
**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 6, 2026

SNAP INC.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

3000 31st Street
Santa Monica, California
(Address of Principal Executive Offices)

001-38017
(Commission File Number)

45-5452795
(IRS Employer
Identification No.)

90405
(Zip Code)

Registrant's Telephone Number, Including Area Code: (310) 399-3339

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, par value \$0.00001 per share	SNAP	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 6, 2026, Snap Inc. reported financial results for the three months ended March 31, 2026. A copy of the press release and the investor letter are furnished as Exhibit 99.1 and Exhibit 99.2, respectively, to this Current Report on Form 8-K and incorporated by reference.

The press release and investor letter are furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information shall not be deemed incorporated by reference into any other filing with the Securities and Exchange Commission made by Snap Inc., whether made before or after today’s date, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press release dated May 6, 2026.
99.2	Investor Letter dated May 6, 2026.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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 hereunto duly authorized.

SNAP INC.

Date: May 6, 2026

By: /s/ Derek Andersen
Derek Andersen
Chief Financial Officer

Snap Inc. Announces First Quarter 2026 Financial Results

First quarter revenue increased 12% year-over-year to \$1,529 million

First quarter operating cash flow was \$327 million and Free Cash Flow was \$286 million

First quarter net loss of \$89 million and Adjusted EBITDA of \$233 million

SANTA MONICA, Calif. – May 6, 2026 – Snap Inc. (NYSE: SNAP) today announced financial results for the quarter ended March 31, 2026.

“In Q1, we returned to growth in daily active users, accelerated revenue growth, expanded margins, and generated strong free cash flow,” said Evan Spiegel, CEO. “We remain focused on disciplined execution as we invest in Specs and our long-term opportunity in intelligent eyewear and look forward to sharing more at AWE on June 16th.”

Q1 2026 Financial Summary

- Revenue was \$1,529 million, compared to \$1,363 million in the prior year, an increase of 12% year-over-year.
- Net loss was \$89 million, compared to \$140 million in the prior year.
- Adjusted EBITDA was \$233 million, compared to \$108 million in the prior year.
- Operating cash flow was \$327 million, compared to \$152 million in the prior year.
- Free Cash Flow was \$286 million, compared to \$114 million in the prior year.

	Three Months Ended March 31,		Percent Change
	2026	2025	
<i>(Unaudited)</i>	<i>(dollars in thousands, except per share amounts)</i>		
Revenue	\$ 1,528,791	\$ 1,363,217	12 %
Operating loss	\$ (74,449)	\$ (193,846)	62 %
Net loss	\$ (88,951)	\$ (139,587)	36 %
Adjusted EBITDA ⁽¹⁾	\$ 233,333	\$ 108,425	115 %
Net cash provided by operating activities	\$ 326,779	\$ 151,610	116 %
Free Cash Flow ⁽²⁾	\$ 286,007	\$ 114,396	150 %
Diluted net loss per share attributable to common stockholders	\$ (0.05)	\$ (0.08)	38 %

(1) See page 9 for a reconciliation of net loss to Adjusted EBITDA.

(2) See page 9 for a reconciliation of net cash provided by operating activities to Free Cash Flow.

Q1 2026 Summary & Key Highlights

We deepened engagement with our community:

- The Snapchat community continues to grow, reaching 956 million global monthly active users (MAU) in Q1, an increase of 43 million or 5% year-over-year and Global Daily Active Users (DAU) grew to 483 million or 5% year-over-year.
- Our focus on prioritizing authentic content created using the Snapchat Camera and our investments in the Creator experience are driving Spotlight posts, contributing to nearly 74% year-over-year growth in Spotlight posters in the US and over 61% globally.
- The March Madness Topic Chat was one of the most active real-time group chats with more than 90,000 chats sent to the group and, at peak moments, over 40,000 people active in the chat simultaneously.
- Our community used AR Lenses in our Snapchat camera more than 9 billion times per day on average in Q1, driven by 75% of Snapchatters engaging with AR every day on average.
- We continue to see strong momentum in our creator and developer ecosystem, with more than 400,000 Lenses submitted in the quarter, increasing more than 150% year-over-year.
- The Snap Map reached over 450 million global monthly active users in Q1, reflecting strong continued engagement.

We are focused on accelerating and diversifying our revenue growth:

- In Q1, Sponsored Snaps drove strong performance gains, with per-impression click-through rates increasing 226% and 7-day conversion volume rising 59%.
- We launched AI Sponsored Snaps, a new format that enables brands to engage Snapchatters through interactive, AI-powered conversations in Chat and extends our strategy of delivering more personalized, high-intent advertising experiences.
- Promoted Places campaigns demonstrated strong impact, with Carl's Jr. achieving an 18% lift in incremental visits alongside gains in ad awareness and brand favorability.
- Dynamic Product Ads revenue grew more than 30% year-over-year, while adoption among small and medium-sized customers more than doubled.
- We directly monetized the growing engagement on Snapchat, with Other Revenue increasing 87% year-over-year to \$285 million.

We are making computers more human with Specs:

- We expanded our strategic collaboration with Qualcomm Technologies, Inc. to bring their industry-leading Snapdragon system-on-a-chip (SoC) to future generations of Specs, strengthening the platform for developers and partners.
- We partnered with Jonathan Yeo to bring his exhibition, "Spectacular: The Art of Jonathan Yeo in Augmented Reality" - first shown at the Centre Pompidou - to SXSW in Austin, transforming his iconic portraits into living, responsive installations through Spectacles.
- We are seeing high levels of engagement and sustained growth in Specs Lens creation, with the number of Lenses submitted increasing 28% year-over-year.
- We are seeing expanding use cases across learning, gaming, and AI-powered experiences, with developers building immersive experiences in preparation for launch, including:
 - Fossils, created by XR focused company VyuXR Immersive Studios, is an interactive AR learning experience that uses spatial puzzle mechanics to let users uncover and assemble prehistoric fossils while bringing extinct animals to life.
 - Artel, created by Yegor Ryabtsov, is an AR drawing app that lets users create in 3D space with a wide range of brushes, colors, and effects, and now includes physics-based interactions that allow drawings to respond to gravity and motion.

Q2 2026 Outlook

Snap Inc. will discuss its Q2 2026 outlook during its Q1 2026 Earnings Call (details below) and in its investor letter available at investor.snap.com.

Conference Call Information

Snap Inc. will host a conference call to discuss the results at 2:00 p.m. Pacific / 5:00 p.m. Eastern today. The live audio webcast along with supplemental information will be accessible at investor.snap.com. A recording of the webcast will also be available following the conference call.

Snap Inc. uses its websites (including snap.com and investor.snap.com) as means of disclosing material non-public information and for complying with its disclosure obligation under Regulation FD.

Definitions

Free Cash Flow is defined as net cash provided by (used in) operating activities, reduced by purchases of property and equipment.

Common shares outstanding plus shares underlying stock-based awards includes common shares outstanding, restricted stock units, restricted stock awards, and outstanding stock options.

Adjusted EBITDA is defined as net income (loss), excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; and certain other items impacting net income (loss) from time to time.

A Daily Active User (DAU) is defined 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.

Average revenue per user (ARPU) is defined as quarterly revenue divided by the average DAUs.

A Monthly Active User (MAU) is defined as a registered and logged-in Snapchat user who visits Snapchat through our applications or websites at least once during the 30-day period ending on the calendar month-end. We calculate average Monthly Active Users for a particular quarter by calculating the average of the MAUs as of each calendar month-end in that quarter.

Note: For adjustments and additional information regarding the non-GAAP financial measures and other items discussed, please see “Non-GAAP Financial Measures,” “Reconciliation of GAAP to Non-GAAP Financial Measures,” and “Supplemental Financial Information and Business Metrics.”

About Snap Inc.

Snap Inc. is a technology company. We believe the camera presents the greatest opportunity to improve the way people live and communicate. Snap contributes to human progress by empowering people to express themselves, live in the moment, learn about the world, and have fun together.

Snap Inc. operates Snapchat, a visual messaging app that enhances your relationships with friends, family, and the world, and Specs Inc., a wholly-owned subsidiary dedicated to making computing more human, in addition to Bitmoji, Saturn, and other digital services. For more information, visit snap.com.

Contact

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Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this press release, 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 press release.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this press release primarily on our current expectations and projections about future events and trends, including our financial outlook, macroeconomic uncertainty, and geo-political events and conflicts, that we believe may continue to affect our business, financial condition, results of operations, and prospects. These forward-looking statements are subject to risks and uncertainties related to: our financial performance; our ability to attain and sustain profitability; our ability to generate and sustain positive cash flow; our ability to attract and retain users, partners, and advertisers; competition and new market entrants; managing our growth and future expenses; compliance with new laws, regulations, and executive actions; our ability to maintain, protect, and enhance our intellectual property; our ability to succeed in existing and new market segments; our ability to attract and retain qualified team members and key personnel; our ability to repay or refinance outstanding debt, or to access additional financing; future acquisitions, divestitures, or investments; and the potential adverse impact of climate change, natural disasters, health epidemics, macroeconomic conditions, and war or other armed conflict, as well as risks, uncertainties, and other factors described in “Risk Factors” and elsewhere in our most recent periodic report filed with the U.S. Securities and Exchange Commission, or 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 press release and other filings that we make from time to time with the SEC. In addition, any forward-looking statements contained in this press release are based on assumptions that we believe to be reasonable as of this date. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of this press release or to reflect new information or the occurrence of unanticipated events, including future developments related to geo-political events and conflicts and macroeconomic conditions, except as required by law.

Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use certain non-GAAP financial measures, as described below, to understand and evaluate our core operating performance. These non-GAAP financial measures, which may be different than similarly titled measures used by other companies, are presented to enhance investors’ overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We use the non-GAAP financial measure of Free Cash Flow, which is defined as net cash provided by (used in) operating activities, reduced by purchases of property and equipment. We believe Free Cash Flow is an important liquidity measure of the cash that is available, after capital expenditures, for operational expenses and investment in our business and is a key financial indicator used by management. Additionally, we believe that Free Cash Flow is an important measure since we use third-party infrastructure partners to host our services and therefore we do not incur significant capital expenditures to support revenue generating activities. Free Cash Flow is useful to investors as a liquidity measure because it measures our ability to generate or use cash. Once our business needs and obligations are met, cash can be used to maintain a strong balance sheet and invest in future growth.

We use the non-GAAP financial measure of Adjusted EBITDA, which is defined as net income (loss), excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; and certain other items impacting net income (loss) from time to time. We believe that Adjusted EBITDA helps identify underlying trends in our business that could otherwise be masked by the effect of the expenses that we exclude in Adjusted EBITDA.

We believe that these non-GAAP financial measures provide useful information about our financial performance, enhance the overall understanding of our past performance and future prospects, and allow for greater transparency with respect to key metrics used by our management for financial and operational decision-making. We are presenting these non-GAAP measures to assist investors in seeing our financial performance through the eyes of management, and because we believe that these measures provide an additional tool for investors to use in comparing our core financial performance over multiple periods with other companies in our industry.

For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measure, please see “Reconciliation of GAAP to Non-GAAP Financial Measures.”

Snap Inc., “Snapchat,” and our other registered and common law trade names, trademarks, and service marks are the property of Snap Inc. or our subsidiaries.

SNAP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, unaudited)

	Three Months Ended March 31,	
	2026	2025
Cash flows from operating activities		
Net loss	\$ (88,951)	\$ (139,587)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	44,696	37,715
Stock-based compensation	250,040	247,338
Amortization of debt issuance costs and debt discount (premium)	(931)	7,642
Losses on debt and equity securities, net	845	15,800
Gain on extinguishment of debt	—	(66,939)
Other	5,126	(805)
Change in operating assets and liabilities, net of effect of acquisitions:		
Accounts receivable, net of allowance	174,635	194,216
Prepaid expenses and other current assets	(16,270)	(22,828)
Operating lease right-of-use assets	15,114	14,123
Other assets	(240)	9,010
Accounts payable	22,044	34,260
Accrued expenses and other current liabilities	(67,649)	(162,568)
Operating lease liabilities	(12,455)	(16,993)
Other liabilities	775	1,226
Net cash provided by operating activities	<u>326,779</u>	<u>151,610</u>
Cash flows from investing activities		
Purchases of property and equipment	(40,772)	(37,214)
Purchases of strategic investments	(5,934)	—
Cash paid for acquisitions, net of cash acquired	(39,370)	—
Purchases of marketable securities	(302,360)	(235,799)
Sales of marketable securities	232,098	12,001
Maturities of marketable securities	213,600	263,766
Net cash provided by investing activities	<u>57,262</u>	<u>2,754</u>
Cash flows from financing activities		
Proceeds from issuance of notes, net of issuance costs	—	1,473,083
Repurchases of Class A non-voting common stock	(350,499)	(257,100)
Deferred payments for acquisitions	—	(57,977)
Repurchases of convertible notes	—	(1,444,626)
Other	(1,601)	(1,899)
Net cash used in financing activities	<u>(352,100)</u>	<u>(288,519)</u>
Change in cash, cash equivalents, and restricted cash	31,941	(134,155)
Cash, cash equivalents, and restricted cash, beginning of period	1,031,397	1,050,234
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 1,063,338</u>	<u>\$ 916,079</u>

SNAP INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts, unaudited)

	Three Months Ended March 31,	
	2026	2025
Revenue	\$ 1,528,791	\$ 1,363,217
Costs and expenses:		
Cost of revenue	665,241	639,579
Research and development	478,296	424,165
Sales and marketing	239,011	257,957
General and administrative	220,692	235,362
Total costs and expenses	1,603,240	1,557,063
Operating loss	(74,449)	(193,846)
Interest income	26,459	37,018
Interest expense	(36,756)	(23,399)
Other income (expense), net	(1,014)	49,069
Loss before income taxes	(85,760)	(131,158)
Income tax expense	(3,191)	(8,429)
Net loss	\$ (88,951)	\$ (139,587)
Net loss per share attributable to Class A, Class B, and Class C common stockholders:		
Basic	\$ (0.05)	\$ (0.08)
Diluted	\$ (0.05)	\$ (0.08)
Weighted average shares used in computation of net loss per share:		
Basic	1,687,650	1,696,353
Diluted	1,687,650	1,696,353

SNAP INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)

	March 31, 2026 (unaudited)	December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	\$ 1,061,924	\$ 1,030,435
Marketable securities	1,760,959	1,910,137
Accounts receivable, net of allowance	1,187,181	1,372,237
Prepaid expenses and other current assets	269,436	272,065
Total current assets	4,279,500	4,584,874
Property and equipment, net	580,827	578,075
Operating lease right-of-use assets	563,775	506,216
Intangible assets, net	93,865	66,613
Goodwill	1,753,800	1,720,769
Other assets	229,804	221,255
Total assets	<u>\$ 7,501,571</u>	<u>\$ 7,677,802</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 238,318	\$ 219,793
Operating lease liabilities	33,340	48,479
Accrued expenses and other current liabilities	895,357	971,627
Short-term debt, net	46,988	46,969
Total current liabilities	1,214,003	1,286,868
Long-term debt, net	3,488,747	3,489,860
Operating lease liabilities, noncurrent	632,504	557,823
Other liabilities	82,044	61,756
Total liabilities	5,417,298	5,396,307
Commitments and contingencies		
Stockholders' equity		
Class A non-voting common stock, \$0.00001 par value. 3,000,000 shares authorized, 1,487,384 shares issued, 1,443,120 shares outstanding at March 31, 2026, and 3,000,000 shares authorized, 1,502,073 shares issued, 1,457,403 shares outstanding at December 31, 2025.	15	15
Class B voting common stock, \$0.00001 par value. 700,000 shares authorized, 22,523 shares issued and outstanding at March 31, 2026 and December 31, 2025.	—	—
Class C voting common stock, \$0.00001 par value. 260,888 shares authorized, 231,627 shares issued and outstanding at March 31, 2026 and December 31, 2025.	2	2
Treasury stock, at cost. 44,264 and 44,670 shares of Class A non-voting common stock at March 31, 2026 and December 31, 2025, respectively.	(431,762)	(435,722)
Additional paid-in capital	16,887,594	16,637,324
Accumulated deficit	(14,386,265)	(13,946,816)
Accumulated other comprehensive income	14,689	26,692
Total stockholders' equity	2,084,273	2,281,495
Total liabilities and stockholders' equity	<u>\$ 7,501,571</u>	<u>\$ 7,677,802</u>

SNAP INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in thousands, unaudited)

	Three Months Ended March 31,	
	2026	2025
Free Cash Flow reconciliation:		
Net cash provided by operating activities	\$ 326,779	\$ 151,610
Less:		
Purchases of property and equipment	(40,772)	(37,214)
Free Cash Flow	<u>\$ 286,007</u>	<u>\$ 114,396</u>

	Three Months Ended March 31,	
	2026	2025
Adjusted EBITDA reconciliation:		
Net loss	\$ (88,951)	\$ (139,587)
Add (deduct):		
Interest income	(26,459)	(37,018)
Interest expense	36,756	23,399
Other (income) expense, net	1,014	(49,069)
Income tax expense	3,191	8,429
Depreciation and amortization	44,696	37,715
Stock-based compensation expense	250,040	247,338
Payroll and other tax expense related to stock-based compensation	13,046	17,218
Adjusted EBITDA	<u>\$ 233,333</u>	<u>\$ 108,425</u>

Total depreciation and amortization expense by function:

	Three Months Ended March 31,	
	2026	2025
Depreciation and amortization expense:		
Cost of revenue	\$ 1,463	\$ 1,420
Research and development	28,160	22,987
Sales and marketing	6,635	4,823
General and administrative	8,438	8,485
Total	<u>\$ 44,696</u>	<u>\$ 37,715</u>

SNAP INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES (continued)
(in thousands, except per share amounts, unaudited)

Total stock-based compensation expense by function:

	Three Months Ended March 31,	
	2026	2025
Stock-based compensation expense:		
Cost of revenue	\$ 1,586	\$ 1,434
Research and development	173,916	156,688
Sales and marketing	45,332	54,440
General and administrative	29,206	34,776
Total	<u>\$ 250,040</u>	<u>\$ 247,338</u>

SNAP INC.
SUPPLEMENTAL FINANCIAL INFORMATION AND BUSINESS METRICS
(dollars and shares in thousands, except per user amounts, unaudited)

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Cash Flows and Shares						
Net cash provided by (used in) operating activities	\$ 230,633	\$ 151,610	\$ 88,494	\$ 146,488	\$ 269,578	\$ 326,779
Net cash provided by (used in) operating activities - YoY (year-over-year)	40 %	72 %	514 %	26 %	17 %	116 %
Net cash provided by (used in) operating activities - TTM (trailing twelve months)	\$ 413,480	\$ 476,738	\$ 586,609	\$ 617,225	\$ 656,170	\$ 831,339
Purchases of property and equipment	\$ (48,275)	\$ (37,214)	\$ (64,701)	\$ (53,044)	\$ (64,022)	\$ (40,772)
Purchases of property and equipment - YoY	(10)%	(26)%	24 %	20 %	33 %	10 %
Purchases of property and equipment - TTM	\$ (194,826)	\$ (181,592)	\$ (194,231)	\$ (203,234)	\$ (218,981)	\$ (222,539)
Free Cash Flow	\$ 182,358	\$ 114,396	\$ 23,793	\$ 93,444	\$ 205,556	\$ 286,007
Free Cash Flow - YoY	65 %	202 %	132 %	30 %	13 %	150 %
Free Cash Flow - TTM	\$ 218,654	\$ 295,146	\$ 392,378	\$ 413,991	\$ 437,189	\$ 608,800
Common shares outstanding	1,690,645	1,686,678	1,682,350	1,710,909	1,711,554	1,697,270
Common shares outstanding - YoY	3 %	3 %	2 %	2 %	1 %	1 %
Shares underlying stock-based awards	135,036	136,044	144,011	150,460	168,060	189,878
Shares underlying stock-based awards - YoY	(15)%	(7)%	— %	13 %	24 %	40 %
Total common shares outstanding plus shares underlying stock-based awards	1,825,681	1,822,722	1,826,361	1,861,369	1,879,614	1,887,148
Total common shares outstanding plus shares underlying stock-based awards - YoY	1.2 %	1.9 %	1.6 %	3.1 %	3.0 %	3.5 %
Results of Operations						
Revenue	\$ 1,557,283	\$ 1,363,217	\$ 1,344,930	\$ 1,506,839	\$ 1,716,461	\$ 1,528,791
Revenue - YoY	14 %	14 %	9 %	10 %	10 %	12 %
Revenue - TTM	\$ 5,361,398	\$ 5,529,842	\$ 5,638,004	\$ 5,772,269	\$ 5,931,447	\$ 6,097,021
Revenue by region ⁽¹⁾						
North America	\$ 968,943	\$ 831,691	\$ 820,600	\$ 897,814	\$ 1,025,498	\$ 851,253
North America - YoY	8 %	12 %	7 %	5 %	6 %	2 %
North America - TTM	\$ 3,337,255	\$ 3,425,815	\$ 3,478,855	\$ 3,519,048	\$ 3,575,603	\$ 3,595,165
Europe	\$ 287,031	\$ 224,015	\$ 265,343	\$ 297,950	\$ 341,134	\$ 323,852
Europe - YoY	20 %	14 %	15 %	20 %	19 %	45 %
Europe - TTM	\$ 961,612	\$ 989,783	\$ 1,025,291	\$ 1,074,339	\$ 1,128,442	\$ 1,228,279
Rest of World	\$ 301,309	\$ 307,511	\$ 258,987	\$ 311,075	\$ 349,829	\$ 353,686
Rest of World - YoY	35 %	20 %	8 %	17 %	16 %	15 %
Rest of World - TTM	\$ 1,062,531	\$ 1,114,244	\$ 1,133,858	\$ 1,178,882	\$ 1,227,402	\$ 1,273,577
Operating income (loss)	\$ (26,877)	\$ (193,846)	\$ (259,676)	\$ (128,362)	\$ 49,717	\$ (74,449)
Operating income (loss) - YoY	89 %	42 %	(2)%	26 %	285 %	62 %
Operating income (loss) - Margin	(2)%	(14)%	(19)%	(9)%	3 %	(5)%
Operating income (loss) - TTM	\$ (787,294)	\$ (647,908)	\$ (653,609)	\$ (608,761)	\$ (532,167)	\$ (412,770)
Net income (loss)	\$ 9,101	\$ (139,587)	\$ (262,570)	\$ (103,541)	\$ 45,209	\$ (88,951)
Net income (loss) - YoY	104 %	54 %	(6)%	32 %	397 %	36 %
Net income (loss) - Margin	1 %	(10)%	(20)%	(7)%	3 %	(6)%
Net income (loss) - TTM	\$ (697,856)	\$ (532,353)	\$ (546,303)	\$ (496,597)	\$ (460,489)	\$ (409,853)
Adjusted EBITDA	\$ 276,007	\$ 108,425	\$ 41,270	\$ 182,038	\$ 357,746	\$ 233,333
Adjusted EBITDA - YoY	73 %	137 %	(25)%	38 %	30 %	115 %
Adjusted EBITDA - Margin ⁽²⁾	18 %	8 %	3 %	12 %	21 %	15 %
Adjusted EBITDA - TTM	\$ 508,605	\$ 571,371	\$ 557,664	\$ 607,740	\$ 689,479	\$ 814,387

(1) Total revenue for geographic reporting is apportioned to each region based on our estimate of where revenue-generating activities occur, which is generally determined by the billing address of the customer. For advertising revenue, we allocate revenue based on the geographic location where advertising impressions are delivered, as this approximates revenue based on user activity. This allocation is consistent with how we determine ARPU.

(2) We define Adjusted EBITDA margin as Adjusted EBITDA divided by GAAP revenue.

SNAP INC.
SUPPLEMENTAL FINANCIAL INFORMATION AND BUSINESS METRICS (continued)
(dollars and shares in thousands, except per user amounts, unaudited)

Other	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
DAU (in millions) ⁽¹⁾	453	460	469	477	474	483
DAU - YoY	9 %	9 %	9 %	8 %	5 %	5 %
DAU by region (in millions)						
North America	100	99	98	98	94	92
North America - YoY	(1)%	(1)%	(2)%	(3)%	(5)%	(7)%
Europe	99	99	100	100	98	97
Europe - YoY	4 %	3 %	3 %	1 %	(1)%	(2)%
Rest of World	254	262	271	280	282	294
Rest of World - YoY	17 %	16 %	15 %	15 %	11 %	12 %
MAU (in millions)	895	913	932	943	946	956
MAU - YoY	7 %	7 %	7 %	7 %	6 %	5 %
ARPU	\$ 3.44	\$ 2.96	\$ 2.87	\$ 3.16	\$ 3.62	\$ 3.17
ARPU - YoY	5 %	5 %	— %	2 %	5 %	7 %
ARPU by region						
North America	\$ 9.73	\$ 8.41	\$ 8.33	\$ 9.20	\$ 10.88	\$ 9.23
North America - YoY	9 %	13 %	9 %	8 %	12 %	10 %
Europe	\$ 2.89	\$ 2.26	\$ 2.65	\$ 2.99	\$ 3.47	\$ 3.34
Europe - YoY	16 %	11 %	13 %	19 %	20 %	48 %
Rest of World	\$ 1.19	\$ 1.17	\$ 0.96	\$ 1.11	\$ 1.24	\$ 1.20
Rest of World - YoY	16 %	4 %	(6)%	2 %	5 %	3 %
Employees (full-time; excludes part-time, contractors, and temporary personnel)	4,911	5,061	5,206	5,194	5,261	5,381
Employees - YoY	(7)%	5 %	10 %	8 %	7 %	6 %
Depreciation and amortization expense						
Cost of revenue	\$ 1,123	\$ 1,420	\$ 1,505	\$ 1,016	\$ 1,818	\$ 1,463
Research and development	24,351	22,987	24,849	27,127	26,568	28,160
Sales and marketing	5,333	4,823	5,108	5,487	5,945	6,635
General and administrative	8,774	8,485	8,561	8,884	9,050	8,438
Total	\$ 39,581	\$ 37,715	\$ 40,023	\$ 42,514	\$ 43,381	\$ 44,696
Depreciation and amortization expense - YoY	(24)%	(10)%	6 %	9 %	10 %	19 %
Stock-based compensation expense						
Cost of revenue	\$ 1,626	\$ 1,434	\$ 1,656	\$ 2,327	\$ 2,009	\$ 1,586
Research and development	165,330	156,688	166,809	171,649	185,456	173,916
Sales and marketing	56,463	54,440	48,710	51,236	43,627	45,332
General and administrative	34,312	34,776	34,711	35,151	26,146	29,206
Total	\$ 257,731	\$ 247,338	\$ 251,886	\$ 260,363	\$ 257,238	\$ 250,040
Stock-based compensation expense - YoY	(23)%	(6)%	(3)%	— %	— %	1 %

(1) Numbers may not foot due to rounding.

Snap Inc.

Investor Letter Q1 2026

May 6, 2026

Introduction

Last fall, we described a crucible moment for Snap and the imperative to grow our community and engagement, reaccelerate revenue growth, improve gross margins, and establish a clearer path to net income profitability. We made meaningful progress on each of these priorities in Q1.

Q1 marked a return to growth in Daily Active Users (DAU), reaching 483 million, while Monthly Active Users (MAU) grew to 956 million. Revenue increased 12% year-over-year to \$1.53 billion, including a 3% year-over-year increase in Advertising Revenue to \$1.24 billion and an 87% year-over-year increase in Other Revenue to \$285 million. Net loss improved to \$89 million, operating cash flow was \$327 million, free cash flow was \$286 million, and Adjusted EBITDA was \$233 million. These results indicate that we are closing the gap between engagement and monetization, while converting revenue growth into a more durable path towards GAAP profitability.

As we look ahead, our priorities are clear: first, grow our community and deepen engagement across Snapchat, with a focus on highly monetizable geographies; second, accelerate and diversify revenue growth; and third, build a more profitable and cash-generative core business, while investing with discipline in Specs and our long-term opportunity in intelligent eyewear.

Community Growth

Our first priority is growing our community and deepening engagement by making Snapchat the best place to communicate with close friends and family. Engagement on our platform is built around relationships. People use Snapchat to talk to their friends, to express themselves visually, to share what they are seeing, and to stay connected to what is happening around them. That is why we continue to believe that our communications service is our strongest long-term advantage.

In Q1, we continued to invest in new conversation starters to make communicating with friends easier and more fun. Topic Chats, which allow Snapchatters to participate in public conversations around trending topics and events, gained momentum as we broadened the roll out in Q1. For example, the March Madness Topic Chat was one of the most active real-time group chats, with more than 90,000 messages sent and peak concurrent participation exceeding 40,000 people. Games are also emerging as a popular conversation starter, with new two player, turn-based experiences creating low-friction ways for friends and family to connect. We also added new entry points for Games in Q1 to improve discovery, contributing to Games reaching 255 million Monthly Active Users. In addition, we enhanced our messaging infrastructure by improving notification timeliness and relevance, and by making it easier for Snapchatters to seamlessly share content into conversations.

Our community is increasingly using content sharing as a conversation starter, and Spotlight is playing an important role in recommending more shareable content. In Q1 2026, Spotlight shares and reposts grew 62% year-over-year globally and 124% year-over-year in the US. Our focus on prioritizing authentic content created using the Snapchat Camera and our investments in the Creator experience are driving Spotlight posts, contributing to nearly 74% year-over-year growth in Spotlight posters in the US and over 61% globally. These efforts, combined with continued investment in AI-driven personalization, resulted in higher engagement, with total time spent watching Spotlight increasing 11% year-over-year.

Our augmented reality and Lens ecosystem continues to play an important role in enhancing communication and self expression on Snapchat. More than 75% of Snapchatters are engaging with augmented reality every day on average, and our community uses Lenses in our Snapchat camera 9 billion times per day on average. AI-powered Lens creation is





transforming our AR ecosystem, with more than 400,000 Lenses submitted in Q1, increasing more than 150% year-over-year. The significant growth this quarter was driven primarily by the adoption of new Lens creation tools such as Easy Lens, our free tool designed to make Lens creation simpler, more fun, and more personal.

The Map continues to play a growing role as a way to stay up-to-date with friends and discover new places. With more than 450 million global MAU in Q1, we believe that the Snap Map is the world's most personal map, continually adapting to highlight the friends, places, and real-world experiences that matter most to Snapchatters. As we layer in richer content and local signals, we see Snap Map developing into a powerful platform for connecting our community with places and services in the physical world, creating a durable foundation for local commerce and advertising over time.

The innovation we delivered across new conversation starters, content sharing, Lenses, and Snap Map all contributed to the growth in our global community in Q1, with Global DAU and MAU both growing 5% year-over-year in Q1.

Advertising Revenue

Advertising execution improved in Q1, led by continued strength with SMBs and better performance across our lower-funnel products. Large advertisers in North America remained a headwind, but we are beginning to see early signs of improvement as performance gains are more fully reflected in third-party measurement systems and as newer inventory in Chat is more widely adopted. Our focus is on three priorities: improving performance and measurement across the core ad platform, expanding new inventory, and translating those gains into broader advertiser adoption and larger commitments.

First, we continued to make meaningful progress improving performance across our core direct response products. Growth in Q1 was led by lower-funnel solutions and by performance-oriented advertisers responding to stronger ROI. Dynamic Product Ads revenue grew more than 30% year-over-year, while adoption among small and medium-sized customers more than doubled. We also saw strong momentum in app advertising, where goal-based bidding revenue grew 27% year-over-year and App Purchases revenue grew 87% year-over-year. Across Pixel Purchase campaigns, 7-0 purchases generated per dollar of revenue grew more than 23% year-over-year which we view as a sign that conversion efficiency is improving.

These gains are being driven by continued progress in AI, ranking, retrieval, and automation across the ad platform. Nearly 70% of advertising spend now uses at least one of our AI-powered automation solutions, including Smart Audience, Smart Budget, or Smart Placement, which gives us confidence that these improvements are benefiting a broad share of the business. In Q1, we launched LLM-based user intent understanding for Dynamic Product Ads retrieval, which improved Pixel Purchase conversions by more than 2%, and multimodal similar-product retrieval using a vision-language model fine-tuned on Snap data, which delivered an additional high-single-digit lift in DPA purchase conversions. We also upgraded our App Re-engagement model with stronger foundational user embeddings and a new multi-task architecture, increasing purchase conversions by approximately 2% while improving CPA by nearly 9%. Together, these changes are making the platform more effective at matching the right advertiser, product, and creative with the right Snapchatter at the right moment.

Measurement remains a critical priority, particularly for larger advertisers and agencies. It is not enough for our internal systems to show better performance; those gains need to be reflected in the third-party measurement tools advertisers use to evaluate spend and allocate budgets. Over the past year, we have made progress closing long-standing measurement gaps so that external systems more accurately reflect the performance we are delivering. According to Measured, median iROAS on Snapchat grew 104% from the April through September 2025 test period to the October 2025 through March



2026 test period. This matters because larger advertisers typically move budgets only after platform improvements are validated externally.

Second, we are expanding new inventory in places where Snapchatters are already taking action. Sponsored Snaps continues to demonstrate the potential of bringing brands into the Chat experience in a way that feels native to Snapchat while also creating a meaningful new surface for performance advertising. We are scaling this surface carefully, with a focus on preserving the quality and frequency of close-friend communication. In Q1, nearly 75% of U.S. Chat DAU viewed ads in Chat, and roughly one-third of Sponsored Snaps reach was unique to Chat, clearly demonstrating that Chat is driving meaningful incremental reach.

We are seeing encouraging performance from Sponsored Snaps. In Q1, per-impression click-through rate improved 226%, and 7-day conversion volume increased 59%. While this remains an early opportunity, those results suggest that Chat can support both scale and measurable performance over time. Building on this momentum, we introduced AI Sponsored Snaps, a new format that enables brands to engage Snapchatters through interactive, AI-powered conversations in Chat and extends our strategy of delivering more personalized, high-intent advertising experiences.

We are also encouraged by the progress we are seeing with Promoted Places, which helps connect digital discovery on Snapchat with real-world action. Early campaigns generated more than 20 million incremental visits and double-digit growth in foot traffic. For example, Carl's Jr. achieved an 18% lift in incremental visits alongside gains in ad awareness and brand favorability. We believe products like Sponsored Snaps and Promoted Places can expand our lower-funnel footprint over time by adding more differentiated inventory while creating more measurable outcomes for advertisers.

Third, we are continuing to grow and diversify our advertiser base. Over the past three years, the number of current SMB advertisers on our platform has nearly tripled, and in Q1 SMBs grew spend by more than 30% year-over-year in North America. SMBs accounted for more than 30% of global ad revenue and remained our largest ad growth driver for the seventh consecutive quarter. This continues to reflect strong product-market fit in the segment, as well as the improvements we are making in onboarding, automation, and advertiser support.

At the same time, large advertisers in North America remained a headwind to advertising growth in Q1. We are not satisfied with that outcome, but we are beginning to see encouraging signs that this part of the business is improving. As measurement systems have time to reflect the performance gains we have delivered, and as newer inventory becomes available at greater scale, we are seeing better traction with large customers. North America upfront commitments for 2026 grew approximately 10% year-over-year, which we view as an important sign that agencies and advertisers are increasingly willing to invest as performance and measurement improve. At the same time, we want to be clear that recovery among larger North American advertisers remains early and uneven. These customers typically make planning and investment decisions on quarterly or semi-annual cycles, which means revenue often lags underlying improvements in performance.

Overall, Q1 marked important progress in strengthening the foundation of our advertising business. We improved performance across key direct response products, made meaningful progress in measurement, and continued to scale new inventory that expands both reach and conversion opportunity. These gains are already driving stronger results with SMBs and performance advertisers, and we are beginning to see early signs that larger advertisers in North America are responding as well. While there is still work to do, we believe the progress we made in Q1 positions us well to drive broader adoption and more durable revenue growth over time.



Other Revenue

In Q1 we continued to diversify our topline, with Other Revenue reaching \$285 million, up 87% year-over-year, and representing a 25 percentage point acceleration over the prior quarter growth rate. Memories Storage was an important driver of this acceleration and we are encouraged to see that a larger than anticipated share of new subscribers acquired through Memories are choosing higher ARPU subscription offerings including Snapchat+. This performance reflects the increasing value of our subscription products as we continue to introduce features that enhance the user experience and create differentiated value for our community.

We view subscriptions as strategically important for three reasons. First, they deepen our direct relationship with Snapchatters. Second, they help diversify revenue by adding a business line that is less exposed to the advertising cycle. Third, they can be attractive from a margin and cash-generation perspective as we scale.

We are strengthening the long-term foundation of our subscription strategy by creating new subscription tiers and offerings, including Lens+. AI-powered Lens interactions are deepening user engagement and increasingly serving as a natural discovery layer for premium AI-powered experiences. Lens+ is emerging as a key extension of this strategy, offering subscribers access to exclusive Lenses and AI-powered features. Early traction has been encouraging, with Lens+ contributing to higher subscription ARPU and gross margin expansion.

We continue to innovate on additional direct value propositions for our community, including the launch of Creator Subscriptions in Q1. We believe this offering can deepen creator engagement on Snapchat, strengthen relationships between creators and their audiences, and further diversify our revenue streams over time.

Specs

We are excited about the upcoming launch of Specs and our mission to make computing more human. For more than a decade we have believed that smartglasses will be the most important computing platform transition since the smartphone. Snap is uniquely positioned to shape that future because we bring together a scaled augmented reality platform, a large developer ecosystem, and a vertically integrated software and hardware stack through Lens Studio, Snap OS, and Specs.

Over the past year, we continued to improve our platform with major Snap OS updates, new tools and APIs for developers, and new experiences that expand what is possible on Specs across learning, gaming, utility, and AI-powered assistance. We are also seeing encouraging momentum in our developer ecosystem, with the number of Lenses submitted for Specs increasing 28% year-over-year. We are inspired by the range of Lens experiences developers are building for Specs. Early examples include Fossils from XR focused company VyuXR Immersive Studios, an interactive AR learning experience that uses spatial puzzle mechanics to let users uncover and assemble prehistoric fossils while bringing extinct animals to life; Artel from Yegor Ryabtsov, an AR drawing app that lets users create in 3D space with a wide range of brushes, colors, and effects, and now includes physics-based interactions that allow drawings to respond to gravity and motion; and The Heist by GrowPile, a co-located AR puzzle game in which players solve changing modules and challenges to disarm an anti-theft system, either solo or with others on Specs or mobile.

We look forward to sharing more as we get closer to launch, and we hope you will join us at Augmented World Expo on June 16th as we continue our work to make computing more human.



Financials

In Q1, we demonstrated substantial financial progress with revenue at the top end of our guidance range, gross margins expanding year-over-year, and Adjusted EBITDA materially favorable to our prior guidance. More broadly, we believe Q1 provides early evidence that the strategic framework we laid out last fall is beginning to translate into more durable revenue growth, a more efficient cost structure, and a clear path to net income profitability.

Total revenue was \$1.53 billion in Q1, up 12% year-over-year. Other Revenue increased 87% year-over-year to \$285 million in Q1, driven primarily by continued momentum in Snapchat+ subscriptions, strong adoption of our newer offerings such as Memories Storage, and early traction from Lens+. Advertising revenue reached \$1.24 billion in Q1, up 3% year-over-year, driven primarily by growth in direct response advertising revenue, partially offset by continued headwinds in the North America large client advertising business, and an approximately \$20 to \$25 million impact from the geopolitical headwinds in the Middle East experienced during March.

Global impression volume increased approximately 17% year-over-year, while total eCPMs declined approximately 12% year-over-year. These dynamics are driven by the rapid growth in Sponsored Snaps, as well as a mix shift in impression delivery toward Spotlight. These factors are driving strong impression growth and improved advertiser performance, but have created a near-term revenue headwind as we work to build demand for these newer surfaces and ad units. We believe these dynamics are positive for the long-term health of the platform, as improved pricing and performance are key inputs to building demand over time.

Adjusted Cost of Revenue was \$662 million in Q1, up 4% year-over-year. Total infrastructure costs were \$401 million in Q1, up 7% year-over-year, driven primarily by community growth, strategic investments in AI model training, and monetization serving costs. The remaining components of Adjusted Cost of Revenue were \$261 million in Q1, or 17% of revenue, which is in line with our full-year cost structure guidance range and an improvement of 2 percentage points year-over-year. These operational efficiencies contributed to Adjusted Gross Margin improving 3 percentage points year-over-year to reach 57% in Q1, which we believe puts us on track for achieving our goal of 60% or better for fiscal 2026.

Adjusted Operating Expenses were \$633 million in Q1, up 2% year-over-year. The growth was driven primarily by a 7% increase in personnel costs, which was partially offset by reductions in community growth marketing as we continued to calibrate investments in community growth with the long-term monetization potential of each geography.

Adjusted EBITDA was \$233 million in Q1, an improvement of \$125 million compared to the prior year. Adjusted EBITDA flow through, or the percentage of year-over-year revenue growth that flowed through to Adjusted EBITDA, was 75% in Q1. We view this elevated flow through as a clear demonstration of our pivot to profitability becoming evident in our financial results.

Net loss was \$89 million in Q1 compared to \$140 million in the prior year. The \$51 million year-over-year improvement largely reflects the flow-through of the \$125 million improvement in Adjusted EBITDA, partially offset by a \$49 million gain on debt extinguishment recognized in the prior year, and a \$24 million increase in net interest expense due to the high yield notes issued in the prior year. Stock-based compensation and related payroll expenses were \$263 million in Q1, which represents a modest decline year-over-year. We are focused on reducing SBC as a percentage of revenue and limiting dilution through disciplined equity compensation and opportunistic repurchases. We continued to manage our share count carefully, with \$350 million in share repurchases completed in Q1, which helped limit share count growth to 3.5%. We ended



Q1 with approximately \$2.8 billion in cash and marketable securities, and had \$400 million remaining in our previously authorized share repurchase program as of the end of Q1.

Free Cash Flow was \$286 million in Q1, while Operating Cash Flow was \$327 million. Over the trailing twelve months, Free Cash Flow was \$609 million and Operating Cash Flow was \$831 million, as we continue to execute on translating topline growth into sustained growth in cash flow.

Taken together, we believe our Q1 financial results provide early proof points that continued revenue diversification, and improved cost discipline will support a more durable and profitable business over time. We also recognize that investor expectations are increasingly centered on the pace at which this progress translates into meaningful GAAP earnings. In April, we took the difficult but necessary action to make Snap a faster, more focused, and more efficient company. As a result, we expect to reduce our annualized cost structure by more than \$500 million in the second half of 2026. We believe these actions establish a clearer path to net income profitability while prioritizing investment in the highest-conviction opportunities across Snap.

Financial Outlook

As we move into Q2, we remain focused on accelerating our topline, growing our community, deepening engagement, improving financial efficiency, and advancing toward the commercial launch of Specs later this year.

Our guidance range for Revenue in Q2 is \$1.52 billion to \$1.55 billion. Our revenue guidance range assumes no contribution from Perplexity as we amicably ended the relationship in Q1. Our guidance range also assumes that the operating environment in the Middle East region remains consistent relative to the magnitude of the headwinds we have experienced in March and April, but caution that the trajectory of the geopolitical situation in the region is uncertain. On the cost side, we anticipate that Infrastructure costs will grow modestly year-over-year in Q2, while remaining on track toward our full year cost structure guidance. All Other Cost of Revenue is expected to remain in-line with our full year cost structure guidance at 16% to 17% of revenue in Q2. From a personnel cost perspective, our recently announced restructuring will have a partial period benefit in Q2, while the reduction in our Adjusted Operating Expenses and SBC will be more fully reflected in Q3 and beyond. As a result, we estimate that Adjusted EBITDA will be between \$175 and \$200 million in Q2. We also anticipate that we will incur pre-tax restructuring charges of between \$95 and \$130 million related to our recent restructuring, and that the majority of these costs will be incurred in Q2, which will be a headwind to Net Income in this period.

Lastly, we continue to monitor the evolving legal and regulatory landscape in the United States and internationally. Areas of focus include age assurance, data use, privacy, advertising practices, and online safety. While outcomes remain uncertain, these developments may result in changes to our products and business practices, which could increase compliance and legal costs over time and may also impact user growth and engagement.



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1. Adjusted Gross Profit is a non-GAAP measure, which we define as GAAP revenue less Adjusted Cost of Revenue. Adjusted Gross Margin is a non-GAAP measure, which we define as GAAP revenue less Adjusted Cost of Revenue divided by GAAP revenue. Adjusted Cost of Revenue is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other items impacting net income (loss) from time to time. See Appendix for reconciliation of GAAP Cost of Revenue to Adjusted Cost of Revenue.
 2. 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. See Appendix for reconciliation of GAAP Operating Expenses to Adjusted Operating Expenses.
 3. Adjusted EBITDA is a non-GAAP measure, which we define as net income (loss), excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; and certain other items impacting net income (loss) from time to time. See Appendix for reconciliation of net income (loss) to Adjusted EBITDA.
 4. Free Cash Flow is a non-GAAP measure, which we define as net cash provided by (used in) operating activities, reduced by purchases of property and equipment. See Appendix for reconciliation of net cash provided by (used in) operating activities to Free Cash Flow.



Appendix



Forward Looking Statements

This letter contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this letter, 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 letter. You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this letter primarily on our current expectations and projections about future events and trends, including our financial outlook, macroeconomic uncertainty, and geo-political events and conflicts, that we believe may continue to affect our business, financial condition, results of operations, and prospects. These forward-looking statements are subject to risks and uncertainties related to: our financial performance; our ability to attain and sustain profitability; our ability to generate and sustain positive cash flow; our ability to attract and retain users, partners, and advertisers; competition and new market entrants; managing our growth and future expenses; compliance with new laws, regulations, and executive actions; our ability to maintain, protect, and enhance our intellectual property; our ability to succeed in existing and new market segments; our ability to attract and retain qualified team members and key personnel; our ability to repay or refinance outstanding debt, or to access additional financing; future acquisitions, divestitures, or investments; and the potential adverse impact of climate change, natural disasters, health epidemics, macroeconomic conditions, and war or other armed conflict, as well as risks, uncertainties, and other factors described in “Risk Factors” and elsewhere in our most recent periodic report filed with the U.S. Securities and Exchange Commission, or SEC, which is available on the SEC’s website at www.sec.gov. Additional information will be made available in Snap Inc.’s periodic report that will be filed with the SEC for the period covered by this letter and other filings that we make from time to time with the SEC. In addition, any forward-looking statements contained in this letter are based on assumptions that we believe to be reasonable as of this date. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of this letter or to reflect new information or the occurrence of unanticipated events, including future developments related to geo-political events and conflicts and macroeconomic conditions, except as required by law.

Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use certain non-GAAP financial measures, as described below, to understand and evaluate our core operating performance. These non-GAAP financial measures, which may be different than similarly titled measures used by other companies, are presented to enhance investors’ overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. We use the non-GAAP financial measure of Free Cash Flow, which is defined as net cash provided by (used in) operating activities, reduced by purchases of property and equipment. We believe Free Cash Flow is an important liquidity measure of the cash that is available, after capital expenditures, for operational expenses and investment in our business and is a key financial indicator used by management. Additionally, we believe that Free Cash Flow is an important measure since we use third-party infrastructure partners to host our services and therefore we do not incur significant capital expenditures to support revenue generating activities. Free Cash Flow is useful to investors as a liquidity measure because it measures our ability to generate or use cash. Once our business needs and obligations are met, cash can be used to maintain a strong balance sheet and invest in future growth. We use the non-GAAP financial measure of Adjusted EBITDA, which is defined as net income (loss), excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; and certain other items impacting net income (loss) from time to time. We believe that Adjusted EBITDA helps identify underlying trends in our business that could otherwise be masked by the effect of the expenses that we exclude in Adjusted EBITDA. We use other non-GAAP financial measures such as Adjusted Cost of Revenue and Adjusted Operating Expenses. These measures are defined as their respective GAAP expense line items, excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; and certain other items impacting net income (loss) from time to time. We use the non-GAAP financial measure of Adjusted Gross Profit, which we define as GAAP revenue less Adjusted Cost of Revenue. We use the non-GAAP financial measure of Adjusted Gross Margin, which we define as GAAP revenue less Adjusted Cost of Revenue divided by GAAP revenue. Similar to Adjusted EBITDA, we believe these measures help identify underlying trends in our business that could otherwise be masked by the effect of the expenses we exclude in the measure. We believe that these non-GAAP financial measures provide useful information about our financial performance, enhance the overall understanding of our past performance and future prospects, and allow for greater transparency with respect to key metrics used by our management for financial and operational decision-making. We are presenting these non-GAAP measures to assist investors in seeing our financial performance through the eyes of management, and because we believe that these measures provide an additional tool for investors to use in comparing our core financial performance over multiple periods with other companies in our industry. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measure, please see “Reconciliation of GAAP to Non-GAAP Financial Measures” included as an Appendix to this letter. Snap Inc., “Snapchat,” and our other registered and common law trade names, trademarks, and service marks are the property of Snap Inc. or our subsidiaries.



Reconciliation of GAAP to Non-GAAP Financial Measures

(In thousands, unaudited)

	Three Months Ended				
Adjusted Cost of Revenue reconciliation	3/31/2025	6/30/2025	9/30/2025	12/31/2025	3/31/2026
GAAP Cost of Revenue	\$639,579	\$653,333	\$674,220	\$702,443	\$665,241
Stock-based compensation expense	(1,434)	(1,656)	(2,327)	(2,009)	(1,586)
Payroll and other tax expense related to stock-based compensation	(102)	(74)	(69)	(48)	(66)
Depreciation and amortization	(1,420)	(1,505)	(1,016)	(1,818)	(1,463)
Adjusted Cost of Revenue¹	\$636,623	\$650,098	\$670,808	\$698,568	\$662,126
GAAP Gross Profit	723,638	691,597	832,619	1,014,018	863,550
Adjusted Gross Profit¹	726,594	694,832	836,031	1,017,893	866,665
GAAP Gross Margin	53%	51%	55%	59%	56%
Adjusted Gross Margin¹	53%	52%	55%	59%	57%

	Three Months Ended				
Adjusted Operating Expenses reconciliation:	3/31/2025	6/30/2025	9/30/2025	12/31/2025	3/31/2026
GAAP Operating Expenses ²	\$917,484	\$951,273	\$960,981	\$964,301	\$937,999
Stock-based compensation expense	(245,904)	(250,230)	(258,036)	(255,229)	(248,454)
Payroll and other tax expense related to stock-based compensation	(17,116)	(8,963)	(7,454)	(7,362)	(12,980)
Depreciation and amortization	(36,295)	(38,518)	(41,498)	(41,563)	(43,233)
Adjusted Operating Expenses³	\$618,169	\$653,562	\$653,993	\$660,147	\$633,332

- Adjusted Gross Profit is a non-GAAP measure, which we define as GAAP revenue less Adjusted Cost of Revenue. Adjusted Cost of Revenue is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other items impacting net income (loss) from time to time. Adjusted Gross Margin is a non-GAAP measure, which we define as GAAP revenue less Adjusted Cost of Revenue divided by GAAP revenue.
- GAAP Operating Expenses is defined as total costs and expenses, as reported on our consolidated statements of operations, minus GAAP cost of 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.



Reconciliation of GAAP to Non-GAAP Financial Measures

(In thousands, unaudited)

Adjusted EBITDA reconciliation:	3/31/25	6/30/25	9/30/25	12/31/25	3/31/26
Net income (loss)	\$ (139,587)	\$ (262,570)	\$ (103,541)	\$ 45,209	\$ (88,951)
Add (deduct):					
Interest income	(37,018)	(33,199)	(32,255)	(31,687)	(26,459)
Interest expense	23,399	27,607	34,494	36,498	36,756
Other (income) expense, net	(49,069)	823	(27,570)	6,946	1,014
Income tax (benefit) expense	8,429	7,663	510	(7,249)	3,191
Depreciation and amortization	37,715	40,023	42,514	43,381	44,696
Stock-based compensation expense	247,338	251,886	260,363	257,238	250,040
Payroll and other tax expense related to stock-based compensation	17,218	9,037	7,523	7,410	13,046
Adjusted EBITDA¹	\$108,425	\$41,270	\$182,038	\$357,746	\$233,333

Three Months Ended

Free Cash Flow reconciliation:	3/31/25	6/30/25	9/30/25	12/31/25	3/31/26
Net cash provided by (used in) operating activities	\$151,610	\$88,494	\$146,488	\$269,578	\$326,779
Less:					
Purchases of property and equipment	(37,214)	(64,701)	(53,044)	(64,022)	(40,772)
Free Cash Flow²	\$114,396	\$23,793	\$93,444	\$205,556	\$286,007

- Adjusted EBITDA is a non-GAAP measure, which we define as net income (loss), excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; and certain other items impacting net income (loss) from time to time.
- Free Cash Flow is a non-GAAP measure, which we define as net cash provided by (used in) operating activities, reduced by purchases of property and equipment.


