

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2025
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____
Commission File Number: 001-38017

SNAP INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organizations)

45-5452795
(I.R.S. Employer
Identification Number)

3000 31st Street
Santa Monica, California 90405
(Address of principal executive offices, including zip code)
(310) 399-3339
(Registrant's telephone, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Class A Common Stock, par value \$0.00001 per share	SNAP	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (Exchange Act) during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

- | | |
|---|--|
| ☒ Large accelerated filer | ☐ Accelerated filer |
| ☐ Non-accelerated filer | ☐ Smaller reporting company |
| ☐ 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Number of Shares Outstanding
Class A common stock, \$0.00001 par value	1,465,208,378 shares outstanding as of October 31, 2025
Class B common stock, \$0.00001 par value	22,523,290 shares outstanding as of October 31, 2025
Class C common stock, \$0.00001 par value	231,626,943 shares outstanding as of October 31, 2025

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Snap Inc., "Snapchat," and our other registered and common-law trade names, trademarks, and service marks appearing in this Quarterly Report on Form 10-Q are the property of Snap Inc. or our subsidiaries.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q 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 report, including statements regarding guidance, our future results of operations or financial condition, our 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 report.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q 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, uncertainties, and other factors described in “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q, including among other things:

- our financial performance, including our revenues, cost of revenues, operating expenses, and our ability to attain and sustain profitability;
- our ability to generate and sustain positive cash flow;
- our ability to attract and retain users and partners;
- our ability to attract and retain advertisers;
- our ability to compete effectively with existing competitors and new market entrants;
- our ability to effectively manage our growth and future expenses;
- our ability to comply with modified or new laws, regulations, and executive actions applying to our business;
- our ability to maintain, protect, and enhance our intellectual property;
- our ability to successfully expand in our existing market segments and penetrate 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 of or investments in complementary companies, products, services, or technologies; and
- the potential adverse impact of climate change, natural disasters, health epidemics, macroeconomic conditions, and war or other armed conflict on our business, operations, and the markets and communities in which we and our partners, advertisers, and users operate.

Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q. And while we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this report to reflect events or circumstances after the date of this report 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. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, dispositions, joint ventures, restructurings, legal settlements, or investments.

Investors and others should note that we may announce material business and financial information to our investors using our websites (including investor.snap.com), filings with the U.S. Securities and Exchange Commission, or SEC, webcasts, press releases, investor letters, and conference calls. We use these mediums, including Snapchat and our website, to communicate with our members and the public about our company, our products, and other issues. It is possible that the information that we make available may be deemed to be material information. We therefore encourage investors and others interested in our company to review the information that we make available on our websites.

NOTE REGARDING USER METRICS AND OTHER DATA

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

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

While these metrics are determined based on what we believe to be reasonable estimates of our user base for the applicable period of measurement, there are inherent challenges in measuring how our products are used across large populations globally. For example, there may be individuals who attempt to create accounts for malicious purposes, including at scale, even though we forbid that in our Terms of Service and Community Guidelines. We implement measures in our user registration process and through other technical measures to prevent, detect, and suppress that behavior, although we have not determined the number of such accounts.

Changes in our products, infrastructure, mobile operating systems, or metric tracking system, or the introduction of new products, may impact our ability to accurately determine active users or other metrics and we may not determine such inaccuracies promptly. We also believe that we don’t capture all data regarding each of our active users. Technical issues may result in data not being recorded from every user’s application. For example, because some Snapchat features can be used without internet connectivity, we may not count a DAU because we don’t receive timely notice that a user has opened the Snapchat application. This undercounting may increase as we grow in Rest of World markets where users may have poor connectivity. We do not adjust our reported metrics to reflect this underreporting. We believe that we have adequate controls to collect user metrics, however, there is no uniform industry standard. We continually seek to identify these technical issues and improve both our accuracy and precision, including ensuring that our investors and others can understand the factors impacting our business, but these technical issues and new issues may continue in the future, including if there continues to be no uniform industry standard.

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

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

If we fail to maintain an effective analytics platform, our metrics calculations may be inaccurate. We regularly review, have adjusted in the past, and are likely in the future to adjust our processes for calculating our internal metrics to improve their accuracy. For example, in the first quarter of 2025, we refined our processes and controls in recording user activity to allow us to more accurately count DAUs that would not otherwise be counted during such period due to delays in receiving user metric information resulting from carrier or other user connectivity issues during the measurement period. While these refinements improve both our accuracy and precision in counting DAUs, they resulted in less than a 1% increase in our DAUs in the first quarter of 2025 and would have resulted in similarly immaterial changes in our DAUs for all periods in 2024, and which increase was primarily concentrated in Rest of World due to the greater prevalence of network connectivity delays in this region. Any such adjustments would have a commensurate immaterial impact on our calculations of ARPU for such periods. As a result of such adjustments, our DAUs, ARPU, or other metrics may not be

directly comparable to those in prior periods. Our measures of DAUs may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology or data used.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Snap Inc. **Consolidated Statements of Cash Flows** *(in thousands)* *(unaudited)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cash flows from operating activities				
Net loss	\$ (103,541)	\$ (153,247)	\$ (505,698)	\$ (706,957)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	42,514	38,850	120,252	118,493
Stock-based compensation	260,363	260,229	759,587	783,292
Amortization of debt issuance costs and debt discount (premium)	686	2,717	7,778	6,667
Losses (gains) on debt and equity securities, net	1,182	536	15,774	12,166
(Gain) loss on extinguishment of debt	(29,795)	—	(96,734)	6,672
Other	2,985	2,200	14,542	(10,501)
Change in operating assets and liabilities, net of effect of acquisitions:				
Accounts receivable, net of allowance	(89,096)	(51,941)	102,032	73,350
Prepaid expenses and other current assets	(16,313)	11,914	(46,199)	(36,241)
Operating lease right-of-use assets	14,909	12,731	42,829	41,235
Other assets	161	3,090	7,054	(3,007)
Accounts payable	38,125	(16,642)	(21,818)	(112,287)
Accrued expenses and other current liabilities	23,926	19,331	9,053	46,771
Operating lease liabilities	1,325	(16,384)	(24,160)	(44,254)
Other liabilities	(943)	2,488	2,300	7,448
Net cash provided by (used in) operating activities	146,488	115,872	386,592	182,847
Cash flows from investing activities				
Purchases of property and equipment	(53,044)	(44,041)	(154,959)	(146,551)
Purchases of strategic investments	—	—	(20,000)	(2,000)
Sales of strategic investments	11,050	557	11,050	1,572
Cash paid for acquisitions, net of cash acquired	—	—	(35,499)	—
Purchases of marketable securities	(388,652)	(705,066)	(1,015,317)	(1,945,590)
Sales of marketable securities	102,530	187,754	539,688	354,311
Maturities of marketable securities	220,203	337,985	785,317	1,170,066
Other	—	—	—	(100)
Net cash provided by (used in) investing activities	(107,913)	(222,811)	110,280	(568,292)
Cash flows from financing activities				
Proceeds from issuance of notes, net of issuance costs	541,110	—	2,014,193	740,350
Purchase of capped calls	—	—	—	(68,850)
Proceeds from termination of capped calls	—	—	—	62,683
Proceeds from the exercise of stock options	—	10,304	—	12,798
Repurchases of Class A non-voting common stock	—	—	(500,573)	(311,069)
Deferred payments for acquisitions	—	—	(67,539)	(3,695)
Repurchases of convertible notes	(549,924)	—	(1,994,550)	(859,042)
Repayment of convertible notes	—	—	(36,240)	—
Other	(3,199)	—	(6,898)	(1,799)
Net cash provided by (used in) financing activities	(12,013)	10,304	(591,607)	(428,624)
Change in cash, cash equivalents, and restricted cash	26,562	(96,635)	(94,735)	(814,069)
Cash, cash equivalents, and restricted cash, beginning of period	928,937	1,065,028	1,050,234	1,782,462
Cash, cash equivalents, and restricted cash, end of period	\$ 955,499	\$ 968,393	\$ 955,499	\$ 968,393

See Notes to Consolidated Financial Statements.

Snap Inc.
Consolidated Statements of Operations
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue	\$ 1,506,839	\$ 1,372,574	\$ 4,214,986	\$ 3,804,115
Costs and expenses:				
Cost of revenue	674,220	638,907	1,967,132	1,802,577
Research and development	453,418	412,791	1,320,908	1,268,746
Sales and marketing	256,215	273,107	772,025	815,461
General and administrative	251,348	220,979	736,805	677,748
Total costs and expenses	1,635,201	1,545,784	4,796,870	4,564,532
Operating loss	(128,362)	(173,210)	(581,884)	(760,417)
Interest income	32,255	38,533	102,472	114,893
Interest expense	(34,494)	(5,883)	(85,500)	(15,739)
Other income (expense), net	27,570	(4,355)	75,816	(25,228)
Loss before income taxes	(103,031)	(144,915)	(489,096)	(686,491)
Income tax benefit (expense)	(510)	(8,332)	(16,602)	(20,466)
Net loss	\$ (103,541)	\$ (153,247)	\$ (505,698)	\$ (706,957)
Net loss per share attributable to Class A, Class B, and Class C common stockholders (Note 3):				
Basic	\$ (0.06)	\$ (0.09)	\$ (0.30)	\$ (0.43)
Diluted	\$ (0.06)	\$ (0.09)	\$ (0.30)	\$ (0.43)
Weighted average shares used in computation of net loss per share:				
Basic	1,696,542	1,663,011	1,689,251	1,651,756
Diluted	1,696,542	1,663,011	1,689,251	1,651,756

See Notes to Consolidated Financial Statements.

Snap Inc.
Consolidated Statements of Comprehensive Income (Loss)
(in thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net loss	\$ (103,541)	\$ (153,247)	\$ (505,698)	\$ (706,957)
Other comprehensive income (loss), net of tax				
Unrealized gain (loss) on marketable securities, net of tax	1,766	18,022	4,296	14,555
Foreign currency translation	(596)	8,045	18,976	7,153
Total other comprehensive income (loss), net of tax	1,170	26,067	23,272	21,708
Total comprehensive loss	<u>\$ (102,371)</u>	<u>\$ (127,180)</u>	<u>\$ (482,426)</u>	<u>\$ (685,249)</u>

See Notes to Consolidated Financial Statements.

Snap Inc.
Consolidated Balance Sheets
(in thousands, except par value)

	September 30, 2025 (unaudited)	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 953,317	\$ 1,046,534
Marketable securities	2,040,060	2,329,745
Accounts receivable, net of allowance	1,248,011	1,348,472
Prepaid expenses and other current assets	235,099	182,006
Total current assets	4,476,487	4,906,757
Property and equipment, net	557,418	489,088
Operating lease right-of-use assets	520,187	530,441
Intangible assets, net	77,257	86,363
Goodwill	1,720,586	1,689,785
Other assets	226,015	233,914
Total assets	\$ 7,577,950	\$ 7,936,348
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 153,683	\$ 173,197
Operating lease liabilities	43,468	24,885
Accrued expenses and other current liabilities	976,547	1,009,254
Short-term debt, net	46,951	36,212
Total current liabilities	1,220,649	1,243,548
Long-term debt, net	3,490,938	3,607,717
Operating lease liabilities, noncurrent	572,240	575,082
Other liabilities	66,773	59,240
Total liabilities	5,350,600	5,485,587
Commitments and contingencies (Note 8)		
Stockholders' equity		
Class A non-voting common stock, \$0.00001 par value. 3,000,000 shares authorized, 1,501,916 shares issued, 1,456,759 shares outstanding at September 30, 2025, and 3,000,000 shares authorized, 1,483,718 shares issued, 1,436,495 shares outstanding at December 31, 2024.	15	14
Class B voting common stock, \$0.00001 par value. 700,000 shares authorized, 22,523 shares issued and outstanding at September 30, 2025 and December 31, 2024.	—	—
Class C voting common stock, \$0.00001 par value. 260,888 shares authorized, 231,627 shares issued and outstanding at September 30, 2025 and December 31, 2024.	2	2
Treasury stock, at cost. 45,157 and 47,222 shares of Class A non-voting common stock at September 30, 2025 and December 31, 2024, respectively.	(440,476)	(460,620)
Additional paid-in capital	16,383,575	15,644,132
Accumulated deficit	(13,741,732)	(12,735,461)
Accumulated other comprehensive income (loss)	25,966	2,694
Total stockholders' equity	2,227,350	2,450,761
Total liabilities and stockholders' equity	\$ 7,577,950	\$ 7,936,348

See Notes to Consolidated Financial Statements.

Snap Inc.
Consolidated Statements of Stockholders' Equity
(in thousands)
(unaudited)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025		2024		2025		2024	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Class A non-voting common stock								
Balance, beginning of period	1,428,200	\$ 14	1,399,665	\$ 14	1,436,495	\$ 14	1,391,341	\$ 14
Shares issued in connection with exercise of stock options under stock-based compensation plans	—	—	700	—	—	—	884	—
Issuance of Class A non-voting common stock for vesting of restricted stock units and restricted stock awards, net	28,139	1	17,128	—	75,492	1	52,235	—
Conversion of Class B voting common stock to Class A non-voting common stock	—	—	5	—	—	—	10	—
Repurchases of Class A non-voting common stock	—	—	—	—	(57,293)	—	(27,885)	—
Reissuances of Class A non-voting common stock for vesting of restricted stock units	420	—	564	—	2,065	—	1,477	—
Balance, end of period	1,456,759	15	1,418,062	14	1,456,759	15	1,418,062	14
Class B voting common stock								
Balance, beginning of period	22,523	—	22,528	—	22,523	—	22,528	—
Shares issued in connection with exercise of stock options under stock-based compensation plans	—	—	—	—	—	—	5	—
Conversion of Class B voting common stock to Class A non-voting common stock	—	—	(5)	—	—	—	(10)	—
Balance, end of period	22,523	—	22,523	—	22,523	—	22,523	—
Class C voting common stock								
Balance, beginning of period	231,627	2	231,627	2	231,627	2	231,627	2
Balance, end of period	231,627	2	231,627	2	231,627	2	231,627	2
Treasury stock								
Balance, beginning of period	45,577	(444,573)	48,287	(470,999)	47,222	(460,620)	49,200	(479,903)
Repurchases of Class A non-voting common stock	—	—	—	—	57,293	(500,573)	27,885	(311,069)
Retirement of Class A non-voting common stock	—	—	—	—	(57,293)	500,573	(27,885)	311,069
Reissuances of Class A non-voting common stock for vesting of restricted stock units	(420)	4,097	(564)	5,497	(2,065)	20,144	(1,477)	14,401
Balance, end of period	45,157	(440,476)	47,723	(465,502)	45,157	(440,476)	47,723	(465,502)
Additional paid-in capital								
Balance, beginning of period	—	16,127,309	—	15,126,248	—	15,644,132	—	14,613,404
Stock-based compensation expense	—	260,363	—	260,229	—	759,587	—	783,292
Shares issued in connection with exercise of stock options under stock-based compensation plans	—	—	—	10,304	—	—	—	12,798
Purchase of capped calls	—	—	—	—	—	—	—	(68,850)
Termination of capped calls	—	—	—	—	—	—	—	62,683
Reissuances of Class A non-voting common stock for vesting of restricted stock units	—	(4,097)	—	(5,497)	—	(20,144)	—	(14,401)
Other	—	—	—	—	—	—	—	2,358
Balance, end of period	—	16,383,575	—	15,391,284	—	16,383,575	—	15,391,284
Accumulated deficit								
Balance, beginning of period	—	(13,638,191)	—	(12,591,315)	—	(12,735,461)	—	(11,726,536)
Net loss	—	(103,541)	—	(153,247)	—	(505,698)	—	(706,957)
Retirement of Class A non-voting common stock	—	—	—	—	—	(500,573)	—	(311,069)
Balance, end of period	—	(13,741,732)	—	(12,744,562)	—	(13,741,732)	—	(12,744,562)
Accumulated other comprehensive income (loss)								
Balance, beginning of period	—	24,796	—	2,772	—	2,694	—	7,131
Other comprehensive income (loss), net of tax	—	1,170	—	26,067	—	23,272	—	21,708
Balance, end of period	—	25,966	—	28,839	—	25,966	—	28,839
Total stockholders' equity	1,756,066	\$ 2,227,350	1,719,935	\$ 2,210,075	1,756,066	\$ 2,227,350	1,719,935	\$ 2,210,075

See Notes to Consolidated Financial Statements.

Snap Inc.
Notes to Consolidated Financial Statements

1. Description of Business and Summary of Significant Accounting Policies

Snap Inc. is a technology company.

Snap Inc. (“we,” “our,” or “us”), a Delaware corporation, is headquartered in Santa Monica, California. Our flagship product, Snapchat, is a visual messaging application that was created to help people communicate through short videos and images called “Snaps.”

Basis of Presentation

The accompanying unaudited consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information. Our consolidated financial statements include the accounts of Snap Inc. and our wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. Our fiscal year ends on December 31. Certain reclassifications have been made in the prior periods to conform to the current year’s presentation. None of these reclassifications had a material impact on our consolidated financial statements. These unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, as filed with the Securities and Exchange Commission (the “SEC”) in February 2025 (the “Annual Report”).

In our opinion, the unaudited interim consolidated financial statements include all adjustments of a normal recurring nature necessary for the fair presentation of our financial position, results of operations, and cash flows. The results of operations for the three and nine months ended September 30, 2025 are not necessarily indicative of the results to be expected for the year ending December 31, 2025.

There have been no changes to our significant accounting policies described in our Annual Report that have had a material impact on our consolidated financial statements and related notes.

Use of Estimates

The preparation of our consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements. Management’s estimates are based on historical information available as of the date of the consolidated financial statements and various other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates.

Key estimates relate primarily to determining the fair value of assets and liabilities assumed in business combinations, evaluation of contingencies, uncertain tax positions, and the fair value of strategic investments. On an ongoing basis, management evaluates our estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities.

Future Stock Split to be Effected in the Form of a Stock Dividend

In July 2022, our board of directors determined that it was advisable and in our best interest to approve a stock split to be effected in the form of a special dividend of one share of Class A common stock on each outstanding share of our common stock at a future date (the “Future Stock Split”). In connection with the Future Stock Split, we entered into certain agreements (the “Co-Founder Agreements”) with Evan Spiegel and Robert Murphy, our co-founders, and certain of their respective affiliates requiring them, among other things, to convert shares of Class B common stock and Class C common stock into Class A common stock under certain circumstances. In May 2024, the conditions for the declaration of such dividends were modified and the Co-Founder Agreements were amended to reflect such modifications. As modified, the Future Stock Split will not be declared and paid until the first business day following the date on which (i) the average of the volume weighted average price (the “VWAP”) per share of Class A common stock equals or exceeds \$40 per share for 90 consecutive trading days (the “90-Day VWAP”) and (ii) the ratio of the 90-Day VWAP to \$8.70 equals or exceeds the ratio of the average closing price of the S&P 500 Total Return index for the same 90 trading days for which the 90-Day VWAP was calculated to 8,862.85. If this does not occur by July 21, 2032, the Future Stock Split will not be declared and paid, and the Co-Founder Agreements will terminate.

No adjustments have been made to share or per share amounts for Class A common stock in the accompanying consolidated financial statements for the effects of the Future Stock Split as these triggering conditions have not been met.

2. Revenue

We determine revenue recognition by first identifying the contract or contracts with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract, and recognizing revenue when we satisfy a performance obligation.

Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to receive in exchange for those goods or services. We determine collectability by performing ongoing credit evaluations and monitoring customer accounts receivable balances. Sales tax, including value added tax, is excluded from reported revenue.

In arrangements where another party is involved in providing specified services to a customer, we evaluate whether we are the principal or agent. In this evaluation, we consider if we obtain control of the specified goods or services before they are transferred to the customer, as well as other indicators such as the party primarily responsible for fulfillment, inventory risk, and discretion in establishing price.

Advertising Revenue

We generate the majority of our revenue through the sale of our advertising products on Snapchat, which include Snap Ads and AR Ads, referred to as advertising revenue. AR Ads include Sponsored Lenses, which allow users to interact with an advertiser's brand by enabling branded augmented reality experiences.

The substantial majority of advertising revenue is generated from the display of advertisements on Snapchat through contractual agreements that are either based on the number of advertising impressions delivered or on a fixed fee basis over a period of time. Revenue related to agreements based on the number of impressions delivered is recognized when the advertisement is served. Revenue related to fixed fee arrangements is recognized ratably over the service period, typically less than 30 days in duration, and such arrangements do not contain minimum impression guarantees.

For advertising revenue arrangements where we are not the principal, we recognize revenue on a net basis. For the periods presented, revenue for arrangements where we are the agent was not material.

Other Revenue

Other revenue primarily consists of revenue from Snapchat+, our subscription product that provides subscribers access to exclusive, experimental, and pre-release features. Subscription revenue is initially deferred and then recognized ratably over the term of the subscription, which is generally one year or less. We report subscription revenue gross of transaction processing fees, which are recognized within cost of revenue on our consolidated statements of operations.

We also generate revenue from subscriptions and sales of hardware products. Sales of hardware products are reported net of allowances for returns. For the periods presented, all such revenue was not material.

The following table represents our revenue disaggregated by source:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(in thousands)			
Advertising revenue	\$ 1,317,119	\$ 1,249,322	\$ 3,701,536	\$ 3,489,243
Other revenue	189,720	123,252	513,450	314,872
Total revenue	<u>\$ 1,506,839</u>	<u>\$ 1,372,574</u>	<u>\$ 4,214,986</u>	<u>\$ 3,804,115</u>

The following table represents our revenue disaggregated by geography based on the billing address of the customer:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(in thousands)			
North America ⁽¹⁾⁽²⁾	\$ 870,030	\$ 826,179	\$ 2,479,359	\$ 2,301,155
Europe ⁽³⁾	285,800	241,342	763,266	676,620
Rest of World	351,009	305,053	972,361	826,340
Total revenue	<u>\$ 1,506,839</u>	<u>\$ 1,372,574</u>	<u>\$ 4,214,986</u>	<u>\$ 3,804,115</u>

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

(2) United States revenue was \$841.0 million and \$2,395.6 million for the three and nine months ended September 30, 2025, respectively, and \$798.7 million and \$2,224.9 million for the three and nine months ended September 30, 2024, respectively.

(3) Europe includes Russia and Turkey. Effective March 2022, we halted advertising sales to Russian and Belarusian entities.

Deferred revenue related to advertising and subscriptions, included in accrued expenses and other current liabilities on our consolidated balance sheets, was \$152.8 million and \$112.8 million as of September 30, 2025 and December 31, 2024, respectively. We expect a substantial majority of our deferred revenue to be realized in less than one year.

3. Net Loss per Share

We compute net loss per share using the two-class method required for multiple classes of common stock. We have three classes of authorized common stock for which voting rights differ by class.

Basic net loss per share is computed by dividing net loss attributable to each class of stockholders by the weighted-average number of shares of stock outstanding during the period, adjusted for restricted stock awards (“RSAs”) for which the risk of forfeiture has not yet lapsed.

For the calculation of diluted net loss per share, net loss per share attributable to common stockholders for basic net loss per share is adjusted by the effect of dilutive securities, including awards under our equity compensation plans. Diluted net loss per share attributable to common stockholders is computed by dividing the resulting net loss attributable to common stockholders by the weighted-average number of fully diluted common shares outstanding. We use the if-converted method for calculating any potential dilutive effect of the convertible senior notes due in 2025, 2026, 2027, 2028, and 2030 (collectively, the “Convertible Notes”) on diluted net loss per share. The Convertible Notes would have a dilutive impact on net income per share when the average market price of Class A common stock for a given period exceeds the respective conversion price of the Convertible Notes. For the periods presented, our potentially dilutive shares relating to stock options, restricted stock units (“RSUs”), RSAs, and the Convertible Notes were not included in the computation of diluted net loss per share as the effect of including these shares in the calculation would have been anti-dilutive.

The numerators and denominators of the basic and diluted net loss per share computations for our common stock are calculated as follows:

	Three Months Ended September 30,						Nine Months Ended September 30,					
	2025			2024			2025			2024		
	(in thousands, except per share data)											
	Class A	Class B	Class C	Class A	Class B	Class C	Class A	Class B	Class C	Class A	Class B	Class C
Numerator:												
Net loss	\$ (88,030)	\$ (1,375)	\$ (14,136)	\$ (129,827)	\$ (2,076)	\$ (21,344)	\$ (429,615)	\$ (6,743)	\$ (69,340)	\$ (598,178)	\$ (9,642)	\$ (99,137)
Net loss attributable to common stockholders	\$ (88,030)	\$ (1,375)	\$ (14,136)	\$ (129,827)	\$ (2,076)	\$ (21,344)	\$ (429,615)	\$ (6,743)	\$ (69,340)	\$ (598,178)	\$ (9,642)	\$ (99,137)
Denominator:												
Basic shares:												
Weighted-average common shares - Basic	1,442,392	22,523	231,627	1,408,859	22,525	231,627	1,435,101	22,523	231,627	1,397,602	22,527	231,627
Diluted shares:												
Weighted-average common shares - Diluted	1,442,392	22,523	231,627	1,408,859	22,525	231,627	1,435,101	22,523	231,627	1,397,602	22,527	231,627
Net loss per share attributable to common stockholders:												
Basic	\$ (0.06)	\$ (0.06)	\$ (0.06)	\$ (0.09)	\$ (0.09)	\$ (0.09)	\$ (0.30)	\$ (0.30)	\$ (0.30)	\$ (0.43)	\$ (0.43)	\$ (0.43)
Diluted	\$ (0.06)	\$ (0.06)	\$ (0.06)	\$ (0.09)	\$ (0.09)	\$ (0.09)	\$ (0.30)	\$ (0.30)	\$ (0.30)	\$ (0.43)	\$ (0.43)	\$ (0.43)

The following potentially dilutive shares were excluded from the calculation of diluted net loss per share because their effect would have been anti-dilutive:

	As of September 30,	
	2025	2024
	(in thousands)	
Stock options	577	691
Unvested RSUs and RSAs	149,716	132,226
Convertible Notes (if-converted)	46,193	85,945

4. Stockholders' Equity

We maintain one active share-based employee compensation plan: the 2017 Equity Incentive Plan (the "2017 Plan"). The 2017 Plan provides for the grant of incentive stock options to employees, including employees of any parent or subsidiary, and for the grant of nonstatutory stock options, stock appreciation rights, RSAs, RSUs, performance stock awards, performance cash awards, and other forms of stock awards to employees, directors, and consultants, including employees and consultants of our affiliates.

Restricted Stock Units and Restricted Stock Awards

The following table summarizes the RSU and RSA activity for the nine months ended September 30, 2025:

	Number of Class A Shares	Weighted-Average Grant Date Fair Value
	(in thousands, except per share data)	
Unvested at December 31, 2024	134,253	\$ 11.90
Granted	119,135	\$ 8.66
Vested	(77,622)	\$ 11.21
Forfeited	(26,050)	\$ 10.90
Unvested at September 30, 2025	149,716	\$ 9.85

All RSUs and RSAs vest on the satisfaction of a service-based condition. Total unrecognized compensation cost related to outstanding RSUs and RSAs was \$1.3 billion as of September 30, 2025 and is expected to be recognized over a weighted-average period of 2.1 years. The service condition for RSUs and RSAs is generally satisfied in equal monthly or quarterly installments over three to four years.

Stock Options

The following table summarizes the stock option award activity for the nine months ended September 30, 2025:

	Number of Class A Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value ⁽¹⁾
	(in thousands, except per share data)			
Outstanding at December 31, 2024	680	\$ 16.01	4.51	\$ 253
Granted	—	\$ —	—	—
Exercised	—	\$ —	—	—
Forfeited	(103)	\$ 12.56	—	—
Outstanding at September 30, 2025	577	\$ 16.62	3.69	\$ 75

- (1) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying stock option awards and the closing market price of our Class A common stock as of September 30, 2025 and December 31, 2024.

As of September 30, 2025, there was no unrecognized compensation cost related to stock options granted under the 2017 Plan.

Stock-Based Compensation Expense

Total stock-based compensation expense by function was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(in thousands)			
Cost of revenue	\$ 2,327	\$ 1,333	\$ 5,417	\$ 4,408
Research and development	171,649	172,516	495,146	518,500
Sales and marketing	51,236	53,345	154,386	160,209
General and administrative	35,151	33,035	104,638	100,175
Total	\$ 260,363	\$ 260,229	\$ 759,587	\$ 783,292

Stock Repurchases

In October 2024, our board of directors authorized a stock repurchase program of up to \$500.0 million of our Class A common stock. We completed this program in May 2025. For the nine months ended September 30, 2025, we repurchased and retired 57.3 million shares of our Class A common stock for \$500.6 million, including costs associated with the repurchases.

In October 2023, our board of directors authorized a stock repurchase program of up to \$500.0 million of our Class A common stock. The program was completed in the second quarter of 2024. During the program, we repurchased and retired a total of 46.3 million shares of our Class A common stock for \$500.5 million, including costs associated with the repurchases, representing the entire amount approved by our board of directors in October 2023.

5. Business Acquisitions

In the nine months ended September 30, 2025, the aggregate purchase consideration for business acquisitions was \$41.7 million, which primarily consisted of cash. Of the aggregate purchase consideration, \$24.5 million was allocated to goodwill and the remainder primarily to identifiable intangible assets. The acquired assets are expected to enhance our existing platform, technology, and workforce. The goodwill amount represents synergies related to our existing platform expected to be realized from the business acquisitions and assembled workforce. The associated goodwill and intangible assets are deductible for tax purposes.

6. Goodwill and Intangible Assets

The changes in the carrying amount of goodwill for the nine months ended September 30, 2025 were as follows:

	Goodwill (in thousands)
Balance as of December 31, 2024	\$ 1,689,785
Goodwill acquired	24,549
Foreign currency translation	6,252
Balance as of September 30, 2025	<u>\$ 1,720,586</u>

Intangible assets consisted of the following:

As of September 30, 2025				
	Weighted-Average Remaining Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net
		(in thousands, except years)		
Domain names	1.3	\$ 745	\$ (662)	\$ 83
Technology	2.7	328,534	(264,828)	63,706
Patents	8.9	31,172	(17,704)	13,468
Total intangible assets		<u>\$ 360,451</u>	<u>\$ (283,194)</u>	<u>\$ 77,257</u>

As of December 31, 2024				
	Weighted-Average Remaining Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net
		(in thousands, except years)		
Domain names	2.0	\$ 745	\$ (613)	\$ 132
Technology	2.3	308,333	(238,189)	70,144
Patents	8.8	39,373	(23,286)	16,087
Other	—	6,000	(6,000)	—
Total intangible assets		<u>\$ 354,451</u>	<u>\$ (268,088)</u>	<u>\$ 86,363</u>

Amortization of intangible assets was \$11.5 million and \$35.1 million for the three and nine months ended September 30, 2025, respectively, and \$13.9 million and \$47.5 million for the three and nine months ended September 30, 2024, respectively.

As of September 30, 2025, the estimated intangible asset amortization expense for the next five years and thereafter is as follows:

	Estimated Amortization (in thousands)
Remainder of 2025	\$ 10,465
2026	26,879
2027	18,703
2028	8,099
2029	4,771
Thereafter	8,340
Total	\$ 77,257

7. Debt

Senior Notes

2034 Notes

In August 2025, we entered into a purchase agreement with certain counterparties for the sale of \$550.0 million principal amount of senior notes due in 2034 (the “2034 Notes”) in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”). The 2034 Notes were issued pursuant to an indenture dated August 12, 2025. The proceeds from the issuance of the 2034 Notes, net of \$8.9 million in debt issuance costs, were \$541.1 million and primarily used for the August 2025 repurchase transactions, as discussed below. In connection with the August 2025 repurchase transactions, \$1.4 million of the debt issuance costs were expensed in the third quarter of 2025, with the remainder to be amortized to interest expense using the effective interest rate method.

The 2034 Notes are unsecured and unsubordinated obligations. Interest is payable in cash semi-annually in arrears beginning on March 15, 2026 at a rate of 6.875% per year. The effective interest rate of the 2034 Notes is 6.86%. The 2034 Notes mature on March 15, 2034 unless repurchased or redeemed in accordance with their terms prior to such date.

We may redeem for cash all or any portion of the 2034 Notes, at our option, at any time prior to September 15, 2028 at a redemption price equal to 100% of the principal amount of the 2034 Notes to be redeemed plus any accrued and unpaid interest and a “make-whole” premium as provided in the indenture. Furthermore, until September 15, 2028, we may redeem up to 40% of the original aggregate principal amount of the 2034 Notes with the net cash proceeds of certain equity offerings at a redemption price of 106.875% of the principal amount of the 2034 Notes to be redeemed plus accrued and unpaid interest. In addition, we may redeem all or any portion of the 2034 Notes at any time on or after September 15, 2028 at the redemption prices set forth in the indenture, plus any accrued and unpaid interest.

The 2034 Notes include customary terms and covenants, including certain events of default, after which the 2034 Notes may be due and payable immediately. In addition, if we experience certain change of control events, as described in the indenture, we will be required to make an offer to repurchase some or all of the 2034 Notes at a price equal to 101% of the principal amount of the 2034 Notes to be repurchased plus accrued and unpaid interest.

2033 Notes

In February 2025, we entered into a purchase agreement with certain counterparties for the sale of \$1.50 billion principal amount of senior notes due in 2033 (the “2033 Notes”) and collectively with the 2034 Notes, the “Senior Notes”) in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act, and outside the United States to non-U.S. persons pursuant to Regulation S under the Securities Act. The 2033 Notes were issued pursuant to an indenture dated February 14, 2025. The proceeds from the issuance of the 2033 Notes, net of \$26.9 million in debt issuance costs, were \$1.47 billion and primarily used for the February 2025 repurchase transactions, as discussed below. In connection with the February 2025 repurchase transactions, \$6.5 million of the debt issuance costs were expensed in the first quarter of 2025, with the remainder to be amortized to interest expense using the effective interest rate method.

The 2033 Notes are unsecured and unsubordinated obligations. Interest is payable in cash semi-annually in arrears beginning on September 1, 2025 at a rate of 6.875% per year. The effective interest rate of the 2033 Notes is 5.81%. The 2033 Notes mature on March 1, 2033 unless repurchased or redeemed in accordance with their terms prior to such date.

We may redeem for cash all or any portion of the 2033 Notes, at our option, at any time prior to March 1, 2028 at a redemption price equal to 100% of the principal amount of the 2033 Notes to be redeemed plus any accrued and unpaid interest and a “make-whole” premium as provided in the indenture. Furthermore, until March 1, 2028, we may redeem up to 40% of the original aggregate principal amount of the 2033 Notes with the net cash proceeds of certain equity offerings at a redemption price of 106.875% of the principal amount of the 2033 Notes to be redeemed plus accrued and unpaid interest. In addition, we may redeem all or any portion of the 2033 Notes at any time on or after March 1, 2028 at the redemption prices set forth in the indenture, plus any accrued and unpaid interest.

The 2033 Notes include customary terms and covenants, including certain events of default, after which the 2033 Notes may be due and payable immediately. In addition, if we experience certain change of control events, as described in the indenture, we will be required to make an offer to repurchase some or all of the 2033 Notes at a price equal to 101% of the principal amount of the 2033 Notes to be repurchased plus accrued and unpaid interest.

Convertible Notes

2030 Notes

In May 2024, we entered into a purchase agreement for the sale of an aggregate of \$750.0 million principal amount of convertible senior notes due in 2030 (the “2030 Notes”) in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The net proceeds from the issuance of the 2030 Notes were \$671.5 million, net of debt issuance costs and cash used to purchase the capped call transactions (the “2030 Capped Call Transactions”) discussed below. The 2030 Notes are unsecured and unsubordinated obligations.

2028 Notes

In February 2022, we entered into a purchase agreement for the sale of an aggregate of \$1.50 billion principal amount of convertible senior notes due in 2028 (the “2028 Notes”) in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The net proceeds from the issuance of the 2028 Notes were \$1.31 billion, net of debt issuance costs and cash used to purchase the capped call transactions (the “2028 Capped Call Transactions”) discussed below. The 2028 Notes are unsecured and unsubordinated obligations.

2027 Notes

In April 2021, we entered into a purchase agreement for the sale of an aggregate of \$1.15 billion principal amount of convertible senior notes due in 2027 (the “2027 Notes”) in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The net proceeds from the issuance of the 2027 Notes were \$1.05 billion, net of debt issuance costs and cash used to purchase the capped call transactions (the “2027 Capped Call Transactions”) discussed below. The 2027 Notes are unsecured and unsubordinated obligations.

2026 Notes

In August 2019, we entered into a purchase agreement for the sale of an aggregate of \$1.265 billion principal amount of convertible senior notes due in 2026 (the “2026 Notes”) in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The net proceeds from the issuance of the 2026 Notes were \$1.15 billion, net of debt issuance costs and cash used to purchase the capped call transactions (the “2026 Capped Call Transactions”) discussed below. The 2026 Notes are unsecured and unsubordinated obligations.

2025 Notes

In April 2020, we entered into a purchase agreement for the sale of an aggregate of \$1.0 billion principal amount of convertible senior notes due in 2025 (the “2025 Notes”) in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The net proceeds from the issuance of the 2025 Notes were \$888.6 million, net of debt issuance costs and cash used to purchase the capped call transactions (the “2025 Capped Call Transactions”) discussed below. The 2025 Notes are unsecured and unsubordinated obligations. The outstanding balance of the 2025 Notes was repaid on the maturity date of May 1, 2025.

Additional terms related to the Convertible Notes are as follows:

	Maturity Date	Redemption Date ¹	Optional Conversion Date ²	Initial Conversion Rate ³	Stated Interest Rate ⁴	Effective Interest Rate
2025 Notes ⁽⁵⁾	May 1, 2025	May 6, 2023	February 1, 2025	46.1233	0.25 %	0.48 %
2026 Notes	August 1, 2026	August 6, 2023	May 1, 2026	43.8481	0.75 %	0.91 %
2027 Notes	May 1, 2027	May 5, 2024	February 1, 2027	11.2042	— %	0.19 %
2028 Notes	March 1, 2028	March 5, 2025	December 1, 2027	17.7494	0.125 %	0.32 %
2030 Notes	May 1, 2030	May 5, 2027	February 1, 2030	45.0846	0.50 %	1.21 %

- (1) We may redeem for cash all or any portion of the Convertibles Notes, at our option, on or after the redemption dates based on certain circumstances as described in the respective indentures governing the Convertible Notes.
- (2) Holders of the Convertible Notes may convert all or a portion of their notes at their option prior to the optional conversion date, in multiples of \$1,000 principal amounts, under certain circumstances as described in the respective indentures governing the Convertible Notes. On or after the optional conversion date, the Convertible Notes are convertible at any time until the close of business on the business day immediately preceding the respective maturity date.
- (3) The Convertible Notes are convertible into cash, shares of our Class A common stock, or a combination of cash and shares of our Class A common stock, at our election, at the initial conversion rates of Class A common stock per \$1,000 principal amount of the respective Convertible Note. The initial conversion rates specified above represent an initial conversion price of \$21.68, \$22.81, \$89.25, \$56.34, and \$22.18 per share of our Class A common stock for the 2025 Notes, 2026 Notes, 2027 Notes, 2028 Notes, and 2030 Notes, respectively. The initial conversion rates are subject to customary adjustments for certain events as described in the respective indentures governing the Convertible Notes. Additionally, holders of the Convertible Notes who convert their notes in connection with a make-whole fundamental change or a redemption are entitled to an increase in the conversion rates, as described in the indentures governing the Convertible Notes. In the event of a fundamental change, holders of the Convertible Notes may require us to repurchase all or a portion of the Convertible Notes at a price equal to 100% of the principal amount, plus any accrued and unpaid interest, if any.
- (4) Interest is payable in cash semi-annually in arrears, except for the 2027 Notes, which do not bear regular interest.
- (5) The outstanding balance of the 2025 Notes was repaid on the maturity date of May 1, 2025.

As of September 30, 2025, the if-converted value of the Convertible Notes did not exceed the principal amount. The sale price for conversion was not satisfied as of September 30, 2025 for the Convertible Notes, and as a result, the Convertible Notes will not be eligible for optional conversion during the fourth quarter of 2025. No sinking fund is provided for the Convertible Notes, which means that we are not required to redeem or retire them periodically.

Refer to Note 7 in our consolidated financial statements in the Annual Report for additional details.

2025 Note Repurchases

In February 2025, we entered into various privately negotiated repurchase transactions with certain holders of the 2026 Notes, 2027 Notes, and 2028 Notes, pursuant to which we repurchased \$45.3 million in aggregate principal amount of the 2026 Notes, \$797.4 million in aggregate principal amount of the 2027 Notes, and \$800.0 million in aggregate principal amount of the 2028 Notes. The total cash repurchase price was \$1.4 billion, which was \$190.1 million below the carrying value of the repurchased notes. The February 2025 repurchase transactions were accounted for as both a debt modification and a partial debt extinguishment, which resulted in a \$66.9 million gain on extinguishment in the first quarter of 2025. The portion accounted for as a debt modification resulted in a \$128.3 million increase to the carrying value of the 2033 Notes, offset by \$5.1 million of debt issuance costs carried over from the repurchased notes.

In August 2025, we entered into various privately negotiated repurchase transactions (the “August 2025 Note Repurchases, and collectively with the February 2025 repurchase transactions, the “2025 Note Repurchases”) with certain holders of the 2026 Notes, 2027 Notes, and 2028 Notes, pursuant to which we repurchased \$157.4 million in aggregate principal amount of the 2026 Notes, \$246.3 million in aggregate principal amount of the 2027 Notes, and \$185.8 million in aggregate principal amount of the 2028 Notes. The total cash repurchase price was \$549.9 million, which was \$37.7 million below the carrying value of the repurchased notes. The August 2025 Note Repurchases were accounted for as both a debt modification and a partial debt extinguishment, which resulted in a \$29.8 million gain on extinguishment in the

third quarter of 2025. The portion accounted for as a debt modification resulted in a \$8.3 million increase to the carrying value of the 2034 Notes, offset by \$0.4 million of debt issuance costs carried over from the repurchased notes.

2024 Note Repurchases

In February 2024, we entered into various privately negotiated repurchase transactions with certain holders of the 2025 Notes and 2026 Notes, pursuant to which we repurchased \$100.0 million in aggregate principal of the 2025 Notes and \$351.2 million in aggregate principal of the 2026 Notes for a cash repurchase price of \$440.7 million. The February 2024 repurchase transactions resulted in an \$8.8 million gain on extinguishment in the first quarter of 2024.

In May 2024, we entered into various privately negotiated repurchase transactions (the “May 2024 Note Repurchases, and collectively with the February 2024 repurchase transactions, the “2024 Note Repurchases”) with certain holders of the 2025 Notes and 2026 Notes, pursuant to which we repurchased \$147.9 million in aggregate principal of the 2025 Notes and \$237.5 million in aggregate principal of the 2026 Notes. The total cash repurchase price was \$418.3 million, which was \$34.1 million above the carrying value of the notes repurchased. The May 2024 Note Repurchases were accounted for as both a debt modification and a partial debt extinguishment, which resulted in a \$15.5 million loss on extinguishment in the second quarter of 2024. The portion accounted for as a debt modification resulted in a \$20.9 million decrease to the carrying value of the 2030 Notes, which included debt issuance costs carried over from the 2025 Notes and 2026 Notes.

Gains and losses on extinguishment are included within other income (expense), net on our consolidated statements of operations.

The Senior Notes and the Convertibles Notes (collectively, the “Notes”) rank equally with each other and consist of the following:

	As of September 30, 2025				As of December 31, 2024			
	Principal	Unamortized Debt Issuance Costs	Unamortized (Discount) Premium	Net Carrying Amount	Principal	Unamortized Debt Issuance Costs	Unamortized (Discount) Premium	Net Carrying Amount
	(in thousands)							
Convertible Notes:								
2025 Notes	\$ —	\$ —	\$ —	\$ —	\$ 36,240	\$ (28)	\$ —	\$ 36,212
2026 Notes	47,013	(62)	—	46,951	249,754	(624)	—	249,130
2027 Notes	106,318	(314)	—	106,004	1,150,000	(4,984)	—	1,145,016
2028 Notes	514,191	(2,354)	—	511,837	1,500,000	(8,982)	—	1,491,018
2030 Notes	750,000	(6,545)	(17,148)	726,307	750,000	(7,582)	(19,865)	722,553
Senior Notes:								
2033 Notes	1,500,000	(23,938)	120,313	1,596,375	—	—	—	—
2034 Notes	550,000	(7,768)	8,183	550,415	—	—	—	—
Total debt	<u>\$ 3,467,522</u>	<u>\$ (40,981)</u>	<u>\$ 111,348</u>	<u>\$ 3,537,889</u>	<u>\$ 3,685,994</u>	<u>\$ (22,200)</u>	<u>\$ (19,865)</u>	<u>\$ 3,643,929</u>

The following table summarizes interest expense related to our Notes:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(in thousands)			
Contractual interest expense	\$ 32,848	\$ 1,897	\$ 74,797	\$ 5,437
Amortization of debt issuance costs	2,935	1,698	12,641	4,936
Amortization of debt discount (premium)	(2,411)	897	(5,351)	1,369
Total interest expense	<u>\$ 33,372</u>	<u>\$ 4,492</u>	<u>\$ 82,087</u>	<u>\$ 11,742</u>

Cash paid for interest was \$58.1 million and \$62.7 million for the three and nine months ended September 30, 2025, respectively, and \$2.3 million and \$8.1 million for the three and nine months ended September 30, 2024, respectively.

Capped Call Transactions

In connection with the pricing of the 2025 Notes, the 2026 Notes, the 2027 Notes, the 2028 Notes, and the 2030 Notes, we entered into the 2025 Capped Call Transactions, the 2026 Capped Call Transactions, the 2027 Capped Call Transactions, the 2028 Capped Call Transactions, and the 2030 Capped Call Transactions (collectively, the “Capped Call Transactions”), respectively, with certain counterparties at a net cost of \$100.0 million, \$102.1 million, \$86.8 million, \$177.0 million, and \$68.9 million, respectively. The cap price of the 2025 Capped Call Transactions, the 2026 Capped Call Transactions, the 2027 Capped Call Transactions, the 2028 Capped Call Transactions, and the 2030 Capped Call Transactions is initially \$32.12, \$32.58, \$121.02, \$93.90, and \$33.48 per share of our Class A common stock, respectively. All are subject to certain adjustments under the terms of the Capped Call Transactions. Conditions that cause adjustments to the initial strike price of the Capped Call Transactions mirror conditions that result in corresponding adjustments for the Convertible Notes.

The Capped Call Transactions are intended to reduce potential dilution to holders of our Class A common stock beyond the conversion prices up to the cap prices on any conversion of the Convertible Notes or offset any cash payments we are required to make in excess of the principal amount, as the case may be, with such reduction or offset subject to a cap. The cost of the Capped Call Transactions was recorded as a reduction of our additional paid-in capital in our consolidated balance sheets. The Capped Call Transactions will not be remeasured as long as they continue to meet the conditions for equity classification.

In May 2024, we entered into agreements to terminate all of the 2025 Capped Call Transactions, which resulted in \$62.7 million recorded within additional paid-in capital in our consolidated balance sheets.

As of September 30, 2025, the remaining Capped Call Transactions were out-of-the-money.

Credit Facility

In May 2022, we entered into a five-year senior unsecured revolving credit facility (the “Credit Facility”) with certain lenders that allows us to borrow up to \$1.05 billion to fund working capital and general corporate-purpose expenditures. Loans bear interest, at our option, at a rate equal to (i) a term secured overnight financing rate (“SOFR”) plus 0.85% or the base rate, if selected by us, for loans made in U.S. dollars, (ii) the Sterling overnight index average plus 0.7826% for loans made in Sterling, or (iii) foreign indices as stated in the credit agreement plus 0.75% for loans made in other permitted foreign currencies. The base rate is defined as the greatest of (i) the Wall Street Journal prime rate, (ii) the greater of the (a) federal funds rate and (b) the overnight bank funding rate, plus 0.50%, and (iii) the applicable SOFR for a period of one month (but not less than zero) plus 1.00. The Credit Facility also contains an annual commitment fee of 0.10% on the daily undrawn balance of the facility.

In February 2025, we amended the Credit Facility to extend the term of \$800.0 million of the \$1.05 billion to February 12, 2030, with the remaining \$250.0 million of the Credit Facility maturing on the existing maturity date of May 6, 2027. In addition, the amendment increased the minimum liquidity covenant (defined as unrestricted cash and cash equivalents) from \$300.0 million to \$800.0 million. As of September 30, 2025, we had \$80.3 million in the form of outstanding standby letters of credit, with no amounts outstanding under the Credit Facility.

8. Commitments and Contingencies

Commitments

We have non-cancelable contractual agreements primarily related to the hosting of our data processing, storage, and other computing services, as well as lease, content and developer partner, and other commitments. We had \$3.9 billion in commitments as of September 30, 2025, primarily due within three years. For additional discussion on leases, see Note 9 to our consolidated financial statements.

Contingencies

We record a loss contingency when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. We also disclose material contingencies when we believe a loss is not probable but reasonably

possible. Accounting for contingencies requires us to use judgment related to both the likelihood of a loss and the estimate of the amount or range of loss. Many legal and tax contingencies can take years to be resolved.

Pending Matters

In November 2021, we and certain of our officers were named as defendants in a federal securities class action lawsuit purportedly brought on behalf of purchasers of our Class A common stock, alleging that we and certain of our officers made false or misleading statements and omissions concerning the impact that Apple's App Tracking Transparency framework would have on our business. In September 2025, we reached a preliminary settlement agreement to resolve this matter for \$65.0 million, which we expect to be primarily covered by insurance. This settlement is subject to court approval. If the settlement is not approved, we will continue to litigate the case. Although we believe we have meritorious defenses to this lawsuit, litigation is inherently uncertain, and an unfavorable outcome could seriously harm our business. The impact of this settlement on our consolidated financial statements is not expected to be material.

In August 2025, we and certain of our officers were named as defendants in a federal securities class action lawsuit filed in the U.S. District Court for the Central District of California. The lawsuit was purportedly brought on behalf of purchasers of our Class A common stock. The lawsuit alleges that we and certain of our officers made false or misleading statements concerning an ad platform change that impacted revenue in the first half of 2025. Plaintiffs seek monetary damages and other relief. Although we believe we have meritorious defenses to this lawsuit, litigation is inherently uncertain, and an unfavorable outcome could seriously harm our business. For this pending matter, it is not possible to estimate a reasonably possible loss or range of loss.

We are subject to various other legal proceedings and claims in the ordinary course of business, including certain patent, trademark, privacy, regulatory, and employment matters. The outcomes of these legal proceedings are inherently unpredictable, subject to significant uncertainties, and could be material to our financial condition, results of operations, and cash flows for a particular period. Although occasional adverse decisions or settlements may occur, we do not currently believe that the final disposition of any of our other pending matters will seriously harm our business or materially impact our financial condition, results of operations, and cash flows.

Indemnifications

In the ordinary course of business, we may provide indemnifications of varying scope and terms to customers, vendors, lessors, investors, directors, officers, employees, and other parties with respect to certain matters. Indemnification may include losses from our breach of such agreements, services we provide, or third-party intellectual property infringement claims. These indemnifications may survive termination of the underlying agreement and the maximum potential amount of future indemnification payments may not be subject to a cap. We have not incurred material costs to defend lawsuits or settle claims related to these indemnifications as of September 30, 2025. We believe the fair value of these liabilities is immaterial and accordingly have no liabilities recorded for these agreements at September 30, 2025.

9. Leases

We have non-cancelable lease agreements for certain of our offices with original lease terms expiring between 2025 and 2042. Total operating lease costs were \$26.5 million and \$78.8 million for the three and nine months ended September 30, 2025, respectively, and \$25.3 million and \$75.9 million for the three and nine months ended September 30, 2024, respectively.

The weighted-average remaining lease term (in years) and discount rate related to our operating leases were as follows:

	As of September 30,	
	2025	2024
Weighted-average remaining lease term	8.8	9.5
Weighted-average discount rate	6.1 %	6.2 %

The maturities of our operating lease liabilities as of September 30, 2025 were as follows:

	Operating Leases (in thousands)
Remainder of 2025	\$ 10,471
2026	95,242
2027	95,536
2028	93,128
2029	89,072
Thereafter	436,031
Total lease payments	819,480
Less: Imputed interest	(203,772)
Present value of lease liabilities	\$ 615,708

As of September 30, 2025, we had additional operating leases that have not yet commenced for facilities with lease obligations of \$115.9 million. These operating leases will commence in 2026 with lease terms of approximately 12.7 years.

Cash payments included in the measurement of our operating lease liabilities were \$27.6 million and \$82.6 million for the three and nine months ended September 30, 2025, respectively, and \$27.4 million and \$84.5 million for the three and nine months ended September 30, 2024, respectively.

Lease liabilities arising from obtaining operating lease right-of-use assets were \$0.6 million and \$29.4 million for the three and nine months ended September 30, 2025, respectively, and \$8.6 million and \$44.1 million for the three and nine months ended September 30, 2024, respectively.

10. Strategic Investments

We hold strategic investments primarily in privately held companies, which consist of equity securities, and to a lesser extent, debt securities. These strategic investments are primarily recorded at fair value on a non-recurring basis. The estimation of fair value for these privately held strategic investments requires the use of significant unobservable inputs, such as the issuance of new equity by the company, and as a result, we deem these assets as Level 3 financial instruments within the fair value measurement framework.

The following table summarizes our strategic investments held as of September 30, 2025 and December 31, 2024:

	As of September 30, 2025	As of December 31, 2024
	(in thousands)	
Initial cost	\$ 113,261	\$ 106,052
Cumulative upward adjustments	145,932	146,201
Cumulative downward adjustments, including impairments	(77,533)	(63,910)
Carrying value	\$ 181,660	\$ 188,343

Gains and losses recognized during the periods presented were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(in thousands)			
Gains (losses) recognized on strategic investments sold during the period, net	\$ —	\$ —	\$ 2,109	\$ (60)
Unrealized gains on strategic investments still held at the reporting date	586	60	586	334
Unrealized losses, including impairments, on strategic investments still held at the reporting date	—	(372)	(14,881)	(7,411)
Gains (losses) on strategic investments, net	<u>\$ 586</u>	<u>\$ (312)</u>	<u>\$ (12,186)</u>	<u>\$ (7,137)</u>

Gains and losses on all strategic investments are included within other income (expense), net on our consolidated statements of operations and included as an adjustment to reconcile net loss to net cash provided by (used in) operating activities in our consolidated statements of cash flows. Strategic investments are included within other assets on our consolidated balance sheets.

11. Fair Value Measurements

Assets and liabilities measured at fair value are classified into the following categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs reflecting the reporting entity's own assumptions or external inputs from inactive markets.

We classify our cash equivalents and marketable securities within Level 1 or Level 2 because we use quoted market prices or alternative pricing sources and models utilizing observable market-based inputs to determine their fair value.

The following tables set forth our financial assets that are measured at fair value on a recurring basis, excluding publicly traded equity securities, as of September 30, 2025 and December 31, 2024:

		As of September 30, 2025			
	Fair Value Hierarchy	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total Estimated Fair Value
		(in thousands)			
Cash		\$ 429,427	\$ —	\$ —	\$ 429,427
Cash equivalents:					
Money market funds	Level 1	512,632	—	—	512,632
U.S. government securities	Level 1	1,998	—	—	1,998
Commercial paper	Level 2	3,859	—	—	3,859
Corporate debt securities	Level 2	5,401	—	—	5,401
Total cash and cash equivalents		953,317	—	—	953,317
Marketable debt securities:					
U.S. government securities	Level 1	1,919,087	6,308	(198)	1,925,197
Corporate debt securities	Level 2	103,903	108	(38)	103,973
Total marketable debt securities		2,022,990	6,416	(236)	2,029,170
Total		<u>\$ 2,976,307</u>	<u>\$ 6,416</u>	<u>\$ (236)</u>	<u>\$ 2,982,487</u>

		As of December 31, 2024			
	Fair Value Hierarchy	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total Estimated Fair Value
(in thousands)					
Cash		\$ 348,251	\$ —	\$ —	\$ 348,251
Cash equivalents:					
Money market funds	Level 1	694,323	—	(30)	694,293
U.S. government securities	Level 1	3,991	—	(1)	3,990
Total cash and cash equivalents		1,046,565	—	(31)	1,046,534
Marketable debt securities:					
U.S. government securities	Level 1	2,186,192	4,984	(3,292)	2,187,884
Corporate debt securities	Level 2	129,217	229	(5)	129,441
Total marketable debt securities		2,315,409	5,213	(3,297)	2,317,325
Total		\$ 3,361,974	\$ 5,213	\$ (3,328)	\$ 3,363,859

Gross unrealized losses on marketable debt securities were not material for the three and nine months ended September 30, 2025 and 2024. As of September 30, 2025, we considered any decreases in fair value on our marketable debt securities to be driven by factors other than credit risk, including market risk. As of September 30, 2025, \$1.0 billion of our total \$2.0 billion in marketable debt securities have contractual maturities between one and five years. All other marketable debt securities have contractual maturities less than one year.

We hold investments in publicly traded companies with an aggregate carrying value of \$10.9 million and \$12.4 million as of September 30, 2025 and December 31, 2024, respectively, recorded as marketable securities. We classify these publicly traded equity securities within Level 1 because we use quoted market prices to determine their fair value. Gains and losses recognized during the periods presented, which are included within other income (expense), net on our consolidated statements of operations, were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
(in thousands)				
Gains (losses) recognized on publicly traded equity securities sold during the period, net	\$ —	\$ —	\$ —	\$ —
Unrealized gains (losses) on publicly traded equity securities still held at the reporting date, net	(1,956)	(439)	(4,282)	(5,179)
Gains (losses) on publicly traded equity securities, net	\$ (1,956)	\$ (439)	\$ (4,282)	\$ (5,179)

We carry our Notes at face value less the unamortized debt issuance costs on our consolidated balance sheets, to the extent each such Note remains outstanding during the applicable period, and present the fair value for disclosure purposes only. As of September 30, 2025, the fair value of the 2026 Notes, the 2027 Notes, the 2028 Notes, the 2030 Notes, 2033 Notes, and 2034 Notes was \$45.5 million, \$98.2 million, \$459.9 million, \$644.2 million, \$1,533.0 million, and \$557.7 million respectively. As of December 31, 2024, the fair value of the 2025 Notes, the 2026 Notes, the 2027 Notes, the 2028 Notes, and the 2030 Notes was \$35.5 million, \$242.7 million, \$998.5 million, \$1,226.6 million, and \$635.6 million, respectively. The estimated fair value of the Notes, which are classified as Level 2 financial instruments, was determined based on the estimated or actual bid prices of the Notes in an over-the-counter market on the last business day of the period.

Schedule of Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported in our consolidated balance sheet to the total of the amounts in the consolidated statements of cash flows.

	As of September 30,	
	2025	2024
	(in thousands)	
Cash and cash equivalents	\$ 953,317	\$ 964,967
Restricted cash, included in other assets	2,182	3,426
Total cash, cash equivalents, and restricted cash	<u>\$ 955,499</u>	<u>\$ 968,393</u>

12. Income Taxes

Our tax provision for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items arising in that quarter. Our effective tax rate differs from the U.S. statutory tax rate primarily due to valuation allowances on our deferred tax assets as it is more likely than not that some or all of our deferred tax assets will not be realized. Income tax expense was \$0.5 million and \$16.6 million for the three and nine months ended September 30, 2025, respectively, and \$8.3 million and \$20.5 million for the three and nine months ended September 30, 2024, respectively.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was enacted. OBBBA repealed the mandatory capitalization of domestic research and experimental expenditures for tax years beginning after December 31, 2024. As a result, U.S. tax expense accrued during 2025 under the prior capitalization rules was reversed, resulting in a tax benefit in the third quarter of 2025. The overall impact of OBBBA was not material to our consolidated financial statements for the three and nine months ended September 30, 2025.

13. Accumulated Other Comprehensive Income (Loss)

The table below presents the changes in accumulated other comprehensive income (loss) (“AOCI”) by component and the reclassifications out of AOCI:

	Changes in Accumulated Other Comprehensive Income (Loss) by Component		
	Marketable Securities	Foreign Currency Translation	Total
	(in thousands)		
Balance at December 31, 2024	\$ 1,730	\$ 964	\$ 2,694
Other comprehensive income (loss) before reclassifications	3,631	18,976	22,607
Amounts reclassified from AOCI ⁽¹⁾	665	—	665
Net current period other comprehensive income (loss)	4,296	18,976	23,272
Balance at September 30, 2025	<u>\$ 6,026</u>	<u>\$ 19,940</u>	<u>\$ 25,966</u>

- (1) Realized gains and losses on marketable securities are reclassified from AOCI into other income (expense), net in our consolidated statements of operations.

14. Restructuring

2024 Restructuring

In the first quarter of 2024, we announced a plan to reduce hierarchy and concentrate our team members in major hub locations to support in-person collaboration, resulting in the reduction of our global headcount by approximately 10%. Restructuring charges associated with the 2024 restructuring were immaterial for the three months ended September 30, 2024. We completed the 2024 restructuring in the second quarter of 2024.

The following table summarizes the 2024 restructuring charges included in our consolidated statement of operations for the nine months ended September 30, 2024:

	Nine months ended September 30, 2024			
	Severance and Related Charges ⁽¹⁾	Stock-Based Compensation Expense	Other ⁽²⁾	Total
	(in thousands)			
Cost of revenue	\$ 932	\$ 189	\$ —	\$ 1,121
Research and development	30,845	4,801	3,201	38,847
Sales and marketing	15,755	4,176	—	19,931
General and administrative	7,786	236	2,236	10,258
Total	<u>\$ 55,318</u>	<u>\$ 9,402</u>	<u>\$ 5,437</u>	<u>\$ 70,157</u>

- (1) Severance and related charges include cash severance expenses and other termination benefits. The majority of cash paid for the restructuring was related to severance and benefits.
- (2) Other primarily includes intangible asset amortization and depreciation expense.

15. Segments and Geographic Information

Our CEO is our chief operating decision maker (“CODM”). Our CODM evaluates performance and makes operating decisions about allocating resources based on financial data presented on a consolidated basis, accompanied by information about revenue disaggregated by geographic region. Because our CODM evaluates financial performance on a consolidated basis, we have determined that we have a single operating segment composed of the consolidated financial results of Snap Inc.

The measure used by our CODM to assess performance and make operating decisions is net loss as reported on our consolidated statements of operations. Net loss is used by our CODM to identify underlying trends in the performance of our business and make comparisons with the financial performance of our competitors. Our CODM also reviews total assets, as reported on our consolidated balance sheets, and purchases of property and equipment, as reported on our consolidated statements of cash flows.

Our CODM also utilizes expense information in order to assess our financial performance. Infrastructure costs primarily consist of payments to third-party infrastructure partners for hosting our products, which include expenses related to storage, computing, and bandwidth. Content and developer partner costs primarily consist of fees paid to our content creators and publisher partners who share content on our platform through revenue sharing arrangements. Advertising partner and other costs primarily consist of payments to third-party partners for fulfillment services, transaction processing fees, and other expenses directly related to providing our services. Operating expenses include all remaining costs necessary to operate our business, which primarily include personnel expenses, facilities and related costs, promotional and marketing expenses, external professional services, and other administrative expenses. Operating expenses include charges recognized as research and development, selling and marketing, and general and administrative expenses within our consolidated statements of operations, but exclude stock-based compensation and related payroll and other tax expenses, depreciation and amortization, and restructuring charges, which are independently reviewed by our CODM.

The following table presents the significant segment expenses and other segment items regularly reviewed by our CODM:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(in thousands)			
Revenue	\$ 1,506,839	\$ 1,372,574	\$ 4,214,986	\$ 3,804,115
Less:				
Infrastructure costs	404,332	373,873	1,174,157	1,061,164
Content and developer partner costs	154,231	161,544	467,567	455,412
Advertising partner and other costs	112,245	101,144	315,805	275,464
Operating expenses	653,993	604,051	1,925,724	1,779,477
Stock-based compensation and related payroll and other tax expense	267,886	266,322	793,365	806,086
Depreciation and amortization	42,514	38,850	120,252	114,878
Other segment items ⁽¹⁾	(24,821)	(19,963)	(76,186)	18,591
Net loss	\$ (103,541)	\$ (153,247)	\$ (505,698)	\$ (706,957)

- (1) Other segment items primarily include interest income; interest expense; other income (expense), net; and income tax benefit (expense) as reported in our consolidated statements of operations. Other segment items also include restructuring charges of \$72.1 million for the nine months ended September 30, 2024. No restructuring charges were incurred for the three and nine months ended September 30, 2025 and the three months ended September 30, 2024.

The following table represents our long-lived assets, which include property and equipment, net and operating lease right-of-use assets, by geography:

	As of September 30, 2025	As of December 31, 2024
	(in thousands)	
United States	\$ 713,188	\$ 682,173
United Kingdom	233,318	248,243
Rest of world ⁽¹⁾	131,099	89,113
Total long-lived assets, net	\$ 1,077,605	\$ 1,019,529

- (1) No individual country other than the United States and the United Kingdom exceeded 10% of our total long-lived assets for any period presented.

16. Subsequent Events

In November 2025, our board of directors authorized a stock repurchase program of up to \$500 million of our Class A common stock. Repurchases of Class A common stock may be made from time to time, either through open market transactions (including pre-set trading plans) or through other transactions in accordance with applicable securities laws. Repurchases have been authorized for the next 12 months but the program may be initiated, modified, suspended, or terminated at any time during such period.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements included in our Annual Report. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs that involve significant risks and uncertainties. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to those differences include those discussed below and elsewhere in this Quarterly Report on Form 10-Q, particularly in "Risk Factors," "Note Regarding Forward-Looking Statements," and "Note Regarding User Metrics and Other Data."

Overview of Third Quarter 2025 Results

Our key user metrics and financial results for the three months ended September 30, 2025 were as follows:

User Metrics

- Daily Active Users, or DAUs, increased 8% year-over-year to 477 million.
- Average revenue per user, or ARPU, was \$3.16, compared to \$3.10 in the prior year.

Financial Results

- Revenue was \$1,506.8 million, compared to \$1,372.6 million in the prior year, an increase of 10% year-over-year.
- Total costs and expenses were \$1,635.2 million, compared to \$1,545.8 million in the prior year.
- Net loss was \$103.5 million, compared to \$153.2 million in the prior year.
- Adjusted EBITDA was \$182.0 million, compared to \$132.0 million in the prior year.
- Diluted net loss per share was \$(0.06), compared to \$(0.09) in the prior year.
- Cash provided by operating activities was \$146.5 million, compared to \$115.9 million in the prior year.
- Free Cash Flow was \$93.4 million, compared to \$71.8 million in the prior year.
- Cash, cash equivalents, and marketable securities were \$3.0 billion as of September 30, 2025.

Business and Macroeconomic Conditions

We periodically make changes to our business and priorities. In recent years, we conducted a strategic reprioritization to realign our focus on three strategic priorities: growing our community and deepening their engagement with our products, accelerating and diversifying our revenue growth, and investing in the future of augmented reality. We believe that we can be successful in our current operating environment, with various macroeconomic factors impacting our business, by rigorously prioritizing our investments and continuing to engage our community with our products while driving success for our advertising partners. However, the impact of our strategic reprioritization and recent restructurings is difficult to predict.

Macroeconomic factors such as labor shortages and disruptions, supply chain disruptions, inflation, changes in interest and foreign currency exchange rates, banking instability, tariffs and retaliatory countermeasures, war and other armed conflict, and other risks and uncertainties have in the past and may continue to cause logistical challenges, increased input costs, and inventory constraints for our advertisers, which in turn may cause our advertisers to halt or decrease advertising spending on our platform. Such macroeconomic factors may also negatively impact, in the short-term or long-term, the global economy, advertising ecosystem, our customers and their budgets with us, user engagement, other user metrics, and our business, financial condition, and results of operations.

In addition, competition for advertising dollars has increased and demand growth on our advertising platform has slowed. We expect to continue to experience increased competition, which may result in reduced advertising demand, and could adversely affect our revenue growth, pricing, business, financial condition, and results of operations. Demand has also been disrupted by recent changes we made to our advertising platform, and, in the future, we may continue to experience adverse impacts to our revenue growth as a result of these changes.

Our revenue, particularly in North America, has further been impacted by platform policy changes and restrictions that affected our targeting, measurement, and optimization capabilities, and in turn our ability to measure the effectiveness of advertisements on our services. This has resulted in, and in the future is likely to continue to result in, reduced advertising revenue, especially if we are unable to mitigate these developments.

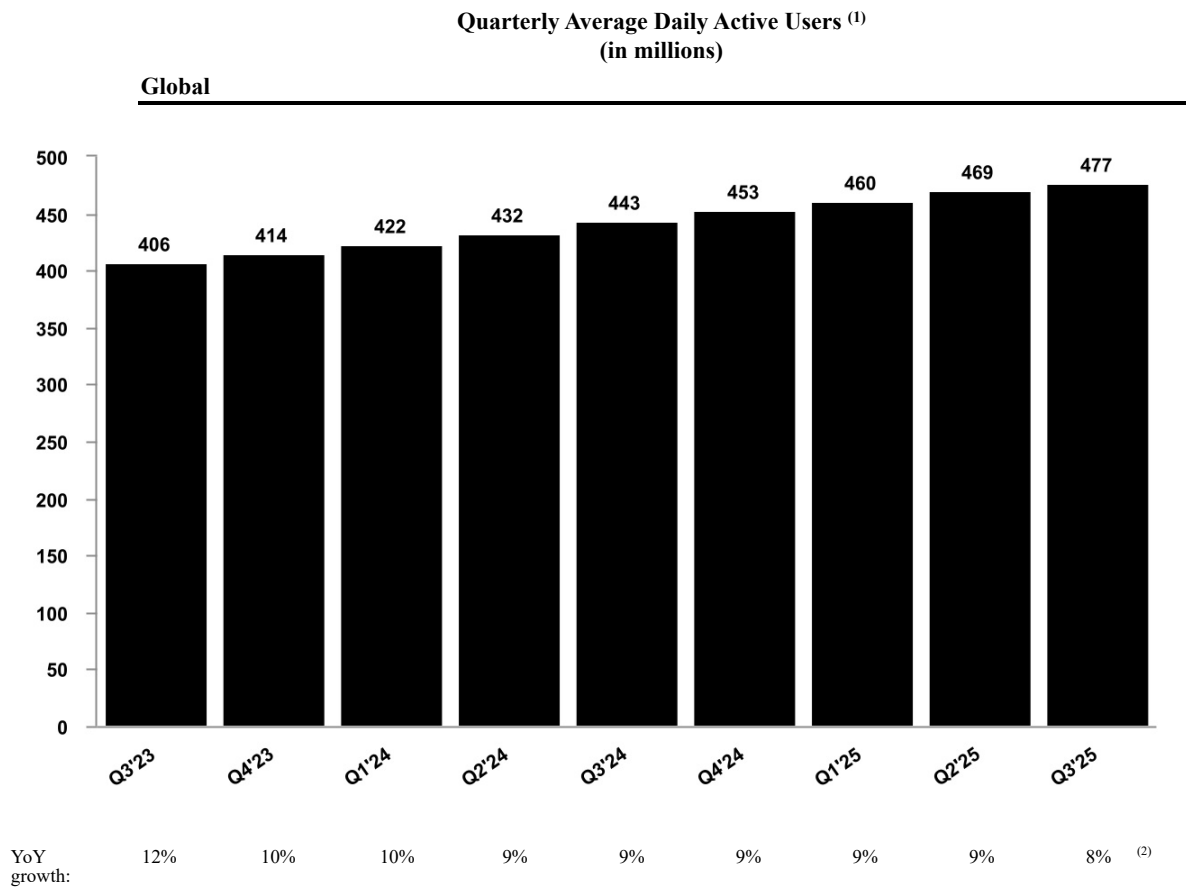
We compete with other companies in every aspect of our business. We must compete effectively for users and advertisers to grow our business and increase our revenue. These and other risks and uncertainties are further described in the section titled “Risk Factors” in Part II, Item 1A of this Quarterly Report on Form 10-Q.

Trends in User Metrics

We define a DAU as a registered and logged-in Snapchat user who visits Snapchat through our applications or websites at least once during a defined 24-hour period. We define ARPU as quarterly revenue divided by the average DAUs. We assess the health of our business by measuring DAUs and ARPU because we believe that these metrics are important ways for both management and investors to understand engagement and monitor the performance of our platform. We also measure ARPU because we believe that this metric helps our management and investors to assess the extent to which we are monetizing our service.

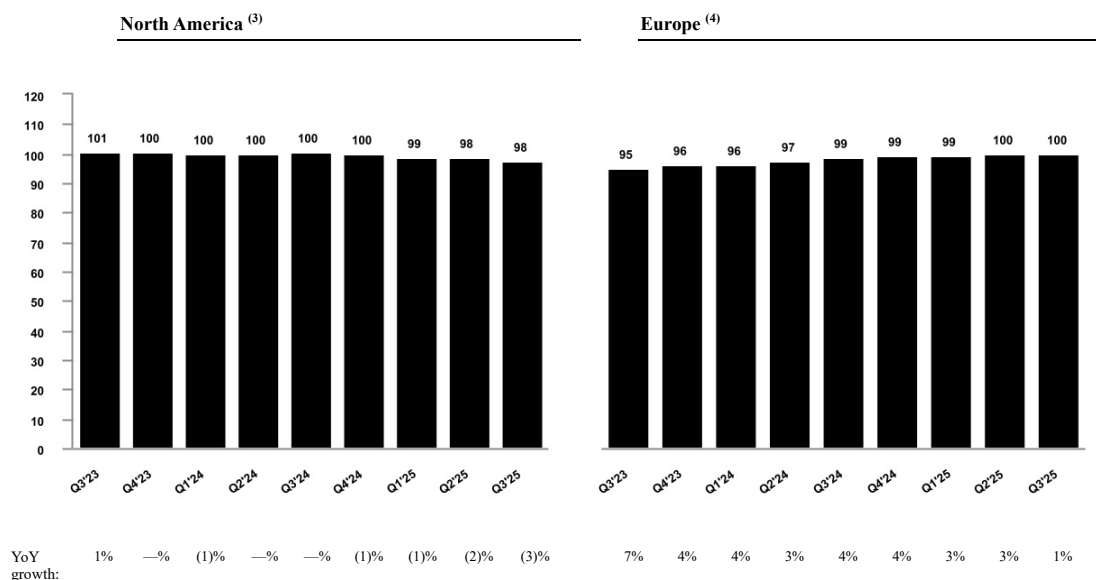
User Engagement

We calculate average DAUs for a particular quarter by adding the number of DAUs on each day of that quarter and dividing that sum by the number of days in that quarter. DAUs are broken out by geography because markets have different characteristics. We had 477 million DAUs on average in the third quarter of 2025, an increase of 34 million, or 8%, from the third quarter of 2024.

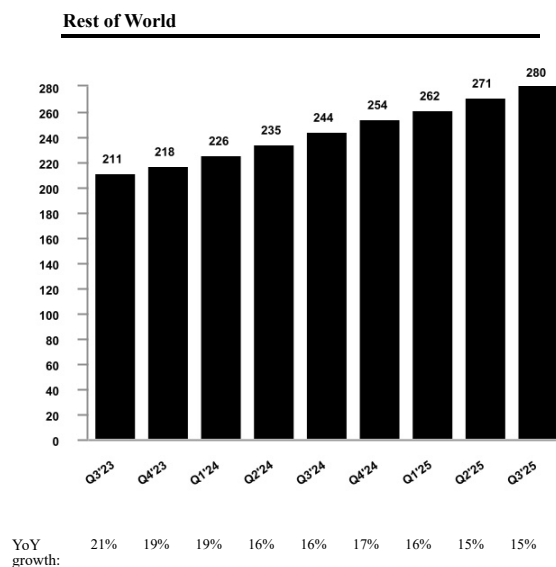


(1) Numbers may not foot due to rounding.

(2) In the first quarter of 2025, we refined our processes and controls to allow us to more accurately record user activity that would not otherwise be recorded during such period due to delays in receiving user metric information resulting from carrier or other user connectivity issues during the measurement period. For additional information concerning these refinements, see the “Note Regarding User Metrics and Other Data.” As a result of such refinements, our DAUs may not be directly comparable to those in prior periods, including in this table and the following tables below as they reflect a comparison to previously reported numbers.



- (3) North America includes Mexico, the Caribbean, and Central America.
 (4) Europe includes Russia and Turkey.



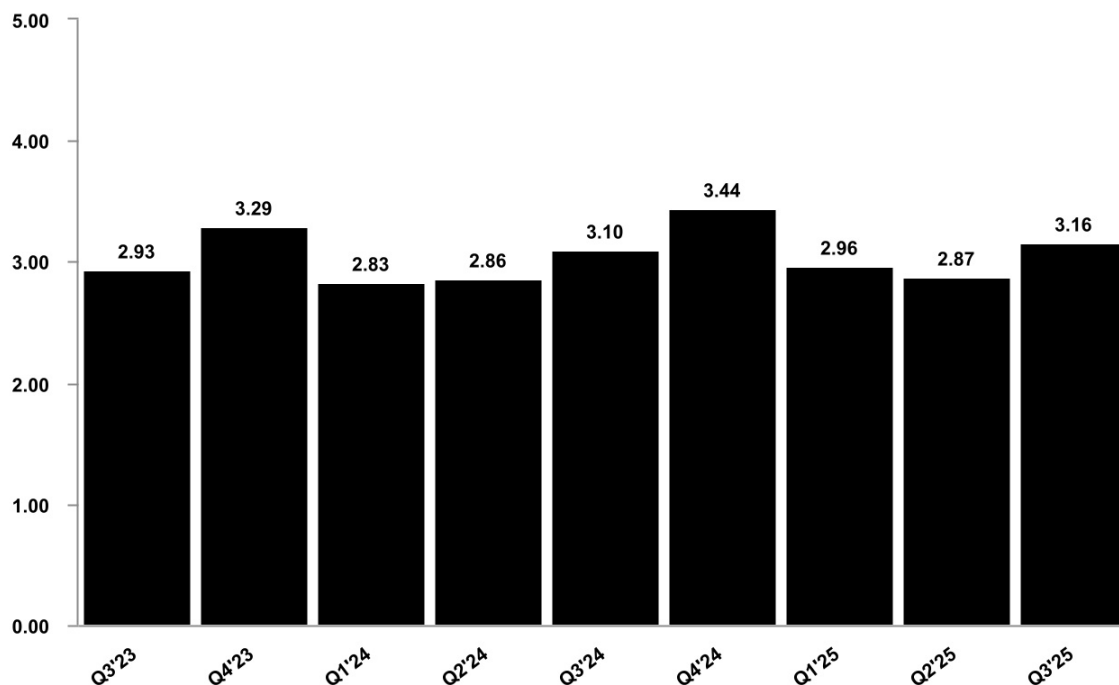
Monetization

We recorded revenue of \$1,506.8 million for the three months ended September 30, 2025, compared to revenue of \$1,372.6 million for the same period in 2024, an increase of 10% year-over-year. We monetize our business primarily through advertising. Our advertising products include Snap Ads and AR Ads.

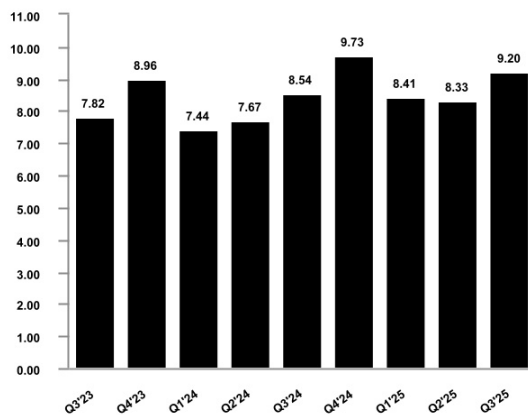
We measure our business using ARPU because it helps us understand the rate at which we are monetizing our daily user base. ARPU was \$3.16 in the third quarter of 2025, compared to \$3.10 in the third quarter of 2024. For purposes of calculating ARPU, revenue by user geography is apportioned to each region based on a determination of the geographic location in which advertising impressions are delivered, as this approximates revenue based on user activity. This differs from the presentation of our revenue by geography in the notes to our consolidated financial statements, where revenue is based on the billing address of the advertising customer.

Quarterly Average Revenue per User

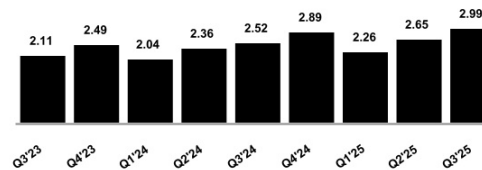
Global



North America ⁽¹⁾

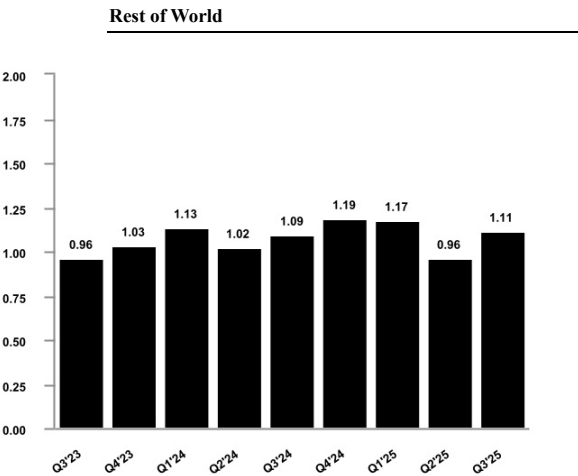


Europe ⁽²⁾



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

(2) Europe includes Russia and Turkey. Effective March 2022, we halted advertising sales to Russian and Belarusian entities.



Results of Operations

Components of Results of Operations

Revenue

We generate the majority of our revenue through the sale of our advertising products on Snapchat, which include Snap Ads and AR Ads, referred to as advertising revenue. Snap Ads may be subject to revenue sharing arrangements between us and the content partner. We also generate revenue from Snapchat+, our subscription product that provides subscribers access to exclusive, experimental, and pre-release features, and subscriptions and sales of hardware products. Sales of hardware products are reported net of allowances for returns.

Cost of Revenue

Cost of revenue includes payments for infrastructure, content and developer partner costs, and advertiser partner and other costs. Infrastructure costs primarily consist of payments to third-party infrastructure partners for hosting our products, which include expenses related to storage, computing, and bandwidth. Content and developer partner costs primarily consist of fees paid to our content creators and publisher partners who share content on our platform through revenue sharing arrangements. Under these arrangements, we pay a portion of the fees we receive from advertisers for Snap Ads that are displayed within partner content on Snapchat. Advertising partner and other costs primarily consist of payments to third-party partners for fulfillment services, transaction processing fees, and other expenses directly related to providing our services. Cost of revenue includes personnel-related costs, including salaries, benefits, and stock-based compensation expense for our employees engaged in the delivery of our services. Cost of revenue also includes facilities and other supporting overhead costs, including depreciation and amortization, and inventory costs.

Research and Development Expenses

Research and development expenses primarily consist of personnel-related costs, including salaries, benefits, and stock-based compensation expense for our engineers, designers, and other employees engaged in the research and development of our products. Research and development expenses also include facilities and other supporting overhead costs, including depreciation and amortization. Research and development costs are expensed as incurred.

Sales and Marketing Expenses

Sales and marketing expenses primarily consist of personnel-related costs, including salaries, benefits, commissions, and stock-based compensation expense for our employees engaged in sales and sales support, business development, media, marketing, corporate partnerships, and customer service functions. Sales and marketing expenses also include costs incurred for advertising, market research, tradeshows, branding, marketing, promotional expense, and public relations, as well as facilities and other supporting overhead costs, including depreciation and amortization.

General and Administrative Expenses

General and administrative expenses primarily consist of personnel-related costs, including salaries, benefits, and stock-based compensation expense for our finance, legal, information technology, human resources, and other administrative teams. General and administrative expenses also include facilities and supporting overhead costs, including depreciation and amortization, and external professional services.

Interest Income

Interest income primarily consists of interest earned on our cash, cash equivalents, and marketable securities.

Interest Expense

Interest expense primarily consists of interest expense associated with our Notes and commitment fees related to our revolving credit facility.

Other Income (Expense), Net

Other income (expense), net primarily consists of gains and losses on debt extinguishments, and gains and losses on strategic investments, marketable securities, and foreign currency transactions.

Income Tax Benefit (Expense)

We are subject to income taxes in the United States and numerous foreign jurisdictions. Our effective tax rates will vary depending on changes in the valuation of our deferred tax assets and liabilities, the relative proportion of foreign to domestic income, use of tax credits, and changes in tax laws.

Adjusted EBITDA

We define Adjusted EBITDA 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 consider the exclusion of these items in calculating Adjusted EBITDA to provide a useful measure for period-to-period comparisons of our business and for investors and others to evaluate our operating results in the same manner as does our management. See “Non-GAAP Financial Measures” for additional information and a reconciliation of net loss to Adjusted EBITDA.

Discussion of Results of Operations

The following table sets forth our consolidated statements of operations data:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
(in thousands)				
Consolidated Statements of Operations Data:				
Revenue	\$ 1,506,839	\$ 1,372,574	\$ 4,214,986	\$ 3,804,115
Costs and expenses ⁽¹⁾⁽²⁾ :				
Cost of revenue	674,220	638,907	1,967,132	1,802,577
Research and development	453,418	412,791	1,320,908	1,268,746
Sales and marketing	256,215	273,107	772,025	815,461
General and administrative	251,348	220,979	736,805	677,748
Total costs and expenses	1,635,201	1,545,784	4,796,870	4,564,532
Operating loss	(128,362)	(173,210)	(581,884)	(760,417)
Interest income	32,255	38,533	102,472	114,893
Interest expense	(34,494)	(5,883)	(85,500)	(15,739)
Other income (expense), net	27,570	(4,355)	75,816	(25,228)
Loss before income taxes	(103,031)	(144,915)	(489,096)	(686,491)
Income tax benefit (expense)	(510)	(8,332)	(16,602)	(20,466)
Net loss	\$ (103,541)	\$ (153,247)	\$ (505,698)	\$ (706,957)
Adjusted EBITDA ⁽³⁾	\$ 182,038	\$ 131,962	\$ 331,733	\$ 232,598

(1) Stock-based compensation expense included in the above line items:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
(in thousands)				
Stock-based compensation expense:				
Cost of revenue	\$ 2,327	\$ 1,333	\$ 5,417	\$ 4,408
Research and development	171,649	172,516	495,146	518,500
Sales and marketing	51,236	53,345	154,386	160,209
General and administrative	35,151	33,035	104,638	100,175
Total	\$ 260,363	\$ 260,229	\$ 759,587	\$ 783,292

(2) Depreciation and amortization expense included in the above line items:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
(in thousands)				
Depreciation and amortization expense:				
Cost of revenue	\$ 1,016	\$ 965	\$ 3,941	\$ 4,987
Research and development	27,127	24,798	74,963	75,305
Sales and marketing	5,487	4,953	15,418	14,614
General and administrative	8,884	8,134	25,930	23,587
Total	\$ 42,514	\$ 38,850	\$ 120,252	\$ 118,493

(3) See “Non-GAAP Financial Measures” for more information and for a reconciliation of Adjusted EBITDA to net loss, the most directly comparable financial measure calculated and presented in accordance with GAAP.

The following table sets forth the components of our consolidated statements of operations data for each of the periods presented as a percentage of revenue:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Consolidated Statements of Operations Data:				
Revenue	100 %	100 %	100 %	100 %
Costs and expenses:				
Cost of revenue	45	47	47	47
Research and development	30	30	31	33
Sales and marketing	17	20	18	21
General and administrative	17	16	18	19
Total costs and expenses	109	113	114	120
Operating loss	(9)	(13)	(14)	(20)
Interest income	2	2	2	3
Interest expense	(2)	—	(2)	—
Other income (expense), net	2	—	2	(1)
Loss before income taxes	(7)	(11)	(12)	(18)
Income tax benefit (expense)	—	—	—	(1)
Net loss	(7)%	(11)%	(12)%	(19)%

Three and Nine Months Ended September 30, 2025 and 2024

Revenue

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
(dollars in thousands)				
Revenue	\$ 1,506,839	\$ 1,372,574	\$ 4,214,986	\$ 3,804,115
Revenue as a dollar change		\$ 134,265		\$ 410,871
Revenue as a percentage change		10 %		11 %

Revenue for the three and nine months ended September 30, 2025 increased \$134.3 million and \$410.9 million, respectively, compared to the same periods in 2024. The increase was driven by a \$67.8 million and \$212.3 million increase in advertising revenue for the three and nine months ended September 30, 2025, respectively. The increase in advertising revenue is due to a year-over-year increase in global advertising impressions volume of approximately 22% and 18% for the three and nine months ended September 30, 2025, respectively, which is driven by expanded advertising delivery within Sponsored Snaps and Spotlight. The increase in advertising revenue was partially offset by a year-over-year decrease in the cost per advertising impression of approximately 13% and 10% for the three and nine months ended September 30, 2025, respectively, which is driven by strong growth in impressions delivery. The increase in total revenue was also driven by a \$66.5 million and \$198.6 million increase in other revenue for the three and nine months ended September 30, 2025, respectively, which is due to higher subscription revenue due to growth in the number of subscribers.

Cost of Revenue

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(dollars in thousands)			
Cost of Revenue	\$ 674,220	\$ 638,907	\$ 1,967,132	\$ 1,802,577
Cost of Revenue as a dollar change		\$ 35,313		\$ 164,555
Cost of Revenue as a percentage change		6 %		9 %

Cost of revenue for the three and nine months ended September 30, 2025 increased \$35.3 million and \$164.6 million, respectively, compared to the same periods in 2024. The increase in both periods was primarily driven by a \$30.5 million and \$113.0 million increase in infrastructure costs for the three and nine months ended September 30, 2025, respectively, attributable to DAU growth as well as investments in machine learning and AI.

Research and Development Expenses

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(dollars in thousands)			
Research and Development Expenses	\$ 453,418	\$ 412,791	\$ 1,320,908	\$ 1,268,746
Research and Development Expenses as a dollar change		\$ 40,627		\$ 52,162
Research and Development Expenses as a percentage change		10 %		4 %

Research and development expenses for the three and nine months ended September 30, 2025 increased \$40.6 million and \$52.2 million, respectively, compared to the same periods in 2024. The increase in both periods was primarily due to investments in product development, including higher employee compensation due to additional research and development headcount. The increase for the nine months ended September 30, 2025 was partially offset by \$38.8 million in restructuring charges primarily recognized in the first quarter of 2024.

Sales and Marketing Expenses

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(dollars in thousands)			
Sales and Marketing Expenses	\$ 256,215	\$ 273,107	\$ 772,025	\$ 815,461
Sales and Marketing Expenses as a dollar change		\$ (16,892)		\$ (43,436)
Sales and Marketing Expenses as a percentage change		(6)%		(5)%

Sales and marketing expenses for the three and nine months ended September 30, 2025 decreased \$16.9 million and \$43.4 million, respectively, compared to the same periods in 2024. The decrease in both periods was primarily driven by the timing of marketing events occurring in the prior year and lower advertising and marketing investments, partially offset by higher employee compensation due to additional sales and marketing headcount. The decrease for the nine months ended September 30, 2025 was further driven by \$19.9 million in restructuring charges primarily recognized in the first quarter of 2024.

General and Administrative Expenses

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(dollars in thousands)			
General and Administrative Expenses	\$ 251,348	\$ 220,979	\$ 736,805	\$ 677,748
General and Administrative Expenses as a dollar change		\$ 30,369		\$ 59,057
General and Administrative Expenses as a percentage change		14 %		9 %

General and administrative expenses for the three and nine months ended September 30, 2025 increased \$30.4 million and \$59.1 million, respectively, compared to the same periods in 2024. The increase in both periods was primarily driven by higher spend on external professional services, including legal-related expenses. The increase for the nine months ended September 30, 2025 was partially offset by \$10.3 million in restructuring charges primarily recognized in the first quarter of 2024.

Interest Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(dollars in thousands)			
Interest Income	\$ 32,255	\$ 38,533	\$ 102,472	\$ 114,893
Interest Income as a dollar change		\$ (6,278)		\$ (12,421)
Interest Income as a percentage change		(16)%		(11)%

Interest income for the three and nine months ended September 30, 2025 decreased \$6.3 million and \$12.4 million, respectively, compared to the same periods in 2024. The decrease was primarily driven by lower interest rates.

Interest Expense

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(dollars in thousands)			
Interest Expense	\$ (34,494)	\$ (5,883)	\$ (85,500)	\$ (15,739)
Interest Expense as a dollar change		\$ (28,611)		\$ (69,761)
Interest Expense as a percentage change		486 %		443 %

Interest expense for the three and nine months ended September 30, 2025 increased \$28.6 million and \$69.8 million, respectively, compared to the same periods in 2024. The increase in both periods was primarily driven by additional interest expense on our 2033 Notes and 2034 Notes which were issued in February 2025 and August 2025, respectively.

Other Income (Expense), Net

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(dollars in thousands)			
	(NM = Not Meaningful)			
Other Income (Expense), Net	\$ 27,570	\$ (4,355)	\$ 75,816	\$ (25,228)
Other Income (Expense), Net as a dollar change		\$ 31,925		\$ 101,044
Other Income (Expense), Net as a percentage change		NM		401 %

Other income, net for the three months ended September 30, 2025 was primarily driven by a \$29.8 million gain on extinguishment associated with the August 2025 Note Repurchases, which is discussed within Note 7 to our consolidated financial statements included elsewhere in this Quarterly Report. Other expense, net for the three months ended September 30, 2024 was not material.

Other income, net for the nine months ended September 30, 2025 was primarily driven by \$96.7 million in total gains on extinguishment associated with the 2025 Note Repurchases, partially offset by \$12.2 million in net losses on strategic investments. Other expense, net for the nine months ended September 30, 2024 was primarily driven by \$7.1 million in net losses on strategic investments, a \$6.7 million net loss on extinguishment associated with the 2024 Note Repurchases, and \$5.2 million in unrealized losses on publicly traded securities classified as marketable securities.

Income Tax Benefit (Expense)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(dollars in thousands)			
Income Tax Benefit (Expense)	\$ (510)	\$ (8,332)	\$ (16,602)	\$ (20,466)
Income Tax Benefit (Expense) as a dollar change		\$ 7,822		\$ 3,864
Income Tax Benefit (Expense) as a percentage change		94 %		19 %
Effective Tax Rate	(0.5)%	(5.7)%	(3.4)%	(3.0)%

Income tax expense for the three and nine months ended September 30, 2025 was \$0.5 million and \$16.6 million, respectively, compared to an income tax expense of \$8.3 million and \$20.5 million, respectively, for the same periods in 2024. The decrease in both periods was primarily due to a tax benefit recognized in the third quarter of 2025 following the enactment of the One Big Beautiful Bill Act (“OBBBA”). OBBBA, enacted on July 4, 2025, repealed the mandatory capitalization of domestic research and experimental expenditures for tax years beginning after December 31, 2024. As a result, U.S. tax expense accrued during 2025 under the prior capitalization rules was reversed in the third quarter of 2025.

Our effective tax rate differs from the U.S. statutory tax rate primarily due to valuation allowances on our deferred tax assets as it is more likely than not that some or all of our deferred tax assets will not be realized.

Net Loss and Adjusted EBITDA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(dollars in thousands)			
Net Loss	\$ (103,541)	\$ (153,247)	\$ (505,698)	\$ (706,957)
Net Loss as a dollar change		\$ 49,706		\$ 201,259
Net Loss as a percentage change		32 %		28 %
Adjusted EBITDA	\$ 182,038	\$ 131,962	\$ 331,733	\$ 232,598
Adjusted EBITDA as a dollar change		\$ 50,076		\$ 99,135
Adjusted EBITDA as a percentage change		38 %		43 %

Net loss for the three and nine months ended September 30, 2025 was \$103.5 million and \$505.7 million, respectively, compared to \$153.2 million and \$707.0 million, respectively, for the same periods in 2024. The fluctuations in net loss for both periods were primarily the result of the changes in revenues and expenses discussed above.

Adjusted EBITDA for the three and nine months ended September 30, 2025 was \$182.0 million and \$331.7 million, respectively, compared to \$132.0 million and \$232.6 million, respectively, for the same periods in 2024. The fluctuations for both periods were primarily attributable to increased revenue and lower sales and marketing expenses, partially offset by higher cost of revenue, research and development expenses, and general and administrative expenses.

For a discussion of the limitations associated with using Adjusted EBITDA rather than GAAP measures and a reconciliation of this measure to net loss, see “Non-GAAP Financial Measures.”

Liquidity and Capital Resources

Capital Resources

Cash, cash equivalents, and marketable securities were \$3.0 billion as of September 30, 2025, primarily consisting of cash on deposit with banks and highly liquid investments in U.S. government and agency securities, money market funds, corporate debt securities, certificates of deposit, commercial paper, and publicly traded equity securities. Our primary source of liquidity is cash generated through financing activities. Our primary uses of cash include operating costs such as personnel-related costs and the infrastructure costs of the Snapchat application, facility-related capital spending, and acquisitions and investments. There are no known material subsequent events that could have a material impact on our cash or liquidity. We may contemplate and engage in merger and acquisition activity that could materially impact our liquidity and capital resource position.

As of September 30, 2025, approximately 6.2% of our cash, cash equivalents, and marketable securities was held by our foreign subsidiaries, primarily in the United Kingdom. Cash held by our foreign subsidiaries is utilized to fund our foreign operations and may be repatriated, subject to certain limitations. Upon repatriation, these funds would be available to fund our domestic operations, but repatriation may result in additional tax liabilities. We maintain substantially all of our cash, cash equivalents, and marketable securities in accounts with major United States and multi-national financial institutions. We believe our existing cash balance is sufficient to fund our working capital needs.

As of September 30, 2025, we had \$1.05 billion of revolving credit facilities, of which \$250.0 million expires in May 2027 and \$800.0 million expires in February 2030. The interest rates for all credit facilities are determined based on a formula using certain market rates, as described in Note 7 to our consolidated financial statements included elsewhere in this Quarterly Report. The Credit Facility also contains an annual commitment fee of 0.10% on the daily undrawn balance of the facility. As of September 30, 2025, we had \$80.3 million in the form of outstanding standby letters of credit, with no amounts outstanding under the Credit Facility.

Material Cash Requirements

Debt

As of September 30, 2025, we had outstanding debt in the form of senior unsecured notes and senior convertible notes for an aggregate principal amount of \$3.5 billion, which mature from 2026 through 2034. Short-term and long-term future interest payment obligations as of September 30, 2025 were \$149.3 million and \$969.8 million, respectively.

Under certain circumstances, holders of the Convertible Notes may convert all or a portion of their notes prior to the applicable maturity date. Upon conversion, the notes may be settled in cash, shares of our Class A common stock, or a combination of cash and shares of our Class A common stock, at our election. As of September 30, 2025 the Convertible Notes will not be eligible for optional conversion during the fourth quarter of 2025.

For additional discussion on our debt, see Note 7 to our consolidated financial statements included elsewhere in this Quarterly Report.

Contractual Commitments

We have non-cancelable contractual agreements primarily related to the hosting of our data processing, storage, and other computing services, as well as lease, content and developer partner, and other commitments. We had \$3.9 billion in commitments, as of September 30, 2025, primarily due within three years. For additional discussion on our leases, see Note 9 to our consolidated financial statements.

Stock Repurchases

In October 2024, our board of directors authorized a stock repurchase program of up to \$500.0 million of our Class A common stock. We completed this program in May 2025. For the nine months ended September 30, 2025, we repurchased and retired 57.3 million shares of our Class A common stock for \$500.6 million, including costs associated with the repurchases.

Contingencies

We are involved in claims, lawsuits, tax matters, government investigations, and proceedings arising in the ordinary course of our business. We record a provision for a liability when we believe that it is both probable that a liability has been incurred and the amount can be reasonably estimated. We also disclose material contingencies when we believe that a loss is not probable but reasonably possible. Significant judgment is required to determine both probability and the estimated amount. Such claims, suits, and proceedings are inherently unpredictable and subject to significant uncertainties, some of which are beyond our control. Many of these legal and tax contingencies can take years to resolve. Should any of these estimates and assumptions change or prove to be incorrect, it could have a material impact on our results of operations, financial position, and cash flows.

We believe our existing cash balance is sufficient to fund our ongoing working capital, investing, and financing requirements for at least the next 12 months. Our future capital requirements will depend on many factors including our growth rate, headcount, sales and marketing activities, research and development efforts, the introduction of new features, products, and acquisitions, and continued user engagement. We continually evaluate opportunities to issue or repurchase equity or debt securities, obtain, retire, or restructure credit facilities or financing arrangements, or declare dividends for strategic reasons or to further strengthen our financial position.

Sources and Uses of Cash and Related Trends

The following table sets forth the major components of our consolidated statements of cash flows for the nine months ended September 30, 2025 and 2024:

	Nine Months Ended September 30,	
	2025	2024
	(in thousands)	
Net cash provided by (used in) operating activities	\$ 386,592	\$ 182,847
Net cash provided by (used in) investing activities	110,280	(568,292)
Net cash provided by (used in) financing activities	(591,607)	(428,624)
Change in cash, cash equivalents, and restricted cash	\$ (94,735)	\$ (814,069)
Free Cash Flow ⁽¹⁾	\$ 231,633	\$ 36,296

- (1) For information on how we define and calculate Free Cash Flow and a reconciliation to net cash provided by (used in) operating activities to Free Cash Flow, see “Non-GAAP Financial Measures.”

Net Cash Provided by (Used in) Operating Activities

Net cash provided by operating activities was \$386.6 million for the nine months ended September 30, 2025, compared to \$182.8 million for the same period in 2024, resulting primarily from our net loss, adjusted for non-cash items, including stock-based compensation expense of \$759.6 million, depreciation and amortization expense of \$120.3 million, and gains on debt extinguishment of \$96.7 million. Net cash provided by operating activities for the nine months ended September 30, 2025 was also driven by a \$102.0 million decrease in accounts receivable due to the timing of collections, partially offset by a \$21.8 million decrease in accounts payable primarily due to the timing of payments.

Net Cash Provided by (Used in) Investing Activities

Net cash provided by investing activities was \$110.3 million for the nine months ended September 30, 2025, compared to net cash used in investing activities of \$568.3 million for the same period in 2024. Our investing activities for the nine months ended September 30, 2025 primarily consisted of maturities of marketable securities of \$785.3 million and sales of marketable securities of \$539.7 million, partially offset by purchases of marketable securities of \$1,015.3 million and purchases of property and equipment of \$155.0 million. Our investing activities for the nine months ended September 30, 2024 primarily consisted of purchases of marketable securities of \$1.9 billion and purchases of property and equipment of \$146.6 million, partially offset by maturities of marketable securities of \$1.2 billion and sales of marketable securities of \$354.3 million.

Net Cash Provided by (Used in) Financing Activities

Net cash used in financing activities was \$591.6 million for the nine months ended September 30, 2025, compared to net cash used in financing activities of \$428.6 million for the same period in 2024. Our financing activities for the nine months ended September 30, 2025 primarily consisted of the 2025 Note Repurchases for \$2.0 billion, repurchases of our Class A common stock for \$500.6 million, deferred payments for acquisitions of \$67.5 million, and the repayment of the 2025 Notes for \$36.2 million, partially offset by the issuance of the 2033 Notes and 2034 Notes for total net proceeds of \$2.0 billion. Our financing activities for the nine months ended September 30, 2024 primarily consisted of the 2024 Note Repurchases for \$859.0 million, repurchases of our Class A common stock for \$311.1 million, and the purchase of the 2030 Capped Call Transactions for \$68.9 million, partially offset by the issuance of the 2030 Notes for net proceeds of \$740.4 million and the termination of the 2025 Capped Call Transactions for proceeds of \$62.7 million.

Free Cash Flow

Free Cash Flow was \$231.6 million for the nine months ended September 30, 2025, compared to \$36.3 million for the same period in 2024. Free Cash Flow in all periods was composed of net cash provided by (used in) operating activities, resulting primarily from net loss, adjusted for non-cash items and changes in working capital. Free Cash Flow also included purchases of property and equipment of \$155.0 million for the nine months ended September 30, 2025, compared to \$146.6 million for the same period in 2024. Purchases of property and equipment in all periods are primarily related to improvements to our leased facilities to support our team workspaces. See “Non-GAAP Financial Measures.”

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 both Free Cash Flow and Adjusted EBITDA 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 the non-GAAP measures of Free Cash Flow and Adjusted EBITDA 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.

These non-GAAP financial measures should not be considered in isolation from, or as substitutes for, financial information prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures compared to the closest comparable GAAP measure. Some of these limitations are that:

- Free Cash Flow does not reflect our future contractual commitments;
- Adjusted EBITDA excludes certain recurring, non-cash charges such as depreciation of fixed assets and amortization of acquired intangible assets and, although these are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future;
- Adjusted EBITDA excludes stock-based compensation expense and payroll and other tax expense related to stock-based compensation, which have been, and will continue to be for the foreseeable future, significant recurring expenses in our business and an important part of our compensation strategy; and
- Adjusted EBITDA excludes income tax benefit (expense).

The following table presents a reconciliation of Free Cash Flow to net cash provided by (used in) operating activities, the most comparable GAAP financial measure, for each of the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
(in thousands)				
Free Cash Flow reconciliation:				
Net cash provided by (used in) operating activities	\$ 146,488	\$ 115,872	\$ 386,592	\$ 182,847
Less:				
Purchases of property and equipment	(53,044)	(44,041)	(154,959)	(146,551)
Free Cash Flow	<u>\$ 93,444</u>	<u>\$ 71,831</u>	<u>\$ 231,633</u>	<u>\$ 36,296</u>

The following table presents a reconciliation of Adjusted EBITDA to net loss, the most comparable GAAP financial measure, for each of the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
(in thousands)				
Adjusted EBITDA reconciliation:				
Net loss	\$ (103,541)	\$ (153,247)	\$ (505,698)	\$ (706,957)
Add (deduct):				
Interest income	(32,255)	(38,533)	(102,472)	(114,893)
Interest expense	34,494	5,883	85,500	15,739
Other (income) expense, net	(27,570)	4,355	(75,816)	25,228
Income tax (benefit) expense	510	8,332	16,602	20,466
Depreciation and amortization	42,514	38,850	120,252	114,878
Stock-based compensation expense	260,363	260,229	759,587	773,890
Payroll and other tax expense related to stock-based compensation	7,523	6,093	33,778	32,196
Restructuring charges ⁽¹⁾	—	—	—	72,051
Adjusted EBITDA	<u>\$ 182,038</u>	<u>\$ 131,962</u>	<u>\$ 331,733</u>	<u>\$ 232,598</u>

- (1) Restructuring charges during 2024 primarily include \$70.2 million of cash severance, stock-based compensation expense, and other charges associated with the 2024 restructuring. These charges are not reflective of underlying trends in our business. Refer to Note 14 in our consolidated financial statements.

Critical Accounting Policies and Estimates

We prepare our financial statements in accordance with GAAP. Preparing these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

The critical accounting estimates, assumptions, and judgments that we believe to have the most significant impact on our consolidated financial statements are revenue recognition, valuation of assets, loss contingencies, and income taxes.

There have been no material changes to our critical accounting policies and estimates as described in our Annual Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate risk, foreign currency risk and equity price risk as follows:

Interest Rate Risk

We had cash and cash equivalents totaling \$1.0 billion as of both September 30, 2025 and December 31, 2024. We had marketable securities totaling \$2.0 billion and \$2.3 billion as of September 30, 2025 and December 31, 2024, respectively. Our cash and cash equivalents primarily consist of cash in bank accounts and money market funds, and our marketable securities generally consist of U.S. government debt and agency securities, publicly traded equity securities, corporate debt securities, certificates of deposit, and commercial paper. The primary objectives of our investment activities are to preserve principal and provide liquidity without significantly increasing risk. We do not enter into investments for trading or speculative purposes. Due to the relatively short-term nature of our investment portfolio, changes in interest rates do not have a material effect on the fair value of our portfolio. A hypothetical 100 basis point increase in interest rates would result in a \$19.9 million and \$22.5 million decrease in the market value of our cash equivalents and marketable securities as of September 30, 2025 and December 31, 2024, respectively.

As of September 30, 2025 and December 31, 2024, we had aggregate principal amounts of debt outstanding of \$3.5 billion and \$3.7 billion, respectively. Since our Notes bear interest at fixed rates and are carried at amortized cost, fluctuations in interest rates do not have any impact on our consolidated financial statements. However, the fair value of the Notes will fluctuate with movements in market interest rates, and in the case of the Convertible Notes, with movements of our stock's market price.

Foreign Currency Risk

For all periods presented, our revenue and operating expenses were predominately denominated in U.S. dollars. We therefore have not had material foreign currency risk associated with revenue and cost-based activities. However, due to fluctuations in exchange rates, we have experienced, and may in the future experience, negative impacts to our revenue and operating expenses denominated in currencies other than the U.S. dollar. The functional currency of our material operating entities is the U.S. dollar.

For the periods presented, we believe the exposure to foreign currency fluctuation from revenue and operating expenses is immaterial as the related revenue or costs do not constitute a significant portion of their respective totals. As we grow operations, our exposure to foreign currency risk will likely become more significant.

For the periods presented, we did not enter into any forward foreign currency exchange contracts. We may, however, enter into forward foreign currency exchange contracts for purposes of hedging foreign exchange rate fluctuations on our business operations in future operating periods as our exposures are deemed to be material. For additional discussion on foreign currency risk, see "Risk Factors" elsewhere in this Quarterly Report on Form 10-Q.

Equity Price Risk

We hold equity securities in privately held and publicly traded companies, which are subject to equity price risks that could have a material impact on the carrying value of our holdings.

Our strategic investments in privately held companies primarily consist of equity securities without readily determinable fair values. We adjust the carrying value of these equity securities to fair value upon observable transactions for identical or similar investments of the same issuer or upon impairment. All strategic investments are reviewed periodically for impairment. Our investments in publicly traded equity securities are recorded at fair value using quoted market prices. Uncertainties in the global economic climate and financial markets could adversely impact the valuation of these investments and result in a material impairment or downward adjustment of their carrying values. Our total strategic investments had carrying values of \$181.7 million and \$188.3 million as of September 30, 2025 and December 31, 2024, respectively. Our investments in publicly traded equity securities had carrying values of \$10.9 million and \$12.4 million as of September 30, 2025 and December 31, 2024, respectively.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2025, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in this Quarterly Report on Form 10-Q was (a) reported within the time periods specified by SEC rules and regulations, and (b) communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding any required disclosure.

Changes in Internal Control

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired

control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Securities-Related Matters

On November 11, 2021, we, and certain of our officers, were named as defendants in a federal securities class action lawsuit filed in the U.S. District Court for the Central District of California. The lawsuit was purportedly brought on behalf of purchasers of our Class A common stock. The lawsuit alleges that we and certain of our officers made false or misleading statements and omissions concerning the impact that Apple's App Tracking Transparency framework would have on our business. Plaintiffs seek monetary damages and other relief. We recently settled this case, but that settlement is subject to court approval. If the settlement is not approved, we will continue to litigate the case. Although we believe we have meritorious defenses to the lawsuit, litigation is inherently uncertain and an unfavorable outcome could seriously harm our business.

On August 21, 2025, we, and certain of our officers, were named as defendants in a federal securities class action lawsuit filed in the U.S. District Court for the Central District of California. The lawsuit was purportedly brought on behalf of purchasers of our Class A common stock. The lawsuit alleges that we and certain of our officers made false or misleading statements concerning an ad platform change that impacted revenue in the first half of 2025. Plaintiffs seek monetary damages and other relief. We believe we have meritorious defenses to the lawsuit, and will defend it vigorously, but litigation is inherently uncertain, and an unfavorable outcome could seriously harm our business.

Platform-Related Matters

Beginning on January 20, 2022, we were named as a defendant in various federal and state courts by plaintiffs alleging that the design and use of our platform, and those of our competitors, is addictive and harmful to users, with most of the cases focused on mental health harms and users under 18-years old. The majority of cases have been consolidated in either a federal Multi-District Litigation pending in the U.S. District Court for the Northern District of California, or MDL, or a California Judicial Council Coordinated Proceeding, or JCCP, pending in the Complex Division of the Los Angeles County Superior Court. Trials are scheduled for the individual plaintiff bellwether cases in the JCCP starting in January 2026. A putative class action asserting similar allegations was also filed in Canada.

Numerous school districts, municipalities and tribal nations have filed public nuisance and other claims based on similar allegations, which also were consolidated in either the MDL or JCCP. In the JCCP proceeding, the court dismissed the school district and municipality plaintiffs' claims without prejudice, which ruling is now on appeal. Some of those dismissed plaintiffs have refiled their claims in the MDL or other venue. Trials are scheduled for the school district bellwether cases in the MDL starting in June 2026. We have received similar claims in Canada and Israel.

Beginning on January 30, 2024, certain U.S. state attorneys general have filed lawsuits against us in their respective state courts making similar allegations as well as allegations regarding harmful and mature content, child safety concerns, sexual exploitation of minors, misuse by bad actors, unlawful data collection, privacy violations, and allegedly misleading safety and marketing campaigns. These lawsuits assert various legal claims, including violations of state consumer protection laws, unfair business practices, product liability, and negligence.

On October 13, 2022, we were named as a defendant in a lawsuit in Los Angeles Superior Court alleging that we should be responsible for the deaths of young people who died from ingesting fatal doses of fentanyl after allegedly communicating on Snapchat with drug dealers concerning drug transactions. Other similar lawsuits were filed on behalf of other families, which were coordinated with the first-filed case and assigned to the same judge. On January 2, 2024, the judge granted in part and overruled in part our demurrer to the lawsuit, allowing several of the claims to proceed.

On January 16, 2025, the U.S. Federal Trade Commission referred a complaint against us to the Department of Justice that pertains to our deployment of our My AI feature and the allegedly resulting risks of harm to young users. The DOJ did not act on the referred complaint within the time defined by statute, thereby returning the complaint to the FTC's jurisdiction. The FTC has not taken further action to advance the complaint, and we have no indication they will do so.

We believe we have meritorious defenses to these lawsuits, and plan to continue to defend them vigorously, but litigation is inherently uncertain and an unfavorable outcome, including substantial potential damages, penalties, fines and injunctive relief, could seriously harm our business.

We are also subject to government investigations and inquiries from multiple regulators in various jurisdictions globally concerning the use of our products and features, and the alleged mental and physical health and safety impacts on users, in particular younger users. We plan to continue to engage with the regulators productively and believe we have meritorious defenses to any legal proceedings that may arise out of these investigations and inquiries, but any legal proceedings that may arise are inherently uncertain and an unfavorable outcome, including substantial potential damages, penalties, fines and injunctive relief, could seriously harm our business. Any violation of existing or future regulatory orders or consent decrees, or new regulatory investigations or proceedings, could subject us to substantial monetary fines and other penalties that could seriously harm our business.

We are currently involved in, and may in the future be involved in, legal proceedings, claims, inquiries, and investigations in the ordinary course of our business, including claims for infringing intellectual property rights related to our products and the content contributed by our users and partners. Although the results of these proceedings, claims, inquiries, and investigations cannot be predicted with certainty, we do not believe that the final outcome of these matters is reasonably likely to have a material adverse effect on our business, financial condition, or results of operations. Regardless of final outcomes, however, any such proceedings, claims, inquiries, and investigations may nonetheless impose a significant burden on management and employees and may come with costly defense costs or unfavorable preliminary and interim rulings.

For information regarding legal proceedings in which we are involved, see other sections of this Quarterly Report on Form 10-Q, including sections titled Note 8, “Commitments and Contingencies,” in the Notes to Consolidated Financial Statements, “Management's Discussion and Analysis of Financial Condition and Results of Operations,” and “Risk Factors,” which are incorporated by reference.

Item 1A. Risk Factors

You should carefully consider the risks and uncertainties described below, together with all the other information in this Quarterly Report on Form 10-Q, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the related notes. If any of the following risks actually occurs (or if any of those discussed elsewhere in this Quarterly Report on Form 10-Q occurs), our business, reputation, financial condition, results of operations, revenue, and future prospects could be seriously harmed. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. Unless otherwise indicated, references to our business being seriously harmed in these risk factors will include harm to our business, reputation, financial condition, results of operations, revenue, and future prospects. In that event, the market price of our Class A common stock could decline, and you could lose part or all of your investment.

Risk Factor Summary

Our business is subject to significant risks and uncertainties that make an investment in us speculative and risky. Below we summarize what we believe are the principal risk factors but these risks are not the only ones we face, and you should carefully review and consider the full discussion of our risk factors in the section titled “Risk Factors,” together with the other information in this Quarterly Report on Form 10-Q.

1. Our Strategy and Advertising Business

We operate in a highly competitive and rapidly changing environment so we must continually innovate our products and evolve our business model for us to succeed.

We emphasize rapid innovation and prioritize long-term user engagement over short-term financial conditions or results if we believe that it will benefit the aggregate user experience and improve our financial performance over the long term. Although we have achieved profitability in certain periods, we have a history of operating losses and, as a result of our long-term focus, we may prioritize investments and expenses we believe are necessary for our long-term growth over achieving short-term profitability. Investments in our future, including through new products or acquisitions, are inherently risky and may not pay off, which would adversely affect our ability to settle the principal and interest payments on our Notes or other indebtedness when due, and further delay or hinder our ability to sustain profitability. This in turn would hinder our ability to secure additional financing to meet our current and future financial needs on favorable terms, or at all.

We generate substantially all of our revenue from advertising. Our advertising business is most effective when our advertisers succeed. Driving their success requires continual investment in our advertising products and may be hindered by competitive challenges and various legal, regulatory, and operating system changes that make it more difficult for us to achieve and demonstrate a meaningful return for our advertisers. For example, on-going changes to privacy and data protection laws and mobile operating systems continue to present issues for us in measuring the effectiveness of advertisements on our services. Additionally, individuals are becoming increasingly resistant to the processing of personal data to deliver behavioral, interest-based, or targeted advertisements, and regulators are likewise scrutinizing such data processing activities, which could reduce the demand for our products and services and threaten our primary revenue stream. Alternative methods, to the extent we can develop such methods in compliance with current or future privacy and data protection laws, mobile operating system requirements, and other requirements, may take time to develop and be adopted by our advertisers and users, and may not be as effective as prior methods.

We believe that this impact on our targeting, measurement, and optimization capabilities has negatively affected and may continue to negatively affect our operating results. In addition, our ad business is seasonal, volatile, and cyclical, which could result in fluctuations in our quarterly revenues and operating results, including business prospect expectations.

Our business and operations have been, and in the future could be, adversely affected by events beyond our control, such as health epidemics and geopolitical events and conflicts. In addition, macroeconomic factors like labor shortages and disruptions, supply chain disruptions, banking instability, tariffs and retaliatory countermeasures, inflation, and fluctuating interest rates have in the past and may continue to cause logistical challenges, increased input costs, and inventory constraints for our advertisers, which in turn may also halt or decrease advertising spending, and harm our business.

2. Our Community and Competition

We need to continually innovate and create new products, and enhance our existing products, to attract, retain, and grow our global community. Products that we create may fail to attract or retain users or partners, or to generate meaningful revenue, if any. While we believe that these decisions will benefit the aggregate user experience or improve our financial performance over the long term, these changes may cause friction by our users, advertisers, or partners, resulting in disruptions or declines in our DAUs, user activity, or financial performance. In addition, we have and expect to continue to expand organically and through acquisitions, including in international markets, which we may not be able to effectively manage or scale. If our community does not see the value in our products or brand, or if competitors offer better alternatives, our community could easily switch to other services. Although we have experienced significant growth in our community over the last few years, we have also experienced declines and there can be no assurance that declines won't happen again. Many of our competitors have significantly more resources and larger market shares than we do, which gives them advantages over us that can make it more difficult for us to succeed.

3. Our Partners

We primarily rely on Google, Apple, and Amazon to provide their mobile operating systems and other services for our applications and other core services, including our platform. If these partners do not provide their services as we expect, terminate their services, or change the terms, or their interpretation of the terms, of our agreements, or change the functionality of their mobile operating systems in ways that are adverse to us, our service may be interrupted and our product experience could be degraded, which may harm our reputation, increase our costs, or make it harder for us to attain and sustain profitability. Many other parts of our business depend on partners, including content partners and advertising partners, so our success depends on our ability to attract and retain these partners.

4. Our Technology and Regulation

Our business is complex and success depends on our ability to rapidly innovate, the interoperability of our service on many different smartphones and mobile operating systems, and our ability to safeguard sensitive user data. Because our systems and our products are constantly changing, we are susceptible to data breaches, cyberattacks, security incidents, bugs, and other vulnerabilities and errors in how our products work and are measured. We may also fail to maintain effective processes that report our metrics or financial results. Given the complexity of the systems involved and the rapidly changing nature of mobile devices and operating systems, we expect to encounter issues, particularly if we continue to expand in parts of the world where mobile data systems and connections are less stable.

We are also subject to complex and evolving federal, state, local, and foreign laws and regulations regarding privacy, data protection, biometric processing, content regulation, artificial intelligence, or AI, protections for minors, taxes, and other matters, which are subject to change and have uncertain interpretations. Given the nature of our business, we are particularly susceptible to changes in such laws regarding privacy and data protection, which may require us to change our products and may impact our revenue stream. Any actual or perceived failure to comply with such legal and regulatory obligations, including in connection with our consent decree with the U.S. Federal Trade Commission, or FTC, may lead to costly litigation or otherwise adversely impact our business.

We also must actively protect our intellectual property. We are subject to various legal proceedings, claims, class actions, inquiries, and investigations related to our intellectual property, which may be costly or distract management. We also rely on a variety of statutory and common-law frameworks for the content we provide our users, including the Digital Millennium Copyright Act, the Communications Decency Act, and the fair-use doctrine, each of which has been subject to adverse judicial, political, and regulatory scrutiny in recent times.

5. Our Team and Capital Structure

We need to attract and retain a high caliber team to maintain our competitive position. We may incur significant costs and expenses in maintaining and growing our team, and may lose valuable members of our team as we compete globally, including with our competitors, for key talent. A substantial portion of our employment costs is paid in our common stock, the price of which has been volatile, and our ability to attract and retain talent may be adversely affected if our shares decline in value.

Our two co-founders, who serve as our Chief Executive Officer and Chief Technology Officer, control over 99% of the voting power of our outstanding capital stock, which means they control substantially all outcomes submitted to stockholders. Class A common stockholders have no voting rights, unless required by Delaware law. This concentrated control may result in our co-founders voting their shares in their best interest, which might not always be in the interest of our stockholders generally.

Risk Factors

Risks Related to Our Business and Industry

Our ecosystem of users, advertisers, and partners depends on the engagement of our user base. Our user base growth rate has declined in the past and it may do so again in the future. If we fail to retain current users or add new users, or if our users engage less with Snapchat, our business would be seriously harmed.

We had 477 million daily active users, or DAUs, on average in the quarter ended September 30, 2025. We view DAUs as a critical measure of our user engagement, and adding, maintaining, and engaging DAUs have been and will continue to be necessary. Our DAUs and DAU growth rate have declined in the past and they may decline in the future due to various factors, including as the size of our active user base increases, as we achieve higher market penetration rates, as we face continued competition for our users and their time, or if there are performance issues with our service. In addition, as we achieve maximum market penetration rates among younger users in developed markets, future growth in DAUs will need to come from older users in those markets or from developing markets, which may not be possible or may be more difficult, expensive, or time-consuming for us to achieve. While we may experience periods when our DAUs increase due to products and services with short-term popularity, we may not always be able to attract new users, retain existing users, or maintain or increase the frequency and duration of their engagement if current or potential new users do not perceive our products to be fun, engaging, or useful. In addition, because our products typically require high bandwidth data capabilities for users to benefit from all of the features and capabilities of our application, many of our users live in countries with high-end mobile device penetration and high bandwidth capacity cellular networks with large coverage areas. We therefore do not expect to experience rapid user growth or engagement in regions with either low smartphone penetration or a lack of well-established and high bandwidth capacity cellular networks. As our DAU growth rate continues to slow or if the number of DAUs becomes stagnant, or we have a decline in DAUs, our financial performance will increasingly depend on our ability to elevate user activity or increase the monetization of our users.

Snapchat is free and easy to join, the barrier to entry for new entrants in our business is low, and the switching costs to another platform are also low. Moreover, the majority of our users are 18-34 years old. This demographic may be less brand loyal and more likely to follow trends, including viral trends, than other demographics. These factors may lead users to switch to another product, which would negatively affect our user retention, growth, and engagement. Snapchat also may not be able to penetrate other demographics in a meaningful manner. Falling user retention, growth, or engagement could make Snapchat less attractive to advertisers and partners, which may seriously harm our business. In addition, we continue to compete with other companies to attract and retain our users' attention. There are many factors that could negatively affect user retention, growth, and engagement, including if:

- users engage more with competing products instead of ours;
- our competitors continue to mimic our products or improve on them;
- we fail to introduce new and exciting products and services or those we introduce or modify are poorly received;
- our products fail to operate effectively or compatibly on the iOS or Android mobile operating systems;
- we are unable to continue to develop products that work with a variety of mobile operating systems, networks, and smartphones;
- we do not provide a compelling user experience because of the decisions we make regarding the type and frequency of advertisements that we display or the structure and design of our products;
- we are unable to combat bad actors, spam, or other hostile or inappropriate usage on our products;
- there are changes in user sentiment about the quality or usefulness of our products in the short-term, long-term, or both;
- there are concerns about the privacy implications, safety, or security of our products and our processing of personal data;
- our content partners do not create content that is engaging, useful, or relevant to users;
- our content partners decide not to renew agreements or devote the resources to create engaging content, or do not provide content exclusively to us;
- advertisers and partners display ads that are untrue, offensive, or otherwise fail to follow our guidelines;

- our products are subject to increased regulatory scrutiny or approvals, including from foreign privacy regulators, or there are changes in our products that are mandated or prompted by legislation, regulatory authorities, executive actions, or litigation, including settlements or consent decrees, that adversely affect the user experience;
- technical or other problems frustrate the user experience or negatively impact users' trust in our service, including by providers that host our platforms, particularly if those problems prevent us from delivering our product experience in a fast and reliable manner, or cyberattacks, breaches, or other security incidents that compromise our sensitive user data;
- we fail to provide adequate service to users, advertisers, or partners;
- we do not provide a compelling user experience to entice users to use the Snapchat application on a daily basis, or our users don't have the ability to make new friends to maximize the user experience;
- we, our partners, or other companies in our industry segment are the subject of adverse media reports or other negative publicity, some of which may be inaccurate or include confidential information that we are unable to correct or retract;
- we do not maintain our brand image or our reputation is damaged; or
- our current or future products reduce user activity on Snapchat by making it easier for our users to interact directly with our partners.

Any decrease to user retention, growth, or engagement could render our products less attractive to users, advertisers, or partners, and would seriously harm our business.

We generate substantially all of our revenue from advertising. The failure to attract new advertisers, the loss of advertisers, or a reduction in how much they spend could seriously harm our business.

Substantially all of our revenue is generated from third parties advertising on Snapchat. For the years ended December 31, 2024, 2023, and 2022, advertising revenue accounted for approximately 91%, 96%, and 99% of our total revenue, respectively. Even though we have introduced other revenue streams, including subscription models, we expect advertising revenue to account for a substantial majority of our revenue in the foreseeable future. Most advertisers do not have long-term advertising commitments with us, and our efforts to establish long-term commitments may not succeed.

Our advertising customers range from small businesses to well-known brands, including advertising resellers. Many of our customers spend a relatively small portion of their overall advertising budget with us, but some customers have devoted meaningful budgets that contribute more significantly to our total revenue. In addition, advertisers may view some of our advertising solutions as experimental and unproven, or prefer certain of our products over others. Advertisers, including our customers who have devoted meaningful advertising budgets to our product, will not continue to do business with us if we do not deliver advertisements in an effective manner, or if they do not believe that their investment in advertising with us will generate a competitive return relative to other alternatives. As our business continues to develop, there may be new or existing customers, including from different geographic regions, that contribute more significantly to our total revenue, and a loss of such customers or a significant reduction in how much they spend with us could adversely impact our business. Any economic or political instability, whether as a result of the macroeconomic climate or the implementation of tariffs and retaliatory countermeasures by the United States or other governments, war or other armed conflict, terrorism, or otherwise, in a specific country or region, may negatively impact the global or local economy, advertising ecosystem, our customers and their budgets with us, or our ability to forecast our advertising revenue, and could seriously harm our business.

Moreover, we rely heavily on our ability to collect, process, and disclose data and metrics to our customers so we can attract new customers and retain existing customers. Any restriction, whether by law, regulation, policy, or other reason, on our ability to collect, process, and disclose data and metrics that our customers find useful would impede our ability to attract and retain advertisers. Regulators in many countries in which we operate or have users are increasingly scrutinizing and regulating the collection, use, and sharing of personal data related to advertising, which could materially impact our revenue and seriously harm our business. Many of these laws and regulations expand the rights of individuals to control how their personal data is collected and processed, and place restrictions on the use of personal data of teens. The processing of personal data for personalized advertising continues to be under increased scrutiny from regulators, which includes ongoing regulatory action against large technology companies like ours, the outcomes of which may be uncertain and subject to appeal. These laws may prohibit us and our customers from advertising to teens, including based on the profiling of personal data. Other legislative proposals and present laws and regulations currently, and may in the future,

apply to our or our advertisers' activities and require significant operational changes to our business. These laws and regulations could have a material impact on the development and deployment of AI and machine learning in the context of our targeted advertising activities. Other laws to which we are or may become subject further regulate contextual, behavioral, interest-based, or targeted advertising, making certain online advertising activities more difficult and subject to additional scrutiny. These laws grant users the right to opt-out of sharing of their personal data for certain advertising purposes, or require parental consent to be obtained for the processing of personal data of users under a certain age and restrict tracking and use of teens' data, including for advertising. Regulators have issued significant monetary fines in certain circumstances where the regulators alleged that appropriate consent was not obtained in connection with targeted advertising activities. In addition, legislative proposals and current laws and regulations in countries where we operate regulate the use of cookies and other tracking technologies, electronic communications, and marketing.

Furthermore, in April 2021, Apple issued an iOS update that imposed heightened restrictions on our access and use of user data by allowing users to more easily opt-out of tracking of activity across devices. Additionally, Google has in the past implemented privacy controls on its Android devices and may in the future make changes to those privacy controls similar to Apple's prior iOS update. The changes implemented by Apple have had, and similar changes, if implemented by Google or major web browsers, like Firefox, Safari, and Chrome, would have an adverse effect on our targeting, measurement, and optimization capabilities, and in turn our ability to target advertisements and measure the effectiveness of advertisements on our services. This has resulted in, and in the future is likely to continue to result in, reduced demand and pricing for our advertising products and could seriously harm our business. The longer-term impact of these changes on the overall mobile advertising ecosystem, our competitors, our business, and the developers, partners, and advertisers within our community remains uncertain, and depending on how we, our competitors, and the overall mobile advertising ecosystem adjusts, and how our partners, advertisers, and users respond, our business could be seriously harmed. Any alternative solutions we implement are subject to rules and standards set by the owners of such mobile operating systems which may be unclear, change, or be interpreted in a manner adverse to us and require us to halt or change our solutions, any of which could seriously harm our business. In addition, if we are unable to mitigate or respond to these and future developments, and alternative solutions do not become widely adopted by our advertisers, then our targeting, measurement, and optimization capabilities will be materially and adversely affected, which would in turn continue to negatively impact our advertising revenue. Our advertising revenue has in the past and could also be seriously harmed by many other factors, including:

- diminished or stagnant growth, or a decline, in the total or regional number of DAUs on Snapchat;
- our inability to deliver advertisements to all of our users due to legal restrictions or hardware, software, or network limitations;
- a decrease in the amount of time spent on Snapchat, a decrease in the amount of content that our users share, or decreases in usage of our Camera, Visual Messaging, Map, Stories, and Spotlight platforms;
- our inability to create new products that sustain or increase the value of our advertisements;
- changes in our user demographics that make us less attractive to advertisers;
- lack of ad creative availability by our advertising partners;
- a decline in our available content, including if our content partners do not renew agreements, devote the resources to create engaging content, or provide content exclusively to us;
- decreases in the perceived quantity, quality, usefulness, or relevance of the content provided by us, our community, or partners;
- decreases in user response rate to application notifications received from Snapchat, whether due to decreased user appreciation for notifications generally or changes in the manner notifications are delivered by mobile operating systems, which may decrease user engagement;
- increases in resistance by users to our collecting, using, and sharing their personal data for advertising-related purposes;
- changes in our analytics and measurement solutions, including what we are permitted to collect and disclose under the terms of Apple's and Google's mobile operating systems, that demonstrate the value of our advertisements and other commercial content;
- competitive developments or advertiser perception of the value of our products that change the rates we can charge for advertising or the volume of advertising on Snapchat;

- product changes or advertising inventory management decisions we may make that change the type, size, frequency, or effectiveness of advertisements displayed on Snapchat or the method used by advertisers to purchase advertisements;
- adverse legal developments relating to advertising, including changes mandated or prompted by legislation, regulation, executive actions, or litigation regarding the collection, use, and sharing of personal data for certain advertising-related purposes;
- adverse media reports or other negative publicity involving us, our founders, our partners, or other companies in our industry;
- advertiser or user perception that content published by us, our users, or our partners is objectionable;
- the degree to which users skip advertisements and therefore diminish the value of those advertisements to advertisers;
- changes in the way advertising is priced or its effectiveness is measured;
- our inability, or perceived inability, to achieve an advertiser's intended performance metric, measure the effectiveness of our advertising, or target the appropriate audience for advertisements, including due to metric estimates published by third parties that may differ from our own metrics;
- our inability to access, collect, and disclose user's personal data, including advertising or similar deterministic identifiers that new and existing advertisers may find useful;
- difficulty and frustration from advertisers who may need to reformat or change their advertisements to comply with our guidelines;
- volatility in the equity and global trade markets, which may reduce our advertisers' capacity or desire for aggressive advertising spending towards growth; and
- the political, economic, and macroeconomic climate and the status of the advertising industry in general, including impacts related to labor shortages and disruptions, supply chain disruptions, banking instability, tariffs and retaliatory countermeasures implemented by the United States or other governments, inflation, fluctuating interest rates, and as a result of war, terrorism, or armed conflict.

Moreover, individuals are also increasingly aware of and resistant to the collection, use, and sharing of personal data, including in connection with advertising. Individuals are more aware of options and certain rights related to consent and other options to opt-out of such data processing, including through media attention about privacy and data protection. Some users have opted out of allowing us to combine certain data from third-party apps and websites with certain data from Snapchat for advertising purposes, or we are required by law to do this for certain subsets of users, which has negatively impacted our ability to collect or use certain user data and our advertising partners' ability to deliver relevant content, all of which have in the past and could again in the future negatively impact our business.

These and other factors could reduce demand for our advertising products, which may lower the prices we receive, or cause advertisers to stop advertising with us altogether. Either of these would seriously harm our business.

Snapchat depends on effectively operating with mobile operating systems, hardware, networks, regulations, and standards that we do not control. Changes in our products or to those mobile operating systems, hardware, networks, regulations, or standards may seriously harm our user retention, growth, and engagement.

Because Snapchat is used primarily on mobile devices, the application must remain interoperable with popular mobile operating systems, primarily Android and iOS, application stores, and related hardware, including mobile-device cameras. The owners and operators of such mobile operating systems and application stores, primarily Google and Apple, each have approval authority over whether to feature our core products on their application stores and make available to consumers third-party products that compete with ours. Furthermore, there is no guarantee that any approval previously provided by such owner or operator will not be rescinded in the future. Additionally, mobile devices and mobile-device cameras are manufactured by a wide array of companies. Those companies have no obligation to test the interoperability of new mobile devices, mobile-device cameras, or related devices with Snapchat, and may produce new products that are incompatible with or not optimal for Snapchat. We have no control over these mobile operating systems, application stores, or hardware, and any changes may degrade our products' functionality, or give preferential treatment to competitive products. For instance, Apple's iOS 18, introduced in September 2024, makes it more difficult for us to access a Snapchatter's contact book, which in turn could make it more difficult for us to connect Snapchatters with their close

friends, potentially reducing engagement on our platform. Because these changes do not apply to Apple's iMessage app, it may put us at a competitive disadvantage. Actions by government authorities may also impact our access to these systems or hardware and could seriously harm Snapchat usage. Our competitors that control the mobile operating systems and related hardware could make interoperability of our products more difficult or display their competitive offerings more prominently than ours. Additionally, our competitors that control the standards for the application stores could make Snapchat, or certain features of Snapchat, inaccessible for a potentially significant period of time or require us to make changes to maintain access. We plan to continue to introduce new products and features regularly, including some features that may only work on the latest systems and hardware, and have experienced that it takes significant time to optimize new products and features to function with the variety of existing mobile operating systems, hardware, and standards, impacting the popularity of such products, and we expect this trend to continue.

Moreover, our products require high-bandwidth data capabilities. If the costs of data usage increase or access to cellular networks is limited, our user retention, growth, and engagement may be seriously harmed. Additionally, to deliver high-quality video and other content over mobile cellular networks, our products must work well with a range of mobile technologies, systems, networks, regulations, and standards that we do not control and which may be subject to future changes. In addition, the proposal or adoption of any laws, regulations, or initiatives that adversely affect the growth, popularity, or use of the internet, including laws governing internet neutrality, could decrease the demand for our products, including by impairing our ability to retain existing users or attract new users, make Snapchat a less attractive alternative to our competitors' applications, and increase our cost of doing business.

We may not successfully cultivate relationships with key industry participants or develop products that operate effectively with these technologies, systems, networks, regulations, or standards. If it becomes more difficult for our users to access and use Snapchat, if our users choose not to access or use Snapchat, or if our users choose to use products that do not offer access to Snapchat, our business and user retention, growth, and engagement could be seriously harmed.

We rely on Google Cloud and Amazon Web Services, or AWS, for the vast majority of our computing, storage, bandwidth, and other services. Any disruption of or interference with our use of either platform would negatively affect our operations and seriously harm our business.

Google and Amazon provide distributed computing infrastructure platforms for business operations, commonly referred to as a "cloud" computing service. We currently run the vast majority of our computing on Google Cloud and AWS and have built our software and computer systems to use computing, storage capabilities, bandwidth, and other services provided by Google Cloud and AWS. Our systems are not fully redundant on the two platforms. Any transition of the cloud services currently provided by either Google Cloud or AWS to the other platform or to another cloud provider would be difficult to implement and would cause us to incur significant time and expense. We have experienced infrastructure outages by our service providers, and expect to experience more outages in the future. Given this, any significant disruption of or interference with Google Cloud or AWS, whether temporary, regular, or prolonged, would negatively impact our operations and our business would be seriously harmed. If our users or partners are not able to access Snapchat or specific Snapchat features, or encounter difficulties in doing so, due to issues or disruptions with Google Cloud or AWS, we may lose users, partners, or advertising revenue. The level of service provided by Google Cloud and AWS or similar providers may also impact our users', advertisers', and partners' usage of and satisfaction with Snapchat and could seriously harm our business and reputation if the level of service decreases. Hosting costs also have and will continue to increase as our user base and user engagement grows and may seriously harm our business if we are unable to grow our revenues faster than the cost of utilizing the services of Google Cloud, AWS, or similar providers.

In addition, Google or Amazon may take actions beyond our control that could seriously harm our business, including:

- discontinuing or limiting our access to its cloud platform;
- increasing pricing terms;
- terminating or seeking to terminate our contractual relationship altogether;
- establishing more favorable relationships or pricing terms with one or more of our competitors; or
- modifying or interpreting its terms of service or other policies in a manner that impacts our ability to run our business and operations.

If we are unable to protect our intellectual property, the value of our brand and other intangible assets may be diminished, and our business may be seriously harmed. If we need to license or acquire new intellectual property, we may incur substantial costs.

We aim to protect our confidential proprietary information, in part, by entering into confidentiality agreements and invention assignment agreements with our employees, consultants, advisors, and third parties who access or contribute to our proprietary know-how, information, or technology. We, however, cannot assure you that these agreements will be effective in controlling access to, or preventing unauthorized distribution, use, misuse, misappropriation, reverse engineering, or disclosure of our proprietary information, know-how, and trade secrets. These agreements may be breached, and we may not have adequate remedies for any such breach. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret or know-how can be difficult, expensive, and time-consuming, and the outcome can be unpredictable. Furthermore, these agreements do not prevent our competitors or partners from independently developing offerings that are substantially equivalent or superior to ours.

We also rely on trademark, copyright, patent, trade secret, and domain-name protection laws to protect our proprietary rights. In the United States and internationally, we have filed various applications to protect aspects of our intellectual property, and we currently hold a number of issued patents, trademarks, and copyrights in multiple jurisdictions. In the future, we may acquire additional patents or patent portfolios in the future, which could require significant cash expenditures. However, third parties may knowingly or unknowingly infringe our proprietary rights, third parties may challenge proprietary rights held by us, third parties may design around our proprietary rights or independently develop competing technology, and pending and future trademark, copyright, and patent applications may not be approved. Moreover, we cannot ensure that the claims of any granted patents will be sufficiently broad to protect our technology or platform and provide us with competitive advantages. Additionally, failure to comply with applicable procedural, documentary, fee payment, and other similar requirements could result in abandonment or lapse of the affected patent, trademark, or copyright application or registration.

Moreover, a portion of our intellectual property has been acquired or licensed from one or more third parties. While we have conducted diligence with respect to such acquisitions and licenses, because we did not participate in the development or prosecution of much of the acquired intellectual property, we cannot guarantee that our diligence efforts identified and remedied all issues related to such intellectual property, including potential ownership errors, potential errors during prosecution of such intellectual property, and potential encumbrances that could limit our ability to enforce such intellectual property rights.

Further, the laws of certain foreign countries do not provide the same level of protection of corporate proprietary information and assets such as intellectual property, trade secrets, know-how, and records as the laws of the United States. For instance, the legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection. As a result, we may be exposed to material risks of theft of our proprietary information and other intellectual property, including technical data, manufacturing processes, data sets, or other sensitive information, and we may also encounter significant problems in protecting and defending our intellectual property or proprietary rights abroad. In any of these cases, we may be required to expend significant time and expense to prevent infringement or to enforce our rights. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights, and, if such defenses, counterclaims, and countersuits are successful, we could lose valuable intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could impair the functionality of our platform, delay introductions of enhancements to our platform, result in our substituting inferior or more costly technologies into our platform, or harm our reputation and brand. In addition, we may be required to license additional technology from third parties to develop and market new platform features, which may not be on commercially reasonable terms, or at all, and would adversely affect our ability to compete. Although we have taken measures to protect our proprietary rights, there can be no assurance that others will not offer products, brands, content, or concepts that are substantially similar to ours and compete with our business. If we are unable to protect our proprietary rights or prevent unauthorized use or appropriation by third parties, the value of our brand and other intangible assets may be diminished, and competitors may be able to more effectively mimic our service and methods of operations. Any of these events could seriously harm our business.

Our two co-founders have control over all stockholder decisions because they control a substantial majority of our voting stock.

Our two co-founders, Evan Spiegel and Robert Murphy, control over 99% of the voting power of our outstanding capital stock as of September 30, 2025, and Mr. Spiegel alone can exercise voting control over a majority of our

outstanding capital stock. As a result, Mr. Spiegel and Mr. Murphy, or in many instances Mr. Spiegel acting alone, have the ability to control the outcome of all matters submitted to our stockholders for approval, including the election, removal, and replacement of our directors and any merger, consolidation, or sale of all or substantially all of our assets.

If Mr. Spiegel's or Mr. Murphy's employment with us is terminated, they will continue to have the ability to exercise the same significant voting power and potentially control the outcome of all matters submitted to our stockholders for approval. Either of our co-founders' shares of Class C common stock will automatically convert into Class B common stock, on a one-to-one basis, nine months following his death or on the date on which the number of outstanding shares of Class C common stock held by such holder represents less than 30% of the Class C common stock held by such holder on the closing of our IPO, or 32,383,178 shares of Class C common stock. Should either of our co-founders' Class C common stock be converted to Class B common stock, the remaining co-founder will be able to exercise voting control over our outstanding capital stock. Moreover, Mr. Spiegel and Mr. Murphy have entered into a proxy agreement under which each has granted to the other a voting proxy with respect to all shares of our Class B common stock and Class C common stock that each may beneficially own from time to time or have voting control over. The proxy would become effective on either founder's death or disability. Accordingly, on the death or incapacity of either Mr. Spiegel or Mr. Murphy, the other could individually control nearly all of the voting power of our outstanding capital stock.

In addition, in October 2016, we issued a dividend of one share of non-voting Class A common stock to all our equity holders, which will prolong our co-founders' voting control because our co-founders are able to liquidate their holdings of non-voting Class A common stock without diminishing their voting control. Furthermore, in July 2022, our board of directors approved the future declaration and payment of a special dividend of one share of Class A common stock on each outstanding share of Snap's common stock, subject to certain triggering conditions, which triggering conditions were modified in connection with the effectiveness the settlement of a class action lawsuit in February 2024. In the future, our board of directors may, from time to time, decide to issue additional special or regular stock dividends in the form of Class A common stock, and if we do so, our co-founders' control could be further prolonged. This concentrated control could delay, defer, or prevent a change of control, merger, consolidation, or sale of all or substantially all of our assets that our other stockholders support. Conversely, this concentrated control could allow our co-founders to consummate such a transaction that our other stockholders do not support. In addition, our co-founders may make long-term strategic investment decisions for our company and take risks that may not be successful and may seriously harm our business.

As our Chief Executive Officer, Mr. Spiegel has control over our day-to-day management and the implementation of major strategic investments of our company, subject to authorization and oversight by our board of directors. As board members and officers, Mr. Spiegel and Mr. Murphy owe a fiduciary duty to our stockholders and must act in good faith in a manner they reasonably believe to be in the best interests of our stockholders. As stockholders, even controlling stockholders, Mr. Spiegel and Mr. Murphy are entitled to vote their shares, and shares over which they have voting control, in their own interests, which may not always be in the interests of our stockholders generally. We have not elected to take advantage of the "controlled company" exemption to the corporate governance rules for companies listed on the New York Stock Exchange, or NYSE.

Macroeconomic uncertainties, including labor shortages and disruptions, supply chain disruptions, banking instability, tariffs and retaliatory countermeasures, inflation, fluctuating interest rates, and recession risks, have in the past and may continue to adversely impact our business.

Global economic and business activities have in the past and may continue to face widespread macroeconomic uncertainties, including labor shortages and disruptions, supply chain disruptions, banking instability, tariffs and retaliatory countermeasures, inflation, fluctuating interest rates, and recession risks, which may continue for an extended period, and some of which have adversely impacted, and may continue to adversely impact, many aspects of our business. For example, tariffs recently imposed by the United States, continued threats of new or increased tariffs, sanctions, trade restrictions and trade barriers, and ongoing changes in the United States and foreign government trade policies, including potential modifications to existing trade agreements, have created volatility in the global capital markets, have had and may continue to have a generally disruptive impact on the global economy, and could have further global economic consequences, including disruptions of the global supply chain.

As some of our advertisers experienced downturns or uncertainty in their own business operations and revenue, they halted or decreased or may halt, decrease, or continue to decrease, temporarily or permanently, their advertising spending or may focus their advertising spending more on other platforms, all of which may result in decreased advertising revenue. Labor shortages and disruptions, supply chain disruptions, tariffs and retaliatory countermeasures, banking

instability, inflation, and fluctuating interest rates, have in the past and may continue to cause logistical challenges, increased input costs, inventory constraints, and liquidity uncertainty for our advertisers, which in turn may also halt or decrease advertising spending and may make it difficult to forecast our advertising revenue. Any decline in advertising revenue or the collectability of our receivables could seriously harm our business.

As a result of macroeconomic uncertainties, our partners and community who provide content or services to us may experience delays or interruptions in their ability to create content or provide services, if they are able to do so at all. Members of our community may also alter their usage of our products and services, particularly relative to prior periods when travel restrictions were in place. A decrease in the amount or quality of content available on Snapchat, or an interruption in the services provided to us, could lead to a decline in user engagement, which could seriously harm our business.

To the extent that macroeconomic uncertainties continue to impact our business, many of the other risks described in these risk factors may be exacerbated.

Exposure to geo-political conflicts and events could put our employees and partners at substantial risk, interrupt our operations, increase costs, create additional regulatory burdens, and have significant negative macroeconomic effects, any of which could seriously harm our business.

Significant geo-political conflicts and events have had, and will likely continue to have, a substantial effect on our business and operations. We have had, and will likely continue to have, team members and their families in impacted regions who face substantial personal risk, unprecedented disruption of their lives, and uncertainty as to the future. We have provided emergency assistance and support to these team members and their families, and we expect to continue this support in the future. In addition, we have offices, hardware, and other assets in impacted regions that may be at risk of destruction or theft. We have incurred, and will likely continue to incur, costs to support our team members and reorganize our operations to address these ongoing challenges. In addition, our management has spent significant time and attention on these and related events. The ongoing disruptions to our team members, our management, and our operations could seriously harm our business.

Generally, during times of war and other major conflicts, we, the third parties on which we rely, and our partners are vulnerable to a heightened risk of cyberattacks, including retaliatory cyberattacks, that could seriously disrupt our business. We have experienced, and may continue to experience, attempted cyberattacks on our products, systems, and networks, which we believe are related to conflicts. We may also face retaliatory attacks by governments, entities, or individuals who do not agree with our public expressions with regards to any conflicts or support for team members. Any such attack could cause disruption to our platform, systems, and networks, result in security breaches or data loss, damage our brand, or reduce demand for our services or advertising products. In addition, we may face significant costs (including legal and litigation costs) to prevent, correct, or remediate any such breaches. We may also be forced to expend additional resources monitoring our platform for evidence of disinformation or misuse in connection with any ongoing conflict.

Geo-political conflicts and events are inherently unpredictable, evolve quickly, and may have negative long-term impacts. On a macroeconomic level, geo-political conflicts may disrupt trade, intensify problems in the global supply chain, and contribute to inflationary pressures. All of these factors may negatively impact the demand for advertising as companies face limited product availability, restricted sales opportunities, and condensed margins. Any pause or reduction in advertising spending in connection with geo-political conflicts or events could negatively impact our revenue and harm our business.

If we do not develop successful new products or improve existing ones, our business will suffer. We may also invest in new lines of business that could fail to attract or retain users or generate revenue.

Our ability to engage, retain, and increase our user base and to increase our revenue will depend heavily on our ability to successfully create new products, both independently and together with third parties. We may introduce significant changes to, or discontinue, our existing products or develop and introduce new and unproven products and services, including technologies with which we have little or no prior development or operating experience. These new products and services may fail to increase the engagement of our users, advertisers, or partners, may result in friction for our users, advertisers, or partners, may subject us to increased regulatory requirements or scrutiny, and may even result in short-term or long-term decreases in such engagement by disrupting existing user, advertiser, or partner behavior or by introducing performance and quality issues. For example, in January 2023, we made changes to our advertising platform, which we believe will lay the foundation for future growth, but which have been disruptive to our customers and how some

of them utilized our platform. The short- and long-term impact of any major change, or even a less significant change such as a refresh of the application or a feature change, is difficult to predict. While we believe that these decisions will benefit the aggregate user experience or improve our financial performance over the long term, we may experience disruptions or declines in our DAUs, user activity, or financial performance. Product innovation is inherently volatile, and if new or enhanced products fail to engage our users, advertisers, or partners, or if we fail to give our users meaningful reasons to return to our application, we may fail to attract or retain users or to generate sufficient revenue, operating margin, or other value to justify our investments, any of which may seriously harm our business in the short-term, long-term, or both.

Because our products created new ways of communicating, they have often required users to learn new behaviors to use our products, or to use our products repeatedly to receive the most benefit. These new behaviors, such as swiping and tapping in the Snapchat application, are not always intuitive to users. This can create a lag in adoption of new products and new user additions related to new products. We believe this has not hindered our user growth or engagement, but that may be the result of a large portion of our user base being in a younger demographic and more willing to invest the time to learn to use our products most effectively. To the extent that future users, including those in older demographics, are less willing to invest the time to learn to use our products, and if we are unable to make our products easier to learn to use, our user growth or engagement could be affected, and our business could be harmed. We may also develop new products or initiatives that increase user engagement and costs without increasing revenue in the short- or long-term.

In addition, we have invested, and expect to continue to invest, in new lines of business, new products, evolving the user experience, and other initiatives to increase our user base and user activity, and attempt to monetize the platform. For example, in 2022, we launched Snapchat+, a subscription product that gives subscribers access to exclusive, experimental, and pre-release features, and Snapchat for Web, a browser-based product that brings Snapchat's signature capabilities to the web, and in 2023, we launched My AI, an artificial intelligence powered chatbot. Such new lines of business, new products, evolving user experiences, and other initiatives may be costly, difficult to operate and monetize, increase regulatory scrutiny and product liability and litigation risk, and divert management's attention, and there is no guarantee that they will be positively received by our community, attract or retain users, generate sufficient revenue or operating margin, or provide positive returns on our investment. We frequently launch new products and they may have technical issues that diminish the performance of our application, experience product failures, or become subject to product recalls. These performance issues or issues that we encounter in the future could impact our user engagement. In addition, new products or features that we launch may ultimately prove unsuccessful or no longer fit with our priorities, and may be eliminated in the future. Such eliminations may require us to reduce our workforce and incur significant expenses. In certain cases, new products that we develop may require regulatory approval prior to launch or may require us to comply with additional regulations or legislation, including laws that are rapidly changing. There is no guarantee that we will be able to obtain such regulatory approval, and our efforts to comply with these laws and regulations could be costly and divert management's time and effort and may still not guarantee compliance. If we do not successfully develop new approaches to monetization or meet the expectations of our users or partners, we may not be able to maintain or grow our revenue as anticipated or recover any associated development costs, and our business could be seriously harmed.

We may not be successful in our strategy for and investments in our physical products, which could seriously harm our business.

We may not be successful in our strategy and investments for our physical products, which could seriously harm our business. We believe in computing that naturally integrates our digital experience with the physical world. We are investing in the future of augmented reality, and in 2025 we announced that we would release our next generation of Spectacles in 2026. We expect that our strategy for and investments in our physical products, including wearables and our firmware and operating system, will continue to be a complex, evolving, and a long-term initiative that will involve the development of new and emerging technologies, including reliance on and collaboration with developers and partners. However, this ecosystem may not develop at pace with our expectations, and market acceptance and adoption of features, products, and services we build, or expect to build, is uncertain. We also regularly evaluate our product roadmaps and make strategic shifts as our understanding of the technological challenges and market landscape evolve. In addition, we have limited experience with consumer hardware products, which may allow other companies to compete more effectively than us. We may be unsuccessful in our research and product development efforts, including if we are unable to develop relationships with key participants in the augmented reality ecosystem or to develop products that operate effectively with adjacent technologies, products, systems, networks, or standards. Our efforts in our physical products may also divert resources and management attention from other parts of our business. We expect to continue to make significant investments in augmented reality and other related technologies to support these efforts, and our ability to support these efforts is dependent on other parts of our business. In addition, as these initiatives evolve, we may be subject to a variety of current or new laws and regulations in the U.S. and internationally, including in the areas of privacy, security, safety,

ecodesign, AI, competition, content regulation, tariffs, export controls, consumer protection, and e-commerce, which may delay or impede the development of our products and services, increase our operating costs, require significant management attention, or otherwise seriously harm our business. These may also include consumer finance regulation and other consumer protection laws that inhibit our ability to implement our preferred distribution models for our physical products in some countries. As a result of these and other factors, our strategy for and investments in our physical products, including wearables, may not be successful in the foreseeable future, or at all, which could seriously harm our business.

If our efforts to attract prospective subscribers to Snapchat+, retain existing subscribers, and effectively continue to monetize Snapchat+ and other non-advertising products and services are not successful, our revenue will be adversely affected.

Our ability to generate non-advertising revenue depends on retaining, expanding, and effectively monetizing our total user base, including by increasing the number of subscribers to Snapchat+ and finding ways to monetize our other products and services. We must convince prospective subscribers of the benefits of Snapchat+ and our existing subscribers of the continuing value of Snapchat+. Our ability to attract new subscribers, retain existing subscribers, and engage active subscribers depends in large part on our ability to continue to maintain, improve, and introduce new features available on Snapchat+. We may in the future adjust our subscription pricing and plans which may not be well-received by our community and could negatively impact our ability to attract and retain subscribers or generate revenue. If we fail to offer compelling product offerings with competitive pricing that users perceive to be of value, our ability to grow or sustain the reach of Snapchat+, attract and retain subscribers, and monetize our products and services may be adversely affected. In addition, our efforts to create other non-advertising revenue products and services may not be successful and may seriously impact our business.

Our business is highly competitive. We face significant competition that we anticipate will continue to intensify. If we are not able to maintain or improve our market share, our business could suffer.

We face significant competition in almost every aspect of our business both domestically and internationally, especially because our products and services operate across a broad list of categories, including camera, visual messaging, content, and augmented reality. Our competitors range from smaller or newer companies to larger, more established companies such as Alphabet (including Google and YouTube), Apple, ByteDance (including TikTok), Kakao, LINE, Meta (including Facebook, Instagram, Threads, and WhatsApp), Naver (including Snow), Pinterest, Reddit, Tencent, and X (formerly Twitter). Our competitors also include platforms that offer, or will offer, a variety of products, services, content, and online advertising offerings that compete or may compete with Snapchat features or offerings. For example, Instagram, a competing application owned by Meta, has incorporated many of our features, including a “stories” feature that largely mimics our Stories feature and may be directly competitive. Meta has introduced, and likely will continue to introduce, more private ephemeral products into its various platforms which mimic other aspects of Snapchat’s core use case. We also compete for users and their time, so we may lose users or their attention not only to companies that offer products and services that specifically compete with Snapchat features or offerings, but to companies with products or services that target or otherwise appeal to certain demographics, such as Discord or Roblox. Moreover, in emerging international markets, where mobile devices often lack large storage capabilities, we may compete with other applications for the limited space available on a user’s mobile device. We also face competition from traditional and online media businesses for advertising budgets. We compete broadly with the products and services of Alphabet, Apple, ByteDance, Meta, Pinterest, Reddit, and X (formerly Twitter), and with other, largely regional, social media platforms that have strong positions in particular countries. As we introduce new products, as our existing products evolve, or as other companies introduce new products and services, we may become subject to additional competition.

Many of our current and potential competitors have significantly greater resources and broader global recognition, and occupy stronger competitive positions in certain market segments, than we do. These factors may allow our competitors to respond to new or emerging technologies and changes in market requirements better than we can, undertake more far-reaching and successful product development efforts or marketing campaigns, or adopt more aggressive pricing policies. In addition, ongoing changes to privacy and data protection laws and mobile operating systems have made it more difficult for us to target and measure advertisements effectively, and advertisers may prioritize the solutions of larger, more established companies. As a result, our competitors may, and in some cases will, acquire and engage users or generate advertising or other revenue at the expense of our own efforts, which would negatively affect our business. Advertisers may use information that our users share through Snapchat to develop or work with competitors to develop products or features that compete with us. Certain competitors, including Alphabet, Apple, and Meta, could use strong or dominant

positions in one or more market segments to gain competitive advantages against us in areas where we operate, including by:

- integrating competing social media platforms or features into products they control such as search engines, web browsers, artificial intelligence services, advertising networks, or mobile operating systems;
- making acquisitions for similar or complementary products or services; or
- impeding Snapchat's accessibility and usability by modifying existing hardware and software on which the Snapchat application operates.

Certain acquisitions by our competitors may result in reduced functionality of our products and services, provide our competitors with valuable insight into the performance of our and our partners' businesses, and provide our competitors with a pipeline of future acquisitions to maintain a dominant position. As a result, our competitors may acquire and engage users at the expense of our user base, growth, or engagement, which may seriously harm our business.

We believe that our ability to compete effectively depends on many factors, many of which are beyond our control, including:

- the usefulness, novelty, performance, and reliability of our products compared to our competitors' products;
- the number and demographics of our DAUs;
- the timing and market acceptance of our products, including developments and enhancements of our competitors' products;
- our ability to monetize our products and services, including new products and services;
- the availability of our products to users;
- the effectiveness of our advertising and sales teams;
- the effectiveness of our advertising products;
- our ability to establish and maintain advertisers' and partners' interest in using Snapchat;
- the frequency, relative prominence, and type of advertisements displayed on our application or by our competitors;
- the effectiveness of our customer service and support efforts;
- the effectiveness of our marketing activities;
- actual or proposed legislation, regulation, executive actions, or litigation, including settlements and consent decrees, some of which may have a disproportionate effect on us;
- acquisitions or consolidation within our industry segment;
- our ability to attract, retain, and motivate talented team members, particularly engineers, designers, and sales personnel;
- our ability to successfully acquire and integrate companies and assets;
- the security, or perceived security, of our products and data protection measures compared to our competitors' products;
- our ability to cost-effectively manage and scale our operations; and
- our reputation and brand strength relative to our competitors.

If we cannot effectively compete, our user engagement may decrease, which could make us less attractive to users, advertisers, and partners and seriously harm our business.

We have incurred operating losses in the past, and may not be able to attain and sustain profitability.

We began commercial operations in 2011 and we have historically experienced net losses and negative cash flows from operations. As of September 30, 2025, we had an accumulated deficit of \$13.7 billion and for the three months ended September 30, 2025, we had a net loss of \$103.5 million. We expect our operating expenses to increase in the future as we expand our operations. We may incur significant losses in the future for many reasons, including due to the other risks and

uncertainties described in this report. Additionally, we may encounter unforeseen expenses, operating delays, or other unknown factors that may result in losses in future periods. If our revenue does not grow at a greater rate than our expenses, our business may be seriously harmed and we may not be able to attain and sustain profitability.

The loss of one or more of our key personnel, or our failure to attract and retain other highly qualified personnel in the future, could seriously harm our business.

We depend on the continued services and performance of our key personnel, including Mr. Spiegel and Mr. Murphy. Although we have entered into employment agreements with Mr. Spiegel and Mr. Murphy, the agreements are at-will, which means that they may resign or could be terminated for any reason at any time. Mr. Spiegel and Mr. Murphy are high profile individuals who have received threats in the past and are likely to continue to receive threats in the future. Mr. Spiegel, as Chief Executive Officer, has been responsible for our company's strategic vision and Mr. Murphy, as Chief Technology Officer, developed the Snapchat application's technical foundation. Should either of them stop working for us for any reason, it is unlikely that the other co-founder would be able to fulfill all of the responsibilities of the departing co-founder nor is it likely that we would be able to immediately find a suitable replacement. The loss of key personnel, including members of management and key engineering, product development, marketing, and sales personnel, could disrupt our operations, adversely impact employee retention and morale, and seriously harm our business.

We cannot guarantee we will continue to attract and retain the personnel we need to maintain our competitive position. We face significant competition in hiring and attracting qualified engineers, designers, and sales personnel, and the change by companies to offer a remote or hybrid work environment may increase the competition for such employees from employers outside of our traditional office locations. In February 2023, we implemented our return to office plan that requires greater in-office attendance. While we intend to continue offering flexible work arrangements based on the different needs of teams across our company on a case-by-case basis, we may face difficulty in hiring and retaining our workforce as a result of this shift to have greater in-office attendance. Further, labor is subject to external factors that are beyond our control, including our industry's highly competitive market for skilled workers and leaders, inflation, fluctuating interest rates, intensified restrictions on immigration or the availability of visas, other macroeconomic uncertainties, and workforce participation rates. In addition, if our reputation were to be harmed, whether as a result of our strategic decisions or media, legislative, or regulatory scrutiny or otherwise, it could make it more difficult to attract and retain personnel that are critical to the success of our business. Recently, there has also been increased scrutiny of companies' human capital practices and initiatives. Negative perception of certain of these practices and initiatives, whether due to our perceived over- or under-pursuit of such initiatives, may result in issues hiring or retaining employees, as well as potential litigation or other adverse impacts.

As we continue to adapt and update our business model and priorities, or if our stock price declines, our equity awards may not be as effective an incentive to attract, retain, and motivate team members. Stock price declines may also cause us to offer additional equity awards to our existing team members to aid in retention. Furthermore, if we issue significant equity to attract and retain team members, we would incur substantial additional stock-based compensation expense and the ownership of our existing stockholders would be further diluted. If we do not succeed in attracting, hiring, and integrating excellent personnel, or retaining and motivating existing personnel, we may be unable to grow or effectively manage our business and our business could be seriously harmed.

We have a continually evolving business model, which makes it difficult to evaluate our prospects and future financial results and increases the risk that we will not be successful.

We began commercial operations in 2011, began meaningfully monetizing Snapchat in 2015, and we launched Snapchat+, a paid subscription product, in 2022. We have a continually evolving business model, which makes it difficult to effectively assess our future prospects. Accordingly, we believe that investors' future perceptions and expectations, which can be idiosyncratic and vary widely, and which we do not control, will affect our stock price. For example, investors may believe our timing and path to increased monetization will be faster or more effective than our current plans or than actually takes place. You should consider our business and prospects in light of the many challenges we face, including the ones discussed in this report.

If the security of our information technology systems or data is compromised or if our platform is subjected to cyber or other attacks that compromise user or partner accounts or frustrate or thwart our users', partners', or advertisers' ability to access our products and services, our reputation and business could be seriously harmed.

In the ordinary course of business, we collect, store, use, and share personal data and other sensitive information, including proprietary and confidential business data, trade secrets, third-party sensitive information, and intellectual property (collectively, sensitive information). Our efforts to protect our sensitive information, including information that our users, advertisers, and partners have shared with us, may be unsuccessful due to the actions of third parties, including traditional “black hat” hackers, nation states, nation-state supported groups, organized criminal enterprises, hackers, and our personnel and contractors (through theft, misuse, or other risk). We and the third parties on which we rely are subject to a variety of evolving threats, including social-engineering attacks (for example by fraudulently inducing employees, users, or advertisers to disclose information or facilitate access to our sensitive information or systems, malware, malicious code, hacking, credential stuffing, denial of service, and other threats. These attacks may use, or may be enhanced or facilitated by, artificial intelligence, including the use of image, video, or audio deepfakes, or agentic AI used to facilitate attacks or vulnerability discovery and exploitation at scale. While certain of these threats have occurred in the past, they have become more prevalent and sophisticated in our industry, and may occur in the future. Because of our prominence and value of our sensitive information, we believe that we are an attractive target for these sorts of attacks.

In particular, severe cyber extortion incidents, including ransomware attacks, are becoming increasingly prevalent. To alleviate the financial, operational, and reputational impact of these incidents, it may be preferable to make extortion payments, but we may be unwilling or unable to do so, including, for example, if applicable laws or regulations prohibit such payments. And, even if we make such payments, cyber threat actors may still disclose data, engage in further extortion, or otherwise harm our systems or data. Moreover, for certain employees we permit a hybrid work environment, which has increased risks to our information technology systems and data, as our employees utilize network connections, computers, and devices outside our premises or network, including working at home, while in transit and in public locations.

In addition, cyber threat actors have also increased the complexity of their attempts to compromise user and advertiser accounts, despite our defenses and detection mechanisms designed to prevent these account takeovers. User credentials may be obtained on- or off-platform, including through breaches of third-party platforms and services, information stealers, malware, social engineering, or other tactics and techniques like credential harvesting, and used to launch individual, group, or coordinated enterprise-wide attacks. Some of these attacks may be hard to detect, including if they are at scale, and may result in cyber threat actors using our service to spam or abuse other users, access personal data, further compromise additional accounts, engage in fraudulent advertising, or other on-platform harms. Some of these attacks could also compromise employee credentials or involve socially engineering employees into granting access to systems or otherwise enabling or assisting in the cyber threat actors' goals. Because of our global and varied user base, we may also be the target of commercial exploits and other internal and external attack methodologies by commercial spyware vendors, nation states, or nation-state supported groups, which have targeted users and the data we process about them and sought to use insiders to obtain user or employee data at peer technology companies.

We rely on third parties and technologies to operate critical business systems to process sensitive information in a variety of contexts, including cloud-based infrastructure, data center facilities, AI, encryption and authentication technology, employee email, content delivery, and other functions. We also rely on third parties to provide other products or services to operate our business or enable features in our platform. Additionally, some advertisers and partners store sensitive information that we share with them. Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place despite their contractual representations to implement such measures and our third-party provider vetting process. If these third parties fail to implement adequate data security practices or fail to comply with our terms, policies, or contractual obligations, our sensitive information may be compromised, and we may experience adverse consequences. And even if these third parties implement data security practices and comply with various obligations, their networks may still suffer a breach, which could compromise our sensitive information. We or our third-party providers may also experience failures or malfunctions of hardware or software, the loss of technology assets, or the loss of data that, while not caused by threat actors, may have a similar impact and risk to our business. While we may be entitled to damages if the third parties on whom we rely fail to satisfy their privacy or security-related obligations to us, or cause the loss of our data or prolonged downtime, any award may be insufficient to cover our damages, or we may be unable to recover such award.

Moreover, our products and services, and the internal systems that support them and our business, rely on software, hardware, and other systems developed or maintained by our engineering teams and third parties (including open source software), and all of these have contained and will contain vulnerabilities, errors, bugs, or defects, which may or

may not be detected by our teams or the respective third parties prior to our or their release, usage, or reliance on them. Supply chain attacks have also increased in frequency and severity, and we cannot guarantee that third parties in our supply chain have not been compromised or that their systems, networks, or code are free from exploitable vulnerabilities, errors, bugs, or defects. We take steps designed to detect and remediate vulnerabilities in our software, hardware, and information systems, and to implement patches, upgrades and fixes provided by the third parties upon which we rely, and we work with security researchers through our bug bounty program and our third party providers to help us identify vulnerabilities. However, we and our third party providers have not detected, become aware of, and remediated, and may not in the future detect, become aware of, and remediate all such vulnerabilities, or other bugs, errors, or defects, including on a timely basis, and there is no guarantee security researchers will disclose all vulnerabilities they become aware of or do so responsibly. Further, we and our third party providers have experienced, and may in the future experience, delays in developing or deploying remedial measures and patches designed to address identified vulnerabilities, bugs, errors, and defects. These could be exploited and result in a security or privacy incident, cause us to fail in our commitments to our users, advertisers, or partners, or cause a breach of or disruption of our platform, systems, networks, products, or services.

While we have implemented security measures, including encryption, designed to protect against cyberattacks and other security incidents, there can be no assurance that these measures will be effective. If any of these or similar events occur, our or our third-party partners' sensitive information and information technology systems could be accessed, acquired, modified, destroyed, lost, altered, encrypted, or disclosed in an unauthorized, unlawful, accidental, or other improper manner, resulting in a security incident or other interruption. It may be difficult and costly to detect, investigate, mitigate, contain, and remediate a security incident. Our efforts to do so may not be successful. Actions taken by us or the third parties with whom we work to detect, investigate, mitigate, contain, and remediate a security incident could result in outages, data losses, and disruptions of our business. Threat actors may also gain access to other networks and systems after a compromise of our networks and systems.

We have and may continue to expend significant resources or modify our business activities to adopt additional measures designed to protect against cyberattacks and other security incidents. Certain data privacy and security obligations may require us to implement and maintain specific security measures or industry-standard or reasonable security measures to protect our systems and sensitive information.

We have in the past experienced, and may in the future experience, actual and attempted cyberattacks and other security incidents that impact the confidentiality, availability, or integrity of sensitive information, including as a result of insider threats, employee error, vendor breaches, and other causes. Any cyberattack or other security incident experienced by us or our third-party partners could damage our reputation and our brand, and diminish our competitive position. Applicable privacy and security obligations may require us, or we may choose, to notify relevant stakeholders, including affected individuals, customers, regulators, and investors, of security incidents, or take other actions. Such disclosures and related actions are costly and the failure to comply with applicable legal requirements could lead to adverse consequences. Governments and regulatory agencies (including the Securities and Exchange Commission, or the SEC) have and may continue to enact new, complex, and overlapping disclosure requirements for cybersecurity events on accelerated timelines, which we may not be able to meet based on the facts and circumstances of a cybersecurity event. In addition, affected users or government authorities could initiate legal or regulatory action against us, including class action claims, mass arbitration demands, investigations, penalties, and audits, which could be time-consuming and cause us to incur significant expense and liability or result in orders or consent decrees forcing us to modify our business practices. We could also experience loss of user or advertiser confidence in the security of our platform, additional reporting requirements or oversight, restrictions on processing sensitive information, claims by our partners or other relevant parties that we have failed to comply with contractual obligations or our policies, and indemnification obligations. We could also spend material resources to investigate or correct the incident and to prevent future incidents. Maintaining the trust of our users is important to sustain our growth, retention, and user engagement. Concerns over our privacy and security practices, whether actual or unfounded, could damage our reputation and brand and deter users, advertisers, and partners from using our products and services. Any of these occurrences could seriously harm our business.

Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We cannot be sure that our insurance coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our privacy and security practices, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims.

In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive information about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position.

Our user metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may seriously harm and negatively affect our reputation and our business.

We regularly review and share metrics, including our DAUs and ARPU metrics, with our investors, advertisers, and partners to evaluate growth trends, measure our performance, and make strategic decisions. These metrics are calculated using internal company data gathered on an analytics platform that we developed and operate and our methodologies have not in all instances been validated by an independent third party. In addition, we may change the way we measure and report metrics from time to time in connection with changes to our products, making comparisons to prior periods more difficult. While these metrics are based on what we believe to be reasonable estimates for the applicable period of measurement, there are inherent challenges in measuring how our products are used across large populations globally that may require significant judgment and are subject to technical errors. For example, there may be individuals who attempt to create accounts for malicious purposes, including at scale, even though we forbid that in our Terms of Service and Community Guidelines. We implement measures in our user registration process and through other technical measures to prevent, detect, and suppress that behavior, although we have not determined the number of such accounts, or the effectiveness of such measures. Our user metrics are also affected by technology on certain mobile devices that automatically runs in the background of our Snapchat application when another phone function is used, and this activity can cause our system to miscount the user metrics associated with such account.

Some of our demographic data may be incomplete or inaccurate. For example, because users self-report their dates of birth, our age-demographic data may differ from our users' actual ages. And because users who signed up for Snapchat before June 2013 were not asked to supply their date of birth, we may exclude those users from age demographics or estimate their ages based on a sample of the self-reported ages we do have. If our users provide us with incorrect or incomplete information regarding their age or other attributes, then our estimates may prove inaccurate and fail to meet investor or advertiser expectations. In addition, our estimates for revenue and DAU by user location may also be affected by data limitations and other challenges in measuring user locations. Our data regarding the geographic location of our users is estimated based on a number of factors, such as the user's IP address. If a user utilizes a proxy server or if there are other data limitations, we may not be able to accurately reflect the user's actual location. The increasing availability and use of proxy servers, and other geolocation-masking tools, makes it more challenging to effectively determine our users' location and effectively attribute a user to a region, which may diminish the perceived effectiveness of our products and services, and seriously harm our business. Errors or inaccuracies in our metrics or data could also result in incorrect business decisions and inefficiencies. For instance, if a significant understatement or overstatement of active users were to occur, we may expend resources to implement unnecessary business measures or fail to take required actions to attract a sufficient number of users to satisfy our growth strategies. We count a DAU when a user visits Snapchat through our applications or websites, and only once per user per day. We have multiple pipelines of user data that we use to determine whether a user has visited Snapchat through our applications or websites during a particular day. This provides redundancy in the event one pipeline of data were to become unavailable for technical reasons, and also gives us redundant data to help measure how users interact with our application. However, we believe that we do not capture all data regarding our active users, which has in the past and may in the future result in understated metrics. This generally occurs because of technical issues, for instance when our systems do not record data from a user's application or when a user opens the Snapchat application and contacts our servers but is not recorded as an active user. We continually seek to address these technical issues and improve our measurement processes and accuracy, such as comparing our active users and other metrics with data received from other pipelines, including data recorded by our servers and systems. But given the complexity of the systems involved and the rapidly changing nature of mobile devices and systems, we expect these issues to continue, particularly if we continue to expand in parts of the world where mobile data systems and connections are less stable. If we fail to maintain an effective analytics platform, our metrics calculations may be inaccurate. We regularly review, have adjusted in the past, and are likely to adjust in the future our processes for calculating our internal metrics to improve their accuracy. As a result of such adjustments, our DAUs or other metrics may not be comparable to those in prior periods. Our measures of DAU and other metrics may also differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology, data used, data limitations, or other challenges in measuring large online and mobile populations. If advertisers, partners, or investors do not perceive our user, geographic, other demographic metrics, or measurements of advertising effectiveness to be accurate, or if we discover material inaccuracies in our metrics, our reputation may be seriously harmed. Our advertisers and partners may also be less willing to allocate their budgets or resources to Snapchat, which could seriously harm our business. In addition, 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. This calculation may mask any individual days or months within the quarter that are significantly higher or lower than the quarterly average.

Improper or illegal use of Snapchat could seriously harm our business and reputation.

We cannot be certain that the technologies that we have developed to repel spamming attacks will be able to eliminate all spam messages from our products. Spammers attempt to use our products to send targeted and untargeted spam messages to users, which may embarrass, offend, threaten, or annoy users and make our products less user friendly. Our actions to combat spam may also divert significant time and focus from improving our products. As a result of spamming activities, our users may use our products less or stop using them altogether, and result in continuing operational cost to us.

Similarly, terrorists, criminals, and other bad actors may use our products to promote their goals and encourage users to engage in terror and other illegal activities discussed in our Transparency Report. We expect that as more people use our products, these bad actors will increasingly seek to misuse our products. Although we invest resources to combat these activities, including by suspending or terminating accounts we believe are violating our Terms of Service and Community Guidelines, we expect these bad actors will continue to seek ways to act inappropriately and illegally on Snapchat. Maintaining a safe platform, including by combating these bad actors, requires us to incur costs, which may be significant. In addition, we may not be able to control or stop Snapchat from becoming the preferred application of use by these bad actors, which may seriously harm our reputation or lead to lawsuits or attention from regulators. If these activities continue on Snapchat, our reputation, user growth and user engagement, and operational cost structure could be seriously harmed.

Because we store, process, and use data, some of which contains personal data, we are subject to complex and evolving federal, state, local and foreign laws, regulations, executive actions, rules, contractual obligations, policies, and other obligations regarding privacy, data protection, content regulation, and other matters. Many of these obligations are subject to change and to uncertain interpretation, and our actual or perceived failure to comply with such obligations could result in investigations, claims (including class actions), mass arbitration demands, changes to our business practices, increased cost of operations, and declines in user growth, retention, or engagement, or other adverse consequences, any of which could seriously harm our business.

In the ordinary course of business, we collect, store, use, and share personal data and other sensitive information, including proprietary and confidential business data, trade secrets, third-party sensitive information, and intellectual property. Accordingly, we are subject to a variety of laws, regulations, industry standards, policies, contractual requirements, executive actions, and other obligations relating to privacy, security, and data protection. We also are and may in the future be subject to many federal, state, local, and foreign laws and regulations, including those related to privacy, rights of publicity, content, data protection, AI, intellectual property, health and safety, competition, protection of minors, consumer protection, employment, money transmission, import and export restrictions, gift cards, electronic funds transfers, anti-money laundering, advertising, algorithms, encryption, and taxation.

Under certain of these laws, we could face temporary or definitive bans on data processing and other corrective actions, substantial monetary fines, or private litigation related to processing of personal data brought by classes of data subjects or consumer protection organizations authorized to represent their interests. The transfer of personal data continues to be under increased regulatory attention and scrutiny, and certain jurisdictions in which we operate have significantly limited the lawful basis on which personal data can be transferred to other jurisdictions, enacted data export and localization requirements, and increased the assessments required to do so. We have attempted to structure our operations, and the cross-border transfer mechanisms we rely on, in a manner designed to help us partially avoid some of these cross-border data transfer concerns. Some of these mechanisms are, or may in the future be, subject to legal challenges, and there is no assurance that we can satisfy or rely on these mechanisms to lawfully transfer personal data in the future. If there is no lawful manner for us to transfer personal data, or if the requirements for a legally compliant transfer are too onerous, we could face significant adverse consequences, including the interruption or degradation of our operations, the need to relocate part of or all of our business, personnel, or data processing activities to other jurisdictions at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors, and other third parties, and injunctions against our processing or transferring of personal data necessary to operate our business. Regulators may seek to restrict our data processing activities if they believe we have violated cross-border data transfer limitations, which would seriously harm our business. Additionally, companies like us that transfer personal data between jurisdictions, particularly to the United States, are subject to increased scrutiny from regulators, individual litigants, and activist groups.

Legislation in certain of the countries in which we operate has imposed extensive obligations, and potential monetary fines, on entities like us that are categorized in various contexts as online service providers (including, as the case may be, social media platforms, electronic communications providers, or other similar categorizations) who enable the sharing of user-generated content, to identify, mitigate, manage, and in some cases prevent the risks of harm to users, including from illegal or harmful content (like terrorism) or behavior, child sexual exploitation and abuse, physical violence, bullying, and harassment or stalking. In addition, the privacy of teens' personal data collected online, and use of commercial websites, applications, online services, or other interactive platforms, generally, are also becoming increasingly scrutinized. Regulations focused on online safety and protection of teens' privacy online have and may in the future require us to materially change our services and incur costs to do so. Moreover, various laws to restrict or govern the use of commercial websites, applications, online services, or other interactive platforms by teens have passed or have been proposed, including laws prohibiting certain teen age groups from accessing online services, including social media, restricting advertising to teens, requiring age verification, requiring default safeguards and imposing an express or implied duty of care, requiring warning labels or time-based access restrictions, limiting the use of minors' personal data, and requiring parental consent or providing for other parental controls or rights. These laws may be, or in some cases already have been, subject to legal challenges and changing interpretations, which may further complicate our efforts to comply with laws applicable to us. These new laws may result in restrictions on the use of certain of our products or services by teens, result in the inability to offer certain products and services to teens, cause significant friction when teens try to access or use our products and services, decrease DAUs or user engagement in those jurisdictions, require changes to our products and services to achieve compliance, require us to use and incur the costs of certain age assurance and verified parental consent providers, decrease our advertising and subscription revenue, increase legal risk and compliance costs for us and our third-party partners, negatively impact our reputation, and distract management, any of which could seriously harm our business. These laws also allow for substantial statutory fines for noncompliance and, in some instances, provide for civil penalties and a private right of action for violations, which may increase the likelihood and cost of regulatory actions and litigation under these laws, and could seriously harm our business.

Laws and regulations focused on privacy, security, and data protection, including data breach notification laws, personal data privacy laws, consumer protection laws, wiretapping laws, invasion of privacy laws, and other similar laws have imposed obligations on companies that collect personal data from users, including providing specific disclosures in privacy notices, expanding the requirements for handling personal data, requiring consents to process personal data in certain circumstances, and affording residents with certain rights concerning their personal data. Such rights include the right to access, correct, or delete certain personal data, appeal the denial of a right, and to opt-out of or limit certain data processing activities, such as targeted advertising, profiling, and artificial intelligence, including automated decision-making. The exercise of these rights impacts our business and ability to provide our products and services, and our inability or failure to obtain consent or otherwise identify a lawful basis for data processing that is acceptable to a regulator, where required, could result in adverse consequences, including class action litigation, regulatory enforcement, and mass arbitration demands. Certain of these laws also impose stricter requirements for processing certain personal data, including sensitive information, such as conducting data privacy impact assessments.

Additionally, several jurisdictions in which we operate have enacted statutes banning or restricting the collection of biometric information. Certain of these laws provide for substantial penalties and statutory damages and have generated significant class action activity. Although we maintain the position that our technologies do not collect any biometric information that is used to identify individuals, we have in the past, and may in the future, settle these disputes to avoid potentially costly litigation and have in certain instances made changes to our products in an abundance of caution.

Privacy advocates and industry groups have proposed, and may propose in the future, standards with which we are legally or contractually obligated to comply. Moreover, we are also bound by contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful. We also publish privacy policies, marketing materials, and other statements regarding data privacy and security, including statements relied on by our users, advertisers, and business partners. If these policies, materials, or statements are found to be deficient, lacking transparency or adequate notice, deceptive, unfair, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators, or other adverse consequences, including class action litigation or mass arbitration demands.

The implementation and enforcement, including through private rights of action, of these increasingly complex, onerous, or divergent laws and regulations, and the introduction, interpretation, or revision of any new such laws or regulations, with respect to privacy, security, data protection, and our industry are uncertain and may further complicate compliance efforts, lead to fragmentation of the service, increase legal risk and compliance costs for us and our third-party partners, or decrease the perceived usefulness of our service to our users and advertisers. For example, some federal privacy laws are currently being challenged, and litigation in this space could impact the privacy rights of our community,

including modifying the ability of third parties (such as government agencies and civil litigants) to obtain private communications between users, which in turn may negatively impact users' experience, trust, and satisfaction and decrease their engagement with our products. Many of these obligations are becoming increasingly stringent and subject to rapid change and uncertain interpretation. Preparing for and complying with these obligations requires us to devote significant resources, and there is no guarantee that our compliance efforts to date, or in the future, will be deemed compliant or sufficient. These obligations may necessitate changes to our products and services, information technologies, systems, and practices and to those of any third parties that process personal data on our behalf. In addition, these obligations may require us to change our business model. Our business model materially depends on our ability to process personal data in connection with our advertising offerings, so we are particularly exposed to the risks associated with the rapidly changing legal landscape regarding privacy, security, and data protection. For example, privacy regulators have targeted us and some of our competitors, including by investigating data processing activities and in the past have issued large fines to our competitors. Such investigations and enforcement actions may cause us to revise our business plans and operations. Moreover, we believe a number of investigations into other technology companies are currently being conducted by federal, state, and foreign legislative and regulatory bodies. We therefore are at heightened risk of regulatory scrutiny, as regulators focus their attention on data processing activities of companies like us, and any changes in the regulatory framework or enforcement actions, whether against us or our competitors, could require us to fundamentally change our business model, and seriously harm our business.

We may at times fail, or be perceived to have failed, in our efforts to comply with our privacy, security, and data protection obligations. Moreover, despite our efforts, our personnel or third parties on whom we rely may fail to comply with such obligations, which could negatively impact our business operations. If we or the third parties on which we rely fail, or are perceived to have failed, to address or comply with applicable privacy, security, or data protection obligations, we could face significant consequences, including government enforcement actions (such as investigations, claims, audits, and penalties), litigation (including class action litigation) and mass arbitration demands, additional reporting requirements or oversight, bans on processing personal data, negative publicity, and orders to destroy or not use or transfer personal data. Certain regulators may prohibit our use of certain personal data as a result of enforcement actions or similar proceedings. Plaintiffs have become increasingly more active in bringing privacy-related claims against companies, including class claims and mass arbitration demands. Some of these claims allow for the recovery of statutory damages on a per violation basis, and, if viable, carry the potential for substantial statutory damages, depending on the volume of data and the number of violations. Any of these events could have a material adverse effect on our business, including loss of users and advertisers, inability to process personal data or operate in certain jurisdictions, changes to our business practices, increased cost of operations, and declines in user growth, retention, or engagement, any of which could seriously harm our business.

We have in the past been subject to enforcement actions, investigations, proceedings, orders, or various government inquiries regarding our data privacy and security practices and processing. For example, in December 2014, the FTC resolved an investigation into some of our early practices by issuing a final order. That order requires, among other things, that we establish a robust privacy program to govern how we treat user data. During the 20-year term of the order, we must complete biennial independent privacy audits. The FTC has continued to review our practices and in January 2025, announced the referral of a complaint to the Department of Justice, or DOJ, pertaining to our deployment of our My AI feature and the allegedly resulting risk of harm to young users. The DOJ has not taken action on the referred complaint and the time defined by statute for the DOJ to do so has expired, thereby returning the complaint to the FTC's jurisdiction. To date, the FTC has not taken further action on the complaint, and we have no indication they will do so. Any violation of existing or future regulatory orders or consent decrees could subject us to substantial monetary fines and other penalties that could seriously harm our business.

We use AI, including generative AI, in consumer-facing features of our products and services and in the operation of our business, which may result in legal liability and privacy and security risks which may adversely impact our business.

We use AI, including generative AI, in consumer-facing features of our products and services, such as My AI, and in the operation of our business. The development, deployment, training, use, safety, and personal data processing of AI presents various AI, privacy, and security risks that impact our business.

AI development, deployment, training, use, safety, and personal data processing is subject to new and evolving privacy and data security laws, as well as increasing AI laws and review by various federal, state, and foreign legislative and regulatory bodies. We are, have been, and could in the future be subject to governmental and regulatory investigations and inquiries relating to the use and operation of AI, including the use of generative AI in our products and services. While such regulatory inquiries have not adversely impacted our business to date, given the current unsettled nature of the legal and regulatory environment surrounding AI, our or our partners' AI development, deployment, training, use, safety, and

personal data processing of AI could subject us to further regulatory inquiries or actions, which could result in product restrictions, fines and penalties, equitable remedies such as requirements to retrain or disgorge our AI, as well as litigation and reputational harm, any of which could seriously harm our business and require us to expend significant resources. Such consequences, if imposed or threatened, may also make it harder for us to use AI in our product and services, or internally in our business operations, which could seriously harm our business. Furthermore, certain enacted and proposed regulations related to AI could impose onerous obligations on our business, products, and services, including restrictions on or transparency obligations with respect to the training and use of AI-related systems, and obligations relating to labeling, detection and provenance of AI-generated content. If applicable, such obligations may, and in the case of the EU AI Act will, require us to change our products or business practices in order to comply. Individuals are also increasingly aware of and resistant to the use of their personal data in AI systems and for AI training, which could limit our ability to develop, deploy, train, and ensure the safety of our AI products and services, and if we fail to provide adequate transparency to users, we could lose the trust of our users, be subject to litigation or regulatory enforcement, or other harms to our business. Additionally, if our AI products fail to perform as intended, produce outputs that are harmful, misleading, inaccurate, or biased, or cause privacy or security incidents or safety-related harms, in addition to the risks above, our business and reputation may be harmed. There is also particular attention from federal, state, and foreign legislative and regulatory bodies regarding use of, and perceived harms of, AI by vulnerable populations, including teens, which has and could lead to laws and regulations that restrict our ability to provide our products to certain groups, require material changes to our products or specific safety guarantees over AI outputs, or impose liability for the outputs of AI that may not be deterministic, any of which could be challenging to comply with, harm our business, require significant resources, or lead to litigation or fines.

Our financial condition and results of operations will fluctuate from quarter to quarter, which makes them difficult to predict.

Our quarterly results of operations have fluctuated in the past and will fluctuate in the future. Additionally, we have a limited operating history with the current scale of our business, which makes it difficult to forecast our future results. As a result, you should not rely on our past quarterly results of operations as indicators of future performance. You should take into account the risks and uncertainties frequently encountered by companies in rapidly evolving market segments. Our financial condition and results of operations in any given quarter can be influenced by numerous factors, many of which we are unable to predict or are outside of our control, including:

- our ability to maintain and grow our user base and user engagement;
- the development and introduction of new or redesigned products or services by us or our competitors;
- the ability of our cloud service providers to scale effectively and timely provide the necessary technical infrastructure to offer our service;
- our ability to attract and retain advertisers in a particular period;
- seasonal or other fluctuations in spending by our advertisers and product usage by our users, each of which may change as our product offerings evolve or as our business grows or as a result of unpredictable events such as labor shortages and disruptions, supply chain disruptions, banking instability, inflationary pressures, fluctuating interest rates, or geo-political conflicts;
- modifications or changes to our products and services by us, our partners, or other companies in our industry because of new and proposed laws and regulations, corporate strategy, or litigation;
- restructuring or other charges and unexpected costs or other operating expenses;
- the number of advertisements shown to users;
- the pricing of our advertisements and other products;
- the effectiveness, and our ability to demonstrate to advertisers the effectiveness, of our advertisements;
- the diversification and growth of revenue sources beyond current advertising;
- increases in marketing, sales, research and development, and other operating expenses that we may incur to grow and expand our operations and to remain competitive;
- our ability to maintain operating margins, cash provided by operating activities, and Free Cash Flow;
- our ability to accurately forecast consumer demand for our physical products and adequately manage inventory;
- system failures or security incidents, and the costs associated with such incidents and remediations;

- inaccessibility of Snapchat, or certain features within Snapchat, due to third-party or governmental actions;
- stock-based compensation expense;
- our ability to effectively incentivize our workforce;
- adverse litigation judgments, settlements, or other litigation-related costs, or product recalls;
- changes in the legislative or regulatory environment, including with respect to privacy, rights of publicity, content, data protection, intellectual property, communication, health and safety, competition, protection of minors, consumer protection, employment, money transmission, import and export restrictions, gift cards, electronic funds transfers, anti-money laundering, advertising, algorithms, encryption, and taxation, enforcement by government regulators, including fines, orders, sanctions, tariffs and retaliatory countermeasures, or consent decrees, or the issuance of executive orders or other similar executive actions that may adversely affect our revenues or restrict our business;
- new privacy, data protection, and security laws and other obligations and increased regulatory scrutiny on our or our competitors' data processing activities and privacy and information security practices, including through enforcement actions potentially resulting in large penalties or other severe sanctions and increased restrictions on the data processing activities and personal data transfers critical to the operation of our current business model;
- fluctuations in currency exchange rates and changes in the proportion of our revenue and expenses denominated in foreign currencies;
- fluctuations in the market values of our investment portfolio, including strategic investments, and interest rates or impairments of any assets on our consolidated balance sheet;
- changes in our effective tax rate;
- announcements by competitors of significant new products, licenses, or acquisitions;
- our ability to make accurate accounting estimates and appropriately recognize revenue for our products;
- our ability to meet minimum spending commitments in agreements with our infrastructure providers;
- changes in accounting standards, policies, guidance, interpretations, or principles;
- the effect of war or other armed conflict on our workforce, operations, or the global economy; and
- changes in domestic and global business or macroeconomic conditions, including as a result of inflationary pressures, fluctuating interest rates, banking instability, geo-political conflicts, tariffs and retaliatory countermeasures, terrorism, or responses to these events.

If we are unable to continue to maintain or successfully grow our user base and further monetize our products, our business will suffer.

We have made, and are continuing to make, investments to enable users, partners, and advertisers to create compelling content and deliver advertising to our users. Existing and prospective Snapchat users and advertisers may not be successful in creating content that leads to and maintains user engagement. We are continuously seeking to balance the objectives of our users and advertisers with our desire to provide an optimal user experience. We do not seek to monetize all of our products nor do we solely focus our efforts on users with higher ARPU, and we may not be successful in achieving a balance that continues to attract and retain users and advertisers. We focus on growing engagement across our service, and from time to time our efforts may reduce user activity with certain monetizable products in favor of other products we do not currently monetize. If we are not successful in our efforts to grow or effectively and timely monetize our user base, or if we are unable to build and maintain good relations with our advertisers, our user growth and user engagement and our business may be seriously harmed. In addition, we may expend significant resources to launch new products that we are unable to monetize, which may seriously harm our business.

Additionally, we may not succeed in further monetizing Snapchat. We currently primarily monetize Snapchat by displaying advertisements sold by us and our partners. As a result, our financial performance and ability to grow revenue could be seriously harmed if:

- we fail to increase or maintain DAUs, especially in regions where we have higher monetization;
- our user growth outpaces our ability to monetize our users, including if we don't attract sufficient advertisers or if our user growth occurs in markets that are not as monetizable;

- we fail to increase or maintain the amount of time spent on Snapchat, the amount of content that our users share, or the usage of our Camera, Visual Messaging, Map, Stories, and Spotlight platforms;
- partners and users do not create sufficient engaging content for users or partners do not renew their agreements with us;
- we fail to attract sufficient advertisers to utilize our self-serve platform to make the best use of our advertising inventory;
- advertisers do not continue to introduce engaging advertisements;
- advertisers reduce their advertising on Snapchat;
- we fail to maintain good relationships with advertisers or attract new advertisers, or demonstrate to advertisers the effectiveness of advertising on Snapchat;
- the content on Snapchat does not maintain or gain popularity; or
- we fail to attract prospective subscribers to Snapchat+, retain existing subscribers, or effectively continue to monetize Snapchat+ and other products and services.

We cannot assure you that we will effectively manage our growth or changes to our business.

The growth and expansion of our business, headcount, and products create significant challenges for our management, including managing multiple relationships with users, advertisers, partners, and other third parties, and constrain operational and financial resources. If our operations or the number of third-party relationships continues to grow, our information-technology systems and our internal controls and procedures may not adequately support our operations and may require significant investments of time and capital to improve. In addition, some members of our management do not have significant experience managing large global business operations, so our management may not be able to manage such growth effectively. To effectively manage our growth, we must continue to improve our operational, financial, and management processes and systems and effectively expand, train, and manage our employee base. However, the actions we take to achieve such improvements may not have the intended effect and may instead result in disruptions, delays in new products, employee turnover, declines in revenue, and other adverse effects.

As we continue to adapt and update our business model and priorities and we are required to implement more complex organizational management structures, we may also find it increasingly difficult to maintain the benefits of our corporate culture, including our ability to quickly develop and launch new and innovative products. This could negatively affect our business performance and seriously harm our business.

We periodically make changes to our business and priorities. For example, in the first quarter of 2024, we undertook a restructuring of our business to focus on our top priorities, improve cost efficiencies, and drive toward profitability and positive free cash flow. As we continue to adapt and update our business model and priorities, we may make additional restructurings, reprioritizations, or workforce reductions in the future. Any such changes could disrupt our operations, increase costs, make it harder to service our users or customers, adversely impact employee retention, hiring, and morale, negatively impact our reputation, or distract management, any of which could seriously harm our business.

Our costs may increase faster than our revenue, which could seriously harm our business or increase our losses.

Providing our products to our users is costly, and we expect our expenses, including those related to people, research and development, and hosting, to grow in the future. This expense growth will continue as we broaden our user base, as users increase the number of connections and amount of content they consume and share, as we develop and implement new product features that require more computing infrastructure or products that are not revenue generating, and as we grow our business. Historically, our costs have increased each year due to these factors, and we expect to continue to incur increasing costs. Our costs are based on development and release of new products and the addition of users and may not be offset by a corresponding growth in our revenue. We will continue to invest in our global infrastructure to provide our products quickly and reliably to all users around the world, including in countries where we do not expect significant short-term monetization, if any. Our expenses may be greater than we anticipate, and our investments to make our business and our technical infrastructure more efficient may not succeed and may outpace monetization efforts. In addition, we expect to increase marketing, sales, and other operating expenses, such as legal and insurance expenses, to grow and expand our operations, remain competitive, and respond to increasing litigation and regulatory matters. Increases in our costs without a corresponding increase in our revenue would increase our losses and could seriously harm our business and financial performance.

Our business depends on our ability to maintain and scale our technology infrastructure. Any significant disruption to our service could damage our reputation, result in a potential loss of users and decrease in user engagement, and seriously harm our business.

Our reputation and ability to attract, retain, and serve users depends on the reliable performance of Snapchat and our underlying technology infrastructure. We have in the past experienced, and may in the future experience, interruptions in the availability or performance of our products and services from time to time. Our systems may not be adequately designed with the necessary reliability and redundancy to avoid performance delays or outages caused by us or other service providers that could seriously harm our business. If Snapchat is unavailable when users attempt to access it, or if it does not load as quickly as they expect, users may not return to Snapchat as often in the future, or at all. As our user base and the volume and types of information shared on Snapchat grow, we will need an increasing amount of technology infrastructure, including network capacity and computing power, to continue to satisfy our users' needs which could significantly increase our costs. It is possible that we may fail to effectively scale and grow our technology infrastructure to accommodate these increased demands, or that improving our current technology infrastructure will require significant resources and delay or hinder the development of other products or services. In addition, our business is subject to interruptions, delays, and failures resulting from earthquakes, other natural disasters, geo-political conflicts, terrorism, pandemics, and other catastrophic events. Global climate change could also result in natural disasters occurring more frequently or with more intense effects, which could cause business interruptions. Wars or other armed conflicts could damage or diminish our access to our technology infrastructure or regional networks and disrupt our services, which could seriously harm our business and financial performance.

As discussed in these risk factors, substantially all of our network infrastructure is provided by third parties, including Google Cloud and AWS. We also rely on third parties for other technology related services, including certain AI functions. Any disruption or failure in the services we receive from these providers could harm our ability to handle existing or increased traffic and could seriously harm our business. Any financial or other difficulties these providers face may seriously harm our business. And because we exercise little control over these providers, we are vulnerable to problems with the services they provide and increases in the costs of these services.

We periodically augment and enhance our financial systems and we may experience difficulties in managing our systems and processes, which could disrupt our operations, the management of our finances, and the reporting of our financial results, which in turn, may result in our inability to manage the growth of our business and to accurately forecast and report our results, each of which could seriously harm our business.

Our business emphasizes rapid innovation and prioritizes long-term user engagement over short-term financial condition or results of operations. That strategy may yield results that sometimes don't align with the market's expectations. If that happens, our stock price may be negatively affected.

Our business is growing and becoming more complex, and our success depends on our ability to quickly develop and launch new and innovative products. We believe our culture fosters this goal. Our focus on innovations and quick reactions could result in unintended outcomes or decisions that are poorly received by our users, advertisers, or partners. We have made, and expect to continue to make, significant investments to develop and launch new products and services and we cannot assure you that users will purchase or use such new products and services in the future. We will also continue to attempt to find effective ways to show our community new and existing products and alert them to events, holidays, relevant content, and meaningful opportunities to connect with their friends. These methods may provide temporary increases in engagement that may ultimately fail to attract and retain users. Our culture also prioritizes our long-term user engagement over short-term financial condition or results of operations. We frequently make decisions that may reduce our short-term revenue or profitability if we believe that the decisions benefit the aggregate user experience and improve our financial performance over the long term. For example, we monitor how advertising on Snapchat affects our users' experiences to attempt to ensure we do not deliver too many advertisements to our users, and we may decide to decrease the number of advertisements to increase our users' satisfaction in the product. In addition, we improve Snapchat based on feedback provided by our users, advertisers, and partners. These decisions may not produce the long-term benefits that we expect, in which case our user growth, retention and engagement on our service or on certain platforms, our relationships with advertisers and partners, and our business could be seriously harmed.

Some of our software and systems contain open source software, which may pose particular risks to our proprietary applications.

We use software licensed to us by third-party developers under "open source" licenses in connection with the development or deployment of our products and expect to continue to use open source software in the future. Some open

source licenses contain express requirements or impose conditions, which may be triggered under certain circumstances, with respect to the exploitation of proprietary source code or other intellectual property by users of open source software. While we employ practices designed to monitor our compliance with the licenses of third-party open source software and to avoid using the open source software in a manner that would put our valuable proprietary source code at risk, there is a risk that we could have used, or may in the future use, open source software in a manner which could require us to release our proprietary source code to users of our software or to the public, require us to license our proprietary software for purposes of making modifications or derivative works, or prohibit us from charging fees for the use of our proprietary software. This could result in loss of revenue, and allow our competitors to create similar offerings with lower development costs, and ultimately could result in a loss of our competitive advantages. Furthermore, there is an increasing number of open source software license types, almost none of which have been tested in a court of law, resulting in guidance regarding the proper legal interpretation of such licenses and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to provide or distribute our products. If we were to receive a claim of non-compliance with the terms of any of our open source licenses, we may be required to publicly release certain portions of our proprietary source code or expend substantial time and resources to re-engineer some or all of our software, which may divert resources away from our product development efforts and, as a result, adversely affect our business. In addition, we could be required to seek licenses from third parties to continue offering our products for certain uses, or cease offering the products associated with such software, which may be costly.

In addition, our use of open source software may present greater risks than use of other third-party commercial software, as open source licensors generally do not provide support, warranties, indemnification or other contractual protections regarding infringement claims or the quality of the code. To the extent that our e-commerce capabilities and other business operations depend on the successful and secure operation of open source software, any undetected or unremediated vulnerabilities, errors, or defects in open source software that we use could prevent the deployment or impair the functionality of our systems and injure our reputation. In addition, the public availability of such software may make it easier for others to compromise our systems. Any of these risks could be difficult to eliminate or manage and, if not addressed, could have an adverse effect on our business.

If our users do not continue to contribute content or their contributions are not perceived as valuable to other users, we may experience a decline in user growth, retention, and engagement on Snapchat, which could result in the loss of advertisers and revenue.

Our success depends on our ability to provide Snapchat users with engaging content, which in part depends on the content contributed by our users. If users, including influential users such as world leaders, government officials, celebrities, athletes, journalists, sports teams, media outlets, and brands, do not continue to contribute engaging content to Snapchat, our user growth, retention, and engagement may decline. That, in turn, may impair our ability to maintain good relationships with our advertisers or attract new advertisers, which may seriously harm our business.

Differing government initiatives and restrictions in regions in which our products and services are offered could seriously harm our business.

Foreign data protection, privacy, consumer protection, content regulation, and other laws and regulations are often more restrictive than those in the United States. In addition, federal, state, and local governments in the United States have taken increasingly divergent approaches to legislating, regulating, and taking enforcement action with respect to technologies that are related to our products and services, including considering or passing laws and regulations that are different than those applicable to other regions in the United States. Foreign governments may censor Snapchat in their countries, restrict access to Snapchat from their countries entirely, impose age-based restrictions on access to Snapchat, impose other restrictions that may affect their citizens' ability to access Snapchat for an extended period of time or even indefinitely, require data localization, or impose other laws or regulations that we cannot comply with, would be difficult for us to comply with, or would require us to rebuild or change our products or the infrastructure for our products, any of which could seriously harm our business. Federal, state, or local governments in the United States have taken and may continue to take similar steps. Such restrictions may also be implemented or lifted selectively to target or benefit other companies or products, which may result in sudden or unexpected fluctuations in competition in regions where we operate. In addition, geo-political conflicts may cause countries to target and restrict our operations, or to promote other companies' products in place of ours. Any restriction on access to Snapchat due to government actions or initiatives, or any withdrawal by us from certain countries or regions because of such actions or initiatives, or any increased competition due to actions and initiatives of governments would adversely affect our DAUs, including by giving our competitors an opportunity to penetrate geographic markets that we cannot access or to which they previously did not have access. As a result, our user

growth, retention, and engagement may be seriously harmed, and we may not be able to maintain or grow our revenue as anticipated and our business could be seriously harmed.

Our users may increasingly engage directly with our partners and advertisers instead of through Snapchat, which may negatively affect our revenue and seriously harm our business.

Using our products, some partners and advertisers not only can interact directly with our users but can also direct our users to content on third-party websites or downloads of third-party applications. In addition, our users may generate content by using Snapchat features, but then share, use, or post the content on a different platform. The more our users engage with third-party websites and applications, the less engagement we may get from them, which would adversely affect the revenue we could earn from them. Although we believe that Snapchat reaps significant long-term benefits from increased user engagement with content on Snapchat provided by our partners, these benefits may not offset the possible loss of advertising revenue, in which case our business could be seriously harmed.

If events occur that damage our brand or reputation, our business may be seriously harmed.

We have developed a brand that we believe has contributed to our success. We also believe that maintaining and enhancing our brand is critical to expanding our user base, advertisers, and partners. Because many of our users join Snapchat on the invitation or recommendation of a friend or family member, one of our primary focuses is on ensuring that our users continue to view Snapchat and our brand favorably so that these referrals continue. Maintaining and enhancing our brand will depend largely on our ability to continue to provide useful, novel, fun, reliable, trustworthy, and innovative products, which we may not do successfully. We may introduce new products, make changes to existing products and services, or require our users to agree to new terms of service related to new and existing products that users do not like, which may negatively affect our brand in the short-term, long-term, or both. Additionally, our partners' actions may affect our brand if users do not appreciate what those partners do on Snapchat. We may also fail to adequately support the needs of our users, advertisers, or partners, which could erode confidence in our brand. Maintaining and enhancing our brand may require us to make substantial investments and these investments may not be successful. If we fail to successfully promote and maintain our brand or if we incur excessive expenses in this effort, our business may be seriously harmed.

In the past, we have experienced, and we expect that we will continue to experience, media, legislative, and regulatory scrutiny. Negative public perception regarding us (including regarding our privacy or security practices, products, corporate viewpoints, illicit use of our products, litigation, or employee matters, or regarding the actions of our founders, our partners, our users, or other companies in our industry) or unfavorable legislative, litigation, or regulatory actions could seriously harm our reputation and brand, and result in decreased revenue, fewer application installs (or increased application uninstalls), or declining engagement or growth rates. For example, new laws may increase the minimum age at which individuals are able to access our products or require parental consent for the use of our products. In addition, parental or general public perception of our industry or Snapchat in particular could adversely affect the size, demographics, engagement, and loyalty of our user base, any of which could seriously harm our business.

Expanding and operating in international markets requires significant resources and management attention. If we are not successful in expanding and operating our business in international markets, we may incur significant costs, damage our brand, or need to lay off team members in those markets, any of which may seriously harm our business.

We have expanded to new international markets and are growing our operations in existing international markets, which may have very different cultures and commercial, legal, and regulatory systems than where we predominantly operate. In connection with our international expansion and growth, we also hire new team members in many of these markets. This international expansion may:

- impede our ability to continuously monitor the performance of all of our team members;
- result in hiring of team members who may not yet fully understand our business, products, and culture; or
- cause us to expand in markets that may lack the culture and infrastructure needed to adopt our products.

These issues may eventually lead to turnover or layoffs of team members in these markets and may harm our ability to grow our business in these markets. In addition, scaling our business to international markets imposes complexity on our business, and requires additional financial, legal, and management resources. We may not be able to manage growth and expansion effectively, which could damage our brand, result in significant costs, and seriously harm our business. For example, in recent years we undertook a broad strategic reprioritization to focus on our top priorities, improve cost efficiencies, and drive toward profitability and positive free cash flow. As we continue to adapt and update our business

model and priorities, we may make additional restructurings, reprioritizations, or workforce reductions in the future. Any such changes could disrupt our operations, increase costs, make it harder to service our users or customers, adversely impact employee retention, hiring and morale, negatively impact our reputation, or distract management, any of which could seriously harm our business.

Additionally, because we have team members internationally, we are exposed to political, social, and economic instability in additional countries and regions.

Our products are highly technical and may contain undetected software vulnerabilities, bugs, hardware errors, or defects, which could manifest in ways that could seriously harm our reputation and our business.

Our products are highly technical and complex. Snapchat, our other products, or products we may introduce in the future, may contain undetected software bugs, hardware errors, and other vulnerabilities. These bugs and errors can manifest in any number of ways in our products, including through diminished performance, security or privacy vulnerabilities, malfunctions, or even permanently disabled products. We have a practice of updating our products, but some errors in our products may be discovered only after a product has been released or shipped and used by users, and may in some cases be detected only under certain circumstances or after extended use. As we release Spectacles to a wider user base, we may also experience at scale new, novel, or unknown security bugs, vulnerabilities, and attacks in first and third party software, hardware, and components, which we may not be able to identify, prevent, or fix before or in a timely fashion after launch. Any errors, bugs, or vulnerabilities discovered in our products or code (particularly after release) could damage our reputation, result in a security or privacy incident (and attendant consequences), drive away users, lower revenue, and expose us to litigation claims or regulatory investigations or enforcement actions, any of which could seriously harm our business. We may also experience delays in developing and deploying remedial measures and patches designed to address identified vulnerabilities.

Spectacles, as an eyewear product, is regulated by the U.S. Food and Drug Administration, or the FDA, and may, as a result of a defect, result in physical harm to a user or others around the user. We offer some of our customers a limited warranty for our physical products, and any such defects discovered in our products after commercial release could result in a loss of sales and users, which could seriously harm our business. Moreover, certain jurisdictions in which we operate require manufacturers of connected devices to comply with legal and contractual obligations that govern the way data generated by such connected devices is shared and used. If we are unable to comply with these and other regulatory requirements affecting our products in a timely manner, or if we face technical difficulties in the implementation of some requirements, we could become subject to investigations and enforcement actions, which could require additional financial and management resources, any may result in costly sanctions against our company.

We may face claims for product liability, tort, or breach of warranty, or experience product recalls. For example, in the first quarter of 2024, we voluntarily decided to recall our Pixy drone product and refund consumers after determining that, in a very small number of cases, the batteries overheated. The product had been discontinued in August 2022. Our product contracts with users contain provisions relating to warranty disclaimers and liability limitations, which may not be upheld. In addition, our liability insurance coverage may prove inadequate or future coverage may be unavailable on acceptable terms or at all. The occurrence of any of these events could increase our costs, divert management attention, and seriously harm our reputation and our business.

We have been, are currently, and may in the future be subject to regulatory inquiries, investigations, and proceedings which could cause us to incur substantial costs or require us to change our business practices in a way that could seriously harm our business.

We have been, are currently, and may in the future be subject to inquiries, investigations, and proceedings instituted by government entities on a variety of topics, including data privacy, AI, safety, law enforcement, consumer protection, civil rights, content moderation, and the use of our platform for illegal purposes. We regularly report information about our business to federal, state, and foreign regulators in the ordinary course of operations and have, and may in the future, receive additional requests for information regarding our business practices. These actions, including any potential unfavorable outcomes, and our compliance with any associated regulatory orders, consent decrees, or settlements, may require us to change our products, product offerings and features, policies or practices, subject us to substantial monetary fines or other penalties or sanctions, result in increased operating costs, divert management's attention, harm our reputation, and require us to incur significant legal and other expenses, any of which could seriously harm our business. For example, in January 2025, the FTC referred a complaint against us to the DOJ that pertains to our deployment of our My AI feature and the allegedly resulting risk of harm to young users. The DOJ did not act on the referred complaint

within the time defined by statute, thereby returning the complaint to the FTC's jurisdiction. The FTC has not taken further action to advance the complaint, and we have no indication they will do so. Any violation of existing or future regulatory orders or consent decrees, or new regulatory investigations or proceedings, could subject us to substantial monetary fines and other penalties that could seriously harm our business.

We are currently, and expect to be in the future, party to patent lawsuits and other intellectual property claims that are expensive and time-consuming. If resolved adversely, these lawsuits and claims could seriously harm our business.

Companies in the mobile, camera, communication, media, internet, artificial intelligence, augmented reality, and other technology-related industries own large numbers of patents, copyrights, trademarks, trade secrets, and other intellectual property rights, and frequently enter into litigation based on allegations of infringement, misappropriation, or other violations of intellectual property or other rights. In addition, various "non-practicing entities" and other entities that own patents, copyrights, trademarks, trade secrets, and other intellectual property rights often attempt to aggressively assert their rights to extract value from technology companies. Furthermore, from time to time we may introduce new products or make other business changes, including in areas where we currently do not compete, which could increase our exposure to patent, copyright, trademark, trade secret, and other intellectual property rights claims from competitors and non-practicing entities. We have been subject to, and expect to continue to be subject to, claims and legal proceedings from holders of patents, trademarks, copyrights, trade secrets, and other intellectual property rights alleging that some of our products or content infringe their rights. An unfavorable outcome in any of these lawsuits could seriously harm our business. Adverse results in these lawsuits may include awards of substantial monetary damages, costly royalty or licensing agreements, or orders preventing us from offering certain features, functionalities, products, or services. If these or other matters continue in the future or we need to enter into licensing arrangements, which may not be available to us or on terms favorable to us, it may increase our costs and decrease the value of our products, and our business could be seriously harmed. If a third party does not offer us a license to its intellectual property on commercially reasonable terms, or at all, we may be required to develop, acquire or license alternative, non-infringing technology, which could require significant time, effort, and expense, and may ultimately not be successful. Any of these events would adversely affect our business.

For example, we may be, and other companies currently are, the subject of litigation in the United States and elsewhere alleging copyright infringement in connection with the acquisition, distribution, and use of copyrighted materials for AI training as well as potential reproduction of copyrighted materials in AI outputs. There can be no assurances that favorable final outcomes (e.g., that such actions will be considered fair use) will be obtained in these cases. In addition, plaintiffs may seek, and we may become subject to, preliminary or provisional rulings in the course of any such litigation, including potential preliminary injunctions requiring us to change or cease related features, functionalities, products, or services. We may decide to settle such lawsuits and disputes on terms that are unfavorable to us. Similarly, if any litigation to which we are a party is resolved adversely, we may be subject to an unfavorable judgment that may not be reversed upon appeal. The terms of such a settlement or judgment may require us to change or cease some or all of our operations or pay substantial amounts to the other parties, including statutory damages to large numbers of copyright holders.

Moreover, we may not be aware if our platform is infringing, misappropriating, or otherwise violating third-party intellectual property rights, and third parties may bring claims alleging such infringement, misappropriation, or violation. Because patent applications can take years to issue and are often afforded confidentiality for some period of time, there may currently be pending applications, unknown to us, that later result in issued patents that could cover one or more of our products and there is also a risk that we could adopt a technology without knowledge of a pending patent application, which technology would infringe a third-party patent once that patent is issued. Moreover, the law continues to evolve and be applied and interpreted by courts in novel ways that we may not be able to adequately anticipate, and such changes may subject us to additional claims and liabilities. In a patent infringement claim against us, we may assert, as a defense, that we do not infringe the relevant patent claims, that the patent is invalid or both. The strength of our defenses will depend on the patents asserted, the interpretation of these patents and our ability to invalidate the asserted patents. However, we could be unsuccessful in advancing non-infringement or invalidity arguments in our defense. In the United States, issued patents enjoy a presumption of validity, and the party challenging the validity of a patent claim must present clear and convincing evidence of invalidity, which is a high burden of proof. Conversely, the patent owner need only prove infringement by a preponderance of the evidence, which is a lower burden of proof. Intellectual property claims, whether or not successful, could divert management time and attention away from our business and harm our reputation and financial condition. Moreover, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on our business.

We are currently, and expect to be in the future, party to lawsuits contending that we should be legally responsible for content created by our users or harms experienced or perpetrated by our users. These lawsuits can be expensive and time-consuming. If resolved adversely, these lawsuits and claims could seriously harm our business.

We rely on a variety of Constitutional, statutory, and common-law frameworks that provide that we are not legally responsible for content created by our users, including the Digital Millennium Copyright Act, the Communications Decency Act, or CDA, the First Amendment, and the fair-use doctrine. However, these provisions, statutes, and doctrines are subject to uncertain judicial interpretation and regulatory and legislative amendments. For example, the U.S. Congress amended the CDA in 2018 in ways that could expose some Internet platforms to an increased risk of litigation. In addition, the U.S. Congress and the Executive branch have proposed further changes or amendments to the CDA each year since 2019 including, among other things, proposals that would narrow the scope of CDA protection, expand government enforcement power relating to content moderation concerns, or repeal the pertinent section of the CDA altogether. Some U.S. states have also enacted or proposed legislation that would undercut, or conflict with, the CDA's protections and implicate U.S. constitutional protections. Some of these state-specific laws grant individuals a private right of action to sue to enforce these laws, with statutory damages. Although such state laws have been or can be expected to be challenged in court, if these laws are upheld or if additional similar laws or the changes or amendments to the CDA proposed by the U.S. Congress and the Executive branch are enacted, such changes may decrease the protections provided by the CDA or previously accepted U.S. constitutional protections and expose us to lawsuits, penalties, and additional compliance obligations. If courts interpret the CDA more narrowly than they have historically done, this could expose us to additional lawsuits and potential judgments and seriously harm our business. Moreover, some of these statutes and doctrines that we rely on provide protection only or primarily in the United States. If the rules around these doctrines change, if international jurisdictions refuse to apply similar protections, or if a court were to disagree with our application of those rules to our service, we could incur liability or be required to make significant changes to our products, business practices, or operations, and our business could be seriously harmed.

Notwithstanding these Constitutional, statutory, and common-law protections, we have faced, currently face, and will continue to face claims relating to information that is published or made available on our products, including Snapchat, and claims relating to online and offline harms that allegedly related to users' use of our products, including Snapchat. In particular, the nature of our business exposes us to claims related to defamation, intellectual property rights, rights of publicity and privacy, mass torts, and personal injury. For example, we do not monitor or edit the vast majority of content that is communicated through Snapchat, and such content has, and may in the future, expose us to lawsuits. Specifically, we are currently facing several lawsuits alleging that we are liable for allowing users to communicate with each other, and that those communications sometimes result in harm. In addition, other lawsuits allege that the design of our platform and those of our competitors are addictive and harmful to minor users' mental health. Other plaintiffs have argued that we should be legally responsible for fentanyl overdoses or poisoning if communications about a drug transaction occurred on our platform. We believe we have meritorious defenses to these lawsuits, but litigation is inherently uncertain. Unfavorable outcomes could seriously harm our business. These actions, including any potential unfavorable outcomes, and our compliance with any associated court orders or settlements, may require us to change our policies, practices, or products, subject us to substantial monetary judgments, fines, penalties, or sanctions, result in increased operating costs, divert management's attention, harm our reputation, and require us to incur significant legal and other expenses, any of which could seriously harm our business. Even if the outcome of any such litigation or claim is favorable, defending against such lawsuits is costly and can impose a significant burden on management and employees. We may also receive unfavorable preliminary, interim, or final rulings in the course of litigation.

This risk also exists in certain jurisdictions outside the United States where our protection from liability for certain third-party actions may be less than the protection that exists in the United States. For example, in April 2019, the European Union passed a directive expanding online platform liability for copyright infringement and regulating certain uses of news content online, which member states were required to implement by June 2021. In addition, legislation in Germany may impose significant fines for failure to comply with certain content removal and disclosure obligations. Numerous other countries in Europe, the Middle East, Asia-Pacific, and Latin America are considering or have implemented similar legislation imposing penalties for failure to remove certain types of content or follow certain processes.

We could incur significant costs investigating and defending such claims and, if we are found liable, significant damages, or license costs. We could also face fines or orders restricting or blocking our services in particular geographies as a result of content hosted on our services. If any of these events occur, we may incur significant costs or be required to make significant changes to our products, business practices, or operations and our business could be seriously harmed.

From time to time, we are involved in class action lawsuits and other litigation matters that are expensive and time-consuming and could seriously harm our business.

We are involved in numerous lawsuits, including putative class action lawsuits brought by users and investors, some of which may claim statutory damages. We anticipate that we will continue to be a target for lawsuits in the future. Because we have millions of users, class action lawsuits against us that are purportedly filed by or on behalf of users typically claim enormous monetary damages in the aggregate even if the alleged per-user harm is small or non-existent.

Similarly, because we have a large number of stockholders, class action lawsuits on securities theories typically claim enormous monetary damages in the aggregate even if the alleged loss per stockholder is small. For example, in November 2021, we, and certain of our officers, were named as defendants in a securities class action lawsuit in federal court purportedly brought on behalf of purchasers of our Class A common stock. The lawsuit alleges that we and certain of our officers made false or misleading statements and omissions concerning the impact that Apple's App Tracking Transparency, or ATT, framework would have on our business. This lawsuit was recently settled, although that settlement is subject to court approval. If the settlement is not approved, we will continue to litigate the case. In August 2025, we, and certain of our officers, were named as defendants in a federal securities class action lawsuit in federal court purportedly brought on behalf of purchasers of our Class A common stock. The lawsuit alleges that we and certain of our officers made false or misleading statements concerning an ad platform change that impacted revenue in the first half of 2025.

We believe we have meritorious defenses to these lawsuits, and plan to defend them vigorously, but litigation is inherently uncertain and an unfavorable outcome, including substantial potential damages, penalties, fines and injunctive relief, could seriously harm our business. Any litigation to which we are a party may result in an onerous or unfavorable judgment that might not be reversed on appeal, or we may decide to settle lawsuits on adverse terms. Any such negative outcome could result in payments of substantial monetary damages or fines, or changes to our products or business practices, and seriously harm our business. Even if the outcome of any such litigation or claim is favorable, defending against such lawsuits is costly and can impose a significant burden on management and employees. We may also receive unfavorable preliminary, interim, or final rulings in the course of litigation.

We plan to continue expanding our international operations, including in markets where we have limited operating experience and may be subject to increased business and economic risks that could seriously harm our business.

We plan to continue expanding our business operations abroad and to enter new international markets and expand our operations in existing international markets, where in some cases we have limited or no experience in marketing, selling, and deploying our products and advertisements. Our limited experience and infrastructure in such markets, or the lack of a critical mass of users in such markets, may make it more difficult for us to effectively monetize any increase in DAUs in those markets, and may increase our costs without a corresponding increase in revenue. If we fail to deploy or manage our operations in international markets successfully, our business may suffer. We do not currently enter into foreign currency exchange contracts, which means our business, financial condition, and operating results may be impacted by fluctuations in the exchange rates of the currencies in which we do business. In the future, as our international operations increase, or more of our revenue agreements or operating expenses are denominated in currencies other than the U.S. dollar, these impacts may become material. In addition, as our international operations and sales continue to grow, we are subject to a variety of risks inherent in doing business internationally, including:

- political, social, and economic instability, including war and other armed conflict, and significant political developments or disruptions in foreign jurisdictions;
- risks related to the legal and regulatory environment in foreign jurisdictions, including with respect to privacy, rights of publicity, content, data protection, cybersecurity, intellectual property, communication, health and safety, competition, protection of minors, consumer protection, employment, money transmission, import and export restrictions, gift cards, electronic funds transfers, anti-money laundering, advertising, algorithms, encryption, and taxation, and unexpected changes in laws, regulatory requirements, and enforcement;
- potential damage to our brand and reputation due to compliance with local laws, including potential censorship and requirements to provide user information to local authorities;
- fluctuations in currency exchange rates;
- higher levels of credit risk and payment fraud;
- complying with tax requirements of multiple jurisdictions;
- enhanced difficulties of integrating any foreign acquisitions;

- complying with a variety of foreign laws, including certain employment laws requiring national collective bargaining agreements that set minimum salaries, benefits, working conditions, and termination requirements;
- complying with a variety of foreign disclosure and reporting obligations, including those related to environmental, social, and corporate governance impacts and security breaches;
- reduced protection for intellectual-property rights in some countries;
- difficulties in staffing and managing global operations and the increased travel, infrastructure, and compliance costs associated with multiple international locations;
- regulations that might add difficulties in repatriating cash earned outside the United States and otherwise preventing us from freely moving cash;
- import and export restrictions and changes in trade agreements or regulations;
- complying with statutory equity requirements;
- complying with the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and similar laws in other jurisdictions; and
- export controls and economic sanctions administered by the Department of Commerce Bureau of Industry and Security, the Treasury Department's Office of Foreign Assets Control, or other similar foreign regulatory bodies.

If we are unable to expand internationally and manage the complexity of our global operations successfully, our business could be seriously harmed.

We plan to continue to make acquisitions and strategic investments in other companies, which could require significant management attention, disrupt our business, dilute our stockholders, and seriously harm our business.

As part of our business strategy, we have made and intend to make acquisitions to add specialized team members and complementary companies, products, and technologies, as well as investments in public and private companies in furtherance of our strategic objectives. Our ability to acquire and successfully integrate larger or more complex companies, products, and technologies is unproven. In the future, we may not be able to find other suitable acquisition or investment candidates, and we may not be able to complete acquisitions or investments on favorable terms, if at all. Our previous and future acquisitions and investments may not achieve our goals, and any future acquisitions or investments we complete could be viewed negatively by users, advertisers, partners, or investors. In addition, if we fail to successfully close transactions, integrate new teams, or integrate the products, technologies, and systems associated with these acquisitions into our company, our business could be seriously harmed. Any integration process may require significant time and resources, and we may not be able to manage the process successfully. For example, future or past business transactions could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. We may not successfully evaluate or use the acquired products, technology, and personnel, or accurately forecast the financial impact of an acquisition or investment transaction, including accounting charges. We may also incur unanticipated liabilities and litigation exposure that we assume as a result of acquiring companies. We may have to pay cash, incur debt, or issue equity securities to pay for any acquisition or investment, any of which could seriously harm our business. Selling or issuing equity to finance or carry out any such acquisition or investment would also dilute our existing stockholders. Incurring debt would increase our fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations.

In addition, it generally takes several months after the closing of an acquisition to finalize the purchase price allocation. Therefore, it is possible that our valuation of an acquisition may change and result in unanticipated write-offs or charges, impairment of our goodwill, or a material change to the fair value of the assets and liabilities associated with a particular acquisition, any of which could seriously harm our business.

The strategic investments we make in public and private companies around the world range from early-stage companies still defining their strategic direction to mature companies with established revenue streams and business models. Many of the instruments in which we invest are non-marketable and illiquid at the time of our initial investment, and our ability to realize a return on our investment, if any, is typically dependent on the issuer participating in a liquidity event, such as a public offering or acquisition. We are not always able to achieve a return on our investments in a timely fashion, if at all, even for those companies that have achieved a liquidity event. To the extent any of the companies in

which we invest are not successful, which can include failures to achieve business objectives as well as bankruptcy, we could recognize an impairment or lose all or part of our investment.

Our acquisition and investment strategy may not succeed if we are unable to remain attractive to target companies or expeditiously close transactions. For example, if we develop a reputation for being a difficult acquirer or having an unfavorable work environment, or target companies view our non-voting Class A common stock unfavorably, we may be unable to source and close acquisition targets. In addition, members of the U.S. administration and Congress have proposed new legislation, and the FTC and the DOJ have adopted new procedures, that could limit, hinder, or delay the acquisition process and target opportunities. If we are unable to consummate key acquisition transactions essential to our corporate strategy, it may limit our ability to grow or compete effectively and our business may be seriously harmed.

If our goodwill or intangible assets become impaired, we may be required to record a significant charge to earnings, which could seriously harm our business.

Under U.S. generally accepted accounting principles, or GAAP, we review our intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment at least annually. As of September 30, 2025, we had recorded a total of \$1.8 billion of goodwill and intangible assets, net related to our acquisitions. An adverse change in market conditions, particularly if such change has the effect of changing one of our critical assumptions or estimates, could result in a change to the estimation of fair value that could result in an impairment charge to our goodwill or intangible assets. Any such material charges may seriously harm our business.

Our use of equity awards to compensate and motivate our employees causes dilution to existing stockholders. Efforts to manage this dilution are likely to reduce the amount of cash we have available for other purposes.

We use equity awards that vest over multiple years to compensate and motivate our employees. When our employee equity awards vest, we typically withhold taxes and remit them, along with any employee and employer social security contributions, to relevant taxing authorities on behalf of team members and, where applicable, their employers.

While the issuance of stock-based compensation to our employees does not deplete our cash balance, it is dilutive to existing stockholders. To help manage and mitigate this dilution, we can choose to use our existing cash to fund the withholding and remittance obligations on equity awards when they vest (instead of selling a portion of the vested equity award on behalf of our employees), or engage in stock repurchases. However, doing so would reduce the amount of cash we have available to fund working capital, capital expenditures, strategic acquisitions or business opportunities, and other general corporate purposes and may increase stock price volatility. If we were to elect to satisfy tax withholding and remittance obligations in whole or in part by drawing on our revolving credit facility, or Credit Facility, our interest expense and principal repayment requirements could increase significantly, which could seriously harm our business.

There are numerous risks associated with our internal and contract manufacturing of our physical products and components. If we encounter problems with either our internal or contract manufacturing, we may not deliver our products within specifications or on time, which may seriously harm our business.

Manufacturing processes are highly complex, require advanced and costly equipment, and must be continuously modified to improve yields and performance. We largely rely on third-party suppliers and contract manufacturers in connection with the production of our own physical products and components. We and our contract manufacturers are all vulnerable to capacity constraints and reduced component availability, and have limited control over delivery schedules, manufacturing yields, and costs, particularly when components are in short supply, or if we introduce a new product or feature. In addition, we have limited control over our suppliers' and manufacturers' quality systems and controls, and therefore must rely on them to meet our quality and performance standards and specifications. Delays, component shortages, including custom components that are manufactured for us at our direction, global trade conditions and agreements, and other manufacturing and supply problems could impair the distribution of our products and ultimately our brand. For example, the United States has announced substantially higher tariffs on imports from several countries including China which, along with any retaliatory countermeasures, may adversely affect our products and seriously harm our business.

Furthermore, any adverse change in our suppliers' or contract manufacturers' financial or business condition or our relationship with them could disrupt our ability to supply our products. If we change our suppliers or contract manufacturers, or shift to more internal manufacturing operations, we may lose revenue, incur increased costs, and damage

our reputation and brand. Qualifying and commencing operations with a new supplier or contract manufacturer is expensive and time-consuming. In addition, if we experience increased demand for our products, we may need to increase our material or component purchases, internal or contract-manufacturing capacity, and internal test and quality functions. The inability of our suppliers or contract manufacturers to provide us with adequate high-quality materials and products could delay our order fulfillment, and may require us to change the design of our products to meet this increased demand. Any redesign may require us to re-qualify our products with any applicable regulatory bodies or customers, which would be costly and time-consuming. This may lead to unsatisfied customers and users and increase costs to us, which could seriously harm our business. As we increase or acquire additional manufacturing capacity, we are subject to many complex and evolving environmental, health, and safety laws, regulations, and rules in each jurisdiction in which we operate. If we fail to comply with any such laws and regulations, then we could incur regulatory penalties, fines, and legal liabilities, suspension of production, significant compliance requirements, alteration of our manufacturing processes, or restrictions on our ability to modify or expand our facilities, any of which could seriously harm our business.

In addition, any errors or defects in any parts or technology incorporated into our products could result in product failures or recalls that could seriously harm our business. Further, any defect in manufacturing, design, or other could cause our products to fail or render them permanently inoperable. As a result of such product failures or recalls, we may have to replace or offer refunds for these products at our sole cost and expense, face litigation, including class action lawsuits, or be subject to other liabilities. Should we have a widespread problem of this kind, the reputational damage and the cost of replacing these products, or other liabilities, could seriously harm our business.

Some of our products are in regulated industries. Clearances to market regulated products can be costly and time-consuming, and we may not be able to obtain these clearances or approvals on a timely basis, or at all, for future products.

The FDA and other state and foreign regulatory agencies regulate Spectacles. We may develop future products that are regulated as medical devices by the FDA or regulated by other governmental authorities around the world. Government authorities, primarily the FDA and corresponding regulatory agencies, regulate the medical device industry. Unless there is an exemption, we must obtain regulatory approval from the FDA and potentially from corresponding agencies, or other applicable governmental authorities around the world, before we can market or sell a new regulated product or make a significant modification to an existing product. Obtaining regulatory clearances to market a medical device or other regulated products can be costly and time-consuming, and we may not be able to obtain these clearances or approvals on a timely basis, or at all, for future products. Any delay in, or failure to receive or maintain, clearance or approval for any products under development could prevent us from launching new products. We could seriously harm our business and the ability to sell our products if we experience any product problems requiring reporting to governmental authorities, requiring corrective action in the field, or involving interruption in supply. Our business could be seriously harmed if we fail to comply with applicable federal, state, or foreign agency regulations, or if we are subject to enforcement actions such as fines, civil penalties, injunctions, mandatory product recalls, or failure to obtain regulatory clearances or approvals.

We have faced inventory risk with respect to our physical products.

We have been and may in the future be exposed to inventory risks related to our physical products as a result of rapid changes in product cycles and pricing, defective merchandise, changes in consumer demand and consumer spending patterns, changes in consumer tastes with respect to our products, and other factors. We try to accurately predict these trends and avoid overstocking or understocking inventory. Demand for products, however, can change significantly between the time inventory or components are ordered and the date of sale. The acquisition of certain types of inventory or components may require significant lead-time and prepayment and they may not be returnable. Failure to manage our inventory, supplier commitments, or customer expectations could seriously harm our business.

Risks Related to Credit and Financing

We have offered and may continue to offer credit to our partners to stay competitive, and as a result we may be exposed to credit risk of some of our partners, which may seriously harm our business.

We engage in business with some of our partners on an open credit basis. While we attempt to monitor individual partner payment capability when we grant open credit arrangements and maintain allowances we believe are adequate to cover exposure for doubtful accounts, we cannot assure investors these programs will be effective in managing our credit risks in the future. This may be especially true as our business grows and expands, we engage with partners that have

limited operating history, or we engage with partners that we may not be familiar with. If we are unable to adequately control these risks, our business could be seriously harmed.

Operating our business requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay the Notes, and any other debt when due, which may seriously harm our business.

Our ability to make principal or interest payments on, or to refinance, the Notes or other indebtedness depends on our future performance, which is subject to many factors beyond our control. Our business may not generate sufficient cash flow from operations in the future to service our debt and business. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt, obtaining additional debt financing, or issuing additional equity securities, any of which may be on terms that are not favorable to us or, in the case of equity securities, highly dilutive to our stockholders. The Notes began maturing in May 2025, unless earlier converted, redeemed, or repurchased. Our ability to repay or refinance the Notes or our other indebtedness will depend on various factors, including the accessibility of capital markets, our business, and our financial condition at such time. We may not be able to engage in any of these activities or on desirable terms, which could result in a default on our debt obligations. In addition, our existing and future debt agreements, including our Credit Facility and the indentures governing the Notes, may contain restrictive covenants that may prohibit us from adopting any of these alternatives. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our debt, and would seriously harm our business. Our indebtedness could also, among other things:

- make it difficult for us to pay other obligations;
- make it difficult to obtain favorable terms for any necessary future financing for working capital, capital expenditures, debt service requirements, or other purposes;
- adversely affect our liquidity and result in a material adverse effect on our financial condition upon repayment of the indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to service and repay the indebtedness, reducing the amount of cash flow available for other purposes;
- limit our flexibility in planning for and reacting to changes in our business;
- increase our vulnerability to the impact of adverse economic conditions, including rising interest rates (which can make refinancing existing indebtedness more difficult or costly); and
- negatively impact our credit rating, which could limit our ability to obtain additional financing in the future and adversely affect our business.

In addition, holders of the Senior Notes and the Convertible Notes have the right to require us to, in the case of the Senior Notes, repurchase all or a portion of the Senior Notes on the occurrence of specific kinds of change of control events at a repurchase price equal to 101% of the principal amount of the Senior Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the change of control repurchase date or, in the case of the Convertible Notes, repurchase all or a portion of the Convertible Notes on the occurrence of a fundamental change at a repurchase price equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date. Further, if a make-whole fundamental change as defined in each of the indentures governing the Convertible Notes, or the Indentures, occurs prior to the maturity date of the Convertible Notes, we will in some cases be required to increase the conversion rate for a holder that elects to convert its Convertible Notes in connection with such make-whole fundamental change. On the conversion of the Convertible Notes, unless we elect to deliver solely shares of our Class A common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments for the Convertible Notes being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make such repurchases of the Convertible Notes surrendered or pay cash with respect to the Convertible Notes being converted.

If we default on our credit obligations, our operations may be interrupted and our business could be seriously harmed.

We have a Credit Facility that we may draw on to finance our operations, acquisitions, and other corporate purposes. If we default on these credit obligations, our lenders may:

- require repayment of any outstanding amounts drawn on our Credit Facility;
- terminate our Credit Facility; or

- require us to pay significant damages.

If any of these events occur, our operations may be interrupted and our ability to fund our operations or obligations, as well as our business, could be seriously harmed. In addition, our Credit Facility contains operating covenants, including customary limitations on the incurrence of certain indebtedness and liens, restrictions on certain intercompany transactions, and limitations on the amount of dividends and stock repurchases. Our ability to comply with these covenants may be affected by events beyond our control, and breaches of these covenants could result in a default under our Credit Facility and any future financial agreements into which we may enter. If not waived, defaults could cause our outstanding indebtedness under the Notes or our Credit Facility, including any future financing agreements that we may enter into, to become immediately due and payable. For more information on our Credit Facility, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

We cannot be certain that additional financing will be available on reasonable terms when needed, or at all, which could seriously harm our business.

We have historically incurred net losses and negative cash flow from operations, and we may not attain and sustain profitability in future periods. As a result, we may need additional financing. Our ability to obtain additional financing, if and when required, will depend on investor demand, our operating performance, our credit rating, the condition of the capital markets, and other factors. To the extent we use available funds or draw on our Credit Facility, we may need to raise additional funds and we cannot assure investors that additional financing will be available to us on favorable terms when required, or at all. If we raise additional funds through the issuance of equity, equity-linked, or debt securities, those securities may have rights, preferences, or privileges senior to the rights of our Class A common stock, and our existing stockholders may experience dilution. In the event that we are unable to obtain additional financing on favorable terms, our interest expense and principal repayment requirements could increase significantly, which could seriously harm our business. In addition, our ability to draw on our Credit Facility relies on our lenders under that facility’s continued operation and ability to fund.

Risks Related to Taxes

Existing, new, and proposed tax laws and regulations that would affect the U.S. or foreign taxation of business activities, including the imposition of, or increase in, taxes based on gross revenue, could seriously harm our business, the financial markets, and the market price of our Class A common stock.

Reforming the taxation of international businesses has been a priority for policy makers at a global level, and a wide variety of changes have been proposed or enacted. Due to the large and expanding scale of our international business activities, any changes in the taxation of such activities may increase our tax expense, the amount of taxes we pay, or both, and seriously harm our business. Legislation commonly referred to as the One Big Beautiful Bill Act, or the OBBBA, enacted in 2025, the Inflation Reduction Act, or the IRA, enacted in 2022, and the Tax Cuts and Jobs Act enacted in 2017, made many significant changes to the U.S. Internal Revenue Code of 1986, as amended, or the Code. For example, the Tax Cuts and Jobs Act required taxpayers to capitalize and amortize U.S.-based and non-U.S.-based research and experimental, or R&E, expenditures, over five and fifteen years, respectively. The OBBBA restored the deductibility of domestic R&E expenditures in the year incurred for tax years beginning after December 31, 2024, but retained the capitalization and amortization requirement for foreign R&E expenditures. In addition, the provisions of the IRA include a minimum tax equal to 15% of the adjusted financial statement income of certain large corporations, as well as a 1% excise tax on certain share buybacks by public corporations that is imposed on such corporations. Future guidance from the Internal Revenue Service and other tax authorities with respect to any legislation may affect us, and certain aspects of such legislation could be repealed or modified in future legislation or sunset in future years. It is possible that changes in or interpretations under the OBBBA, the Tax Cuts and Jobs Act, the IRA, or other tax legislation, or the enactment of new tax legislation, could increase our future tax liability, which could in turn adversely impact our business and future profitability.

In addition, many jurisdictions and intergovernmental organizations have implemented or are in the process of implementing proposals that have changed (or are likely to change) various aspects of the existing framework under which our tax obligations are determined in many of the jurisdictions in which we do business and in which our users are located. Some jurisdictions have enacted, in some cases with retroactive effect, and others have proposed, taxes on digital services that are based on gross receipts generated from, or other metrics relating to, users or customers in those jurisdictions, regardless of profitability. In addition, the Organisation for Economic Co-operation and Development, or the OECD, has led international efforts to devise, and to implement on a permanent basis, a two-pillar solution to address the tax challenges arising from the digitalization of the economy. Pillar One focuses on nexus and profit allocation, and Pillar Two provides for a global minimum effective corporate tax rate of 15%. Pillar One would apply to multinational enterprises

with annual global revenue above 20 billion euros and profitability above 10%, with the revenue threshold potentially reduced to 10 billion euros in the future. While it remains uncertain whether Pillar One will be adopted, based on these thresholds, we currently expect to be outside the scope of the Pillar One proposals, though we anticipate that we will be subject to Pillar One in the future if it is ultimately adopted and if our global revenue exceeds the Pillar One thresholds. A number of countries, including the United Kingdom, have enacted legislation to implement core elements of the Pillar Two proposal from the start of 2024, and further implementation is ongoing. While such legislation has not yet resulted in a material change to our income tax provision, such implementation could impact the amount of tax we have to pay and cause us to incur additional material costs and expenditures in the future to ensure compliance with any such rules in each of the relevant jurisdictions within which we carry on our business.

We continue to evaluate the impact that these and other tax reforms may have on our business. The impact of these and other tax reforms is uncertain and one or more of these or similar measures could seriously harm our business.

We may have exposure to greater-than-anticipated tax liabilities, which could seriously harm our business.

Our income tax obligations are based on our corporate operating structure and third-party and intercompany arrangements, including the manner in which we develop, value, and use our intellectual property and the valuations of our intercompany transactions. The tax laws applicable to our international business activities, including the laws of the United States and other jurisdictions, are subject to change and uncertain interpretation. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed technology, intercompany arrangements, or transfer pricing, which could increase our worldwide effective tax rate and the amount of taxes we pay and seriously harm our business. Taxing authorities may also determine that the manner in which we operate our business is not consistent with how we report our income, which could increase our effective tax rate and the amount of taxes we pay and seriously harm our business. In addition, our future income taxes could fluctuate because of earnings being lower than anticipated in jurisdictions that have lower statutory tax rates and higher than anticipated in jurisdictions that have higher statutory tax rates, by changes in the valuation of our deferred tax assets and liabilities, or by changes in tax laws, regulations, or accounting principles. We are subject to regular review and audit by U.S. federal and state and foreign tax authorities. Any adverse outcome from a review or audit could seriously harm our business. In addition, determining our worldwide provision for income taxes and other tax liabilities requires significant judgment by management, and there are many transactions where the ultimate tax determination is uncertain. Although we believe that our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our financial statements for such periods and may seriously harm our business.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited, each of which could seriously harm our business.

As of December 31, 2024, we had U.S. federal net operating loss carryforwards of approximately \$6.1 billion, U.S. state net operating loss carryforwards of approximately \$4.4 billion, U.K. net operating loss carryforwards of approximately \$4.7 billion, and Singapore net operating loss carryforwards of approximately \$214.0 million. We also accumulated U.S. federal and state research tax credits of \$916.5 million and \$523.7 million, respectively, as of December 31, 2024. Under Sections 382 and 383 of the Code, if a corporation undergoes an “ownership change,” the corporation’s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes, such as research tax credits, to offset its post-change income and taxes may be limited. In general, an “ownership change” occurs if there is a cumulative change in our ownership by “5% shareholders” that exceeds 50 percentage points over a rolling three-year period. Similar ownership change rules may apply under U.S. state tax laws, as well as in the United Kingdom and other jurisdictions where we have loss carryforwards. In the event that we experience one or more ownership changes as a result of transactions in our stock, then we may be limited in our ability to use our net operating loss carryforwards and other tax assets to reduce taxes owed on the net taxable income that we earn.

For U.S. federal income tax purposes, net operating losses arising in tax years beginning before January 1, 2018, can be carried forward to the earlier of the next subsequent twenty tax years or until such losses are fully utilized. Net operating losses arising in tax years beginning after December 31, 2017, are not subject to the twenty-year limitation, but our use of such net operating losses in a tax year may not exceed 80% of such year’s taxable income. Certain U.S. states have imposed additional limitations on the use of state net operating loss carryforwards. U.S. federal research tax credits can be carried forward to the earlier of the next subsequent twenty tax years or until such credits are fully utilized, and use of those credits generally cannot exceed 75% of the net income tax liability for such tax year. In the United Kingdom, net operating loss carryforwards can be carried forward indefinitely; however, use of such carryforwards in a given year is

generally limited to 50% of such year's taxable income. In Singapore, net operating loss carryforwards can also be carried forward indefinitely and are not subject to a taxable income limitation.

Any limitation on the ability to use our net operating loss carryforwards and other tax assets, as well as the timing of any such use, could seriously harm our business.

Our operating results may be negatively affected if we are required to pay additional sales and use tax, value added tax, digital services tax, or other transaction taxes, and we could be subject to liability with respect to a portion of past or future sales.

We currently collect and remit sales and use, value added and other transaction taxes in certain of the jurisdictions where we do business based on our assessment of the amount of taxes owed by us in such jurisdictions. However, in some jurisdictions in which we do business, we do not believe that we owe such taxes, and therefore we currently do not collect and remit such taxes in those jurisdictions or record contingent tax liabilities in respect of those jurisdictions. A successful assertion that we are required to pay additional taxes in connection with sales of our products and solutions, or the imposition of new laws or regulations or the interpretation of existing laws and regulations requiring the payment of additional taxes, would result in increased costs and administrative burdens for us. If we are subject to additional taxes, including digital services taxes, and determine to offset such increased costs by collecting and remitting such taxes from our customers, or otherwise passing those costs through to our customers, companies may be discouraged from purchasing our products and solutions. Any increased tax burden may decrease our ability or willingness to compete in relatively burdensome tax jurisdictions, result in substantial tax liabilities related to past or future sales or otherwise seriously harm our business.

Risks Related to Ownership of Our Class A Common Stock

Holders of Class A common stock have no voting rights. As a result, holders of Class A common stock will not have any ability to influence stockholder decisions.

Class A common stockholders have no voting rights, unless required by Delaware law. As a result, all matters submitted to stockholders will be decided by the vote of holders of Class B common stock and Class C common stock. As of September 30, 2025, Mr. Spiegel and Mr. Murphy control over 99% of the voting power of our capital stock, and Mr. Spiegel alone may exercise voting control over our outstanding capital stock. Mr. Spiegel and Mr. Murphy voting together, or in many instances, Mr. Spiegel acting alone, will have control over all matters submitted to our stockholders for approval. In addition, because our Class A common stock carries no voting rights (except as required by Delaware law), the issuance of the Class A common stock in future offerings, in future stock-based acquisition transactions, or to fund employee equity incentive programs could prolong the duration of Mr. Spiegel's and Mr. Murphy's current relative ownership of our voting power and their ability to elect certain directors and to determine the outcome of all matters submitted to a vote of our stockholders. This concentrated control eliminates other stockholders' ability to influence corporate matters and, as a result, we may take actions that our stockholders do not view as beneficial. As a result, the market price of our Class A common stock could be adversely affected.

Our capital structure may adversely impact our stock price.

Although other U.S.-based companies have publicly traded classes of non-voting stock, to our knowledge, we were the first company to only list non-voting stock on a U.S. stock exchange. Some indexes have since determined that they will exclude non-voting stock, like our Class A common stock, from their membership. For example, FTSE Russell, a provider of widely followed stock indexes, requires new constituents of its indexes to have at least five percent of their voting rights in the hands of public stockholders. As a result, our Class A common stock is not eligible for FTSE Russell or other stock indexes with these or similar restrictions. We cannot assure you that other stock indexes will not take a similar approach to FTSE Russell in the future. Exclusion from indexes could make our Class A common stock less attractive to investors and, as a result, the market price of our Class A common stock could be adversely affected. Additionally, the exclusion of our Class A common stock from these indexes may limit the types of investors who invest in our Class A common stock and could make the trading price of our Class A common stock more volatile.

Because our Class A common stock is non-voting, we and our stockholders are exempt from certain provisions of U.S. securities laws. This may limit the information available to holders of our Class A common stock.

Because our Class A common stock is non-voting, significant holders of our common stock are exempt from the obligation to file reports under Sections 13(d), 13(g), and 16 of the Exchange Act. These provisions generally require

periodic reporting of beneficial ownership by significant stockholders, including changes in that ownership. For example, we believe that Tencent Holdings Limited, together with its affiliates, may hold greater than 10% of our Class A common stock based in part on Tencent Holdings Limited's public reporting. As a result of our capital structure, holders are not obligated to disclose changes in ownership of our Class A common stock, so there can be no assurance that you, or we, will be notified of any such changes. Our directors and officers are required to file reports under Section 16 of the Exchange Act. Our significant stockholders, other than directors and officers, are exempt from the "short-swing" profit recovery provisions of Section 16 of the Exchange Act and related rules with respect to their purchases and sales of our securities. As such, stockholders will be unable to bring derivative claims for disgorgement of profits for trades by significant stockholders under Section 16(b) of the Exchange Act unless the significant stockholders are also directors or officers.

Since our Class A common stock is our only class of stock registered under Section 12 of the Exchange Act and that class is non-voting, we are not required to file proxy statements or information statements under Section 14 of the Exchange Act, unless a vote of the Class A common stock is required by applicable law. Accordingly, legal causes of action and remedies under Section 14 of the Exchange Act for inadequate or misleading information in proxy statements may not be available to holders of our Class A common stock. If we do not deliver any proxy statements, information statements, annual reports, and other information and reports to the holders of our Class B common stock and Class C common stock, then we will similarly not provide any of this information to holders of our Class A common stock. Because we are not required to file proxy statements or information statements under Section 14 of the Exchange Act, any proxy statement, information statement, or notice of our annual meeting may not include all information under Section 14 of the Exchange Act that a public company with voting securities registered under Section 12 of the Exchange Act would be required to provide to its stockholders. Most of that information, however, will be reported in other public filings. For example, any disclosures required by Part III of Form 10-K as well as disclosures required by the NYSE for the year ended December 31, 2024 that are customarily included in a proxy statement are instead included in our Annual Report. But some information required in a proxy statement or information statement is not required in any other public filing. For example, we are not required to comply with the proxy access rules or the "pay versus performance" disclosure rules under Section 14 of the Exchange Act. If we take any action in an extraordinary meeting of stockholders where the holders of Class A common stock are not entitled to vote, we will not be required to provide the information required under Section 14 of the Exchange Act. Nor will we be required to file a preliminary proxy statement under Section 14 of the Exchange Act. Since that information is also not required in a Form 10-K, holders of Class A common stock may not receive the information required under Section 14 of the Exchange Act with respect to extraordinary meetings of stockholders. In addition, we are not subject to the "say-on-pay" and "say-on-frequency" provisions of the Dodd-Frank Act. As a result, our stockholders do not have an opportunity to provide a non-binding vote on the compensation of our executive officers. Moreover, holders of our Class A common stock will be unable to bring matters before our annual meeting of stockholders or nominate directors at such meeting, nor can they submit stockholder proposals under Rule 14a-8 of the Exchange Act.

The trading price of our Class A common stock has been and will likely continue to be volatile.

The trading price of our Class A common stock has been and is likely to continue to be volatile. From October 1, 2023 to September 30, 2025, the trading price of our Class A common stock ranged from \$6.90 to \$17.90. Declines or volatility in our trading price could make it more difficult to attract and retain talent, adversely impact employee retention and morale, and has required, and may continue to require, us to issue more equity to incentivize team members which is likely to dilute stockholders. The market price of our Class A common stock may fluctuate or decline significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our user growth, retention, engagement, revenue, or other operating results;
- variations between our actual operating results and the expectations of investors and the financial community;
- the accuracy of our financial guidance or projections;
- any forward-looking financial or operating information we may provide, any changes in this information, or our failure to meet expectations based on this information;
- actions of investors who initiate or maintain coverage of us, changes in financial estimates by any investors who follow our company, or our failure to meet these estimates or the expectations of investors;
- significant acquisitions or divestitures of our stock by investors, whether voluntarily or to comply with regulatory or other requirements;
- whether our capital structure is viewed unfavorably, particularly our non-voting Class A common stock and the significant voting control of our co-founders;

- additional shares of our common stock being sold into the market by us or our existing stockholders, or the anticipation of such sales, including if we issue shares to satisfy equity-related tax obligations;
- stock repurchase programs, or repurchases of the Convertible Notes, undertaken by us;
- announcements by us or our competitors of significant products or features, technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- announcements by us or estimates by third parties of actual or anticipated changes in the size of our user base or the level of user engagement;
- changes in operating performance and stock market valuations of technology companies in our industry segment, including our partners and competitors;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole, inflationary pressures, tariffs and retaliatory countermeasures, fluctuating interest rates, banking instability, war or other armed conflict, terrorism, or responses to these events;
- lawsuits threatened or filed against us;
- developments in new legislation and pending lawsuits, executive actions, or regulatory actions, including interim or final rulings by judicial or regulatory bodies, whether such developments may impact us or our competitors; and
- other events or factors, including those resulting from war, incidents of terrorism, pandemics, or responses to these events.

In addition, extreme price and volume fluctuations in the stock markets have affected and continue to affect many technology companies' stock prices, including ours. Often, their stock prices have fluctuated in ways unrelated or disproportionate to the companies' operating performance. In the past, stockholders have filed securities class action litigation following periods of market volatility. For example, in November 2021, we, and certain of our officers, were named as defendants in a securities class action lawsuit in federal court purportedly brought on behalf of purchasers of our Class A common stock. The lawsuit alleges that we and certain of our officers made false or misleading statements and omissions concerning the impact that Apple's ATT framework would have on our business. This lawsuit was recently settled, although that settlement is subject to court approval. In August 2025, we, and certain of our officers, were named as defendants in a federal securities class action lawsuit in federal court purportedly brought on behalf of purchasers of our Class A common stock. The lawsuit alleges that we and certain of our officers made false or misleading statements concerning an ad platform change that impacted revenue in the first half of 2025. Any litigation could subject us to substantial costs, divert resources and the attention of management from our business, and seriously harm our business.

We may not realize the anticipated long-term stockholder value of any stock repurchase program undertaken by us and any failure to repurchase our Class A common stock after we have announced our intention to do so may negatively impact our stock price.

Our board of directors has in the past and may from time to time in the future authorize stock repurchase programs, pursuant to which repurchases of Class A common stock may be made either through open market transactions (including pre-set trading plans) or through other transactions in accordance with applicable securities laws. Any repurchase programs may be modified, suspended, or terminated at any time. Any failure to repurchase stock after we have announced our intention to do so may negatively impact our reputation and investor confidence in us and may negatively impact our stock price.

The existence of a stock repurchase program could cause our stock price to trade higher than it otherwise would be and could potentially reduce the market liquidity for our stock. Although stock repurchase programs are intended to enhance long-term stockholder value, there is no assurance they will do so because the market price of our Class A common stock may decline below the levels at which we repurchased shares and short-term stock price fluctuations could reduce the effectiveness of any such program.

Repurchasing our Class A common stock reduces the amount of cash we have available to fund working capital, capital expenditures, strategic acquisitions or business opportunities, and other general corporate purposes, and we may fail to realize the anticipated long-term stockholder value of any stock repurchase program.

Conversions or exchanges of the Convertible Notes may dilute the ownership interest of our stockholders or may otherwise affect the market price of our Class A common stock.

The conversion of some or all of the Convertible Notes may dilute the ownership interests of our stockholders. On conversion of the Convertible Notes, we have the option to pay or deliver, as the case may be, cash, shares of our Class A common stock, or a combination of cash and shares of our Class A common stock. If we elect to settle our conversion obligation in shares of our Class A common stock or a combination of cash and shares of our Class A common stock, any sales in the public market of our Class A common stock issuable on such conversion could adversely affect prevailing market prices of our Class A common stock. In addition, the existence of the Convertible Notes may encourage short selling by market participants because the conversion of the Convertible Notes could be used to satisfy short positions, or anticipated conversion of the Convertible Notes into shares of our Class A common stock, any of which could depress the market price of our Class A common stock.

We have in the past and may continue to engage in exchanges, repurchases, or induced conversions of the Convertible Notes. Holders of the Convertible Notes that participate in any of these exchanges, repurchases, or induced conversions may enter into or unwind various derivatives with respect to our Class A common stock or sell shares of our Class A common stock in the open market to hedge their exposure in connection with these transactions. These activities could decrease (or reduce the size of any increase in) the market price of our Class A common stock or the Convertible Notes, or dilute the ownership interests of our stockholders. In addition, the market price of our Class A common stock is likely to be affected by short sales of our Class A common stock or the entry into or unwind of economically equivalent derivative transactions with respect to our Class A common stock by investors that do not participate in the exchange transactions and by the hedging activity of the counterparties to our Capped Call Transactions or their respective affiliates. Furthermore, repurchases of the Convertible Notes reduce the amount of cash we have available to fund working capital, capital expenditures, strategic acquisitions or business opportunities, and other general corporate purposes.

We may still incur substantially more debt or take other actions that would diminish our ability to make payments on the Notes when due. Our ability to repay our debt depends on our future performance, which is subject to economic, financial, competitive, and other factors beyond our control.

We and our subsidiaries may incur substantial additional debt in the future, subject to the restrictions contained in our current and future debt instruments. We are not restricted under the terms of the Indentures governing the Notes from incurring additional debt, securing existing or future debt, repurchasing our stock, making investments, paying dividends, recapitalizing our debt, or taking a number of other actions that could have the effect of diminishing our ability to make payments on the Notes when due.

Our ability to pay our debt when due or to refinance our indebtedness, including the Notes, depends on our financial condition at such time, the condition of capital markets, and our future performance, which is subject to economic, financial, competitive, and other factors beyond our control.

The conditional conversion feature of the Convertible Notes, if triggered, may adversely affect our financial condition and operating results.

The Convertible Notes are convertible at the option of the holder. In the event the conditions for optional conversion of the 2026 Notes, 2027 Notes, 2028 Notes, or 2030 Notes by holders are met before the close of business on the business day immediately preceding May 1, 2026, February 1, 2027, December 1, 2027, or May 1, 2030, respectively, holders of the applicable Convertible Notes will be entitled to convert the Convertible Notes at any time during specified periods at their option. If one or more holders elect to convert their Convertible Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our Class A common stock (other than paying cash in lieu of delivering any fractional share), we may settle all or a portion of our conversion obligation in cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their Convertible Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Convertible Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital and may seriously harm our business.

We entered into certain hedging positions that may affect the value of the Convertible Notes and the volatility and value of our Class A common stock.

In connection with the issuance of the Convertible Notes, we entered into certain hedging positions with certain financial institutions. These hedging positions are expected generally to reduce potential dilution of our Class A common

stock on any conversion of the Convertible Notes or offset any cash payments we are required to make in excess of the principal amount of such converted Convertible Notes, as the case may be, with such reduction or offset subject to a cap.

The counterparties to these hedging positions or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our Class A common stock or purchasing or selling our Class A common stock in secondary market transactions prior to the maturity of the Convertible Notes (and are likely to do so during any observation period related to a conversion of the Convertible Notes or following any repurchase of the Convertible Notes by us on any fundamental change repurchase date or otherwise). This activity could cause or avoid an increase or a decrease in the market price of our Class A common stock or the Convertible Notes. In addition, if any such hedging positions fail to become effective, the counterparties to these hedging positions or their respective affiliates may unwind their hedge positions, which could adversely affect the value of our Class A common stock.

Delaware law and provisions in our certificate of incorporation and bylaws, as well as our Indentures, could make a merger, tender offer, or proxy contest difficult or more expensive, thereby depressing the trading price of our Class A common stock.

Our certificate of incorporation and bylaws contain provisions that could depress the trading price of our Class A common stock by acting to discourage, delay, or prevent a change of control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions include the following:

- our certificate of incorporation provides for a tri-class capital structure. As a result of this structure, Mr. Spiegel and Mr. Murphy control all stockholder decisions, and Mr. Spiegel alone may exercise voting control over our outstanding capital stock. This includes the election of directors and significant corporate transactions, such as a merger or other sale of our company or our assets. This concentrated control could discourage others from initiating any potential merger, takeover, or other change-of-control transaction that other stockholders may view as beneficial. As noted above, the issuance of the Class A common stock dividend, and any future issuances of Class A common stock dividends, could have the effect of prolonging the influence of Mr. Spiegel and Mr. Murphy on the company;
- our board of directors has the right to elect directors to fill a vacancy created by the expansion of our board of directors or the resignation, death, or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- our certificate of incorporation prohibits cumulative voting in the election of directors. This limits the ability of minority stockholders to elect directors; and
- our board of directors may issue, without stockholder approval, shares of undesignated preferred stock. The ability to issue undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to acquire us.

Any provision of our certificate of incorporation, bylaws, or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our Class A common stock.

Furthermore, certain provisions in the Indentures governing the Convertible Notes may make it more difficult or expensive for a third party to acquire us. For example, the Indentures require us, at the holders' election, to repurchase the Convertible Notes for cash on the occurrence of a fundamental change and, in certain circumstances, to increase the conversion rate for a holder that converts its Convertible Notes in connection with a make-whole fundamental change. A takeover of us may trigger the requirement that we repurchase the Convertible Notes or increase the conversion rate, which could make it more costly for a third party to acquire us. The Indentures also prohibit us from engaging in a merger or acquisition unless, among other things, the surviving entity assumes our obligations under the Convertible Notes and the Indentures. These and other provisions in the Indentures could deter or prevent a third party from acquiring us even when the acquisition may be favorable to holders of the Convertible Notes or our stockholders.

Future sales of shares by existing stockholders could cause our stock price to decline.

If our existing stockholders, including employees and service providers who obtain equity, sell, or indicate an intention to sell, substantial amounts of our Class A common stock in the public market, the trading price of our Class A common stock could decline. As a result of our capital structure, holders who are not required to file reports under Section 16 of the Exchange Act are not obligated to disclose changes in ownership of our Class A common stock, so there can be

no assurance that you, or we, will be notified of any such changes. All of our outstanding shares are eligible for sale in the public market, except shares held by directors, executive officers, and other affiliates that are subject to volume limitations under Rule 144 of the Securities Act. Our employees, other service providers, and directors are subject to our quarterly trading window closures. In addition, we have reserved shares for issuance under our equity incentive plans. We may also issue shares of our Class A common stock or securities convertible into our Class A common stock from time to time in connection with a financing, acquisition, investment, or otherwise. When these shares are issued and subsequently sold, it would be dilutive to existing stockholders and the trading price of our Class A common stock could decline.

If securities or industry analysts either do not publish research about us, or publish inaccurate or unfavorable research about us, our business, or our market, or if they change their recommendations regarding our common stock adversely, the trading price or trading volume of our Class A common stock could decline.

The trading market for our Class A common stock is influenced in part by the research and reports that securities or industry analysts may publish about us, our business, our market, or our competitors. If one or more of the analysts initiate research with an unfavorable rating or downgrade our Class A common stock, provide a more favorable recommendation about our competitors, or publish inaccurate or unfavorable research about our business, our Class A common stock price would likely decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the trading price or trading volume to decline. Since we provide only limited financial guidance, this may increase the probability that our financial results are perceived as not in line with analysts' expectations, and could cause volatility to our Class A common stock price.

We do not intend to pay cash dividends for the foreseeable future.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any cash dividends in the foreseeable future. As a result, you may only receive a return on your investment in our Class A common stock if the market price of our Class A common stock increases. In addition, our Credit Facility includes restrictions on our ability to pay cash dividends.

If we are unable to maintain effective internal control over financial reporting in the future, investors may lose confidence in the accuracy and completeness of our financial reports, and the market price of our Class A common stock may be seriously harmed.

We are required to maintain adequate internal control over financial reporting, perform system and process evaluation and testing of those internal controls to allow management to report on their effectiveness, report any material weaknesses in such internal controls, and obtain an opinion from our independent registered public accounting firm regarding the effectiveness of such internal controls as required by Section 404 of the Sarbanes-Oxley Act, all of which is time-consuming, costly, and complicated. If we are unable to comply with these requirements in a timely manner, if we assert that our internal control over financial reporting is ineffective, if we identify material weaknesses in our internal control over financial reporting, or if our independent registered public accounting firm is unable to express an opinion or expresses a qualified or adverse opinion about the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our Class A common stock could be negatively affected. In addition, we could become subject to investigations by the NYSE, the SEC, and other regulatory authorities, which could require additional financial and management resources.

The requirements of being a public company have and may continue to strain our resources, result in more litigation, and divert management's attention.

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, the listing requirements of the NYSE, and other applicable securities rules and regulations. Complying with these rules and regulations have caused and will continue to cause us to incur additional legal and financial compliance costs, make some activities more difficult, be time-consuming or costly, and continue to increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results, and that our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting. Failure to comply with these rules might also make it more difficult for us to obtain certain types of insurance, including director and officer liability insurance, and we might be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar

coverage. As a public company we are required to publicly disclose additional details about our business and financial condition information, which may result in threatened or actual litigation, including by competitors, regulators, and other third parties. If those claims are successful, our business could be harmed. Even if the claims do not result in litigation or are resolved in our favor, the time and resources needed to resolve them could divert our management's resources and harm our business.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a breach of fiduciary duty;
- any action asserting a claim against us arising under the Delaware General Corporation Law, our certificate of incorporation, or our bylaws; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine.

This provision would not apply to actions brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all Securities Act claims, which means both courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our certificate of incorporation provides that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

These exclusive forum provisions may limit a stockholder's ability to bring an action in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. While the Delaware courts have determined that such choice of forum provisions are facially valid, federal courts have been split on the issue, and a stockholder may seek to bring an action in a venue other than those designated in the exclusive forum provisions. In such an instance, we would expect to vigorously assert the validity and enforceability of our exclusive forum provisions, which may require significant additional costs associated with resolving such action in other jurisdictions, and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions. If a court were to find either exclusive forum provision in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could seriously harm our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information
Insider Trading Arrangements

During the quarter ended September 30, 2025, our directors and officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated the contracts, instructions, or written plans for the purchase or sale of our securities set forth in the table below:

Name and Position	Date	Type of Trading Arrangement			Total Shares of Class A Common Stock to be Sold
		Action	Rule 10b5-1*	Expiration Date	
Evan Spiegel <i>Co-Founder, Chief Executive Officer, and Director</i>	9/4/2025	Adoption ⁽³⁾	X	9/4/2026	(1)
Rebecca Morrow <i>Chief Accounting Officer</i>	9/9/2025	Adoption ⁽³⁾	X	11/18/2026	(2)
Eric Young <i>Senior Vice President of Engineering</i>	9/9/2025	Termination ⁽⁴⁾	X	11/18/2025	(5)

* Contract, instruction, or written plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act.

- (1) Trading arrangement provides for the sale of a number of shares of Class A Common Stock with a value equal to \$30,000,000, individually and as a trustee of a revocable trust, plus such amount as necessary to attain a value equal to \$10,000,000 of the gross sale proceeds for additional gifting transactions contemplated by this plan.
- (2) Trading arrangement provides for the sale of (1) up to 7,000 shares of Class A Common Stock held by Ms. Morrow, (2) up to 100% of the net issued shares of Class A Common Stock subject to a Restricted Stock Unit Award granted on May 11, 2022, a portion of which will vest on December 15, 2025 on satisfaction of the applicable vesting conditions (“2022 RSUs”) and (3) up to 100% of the net issued shares of Class A Common Stock subject to a Restricted Stock Unit Award granted on April 26, 2023 on satisfaction of the applicable vesting conditions (“2023 RSUs” and, together with the 2022 RSUs, the “RSU Shares”). The actual number of RSU Shares that will be sold pursuant to the trading arrangement will be reduced by the number of shares sold to satisfy tax withholding obligations arising from the vesting of the equity awards and is not yet determinable.
- (3) Plan adopted in accordance with Rule 10b5-1(c)(1)(ii)(D)(2).
- (4) Represents the termination of a written plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) adopted on August 21, 2025. Mr. Young ceased to serve as an employee and a Section 16 officer on August 15, 2025.
- (5) Trading arrangement provided for the sale of up to 550,000 shares of Class A common stock held by Mr. Young.

Item 6. Exhibits

Exhibit Number	Description	Incorporated by Reference			
		Schedule / Form	File Number	Exhibit	Filing Date
4.1	Indenture, dated August 12, 2025, by and between Snap Inc. and U.S. Bank Trust Company, National Association, As Trustee.	8-K	001-38017	4.1	August 12, 2025
4.2	Form of Global Note, representing Snap Inc.'s 6.875% Senior Notes due 2034 (included as Exhibit A to the Indenture filed as Exhibit 4.1).	8-K	001-38017	4.2	August 12, 2025
31.1	Certification of the Chief Executive Officer of Snap Inc. pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Securities Exchange Act of 1934.				
31.2	Certification of the Chief Financial Officer of Snap Inc. pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Securities Exchange Act of 1934.				
32.1*	Certification of the Chief Executive Officer and Chief Financial Officer of Snap Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).				
101.SCH	Inline XBRL Taxonomy Extension Schema Document.				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document.				
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).				

* The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

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.

SNAP INC.

Date: November 5, 2025

/s/ Derek Andersen

Derek Andersen
Chief Financial Officer
(Principal Financial Officer)

Date: November 5, 2025

/s/ Rebecca Morrow

Rebecca Morrow
Chief Accounting Officer
(Principal Accounting Officer)

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Evan Spiegel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Snap Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2025

/s/ Evan Spiegel

Evan Spiegel
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Derek Andersen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Snap Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2025

/s/ Derek Andersen

Derek Andersen
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Snap Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 5, 2025

/s/ Evan Spiegel

Evan Spiegel
Chief Executive Officer
(Principal Executive Officer)

Date: November 5, 2025

/s/ Derek Andersen

Derek Andersen
Chief Financial Officer
(Principal Financial Officer)