

Snap Inc.
Consolidated Statements of Operations
(in thousands, except per share amounts)

	Year Ended December 31,		
	2017	2016	2015
Revenue	\$ 824,949	\$ 404,482	\$ 58,663
Costs and expenses:			
Cost of revenue	717,462	451,660	182,341
Research and development	1,534,863	183,676	82,235
Sales and marketing	522,605	124,371	27,216
General and administrative	1,535,595	165,160	148,600
Total costs and expenses	4,310,525	924,867	440,392
Loss from operations	(3,485,576)	(520,385)	(381,729)
Interest income	21,096	4,654	1,399
Interest expense	(3,456)	(1,424)	—
Other income (expense), net	4,528	(4,568)	(152)
Loss before income taxes	(3,463,408)	(521,723)	(380,482)
Income tax benefit (expense)	18,342	7,080	7,589
Net loss	\$ (3,445,066)	\$ (514,643)	\$ (372,893)
Net loss per share attributable to Class A, Class B, and Class C common stockholders (Note 2):			
Basic	\$ (2.95)	\$ (0.64)	\$ (0.51)
Diluted	\$ (2.95)	\$ (0.64)	\$ (0.51)

See Notes to Consolidated Financial Statements.

Snap Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2017	2016	2015
Cash flows from operating activities			
Net loss	\$ (3,445,066)	\$ (514,643)	\$ (372,893)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	61,288	29,115	15,307
Stock-based compensation	2,639,895	31,842	73,524
Deferred income taxes	(17,490)	(7,952)	(7,700)
Excess inventory reserve and related asset impairment	21,997	—	—
Other	(6,356)	889	626
Change in operating assets and liabilities, net of effect of acquisitions:			
Accounts receivable, net of allowance	(104,357)	(118,434)	(41,905)
Prepaid expenses and other current assets	(39,783)	(20,521)	(6,590)
Other assets	(4,771)	(5,064)	(4,451)
Accounts payable	49,696	6,486	(6,724)
Accrued expenses and other current liabilities	100,988	(19,728)	40,026
Other liabilities	9,292	6,765	4,158
Net cash used in operating activities	(734,667)	(611,245)	(306,622)
Cash flows from investing activities			
Purchases of property and equipment	(84,518)	(66,441)	(19,205)
Purchases of intangible assets	(8,107)	(572)	(9,100)
Non-marketable investments	(10,030)	(6,513)	(9,551)
Cash paid for acquisitions, net of cash acquired	(386,011)	(104,001)	(48,730)
Issuance of notes receivable from officers/stockholders	—	(15,000)	(7,500)
Repayment of notes receivables from officers/stockholders	—	15,000	—
Purchases of marketable securities	(3,862,637)	(1,565,347)	—
Sales of marketable securities	511,068	195,898	—
Maturities of marketable securities	2,483,225	532,690	—
Change in restricted cash	10,271	(7,048)	(1,856)
Other investing activities	—	—	(5,000)
Net cash used in investing activities	(1,346,739)	(1,021,334)	(100,942)
Cash flows from financing activities			
Proceeds from the exercise of stock options	11,379	731	60
Stock repurchases from employees for tax withholdings	(394,156)	—	—
Proceeds from issuance of Class A common stock in initial public offering, net of underwriting commissions	2,657,797	—	—
Repurchase of Class B voting common stock and Series FP voting preferred stock	—	(10,593)	(1,000)
Proceeds from issuances of preferred stock, net of issuance costs	—	1,157,147	651,306
Borrowings from revolving credit facility	—	5,000	—
Principal payments on revolving credit facility	—	(5,000)	—
Payments of initial public offering costs	(9,672)	(5,395)	—
Net cash provided by financing activities	2,265,348	1,141,890	650,366
Change in cash and cash equivalents	183,942	(490,689)	242,802
Cash and cash equivalents, beginning of period	150,121	640,810	398,008
Cash and cash equivalents, end of period	\$ 334,063	\$ 150,121	\$ 640,810
Supplemental disclosures			
Cash paid for income taxes	\$ 6,226	\$ 1,686	\$ 3
Supplemental disclosures of non-cash activities			
Issuance of Class B voting common stock related to acquisitions	\$ —	\$ 96,145	\$ 29,270
Assumed equity awards in acquisitions	\$ 3,911	\$ —	\$ —
Purchase consideration liabilities related to acquisitions	\$ 16,486	\$ 21,085	\$ —
Repurchase of Class B voting common stock and Series FP voting preferred stock in exchange for notes receivable from officers/stockholders	\$ —	\$ 13,500	\$ —
Construction in progress related to financing lease obligations	\$ 1,451	\$ 1,789	\$ 6,305
Net change in accounts payable and accrued expenses and other current liabilities related to property and equipment additions	\$ 13,139	\$ 2,084	\$ 3,174
Deferred offering costs accrued, unpaid	\$ —	\$ 1,739	\$ —

See Notes to Consolidated Financial Statements.