

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934  
Date of Report (Date of earliest event reported): May 9, 2024

Roblox Corporation  
(Exact name of Registrant as Specified in Its Charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)  
  
970 Park Place,  
San Mateo, California  
(Address of Principal Executive Offices)

001-39763  
(Commission  
File Number)

20-0991664  
(IRS Employer  
Identification No.)

94403  
(Zip Code)

Registrant's Telephone Number, Including Area Code: (888) 858-2569  
  
Not Applicable  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.0001 par value	RBLX	The New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Item 2.02 Results of Operations and Financial Condition.**

On May 9, 2024, Roblox Corporation (the “Company”) issued a press release announcing financial results for its first quarter ended March 31, 2024 as well as second quarter and updated full year 2024 guidance. The Company also posted on its investor relations website (ir.roblox.com) a shareholder letter and supplemental materials for its first quarter ended March 31, 2024. A copy of the press release and shareholder letter are furnished as Exhibit 99.1 and Exhibit 99.2, respectively, to this Current Report on Form 8-K and are incorporated by reference herein. Information on the Company’s website is not, and will not be deemed, a part of this report or incorporated into this or any other filings that the Company makes with the Securities and Exchange Commission.

**Item 7.01 Regulation FD Disclosure.**

The Company also reported second quarter and updated full year 2024 guidance in its press release and shareholder letter, which were issued on May 9, 2024, copies of which are furnished as Exhibit 99.1 and Exhibit 99.2, respectively, to this Current Report on Form 8-K and are incorporated by reference herein.

The information in Item 2.02 and Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2 attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
99.1	<a href="#">Press Release dated May 9, 2024</a>
99.2	<a href="#">Shareholder Letter dated May 9, 2024</a>
104	Cover Page Interactive Data File (formatted as inline XBRL)

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**ROBLOX CORPORATION**

Date: May 9, 2024

By: /s/ Michael Guthrie  
Michael Guthrie  
Chief Financial Officer  
(Principal Financial Officer)



**Roblox Reports First Quarter 2024 Financial Results**

*Strong net cash and cash equivalents provided by operating activities up 37% year-over-year and record free cash flow<sup>1</sup> up 133% year-over-year*

**SAN MATEO, Calif., May 9, 2024** - Roblox Corporation (NYSE: RBLX), a global platform bringing millions of people together through shared experiences, released its first quarter 2024 financial and operational results and issued its second quarter and updated full year 2024 guidance today. Separately, Roblox posted a letter to shareholders and supplemental materials on the Roblox investor relations website at [ir.roblox.com](https://ir.roblox.com).

**First Quarter 2024 Financial, Operational, and Liquidity Highlights**

- Revenue was \$801.3 million, up 22% year-over-year.
- Bookings<sup>1</sup> were \$923.8 million, up 19% year-over-year.
- Net loss attributable to common stockholders was \$270.6 million, while consolidated net loss was \$271.9 million.
- Adjusted EBITDA<sup>1</sup> was \$(6.9) million, which excludes adjustments for increases in deferred revenue and deferred cost of revenue of \$127.6 million and \$(32.9) million, respectively.
- Net cash and cash equivalents provided by operating activities was \$238.9 million, up 37% year-over-year, while free cash flow<sup>1</sup> was \$191.1 million, up 133% year-over-year.
- Average Daily Active Users (“DAUs”) were 77.7 million, up 17% year-over-year.
- Average monthly unique payers were 15.6 million, up 13% year-over-year, and average bookings per monthly unique payer was \$19.68, up 6% year-over-year.
- Hours engaged (“Hours”) were 16.7 billion, up 15% year-over-year.
- Average bookings per DAU was \$11.89, up 2% year-over-year.
- Net liquidity<sup>2</sup> was \$2.5 billion.

“Our teams have been hard at work identifying opportunities to drive DAUs, Hours, and bookings growth rates back to 20% year-over-year. We began experimenting with changes in our AI-driven discovery algorithm and the positioning of various content types on the Homepage. We reintroduced platform-wide events like *The Hunt: First Edition*. And, we continued to improve the quality and performance of our app and experiences. Based on results since the middle of April, we believe that these steps are yielding positive results,” said David Baszucki, founder and CEO of Roblox.

“We are operating more efficiently. Over the past three quarters we have reduced certain infrastructure and trust and safety expenditures, and we have reduced the growth rate of personnel costs (excluding stock-based compensation expense) by holding headcount flat. Capital expenditures are down nearly 50% in Q1 2024 compared to last year. As a result, this past quarter we produced record amounts of operating and free cash flow,” said Michael Guthrie, chief financial officer of Roblox.

“Finally, we will no longer refer to Covenant Adjusted EBITDA in our shareholder letters and earnings press releases though we will calculate it in the liquidity sections of our Forms 10-Q and 10-K. We will continue to report and guide to Adjusted EBITDA which excludes adjustments for the change in deferred revenue and deferred cost of revenue. We will also report and guide to the changes in deferred revenue and deferred cost of revenue,” Guthrie continued.

<sup>1</sup> Bookings, Adjusted EBITDA, and free cash flow are non-GAAP financial measures that we believe are useful in evaluating our performance and are presented for supplemental information purposes only and should not be considered in isolation from, or as a substitute for, financial information presented in accordance with GAAP. For further information, please refer to definitions and reconciliations provided below and our annual and quarterly SEC filings.

<sup>2</sup> Net liquidity represents cash and cash equivalents, short-term investments, and long-term investments, less long-term debt, net.

### Forward Looking Guidance<sup>3</sup>

Roblox provides its second quarter and updated full year 2024 GAAP and non-GAAP guidance:

#### *Second Quarter 2024 Guidance*

- Revenue between \$855 million and \$880 million.
- Bookings between \$870 million and \$900 million.
- Consolidated net loss between \$(267) million and \$(265) million.
- Adjusted EBITDA between \$36 million and \$38 million, which excludes adjustments for:
  - Increase in deferred revenue between \$18 million and \$23 million.
  - Increase in deferred cost of revenue between \$(7) million and \$(9) million.
  - The total of these changes in deferrals between \$11 million and \$14 million.
- Net cash and cash equivalents provided by operating activities between \$61 million and \$68 million.
- Capital expenditures and purchases of intangible assets of approximately \$(45) million.
- Free cash flow between \$16 million and \$23 million.

#### *Updated Full Year 2024 Guidance*

- Revenue between \$3,450 million and \$3,525 million.
- Bookings between \$4,000 million and \$4,100 million.
- Consolidated net loss between \$(1,096) million and \$(1,044) million.
- Adjusted EBITDA between \$95 million and \$147 million, which excludes adjustments for:
  - Increase in deferred revenue between \$568 million and \$593 million.
  - Increase in deferred cost of revenue between \$(133) million and \$(140) million.
  - The total of these changes in deferrals between \$435 million and \$453 million.
- Net cash and cash equivalents provided by operating activities between \$530 million and \$600 million.
- Capital expenditures and purchases of intangible assets of approximately \$(180) million.
- Free cash flow between \$350 million and \$420 million.

### Earnings Q&A Session

Roblox will host a live Q&A session to answer questions regarding its first quarter 2024 results on Thursday, May 9, 2024 at 5:30 a.m. Pacific Time/8:30 a.m. Eastern Time. The webcast will be open to the public at [ir.roblox.com](https://ir.roblox.com) or by clicking [here](#).

---

<sup>3</sup> Beginning April 1, 2024, the estimated average lifetime of a payer changed from 28 months to 27 months, which is reflected in our second quarter and updated full year 2024 GAAP and non-GAAP guidance. Based on the carrying amount of deferred revenue and deferred cost of revenue as of March 31, 2024, the April 1, 2024 change in estimated average lifetime of a payer will result in an increase in revenue and cost of revenue of \$58.9 million and \$12.4 million, respectively, during the second quarter of 2024 and an increase in revenue and cost of revenue of \$98.0 million and \$20.4 million, respectively, during the full year 2024. Refer to “Basis of Presentation and Summary of Significant Accounting Policies — Revenue Recognition” as described in the Company’s consolidated financial statements and related notes included in the Company’s Annual Report on Form 10-K for further background on the Company’s process to estimate the average lifetime of a payer.

## Forward-Looking Statements

This press release contains “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, statements regarding our vision to connect one billion global DAUs, our efforts to improve the Roblox Platform, our immersive and video advertising efforts, including our ads manager and independent measurement partnerships, our efforts regarding content curation, live operations and platform-wide events, our efforts regarding real-world shopping, the use of artificial intelligence (“AI”) on our platform, our economy and product efforts related to creator earnings and platform monetization, our sponsored experiences, branding and new partnerships and our roadmap with respect to each, our business, product, strategy and user growth, our investment strategy, including our opportunities for and expectations of improvements in financial and operating metrics, including operating leverage, margin, free cash flow, operating expenses and capital expenditures, our expectation of successfully executing such strategies and plans, disclosures regarding the seasonality of our business, disclosures and future growth rates, benefits from agreements with third-party cloud providers, disclosures about our infrastructure efficiency initiatives, changes to our estimated average lifetime of a paying user and the resulting effect on revenue, cost of revenue, deferred revenue and deferred cost of revenue, our expectations of future net losses and net cash and cash equivalents provided by operating activities, statements by our Chief Executive Officer and Chief Financial Officer, and our outlook and guidance for second quarter and full year 2024, and future periods. These forward-looking statements are made as of the date they were first issued and were based on current plans, expectations, estimates, forecasts, and projections as well as the beliefs and assumptions of management. Words such as “expect,” “vision,” “envision,” “evolving,” “drive,” “anticipate,” “intend,” “maintain,” “should,” “believe,” “continue,” “plan,” “goal,” “opportunity,” “estimate,” “predict,” “may,” “will,” “could,” and “would,” and variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond our control. Our actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to risks detailed in our filings with the Securities and Exchange Commission (the “SEC”), including our annual reports on Form 10-K, our quarterly reports on Form 10-Q and other filings and reports we make with the SEC from time to time. In particular, the following factors, among others, could cause results to differ materially from those expressed or implied by such forward-looking statements: our ability to successfully execute our business and growth strategy; the sufficiency of our cash and cash equivalents to meet our liquidity needs, including the repayment of our senior notes; the demand for our platform in general; our ability to retain and increase our number of users, developers, and creators; the impact of inflation and global economic conditions on our operations; the impact of changing legal and regulatory requirements on our business, including the use of verified parental consent; our ability to develop enhancements to our platform, and bring them to market in a timely manner; our ability to develop and protect our brand and build new partnerships; any misuse of user data or other undesirable activity by third parties on our platform; our ability to maintain the security and availability of our platform; our ability to detect and minimize unauthorized use of our platform; and the impact of AI on our platform, users, creators, and developers. Additional information regarding these and other risks and uncertainties that could cause actual results to differ materially from our expectations is included in the reports we have filed or will file with the SEC, including our annual reports on Form 10-K and our quarterly reports on Form 10-Q.

The forward-looking statements included in this press release represent our views as of the date of this press release. We anticipate that subsequent events and developments will cause our views to change. However, we undertake no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this press release.

---

**ROBLOX CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except par values)  
(unaudited)

	As of	
	March 31, 2024	December 31, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 866,414	\$ 678,466
Short-term investments	1,543,819	1,514,808
Accounts receivable—net of allowances	331,677	505,769
Prepaid expenses and other current assets	88,537	74,549
Deferred cost of revenue, current portion	525,570	501,821
Total current assets	3,356,017	3,275,413
Long-term investments	1,059,246	1,043,399
Property and equipment—net	691,292	695,360
Operating lease right-of-use assets	715,501	665,107
Deferred cost of revenue, long-term	292,509	283,326
Intangible assets, net	47,938	53,060
Goodwill	141,956	142,129
Other assets	10,212	10,284
Total assets	\$ 6,314,671	\$ 6,168,078
<b>Liabilities and Stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 49,078	\$ 60,087
Accrued expenses and other current liabilities	273,649	271,121
Developer exchange liability	292,676	314,866
Deferred revenue—current portion	2,513,339	2,406,292
Total current liabilities	3,128,742	3,052,366
Deferred revenue—net of current portion	1,393,807	1,373,250
Operating lease liabilities	693,815	646,506
Long-term debt, net	1,005,338	1,005,000
Other long-term liabilities	30,282	22,330
Total liabilities	6,251,984	6,099,452
Stockholders' equity		
Common stock, \$0.0001 par value; 5,000,000 authorized as of March 31, 2024 and December 31, 2023, 639,734 and 631,221 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively; Class A common stock—4,935,000 shares authorized as of March 31, 2024 and December 31, 2023, 591,056 and 581,135 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively; Class B common stock—65,000 shares authorized as of March 31, 2024 and December 31, 2023, 48,678 and 50,086 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	61	61
Additional paid-in capital	3,407,986	3,134,946
Accumulated other comprehensive income/(loss)	(5,589)	1,536
Accumulated deficit	(3,330,857)	(3,060,253)
Total Roblox Corporation Stockholders' equity	71,601	76,290
Noncontrolling interests	(8,914)	(7,664)
Total Stockholders' equity	62,687	68,626
Total Liabilities and Stockholders' equity	\$ 6,314,671	\$ 6,168,078

**ROBLOX CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share amounts)  
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Revenue	\$ 801,300	\$ 655,344
Cost and expenses:		
Cost of revenue <sup>(1)</sup>	178,866	151,841
Developer exchange fees	202,405	182,440
Infrastructure and trust & safety	226,934	211,044
Research and development	362,065	275,537
General and administrative	97,824	97,574
Sales and marketing	35,534	26,755
Total cost and expenses	1,103,628	945,191
Loss from operations	(302,328)	(289,847)
Interest income	42,170	31,082
Interest expense	(10,363)	(10,012)
Other income/(expense), net	(346)	(440)
Loss before income taxes	(270,867)	(269,217)
Provision for/(benefit from) income taxes	1,053	731
Consolidated net loss	(271,920)	(269,948)
Net loss attributable to noncontrolling interests	(1,316)	(1,635)
Net loss attributable to common stockholders	\$ (270,604)	\$ (268,313)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.43)	\$ (0.44)
Weighted-average shares used in computing net loss per share attributable to common stockholders—basic and diluted	635,020	606,637

(1) Depreciation of servers and infrastructure equipment included in infrastructure and trust & safety.



**ROBLOX CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(unaudited)

	Three Months Ended March 31,	
	2024	2023
<b>Cash flows from operating activities:</b>		
Consolidated net loss	\$ (271,920)	\$ (269,948)
Adjustments to reconcile net loss including noncontrolling interests to net cash and cash equivalents provided by operations:		
Depreciation and amortization expense	53,741	47,412
Stock-based compensation expense	240,502	184,904
Operating lease non-cash expense	27,722	21,244
(Accretion)/amortization on marketable securities, net	(19,998)	(12,122)
Amortization of debt issuance costs	338	324
Impairment expense, (gain)/loss on investment and other asset sales, and other, net	63	8,236
Changes in operating assets and liabilities, net of effect of acquisitions:		
Accounts receivable	174,068	113,193
Prepaid expenses and other current assets	(15,310)	(8,359)
Deferred cost of revenue	(33,368)	(20,137)
Other assets	51	(2,158)
Accounts payable	(3,576)	18,307
Accrued expenses and other current liabilities	(9,221)	(17,004)
Developer exchange liability	(22,190)	(3,865)
Deferred revenue	129,184	123,783
Operating lease liabilities	(19,103)	(11,999)
Other long-term liabilities	7,963	1,970
Net cash and cash equivalents provided by operating activities	238,946	173,781
<b>Cash flows from investing activities:</b>		
Acquisition of property and equipment	(46,680)	(91,359)
Purchases of intangible assets	(1,200)	(500)
Purchases of investments	(1,032,756)	(2,340,200)
Maturities of investments	873,820	—
Sales of investments	128,232	84,279
Net cash and cash equivalents used in investing activities	(78,584)	(2,347,780)
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of common stock	32,670	25,472
Payments related to business combination, after acquisition date	(4,450)	(750)
Net cash and cash equivalents provided by financing activities	28,220	24,722
Effect of exchange rate changes on cash and cash equivalents	(634)	(68)
Net increase/(decrease) in cash and cash equivalents	187,948	(2,149,345)
Cash and cash equivalents		
Beginning of period	678,466	2,977,474
End of period	\$ 866,414	\$ 828,129

## Non-GAAP Financial Measures

This press release and the accompanying tables contain the non-GAAP financial measure bookings, Adjusted EBITDA, and free cash flow.

We use this non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that this non-GAAP financial information may be helpful to investors because it provides consistency and comparability with past financial performance.

Bookings is defined as revenue plus the change in deferred revenue during the period and other non-cash adjustments. Substantially all of our bookings are generated from sales of virtual currency, which can ultimately be converted to virtual items on the Roblox Platform. Sales of virtual currency reflected as bookings include one-time purchases and monthly subscriptions purchased via payment processors or through prepaid cards. Bookings also include an insignificant amount from advertising and licensing arrangements. We believe bookings provide a timelier indication of trends in our operating results that are not necessarily reflected in our revenue as a result of the fact that we recognize the majority of revenue over the estimated average lifetime of a paying user. The change in deferred revenue constitutes the vast majority of the reconciling difference from revenue to bookings. By removing these non-cash adjustments, we are able to measure and monitor our business performance based on the timing of actual transactions with our users and the cash that is generated from these transactions. Adjusted EBITDA represents our GAAP consolidated net loss, excluding interest income, interest expense, other income/(expense), provision for/(benefit from) income taxes, depreciation and amortization expense, stock-based compensation expense, and certain other nonrecurring adjustments. We believe that, when considered together with reported GAAP amounts, Adjusted EBITDA is useful to investors and management in understanding our ongoing operations and ongoing operating trends. Our definition of Adjusted EBITDA may differ from the definition used by other companies and therefore comparability may be limited. Free cash flow represents the net cash and cash equivalents provided by operating activities less purchases of property, equipment, and intangible assets acquired through asset acquisitions. We believe that free cash flow is a useful indicator of our unit economics and liquidity that provides information to management and investors about the amount of cash generated from our core operations that, after the purchases of property, equipment, and intangible assets acquired through asset acquisitions, can be used for strategic initiatives.

Non-GAAP financial measures have limitations in their usefulness to investors because they have no standardized meaning prescribed by GAAP and are not prepared under any comprehensive set of accounting rules or principles. In addition, other companies, including companies in our industry, may calculate similarly titled non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial information as a tool for comparison. As a result, our non-GAAP financial information is presented for supplemental informational purposes only and should not be considered in isolation from, or as a substitute for financial information presented in accordance with GAAP.

Reconciliation tables of the most comparable GAAP financial measure to the non-GAAP financial measure used in this press release are included below. We encourage investors and others to review our business, results of operations, and financial information in their entirety, not to rely on any single financial measure, and to view these non-GAAP measures in conjunction with the most directly comparable GAAP financial measures.

---

## GAAP to Non-GAAP Financial Measures Reconciliations

The following table presents a reconciliation of revenue, the most directly comparable financial measure calculated in accordance with GAAP, to bookings, for each of the periods presented (in thousands, unaudited):

	Three Months Ended March 31,	
	2024	2023
<b>Reconciliation of revenue to bookings:</b>		
Revenue	\$ 801,300	\$ 655,344
Add (deduct):		
Change in deferred revenue	127,604	123,783
Other	(5,147)	(5,308)
Bookings	<u>\$ 923,757</u>	<u>\$ 773,819</u>

The following table presents a reconciliation of consolidated net loss, the most directly comparable financial measure calculated in accordance with GAAP, to Adjusted EBITDA, for each of the periods presented (in thousands, unaudited):

	Three Months Ended March 31,	
	2024	2023
<b>Reconciliation of consolidated net loss to Adjusted EBITDA:</b>		
Consolidated net loss	\$ (271,920)	\$ (269,948)
Add (deduct):		
Interest income	(42,170)	(31,082)
Interest expense	10,363	10,012
Other (income)/expense, net	346	440
Provision for/(benefit from) income taxes	1,053	731
Depreciation and amortization expense	53,741	47,412
Stock-based compensation expense	240,502	184,904
RTO severance charge <sup>(A)</sup>	1,182	—
Other non-cash charges <sup>(B)</sup>	—	6,988
Adjusted EBITDA	<u>\$ (6,903)</u>	<u>\$ (50,543)</u>

(A) Relates to cash severance costs associated with the Company's return-to-office ("RTO") plan announced in October 2023, which requires a subset of the Company's remote employees to begin working from the San Mateo headquarters for three days a week, beginning in the summer of 2024.

(B) Includes impairment expenses related to certain operating lease right-of-use assets and related property and equipment.

The following table presents a reconciliation of net cash and cash equivalents provided by operating activities, the most directly comparable financial measure calculated in accordance with GAAP, to free cash flow, for each of the periods presented (in thousands, unaudited):

	Three Months Ended March 31,	
	2024	2023
<b>Reconciliation of net cash and cash equivalents provided by operating activities to free cash flow:</b>		
Net cash and cash equivalents provided by operating activities	\$ 238,946	\$ 173,781
Deduct:		
Acquisition of property and equipment	(46,680)	(91,359)
Purchases of intangible assets	(1,200)	(500)
Free cash flow	<u>\$ 191,066</u>	<u>\$ 81,922</u>

#### Forward Looking Guidance<sup>4</sup>: GAAP to Non-GAAP Financial Measures Reconciliations

The following table presents a reconciliation of revenue, the most directly comparable financial measure calculated in accordance with GAAP, to bookings, for each of the periods presented (in thousands):

	Guidance		Updated Guidance	
	Three Months Ended June 30, 2024		Twelve Months Ended December 31, 2024	
	Low	High	Low	High
<b>Reconciliation of revenue to bookings:</b>				
Revenue	\$ 855,000	\$ 880,000	\$ 3,450,000	\$ 3,525,000
Add (deduct):				
Change in deferred revenue	18,000	23,000	568,000	593,000
Other	(3,000)	(3,000)	(18,000)	(18,000)
Bookings	<u>\$ 870,000</u>	<u>\$ 900,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,100,000</u>

The following table presents a reconciliation of consolidated net loss, the most directly comparable financial measure calculated in accordance with GAAP, to Adjusted EBITDA, for each of the periods presented (in thousands):

	Guidance		Updated Guidance	
	Three Months Ended June 30, 2024		Twelve Months Ended December 31, 2024	
	Low	High	Low	High
<b>Reconciliation of consolidated net loss to Adjusted EBITDA:</b>				
Consolidated net loss	\$ (267,000)	\$ (265,000)	\$ (1,096,000)	\$ (1,044,000)
Add (deduct):				
Interest income	(38,000)	(38,000)	(160,000)	(160,000)
Interest expense	11,000	11,000	42,000	42,000
Provision for/(benefit from) income taxes	2,000	2,000	5,000	5,000
Depreciation and amortization expense	58,000	58,000	224,000	224,000
Stock-based compensation expense	270,000	270,000	1,080,000	1,080,000
Adjusted EBITDA	<u>\$ 36,000</u>	<u>\$ 38,000</u>	<u>\$ 95,000</u>	<u>\$ 147,000</u>

<sup>4</sup> Beginning April 1, 2024, the estimated average lifetime of a payer changed from 28 months to 27 months, which is reflected in our second quarter and updated full year 2024 GAAP and non-GAAP guidance. Based on the carrying amount of deferred revenue and deferred cost of revenue as of March 31, 2024, the April 1, 2024 change in estimated average lifetime of a payer will result in an increase in revenue and cost of revenue of \$58.9 million and \$12.4 million, respectively, during the second quarter of 2024 and an increase in revenue and cost of revenue of \$98.0 million and \$20.4 million, respectively, during the full year 2024. Refer to “Basis of Presentation and Summary of Significant Accounting Policies — Revenue Recognition” as described in the Company’s consolidated financial statements and related notes included in the Company’s Annual Report on Form 10-K for further background on the Company’s process to estimate the average lifetime of a payer.

The following table presents a reconciliation of net cash and cash equivalents provided by operating activities, the most directly comparable financial measure calculated in accordance with GAAP, to free cash flow, for each of the periods presented (in thousands):

	Guidance			
	Three Months Ended June 30, 2024		Twelve Months Ended December 31, 2024	
	Low	High	Low	High
Reconciliation of net cash and cash equivalents provided by operating activities to free cash flow:				
Net cash and cash equivalents provided by operating activities	\$ 61,000	\$ 68,000	\$ 530,000	\$ 600,000
Deduct:				
Acquisition of property and equipment	(45,000)	(45,000)	(178,800)	(178,800)
Purchase of intangible assets	—	—	(1,200)	(1,200)
Free cash flow	\$ 16,000	\$ 23,000	\$ 350,000	\$ 420,000

## **About Roblox**

Roblox is an immersive platform for connection and communication. Every day, millions of people come to Roblox to create, play, work, learn, and connect with each other in experiences built by our global community of creators. Our vision is to reimagine the way people come together— in a world that is safe, civil, and optimistic. To achieve this vision, we are building an innovative company that, together with the Roblox community, has the ability to strengthen our social fabric and support economic growth for people around the world. For more about Roblox, please visit [corp.roblox.com](https://corp.roblox.com).

## **CONTACTS**

Stefanie Notaney  
Roblox Corporate Communications  
[press@roblox.com](mailto:press@roblox.com)

*ROBLOX and the Roblox logo are among the registered and unregistered trademarks of Roblox Corporation in the United States and other countries. © 2024 Roblox Corporation. All rights reserved.*

*Source: Roblox Corporation*

Shareholder Letter

**ROBLOX**

**Q1 2024**

MAY 9, 2024





# To Our Shareholders:

Over the years we have shared that the Roblox business model has long-term healthy unit economics and thus the ability to generate significant cash flow. The first quarter of 2024 was a case in point – we delivered good topline growth and record amounts of operating and free cash flow.

During our Investor Day last November, we described two financial goals: topline growth of 20% or more year-over-year through 2027; and margin and cash flow improvements based on operating leverage and reductions in capital expenditures.

In Q1 2024, revenue grew by 22% year-over-year, and bookings grew at 19.4%. Net cash and cash equivalents provided by operating activities totaled \$238.9 million in Q1 2024, a record for any quarter, and up 37% over Q1 2023. Free cash flow was \$191.1 million in Q1 2024, also a record, and up 133% over Q1 2023. In fact, we generated over 50% more free cash flow in Q1 2024 than in all of 2023.

We are operating more efficiently. Over the past three quarters, year-over-year, we reduced Certain Infrastructure, Trust and Safety expenditures. We are realizing these savings from internal efficiency initiatives, the shift to more AI-driven moderation, and optimizing infrastructure. The quality of our platform is going up, while costs are going down.

Over the same time frame, we have reduced the growth rate of personnel costs, excluding stock-based compensation, by keeping headcount flat, and are taking steps to drive even more leverage over the balance of 2024. We are focusing our resources into the growth verticals of our business – namely advertising, AI, and live operations.

In addition, capital expenditures dropped by nearly 50% in Q1 2024 over the same quarter last year.

Due to seasonality, note that both cash flow figures will decline in Q2 and that is normal and expected (please see pp. 24-25 of our Supplemental Materials posted on [ir.roblox.com](https://ir.roblox.com)). Our Q2 guidance implies, however, that through the first half of this year we will generate the levels of cash flow improvements, as compared to the first half of 2023, referenced during Investor Day last November.



Now let's turn to our key metrics:

- Daily Active Users ("DAUs") were 77.7 million and grew by 17% over Q1 2023. Growth remains notably strong among users aged 13 years and older, and DAUs grew across all regions with particular strength in APAC.
- Hours Engaged ("Hours") were 16.7 billion and grew 15% over Q1 2023. Similar to DAUs, growth remains strongest among users 13 years and older and in APAC.
- Revenue was \$801.3 million in Q1 2024 and grew by 22% over revenue in Q1 2023. This was above our Q1 guidance range of \$755 - \$780 million.
- Bookings totaled \$923.8 million and grew by 19% over bookings in Q1 2023. This was within our Q1 guidance range of \$910 - \$940 million.
- Consolidated net loss was \$(271.9) million, compared to a consolidated net loss of \$(269.9) million in Q1 2023. This was better than our Q1 net loss guidance range of \$(347) million - \$(342) million.
- Adjusted EBITDA was \$(6.9) million, better than our guidance range of \$(55) million - \$(50) million. Adjusted EBITDA excludes the adjustments for an increase in deferred revenue of \$127.6 million and an increase in deferred cost of revenue of \$(32.9) million.
- Net cash and cash equivalents provided by operating activities was \$238.9 million in Q1 2024, up 37% over Q1 2023, and free cash flow was \$191.1 million in Q1 2024, an increase of 133% over Q1 2023.
- Our fully diluted share count, consisting primarily of shares issued and outstanding of Class A and Class B common stock, stock options outstanding, and unvested RSUs outstanding, was 718.6 million shares as of March 31, 2024, an increase of 3.2% as of March 31, 2023.
- Cash and cash equivalents, short-term investments, and long-term investments totalled \$3,469 million as of March 31, 2024, up from \$3,092 million as of March 31, 2023. Cash and cash equivalents, short-term investments, and long-term investments, net of debt, increased to \$2,464 million as of March 31, 2024, up from \$2,103 million as of March 31, 2023.

Engagement in Q1 exhibited an unseasonal decline and the impact was broad-based across regions, ages, and platforms. Our teams have been hard at work identifying opportunities to drive growth, and we have seen encouraging signs during the back half of April and early May with DAUs, Hours, and Bookings in the US & Canada back to around 20% year-over-year or higher.

In particular, our efforts on content discovery, platform events, economy, and app and platform performance have helped to increase recent growth:



During Q1 2024, we began experimenting with changes in our AI-driven discovery algorithm and the positioning of various content types on the Homepage, such as Friends, Continue, Recommended for You, Sponsored Experiences, People You May Know, and Today's Picks. Today's Picks is a new curated sort that features up-and-coming creations, updated experiences, and new genres helping our users to try more experiences and increasing the diversity of the content with which they engage.

In response to community feedback, we reintroduced platform-wide events in Q1 as well. *The Hunt: First Edition* ran for two weeks starting on March 15 on mobile, PC, console, and VR. We were pleased with the results of the event and believe it led to incremental engagement, re-engaged users, and surfaced new content. Going forward, we will continue our new series of events and explore fresh themes and ideas, while also investing in better tooling to enable creators and brands to run their own live operations and events.

Starting in February, our economy team launched dynamic price floors in our Marketplace on certain Avatar items. As a result, average prices for items and overall spend increased.

Finally, we continued to improve performance for our app and experiences. In particular, we've made progress in improving frame rates, increasing stability across all platforms (especially Windows Desktop) and enhancing graphics quality on higher end devices.

Based on results since the middle of April, we believe that these steps are having positive results.



## Brand Partnerships & Advertising

We have continued to make progress with respect to our brand partnerships and advertising roadmap.

- On April 10, we announced a partnership with PubMatic to tap into their vast demand, including supply path optimization deals with advertising agencies and premium brands.
- On April 29, we initiated our first real-world shopping test with Walmart – one of multiple tests we are planning with different brands.
- On May 1, we announced video ads would become available to all advertisers through our self-serve Ads Manager and soon through our programmatic partners. We have been testing video ads with top brands and global agencies, and early results are promising.

Independent measurement is critical to advertisers, which is why we recently announced a partnership with IAS, an industry-leading third-party measurement provider, to verify that our Immersive Ads are driving engagement with users. We are also offering a brand lift solution with Kantar Context Lab, and in the future we will also provide measurement with multiple brand lift partners using industry-standard passive measurement of ad campaigns.

In tandem with this progress, our team has been hard at work educating the market and establishing a foundation for scalable revenue. We attended both PlayFronts and NewFronts for the first time this year and generated significant interest in our suite of advertising products.

Finally, we continue to hire key talent on our brands and advertising team and want to welcome David Vespe as our new Head of Ads Engineering. David joins us following nearly two decades at Google where he built some of Google's most successful ads businesses across Search, YouTube and Social.





## Guidance:

Our Q2 2024 bookings guidance incorporates slower growth in the first half of April as we lapped comparisons with the Easter holiday last year, but also includes recent evidence of improved growth in DAUs, Hours, Revenue, and Bookings. For the full year, we are basically matching the bookings growth rate we expect to achieve in 1H 2024, with an adjustment down to account for a strong Q4 2023 that included the Playstation launch which we will lap this year.

Despite lowering bookings expectations by approximately 4% for the full year versus our prior guidance, by continuing to manage our fixed costs and capital expenditures, we believe we can deliver the same amount of operating and free cash flow implied by our guidance last quarter.

Finally, we will no longer refer to Covenant Adjusted EBITDA in our shareholder letters and earnings press releases though we will calculate it in the liquidity sections of our 10-Q and 10-K. We will continue to guide to Adjusted EBITDA which excludes adjustments for the change in deferred revenue and deferred cost of revenue. We will separately guide to and report the change in deferred revenue and deferred cost of revenue. By adding those changes in deferrals as adjustments to Adjusted EBITDA it should foot with the EBITDA figures most analysts have in their financial models.

Management guidance is as follows:

Q2 2024:

- Revenue between \$855 million - \$880 million.<sup>1</sup>
- Bookings between \$870 million - \$900 million.
- Consolidated net loss between \$(267) million - \$(265) million.
- Adjusted EBITDA between \$36 million - \$38 million, which excludes adjustments for:
  - Increase in deferred revenue between \$18 million - \$23 million.
  - Increase in deferred cost of revenue between \$(7) million - \$(9) million.
  - The total of these changes in deferrals between \$11 million - \$14 million.
- Net cash and cash equivalents provided by operating activities between \$61 million - \$68 million.
- Capital expenditures and purchases of intangible assets of approximately \$(45) million.
- Free cash flow between \$16 million - \$23 million.

---

<sup>1</sup> Our revenue guidance assumes a one month reduction in the estimated average lifetime of a paying user from 28 months to 27 months, beginning April 1, 2024. This change in estimate is reflected in our Q2 2024 GAAP and non-GAAP guidance. Based on the carrying amount of deferred revenue and deferred cost of revenue as of March 31, 2024, the April 1, 2024 change in the estimated average lifetime of a paying user will result in an increase in revenue and cost of revenue of \$58.9 million and \$12.4 million, respectively, during the second quarter of 2024.



Fiscal 2024:

- Revenue between \$3,450 million - \$3,525 million.<sup>2</sup>
- Bookings between \$4,000 million - \$4,100 million.
- Consolidated net loss between \$(1,096) million - \$(1,044) million.
- Adjusted EBITDA between \$95 million - \$147 million, which excludes adjustments for:
  - Increase in deferred revenue between \$568 million - \$593 million.
  - Increase in deferred cost of revenue between \$(133) million - \$(140) million.
  - The total of these changes in deferrals between \$435 million - \$453 million.
- Net cash and cash equivalents provided by operating activities between \$530 million - \$600 million.
- Capital expenditures and purchases of intangible assets of approximately \$(180) million.
- Free cash flow between \$350 million - \$420 million.

---

<sup>2</sup> Our revenue guidance assumes a one month reduction in the estimated average lifetime of a paying user from 28 months to 27 months, beginning April 1, 2024. This change in estimate is reflected in our updated full year 2024 GAAP and non-GAAP guidance. Based on the carrying amount of deferred revenue and deferred cost of revenue as of March 31, 2024, the April 1, 2024 change in estimated average lifetime of a paying user will result in an increase in revenue and cost of revenue of \$98.0 million and \$20.4 million, respectively, during the full year 2024.



## Liquidity:

As of March 31, 2024, the balances of our liquidity components were:

- Cash and cash equivalents: \$866.4 million
- Short-term investments: \$1,543.8 million
- Long-term investments: \$1,059.2 million
- Minus: Carrying amount of the senior notes due 2030 (\$990.6 million) and the portion of the non-eliminated carrying amount of notes due 2026 issued by the Company's fully consolidated joint venture (\$14.7 million), or \$1,005.3 million<sup>3</sup> in total.
- Cash and cash equivalents plus short-term and long-term investments totaled \$3,469.4 million in Q1 2024 and \$3,091.9 million in Q1 2023.
- Net liquidity (cash, cash equivalents and investments less debt) was \$2,464.1 million

---

<sup>3</sup> \$990.6 million represents the net carrying amount of the senior notes due 2030 and \$14.7 million represents the portion of the non-eliminated carrying amount of notes due 2026 issued by the Company's fully consolidated joint venture, each as of March 31 2024. The principal amounts of the 2030 Notes and 2026 Notes were \$1.0 billion and \$14.7 million, respectively.



# EARNINGS Q&A SESSION

We will host a live Q&A session to answer questions regarding our first quarter 2024 results on Thursday, May 9, 2024 at 5:30 a.m. Pacific Time/8:30 a.m. Eastern Time. The live webcast and Q&A session will be open to the public at [ir.roblox.com](https://ir.roblox.com) and we invite you to join us and to visit our investor relations website at [ir.roblox.com](https://ir.roblox.com) to review supplemental information.





# Forward-Looking Statements

This letter and the live webcast and Q&A session which will be held at 5:30 a.m. Pacific Time/8:30 a.m. Eastern Time on Thursday, May 9, 2024 contain “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, statements regarding our vision to connect one billion global DAUs, our efforts to improve the Roblox Platform, our immersive and video advertising efforts, including our ads manager and independent measurement partnerships, our efforts regarding content curation, live operations and platform-wide events, our efforts regarding real-world shopping, the use of artificial intelligence (“AI”) on our platform, our economy and product efforts related to creator earnings and platform monetization, our sponsored experiences, branding and new partnerships and our roadmap with respect to each, our business, product, strategy and user growth, our investment strategy, including our opportunities for and expectations of improvements in financial and operating metrics, including operating leverage, margin, free cash flow, operating expenses and capital expenditures, our expectation of successfully executing such strategies and plans, disclosures regarding the seasonality of our business, disclosures and future growth rates, benefits from agreements with third-party cloud providers, disclosures about our infrastructure efficiency initiatives, changes to our estimated average lifetime of a paying user and the resulting effect on revenue, cost of revenue, deferred revenue and deferred cost of revenue, our expectations of future net losses and net cash and cash equivalents provided by operating activities, statements by our Chief Executive Officer and Chief Financial Officer, and our outlook and guidance for second quarter and full year 2024, and future periods. These forward-looking statements are made as of the date they were first issued and were based on current plans, expectations, estimates, forecasts, and projections as well as the beliefs and assumptions of management. Words such as “expect,” “vision,” “envision,” “evolving,” “drive,” “anticipate,” “intend,” “maintain,” “should,” “believe,” “continue,” “plan,” “goal,” “opportunity,” “estimate,” “predict,” “may,” “will,” “could,” and “would,” and variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond our control. Our actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to risks detailed in our filings with the Securities and Exchange Commission (the “SEC”), including our annual reports on Form 10-K, our quarterly reports on Form 10-Q and other filings and reports we make with the SEC from time to time. In particular, the following factors, among others, could cause results to differ materially from those expressed or implied by such forward-looking statements: our ability to successfully execute our business and growth strategy; the sufficiency of our cash and cash equivalents to meet our liquidity needs, including the repayment of our senior notes; the demand for our platform in general; our ability to retain and increase our number of users, developers, and creators; the impact of inflation and global economic conditions on our operations; the impact of changing legal and regulatory requirements on our business, including the use of verified parental consent; our ability to develop enhancements to our platform, and bring them to market in a timely manner; our ability to develop and protect our brand and build new partnerships; any misuse of user data or other undesirable activity by third parties on our platform; our ability to maintain the security and availability of our platform; our ability to detect and minimize unauthorized use of our platform; and the impact of AI on our platform, users, creators, and developers. Additional information regarding these and other risks and uncertainties that could cause actual results to differ materially from our expectations is



included in the reports we have filed or will file with the SEC, including our annual reports on Form 10-K and our quarterly reports on Form 10-Q.

The forward-looking statements included in this letter represent our views as of the date of this letter. We anticipate that subsequent events and developments will cause our views to change. However, we undertake no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this letter.



# Non-GAAP Financial Measures

This letter contains the non-GAAP financial measures bookings, Adjusted EBITDA, and free cash flow.

We use this non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that this non-GAAP financial information may be helpful to investors because it provides consistency and comparability with past financial performance. Bookings is defined as revenue plus the change in deferred revenue during the period and other non-cash adjustments. Substantially all of our bookings are generated from sales of virtual currency, which can ultimately be converted to virtual items on the Roblox Platform. Sales of virtual currency reflected as bookings include one-time purchases and monthly subscriptions purchased via payment processors or through prepaid cards. Bookings also include an insignificant amount from advertising and licensing arrangements. We believe bookings provide a timelier indication of trends in our operating results that are not necessarily reflected in our revenue as a result of the fact that we recognize the majority of revenue over the estimated average lifetime of a paying user. The change in deferred revenue constitutes the vast majority of the reconciling difference from revenue to bookings. By removing these non-cash adjustments, we are able to measure and monitor our business performance based on the timing of actual transactions with our users and the cash that is generated from these transactions. Adjusted EBITDA represents our GAAP consolidated net loss, excluding interest income, interest expense, other income/(expense), provision for/(benefit from) income taxes, depreciation and amortization expense, stock-based compensation expense, and certain other nonrecurring adjustments. We believe that, when considered together with reported GAAP amounts, Adjusted EBITDA is useful to investors and management in understanding our ongoing operations and ongoing operating trends. Our definition of Adjusted EBITDA may differ from the definition used by other companies and therefore comparability may be limited. Free cash flow represents the net cash and cash equivalents provided by operating activities less purchases of property, equipment, and intangible assets acquired through asset acquisitions. We believe that free cash flow is a useful indicator of our unit economics and liquidity that provides information to management and investors about the amount of cash generated from our core operations that, after the purchases of property, equipment, and intangible assets acquired through asset acquisitions, can be used for strategic initiatives.

Non-GAAP financial measures have limitations in their usefulness to investors because they have no standardized meaning prescribed by GAAP and are not prepared under any comprehensive set of accounting rules or principles. In addition, other companies, including companies in our industry, may calculate similarly titled non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial information as a tool for comparison. As a result, our non-GAAP financial information is presented for supplemental informational purposes only and should not be considered in isolation from, or as a substitute for financial information presented in accordance with GAAP.

Reconciliation tables of the most comparable GAAP financial measure to the non-GAAP financial measure used in this letter are included at the end of this letter. We encourage investors and others to review our business, results of operations, and financial information in their entirety, not to rely on any single financial measure, and to view these non-GAAP measures in conjunction with the most directly comparable GAAP financial measures.



# GAAP to Non-GAAP Financial Measures

## Reconciliations

The following table presents a reconciliation of revenue, the most directly comparable financial measure calculated in accordance with GAAP, to bookings, for each of the periods presented (in thousands, unaudited):

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Reconciliation of revenue to bookings:</b>		
Revenue	\$ 801,300	\$ 655,344
Add (deduct):		
Change in deferred revenue	127,604	123,783
Other	(5,147)	(5,308)
Bookings	<u>\$ 923,757</u>	<u>\$ 773,819</u>

The following table presents a reconciliation of consolidated net loss, the most directly comparable financial measure calculated in accordance with GAAP, to Adjusted EBITDA, for each of the periods presented (in thousands, unaudited):

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Reconciliation of consolidated net loss to Adjusted EBITDA:</b>		
Consolidated net loss	\$ (271,920)	\$ (269,948)
Add (deduct):		
Interest income	(42,170)	(31,082)
Interest expense	10,363	10,012
Other (income)/expense, net	346	440
Provision for/(benefit from) income taxes	1,053	731
Depreciation and amortization expense	53,741	47,412
Stock-based compensation expense	240,502	184,904
RTO severance charge <sup>(A)</sup>	1,182	—
Other non-cash charges <sup>(B)</sup>	—	6,988
Adjusted EBITDA	<u>\$ (6,903)</u>	<u>\$ (50,543)</u>

(A) Relates to cash severance costs associated with the Company's return-to-office ("RTO") plan announced in October 2023, which requires a subset of the Company's remote employees to begin working from the San Mateo headquarters for three days a week, beginning in the summer of 2024.

(B) Includes impairment expenses related to certain operating lease right-of-use assets and related property and equipment.





The following table presents a reconciliation of net cash and cash equivalents provided by operating activities, the most directly comparable financial measure calculated in accordance with GAAP, to free cash flow, for each of the periods presented (in thousands, unaudited):

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Reconciliation of net cash and cash equivalents provided by operating activities to free cash flow:</b>		
Net cash and cash equivalents provided by operating activities	\$ 238,946	\$ 173,781
Deduct:		
Acquisition of property and equipment	(46,680)	(91,359)
Purchases of intangible assets	(1,200)	(500)
Free cash flow	<u>\$ 191,066</u>	<u>\$ 81,922</u>



## Forward Looking Guidance<sup>4</sup>: GAAP to Non-GAAP Financial Measures Reconciliations

The following table presents a reconciliation of revenue, the most directly comparable financial measure calculated in accordance with GAAP, to bookings, for each of the periods presented (dollars in thousands):

	Guidance		Updated Guidance	
	Three Months Ended		Twelve Months Ended	
	June 30, 2024		December 31, 2024	
	Low	High	Low	High
<b>Reconciliation of revenue to bookings:</b>				
Revenue	\$ 855,000	\$ 880,000	\$ 3,450,000	\$ 3,525,000
Add (deduct):				
Change in deferred revenue	18,000	23,000	568,000	593,000
Other	(3,000)	(3,000)	(18,000)	(18,000)
Bookings	<u>\$ 870,000</u>	<u>\$ 900,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,100,000</u>

<sup>4</sup> Our revenue guidance assumes a one month reduction in the estimated average lifetime of a paying user from 28 months to 27 months, beginning April 1, 2024. This change in estimate is reflected in our Q2 2024 GAAP and non-GAAP guidance. Based on the carrying amount of deferred revenue and deferred cost of revenue as of March 31, 2024, the April 1, 2024 change in estimated average lifetime of a payer will result in an increase in revenue and cost of revenue of \$58.9 million and \$12.4 million, respectively, during the second quarter of 2024 and an increase in revenue and cost of revenue of \$98.0 million and \$20.4 million, respectively, during the full year 2024. Refer to "Basis of Presentation and Summary of Significant Accounting Policies — Revenue Recognition" as described in the Company's consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for further background on the Company's process to estimate the average lifetime of a payer.



The following table presents a reconciliation of consolidated net loss, the most directly comparable financial measure calculated in accordance with GAAP, to Adjusted EBITDA, for each of the periods presented (dollars in thousands):

	Guidance		Updated Guidance	
	Three Months Ended June 30, 2024		Twelve Months Ended December 31, 2024	
	Low	High	Low	High
<b>Reconciliation of consolidated net loss to Adjusted EBITDA:</b>				
Consolidated Net Loss	\$ (267,000)	\$ (265,000)	\$ (1,096,000)	\$ (1,044,000)
Add (deduct):				
Interest income	(38,000)	(38,000)	(160,000)	(160,000)
Interest expense	11,000	11,000	42,000	42,000
Provision for/(benefit from) income taxes	2,000	2,000	5,000	5,000
Depreciation and amortization expense	58,000	58,000	224,000	224,000
Stock-based compensation expense	270,000	270,000	1,080,000	1,080,000
Adjusted EBITDA	\$ 36,000	\$ 38,000	\$ 95,000	\$ 147,000

The following table presents a reconciliation of net cash and cash equivalents provided by operating activities, the most directly comparable financial measure calculated in accordance with GAAP, to free cash flow, for each of the periods presented (dollars in thousands):

	Guidance			
	Three Months Ended June 30, 2024		Twelve Months Ended December 31, 2024	
	Low	High	Low	High
<b>Reconciliation of net cash and cash equivalents provided by operating activities to free cash flow:</b>				
Net cash and cash equivalents provided by operating activities	\$ 61,000	\$ 68,000	\$ 530,000	\$ 600,000
Deduct:				
Acquisition of property and equipment	(45,000)	(45,000)	(178,800)	(178,800)
Purchases of intangible assets	—	—	(1,200)	(1,200)
Free cash flow	\$ 16,000	\$ 23,000	\$ 350,000	\$ 420,000



