Snap Inc.

NYSE: SNAP

Long Recommendation

Price Target: $6.11
Implied Upside: 34.65%

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Company Overview

Snap Inc. is **social media company** that monetizes their flagship product, **Snapchat**: the visual messaging app, through **digital advertising**

Snap Inc.

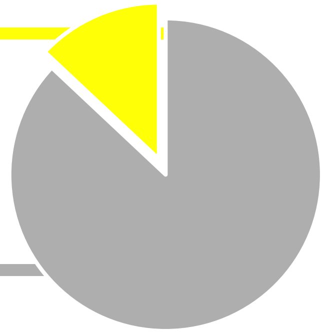
Business Overview

- Snapchat is a **social media platform** centered on visual communication through **disappearing photos/videos**, fostering **"authentic" interactions** and expanding into **AR/hardware** products (Spectacles)
- SNAP creates **customer (Gen Z) stickiness** by encouraging frequent, spontaneous communication through **AR lenses and private messaging**
- Its business model is unique because it **integrates advertising directly**, creating a **more interactive ad ecosystem** than traditional social media feeds.

Revenue Generation

Subscription Services **(13%)**
- Snapchat+
- Snapchat Platinum (ad-exclusive)
- Memories Storage Plans

Advertising **(87%)**
- Direct Response (75% of ad revenue)
- Single Image/Video Ads
- Lens AR Ads
- Sponsored Snaps/Promoted Places
- Collection Ads (shopping)



Annual ARPU = $12.61
3% YoY Growth

Perplexity Deal Overview

In November 2025, Snap and Perplexity announced a partnership to integrate Perplexity's AI search capabilities in the social media app.

- Snap will receive **~$400M cash and equity**
- Rollout expected in the beginning of 2026, but timeline has been delayed
- Integration across **My AI chatbot** and the **Snapchat camera**

perplexity x Snap Inc.

Costs Breakdown

Cost of Revenue (45% of revenue)
Infrastructure costs (third party cloud), content/developer costs, advertising partner costs

Research and Development (30% of revenue)
Engineering talent (salaries/SBC for those working on My AI, AR Lenses, and ad-ranking algorithms - seeing efficiency gains in the last fiscal year

Sales and Marketing (17% of revenue)
Employee compensation and investment in marketing campaigns to drive overall user growth

General and Administrative (17% of revenue)
Legal and compliance costs (climbing due to scrutiny), rent and office-related expenses

Demographics Split

Age	13 - 24 **~60%** Core Loyalist Base	25 - 34 **~25%** Secondary Audience	35+ **~15%** Older Users
Location	North America **94M** -6.00% YoY	Europe **98M** -1.00% YoY	Rest of World **282M** +15.57% YoY

Industry Overview

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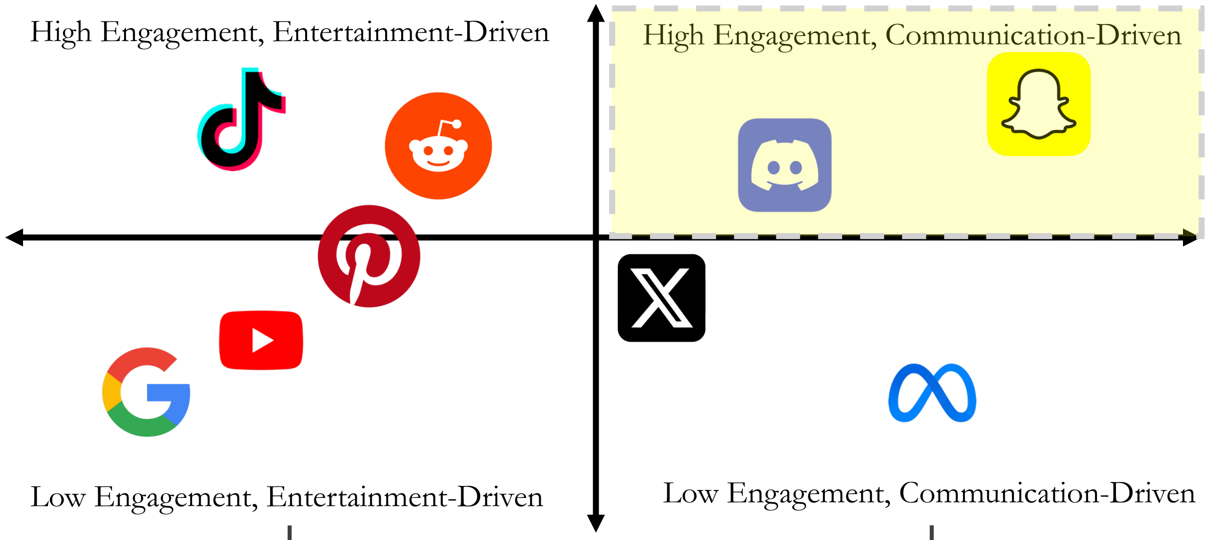
Ad-tech represents **a $700B+ global market**, driven by **mobile usage** and a shift toward authentic, **real-time communication** platforms

Competitive Landscape



Entertainment-Driven

- **Content** and **algorithm-led** engagement
- Users come for the **feed**, not to communication with each other
- **Low switching costs** mean things are easily displaced by the next platform
- Monetization relies on broad reach and **impression volume**

Communication-Driven

- **Relationship** and **social communication** engagement is higher
- Users come for each other, not the content
- **High switching cost** means that leaving the app = leaving your friends
- Monetization benefits from proximity to **real human intent**

General Industry Trends

Headwinds

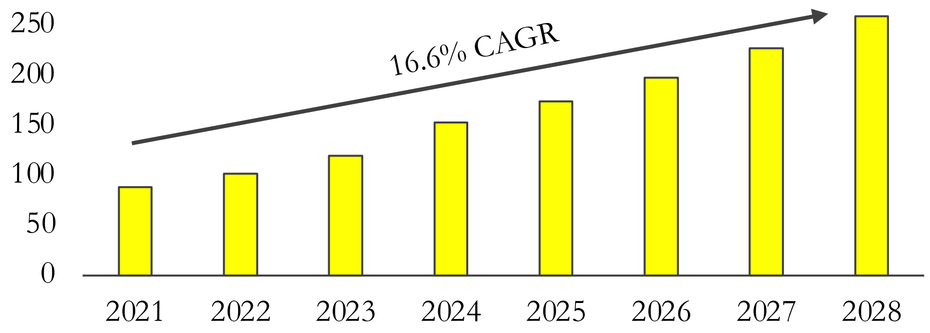
- **Regulatory constraints**: privacy restrictions from Apple (iOS) and Google **reduce ad effectiveness measurement** and data laws (Europe)
- **Macroeconomic and geopolitical volatility**: advertising is the first budget cut in times of uncertainty, **potential bans** for platforms
- **Audience fragmentation** and ad fraud and manipulation rising

Tailwinds

- AI improves **ad targeting** precision, **automated tools** increase efficiency (especially for SMBs), **generative AI** creating content = flywheel
- Shifting consumption habits to **short-form videos** (decreasing attention spans), **social media and e-commerce** blurring together
- Advertisers are **shifting budgets** to high-intent, **conversational formats**

Projected YoY Social Media Market Growth

Social Media Market Size ($B)



Competitive Advantage

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Snap's **competitive advantage** lies in its **unparalleled AR ecosystem** and **differentiated ad product** that cannot be replicated

Rivalry Amongst Existing Competitors
HIGH

- **Scale disparity** between giants like Meta/Google
- Meta/TikTok are rapidly **cloning Snap's innovations** (stories, AR lenses, etc)
- TikTok leads user engagement and it is **saturated** on that platform
- Snap's Spotlight shares grew 69% YoY in Q4-25 to counter Reels and TikTok, but remains a **secondary destination** for viral creators

Threat of New Substitutes
MED - HIGH

- TikTok and Instagram drive 60% of **product discovery**
- Entertainment like gaming, YouTube and Netflix compete for the same **attention hours** as Snap
- Messaging substitutes: WhatsApp (3B MAU) and iMessage are substitutes in **international markets**
- **AI assistants** may eventually replace the "camera first" communication interface

Threat of New Entrants
LOW - MED

- Building a global communication infrastructure requires multi-billion dollar **cloud commitments**
- Users unlikely to leave platform if friends use it
- **AR moat**: 4M+ Lenses and 400K+ developers
- **Barriers to distribution** as new apps struggle with getting exposure on the App Store or garnering organic Gen Z reach

Bargaining Power of Buyers
HIGH

- Firms can **shift budgets** between Snap, TikTok, and Meta based on ROAS metrics
- **Agency skepticism**: media planners still rank Snap as a "secondary" channel
- Snapchat+ reached $1B+ ARR but users can **cancel service** with no friction
- Advertisers require **proprietary signal data** to justify spend after recent privacy changes

Bargaining Power of Suppliers
HIGH

- Cloud dependency means **switching costs are high**
- Apple and Google control 98% of app distribution and privacy changes (ATT) previously caused a 12% drop in Snap's ad RPM
- The $400M Perplexity deal creates a **reliance on external LLM providers** for "My AI" and search utility
- Top creators hold leverage to demand higher rev-share

Stock Setup and Key Debates

Snap's stock is **down ~50% over the past year**, driven by **execution concerns** that we believe leads to a compelling long-term entry point

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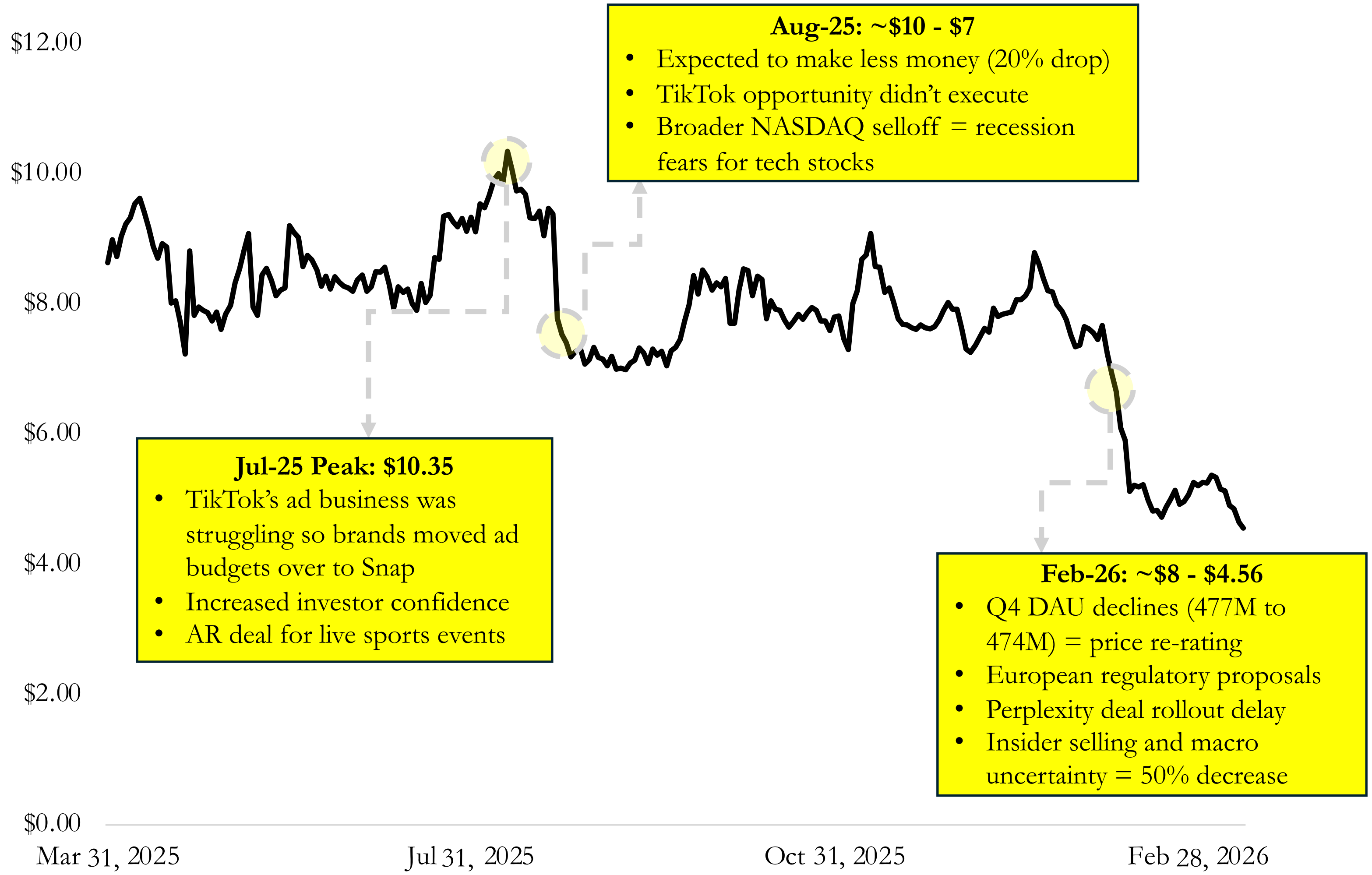
1Y Stock Chart Analysis



Key Debates

- **Monetization**: Can Snap successfully place ads in private messaging spaces without alienating its core user base?
- **AR & AI**: Will Snap's $3B+ AR investment and Perplexity AI partnership pay off soon enough?
- Is Snap sacrificing growth by **cutting user acquisition spend** to hit margin targets?
- Can Snapchat+ **subscription revenue** scale enough?

General Bull Argument

- Snapchat+ growing fast: its high-margin recurring revenue reduces overall ad dependency
- Snap's first ever net income profitability achieved in Q4 2025, pushing positive investor opinions for future growth
- TikTok regulatory pressure makes Snap the natural beneficiary of reallocated Gen Z ad budgets

General Bear Argument

- Regulation increases (notably Australia's age limit removed 400K+ accounts)
- Meta/TikTok outspend Snap on ad tech, making it hard to win primary ad budgets
- First sequential DAU decline since 2018 raises questions about whether growth has peaked already

Thesis 1: SMBs Flywheel Drives CPM Growth

The **SMB flywheel** stabilizes ad revenue, while **Creator Subscriptions** open a **high-margin revenue stream** the market is not pricing in

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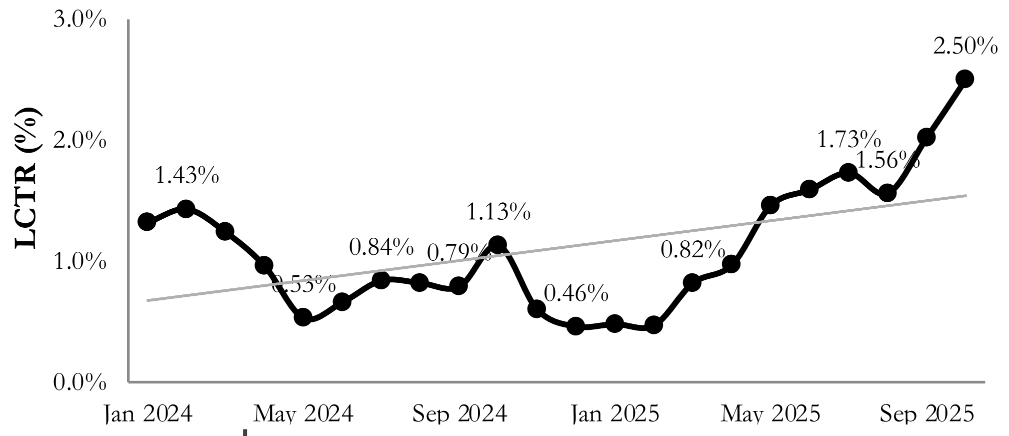
Market View

The street sees Snap as a structurally challenged ad-tech business with no pricing power, unable to compete with Meta and TikTok for brand dollars, especially as larger enterprises are pulling back from advertising on the platform

Variant Perspective

Ad revenue volatility is a large enterprise problem, not a Snap problem, and it's clear Snap is already replacing large clients with SMB businesses (SMB ad revenue as a % of total ad revenue is growing 25%+) and shifting toward revenue stabilizing margins and increasing pricing power through auction density

Snapchat Link-Click Through Rate (LCTR) Trend



Snap's LCTR has more than doubled (0.46% to 2.50%) since early 2025, demonstrating that the SMB flywheel is already driving measurable improvements in ad performance

Snap is the only platform showing positive ROAS improvement YoY: This means the SMB-driven auction density thesis is playing out in real time

Ad Product Outperformance

- Only platform with positive ROAS improvement (+7.5% YoY) = directly contradicting the "no pricing power" narrative
- CPMs grew 47% YoY vs. Meta +5% and TikTok +8%, with LCTR improving from 0.48% to 2.50% in under two years
- SMB advertisers are getting better returns on Snap than Meta, TikTok, or Google

Key Financials

- LCS revenue share fell 10pp in 2 years while in-app optimization revenue grew 89% YoY = start of SMB transition
- Snapchat+ at 25M subscribers (+71% YoY) before any Creator Subscriptions contribution
- 32% of March 2026 open roles are SMB or ad platform-focused meaning capital is going exactly where the thesis says it should

Snap Leads in Advertiser Return Improvement

Platform	ROAS Change (YoY)	CPA Rank	Trend	Notes	ROAS Change (numeric)
Snapchat	+7.5%	1 (lowest)	Improving	Only platform with improvement	7.5%
Meta (FB/IG)	~-2%	3	Declining	Largest platform by spend share	-2.0%
TikTok	~-4%	4	Declining	Rising CPMs pressuring returns	-4.0%
Google	~-1%	2	Declining	Still strong for search intent	-1.0%
Pinterest	~-1%	5	Flat	Niche audience, smaller sample	-1.0%

Example: OnlyFans Creators are Reliable SMB Advertisers

OF's 4.6M creators advertise on Snap because it **converts better than any other platform,** and as OF grows, so does Snap's ad revenue

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Growing OnlyFans Platform

OnlyFans is a $7.2B GMV **platform growing 9-19% annually** with 4.6M creators

OF gross revenue went from **$270M to $7.22B** (over the course of 5 years from 2019 to 2024)

Creator accounts grew from 348K to 4.6M **(1,222% over the span of 6 years)**

377.5M fan accounts, up **24% YoY**

Conversion Rates

Snapchat is OF creators' cheapest and highest-converting acquisition channel

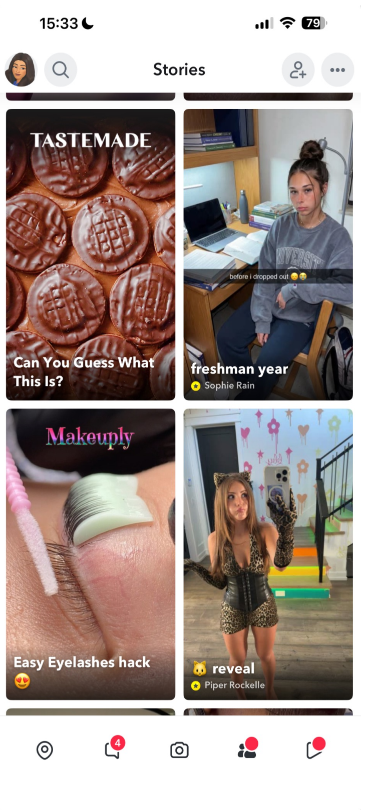
OnlyTraffic data (1M fan sample):

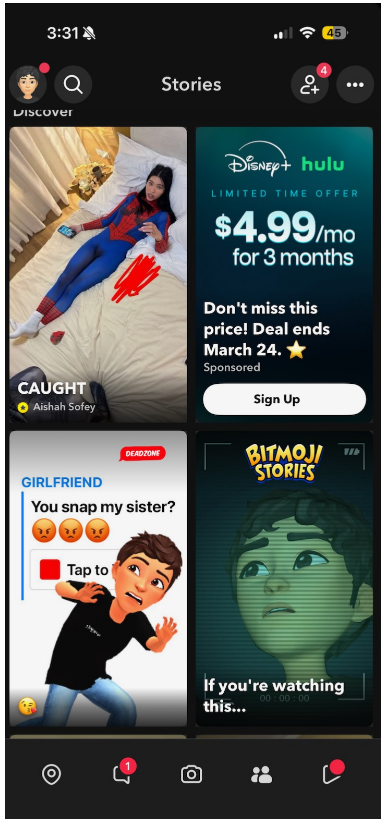
- Snap has the lowest cost per conversation at $2.30
- TikTok at $14.33 and Facebook at $14.95

Snap also has the highest conversation conversion rate of all traffic sources = OF creators dominating Discover (unit economics are 6x better than TikTok and Facebook)

Channel Checks

Revealed that OF creators remain the most prominent ad in the Discover page regardless of age, gender, or geography of the user





Demographic Crossover

Snap's demographic is OF's target audience

- 90% of **13-24 year olds** use Snap in markets
- OF's audience is **87% male**, primarily 18 - 34
- The overlap is almost perfect
- **Meta and TikTok are more restrictive on suggestive content**, giving Snap an advantage as the permissible platform

OF Creators Positioning

OF creators are ideal SMB advertisers

- Individual operators running self-serve campaigns with **$5-50/day budgets**
- These accounts can track cost per subscriber very accurately (can see revenue)
- Reinvest 10-30% of revenue into acquisition
- They don't churn because Snap delivers the best ROI

Thesis 2: DAU Decline Emphasized Over Monetization

Consensus focuses on **decreasing DAUs** rather than Snap shifting to be more **engagement-driven** and less reliant on scale for monetization

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Market View

The market views Snap as a social ad business with a monetization problem, viewing DAU growth deceleration as evidence of a platform in structural user decay as well as discounting engagement depth from anchoring evaluation to Snap's ad ARPU gap with Meta and competitors

Variant Perspective

Snap's user engagement is deeper and more durable than its DAU-anchored street view from the previous quarter implies (backed by two points: the Perplexity deal and AR commerce metrics), confirming that advertisers are pricing demand and engagement depth higher than consensus

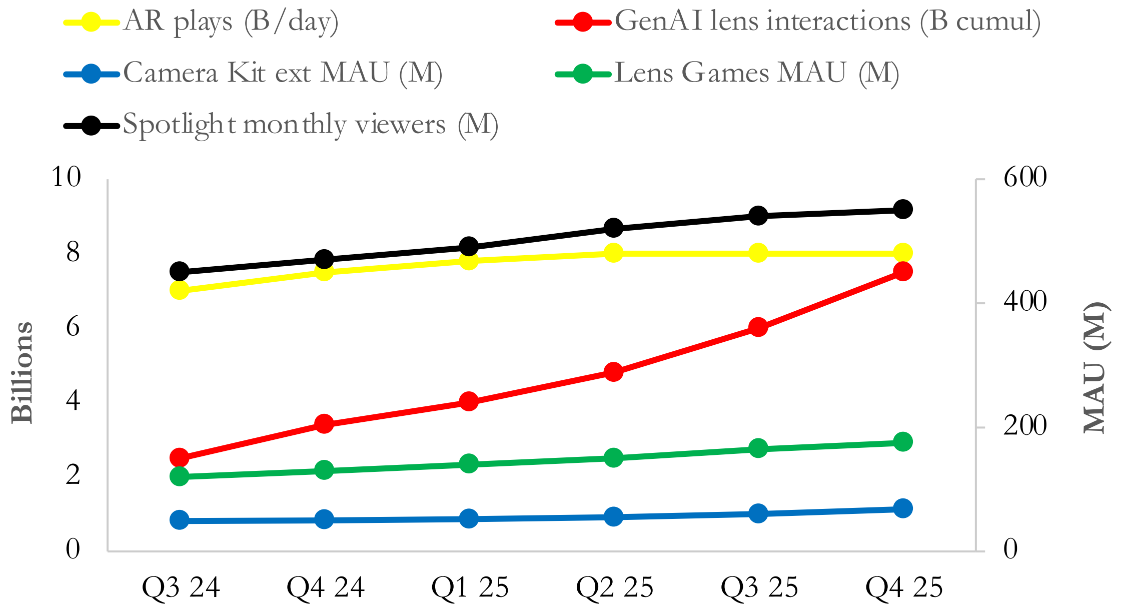
Snapchat+ is Monetizing Users at an Unprecedented Rate

- Direct Revenue ARR crossed $1B for the first time, with **subscribers up 71% YoY** (this is the fastest subscription ramp in social media history)
- The memories paywall is **converting longtime free users to paid**, with a one-year buffer window guaranteeing **more forced conversions** ahead
- **ARPU expansion** is already outpacing DAU decline in every region, meaning that the business is growing per-user even as headcount softens

Almost Every Engagement Metric is Rising

- People open the app **~40x/day** and the time spent is up **to 30 mins/day**: Spotlight viewing time is up **300% YoY** (this means engagement is deepening, not declining)
- **Camera Kit SDKs** updated through Feb 2026 with low-bandwidth fixes for emerging markets (India alone is 28% of 22M monthly downloads and this also has no direct competition in terms of AR SDK from Meta or TikTok in this geography)
- **GitHub activity** confirms that Snap is actively shipping = every engagement improvement is traceable to a **specific engineering system,** not a macro tailwind

Platform / API Activity Proxy



Every platform feature is growing quarter-over-quarter even as global DAU declines

Thesis 2: Snap's User Engagement Depth is Undervalued

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The market anchors a **DAU decline narrative** while missing that time spent, retention, and **demand of engagement depth** that reflects undervaluation

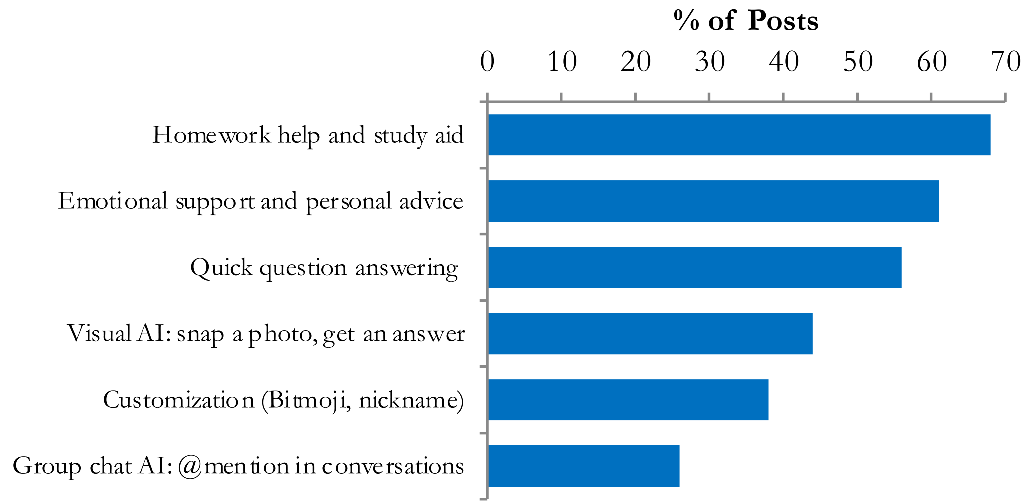
Market View

The market is bearish on the gap between how much users are worth and what Snap is getting from them, meaning they view this as a one-time deal and question its materialization while not considering the long-term strategy and revenue mix

Variant Perspective

The Perplexity deal means the demand is priced independently + Spiegel stated that the partnership "lays the groundwork for a broader ecosystem of AI partners" and symbolizing a future trend toward more specialized AI partnerships being integrated into Snapchat

Praise from Reddit/Discord % of My AI Related Posts



My AI has established that Snap's users are willing to query an AI inside the chat interface - in Q1 2025, My AI daily users increased 55%+ YoY

The main value proposition comes from the "vulnerable", "low-pressure", and "real" communication to support high depths of engagements with My AI

Chat Interface will be a Powerful Ad Surface

- 92% of DAUs engage in chat feed and storied daily, and 92% involve friends in their shopping journey via DMs, making the chat feed the highest-intent ad surface on any platform
- Sponsored Snaps deliver 5-10x higher rates than traditional Story Ads because they appear in the trusted chat interface, not a public feed
- 85% of Snapchatters find ads "relevant to me" and feel they "fit in with my habits"
- Direct response advertising grew 14% YoY and hit 75% of total ad revenue for first time in Q1 2025

Perplexity Deal + AR + Full Funnel Ad Machine

- Perplexity addresses Snap's search weakness while preserving its emotional communication strength
- Keeping users in the ecosystem drives more time in app, more ad impressions, more personalization signals, and therefore better targeting of ads and higher profitability
- Spotlight views up 300% YoY compounds and more content means more and ad inventory
- AR campaigns generate 2.4x ad awareness lift and Lens AR delivers 6.4x higher swipe-to-purchase ratios than commercials - proven by Ulta (8x ROAS) and Gucci (+188% page views)

> "Perplexity needs a way to build its profile among young consumers, and Snap needs an AI chat partner that will allow its users to stay engaged without leaving its app."

Multiples Valuation

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SNAP Comps			Overview					EV/Rev		Drivers	
Ticker	Market Cap	Net Debt	Total Enterprise Value	LTM Total Revenue	1-yr Revenue Growth	LTM EBITDA Margin	LTM	NTM	LTM Gross Margin	ROIC
Alphabet Inc. (NASDAQ: GOOG)	3,652,222.0	(59,847.0)	3,592,375.0	402,836.0	15.1%	37.3%	8.9x	7.63x	59.7%	19.3%
Meta Platforms Inc. (NASDAQ: META)	1,552,413.5	3,489.0	1,555,902.5	4,737.3	22.2%	50.7%	7.7x	6.2x	82.0%	19.5%
Reddit Inc. (NYSE: RDDT)	25,285.5	(2,453.6)	22,831.9	200,966.0	69.4%	20.8%	10.4x	7.27x	91.2%	10.8%
The Trade Desk Inc. (NASDAQ: TTD)	13,013.2	(866.7)	12,146.5	2,896.3	13.0%	23.8%	4.2x	4.2x	78.6%	11.9%
Pinterest Inc. (NYSE: PINS)	11,650.1	(2,205.1)	9,445.0	4,221.8	15.8%	8.2%	2.2x	1.97x	80.1%	4.0%
Min	11,650.1	(59,847.0)	9,445.0	2,896.3	13.0%	8.2%	2.2x	1.97x	59.7%	4.0%
25th Percentile	12,331.7	(31,150.3)	10,795.8	3,559.1	14.0%	14.5%	3.2x	3.09x	69.2%	7.4%
Mean	1,050,916.9	(12,376.7)	1,038,540.2	123,131.5	27.1%	28.2%	6.7x	5.45x	78.3%	13.1%
Median	25,285.5	(2,205.1)	22,831.9	4,737.3	15.8%	23.8%	7.7x	6.20x	80.1%	11.9%
75th Percentile	2,602,317.8	1,311.2	2,574,138.8	301,901.0	45.8%	44.0%	9.7x	7.45x	86.6%	19.4%
Max	3,652,222.0	3,489.0	3,592,375.0	402,836.0	69.4%	50.7%	10.4x	7.63x	91.2%	19.5%
NYSE: SNAP	**7,701.6**	**1,202.6**	**8,904.2**	**5,931.4**	**10.63%**	**(6.2%)**	**1.50x**	**1.33x**	**55.0%**	**(5.1%)**

EV Based Multiples

Calendar Date	2025	2026	2027	2028
Revenue	5,931.4	6,616.3	7,635.6	9,050.0
EV/Revenue	1.50x	1.33x	1.33x	1.33x
Implied EV	8,897.2	8,799.7	10,155.3	12,036.5
(-) Net Debt	1,202.6	1,202.6	1,202.6	1,202.6
SNAP Equity Value	7,694.6	7,597.1	8,952.7	10,833.9
(/) FDSO	1,694.6	1,720.0	1,745.8	1,772.0
SNAP Price Target	$4.54	$4.42	$5.13	$6.11
Upside/Downside, %		-2.72%	12.94%	34.65%
IRR, %		-2.72%	6.27%	10.43%

Multiples Logic

- We use EV/Revenue multiples for SNAP because it's unprofitable (minus the recent quarter) and is EBITDA is volatile - The street also uses these multiples
- We use 1.33x EV/Revenue growth multiple after collecting this information in the public comparables since this is the NTM EV/Revenue multiple for SNAP

Companies Logic

1. **Google:** Dominant search and video advertising platform with ~80% of revenue coming from advertising across Google and YouTube
2. **Meta:** Social media giant monetizing 3.5B+ users almost entirely through targeted ads across Facebook and Instagram
3. **Reddit:** Community-driven platform in early-stage ad monetization, converting a highly engaged user base into advertising revenue
4. **The Trade Desk:** Programmatic ad-buying platform connecting advertisers to digital inventory across the internet
5. **Pinterest:** Visual discovery platform monetizing through high-intent shopping ads, with a similar engagement-to-revenue conversion story to Snap

Conclusion

Price Target: $6.11

Implied Upside: 34.65%

Position: LONG

Revenue Build

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Snap Inc. (SNAP) Revenue Build ($mm unless noted otherwise)	Dec-21 **FY2021A**	Dec-22 **FY2022A**	Dec-23 **FY2023A**	Dec-24 **FY2024A**	Dec-25 **FY2025A**	Mar-26 Q1-2026	Jun-26 Q2-2026	Sep-26 Q3-2026	Dec-26 Q4-2026	Dec-26 **FY2026E**	Mar-27 Q1-2027	Jun-27 Q2-2027	Sep-27 Q3-2027	Dec-27 Q4-2027	Dec-27 **FY2027E**	Mar-28 Q1-2028	Jun-28 Q2-2028	Sep-28 Q3-2028	Dec-28 Q4-2028	Dec-28 **FY2028E**
Total Average Daily Active Users, mm DAU	**300**	**354**	**400**	**438**	**470**	487.60	497.14	506.68	502.44	498.47	507.10	517.03	526.95	522.54	518.40	522.32	532.54	542.76	538.21	533.96
Q/Q Total Average Daily Active Users growth, %						*2.9%*	*2.0%*	*1.9%*	*-0.8%*		*0.9%*	*2.0%*	*1.9%*	*-0.8%*		*0.0%*	*2.0%*	*1.9%*	*-0.8%*	
Y/Y Total Average Daily Active Users growth, %		*18.2%*	*13.0%*	*9.3%*	*7.5%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Advertising Build																				
Total Advertising Revenue, mm	4,117.0	4,601.8	4,429.3	4,904	5,186	1,270.7	1,237.7	1,410.1	1,605.1	5,519.7	1,374.4	1,364.5	1,583.8	1,836.2	6,153.0	1,571.3	1,574.1	1,843.4	2,146.6	7,127.8
Q/Q Total Advertising Revenue growth, %						*-14.4%*	*-76.1%*	*11.0%*	*29.7%*		*-14.4%*	*-75.3%*	*15.2%*	*34.6%*		*-14.4%*	*-74.4%*	*17.3%*	*36.4%*	
Y/Y Total Advertising Revenue growth, %		*11.8%*	*-3.8%*	*10.7%*	*5.8%*	*4.9%*	*5.5%*	*7.1%*	*8.1%*	*6.4%*	*8.2%*	*10.2%*	*12.3%*	*14.4%*	*11.5%*	*14.3%*	*15.4%*	*16.4%*	*16.9%*	*15.8%*
Total Advertising Revenue, % of Total Revenue	*100.0%*	*100.0%*	*96.2%*	*91.5%*	*87.4%*	*82.6%*	*81.9%*	*83.5%*	*85.3%*	*83.4%*	*79.1%*	*78.7%*	*80.8%*	*83.1%*	*80.6%*	*77.0%*	*76.7%*	*79.1%*	*81.6%*	*78.8%*
Total Advertising Revenue per DAU, mm	$13.73	$12.99	$11.07	$11.21	$11.03	$2.61	$2.49	$2.78	$3.19	$11.07	$2.71	$2.64	$3.01	$3.51	$11.87	$3.01	$2.96	$3.40	$3.99	$13.35
Q/Q Total Advertising Revenue per DAU growth, %						*-16.8%*	*-4.5%*	*11.8%*	*14.8%*		*-15.2%*	*-2.6%*	*13.9%*	*16.9%*		*-14.4%*	*-1.7%*	*14.9%*	*17.4%*	
Y/Y Total Advertising Revenue per DAU growth, %		*-5.4%*	*-14.8%*	*1.3%*	*-1.6%*	*-1.0%*	*-0.5%*	*1.0%*	*2.0%*	*0.4%*	*4.0%*	*6.0%*	*8.0%*	*10.0%*	*7.2%*	*11.0%*	*12.0%*	*13.0%*	*13.5%*	*12.5%*
Q/Q Abs						-$0.53	-$0.12	$0.29	$0.41		-$0.49	-$0.13	$0.25	$0.38		-$0.49	-$0.13	$0.25	$0.38	
Y/Y Abs		-$0.7	-$1.9	$0.1	-$0.2	-$0.03	-$0.01	$0.03	$0.06	$0.0	$0.10	$0.15	$0.22	$0.32	$0.8	$0.30	$0.32	$0.39	$0.47	$1.5
Subscription Build																				
Total Subscription Revenue, mm			176.84	457.70	745.37	268.18	273.43	278.67	276.34	1,096.62	362.58	369.67	376.77	373.61	1,482.63	470.09	479.28	488.48	484.39	1,922.24
Q/Q Total Subscription Revenue growth, %						*15.6%*	*-63.3%*	*3.9%*	*1.1%*		*31.2%*	*-66.3%*	*3.9%*	*1.1%*		*25.8%*	*-67.7%*	*3.9%*	*1.1%*	
Y/Y Total Subscription Revenue growth, %				*158.8%*	*62.9%*	*76.0%*	*59.5%*	*46.9%*	*19.2%*	*47.1%*	*35.2%*	*35.2%*	*35.2%*	*35.2%*	*35.2%*	*29.7%*	*29.7%*	*29.7%*	*29.7%*	*29.7%*
Total Subscription Revenue, % of Total Revenue			*3.8%*	*8.5%*	*12.6%*	*17.4%*	*18.1%*	*16.5%*	*14.7%*	*16.6%*	*20.9%*	*21.3%*	*19.2%*	*16.9%*	*19.4%*	*23.0%*	*23.3%*	*20.9%*	*18.4%*	*21.2%*
Average Revenue per Subscriber			$25.3	$32.7	$31.1	$10.0	$10.0	$10.0	$10.0	$39.7	$11.0	$11.0	$11.0	$11.0	$43.7	$12.0	$12.0	$12.0	$12.0	$47.6
SNAP+ subscribers, millions of subscribers		2.0	7.0	14.0	24.0	26.82	27.34	27.87	27.63	27.63	32.96	33.61	34.25	33.96	33.96	39.17	39.94	40.71	40.37	40.37
Q/Q SNAP+ subscribers growth, %						*11.7%*	*2.0%*	*1.9%*	*-0.8%*		*19.3%*	*2.0%*	*1.9%*	*-0.8%*		*15.3%*	*2.0%*	*1.9%*	*-0.8%*	
Y/Y SNAP+ subscribers growth, %			*250.0%*	*100.0%*	*71.4%*	*78.8%*	*70.9%*	*63.9%*	*15.1%*	*15.1%*	*22.9%*	*22.9%*	*22.9%*	*22.9%*	*22.9%*	*18.8%*	*18.8%*	*18.8%*	*18.8%*	*18.8%*
% of SNAP+ subscribers compared to DAU		*0.6%*	*1.7%*	*3.2%*	*5.1%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*6.5%*	*6.5%*	*6.5%*	*6.5%*	*6.6%*	*7.5%*	*7.5%*	*7.5%*	*7.5%*	*7.6%*
Total Revenue, mm	**4,117.0**	**4,601.8**	**4,606.1**	**5,361.4**	**5,931.4**	1,538.87	1,511.17	1,688.78	1,881.43	6,616.30	1,736.95	1,734.16	1,960.60	2,209.83	7,635.60	2,041.41	2,053.35	2,331.90	2,631.02	9,050.02
Q/Q Total Revenue growth, %						*-10.3%*	*-74.5%*	*9.7%*	*24.5%*		*-7.7%*	*-73.8%*	*12.9%*	*27.4%*		*-7.6%*	*-73.1%*	*14.2%*	*28.1%*	
Y/Y Total Revenue growth, %		*11.8%*	*0.1%*	*16.4%*	*10.6%*	*12.9%*	*12.4%*	*12.1%*	*9.6%*	11.5%	*12.9%*	*14.8%*	*16.1%*	*17.5%*	15.4%	*17.5%*	*18.4%*	*18.9%*	*19.1%*	18.5%

Assumptions and Projections Logic

1. Y/Y Total Advertising Revenue per DAU growth, % (both theses baked into this specific line item) – starts increasing and then tapers off
2. DAU growth, % (flat-to-decrease to align with historicals)
3. Average Revenue per Subscriber (flat-to-increase to align with consensus)
4. % of Snapchat+ subscribers to DAU (flat-to-increase to align with consensus)

Risks and Mitigants

Snap's key risks center around **Perplexity deal execution**, **user behavior assumptions**, and the **SMB transition stalling**

Snap Inc.

Risks	Mitigants
Perplexity deal has delays or underperforms	• Perplexity has a proven willingness to pay for distribution to meet users where they are: Airtel (+600% YoY Indian user growth), Samsung TVs, and Motorola pre-installs confirm the model • Renewal concern is mitigated by monitoring user adoption data as the engagement flywheel goes beyond the first few years
Users default to standalone AI instead of Perplexity in-app	• My AI generated 10B+ messages from 150M users despite accuracy concerns, proving Snap's demographic will query AI natively in chat when it's frictionless • Perplexity's cited-answer format directly addresses the trust gap that limited My AI adoption
LCS to SMB shift stalls or reverses	• Triple Whale data shows Snap is the only platform with improving ROAS (+7.5% YoY) and SMBs don't churn when ROI is improving • Monitor LCS share falling below 40% as the confirmation signal that the thesis is tracking
Creator subscriptions cannibalize ad spend	• Snap will still be used as a customer acquisition channel, but instead Creator Subscriptions add a use case that increases creator stickiness alongside ad spend • We can also monitor ad spend per creator in quarters after Creator Subscriptions rollout to confirm that there is no cannibalization

Catalysts/Timeline

Q2 2026:
Perplexity revenue recognition and whether users are actually paying for Snapchat+ after Snap locked their saved photos, but 27M+ subscribers confirms the monetization

Q1 2027:
Perplexity deal renewal (or second-gen AI distribution deal), Snap Map monetization scales beyond Promoted Places, and Spectacles reports its first installed base

Q4 2027:
Subscription revenue mix crosses 30%+ of total revenue (less ad dependency) and RoW ARPU begins converging as India and emerging market monetization matures

Appendix 1: Full Revenue Build

Snap Inc.

Snap Inc. (SNAP) Revenue Build ($mm unless noted otherwise)	Dec-21 **FY2021A**	Dec-22 **FY2022A**	Dec-23 **FY2023A**	Dec-24 **FY2024A**	Dec-25 **FY2025A**	Mar-26 Q1-2026	Jun-26 Q2-2026	Sep-26 Q3-2026	Dec-26 Q4-2026	Dec-26 **FY2026E**	Mar-27 Q1-2027	Jun-27 Q2-2027	Sep-27 Q3-2027	Dec-27 Q4-2027	Dec-27 **FY2027E**	Mar-28 Q1-2028	Jun-28 Q2-2028	Sep-28 Q3-2028	Dec-28 Q4-2028	Dec-28 **FY2028E**
Total Average Daily Active Users, mm DAU	**300**	**354**	**400**	**438**	**470**	487.60	497.14	506.68	502.44	498.47	507.10	517.03	526.95	522.54	518.40	522.32	532.54	542.76	538.21	533.96
Q/Q Total Average Daily Active Users growth, %						*2.9%*	*2.0%*	*1.9%*	*-0.8%*		*0.9%*	*2.0%*	*1.9%*	*-0.8%*		*0.0%*	*2.0%*	*1.9%*	*-0.8%*	
Y/Y Total Average Daily Active Users growth, %		*18.2%*	*13.0%*	*9.3%*	*7.5%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Advertising Build																				
Total Advertising Revenue, mm	4,117.0	4,601.8	4,429.3	4,904	5,186	1,270.7	1,237.7	1,410.1	1,605.1	5,519.7	1,374.4	1,364.5	1,583.8	1,836.2	6,153.0	1,571.3	1,574.1	1,843.4	2,146.6	7,127.8
Q/Q Total Advertising Revenue growth, %						*-14.4%*	*-76.1%*	*11.0%*	*29.7%*		*-14.4%*	*-75.3%*	*15.2%*	*34.6%*		*-14.4%*	*-74.4%*	*17.3%*	*36.4%*	
Y/Y Total Advertising Revenue growth, %		*11.8%*	*-3.8%*	*10.7%*	*5.8%*	*4.9%*	*5.5%*	*7.1%*	*8.1%*	*6.4%*	*8.2%*	*10.2%*	*12.3%*	*14.4%*	*11.5%*	*14.3%*	*15.4%*	*16.4%*	*16.9%*	*15.8%*
Total Advertising Revenue, % of Total Revenue	*100.0%*	*100.0%*	*96.2%*	*91.5%*	*87.4%*	*82.6%*	*81.9%*	*83.5%*	*85.3%*	*83.4%*	*79.1%*	*78.7%*	*80.8%*	*83.1%*	*80.6%*	*77.0%*	*76.7%*	*79.1%*	*81.6%*	*78.8%*
Total Advertising Revenue per DAU, mm	$13.73	$12.99	$11.07	$11.21	$11.03	$2.61	$2.49	$2.78	$3.19	$11.07	$2.71	$2.64	$3.01	$3.51	$11.87	$3.01	$2.96	$3.40	$3.99	$13.35
Q/Q Total Advertising Revenue per DAU growth, %						*-16.8%*	*-4.5%*	*11.8%*	*14.8%*		*-15.2%*	*-2.6%*	*13.9%*	*16.9%*		*-14.4%*	*-1.7%*	*14.9%*	*17.4%*	
Y/Y Total Advertising Revenue per DAU growth, %		*-5.4%*	*-14.8%*	*1.3%*	*-1.6%*	*-1.0%*	*-0.5%*	*1.0%*	*2.0%*	*0.4%*	*4.0%*	*6.0%*	*8.0%*	*10.0%*	*7.2%*	*11.0%*	*12.0%*	*13.0%*	*13.5%*	*12.5%*
Q/Q Abs						-$0.53	-$0.12	$0.29	$0.41		-$0.49	-$0.13	$0.25	$0.38		-$0.49	-$0.13	$0.25	$0.38	
Y/Y Abs		-$0.7	-$1.9	$0.1	-$0.2	-$0.03	-$0.01	$0.03	$0.06	$0.0	$0.10	$0.15	$0.22	$0.32	$0.8	$0.30	$0.32	$0.39	$0.47	$1.5
Subscription Build																				
Total Subscription Revenue, mm			176.84	457.70	745.37	268.18	273.43	278.67	276.34	1,096.62	362.58	369.67	376.77	373.61	1,482.63	470.09	479.28	488.48	484.39	1,922.24
Q/Q Total Subscription Revenue growth, %						*15.6%*	*-63.3%*	*3.9%*	*1.1%*		*31.2%*	*-66.3%*	*3.9%*	*1.1%*		*25.8%*	*-67.7%*	*3.9%*	*1.1%*	
Y/Y Total Subscription Revenue growth, %				*158.8%*	*62.9%*	*76.0%*	*59.5%*	*46.9%*	*19.2%*	*47.1%*	*35.2%*	*35.2%*	*35.2%*	*35.2%*	*35.2%*	*29.7%*	*29.7%*	*29.7%*	*29.7%*	*29.7%*
Total Subscription Revenue, % of Total Revenue			*3.8%*	*8.5%*	*12.6%*	*17.4%*	*18.1%*	*16.5%*	*14.7%*	*16.6%*	*20.9%*	*21.3%*	*19.2%*	*16.9%*	*19.4%*	*23.0%*	*23.3%*	*20.9%*	*18.4%*	*21.2%*
Average Revenue per Subscriber			$25.3	$32.7	$31.1	$10.0	$10.0	$10.0	$10.0	$39.7	$11.0	$11.0	$11.0	$11.0	$43.7	$12.0	$12.0	$12.0	$12.0	$47.6
SNAP+ subscribers, millions of subscribers		2.0	7.0	14.0	24.0	26.82	27.34	27.87	27.63	27.63	32.96	33.61	34.25	33.96	33.96	39.17	39.94	40.71	40.37	40.37
Q/Q SNAP+ subscribers growth, %						*11.7%*	*2.0%*	*1.9%*	*-0.8%*		*19.3%*	*2.0%*	*1.9%*	*-0.8%*		*15.3%*	*2.0%*	*1.9%*	*-0.8%*	
Y/Y SNAP+ subscribers growth, %			*250.0%*	*100.0%*	*71.4%*	*78.8%*	*70.9%*	*63.9%*	*15.1%*	*15.1%*	*22.9%*	*22.9%*	*22.9%*	*22.9%*	*22.9%*	*18.8%*	*18.8%*	*18.8%*	*18.8%*	*18.8%*
% of SNAP+ subscribers compared to DAU		*0.6%*	*1.7%*	*3.2%*	*5.1%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*6.5%*	*6.5%*	*6.5%*	*6.5%*	*6.6%*	*7.5%*	*7.5%*	*7.5%*	*7.5%*	*7.6%*
Total Revenue, mm	**4,117.0**	**4,601.8**	**4,606.1**	**5,361.4**	**5,931.4**	1,538.87	1,511.17	1,688.78	1,881.43	6,616.30	1,736.95	1,734.16	1,960.60	2,209.83	7,635.60	2,041.41	2,053.35	2,331.90	2,631.02	9,050.02
Q/Q Total Revenue growth, %						*-10.3%*	*-74.5%*	*9.7%*	*24.5%*		*-7.7%*	*-73.8%*	*12.9%*	*27.4%*		*-7.6%*	*-73.1%*	*14.2%*	*28.1%*	
Y/Y Total Revenue growth, %		*11.8%*	*0.1%*	*16.4%*	*10.6%*	*12.9%*	*12.4%*	*12.1%*	*9.6%*	*11.5%*	*12.9%*	*14.8%*	*16.1%*	*17.5%*	*15.4%*	*17.5%*	*18.4%*	*18.9%*	*19.1%*	*18.5%*

Appendix 2: Full Income Statement

Snap Inc.

Snap Inc. (SNAP) Income Statement ($mm unless noted otherwise)	Dec-21 FY2021A	Dec-22 FY2022A	Dec-23 FY2023A	Dec-24 FY2024A	Dec-25 FY2025A	Mar-26 Q1-2026	Jun-26 Q2-2026	Sep-26 Q3-2026	Dec-26 Q4-2026	Dec-26 FY2026E	Mar-27 Q1-2027	Jun-27 Q2-2027	Sep-27 Q3-2027	Dec-27 Q4-2027	Dec-27 FY2027E	Mar-28 Q1-2028	Jun-28 Q2-2028	Sep-28 Q3-2028	Dec-28 Q4-2028	Dec-28 FY2028E
Total Revenue	4,117	4,602	4,606	5,361	5,931	1,539	1,511	1,689	1,881	6,616	1,737	1,734	1,961	2,210	7,636	2,041	2,053	2,332	2,631	9,050
Q/Q Total Revenue growth, %						-10.3%	-74.5%	9.7%	24.5%		-7.7%	-73.8%	12.9%	27.4%		-7.6%	-73.1%	14.2%	28.1%	
Y/Y Total Revenue growth, %		11.8%	0.1%	16.4%	10.6%	12.9%	12.4%	12.1%	9.6%	11.5%	12.9%	14.8%	16.1%	17.5%	15.4%	17.5%	18.4%	18.9%	19.1%	18.5%
Cost of Revenue	1,750.2	1,815.3	2,114.1	2,474.2	2,669.6															
Gross Profit	2,367	2,787	2,492	2,887	3,262	846.4	831.1	928.8	1,034.8	3,641.1	955.3	953.8	1,078.3	1,215.4	4,202.8	1,122.8	1,129.3	1,282.5	1,447.1	4,981.7
Gross Margin, %	57.5%	60.6%	54.1%	53.9%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%
Research & Development	1,565.5	2,109.8	1,910.9	1,691.7	1,793.6	461.7	453.4	506.6	564.4	1,986.1	469.0	468.2	529.4	596.7	2,063.2	510.4	513.3	583.0	657.8	2,264.4
% of Total Revenue	38.0%	45.8%	41.5%	31.6%	30.2%	30.0%	30.0%	30.0%	30.0%	30.0%	27.0%	27.0%	27.0%	27.0%	27.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Sales & Marketing	792.8	1,118.7	1,122.1	1,063.7	1,021.3	246.22	241.79	270.21	301.03	1,059.24	260.54	260.12	294.09	331.47	1,146.23	285.80	287.47	326.47	368.34	1,268.08
% of Total Revenue	19.3%	24.3%	24.4%	19.8%	17.2%	16.0%	16.0%	16.0%	16.0%	16.0%	15.0%	15.0%	15.0%	15.0%	15.0%	14.0%	14.0%	14.0%	14.0%	14.0%
General & Administrative	710.6	953.3	857.4	919.1	979.1	246.2	241.8	270.2	301.0	1,059.2	260.5	260.1	294.1	331.5	1,146.2	285.8	287.5	326.5	368.3	1,268.1
% of Total Revenue	17.3%	20.7%	18.6%	17.1%	16.5%	16.0%	16.0%	16.0%	16.0%	16.0%	15.0%	15.0%	15.0%	15.0%	15.0%	14.0%	14.0%	14.0%	14.0%	14.0%
Operating Income	(702.1)	(1,395.3)	(1,398.4)	(787.3)	(532.2)	(107.7)	(105.8)	(118.2)	(131.7)	(463.4)	(34.7)	(34.7)	(39.2)	(44.2)	(152.8)	40.8	41.1	46.6	52.6	181.2
Operating Margin, %	-17.1%	-30.3%	-30.4%	-14.7%	-9.0%	-7.0%	-7.0%	-7.0%	-7.0%	-7.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Net Interest Income / (expense)	(12.48)	37.14	146.37	131.91	12.16	23.08	22.67	25.33	28.22	99.30	26.05	26.01	29.41	33.15	114.62	30.62	30.80	34.98	39.47	135.87
% of Total Revenue	-0.3%	0.8%	3.2%	2.5%	0.2%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Other Income	240.2	(42.5)	(42.4)	(16.8)	68.9	15.39	15.11	16.89	18.81	66.20	17.37	17.34	19.61	22.10	76.42	20.41	20.53	23.32	26.31	90.58
% of Total Revenue	5.8%	-0.9%	-0.9%	-0.3%	1.2%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Pre-tax Income	(474.4)	(1,400.7)	(1,294.4)	(672.2)	(451.1)	(69.25)	(68.00)	(76.00)	(84.66)	(297.91)	8.68	8.67	9.80	11.05	38.21	91.86	92.40	104.94	118.40	407.60
Provision / (benefit) for Income Taxes	(13.6)	(29.0)	(28.1)	(25.6)	(9.4)	(1.38)	(1.36)	(1.52)	(1.69)	(5.96)	0.17	0.17	0.20	0.22	0.76	1.84	1.85	2.10	2.37	8.15
Tax Rate, %	2.9%	2.1%	2.2%	3.8%	2.1%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Net Income	(488.0)	(1,429.7)	(1,322.5)	(697.9)	(460.5)	(70.63)	(69.36)	(77.52)	(86.36)	(303.87)	8.86	8.84	10.00	11.27	38.97	93.70	94.25	107.03	120.76	415.75
EPS (Basic), $	($0.31)	($0.89)	($0.82)	($0.42)	($0.27)	($0.04)	($0.04)	($0.05)	($0.05)	($0.18)	$0.01	$0.01	$0.01	$0.01	$0.02	$0.05	$0.05	$0.06	$0.07	$0.23
EPS (Diluted), $	($0.31)	($0.89)	($0.82)	($0.42)	($0.27)	($0.04)	($0.04)	($0.05)	($0.05)	($0.18)	$0.01	$0.01	$0.01	$0.01	$0.02	$0.05	$0.05	$0.06	$0.07	$0.23
Basic Weighted Average Shares	1,559.0	1,608.3	1,612.5	1,659.1	1,694.6	1,721.80	1,699.98	1,721.99	1,736.12	1,719.97	1,747.63	1,725.48	1,747.82	1,762.16	1,745.77	1,773.84	1,751.36	1,774.04	1,788.60	1,771.96
Q/Q Basic Weighted Average Shares growth, %						0.7%	-1.3%	1.3%	0.8%		0.7%	-1.3%	1.3%	0.8%		0.7%	-1.3%	1.3%	0.8%	
Y/Y Basic Weigted Average Shares growth, %		3.2%	0.3%	2.9%	2.1%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Diluted Weighted Average Shares	1,559.0	1,608.3	1,612.5	1,659.1	1,694.6	1,721.80	1,699.98	1,721.99	1,736.12	1,719.97	1,747.63	1,725.48	1,747.82	1,762.16	1,745.77	1,773.84	1,751.36	1,774.04	1,788.60	1,771.96
Q/Q Diluted Weighted Average Shares growth, %						0.7%	-1.3%	1.3%	0.8%		0.7%	-1.3%	1.3%	0.8%		0.7%	-1.3%	1.3%	0.8%	
Y/Y Diluted Weigted Average Shares growth, %		3.2%	0.3%	2.9%	2.1%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

Appendix 3: Full Public Comps

Snap Inc.

SNAP Comps	Overview						EV/Rev		EV/EBITDA		P/E		Drivers	
Ticker	Market Cap	Net Debt	Total Enterprise Value	LTM Total Revenue	1-yr Revenue Growth	LTM EBITDA Margin	LTM	NTM	LTM	NTM	NTM EPS	NTM	LTM Gross Margin	ROIC
Alphabet Inc. (NASDAQ: GOOG)	3,652,222.0	(59,847.0)	3,592,375.0	402,836.0	15.1%	37.3%	8.9x	7.63x	23.1x	16.47x	$11.57	26.13x	59.7%	19.3%
Meta Platforms Inc. (NASDAQ: META)	1,552,413.5	3,489.0	1,555,902.5	4,737.3	22.2%	50.7%	7.7x	6.2x	14.7x	10.97x	$30.17	20.34x	82.0%	19.5%
Reddit Inc. (NYSE: RDDT)	25,285.5	(2,453.6)	22,831.9	200,966.0	69.4%	20.8%	10.4x	7.27x	48.7x	17.21x	$4.12	32.14x	91.2%	10.8%
The Trade Desk Inc. (NASDAQ: TTD)	13,013.2	(866.7)	12,146.5	2,896.3	13.0%	23.8%	4.2x	4.2x	15.5x	9.16x	$2.06	13.27x	78.6%	11.9%
Pinterest Inc. (NYSE: PINS)	11,650.1	(2,205.1)	9,445.0	4,221.8	15.8%	8.2%	2.2x	1.97x	24.3x	6.76x	$1.67	10.9x	80.1%	4.0%
Min	11,650.1	(59,847.0)	9,445.0	2,896.3	13.0%	8.2%	2.2x	1.97x	14.7x	6.76x	$1.67	10.90x	59.7%	4.0%
25th Percentile	12,331.7	(31,150.3)	10,795.8	3,559.1	14.0%	14.5%	3.2x	3.09x	15.1x	7.96x	$1.87	12.09x	69.2%	7.4%
Mean	1,050,916.9	(12,376.7)	1,038,540.2	123,131.5	27.1%	28.2%	6.7x	5.45x	25.26x	12.11x	$9.92	20.56x	78.3%	13.1%
Median	25,285.5	(2,205.1)	22,831.9	4,737.3	15.8%	23.8%	7.7x	6.20x	23.1x	10.97x	$4.12	20.34x	80.1%	11.9%
75th Percentile	2,602,317.8	1,311.2	2,574,138.8	301,901.0	45.8%	44.0%	9.7x	7.45x	36.5x	16.84x	$20.87	29.14x	86.6%	19.4%
Max	3,652,222.0	3,489.0	3,592,375.0	402,836.0	69.4%	50.7%	10.4x	7.63x	48.7x	17.21x	$30.17	32.14x	91.2%	19.5%
NYSE: SNAP	**7,701.6**	**1,202.6**	**8,904.2**	**5,931.4**	**10.63%**	**(6.2%)**	**1.50x**	**1.33x**	**NM**	**8.44**	**$0.50**	**9.08x**	**55.0%**	**(5.1%)**

Appendix 3: Main Public Comps

Snap Inc.

SNAP Comps	Overview						EV/Rev		Drivers	
Ticker	Market Cap	Net Debt	Total Enterprise Value	LTM Total Revenue	1-yr Revenue Growth	LTM EBITDA Margin	LTM	NTM	LTM Gross Margin	ROIC
Alphabet Inc. (NASDAQ: GOOG)	3,652,222.0	(59,847.0)	3,592,375.0	402,836.0	15.1%	37.3%	8.9x	7.63x	59.7%	19.3%
Meta Platforms Inc. (NASDAQ: META)	1,552,413.5	3,489.0	1,555,902.5	4,737.3	22.2%	50.7%	7.7x	6.2x	82.0%	19.5%
Reddit Inc. (NYSE: RDDT)	25,285.5	(2,453.6)	22,831.9	200,966.0	69.4%	20.8%	10.4x	7.27x	91.2%	10.8%
The Trade Desk Inc. (NASDAQ: TTD)	13,013.2	(866.7)	12,146.5	2,896.3	13.0%	23.8%	4.2x	4.2x	78.6%	11.9%
Pinterest Inc. (NYSE: PINS)	11,650.1	(2,205.1)	9,445.0	4,221.8	15.8%	8.2%	2.2x	1.97x	80.1%	4.0%
Min	11,650.1	(59,847.0)	9,445.0	2,896.3	13.0%	8.2%	2.2x	1.97x	59.7%	4.0%
25th Percentile	12,331.7	(31,150.3)	10,795.8	3,559.1	14.0%	14.5%	3.2x	3.09x	69.2%	7.4%
Mean	1,050,916.9	(12,376.7)	1,038,540.2	123,131.5	27.1%	28.2%	6.7x	5.45x	78.3%	13.1%
Median	25,285.5	(2,205.1)	22,831.9	4,737.3	15.8%	23.8%	7.7x	6.20x	80.1%	11.9%
75th Percentile	2,602,317.8	1,311.2	2,574,138.8	301,901.0	45.8%	44.0%	9.7x	7.45x	86.6%	19.4%
Max	3,652,222.0	3,489.0	3,592,375.0	402,836.0	69.4%	50.7%	10.4x	7.63x	91.2%	19.5%
NYSE: SNAP	**7,701.6**	**1,202.6**	**8,904.2**	**5,931.4**	**10.63%**	**(6.2%)**	**1.50x**	**1.33x**	**55.0%**	**(5.1%)**

Appendix 4: Valuation

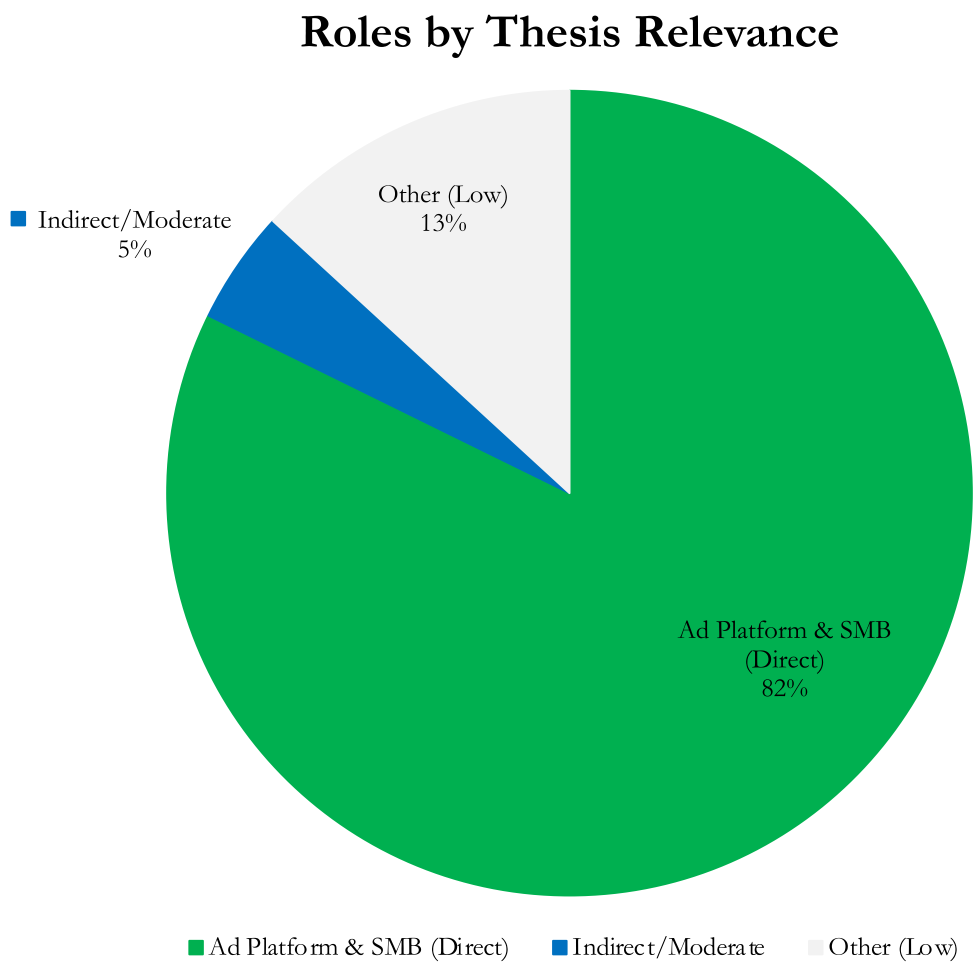
Snap Inc.

EV Based Multiples

Calendar Date	2025	2026	2027	2028
Revenue	5,931.4	6,616.3	7,635.6	9,050.0
EV/Revenue	1.50x	1.33x	1.33x	1.33x
Implied EV	8,897.2	8,799.7	10,155.3	12,036.5
(-) Net Debt	1,202.6	1,202.6	1,202.6	1,202.6
SNAP Equity Value	7,694.6	7,597.1	8,952.7	10,833.9
(/) FDSO	1,694.6	1,720.0	1,745.8	1,772.0
SNAP Price Target	$4.54	$4.42	$5.13	$6.11
Upside/Downside, %		-2.72%	12.94%	34.65%
IRR, %		-2.72%	6.27%	10.43%

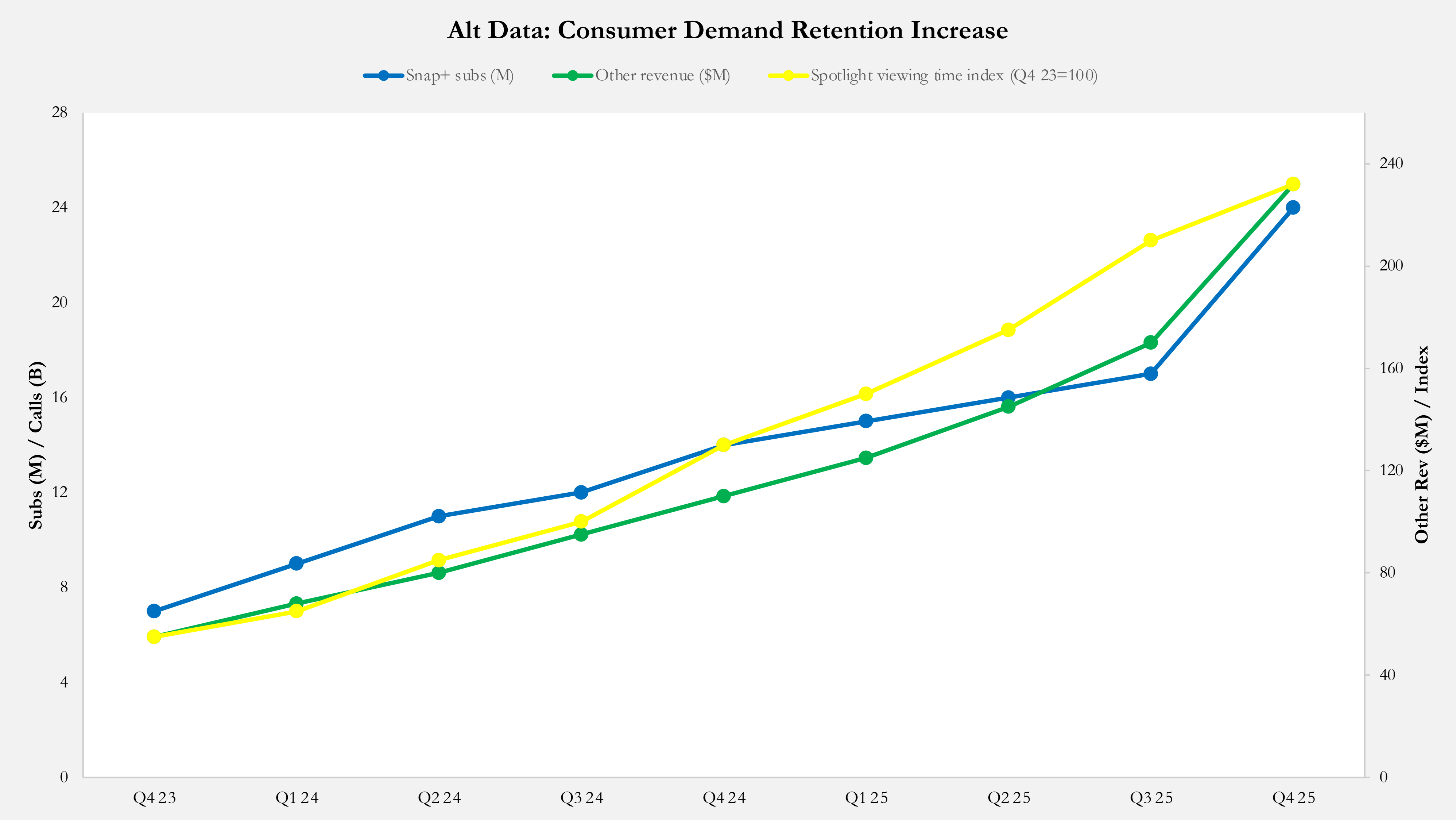
Appendix 5: LinkedIn Jobs of SMBs and "Snapchat Ads"

Snap Inc.



Appendix 6: SNAP Consumer Demand Retention Increasing

Snap Inc.



Appendix 7: OnlyFans x Snapchat Moat

🌙 Dariaa
@dariasfxy
Feb 24 •••

Hey loves… quick update on my day 😌
Woke up early, did some gentle yoga — felt so good stretching everything out in the morning light 🧘‍♀️✨ then I got spicy and sent some hot snaps to my favorite boys here… you know who you are xoxo
And now? Just lying here missing you all a little… feeling soft and a tiny bit lonely 🥺
What about you? How's your day going? Come keep me company?

OnlyFans
@onlyfans
Feb 22, 2022 •••

Say hello to TV star and influencer @indiareynolds! ⭐🎥 India is sharing exclusive content from unseen snaps to vegan recipes, BTS footage of photoshoots, and so much more! 📸😍 So drop her a DM and get to know her at: onlyfans.com/indiareynolds

OnlyFans
@onlyfans
Mar 7, 2022 •••

Say 'Aloha!' to the iconic @princesspiavip! 🙋‍♀️💕 International superstar Pia is sharing never before seen snaps, videos and so much more on her VIP page! ✨😘 So head over and drop her a DM at: onlyfans.com/princesspiavip

"snaps" appears many times in OnlyFans posts, suggesting that they get a pretty hefty click-through rate via Snapchat, justifying my the official OnlyFans, as well as large creators post about it

Appendix 8: SNAP Github Engagement Diagram

Snap Inc.

GiGL 47 open PRs (active daily) Graph neural network framework	→	**Maps social graph to** predict which content, friends, lenses a user	→	Users open app **40x/day** 28 min/day (18-24)

GiGL trains models on Snap's friend graph so the app surfaces the right story, lens, and friend suggestion at the right time = why users open 40x/day (feed is personal, not generic)

EnsRec + MaskGR NeurIPS 2025 papers Recommendation systems	→	**Predicts what video a** user wants next in the Spotlight feed	→	Spotlight time **+300% YoY** 550M monthly viewers

Better ranking = users watch longer before swiping. Spotlight went from side feature to 40%+ of content time in app. US Spotlight posters +47% YoY, reposts/shares +69% YoY

Camera Kit SDKs iOS, Android, Web, Plugins Low-bandwidth fixes (India) Updated through Feb 2026	→	**3rd-party apps embed** Snap AR. Users encounter Snap lenses outside the app, pull back to Snapchat	→	**68M ext. MAU** +40% YoY **22M downloads/month**

68M people use Snap's AR through other apps monthly. Low-bandwidth fixes = lenses that work on cheap Android in India. India is 28% of downloads (22M/mo)

Spectacles-Sample 184 stars, 69 forks (35%) 40+ sample projects Standalone specs-devs org	→	**Devs build AR games,** navigation, AI tools for Spectacles, but these feed back to Lens ecosystem	→	Lens Games **175M MAU** +40% YoY AR plays 8B/day

Every lens built for Spectacles is also playable in Snapchat. 175M people play Lens Games monthly. 75% of DAU engage with AR daily. Content that keeps users opening the app.

Appendix 9: Reviews with “Utility” and “Entertainment”

Snap Inc.

Quarter	Utility % of Reviews	Entertainment %	Utility Δ vs Q1'21	Entertainment Δ vs Q1'21
Q1'21	20	80	+0pp	+0pp
Q2'21	21	79	+1pp	-1pp
Q3'21	22	78	+2pp	-2pp
Q4'21	22	78	+2pp	-2pp
Q1'22	23	77	+3pp	-3pp
Q2'22	24	76	+4pp	-4pp
Q3'22	25	75	+5pp	-5pp
Q4'22	26	74	+6pp	-6pp
Q1'23	28	72	+8pp	-8pp
Q2'23	30	70	+10pp	-10pp
Q3'23	31	69	+11pp	-11pp
Q4'23	33	67	+13pp	-13pp
Q1'24	34	66	+14pp	-14pp
Q2'24	35	65	+15pp	-15pp
Q3'24	36	64	+16pp	-16pp
Q4'24	37	63	+17pp	-17pp
Q1'25	38	62	+18pp	-18pp

KEY FINDINGS
Utility keywords: +18pp (20% → 38%, Q1'21 → Q1'25)
Entertainment keywords: −18pp (80% → 62%)
Net 14pp+ gap closed between the two categories
Crossover trajectory: Utility reaches 50% ~Q3'26
DR ads +14% YoY; Perplexity deal = external demand confirmation