Revenue by Segment & Geography

Note 2. Revenue

Revenue disaggregated by revenue source and by segment consists of the following (in millions):

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Advertising	$ 35,635	$ 28,101
Other revenue	380	205
Family of Apps	36,015	28,306
Reality Labs	440	339
Total revenue	$ 36,455	$ 28,645

Revenue disaggregated by geography, based on the addresses of our customers, consists of the following (in millions):

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
United States and Canada	$ 13,646	$ 11,449
Europe [1]	8,404	6,759
Asia-Pacific	10,312	7,292
Rest of World	4,093	3,145
Total revenue	$ 36,455	$ 28,645

(1) Europe includes Russia and Turkey, and Rest of World includes Africa, Latin America, and the Middle East.

Note 3. Restructuring

We completed the data center initiatives and employee layoff in 2023. As of March 31, 2024, we have substantially completed the facilities consolidation initiatives.

Note 4. EPS

For the three months ended March 31, 2024, distributed earnings through dividends was $0.50 per share for each share of common stock, totaling to $1.10 billion and $174 million for Class A and Class B common stock, respectively.

Note 11. Accrued Expenses and Other Current Liabilities

The components of accrued expenses and other current liabilities are as follows (in millions):

	March 31, 2024	December 31, 2023
Legal-related accruals [1]	$ 7,791	$ 6,592
Accrued compensation and benefits	3,333	6,659
Accrued taxes	4,863	3,655
Accrued property and equipment	1,744	2,213
Other current liabilities	4,909	6,369
Total	$ 22,640	$ 25,488

(1) Includes accruals for estimated fines, settlements, or other losses in connection with legal and related matters, as well as other legal fees. For further information, see *Legal and Related Matters* in Note 12 — Commitments and Contingencies.

- [ ] Validate how much legal fees have been increasing over time + include this decrease in the valuation if necessary, decreasing the margins. G&A costs is basically legal costs.

Note 12. Commitments and Contingencies

Contractual Commitments

We have $15.34 billion of non-cancelable contractual commitments as of March 31, 2024, which are primarily related to our investments in servers, network infrastructure, and consumer hardware products in Reality Labs. The following is a schedule, by years, of non-cancelable contractual commitments as of March 31, 2024 (in millions):

The remainder of 2024	$ 10,563
2025	1,022
2026	548
2027	353
2028	182
Thereafter	2,667
Total	$ 15,335

Legal & Regulations

The IDPC issued an administrative fine of EUR €1.2 billion as well as corrective orders, which is described further in "Legal Proceedings" contained in Part II, Item 1 of this Quarterly Report on Form 10-Q. The interpretation of the GDPR is still evolving, including through decisions of the Court of Justice of the European Union, and draft decisions in investigations by the IDPC are subject to review by other European privacy regulators as part of the GDPR's cooperation and consistency mechanisms, which may lead to significant changes in the final outcome of such investigations. As a result, the interpretation and enforcement of the GDPR, as well as the imposition and amount of penalties for non-compliance, are subject to significant uncertainty. Although we are vigorously defending our regulatory compliance, we have accrued significant amounts for loss contingencies related to these inquiries and investigations in Europe, and we believe there is a reasonable possibility that additional accruals for losses related to these matters could be material individually or in the aggregate.

On February 14, 2022, the State of Texas filed a lawsuit against us in Texas state court (Texas v. Meta Platforms, Inc.) alleging that "tag suggestions" and other uses of facial recognition technology violate the Texas Capture or Use of Biometric Identifiers Act (CUBI) and the Texas Deceptive Trade Practices-Consumer Protection Act (DTPA), and seeking statutory damages and injunctive relief. The State of Texas alleges that these purported violations relate to approximately 30 million Texans over a period of approximately eleven years and that there were multiple violations per person. While the existence and number of potential violations will be disputed, CUBI provides for penalties up to $25,000 per violation, and the DTPA provides for penalties up to $10,000 per violation. The State of Texas has not indicated the amount of penalties it intends to seek at trial, but the amount of penalties sought by the State will likely be material. On April 19, 2024, the State of Texas filed a motion for summary judgment. The case is currently scheduled for trial in June 2024. We intend to defend the company vigorously both with respect to whether the statutes were violated and also as to the number of, and appropriate penalties for, any potential violations. The CUBI statute was enacted over twenty years ago and has never been enforced before. Accordingly, there is little legal guidance regarding how it should be interpreted or how its penalty provisions should be applied. In addition to defending the company at trial, we intend to defend the company vigorously on appeal in the event of an adverse jury award, but the ultimate losses related to this matter could be material.

In December 2022, the European Commission issued a Statement of Objections alleging that we tie Facebook Marketplace to Facebook and use data in a manner that infringes European Union competition rules. Although we are vigorously defending this matter, we have accrued a significant amount related to this matter and we believe there is a reasonable possibility that the ultimate losses in this matter could be material.

Youth-Related Actions

Beginning in January 2022, we became subject to litigation and other proceedings that were filed in various federal and state courts alleging that Facebook and Instagram cause "social media addiction" in users, with most proceedings focused on those under 18 years old, resulting in various mental health and other harms. Putative class actions have been filed in the United States and Canada on behalf of users in those jurisdictions, and numerous school districts, municipalities, tribal nations, and one state in the United States have filed public nuisance claims based on similar allegations. On October 6, 2022, the federal cases were centralized in the U.S. District Court for the Northern District of California (In re Social Media Adolescent Addiction Product Liability Personal Injury Litigation). On October 13, 2023, in In re Social Media Cases, the Los Angeles County Superior Court presiding over the California state court proceedings sustained in part and overruled in part our demurrer as to the plaintiff's claims. Beginning in October 2023, additional U.S. states have filed lawsuits on these topics in various federal and state courts. These additional lawsuits include allegations regarding violations of the Children's Online Privacy Protection Act (COPPA) as well as violations of state laws concerning consumer protection, unfair business practices, and products liability, with proceedings focused on our alleged business practices and harms to users under 18 years old. These lawsuits seek damages and injunctive relief, and include cases filed by various state attorneys general in In re Social Media Adolescent Addiction Product Liability Personal Injury Litigation in the U.S. District Court for the Northern District of California, as well as various state courts around the country. We are also subject to government investigations and requests from multiple regulators concerning the use of our products and services, and the alleged mental and physical health and safety impacts on users, particularly younger users.

Beginning on July 7, 2023, multiple putative class actions were filed against us in the U.S. District Court for the Northern District of California (Kadrey, et al. v. Meta Platforms, Inc. and Chabon, et al. v. Meta Platforms, Inc.) and U.S. District Court for the Southern District of New York (Huckabee, et al. v. Meta Platforms, Inc. et al., which was subsequently transferred to the U.S. District Court for the Northern District of California) alleging that we used various copyrighted books and materials to train our artificial intelligence models, and seeking unspecified damages and injunctive relief.

Note 13. Stockholders' Equity

- Continue with their share repurchase program.
- On February 1, 2024, we announced the initiation of our first ever cash dividend program and Meta's board of directors declared a cash dividend of $0.50 per share of our Class A common stock and Class B common stock to all holders of record of common stock at the close of business on February 22, 2024. These dividends were paid in March 2024, totaling to $1.10 billion and $174 million for Class A and Class B shares, respectively.

Note 15. Segment and Geographical Information

The following table sets forth our segment information of revenue and income (loss) from operations (in millions).

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Revenue:		
Family of Apps	$ 36,015	$ 28,306
Reality Labs	440	339
Total revenue	$ 36,455	$ 28,645
Income (loss) from operations:		
Family of Apps	$ 17,664	$ 11,219
Reality Labs	(3,846)	(3,992)
Total income from operations	$ 13,818	$ 7,227

EXECUTIVE OVERVIEW OF Q1

Our financial results and key Family metrics for the first quarter of 2024 are set forth below. Total revenue for the first quarter of 2024 was $36.46 billion, an increase of 27% compared to the first quarter of 2023, due to an increase in advertising revenue. Ad impressions delivered across our Family of Apps in the first quarter of 2024 increased 20% year-over-year, and our average price per ad in the first quarter of 2024 increased 6% year-over-year.

	Family of Apps			Reality Labs			Total		
	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	% change	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	% change	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	% change
	(in millions, except percentages)								
Revenue	$ 36,015	$ 28,306	27%	$ 440	$ 339	30%	$ 36,455	$ 28,645	27%
Costs and expenses	$ 18,351	$ 17,087	7%	$ 4,286	$ 4,331	(1)%	$ 22,637	$ 21,418	6%
Income (loss) from operations	$ 17,664	$ 11,219	57%	$ (3,846)	$ (3,992)	4%	$ 13,818	$ 7,227	91%
Operating margin	*49 %*	*40 %*		*(874)%*	*(1,178)%*		*38 %*	*25 %*	

- ***Net income was $12.37 billion, with diluted earnings per share (EPS) of $4.71 for the three months ended March 31, 2024.***
- *Capital expenditures, including principal payments on finance leases, were $6.72 billion for the three months ended March 31, 2024.*
- ***Share repurchases were $14.64 billion of our Class A common stock and dividends payments were $1.27 billion for the three months ended March 31, 2024.***
- *Cash, cash equivalents, and marketable securities were $58.12 billion as of March 31, 2024.*
- *Effective tax rate was 13% for the three months ended March 31, 2024.*

- Headcount was 69,329 as of March 31, 2024, a decrease of 10% year-over-year.

Family of Apps Metrics

- Family daily active people (DAP) was 3.24 billion on average for March 2024, an increase of 7% year-over-year.
  - As of Q1 2024, Meta is only reporting DAP as their main FoA metric.
- Ad impressions delivered across our Family of Apps in the first quarter of 2024 increased by 20% year-over-year.
- Average price per ad in the first quarter of 2024 increased by 6% year-over-year.

Developments in Advertising:

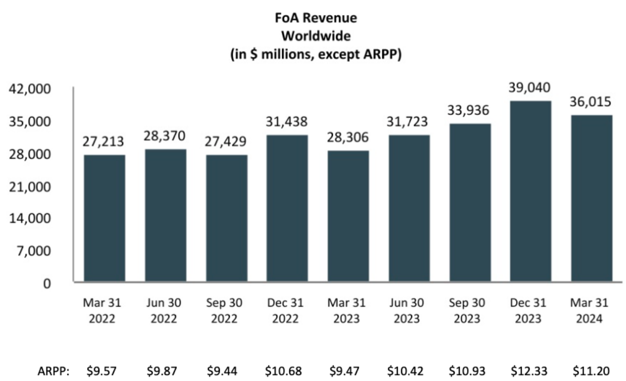
- Our advertising revenue has been, and we expect will continue to be, adversely affected by reduced marketer spending as a result of limitations on our ad targeting and measurement tools arising from changes to the regulatory environment and third-party mobile operating systems and browsers.
- In particular, legislative and regulatory developments such as the General Data Protection Regulation, including its evolving interpretation through decisions of the Court of Justice of the European Union, ePrivacy Directive, European Digital Services Act, Digital Markets Act, and U.S. state privacy laws including the California Consumer Privacy Act, as amended by the California Privacy Rights Act, have impacted our ability to use data signals in our ad products, and we expect these and other developments will have further impact in the future.
- In addition, mobile operating system and browser providers, such as Apple and Google, have implemented product changes and/or announced future plans to limit the ability of websites and application developers to collect and use these signals to target and measure advertising.
- ⭐ To mitigate these developments, we are continually working to evolve our advertising systems to improve the performance of our ad products. We are developing privacy enhancing technologies to deliver relevant ads and measurement capabilities while reducing the amount of personal information we process, including by relying more on anonymized or aggregated third-party data. In addition, we are developing tools that enable marketers to share their data into our systems, as well as ad products that generate more valuable signals within our apps. More broadly, we also continue to innovate our advertising tools to help marketers prepare campaigns and connect with consumers, including developing growing formats such as Reels ads and our business messaging ad products. Across all of these efforts, we are making significant investments in artificial intelligence (AI), including generative AI, to improve our delivery, targeting, and measurement capabilities. Further, we are focused on driving onsite conversions in our business messaging ad products by developing new features and scaling existing features.
- We are investing in Reels and in AI initiatives across our products, including our AI-powered discovery engine to recommend relevant content, which we have already seen results in improved user engagement and monetization of our products. While Reels is growing in usage, it monetizes at a lower rate than our Feed and Stories products and we expect it will continue to monetize at a lower rate for the foreseeable future.

Investment Philosophy:

We expect to continue to build on the discipline and habits that we developed in 2022 when we initiated several efforts to increase our operating efficiency, while still remaining focused on investing in significant opportunities. In the three months ended March 31, 2024, 81% of our total costs and expenses were recognized in FoA and 19% were recognized in RL. Our FoA investments include expenses relating to headcount, data centers, and technical infrastructure as part of our efforts to develop our apps and our advertising services. These efforts include significant investments in AI initiatives, including to recommend relevant content across our products, enhance our advertising tools, develop new products, and develop new features for existing products using generative AI.

We are also making significant investments in our metaverse efforts, including developing virtual, augmented, and mixed reality devices, software for social platforms, neural interfaces, and other foundational technologies for the metaverse. Our RL investments include expenses relating to technology development across these efforts. Many of our RL investments are directed toward long-term, cutting-edge research and development for products for the metaverse that may only be fully realized in the next decade. During the three months ended March 31, 2024, our RL segment reduced our overall operating profit by approximately $3.85 billion, and we expect our RL operating losses to increase meaningfully in 2024. We expect this will be a complex, evolving, and long-term initiative, and our ability to support our metaverse efforts is dependent on generating sufficient profits from other areas of our business. We are investing now because we believe this is the next chapter of the internet and will unlock monetization opportunities for businesses, developers, and creators, including around advertising, hardware, and digital goods.

- ***Average Revenue Per Person (ARPP).*** Our Family of Apps (FoA) revenue represents the substantial majority of our total revenue. We define ARPP as our FoA revenue during a given quarter, divided by the average of the number of DAP at the beginning and end of the quarter.

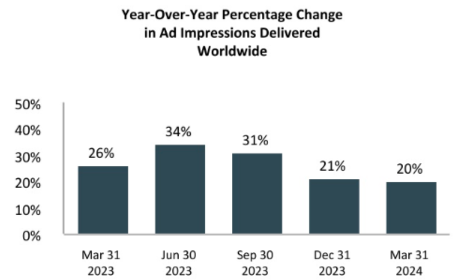


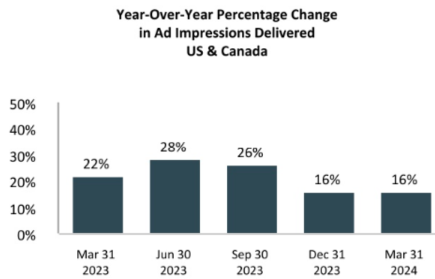
Note: We updated our definition of ARPP beginning in the first quarter of 2024 and have recast ARPP in prior periods for comparative purposes.

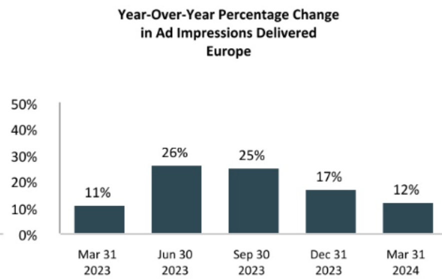
During the first quarter of 2024, worldwide ARPP was $11.20, an increase of 18% from the first quarter of 2023.

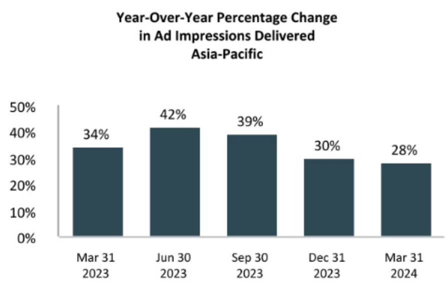
Trends in Our Ad Impressions and Average Price Per Ad

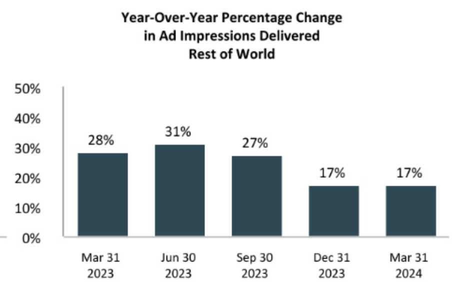
- ***Ad Impressions.*** Our advertising revenue is generated by displaying ad products on Facebook, Instagram, Messenger, and third-party mobile applications. Impressions are considered delivered when an ad is displayed to a user.





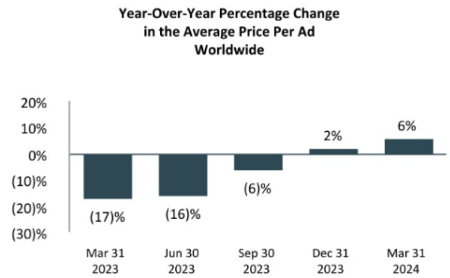


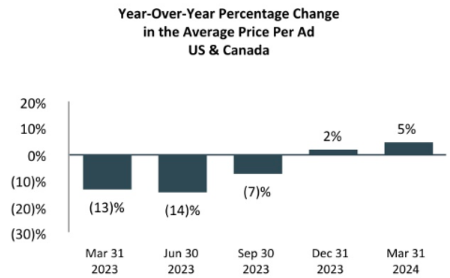


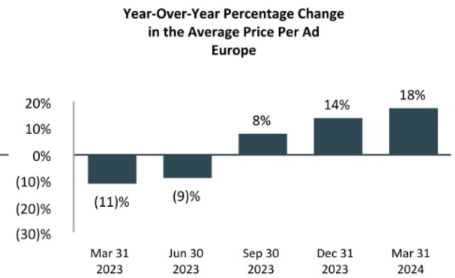


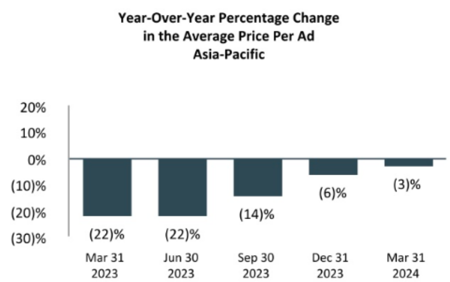
Note: Our ad impressions growth by user geography in the charts above is geographically apportioned based on our estimation of the geographic location of our users when an ad impression is delivered.

- ***Average Price Per Ad.*** We calculate average price per ad as total advertising revenue divided by the number of ads delivered.









Note: Our average price per ad growth by user geography in the charts above is geographically apportioned based on our estimation of the geographic location of our users when an ad impression is delivered.

Results of Operations:

Factor	Variation YoY	Drivers

Revenue	+27%	• Family of Apps (+27%)
		  • Mostly driven by advertising revenue.
		  • Advertising (+27%)
		    ○ # of ads delivered (+20%): ad impressions grew in all regions, especially in Asia-Pacific and Rest of World. The increase in ad impressions delivered was primarily driven by an increase in users and their engagement on our products.
		    ○ Avg price per ad (6%): increase in advertising demand which we believe is primarily due to ongoing improvements to our ad performance from our ad targeting and measurement tools. This increase was partially offset by a higher number of ad impressions delivered, especially in geographies and in products, such as Reels, that monetize at lower rates.

		○ In addition, year-over-year advertising revenue growth in the three months ended March 31, 2024 was mainly driven by marketer spending in online commerce, gaming, as well as entertainment and media. We anticipate that future advertising revenue will be driven by a combination of price and ad impressions delivered. • Other revenue (+85%): mainly driven by WhatsApp Business Platform revenue. • Reality Labs (30%) • Net increase in the volume of Meta Quest sales. • Foreign Exchange Rates were favorable for results.
Cost of Revenue	+9%	The increase was mostly from an increase in operational expenses related to our data centers and technical infrastructure which was partially offset by a decrease in RL inventory-related valuation adjustments.
Research & Development	+6%	The increase was mostly from higher payroll and related expenses and infrastructure costs, offset by a decrease in restructuring charges.
Marketing & Sales	-16%	The decrease was mainly due to decreases in restructuring charges, product and community operations expenses, and marketing and promotional expenses.
General & Administrative	+20%	The increase was driven by higher legal-related costs, partially offset by a decrease in restructuring charges.
Provision for Income Taxes	+14%	• increase in income before provision for income taxes.. • Our effective tax rate decreased in the three months ended March 31, 2024 compared to the same period in 2023, primarily due to excess tax benefits recognized from share-based compensation..

Segment Profitability

The following table sets forth income (loss) from operations by segment:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	% change
	(in millions, except percentages)		
Family of Apps	$ 17,664	$ 11,219	57 %
Reality Labs	(3,846)	(3,992)	4 %
Total income from operations	$ 13,818	$ 7,227	91 %

Family of Apps:
The increase in FoA income from operations was driven by higher advertising revenue which was partially offset by an increase in costs and expenses. The increase in the costs and expenses was due to increases in legal-related costs and operational expenses related to our data centers and technical infrastructure, offset by a decrease in restructuring charges.

Reality Labs:
The decrease in RL loss from operations was driven by an increase in RL revenue and a slight decrease in RL costs and expenses. The decrease in the costs and expenses was driven by lower RL inventory-related valuation adjustments and restructuring charges, offset by an increase in payroll and related costs.

Interest and other income, net

	Three Months Ended March 31,		
	2024	2023	% change
	(in millions, except percentages)		
Interest income	$ 585	$ 193	203 %
Interest expense	(127)	(55)	(131)%
Foreign currency exchange losses, net	(148)	(63)	(135)%
Other income, net	55	5	NM
Interest and other income, net	$ 365	$ 80	356 %

NM - not meaningful

Item1. Legal Proceedings

- We have experienced such outcomes to varying degrees in the past, and we expect to continue to face a challenging litigation and regulatory environment, including in light of complex and evolving laws and regulations, as well as the scale of our business and the size of our user and advertiser base.
- Over the last several years, the number and potential significance of the litigation and investigations involving the company have increased, and there can be no assurance that this trend will not continue. For example, we are facing numerous cases in the United States in which plaintiffs are attempting to avoid or limit the application of Section 230 of the Communications Decency Act to their claims. Outside of the United States, we are subject to new regulatory regimes, including the Digital Services Act, Digital Markets Act, and similar statutes in non-EU countries, and new fining guidelines under existing regulatory regimes like the General Data Protection Regulation (GDPR). We are facing inquiries and investigations regarding various aspects of our regulatory compliance, as well as private litigation in Europe, including class and mass actions, claiming damages and/or injunctions in respect of alleged failings to comply with such regulatory requirements. We are also responding to litigation and government investigations related to our alleged role in causing or contributing to various societal harms, including mental and physical health and safety impacts on users, particularly younger users, child and adult sexual exploitation, illegal activity with respect to drugs, fraud, unlawful discrimination, and other harms potentially impacting large numbers of people. This is in addition to significant tax, competition and antitrust, stockholder, commercial, consumer, and privacy litigation and investigations. Furthermore, as the number of our users and amount of our revenue have grown, our potential exposure to substantial damages awards and fines has increased.

Risks:

- 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.
    - In particular, we have seen increases in the number of users opting to control certain types of ad targeting in Europe following product changes implemented in connection with our GDPR and ePrivacy Directive compliance, and we have introduced product changes that limit data signal use for certain users in California following adoption of the CCPA.
- 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.
    - In addition, in January 2024, Google began the process of phasing out third-party cookies in its Chrome browser.
- We incur significant expenses in operating our business, and some of our investments, particularly our investments in 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.

    - We incur significant expenses in operating our business, and we expect our expenses to continue to increase in the future as we broaden our user base, as users increase the amount and types of content they consume and the data they share with us, for example with respect to video, as we develop and implement new products, as we market new and existing products and promote our brands, as we continue to expand our technical infrastructure, as we continue to invest in new and unproven technologies, including AI and machine learning, and as we continue our efforts to focus on privacy, safety, security, and content review. We have recently undertaken cost reduction measures in light of a more challenging operating environment, which may adversely affect these or other business initiatives, and some of these measures have involved, and may in the future involve, up-front charges and outlays of cash to reduce certain longer-term expenses. In addition, from time to time we are subject to settlements, judgments, fines, or other monetary penalties in connection with legal and regulatory developments that may be material to our business. We are also continuing to increase our investments in new platforms and technologies, including as part of our efforts related to building the metaverse. Some of these investments, particularly our significant investments in Reality Labs, have generated only limited revenue and reduced our operating margin and profitability, and we expect the adverse financial impact of such investments to continue for the foreseeable future. For example, our investments in Reality Labs reduced our 2023 overall operating profit by approximately $16.12 billion, and we expect our Reality Labs investments and operating losses to increase meaningfully in 2024. If our investments are not successful longer-term, our business and financial performance will be harmed.
- . The DMA also includes significant penalties for non-compliance, and its key requirements are enforceable against designated gatekeeper companies as of March 2024. The DMA has caused, and may in the future cause, us to incur significant compliance costs and make changes to our products or business practices. The requirements under the DMA will likely be subject to further interpretation and regulatory engagement.