SNAP

Snap is growing faster and burning less, but still loses money.

Q2 2026 revenue rose 18.9% to $1.60B and free cash flow was $121M, yet the GAAP net loss was $164M. Other revenue grew 85% while advertising grew 9%.

+84.7% CALCULATED

Other revenue (mainly Snapchat+ subscriptions) growth in Q2 2026 to $316.5M; advertising grew 9.3% (calculated from reported revenue lines).

Watchlist: subscriptions and cash flow improve; GAAP losses, falling North America users, debt and youth-safety trials remain.

Core question

Can Snap turn 19% growth and positive cash flow into lasting profit when advertising grew 9% and North America users fell 7%?

Revenue

Q2 revenue $1,599.0M, +18.9%; advertising $1,282.5M, +9.3%; other $316.5M, +84.7% (calculated). Calendar-year company.

Users

DAU 493M, +5%; MAU 971M, +4%; ARPU $3.25, +13%. North America DAU 92M, -7%; Rest of World 303M, +12%.

Cash

Q2 free cash flow $120.5M; TTM $705.5M, an 11.1% margin (calculated). Cash and securities $2.66B against $4.23B of debt (S&P).

Risk

Q2 operating loss of $170.7M includes $128.5M of restructuring; youth-related trials are scheduled for later this year.

Street

42 analysts: targets $5.00 to $16, average $7.44, 15.5% above the $6.44 close of 15 Oct 2026.

PRICE	MARKET CAP	PRICE AS OF	REPORT DATE
$6.44	$10.9B	15 Oct 2026	16 Oct 2026
as of 15 Oct 2026	as of 15 Oct 2026		

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SUMMARY

Subscriptions and cost cuts lifted cash flow; the GAAP loss persists.

Gross margin rose to 58% and Adjusted EBITDA reached $250M. Snap guides Q3 revenue to $1.70B to $1.74B and says sustained net income should begin in 2027.

58.2%

Q2 gross margin vs 51.4% a year earlier, a 6.8 point gain (calculated); Adjusted EBITDA $249.6M vs $41.3M. CALCULATED

-$163.96M

Q2 net loss vs -$262.6M; the operating loss of $170.7M includes $128.5M of restructuring (reported).

1.7x

Market cap of $10.89B over TTM revenue of $6.35B (calculated); EV about $12.5B; free cash flow yield 6.5% (S&P). CALCULATED

What supports the view

- Revenue growth by quarter: 9.8%, 10.2%, 12.1%, 18.9% (calculated); Q3 guide implies 12.8% to 15.5%.
- Other revenue grew 85% to $316M; under 3% of monthly users pay, so the base is small (company).
- Free cash flow positive in each of the last eight quarters (company statement; not independently re-checked); TTM $705.5M vs $392.4M a year before.
- Adjusted EBITDA guide for Q3 is $300M to $350M vs $182.0M a year earlier (company and release).

What could undercut it

- Advertising grew 9.3% in Q2, helped by World Cup spending, after 2.7% in Q1 (calculated).
- North America DAU is 92M, down 7% y/y as in Q1; the region's revenue growth came from ARPU of $10.26, up 23%.
- GAAP operating loss in three of the last four quarters; stock compensation is 16.5% of revenue (calculated).
- Youth-related regulation and several US trials later this year could change products and add costs (company).

What decides it: the Q3 report on 4 Nov 2026, after the close (S&P, confirmed), against guided revenue of $1.70B to $1.74B.

Key figures

METRIC	PERIOD	VALUE	SOURCE
Revenue	Q2 2026	**$1,599.0M**	Q2 2026 release
Free cash flow	Q2 2026	**$120.5M**	Q2 2026 release
Daily active users	Q2 2026	**493M**	Q2 2026 release
TTM revenue	Q3 25 to Q2 26	**$6,351.1M**	Release TTM line; ties to sum
TTM net loss	Q3 25 to Q2 26	**-$311.2M**	Release TTM line; ties to S and P
Cash and securities	30 Jun 2026	**$2.66B**	S and P Global MI

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METRIC	PERIOD	VALUE	SOURCE
Market cap	15 Oct 2026	**$10.89B**	S and P Global MI

What to watch

4 NOV 2026

Q3 2026 results

Date per S&P (after market close; not checked on Snap IR). Guide: revenue $1.70B to $1.74B, Adjusted EBITDA $300M to $350M.

EARLY FEB 2027

Q4 and FY2026 results

Timing inferred from 4 Feb 2026; no date sourced. Q4 is the seasonal peak.

LATER IN 2026

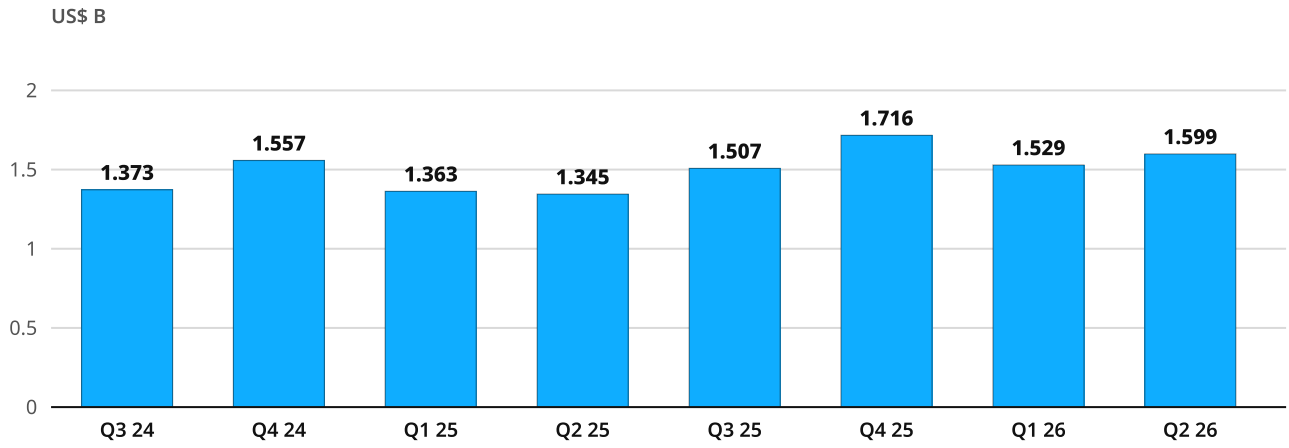
US youth-safety trials

Several trials scheduled; the company says outcomes may change products and add legal costs.

EVIDENCE 1 · REVENUE AND PROFITABILITY

Growth accelerated to 19% and gross margin reached 58%.

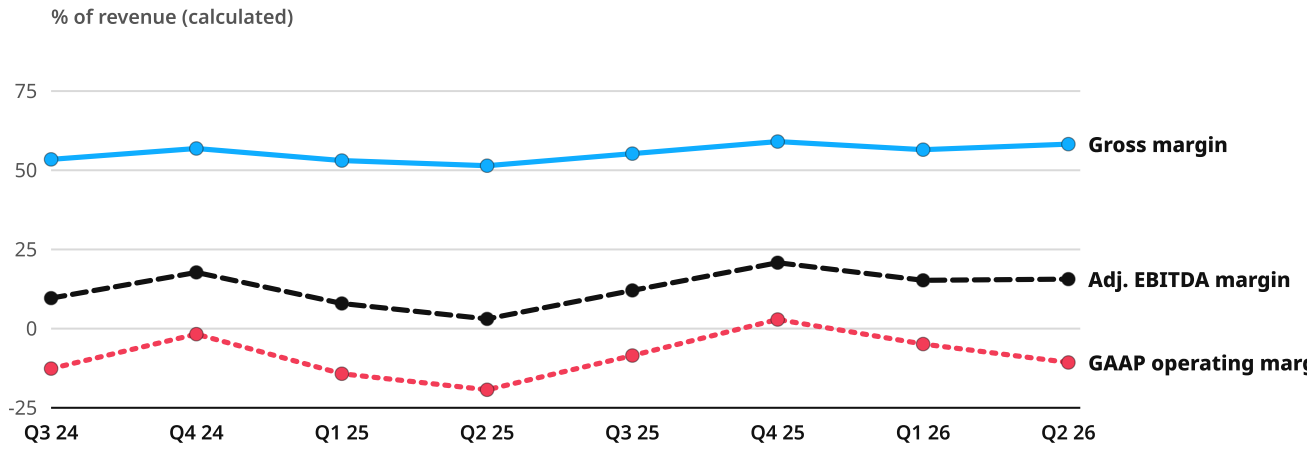
Quarterly revenue reached $1.60B in Q2 2026



Revenue as reported. Calendar-year company: Q4 is the seasonal peak.
Source: Snap 8-K releases (SEC); Flip sheet tab SNAP (revenue ties to Q3 2025).

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Gross and Adjusted EBITDA margins rose while GAAP operating margin stayed negative



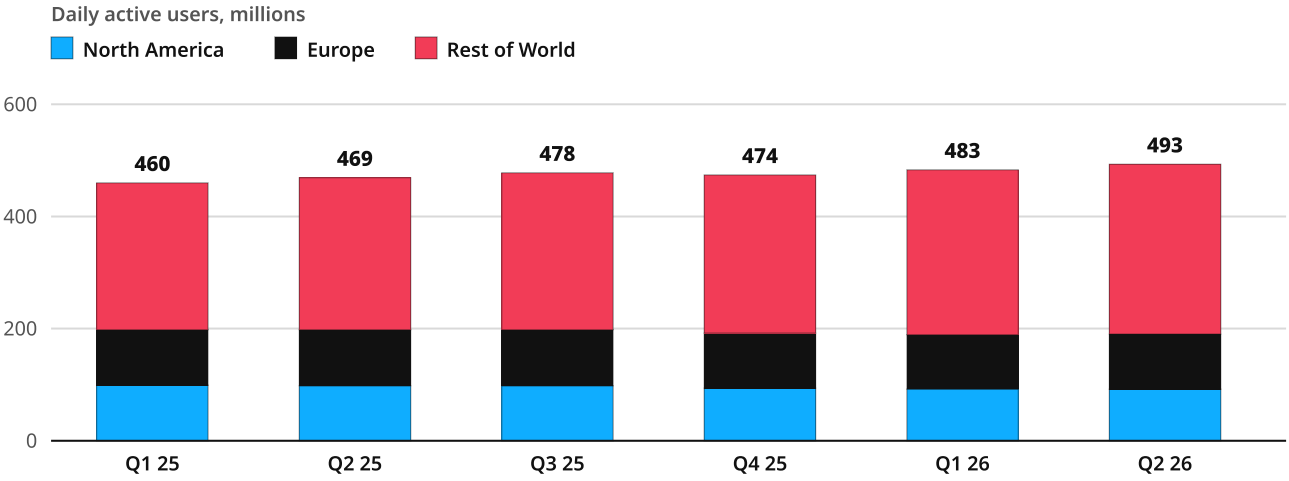
Calculated from reported lines. Q3 and Q4 2024 Adjusted EBITDA from the Flip tab. Q2 2026 operating loss includes $128.5M restructuring. Axis runs -25 to 65.
Source: Snap releases (SEC); Flip sheet tab SNAP.

Q2 gross profit was $931.1M vs $691.6M. Adjusted EBITDA excludes stock compensation of $263.2M and the $128.5M restructuring. The TTM Adjusted EBITDA is $1,022.7M, a 16.1% margin (calculated), against a TTM GAAP operating loss of $323.8M.

EVIDENCE 2 · USERS AND ARPU

Users grow outside North America; revenue per user grows inside it.

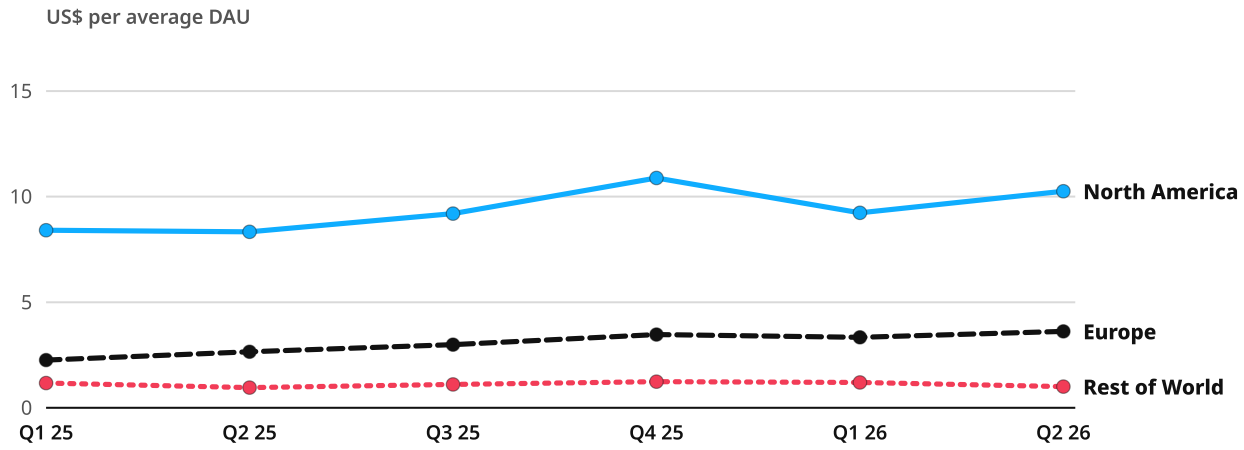
Rest of World added users while North America and Europe slipped



DAU by region as reported; totals 460M to 493M. Rest of World is 61% of DAU (calculated).
Source: Snap Q2 2026 release, supplemental table (SEC).

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North America ARPU rose to $10.26 while Rest of World stayed near $1



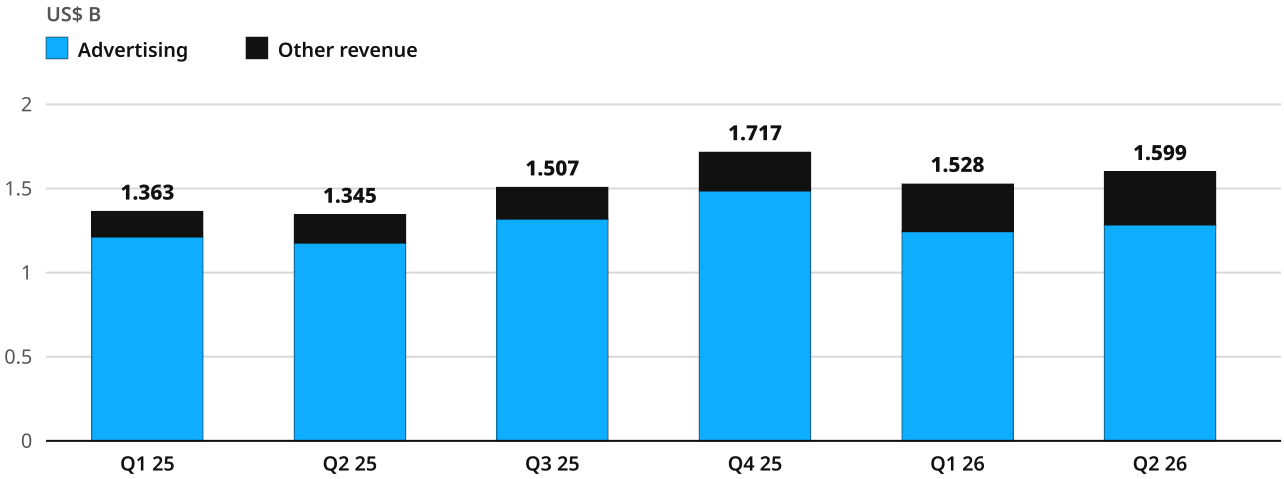
ARPU is quarterly revenue by region over average DAU, as reported. Axis runs 0 to 12.
Source: Snap Q2 2026 release, supplemental table (SEC).

METRIC	Q2 2025	Q2 2026	SOURCE
Daily active users	**469M**	493M	Releases
Monthly active users	**932M**	971M	Releases
ARPU	**$2.87**	$3.25	Releases
North America share of revenue	**61.0%** CALCULATED	59.0% CALCULATED	Calculated
Rest of World share of DAU	**57.8%** CALCULATED	61.5% CALCULATED	Calculated

EVIDENCE 3 · ADVERTISING VS SUBSCRIPTIONS

Other revenue is now 20% of sales and growing nine times faster.

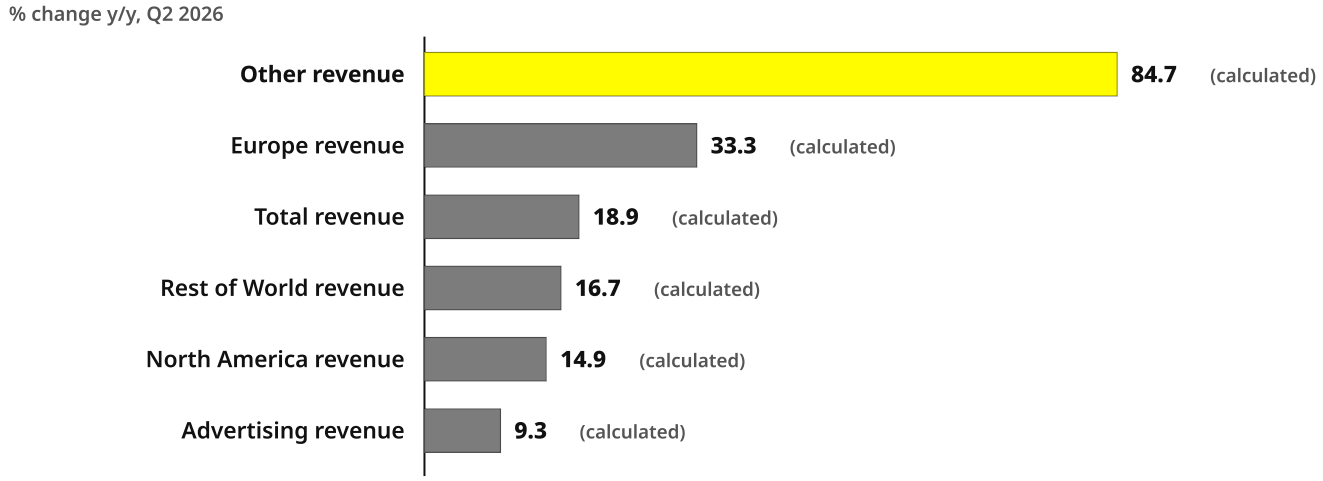
Other revenue grew from $152M to $316M in five quarters



Advertising and other revenue from the 10-Qs and 10-K; Q1 and Q4 derived from period totals (calculated). Other is mainly Snapchat+ subscriptions.
Source: Snap Forms 10-Q and 10-K (SEC); Q2 2026 release.

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Other revenue grew 85%; advertising 9%; Europe led by region



Calculated from reported lines. Regional split is the release's supplemental basis (impression location), which differs from the 10-Q billing-address basis.
Source: Snap Q2 2026 release and Form 10-Q (SEC).

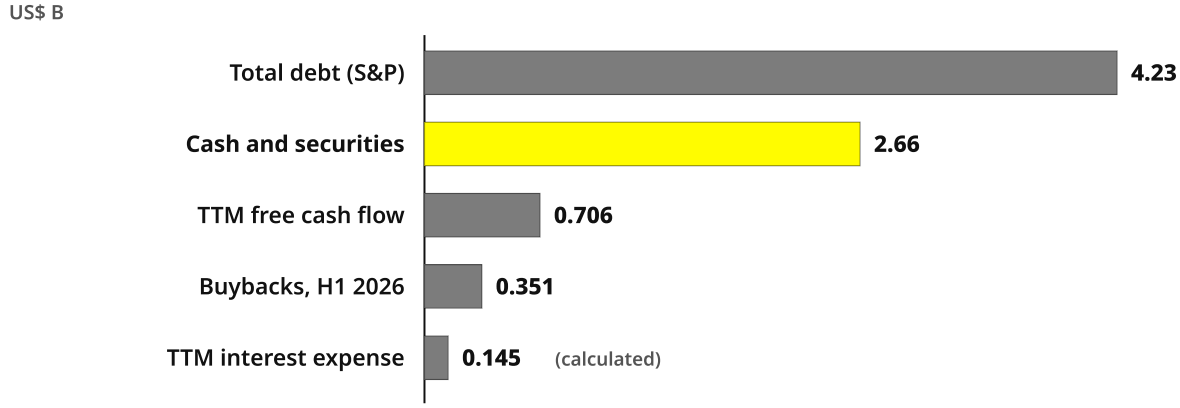
Advertising growth by quarter was 5.4%, 5.0%, 2.7% and 9.3%; other revenue growth was 53.9%, 62.4%, 87.3% and 84.7% (calculated). Subscribers reached 24M in Q4 2025, up 71% (company); Q2 2026 subscriber count was not found in the sources.

EVIDENCE 4 · COSTS, CASH AND BALANCE SHEET

A 16% headcount cut and $350M of buybacks sit beside $4.2B of debt.

Q2 2026 ITEM	VALUE	BASIS	SOURCE
GAAP operating loss	**-$170.7M**	Reported	Q2 2026 release
Restructuring charges	**$128.5M**	Reported	Q2 2026 release
Loss before restructuring	**-$42.2M** CALCULATED	Calculated	Release
Stock compensation	**$263.2M**	Reported	Q2 2026 release
Full-time employees	**4,723**	Reported	Q2 2026 release

Cash and securities are below total debt; free cash flow is positive



Balances at 30 Jun 2026. S&P total debt includes leases. Interest expense is the sum of four quarters.
Source: Snap Q2 2026 release and Form 10-Q; stockanalysis.com (S&P Global MI).

The 10-Q describes a plan to cut about 16% of global full-time employees. A $500M repurchase authorization from February 2026 had $150M left at 30 Jun. Management expects a new multi-year dilution program after the current one finishes in Q4, and names free cash flow per share its primary objective.

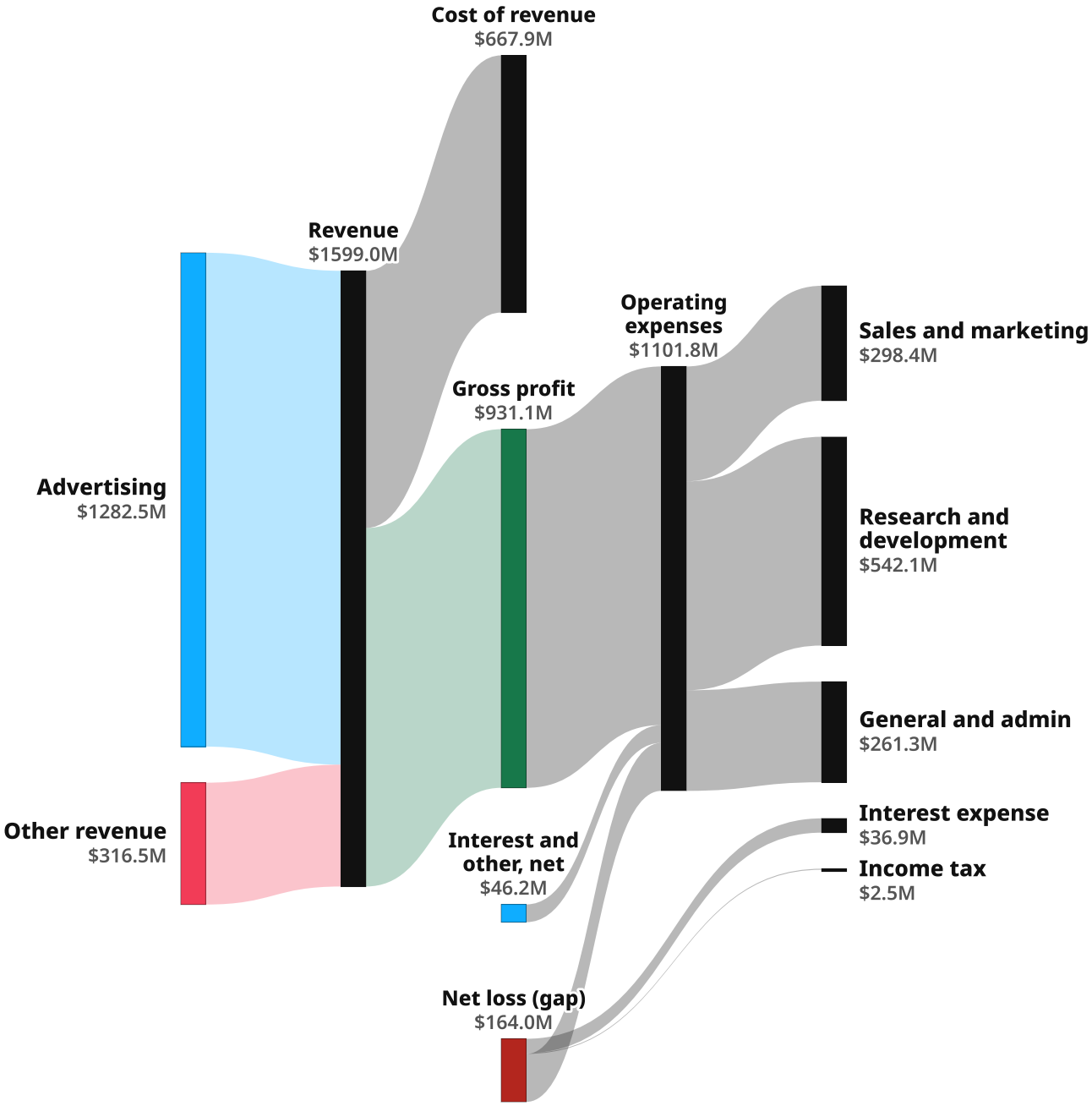
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INCOME STATEMENT FLOW

Gross profit of $931M did not cover $1.10B of operating costs.

Q2 2026 income statement

US$ M · quarter ended 30 Jun 2026 · GAAP



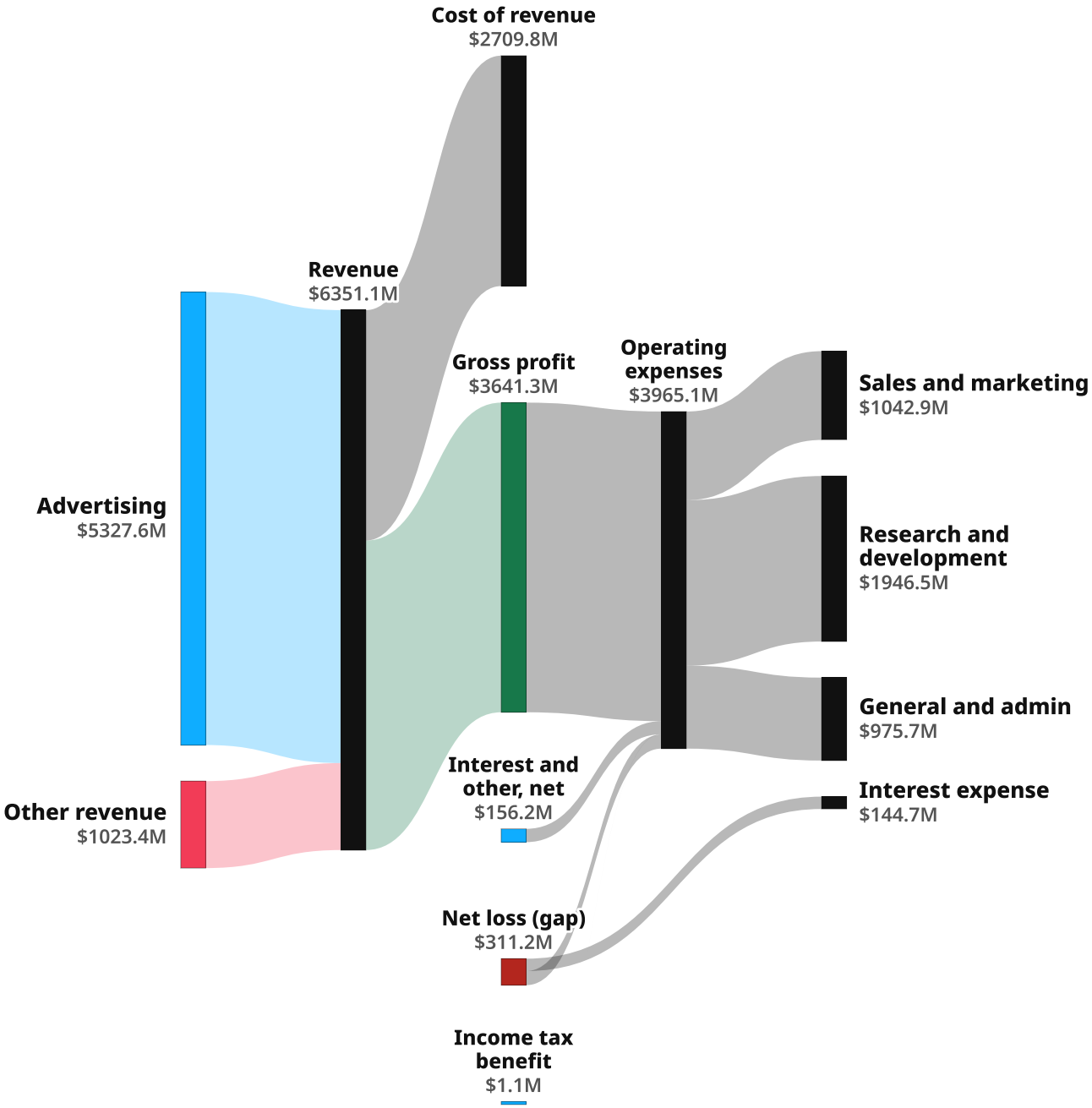
Source: Snap Q2 2026 release (SEC). Because the pre-tax result is a loss, the net loss is shown as a source that funds the shortfall.
Chart: desk analysis. Interest and other income is calculated; net loss shown as a source.

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Over four quarters, $6.35B of revenue ended in a $311M net loss.

TTM income statement, Q3 2025 to Q2 2026

US$ M · twelve months to 30 Jun 2026 · GAAP · calculated



Source: Snap releases (SEC). TTM = sum of Q3'25 to Q2'26; ties to the release TTM lines and S and P; calculated.
Chart: desk analysis. A net tax benefit of $1.1M is shown as a source; net loss shown as a source.

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RISKS

Six exposures matter most, set against real strengths.

Profitability

Four-quarter GAAP operating loss of $323.8M and net loss of $311.2M; net income depends on cost cuts and growth (calculated).

Advertising dependence

Advertising is 80% of revenue and grew 9.3% in Q2, with World Cup spending noted by the company (calculated).

North America users

DAU fell 7% to 92M, the region that earns $10.26 per user, against 303M in Rest of World at $1.00.

Youth regulation

Several US trials are scheduled later this year; the company says outcomes may change products and raise legal costs.

Leverage and dilution

S&P shows $4.23B of debt against $2.66B of cash; stock compensation guide is about $1.05B for 2026.

Offsetting strengths

Positive free cash flow in the last eight quarters (company statement, not re-checked), 58% gross margin and subscriptions growing 85%.

VALUATION

The Street range runs from $5 to $16 against a $6.44 price.

Only the third-party analyst range is sourced; the Desk has no scenario model. This is not a Desk target.

Street range (third-party)

CASE	STREET TARGET	VERSUS CLOSE	SOURCE
Street low	**$5.00**	-22.4%	S and P Global MI, 42 analysts
Street average	**$7.44**	+15.5%	S and P Global MI
Street high	**$16.00**	+148.5%	S and P Global MI

Valuation inputs, 15 Oct 2026

METRIC	BASIS	VALUE	SOURCE
Market capitalisation	15 Oct close	**$10.89B**	S and P Global MI
Price to sales	TTM $6.35B	**1.7x**	S and P Global MI
EV/Sales	TTM	**1.95x**	S and P Global MI
Forward P/E	Non-GAAP	**8.9x**	S and P Global MI
Free cash flow yield	TTM	**6.54%**	S and P Global MI
FY26 consensus revenue	Consensus	**$6.81B**	S and P Global MI

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METRIC	BASIS	VALUE	SOURCE
52-week price change	Share price	**-18.7%**	S and P Global MI

The price sits below the Street average in a very wide range

US$ per share



Third-party analyst targets polled by S and P Global; not a Desk view. Forecast page last updated 14 Oct 2026.
Source: stockanalysis.com forecast page, 15 Oct 2026.

CATALYSTS

One confirmed date: Q3 results on 4 November.

4 NOV 2026 · KEY DATE

Q3 2026 results

Date per S&P (after market close; not checked on Snap IR). Guide: revenue $1.70B to $1.74B; Adjusted EBITDA $300M to $350M.

EARLY FEB 2027

Q4 and FY2026 results

Timing inferred from last year; no date sourced. FY26 consensus revenue $6.81B.

LATER IN 2026

Trials and SPECS launch

Several US youth-safety trials (company statement); SPECS launch planned for fall. No dates sourced; unverified.

METHOD AND DATA QUALITY

How the numbers were checked

Tags: OK confirmed against the source, FIX corrected, PART partly supported, UNV not verified.

CLAIM	RESULT	NOTE
Flip tab SNAP revenue, costs, opex, net loss, DAU and FCF through Q3 2025	OK	Tie to the releases for Q1 to Q3 2025 and Q3 2024 to Q4 2024 where checked.
Flip tab SNAP coverage	FIX	Ends at Q3 2025 (header 2025-11-05); Q4 2025, Q1 and Q2 2026 are missing. Releases used for those.
Flip tab SNAP Adjusted EBITDA, Q3 2025 column	FIX	Shows 108,425 (a copy of Q1 2025); reported is 182,038.
Flip tab SNAP shares and EPS, Q1 and Q2 2025 columns	FIX	Share counts swapped (1,674,854 is Q2 2025); EPS -0.0833 and -0.1548 vs -0.0823 and -0.1568.

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CLAIM	RESULT	NOTE
TTM = sum of Q3 2025 to Q2 2026	OK	Revenue, operating loss, pre-tax loss, net loss and FCF tie to the release TTM lines and S and P.
Advertising and other revenue split for Q4 2025 and Q1 2025	PART	Derived from 10-K and 10-Q period totals; not stated in the releases.
Regional revenue and ARPU basis	PART	Release supplemental table uses impression location; the 10-Q uses billing address. Release basis used.
Q3 2026 report date of 4 Nov 2026	OK	S and P marks it confirmed, after market close.
DAU 493M, MAU 971M, ARPU $3.25, gross margin 58.2%, Q2 FCF $120.5M	OK	Confirmed against Q2 release and prepared remarks (FCF $121M rounded).
FCF positive eight straight quarters; youth-safety trial dates; SPECS fall launch	UNV	Company statement as cited in the tab; not independently found. Trial dates and SPECS timing unverified.
Regional DAU, TTM revenue/FCF/net loss, H1 buybacks $350M, debt $4.23B	UNV	Not re-read or re-derived in the fact-check; S&P items not re-polled.

Not sourced or not determinable

- Q2 2026 Snapchat+ subscriber count (last seen: 24M in Q4 2025).
- Detail of the legal exposure and any reserves for youth-related cases.
- Outcome of the 16 Sep 2026 SPECS event; no sourced results.
- Q4 2026 and later report dates (inferred, not sourced).

SOURCES & DISCLOSURE

Principal sources

1. **Snap Q2 2026 earnings release (8-K EX-99.1)**
   sec.gov/Archives/edgar/data/1564408/000156440826000047/snap-20260803xexx991pressr.htm
2. **Snap Q2 2026 release and prepared remarks: DAU 493M, MAU 971M, ARPU $3.25 +13%, GM 58%, FCF $121M**
   sec.gov/Archives/edgar/data/1564408/000156440826000047/q22026preparedremarks.htm
3. **Snap Q2 2026 prepared remarks (8-K EX-99.2): Q3 outlook**
   sec.gov/Archives/edgar/data/1564408/000156440826000047/q22026preparedremarks.htm
4. **Snap Form 10-Q, quarter ended 30 Jun 2026**
   sec.gov/Archives/edgar/data/1564408/000156440826000052/snap-20260630.htm
5. **Snap Q1 2026 and Q4 2025 releases (8-K EX-99.1)**
   sec.gov/Archives/edgar/data/1564408/000156440826000024/snap-20260506xexx991pressr.htm
6. **Snap Q3 2025 release and Form 10-Q; FY2025 Form 10-K**
   sec.gov/Archives/edgar/data/1564408/000156440826000013/snap-20251231.htm
7. **Valuation statistics, S and P Global MI via stockanalysis.com, 15 Oct 2026** (secondary)
   stockanalysis.com/stocks/snap/statistics/
8. **Analyst targets and estimates, S and P Global MI / TipRanks via stockanalysis.com** (secondary)
   stockanalysis.com/stocks/snap/forecast/
9. **Flip sheet, tab SNAP (read-only; history ends Q3 2025)** (secondary)
   docs.google.com/spreadsheets/d/1m3h9Xce3SRMaq20li2Qg4HuSZowwxQSd9FkQmeuI7Dw (Flip sheet, read-only)

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