

Meta Platforms, Inc. Annual Report 2024

CIK: 0001326801

Fiscal Year End: 2024-12-31

Filing Date: 2025-01-29

Financials

- **Total Revenue:** \$164,501,000,000.00
- **Net Income:** \$62,360,000,000.00
- **Total Assets:** \$276,054,000,000.00
- **Total Liabilities:** \$93,417,000,000.00
- **Operating Cash Flow:** \$91,328,000,000.00
- **Cash & Equivalents:** \$43,889,000,000.00
- **Number of Employees:** 74067
- **Auditor:** Ernst & Young LLP

Business Description

Our mission is to build the future of human connection and the technology that makes it possible. We build technology that helps people connect and share, find and build communities, and grow businesses. Our products enable people to connect and share with friends and family through mobile devices, personal computers, virtual reality (VR) and mixed reality (MR) headsets, augmented reality (AR), and wearables. We also help people discover and learn about what is going on in the world around them, enable people to share their experiences, ideas, photos, videos, and other content with audiences ranging from their closest family members and friends to the public at large, and stay connected everywhere by accessing our products. Meta is moving our offerings beyond 2D screens toward immersive experiences like augmented, mixed, and virtual reality to help build the next computing platform. Our vision does not center on any single product, but rather an entire ecosystem of experiences, devices, and new technologies. While the metaverse is in the very early stages of its development, we believe it will become the next computing platform and the future of social interaction. Across our work, we are innovating in artificial intelligence (AI) technologies to build new experiences that help make our platform more social, useful, and immersive. Our AI investments support initiatives across our products and services, helping power the systems that rank content in our apps, our discovery engine that recommends relevant content, the tools advertisers use to reach customers, the development of new generative AI experiences, and the tools that make our product development more efficient and productive. For example, Meta AI is an assistant that's available across our apps, on Ray-Ban Meta AI glasses and on the web. It's designed to help people learn, get things done, create content, and connect with others to make the most of every moment. We report financial results for two segments: Family of Apps (FoA) and Reality Labs (RL). Currently, we generate substantially all of our revenue from selling advertising placements on our family of apps to

marketers, which is reflected in FoA. Ads on our platform enable marketers to reach people across a range of marketing objectives, such as generating leads or driving awareness. Marketers purchase ads that can appear in multiple places including on Facebook, Instagram, Messenger, and third-party applications and websites. RL generates revenue from sales of consumer hardware products, software, and content. We invest in our business based on our company priorities. In 2025, we intend to focus on several key investment areas: generative AI, our discovery engine, the metaverse and wearables, Threads, monetization of our products and services, platform integrity and community support, and infrastructure capacity.

Risk Factors

- If we fail to retain existing users or add new users, or if our users decrease their level of engagement with our products, our revenue, financial results, and business may be significantly harmed.
- We generate substantially all of our revenue from advertising. The loss of marketers, or reduction in spending by marketers, could seriously harm our business.
- Our ad targeting and measurement tools incorporate data signals from user activity on websites and services that we do not control, as well as signals generated within our products, and changes to the regulatory environment, third-party mobile operating systems and browsers, and our own products have impacted, and we expect will continue to impact, the availability of such signals, which will adversely affect our advertising revenue.
- Our user growth, engagement, and monetization on mobile devices depend upon effective operation with mobile operating systems, networks, technologies, products, and standards that we do not control.
- Our new products and changes to existing products could fail to attract or retain users or generate revenue and profits, or otherwise adversely affect our business.
- We may not be successful in our artificial intelligence initiatives, which could adversely affect our business, reputation, or financial results.
- We make product and investment decisions that may not prioritize short-term financial results and may not produce the long-term benefits that we expect.
- We may not be successful in our Reality Labs strategy and investments, which could adversely affect our business, reputation, or financial results.
- If we are not able to maintain and enhance our brands, our ability to maintain or expand our base of users, marketers, and developers may be impaired, and our business and financial results may be harmed.
- We may not be able to continue to successfully maintain or grow usage of and engagement with applications that integrate with our products.
- Our business is highly competitive. Competition presents an ongoing threat to the success of our business.
- Our financial results will fluctuate from quarter to quarter and are difficult to predict.
- Unfavorable media coverage negatively affects our business.

- We are subject to the risk of catastrophic events and crises, which may have a significant adverse impact on our business and operations.
- We incur significant expenses in operating our business, and some of our investments, particularly our investments in our artificial intelligence initiatives as well as Reality Labs, have the effect of reducing our operating margin and profitability. If our investments are not successful longer-term, our business and financial performance will be harmed.
- Our business is dependent on our ability to maintain and scale our technical infrastructure, and any significant disruption in our products and services could damage our reputation, result in a potential loss of users and engagement, and adversely affect our financial results.
- We have experienced, and could experience in the future, difficulties in building and operating key portions of our technical infrastructure.
- Real or perceived inaccuracies in our community and other metrics may harm our reputation and negatively affect our business.
- We cannot assure you that we will effectively manage our scale.
- We have significant international operations, which subject us to increased business, economic, and legal risks that could affect our financial results.
- We face design, manufacturing, and supply chain risks with respect to our consumer hardware products that, if not properly managed, could adversely impact our financial results.
- We face inventory risk with respect to our consumer hardware products.
- We are involved in numerous class action lawsuits and other litigation matters that are expensive and time consuming, and, if resolved adversely, could harm our business, financial condition, or results of operations.
- We plan to continue to make acquisitions and pursue other strategic transactions, which could impact our financial condition or results of operations and may adversely affect the price of our common stock.
- We may not be able to successfully integrate our acquisitions, and we incur significant costs to integrate and support the companies we acquire.
- We may have exposure to greater than anticipated tax liabilities.
- Changes in tax laws or tax rulings could materially affect our financial position, results of operations, and cash flows.
- Given our levels of share-based compensation, our tax rate has in the past varied, and may in the future vary, significantly depending on our stock price.
- If our goodwill or intangible assets become impaired, we may be required to record a significant charge to earnings.
- 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 harm our business.
- Our CEO has control over key decision making as a result of his control of a majority of the voting power of our outstanding capital stock.

- We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long-term stockholder value. Share repurchases and dividend payments could also increase the volatility of the trading price of our stock and will diminish our cash reserves.
- There can be no assurance that we will continue to declare cash dividends.
- Actions by governments that restrict access to Facebook or our other products in their countries, censor or moderate content on our products in their countries, or otherwise impair our ability to sell or deliver advertising in their countries, could substantially harm our business and financial results.
- Our business is subject to complex and evolving U.S. and foreign laws and regulations regarding privacy, data use, data combination, data protection, content, competition, youth, safety, consumer protection, advertising, e-commerce, and other matters. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our products and business practices, monetary penalties, increased cost of operations, or declines in user growth or engagement, or otherwise harm our business.
- We have been and remain subject to regulatory and other government investigations, enforcement actions, and settlements, and we expect to continue to be subject to such proceedings and other inquiries in the future, which could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business.
- Compliance with our FTC consent order, the GDPR, U.S. state privacy laws, youth social media laws, the ePrivacy Directive, the DMA, the DSA, and other regulatory and legislative privacy requirements require significant operational resources and modifications to our business practices, and any compliance failures may have a material adverse effect on our business, reputation, and financial results.
- We may incur liability as a result of information retrieved from or transmitted over the internet or published using our products or as a result of claims related to our products, and legislation regulating content on our platform may require us to change our products or business practices and may adversely affect our business and financial results.
- Payment-related activities may subject us to additional regulatory requirements, regulatory actions, and other risks that could be costly and difficult to comply with or that could harm our business.
- Security breaches, improper access to or disclosure of our data or user data, other hacking and phishing attacks on our systems, or other cyber incidents could harm our reputation and adversely affect our business.
- Intentional misuse of our services and user data and other undesirable activity by third parties on our platform could adversely affect our business.
- Our products and internal systems rely on software and hardware that is highly technical, and any errors, bugs, or vulnerabilities in these systems, or failures to address or mitigate technical limitations in our systems, could adversely affect our business.
- If we are unable to protect our intellectual property, the value of our brands and other intangible assets may be diminished, and our business may be adversely affected.
- We are currently, and expect to be in the future, party to patent, trademark, and copyright lawsuits and other intellectual property rights claims that are expensive and time

consuming and, if resolved adversely, could have a significant impact on our business, financial condition, or results of operations.

- The trading price of our Class A common stock has been and will likely continue to be volatile.
- The dual class structure of our common stock has the effect of concentrating voting control with our CEO and certain other holders of our Class B common stock; this will limit or preclude your ability to influence corporate matters.
- Our status as a "controlled company" could make our Class A common stock less attractive to some investors or otherwise harm our stock price.
- Delaware law and provisions in our certificate of incorporation and bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the trading price of our Class A common stock.

Management Discussion & Analysis

You should read the following discussion of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K. In addition to our historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in Part I, Item 1A, "Risk Factors." For a discussion of limitations in the measurement of our Family metrics, see the section entitled "Limitations of Key Metrics and Other Data" in this Annual Report on Form 10-K. To supplement our consolidated financial statements, which are prepared and presented in accordance with generally accepted accounting principles in the United States (GAAP), we present revenue on a constant currency basis and free cash flow, which are non-GAAP financial measures. Revenue on a constant currency basis is presented in the section entitled "—Revenue—Foreign Exchange Impact on Revenue." To calculate revenue on a constant currency basis, we translated revenue for the full year 2024 using 2023 monthly exchange rates for our settlement or billing currencies other than the U.S. dollar. For a full description of our free cash flow non-GAAP measure, see the section entitled "—Liquidity and Capital Resources—Free Cash Flow." These non-GAAP financial measures are not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP. These measures may be different from non-GAAP financial measures used by other companies, limiting their usefulness for comparison purposes. Moreover, presentation of revenue on a constant currency basis is provided for year-over-year comparison purposes, and investors should be cautioned that the effect of changing foreign currency exchange rates has an actual effect on our operating results. We believe these non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our business, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating our business.