

Timeline of SNAP Forward-Looking Guidance and Performance

Q1 2025 Earnings Call Guidance (Issued April 2025)

Guidance Issued:

- No formal Q2 financial guidance due to macroeconomic uncertainty.
- Full-year infrastructure costs per DAU: \$0.82 to \$0.87, expecting near midpoint in Q2 with DAU ~468 million.
- Other cost of revenue: 19% to 20% of revenue.
- Adjusted operating expenses lowered to \$2.65B - \$2.7B (down \$50M at midpoint).
- Stock-based compensation lowered to \$1.13B - \$1.16B (down \$30M at midpoint).
- Focus on balancing investment and revenue growth to maintain positive flow-through and financial progress.
- No formal Q2 revenue or EBITDA guidance.
- DAU expected to grow modestly (Q1 DAU 460M, Q2 estimated 468M).

Tone/Expectations:

- Cautious on near-term macroeconomic environment.
 - Optimistic on long-term prospects with investments in AI/ML, AR, and monetization.
 - Emphasis on financial discipline and balancing growth with profitability.
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Q2 2025 Earnings Call (Reported July 2025)

Performance vs Q1 Guidance:

- **DAU:** 469 million in Q2, slightly above Q1 midpoint estimate of 468 million.
- **Infrastructure cost per DAU:** \$0.84, within guided range (\$0.82-\$0.87), consistent with Q1 expectations.
- **Other cost of revenue:** 19% of revenue, stable and in line with guidance.
- **Adjusted operating expenses:** \$654 million in Q2, up 10% YoY; full-year guidance maintained at \$2.65B - \$2.7B.
- **Stock-based compensation:** Full-year guidance lowered further to \$1.1B - \$1.13B (down \$30M at midpoint from Q1 guidance).
- **Revenue:** \$1.345B in Q2, up 9% YoY, slightly softer growth compared to Q1 (14% YoY).
- **Adjusted EBITDA:** \$41M in Q2, down from \$55M prior year Q2, indicating margin pressure.
- **Net loss:** \$263M, wider than prior year Q2 loss of \$249M.
- **Free cash flow:** Positive \$24M in Q2, trailing 12 months \$392M, showing improved cash generation.
- **Share repurchase:** Continued active buybacks (30M shares for \$243M).

New Guidance Issued:

- Q3 2025 DAU guidance: ~476 million (implying continued modest growth).
- Q3 revenue guidance: \$1.475B to \$1.505B (implying ~10-12% YoY growth).
- Full-year infrastructure cost per DAU maintained at \$0.82 to \$0.87, expected top half of range in Q3.
- Other cost of revenue: 19% to 20% of revenue.
- Adjusted operating expenses: Maintaining \$2.65B to \$2.7B full-year range.
- Stock-based compensation: Lowered to \$1.1B to \$1.13B full-year.
- Q3 adjusted EBITDA expected between \$110M and \$135M.
- Continued focus on balancing investment with revenue growth and profitability progress.

Tone/Expectations:

- Slightly more confident with formal Q3 guidance after Q1 caution.
 - Emphasis on continued investment in AI/ML, AR, and ad innovation.
 - Acknowledgement of some softness in ad revenue growth but positive momentum in user engagement and monetization.
 - Focus on long-term growth drivers like Specs AR glasses launch in 2026 and Sponsored Snaps expansion.
 - Continued caution on macro but more constructive tone on execution and product innovation.
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Summary of Guidance Follow-Through Quality

Accuracy and Execution:

- SNAP delivered DAU growth in line with Q1 guidance estimates and slightly exceeded Q2 midpoint DAU expectations.
- Infrastructure costs per DAU and other cost of revenue metrics remained within guided ranges, demonstrating disciplined cost management.
- Adjusted operating expenses and stock-based compensation guidance were maintained or lowered, reflecting effective expense control.
- Revenue growth slowed somewhat in Q2 compared to Q1 but remained positive and within the range implied by cautious guidance.

- Adjusted EBITDA declined in Q2 YoY, indicating some margin pressure not fully anticipated in Q1, but Q3 guidance reflects expected improvement.
- Free cash flow remained positive and improved on a trailing 12-month basis, supporting financial health.

Tone and Expectations:

- The company started Q1 with a cautious tone due to macro uncertainty and no formal Q2 guidance.
- By Q2, SNAP provided more concrete Q3 guidance, signaling increased confidence in execution and visibility.
- The company balanced cautious near-term outlook with optimism on long-term growth drivers (AI/ML, AR, Sponsored Snaps, Specs).
- Continued emphasis on balancing investment with profitability and maintaining financial discipline.

Overall:

- SNAP demonstrated solid follow-through on its cost and user growth guidance.
- Revenue growth was positive but showed signs of moderation consistent with macro headwinds.
- The company successfully managed expenses and capital allocation, including share repurchases and debt reduction.
- Guidance updates reflected a prudent but constructive approach, with incremental tightening of expense guidance and introduction of Q3 revenue/DAU targets.
- The quality of guidance follow-through is strong, with transparent communication and realistic adjustments reflecting evolving market conditions.

In conclusion, SNAP's forward-looking guidance from Q1 2025 was largely met or slightly exceeded in Q2, with the company maintaining disciplined cost control and user growth targets. The cautious tone in Q1 evolved into more confident guidance in Q2, reflecting improving visibility and execution. Overall, SNAP's guidance follow-through quality is high, demonstrating effective management of growth, costs, and capital amid macroeconomic uncertainties.