- On January 1, 2022, we early adopted Accounting Standards Update (ASU) No. 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (ASU 2021-08), which clarifies that an acquirer of a business should recognize and measure contract assets and contract liabilities in a business combination in accordance with Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers (Topic 606). The adoption of this new standard did not have a material impact on our condensed consolidated financial statements.
- Revenue by segment & geography (P.14)
- Equity investments (P.17)
- Contractual commitments (P.22) - should these be capitalized?
    - We have $22.73 billion of non-cancelable contractual commitments as of March 31, 2022, which are primarily related to our investments in servers, network infrastructure, and Reality Labs. The following is a schedule, by years, of non-cancelable contractual commitments as of March 31, 2022 (in millions)
- During the three months ended March 31, 2022, we repurchased and subsequently retired 34 million shares of our Class A common stock for an aggregate amount of $9.39 billion. As of March 31, 2022, $29.41 billion remained available and authorized for repurchases.
- Segment information (P.27):

	Three Months Ended March 31, 2022	2021
Revenue:		
Family of Apps	$ 27,213	$ 25,637
Reality Labs	695	534
Total revenue	$ 27,908	$ 26,171
Income (loss) from operations:		
Family of Apps	$ 11,484	$ 13,205
Reality Labs	(2,960)	(1,827)
Total income from operations	$ 8,524	$ 11,378

- Our advertising revenue growth in the first quarter of 2022 was adversely affected by reduced marketer spending as a result of limitations on our ad targeting and measurement tools arising from changes to the iOS operating system beginning in 2021. We expect that future advertising revenue growth will continue to be adversely affected by these and other limitations on our ad targeting and measurement tools arising from changes to the regulatory environment and third-party mobile operating systems and browsers.
- More recently, we believe this growth has declined, and we saw continued softening of advertising demand in the first quarter of 2022 as many activities that shifted online during COVID-19 related lockdowns returned in person. We may experience reduced advertising demand and related declines in pricing in future periods to the extent this trend continues, which could adversely affect our advertising revenue growth. The impact of the pandemic on the demand for and pricing of our advertising services, as well as on our overall results of operations, remains uncertain for the foreseeable future.
- competitive products and services have reduced some users' engagement with our products and services. In response to competitive pressures, we have introduced new features such as Reels, which is growing in usage but is not currently monetized at the same rate as our feed or Stories products.
- in connection with the war in Ukraine, access to Facebook and Instagram was restricted in Russia and the services were then prohibited by the Russian government, which adversely affected user growth and engagement in the first quarter of 2022. These trends adversely affected advertising revenue growth in the first quarter of 2022, including softness in the second half of the quarter that coincided with the war in Ukraine, and we expect will continue to affect our advertising revenue growth in the foreseeable future.
- the appreciation of the U.S. dollar relative to other foreign currencies had a negative impact on our advertising revenue in the first quarter of 2022.
- We anticipate that additional investments in our servers, data center capacity, network infrastructure, and office facilities, as well as scaling our headcount to support our growth, including in our Reality Labs initiatives, will continue to drive expense growth in 2022. In 2022, we also expect that our year- over-year total expense growth rates may significantly exceed our year-over-year revenue growth rates, which would adversely affect our operating margin and profitability.

- During the first quarter of 2022, worldwide ARPP was $7.72, a slight decrease compared to the first quarter of 2021.

RESULTS OF OPERATIONS

FACTOR	VARIATION YOY	DRIVER
Revenue	+ 7%	• Family of Apps +6% ◦ The increase was mostly driven by an increase in advertising revenue. ◦ Advertising +6%

		○ as a result of an increase in the number of ads delivered, partially offset by a decrease in the average price per ad. ○ # of ads delivered +15%: ● Driven by an increase in the ads delivered in APAC & Rest of the World and partially offset by a decrease in the ads delivered in US & Canada. ● driven by increases in the number and frequency of ads displayed across our products and an increase in users. ○ Avg Price per Ad -8%: ● Increasing portion of the ads delivered in geographies and products such as video and Stories that monetize at lower rate. ● Unfavorable foreign exchange impact. ○ We anticipate that future advertising revenue growth will be driven by a combination of price and the number of ads delivered. ● Reality Labs +30% ● Increase in volume of consumer hardware products sold.
Cost of Revenue	+17%	The increase was primarily due to an increase in operational expenses related to our data centers and technical infrastructure; higher costs associated with partner arrangements, including traffic acquisition and payment processing costs; and an increase in content costs.
R&D	+48%	Payroll | +35% headcount
Marketing & Sales	+16%	Payroll | +14%
General & Admin	+45%	The increase was mainly due to increases in legal-related costs as well as payroll and related expenses. Our payroll and related expenses increased mainly due to a 29% increase in employee headcount from March 31, 2021 to March 31, 2022 in our general and administrative functions.
Taxes	-28%	● mostly due to an increase in tax benefit from foreign-derived intangible income, partially offset by a decrease in excess tax benefits recognized from share-based compensation. ● Effective tax rate was 16% vs 17% last year.

SEGMENT PROFITABILITY

Segment profitability

The following table sets forth income (loss) from operations by segment. For comparative purposes, amounts in the prior period have been recast:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	% change
	(dollars in millions)		
Family of Apps	$ 11,484	$ 13,205	(13)%
Reality Labs	(2,960)	(1,827)	(62)%
Total income from operations	$ 8,524	$ 11,378	(25)%

- FAMILY OF APPS:
    - increase in costs and expenses, mainly due to an increase in payroll and related expenses as a result of higher employee headcount,

  increases in costs related to our data centers and technical infrastructure and higher legal-related costs.

- REALITY LABS:
    - The increase in loss from operations was primarily driven by increases in payroll and related expenses due to a growth in RL headcount, research and development expenses, and cost of consumer hardware products sold.

LIQUIDITY & CAPITAL RESOURCES

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    - net operating loss carryforward was $8.19 billion (decreased from $10.61B in Q4 2021)
    - $460 million (decreased from $527 million in Q4 2021) of federal tax credit carryforward

        - We anticipate the utilization of a significant portion of these net operating losses and credits within the next two years.
    - Information of cash in foreign subsidiaries not included.