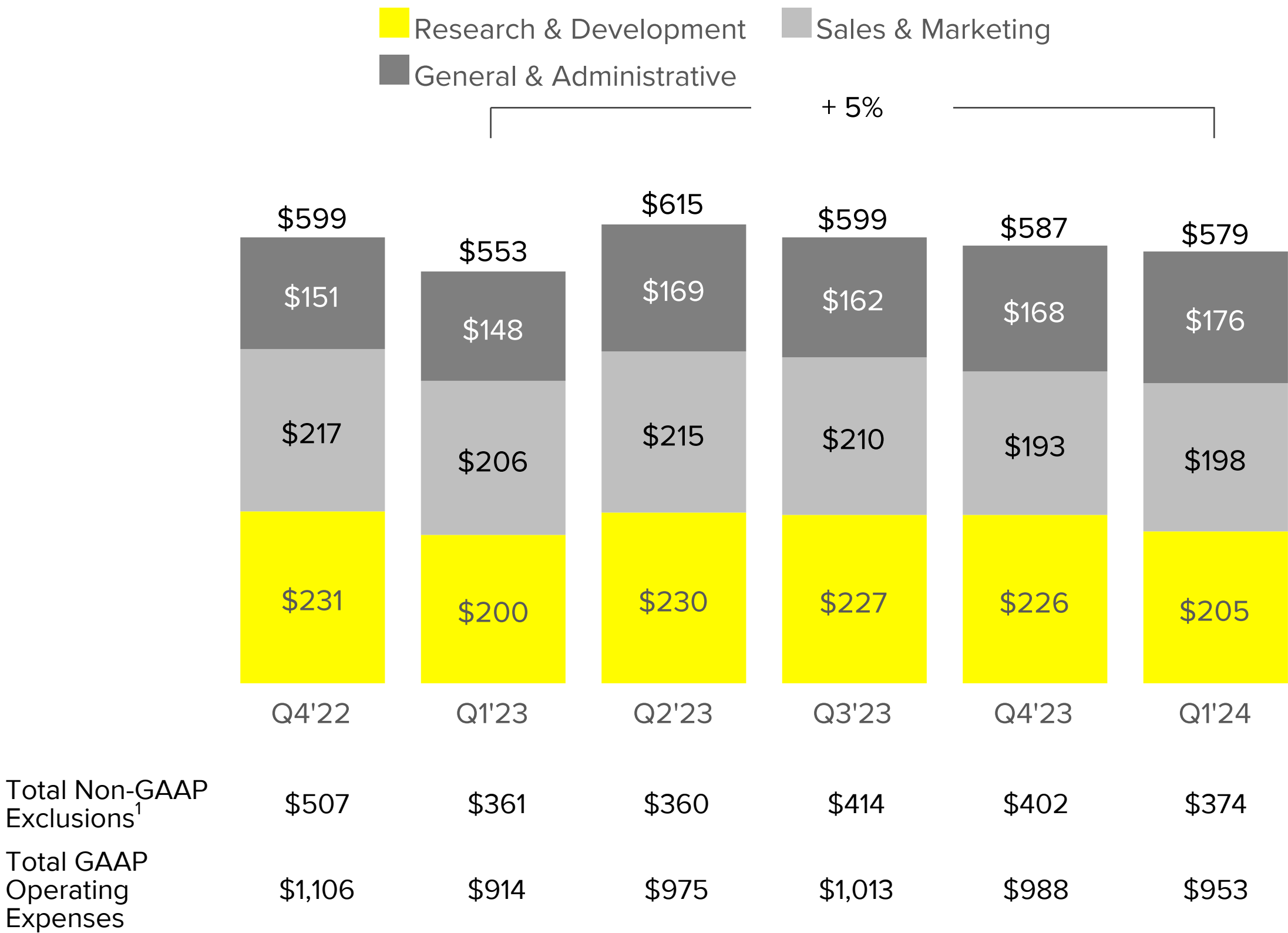
Adjusted Operating Expense Margin and Adjusted Operating Expenses¹

(dollars in millions, unaudited)

ADJUSTED OPERATING EXPENSE MARGIN¹



ADJUSTED OPERATING EXPENSES¹ COMPOSITION



¹Adjusted operating expense margin is a non-GAAP measure, which we define as GAAP revenue less adjusted operating expenses, divided by GAAP revenue. Adjusted operating expenses is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other items impacting net income (loss) from time to time. In Q4 2022, Q3 2023, Q4 2023, and Q1 2024 other items included restructuring charges of \$27 million, \$19 million, \$22 million, and \$69 million, respectively. See Appendix for further detail. Numbers throughout presentation may not foot due to rounding.

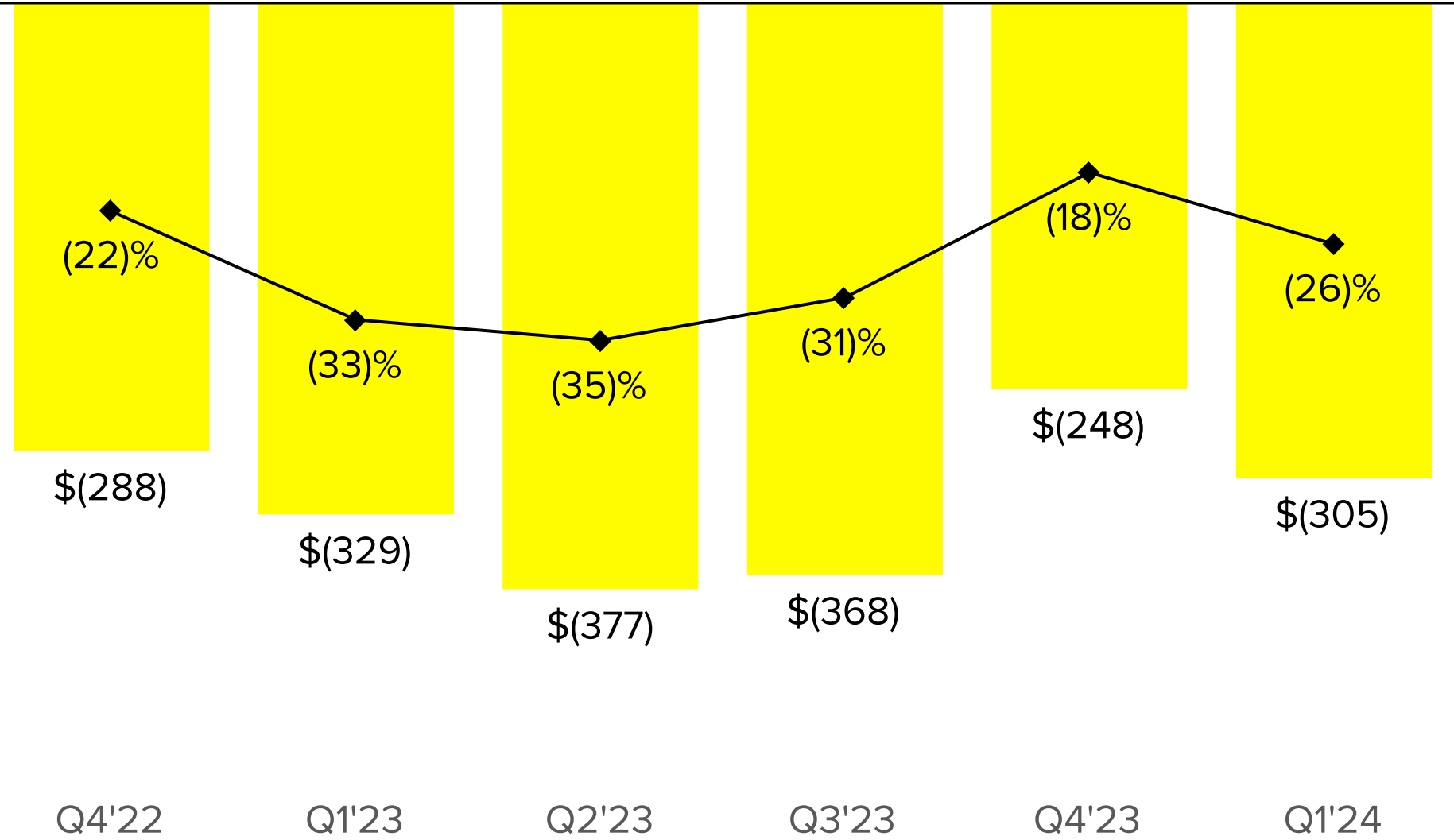
ADJUSTED OPERATING EXPENSE MARGIN IMPROVED 7 PPT YoY
ADJUSTED OPERATING EXPENSES DECREASED 1% QoQ

Net Income (Loss) & Adjusted EBITDA¹

(dollars in millions, unaudited)

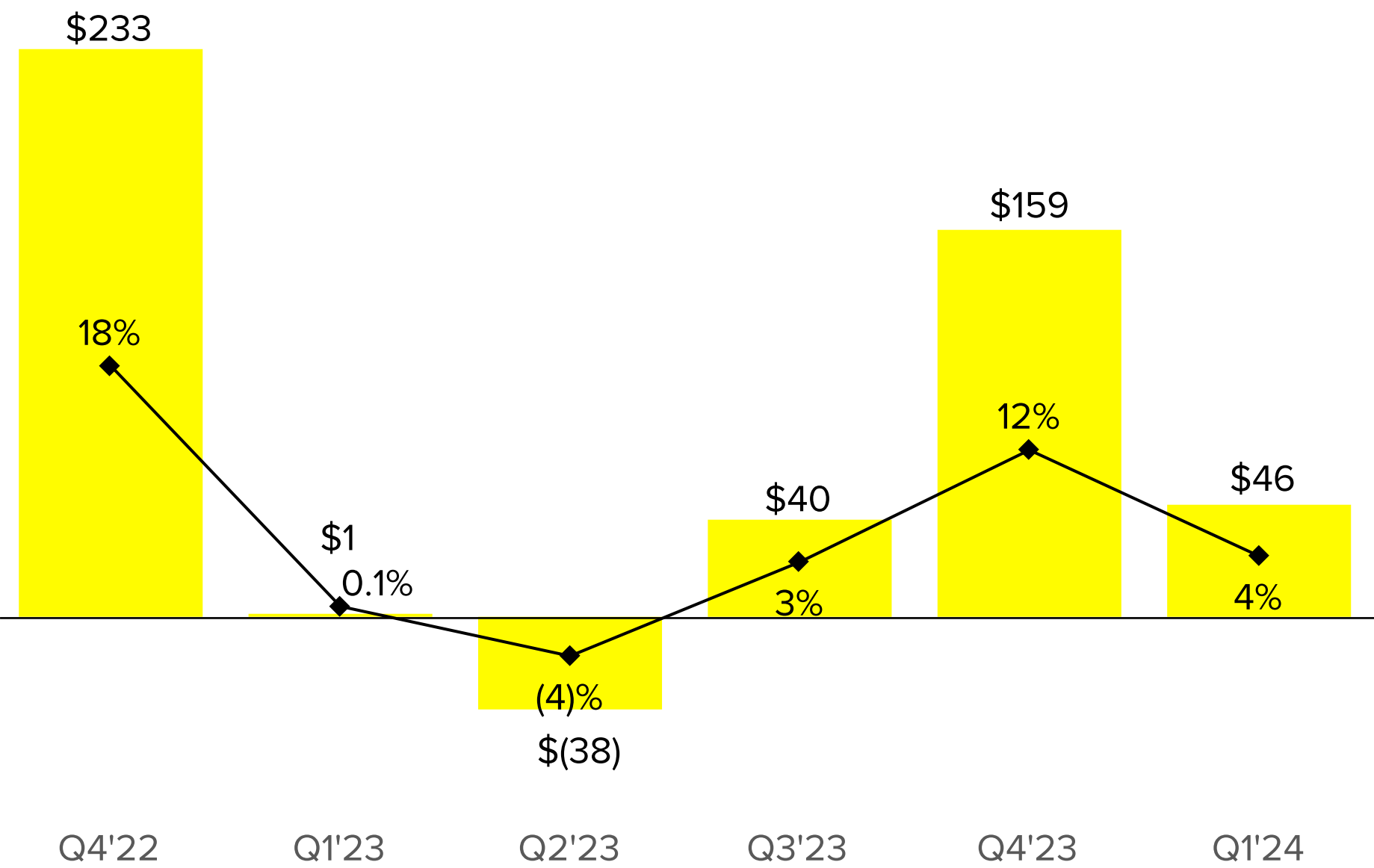
NET INCOME (LOSS)

—◆— Net Income (Loss) Margin



ADJUSTED EBITDA¹

—◆— Adjusted EBITDA Margin²



¹Adjusted EBITDA is a non-GAAP measure, which we define as net income (loss), excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; and certain other items impacting net income (loss) from time to time. In Q4 2022, Q3 2023, Q4 2023, and Q1 2024 other items included restructuring charges of \$34 million, \$19 million, \$22 million, and \$70 million, respectively. See Appendix for reconciliation of net loss to Adjusted EBITDA.

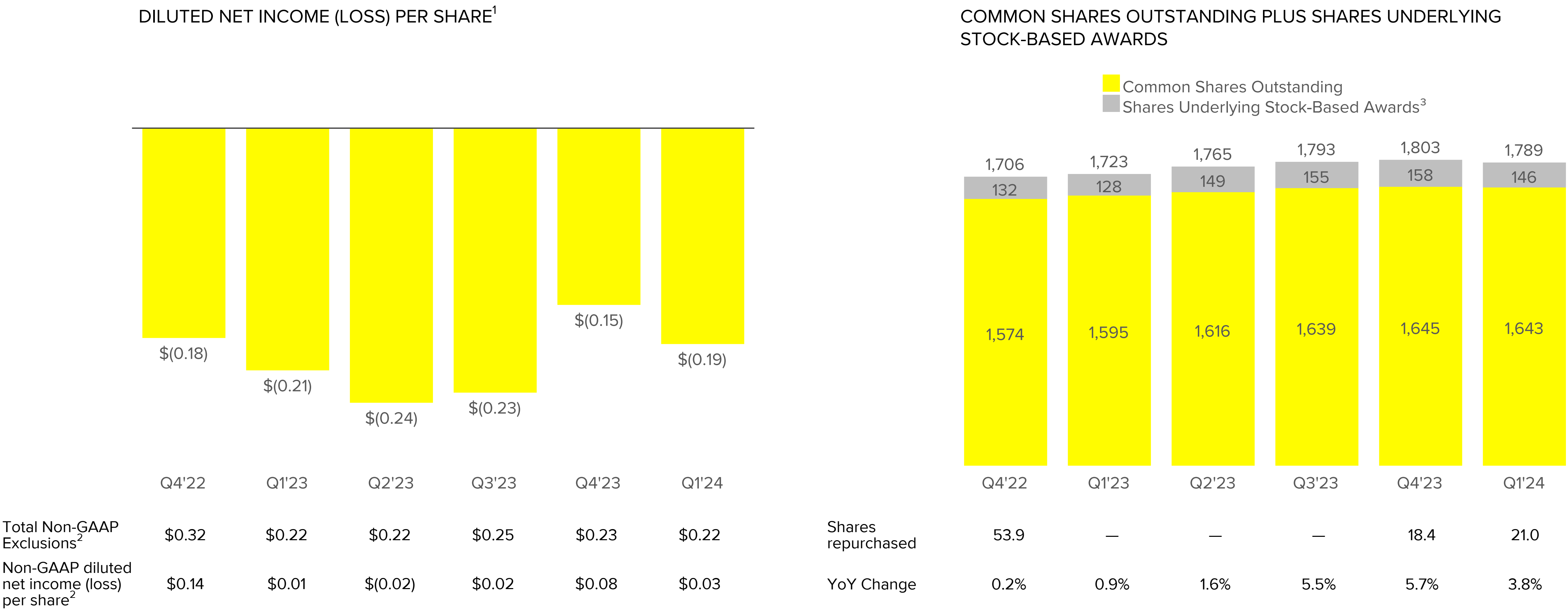
²Adjusted EBITDA margin is a non-GAAP measure, which we define as Adjusted EBITDA divided by GAAP revenue.

Numbers throughout presentation may not foot due to rounding.

ADJUSTED EBITDA WAS \$46 MILLION IN Q1 2024 AND \$206 MILLION OVER THE TRAILING TWELVE MONTHS
NET INCOME (LOSS) MARGIN IMPROVED BY 7 PPT YoY

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

(in millions, except per share data, unaudited)



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

²We define Non-GAAP net income (loss) as net income (loss), excluding amortization of intangible assets; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; certain other items impacting net income (loss) from time to time; and related income tax adjustments. Non-GAAP net income (loss) and weighted average diluted shares are then used to calculate Non-GAAP diluted net income (loss) per share. In Q4 2022, Q3 2023, Q4 2023, and Q1 2024 other items included restructuring charges of \$34 million, \$19 million, \$22 million, and \$70 million, respectively. See Appendix for reconciliation of diluted net income (loss) per share to non-GAAP diluted net income (loss) per share.

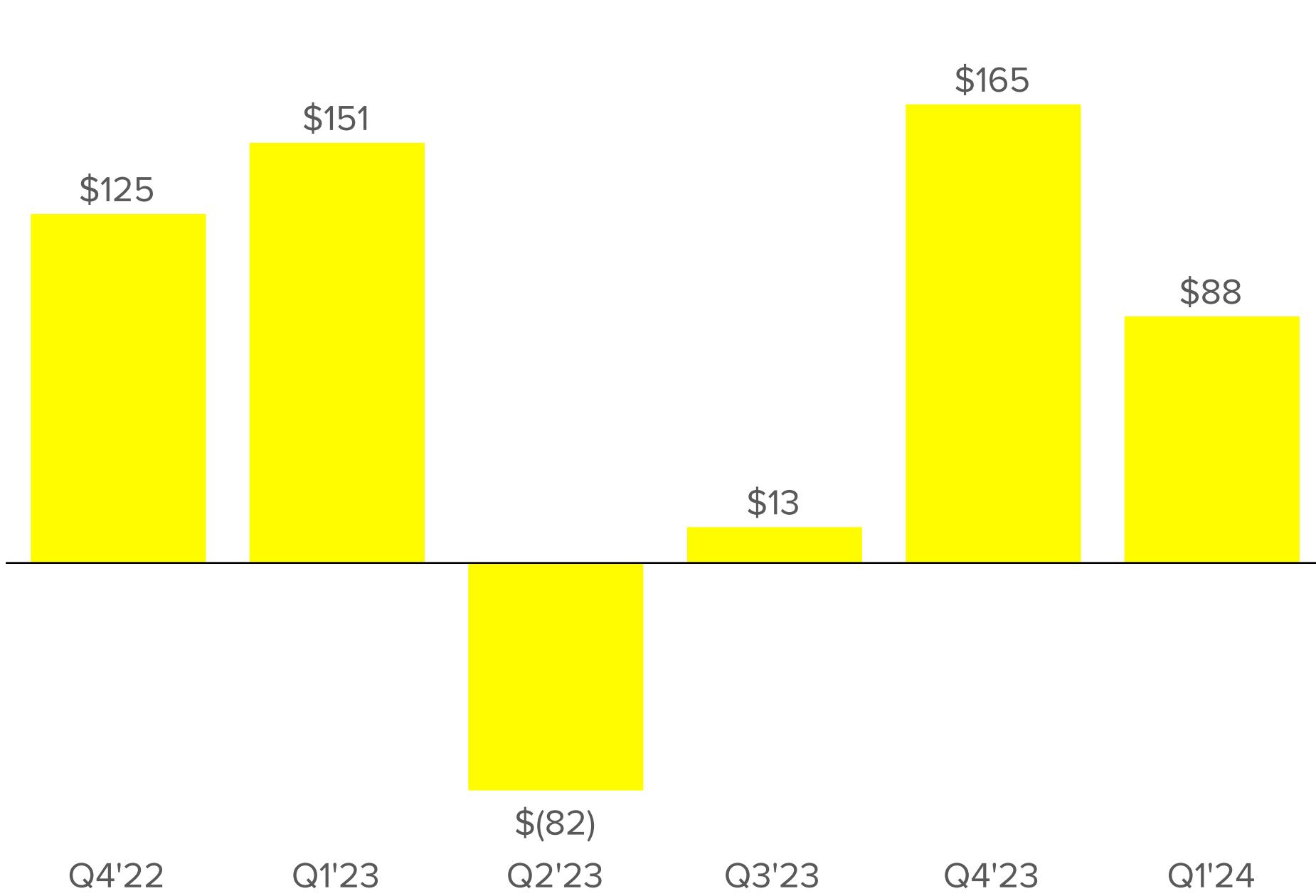
³Shares underlying stock-based awards include restricted stock units, restricted stock awards, and outstanding stock options. Numbers throughout presentation may not foot due to rounding.

REPURCHASED 21.0 MILLION SHARES IN Q1 2024 AT AN AVERAGE PRICE OF \$11.19
CUMULATIVE SHARE REPURCHASES OF 144.7 MILLION SHARES FOR \$1.43 BILLION AT AN AVERAGE PRICE OF \$9.86

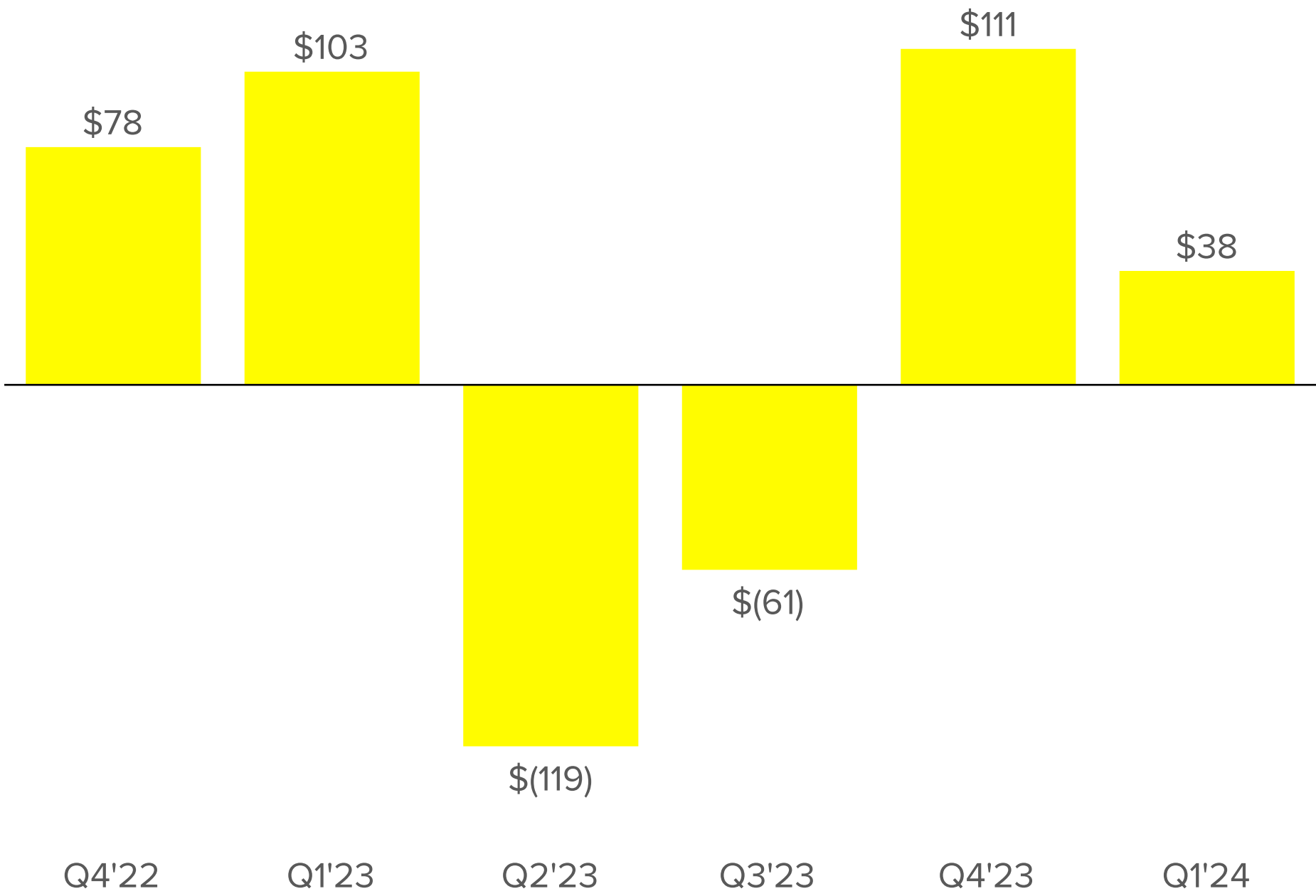
Operating Cash Flow and Free Cash Flow¹

(in millions, unaudited)

OPERATING CASH FLOW



FREE CASH FLOW¹



Capex

\$(47) \$(48) \$(37) \$(73) \$(54) \$(50)

YoY Change

(51)% (3)% 19% (435)% 41% (63)%

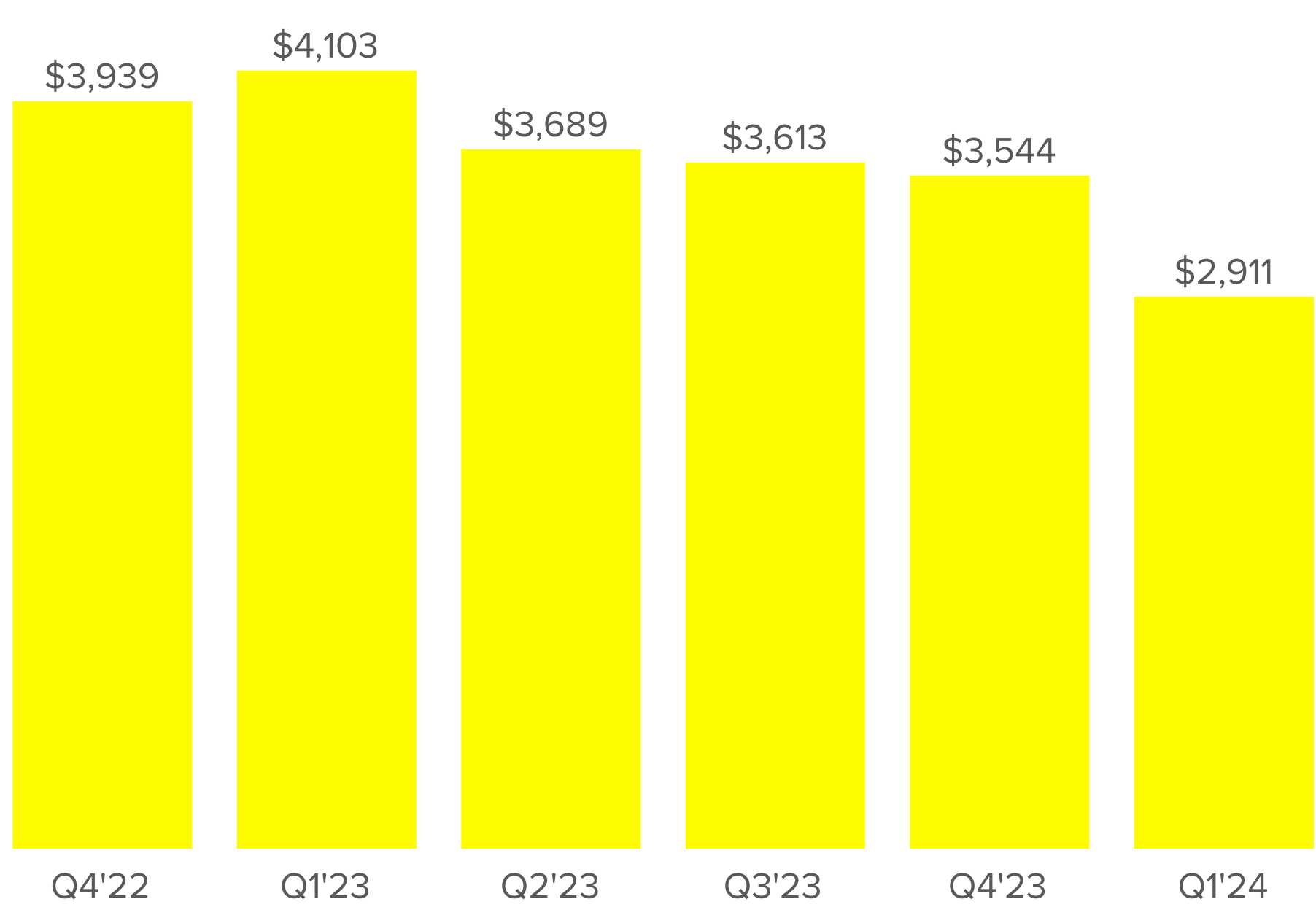
¹Free Cash Flow is a non-GAAP measure, which we define as net cash provided by (used in) operating activities, reduced by purchases of property and equipment. See Appendix for reconciliation of net cash provided by (used in) operating activities to Free Cash Flow. Numbers throughout presentation may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

OPERATING CASH FLOW WAS \$88 MILLION IN Q1 2024 AND \$184 MILLION OVER THE TRAILING TWELVE MONTHS
FREE CASH FLOW WAS \$38 MILLION IN Q1 2024 AND \$(31) MILLION OVER THE TRAILING TWELVE MONTHS

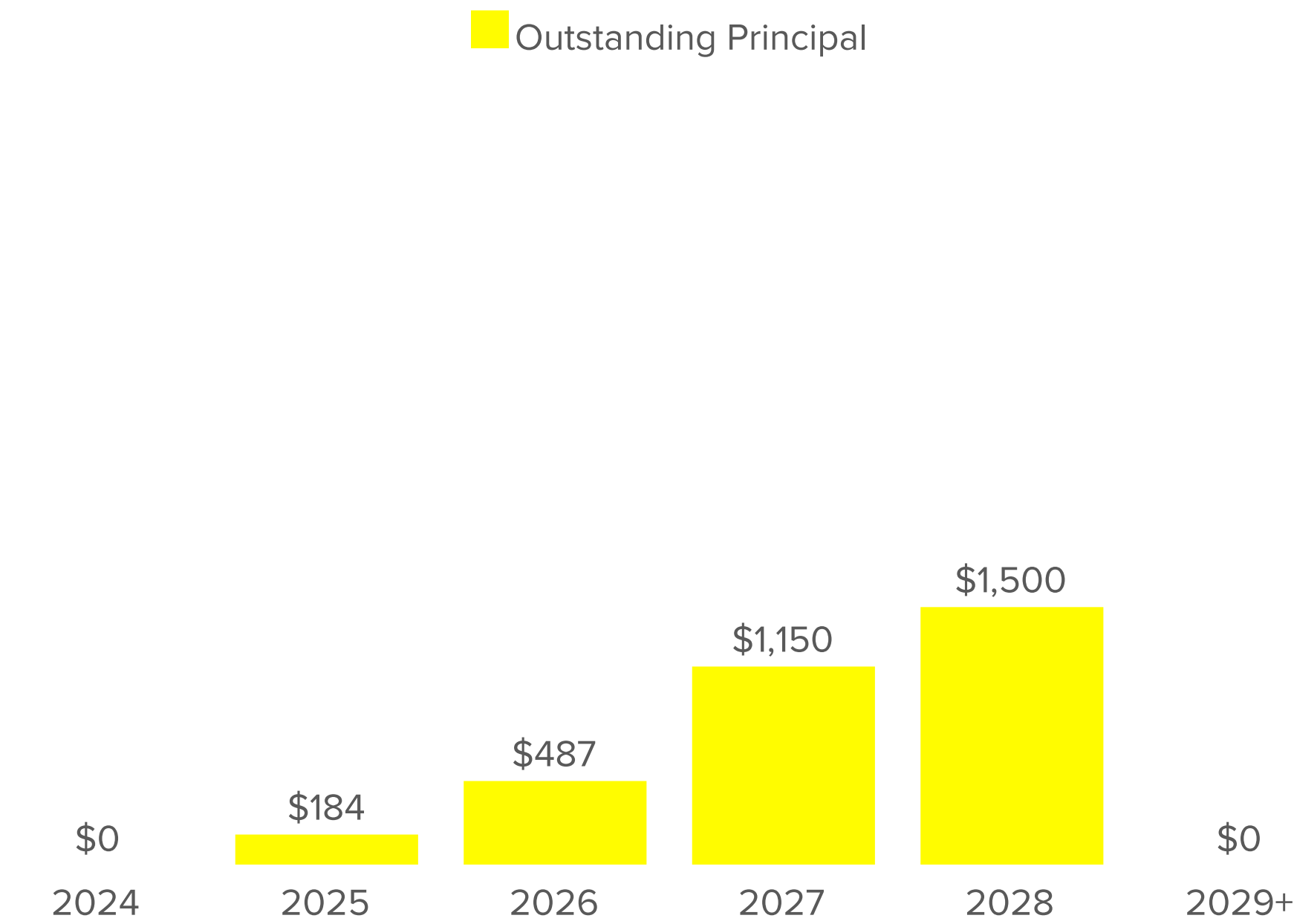
Capital Resources and Liquidity

(in millions, unaudited)

CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES¹



OUTSTANDING CONVERTIBLE NOTES²



Convertible Note Repurchases ²	—	—	—	—	—	\$(441)
Stock Repurchases	\$(501)	—	—	—	\$(189)	\$(235)

¹The decrease in cash for Q2 2023 is primarily attributable to \$238 million of deferred payments for acquisitions completed in 2021.

²In Q1 2024, we entered into various privately negotiated repurchase transactions with certain holders of the 2025 Notes and 2026 Notes, pursuant to which we agreed to repurchase \$100 million in aggregate principal of the 2025 Notes and \$351 million in aggregate principal of the 2026 Notes for a cash repurchase price of \$441 million, including costs (the “Convertible Note Repurchases”). In 2021, we entered into various exchange agreements with certain holders of the 2025 Notes and the 2026 Notes pursuant to which we exchanged approximately \$716 million principal amount of the 2025 Notes and approximately \$427 million principal amount of the 2026 Notes for aggregate consideration of approximately 52.4 shares of Class A common stock (the “Exchange Transactions”).

Numbers throughout presentation may not foot due to rounding.

\$2.9 BILLION IN CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES ON HAND AT Q1 2024

ZERO DEBT MATURING IN 2024

Q2 2024 Outlook

As we enter Q2, we anticipate continued growth of our global community, and as a result, our Q2 guidance is built on the assumption that DAU will be approximately 431 million in Q2. We are focused on executing against our roadmap to deliver improvements to our DR advertising platform to drive improved results for our advertising partners and accelerate topline growth. Our Q2 guidance range for revenue is \$1,225 million to \$1,255 million, implying year-over-year revenue growth of 15% to 18%. Given the revenue range above, and our investment plans for the quarter ahead, we estimate that Adjusted EBITDA will be between \$15 million and \$45 million in Q2.

Appendix

Non-GAAP Financial Measures Reconciliation – Quarterly

(in thousands, unaudited)

	Three Months Ended					
	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Adjusted EBITDA Reconciliation						
Net income (loss)	\$ (288,460)	\$ (328,674)	\$ (377,308)	\$ (368,256)	\$ (248,247)	\$ (305,090)
Add (deduct):						
Interest income	(28,698)	(37,948)	(43,144)	(43,839)	(43,463)	(39,898)
Interest expense	5,312	5,885	5,343	5,521	5,275	4,743
Other (income) expense, net	20,043	(11,372)	(1,323)	20,662	34,447	81
Income tax (benefit) expense	4,206	6,845	12,093	5,849	3,275	6,932
Depreciation and amortization	34,975	35,220	39,688	41,209	43,882	38,098
Stock-based compensation expense	446,339	314,931	317,943	353,846	333,063	254,715
Payroll and other tax expense related to stock-based compensation	5,172	15,926	8,229	6,463	8,706	15,970
Restructuring charges ¹	34,386	—	—	18,639	22,211	70,108
Adjusted EBITDA²	\$ 233,275	\$ 813	\$ (38,479)	\$ 40,094	\$ 159,149	\$ 45,659

	Three Months Ended					
	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Free Cash Flow Reconciliation						
Net cash provided by (used in) operating activities	\$ 125,291	\$ 151,102	\$ (81,936)	\$ 12,781	\$ 164,574	\$ 88,352
Less:						
Purchases of property and equipment	(46,925)	(47,630)	(36,943)	(73,435)	(53,719)	(50,448)
Free Cash Flow³	\$ 78,366	\$ 103,472	\$ (118,879)	\$ (60,654)	\$ 110,855	\$ 37,904

¹In Q4 2022, charges relating to the strategic reprioritization plan were composed primarily of severance and related charges, stock-based compensation expense, lease exit and related charges, impairment charges, contract termination charges, and intangible asset amortization. In Q3 2023 and Q4 2023, charges relating to the wind down of our AR Enterprise business were composed primarily of cash severance, stock-based compensation expense, and charges related to the revision of the useful lives and disposal of certain acquired intangible assets. Additionally, we recognized an income tax benefit of \$6 million in Q4 2023 relating to the wind down, which is included in the income tax (benefit) expense line item above. In Q1 2024, 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.

³Free Cash Flow is a non-GAAP measure, which we define as net cash provided by (used in) operating activities, reduced by purchases of property and equipment.
Numbers throughout presentation may not foot due to rounding.

Non-GAAP Financial Measures Reconciliation – Quarterly

(in thousands, unaudited)

	Three Months Ended					
	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Non-GAAP net income (loss) reconciliation						
Net income (loss)	\$ (288,460)	\$ (328,674)	\$ (377,308)	\$ (368,256)	\$ (248,247)	\$ (305,090)
Amortization of intangible assets	18,073	17,755	18,405	19,134	17,484	15,443
Stock-based compensation expense	446,339	314,931	317,943	353,846	333,063	254,715
Payroll and other tax expense related to stock-based compensation	5,172	15,926	8,229	6,463	8,706	15,970
Restructuring charges ¹	34,386	—	—	18,639	22,211	70,108
Income tax adjustments	(988)	32	(269)	(573)	(5,306)	(2,000)
Non-GAAP net income (loss)²	\$ 214,522	\$ 19,970	\$ (33,000)	\$ 29,253	\$ 127,911	\$ 49,147
Weighted-average common shares - Diluted³	1,573,883	1,581,370	1,603,172	1,625,917	1,638,714	1,647,387

	Three Months Ended					
	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Non-GAAP diluted net income (loss) per share reconciliation						
GAAP diluted net income (loss) per share	\$ (0.18)	\$ (0.21)	\$ (0.24)	\$ (0.23)	\$ (0.15)	\$ (0.19)
Non-GAAP adjustment to net income (loss)	0.32	0.22	0.22	0.25	0.23	0.22
Non-GAAP diluted net income (loss) per share²	\$ 0.14	\$ 0.01	\$ (0.02)	\$ 0.02	\$ 0.08	\$ 0.03

¹In Q4 2022, charges relating to the strategic reprioritization plan were composed primarily of severance and related charges, stock-based compensation expense, lease exit and related charges, impairment charges, contract termination charges, and intangible asset amortization. In Q3 2023 and Q4 2023, charges relating to the wind down of our AR Enterprise business were composed primarily of cash severance, stock-based compensation expense, and charges related to the revision of the useful lives and disposal of certain acquired intangible assets. Additionally, we recognized an income tax benefit of \$6 million in Q4 2023 relating to the wind down, which is included in the income tax adjustments line item above. In Q1 2024, charges relating to the 2024 restructuring review were composed primarily of cash severance and stock-based compensation expense. These charges are not reflective of underlying trends in our business.

²We define Non-GAAP net income (loss) as net income (loss), excluding amortization of intangible assets; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; certain other items impacting net income (loss) from time to time; and related income tax adjustments.

Non-GAAP net income (loss) and weighted average diluted shares are then used to calculate Non-GAAP diluted net income (loss) per share.

³For all periods, weighted average common shares used in computation of diluted EPS primarily excluded unvested or unexercised stock-based awards, Convertible Notes, and Capped Call shares as they were anti-dilutive.

Constant currency revenue is a non-GAAP measure, which we define as GAAP revenue in the current period translated using the prior period average monthly exchange rates for revenue transactions in currencies other than the U.S. dollar. We calculate the constant currency revenue percentage change using current period constant currency revenue and prior period GAAP revenue. We report revenue on a constant-currency basis in order to facilitate period-to-period comparisons of our results without regard to the impact of fluctuating foreign currency exchange rates, which we believe is helpful to investors. However, constant currency revenue is a non-GAAP financial measure, may be calculated differently from similarly titled measures used by other companies, and is not meant to be considered as an alternative or substitute for comparable measures prepared in accordance with GAAP.

Numbers throughout presentation may not foot due to rounding.

Note Regarding User Metrics and Other Data

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

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 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, 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.