

Initiating Coverage: A World-Class Advertising Franchise Priced for an Unproven AI Build

Meta Platforms, Inc. (META) | Report date: 2026-09-11
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Initiating Coverage: A World-Class Advertising Franchise Priced for an Unproven AI Build

Rating	NEUTRAL / MARKET PERFORM
Price (11 September 2026)	US\$648.03
12-month price target	US\$635.00
Implied 12-month total return	(1.7)%
52-week range	US\$520.26 - US\$790.80
Market capitalisation	US\$1,659bn
Enterprise value	US\$1,663bn
Diluted shares	2,560m
Net debt, FY2026E	US\$3.6bn
Valuation range	US\$440 - US\$785
Risk rating	Average

Investment Summary

We initiate coverage of Meta Platforms, Inc. (Nasdaq: META) with a Neutral / Market Perform rating and a 12-month price target of US\$635, 2.0% below the 11 September 2026 close of US\$648.03. Our target blends a ten-year discounted cash flow at a 9.64% weighted average cost of capital (50% weight, US\$583 per share), trading comparables (40%, US\$688) and precedent transactions (10%, US\$658). Meta is the largest digital advertising business in the world on current forecasts, with US\$228.2bn of trailing-twelve-month revenue, a 48.0% trailing EBITDA margin and 3.60bn daily users. It is also, in 2026, a company spending US\$137bn on property and equipment in a single year, equal to 54.5% of our forecast revenue, funded partly with US\$55bn of senior notes issued in November 2025 and May 2026. The advertising franchise deserves a premium; the capital programme that surrounds it does not yet earn one.

- The advertising engine is compounding faster than the market it competes in.**
Revenue grew 22% in FY2025 to US\$200.97bn and then accelerated: Q1 2026 revenue rose 33% to US\$56.31bn and Q2 2026 revenue rose 28% to US\$60.80bn, with average price per ad up 12% and impressions up 14% in the second quarter (Form 8-K, 29 July 2026). EMARKETER forecasts US\$243.46bn of net worldwide ad revenue for Meta in 2026 and a 26.8% share of global digital ad spending, which would place it ahead of Alphabet for the first time, against 24.1% forecast growth vs. Alphabet's 11.9% (EMARKETER, 13 April 2026). Price-led growth is the strongest evidence that Meta's automation stack is winning incremental budgets rather than merely holding them.
- Capital intensity, not competitive position, is what sets the valuation.**
Capital expenditure including finance-lease principal was US\$72.22bn in FY2025 and is guided to US\$130-145bn in FY2026, which is 54.5% of our forecast revenue and exceeds after-tax operating profit in both FY2026E and FY2027E. Unlevered free cash flow is negative in FY2026E (-US\$39.0bn) and FY2027E (-US\$10.7bn) before turning positive in FY2028E, so 76% of our DCF enterprise value sits in the terminal period. That is a statement about terminal capital intensity, not about the business: our base case assumes capital expenditure fades to 35.0% of revenue by FY2030E and 24.0% by FY2035E.

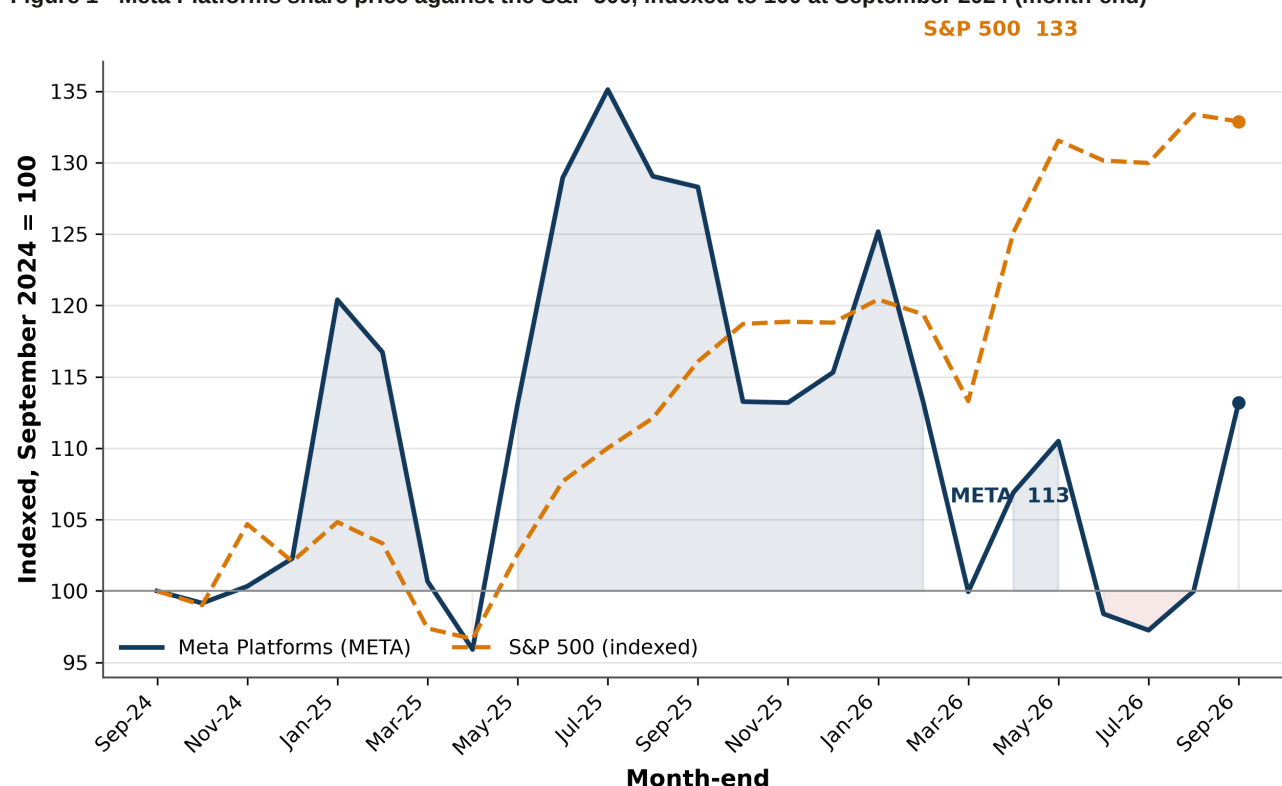
- **Relative valuation offers support, but at the level capital intensity warrants.**

Meta trades on 11.9x forward EBITDA and 21.0x forward operating earnings against a peer median of 15.1x and 20.9x, and on 5.8x forward revenue against a peer median of 6.9x. Applying peer medians to our model's forward figures implies US\$638-US\$823 per share, and precedent transactions imply US\$406-US\$774. We discount peer trailing medians by 20% for capital intensity and apply them to operating rather than EBITDA profit, because depreciation rises from 10.0% of trailing revenue to 18.8% of revenue by FY2030E and flatters EBITDA-based comparisons. Meta is in line on forward earnings and cheap on forward EBITDA; neither is an anomaly to arbitrage.

- **The debate is binary on whether US\$137bn of annual capital expenditure earns its cost of capital.**

Our bear case assumes 6% revenue CAGR to FY2030E, a 30.0% terminal operating margin and capital expenditure at 50% of revenue, and values the shares at US\$221. Our bull case assumes 19% revenue CAGR, a 42.0% terminal margin and capital expenditure falling to 38% of revenue, and values them at US\$753. At 20%/60%/20% probabilities the weighted DCF value is US\$543, below the current price. The 2.6x spread between bear and bull is the widest of any large-cap technology franchise we cover, which is why we carry 20% of the weight outside the DCF and hold the rating at Neutral.

Figure 1 - Meta Platforms share price against the S&P 500, indexed to 100 at September 2024 (month-end)



Source: Nasdaq closing prices for META and S&P 500 index closes, September 2024 to 11 September 2026.

Table 1 - Financial and Valuation Summary (US\$m unless stated)

Metric	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E
Total revenue	134,902	164,501	200,966	252,082	295,401
Revenue growth (%)	16.1	22.0	22.2	25.4	17.2
Advertising revenue	131,948	160,633	196,175	245,923	288,099
Gross margin (%)	80.8	81.7	82.0	80.5	80.2
EBITDA (operating income plus D&A)	57,929	84,878	101,892	113,517	148,426
EBITDA margin (%)	42.9	51.6	50.7	45.0	50.2
Operating income	46,751	69,380	83,276	84,699	104,277

Operating margin (%)	34.7	42.2	41.4	33.6	35.3
Net income	39,098	62,360	60,458	77,283	84,926
Diluted EPS (US\$)	14.87	23.86	23.49	30.19	33.37
Free cash flow	42,789	52,103	43,585	4,471	23,776
Free cash flow margin (%)	31.7	31.7	21.7	1.8	8.0
Capital expenditure incl. finance leases	28,324	39,225	72,215	137,384	141,792
Capital expenditure (% of revenue)	21.0	23.8	35.9	54.5	48.0
Long-term debt	18,385	28,826	58,744	85,000	95,000
EV/Revenue (x)	n.a.	n.a.	7.3	5.8	5.0
EV/EBITDA (x)	15.3	17.5	15.2	11.9	10.1
P/E on diluted EPS (x)	n.a.	n.a.	27.6	21.5	19.4

Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026) and Forms 8-K earnings releases filed 28 January 2026 (fourth quarter and full year 2025) and 29 July 2026 (second quarter 2026); Analyst Report estimates FY2026E-FY2027E.

Recommendation: Neutral / Market Perform. Meta offers the best advertising growth in the top tier and the weakest free-cash-flow conversion of any mega-cap platform in 2026, because capital expenditure absorbs 54.5% of revenue. Our valuation range of US\$440-US\$785 spans a bear case in which the AI build never earns its cost of capital and a bull case in which capital intensity normalises while advertising growth stays near 20%. The probability-weighted evidence clusters at US\$580-US\$690. We would revisit the rating on a stated capital-intensity glide path, evidence of AI infrastructure returns, or a resumption of buybacks.

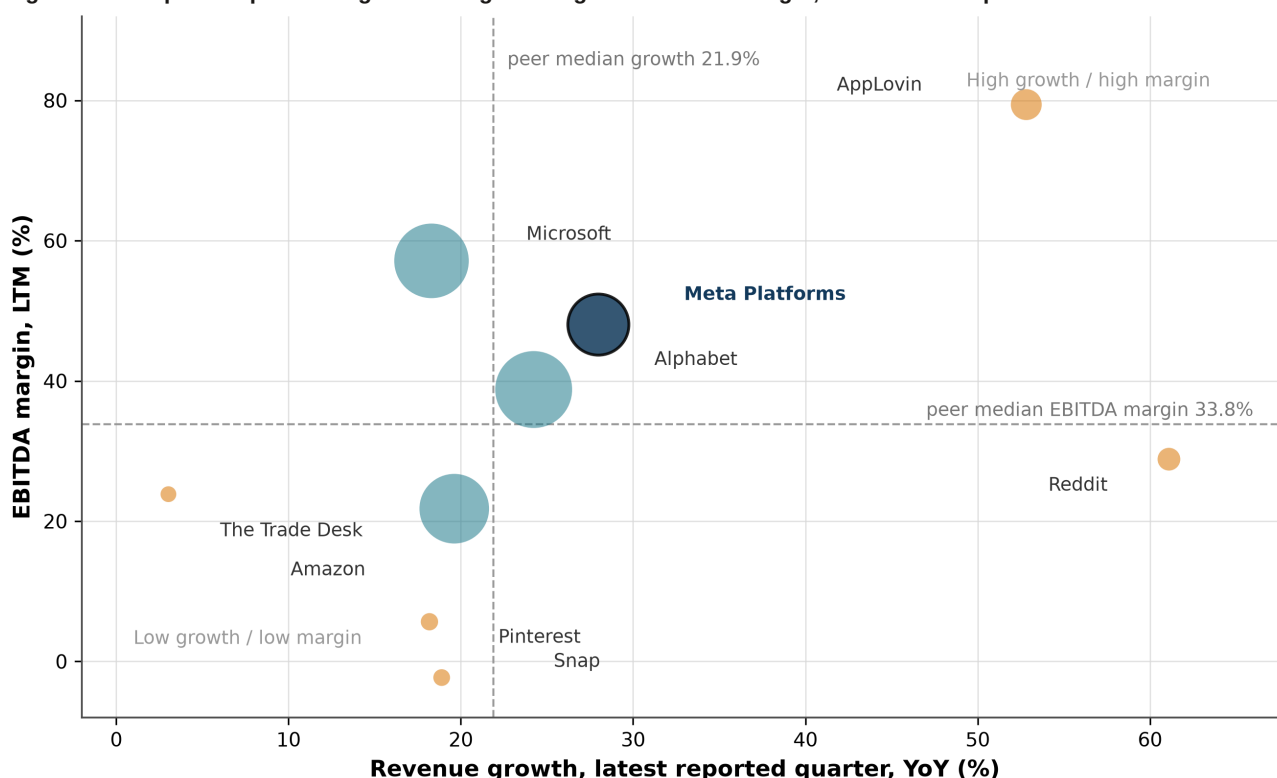
Investment Thesis & Risks

Pillar 1: Advertising growth has become price-led, and Meta is taking share from Alphabet

Revenue grew 22% in FY2025 to US\$200.97bn and then accelerated: Q1 2026 revenue rose 33% to US\$56.31bn and Q2 2026 revenue rose 28% to US\$60.80bn (Forms 8-K filed 29 April and 29 July 2026). Composition matters more than the headline. In FY2025 impressions grew 12% and average price per ad rose 9%; by Q2 2026 impressions grew 14% and price rose 12%. Volume and price rarely rise together in a maturing auction, and three consecutive quarters of both is evidence that advertisers are paying more per unit of attention because the auction is producing better-measured outcomes.

EMARKETER attributes the acceleration to automation and generative creative tools improving performance on Facebook and Instagram, with Reels a principal beneficiary, and forecasts that Meta will overtake Alphabet in digital advertising revenue in 2026 with US\$243.46bn, or 26.8% of worldwide digital ad spending, against Alphabet's US\$239.54bn and 26.4% (EMARKETER, 13 April 2026). Meta's forecast growth of 24.1% is more than double Alphabet's 11.9%. The financial consequence is a high-margin marginal dollar: gross margin held at 82.0% in FY2025, and we assume 80.5% in FY2026E even after absorbing US\$2.40bn of legal charges and US\$1.18bn of severance. Advertising is 97.6% of revenue, so there is no second engine to dilute growth and none to absorb a shock.

Figure 2 - Competitive positioning: revenue growth against EBITDA margin, with market capitalisation as bubble size



Bubble area is proportional to the square root of market capitalisation. Peers are the eight listed comparables.

Source: Peer financials as tagged in each company's own SEC filings (Forms 10-Q for the quarter ended 30 June 2026; Microsoft Form 10-K for the year ended 30 June 2026); share prices of 11 September 2026.

Pillar 2: Meta owns the only global consumer surface with 3.6bn daily users and no subscription to protect

Family daily active people averaged 3.60bn in June 2026 against 3.58bn in December 2025, growing 3% year over year despite country-level access shocks (Q4 2025 and Q2 2026 earnings releases). Management attributed a sequential DAP decline in Q1 2026 to internet disruptions in Iran and a WhatsApp access restriction in Russia, which is a useful stress test: users are not leaving for competitors, they are being censored out of markets, and the loss appears as a discrete event rather than a trend.

Dividing FY2025 revenue of US\$200.97bn by the December 2025 DAP of 3.58bn implies roughly US\$56 of annual revenue per daily user, or US\$57.03 of worldwide average revenue per person as the company reports, up 15% year over year (FY2025 Form 10-K, MD&A). One additional dollar of annual revenue per daily user across a 3.6bn-user base is US\$3.6bn of revenue, 1.8% of FY2025 revenue, without a single additional user. Because the services are free, monetisation depth is limited by measurement and auction efficiency rather than by a consumer price point. The offsetting risk is that Meta relies on data signals and mobile operating systems it does not control, so Apple and Google can change measurement or targeting rules and flow straight into auction pricing (Q2 2026 earnings release).

Pillar 3: Capital intensity is the whole valuation, and the market is right to discount it

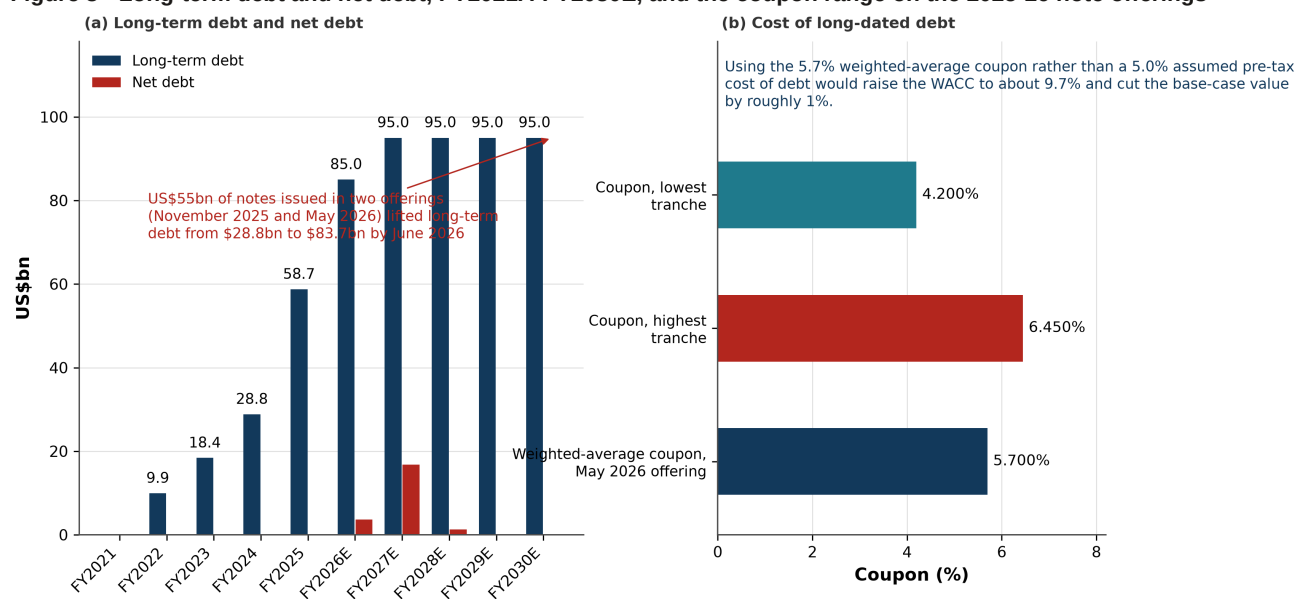
Meta will spend US\$130-145bn of capital expenditure including finance-lease principal in FY2026, against US\$72.22bn in FY2025 and US\$37.26bn in 2024, and disclosed US\$103.77bn of leases not yet commenced and US\$131.05bn of non-cancelable commitments at 31 December 2025 (Q2 2026 and Q4 2025 earnings releases; FY2025 Form 10-K). Depreciation rose from US\$11.02bn in 2023 to US\$18.62bn in 2025 and reaches US\$80.59bn by FY2030E in our forecast, on servers with assumed useful lives of five to five and a half years.

Unlevered free cash flow is negative US\$39.0bn in FY2026E and US\$10.7bn in FY2027E, turns positive at US\$22.6bn in FY2028E and reaches US\$70.8bn by FY2030E, because capital expenditure exceeds after-tax operating profit in the first two years. Company-defined free cash flow falls to US\$4.5bn in FY2026E from US\$43.6bn in FY2025A, a 1.8% margin. An investor therefore cannot value this business on a five-year model: with capital expenditure still at double depreciation in FY2030E, a perpetuity struck on FY2030E cash flow implies an exit multiple of 4.4x EBITDA, below every comparable company. Setting terminal capital expenditure to depreciation produces US\$545 per share, and a ten-year model converging to 24.0% capital intensity produces US\$583 and an implied 8.2x FY2035E EBITDA. The value sits in the assumption that the build eventually ends; the risk is that it does not.

Pillar 4: The balance sheet can fund the build, but it is no longer frictionless

Meta raised US\$30.0bn of senior notes on 3 November 2025 and US\$25.0bn across six tranches on 4 May 2026, with coupons from 4.550% due 2031 to 6.450% due 2066 and a weighted-average coupon of 5.7%. Long-term debt rose from US\$28.83bn at 31 December 2024 to US\$83.66bn at 30 June 2026, and interest and other income flipped from US\$919m of income in the first half of 2025 to a US\$1.14bn expense in the first half of 2026. Coverage remains ample at US\$3.6bn of forecast FY2026E net debt on US\$113.5bn of forecast EBITDA, but the cost of capital is now a line item, and buybacks stopped: repurchases were nil in both the first and second quarters of 2026 while dividends continued at roughly US\$1.35bn a quarter. We assume repurchases resume at US\$10bn in FY2027E and scale to US\$25bn by FY2030E.

Figure 3 - Long-term debt and net debt, FY2021A-FY2030E, and the coupon range on the 2025-26 note offerings



Net debt is shown only where cash and marketable securities are below long-term debt; Meta was in a net cash position in FY2021-FY2025.

Source: Meta Platforms FY2025 Form 10-K (filed 29 January 2026) and Form 10-Q for the quarter ended 30 June 2026 (filed 30 July 2026); Forms 8-K filed 3 November 2025 and 4 May 2026; Analyst Report estimates FY2026E-FY2030E.

Pillar 5: Governance concentrates the decision-making on one person, and that person is spending heavily

Zuckerberg controls the company through supervoting Class B stock carrying ten votes per share; at the 27 May 2026 annual meeting 342,307,492 Class B shares were represented, about two-thirds of the voting power, and a proposal to end the dual-class structure was defeated by 3.65bn votes to 1.31bn (Form 8-K filed 29 May 2026). He takes US\$1 of salary, no bonus and no equity awards, with total reported 2025 compensation of US\$25,125,904, essentially all security and other costs. Alignment is owner-driven rather than performance-driven, which removes the usual agency friction and the usual check: Meta's five-year total shareholder return of 243.32 on an index of 100 at December 2025 trailed its self-selected peer group's 445.33, and the capital-allocation decisions that produced that gap were made by the founder. Investors are underwriting one person's judgement on when the spending stops.

Risk Assessment

We identify twelve risks, organised by category. Where the company quantifies the exposure we state it; where it does not, we say so rather than estimate.

Company-specific risks

- Reality Labs losses with no disclosed monetisation path. The segment lost US\$19.19bn on US\$2.21bn of revenue in FY2025 and US\$4.62bn in Q2 2026 alone, and cumulative losses exceed the segment's lifetime revenue by an order of magnitude. No unit sales, average selling price or gross margin are disclosed, so payback cannot be independently tested. Likelihood high, severity moderate: affordable at current cash generation, but a permanent drag on consolidated margin.
- Revenue concentration in a single auction-priced product. Advertising was 97.6% of FY2025 revenue and equals impressions multiplied by average price per ad, so a 5% decline in either variable reduces revenue by roughly 5% with no offset. Impression growth has already decelerated from 18% in Q4 2025 to 14% in Q2 2026,

making revenue increasingly price-led and exposed to advertiser returns. Severity high.

- Capital intensity and return on AI investment. FY2026 capital expenditure is guided to US\$130-145bn against US\$72.22bn in FY2025, with US\$103.77bn of leases not yet commenced and US\$131.05bn of commitments already disclosed, and depreciation reaches US\$80.59bn by FY2030E on our base case. Most of the spend is fixed before the revenue arrives. Severity high if AI monetisation lags.
- Founder control and key-person dependency. Zuckerberg holds supervoting stock representing about two-thirds of voting power, and the dual-class proposal was defeated 3.65bn to 1.31bn in May 2026, with 318.5m votes withheld from his re-election. Strategy, capital allocation and the AI pivot are personally directed. Likelihood of governance friction high; financial severity low until a succession event.
- Platform dependency and third-party policy risk. Meta's own risk language cites reliance on data signals and mobile operating systems that it does not control and on third-party advertising policies (Q2 2026 earnings release). Any change by Apple or Google to measurement, targeting or app-store rules flows directly into auction pricing, and mitigation is limited to first-party data.

Industry and market risks

- Youth-safety and content litigation. Q2 2026 included US\$2.40bn of legal charges and management warns that US youth-related trials may ultimately result in a material loss; the FY2025 Form 10-K also records a US\$5.0bn accrual relating to the FTC consent order. Severity potentially high, and charges are being booked as trials resolve rather than disclosed as a range.
- European and other regulatory intervention. Recorded accruals and awards include a EUR1.2bn Irish Data Protection Commission accrual, a EUR798m European Commission fine, a EUR200m fine on the subscription-for-no-ads model and EUR542m of damages awarded to 87 media companies in the French AMI case, with further claims outstanding (FY2025 Form 10-K). The risk is compounding product constraint rather than one-off cost.
- Competitive intensity and share reversal. Meta is forecast to hold 26.8% of worldwide digital ad spending in 2026 against Alphabet's 26.4%, a 0.4 percentage point gap that could close either way, while Amazon grows from US\$68.64bn in 2025 to a forecast US\$97.07bn in 2027 (EMARKETER). Second-tier platforms are expanding fast: Snap's subscription revenue rose 62% in FY2025 as subscribers reached 24 million. A reversal in price-per-ad growth would stall Meta immediately.
- Rising cost of participation across the industry. The majority of Meta's 2026 expense growth is expected to come from infrastructure, with the next largest slice from technical talent (Q4 2025 earnings release). Competitors without Meta's US\$115.8bn of FY2025 operating cash flow must fund a similar build with worse economics.

Financial risks

- Margin compression and free-cash-flow erosion. Q2 2026 operating margin fell to 31% from 43% and free cash flow to US\$784m from US\$8.55bn as total costs and expenses grew 55%. Six-month free cash flow fell to US\$13.17bn from US\$18.88bn. Any further legal charge or depreciation step-up lands on a thinner margin, and our FY2026E operating margin of 33.6% is a 780bp decline on FY2025A.
- Tax volatility. The One Big Beautiful Bill Act produced a US\$15.93bn charge in Q3 2025 and an US\$8.03bn benefit in Q1 2026, after which management guided the remaining 2026 quarters to a 15-17% rate. Our model uses 8% for FY2026E and 18-20% thereafter, so a change in tax treatment would move net income without touching operating profit.
- Rising leverage and interest burden. Long-term debt reached US\$83.66bn at 30 June 2026 from US\$28.83bn at 31 December 2024 after US\$55bn of notes at coupons up to 6.450%. Interest and other income flipped to a US\$1.14bn expense in the first half of 2026 from US\$919m of income a year earlier. Coverage is ample, but the cost of capital is visible in the income statement.

Macroeconomic and external risks

- Foreign exchange and geopolitical access restrictions. Q3 2026 guidance assumes an approximately 1% foreign-currency headwind to revenue growth, and constant-currency adjustments have swung from a 2% tailwind in Q1 2026 to a headwind in Q2. Internet disruptions in Iran and the WhatsApp restriction in Russia caused a sequential DAP decline in Q1 2026, showing that government action can remove users outright.
- Advertising cyclicality with no backlog to absorb it. Revenue depends on advertisers' budgets, which Meta links to macroeconomic conditions and geopolitical events, and there is no order book: the closest substitutes are US\$131.05bn of commitments and US\$103.77bn of leases not yet commenced, both Meta's own obligations rather than customer commitments. In an advertising recession, usage would hold while auction prices and ad load came under pressure simultaneously, and depreciation would not fall with them.

Company Overview

Meta Platforms, Inc. is the world's largest social-media company and, on current forecasts, the largest digital advertising business in the world. It operates two reportable segments. Family of Apps includes Facebook, Instagram, Messenger, WhatsApp and other services. Reality Labs includes the company's virtual and augmented reality related consumer hardware, software and content, which means Quest headsets, Ray-Ban Meta glasses and the AR/VR software stack (Q2 2026 earnings release, Exhibit 99.1 to Form 8-K filed 29 July 2026; FY2025 Form 10-K filed 29 January 2026). Meta is incorporated in Delaware, headquartered at 1 Meta Way, Menlo Park, California, and led by founder Mark Zuckerberg, who controls the company through supervoting Class B stock.

How the company makes money

Meta's business model is advertising-funded consumer software. Almost all revenue is the sale of advertising placements inside free consumer apps, sold largely through a self-serve auction. Of US\$200.97bn of FY2025 revenue, US\$196.18bn (97.6%) was advertising and US\$2.58bn (1.3%) was other revenue, principally business messaging and other paid services; Reality Labs contributed a further US\$2.21bn (1.1%) from device and content sales (FY2025 Form 10-K, revenue note; Q4/FY2025 earnings release).

Advertising revenue is the product of two disclosed drivers: ad impressions delivered across the Family of Apps, and average price per ad. In FY2025 impressions rose 12% and price per ad rose 9%; in Q2 2026 impressions rose 14% and price rose 12%. Growth is therefore a function of engagement, ad load and auction pricing rather than of subscriber fees, and there is no meaningful customer-contract backlog to smooth it. Both variables are observable every quarter, and both can move against the company at the same time.

Scale, financial position and capital intensity

FY2025 revenue grew 22% to US\$200.97bn with operating income of US\$83.28bn (41.4% margin), net income of US\$60.46bn and diluted EPS of US\$23.49. Momentum carried into 2026: Q1 2026 revenue rose 33% to US\$56.31bn and Q2 2026 revenue rose 28% to US\$60.80bn, with Family DAP of 3.60bn in June 2026. Profit, however, is being absorbed by an extraordinary investment cycle and by legal charges. Q2 2026 operating income fell 8% to US\$18.78bn and the operating margin compressed to 31% from 43%, because total costs and expenses grew 55%, including US\$2.40bn of legal charges and US\$1.18bn of severance tied to a May 2026 headcount reduction, while capital expenditures including principal payments on finance leases reached US\$31.08bn in a single quarter. Six-month free cash flow fell to US\$13.17bn from US\$18.88bn.

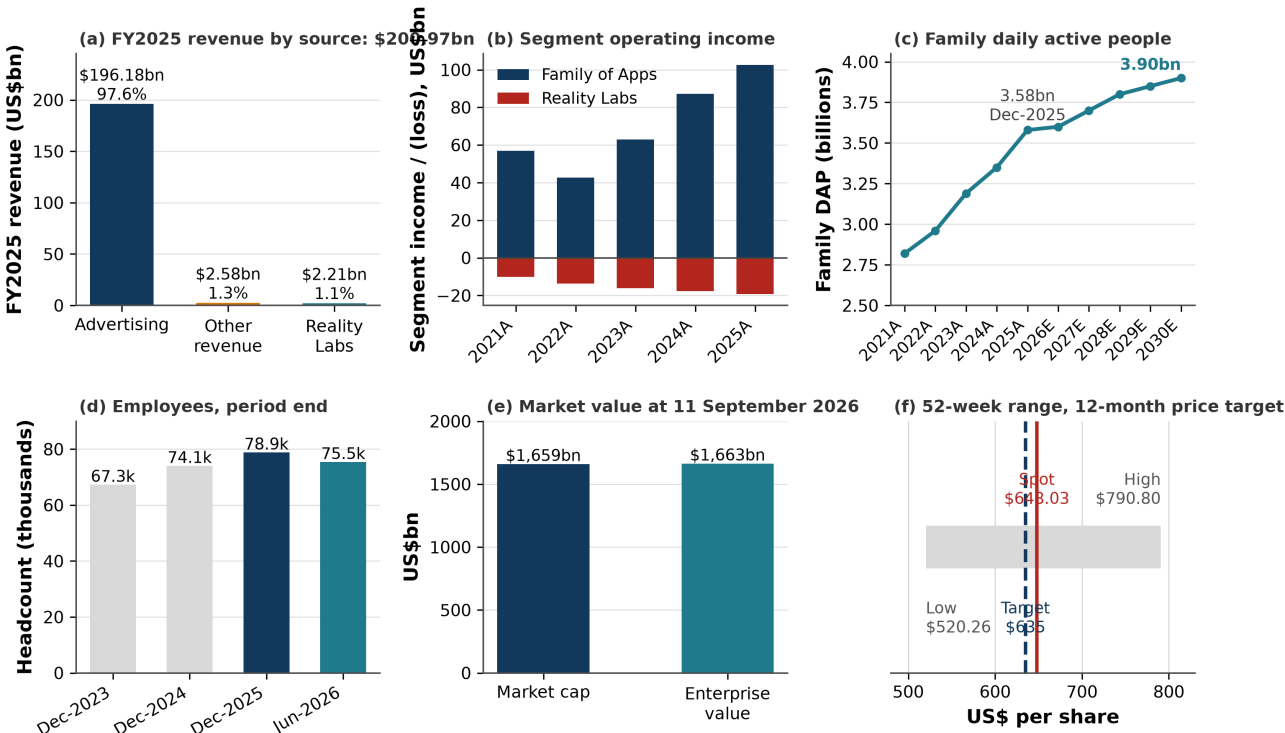
At 30 June 2026 Meta held US\$90.26bn of cash, cash equivalents and marketable securities, US\$83.66bn of long-term debt, up from US\$58.74bn at 31 December 2025, and US\$261.22bn of stockholders' equity against US\$449.96bn of total assets. Property and equipment, net, rose to US\$225.72bn from US\$176.40bn in six months. Management guides 2026 capital expenditure, including finance-lease principal, to US\$130-145bn and FY2026 total expenses to US\$165-169bn, and has disclosed US\$103.77bn of leases not yet commenced and US\$131.05bn of non-cancelable commitments, so a substantial part of the build has not yet appeared in property and equipment or in the income statement. Headcount was 78,865 at 31 December 2025 and 75,472 at 30 June 2026. At the 11 September 2026 close of US\$648.03 the shares had a 52-week range of US\$520.26 to US\$790.80, a market capitalisation of US\$1,659bn and an enterprise value of US\$1,663bn.

Where it operates

FY2025 revenue was US\$78.87bn in the United States and Canada (39%), US\$53.82bn in Asia-Pacific (27%), US\$46.57bn in Europe (23%) and US\$21.71bn in the rest of the world (11%). The United States alone accounted for US\$74.78bn, or 37% of revenue, the only geographic concentration the company discloses (FY2025 Form 10-K). Long-lived assets are more concentrated still: US\$173.39bn of the US\$196.80bn total sat in the United States at 31 December 2025, the physical counterpart of the data-centre build.

Two structural facts about the business matter more than any single year's result. The first is that monetisation is broad and shallow rather than narrow and deep: 3.58bn daily users produced US\$200.97bn of FY2025 revenue, or roughly US\$56 per user per year, against US\$74.78bn of revenue from the United States alone, or 37% of the total. The second is that the company has no contract revenue of consequence. Advertising cleared through an auction in FY2025 was 97.6% of revenue, other revenue from business messaging and paid features was 1.3%, and Reality Labs hardware and content was 1.1%. Meta's customer relationships are therefore transactional and renewed every time an ad impression is served, which makes the disclosed quarterly impression and price metrics the only reliable forward indicators the company publishes, and makes engagement the asset that everything else depends on. Headcount stood at 75,472 at 30 June 2026, against 78,865 at the end of 2025, and the registered share count was 2,187,177,748 Class A and 342,377,716 Class B shares at 23 January 2026. All four reported regions are monetised directly.

Figure 4 - Scale of the franchise: revenue by source and segment profit, Family DAP, headcount, market value and 52-week range



Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026), Forms 8-K earnings releases filed 28 January 2026 (fourth quarter and full year 2025) and 29 July 2026 (second quarter 2026) and Form 10-Q for the quarter ended 30 June 2026 (filed 30 July 2026); Nasdaq closing price of 11 September 2026; Analyst Report estimates.

Company History

Meta was founded as Facebook in 2004 by Mark Zuckerberg, who remains founder, chairman and chief executive officer; he studied computer science at Harvard University before moving the company to Palo Alto (company investor relations leadership and governance disclosure, accessed September 2026). The registrant's name changed from Facebook, Inc. to Meta Platforms, Inc. between the Form 10-K filed 28 January 2021 and the Form 10-K filed 3 February 2022, reflecting the repositioning towards artificial intelligence and immersive technologies (Q2 2026 earnings release). Meta is a Delaware corporation, commission file number 001-35551, filing as a large accelerated filer and a well-known seasoned issuer.

Nearly every senior leader is a long-tenured insider. Chris Cox joined in 2005, helped build the first versions of News Feed and became chief product officer in 2014. Andrew Bosworth joined in January 2006, created News Feed, later ran the ads and business platform organisation, and created the AR/VR organisation in 2017 that became Reality Labs. Javier Olivan joined in 2007 and became chief operating officer in 2022; Susan Li joined in

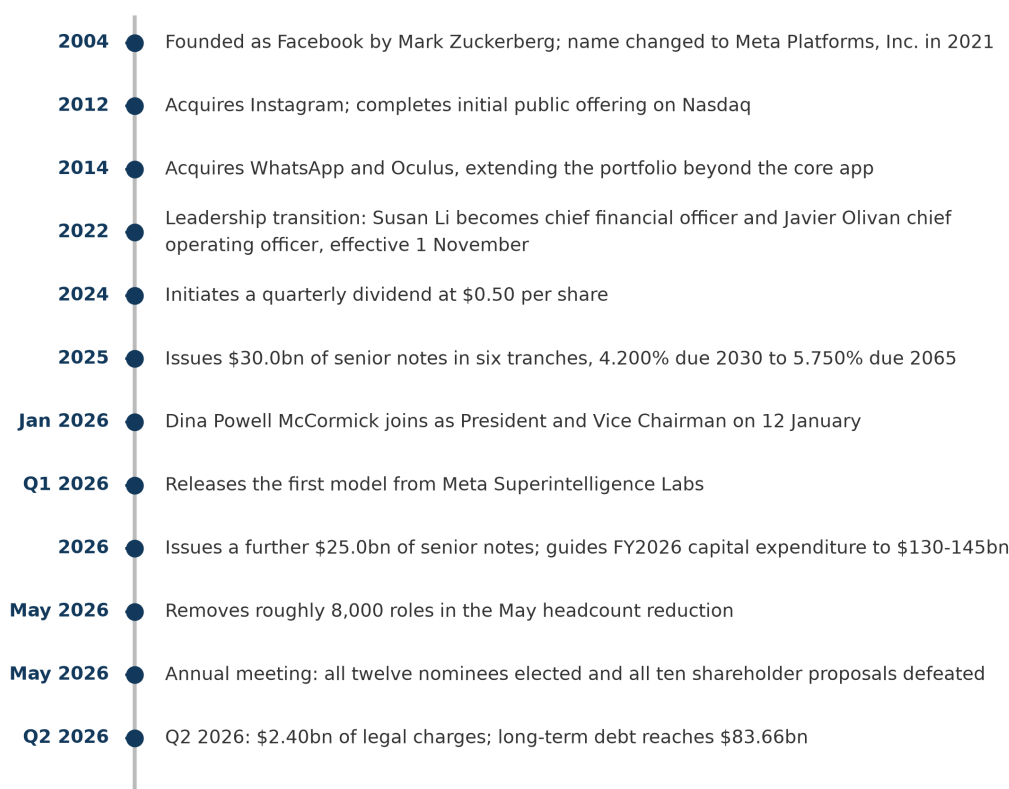
2008 and became chief financial officer in 2022 (company disclosure; Form 8-K filed 28 July 2022). On 24 July 2022 the board moved David Wehner from CFO to chief strategy officer and designated Li, then 36 and vice president of finance, as CFO effective 1 November 2022; the same transition installed Olivan as COO. That filing also disclosed the related-party position of Li's spouse as a Meta vice president.

Capital return gave way to leverage. Meta paid US\$5.32bn of dividends and repurchased US\$26.25bn of Class A stock in FY2025, but repurchases stopped in the first half of 2026 while dividends continued at roughly US\$1.35bn a quarter. After a base indenture dated 9 August 2022, the company completed a US\$30.0bn six-tranche senior-notes offering on 3 November 2025 at coupons from 4.200% due 2030 to 5.750% due 2065, and a further US\$25.0bn six-tranche offering on 4 May 2026 at coupons from 4.550% due 2031 to 6.450% due 2066, lifting long-term debt from US\$28.83bn at the end of 2024 to US\$83.66bn by 30 June 2026 (Forms 8-K; earnings releases). For a company generating US\$115.8bn of FY2025 operating cash flow, funding growth partly with long-dated debt is a strategic choice rather than a financing necessity.

The 2025-26 reallocation towards AI is visible in three sets of transactions. Non-marketable equity investments grew from US\$6.07bn at the end of 2024 to US\$27.52bn at the end of 2025, including a US\$13.80bn equity-method carrying value for Scale AI and US\$5.82bn for Jio Platforms. The company contributed US\$4.3bn of net assets held for sale into a venture around its Louisiana data-centre campus, retained a 20% equity interest carried at US\$1.83bn, received a US\$2.55bn distribution, and disclosed estimated development costs of US\$27bn with maximum exposure to loss of US\$45.95bn. FY2025 business acquisitions consumed US\$4.09bn of cash and produced US\$3.88bn of goodwill; goodwill stood at US\$24.53bn with no accumulated impairment (FY2025 Form 10-K, non-marketable equity and acquisitions notes).

Governance milestones in 2026 set the tone for the current period. Dina Powell McCormick joined as President and Vice Chairman effective 12 January 2026 on a package comprising a US\$1,000,000 salary, a US\$2,000,000 sign-on bonus, a 200% bonus target and a US\$60,000,000 initial restricted stock unit grant vesting quarterly over four years (Form 8-K filed 16 January 2026). In Q1 2026 the company released the first model from Meta Superintelligence Labs. In the second quarter it took US\$2.40bn of legal charges and removed roughly 8,000 roles. Two directors, Hock E. Tan and Tracey T. Travis, chose not to stand for re-election, and at the 27 May 2026 annual meeting all twelve remaining nominees were elected while all ten shareholder proposals, including on dual-class capital structure and annual say-on-pay, were defeated, with 92.19% of combined voting power represented (Forms 8-K filed 14 April and 29 May 2026).

Figure 5 - Corporate milestones, 2004 to 2026



Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026); Forms 8-K filed 28 July 2022, 3 November 2025, 16 January 2026, 4 May 2026, 29 May 2026 and 29 July 2026; 2026 proxy statement (DEF 14A filed 16 April 2026).

Management Team and Ownership

Mark Zuckerberg, Founder, Chairman and Chief Executive Officer

Zuckerberg founded the company as Facebook in 2004 and has been a director and chief executive ever since. He sets the overall direction and product strategy and leads the design of Meta's services and core technology and infrastructure, having studied computer science at Harvard before moving the company to Palo Alto (company investor relations leadership disclosure; 2026 proxy statement filed 16 April 2026). His control is structural rather than managerial: each Class B share carries ten votes, and 342,307,492 Class B shares were represented at the 27 May 2026 annual meeting, about two-thirds of the voting power, against 1,758,006,749 Class A shares carrying one vote each (Form 8-K filed 29 May 2026). Compensation aligns him with shareholders only through ownership: he takes US\$1 of salary, no annual bonus and no additional equity awards, and his total reported 2025 compensation was US\$25,125,904, essentially all security and other costs. The 2026 priority is advancing personal superintelligence, and he frames AI as accelerating the core business today while opening entirely new enterprise opportunities. Governance risk is concentrated accordingly: a shareholder proposal to end the dual-class structure was defeated 3.65bn to 1.31bn and 318.5m votes were withheld from his re-election. Over the five years to December 2025 Meta's total shareholder return of 243.32, indexed from US\$100, trailed its self-selected peer group's 445.33 even though the CEO's pay is fixed by design rather than tied to performance.

Susan Li, Chief Financial Officer

Li became CFO on 1 November 2022, succeeding David Wehner, and leads the finance and facilities teams. She joined the company in 2008 and, before her promotion, was vice president of finance, leading finance business planning and treasury; prior to Facebook she was an investment banking analyst at Morgan Stanley, and she has

served on the board of Alaska Air Group since 2018 (company disclosure; Form 8-K filed 28 July 2022). She was 36 at appointment and had spent fourteen years inside the finance organisation, making her a continuity rather than a turnaround appointment. As CFO she has financed a build whose capital expenditure rose from US\$37.26bn in 2024 to US\$72.22bn in 2025 and is guided to US\$130-145bn in 2026, part-funded by US\$55bn of senior notes that lifted long-term debt to US\$83.66bn by 30 June 2026. She has also managed an unusually volatile tax line: the One Big Beautiful Bill Act produced a US\$15.93bn charge in Q3 2025 and an US\$8.03bn benefit in Q1 2026. The 2026 proxy discloses that her spouse, John Hegeman, is employed by Meta as vice president, ads business products, a related-party arrangement that is disclosed and appears to run through normal compensation processes.

Javier Olivan, Chief Operating Officer

Olivan has been COO since 2022, having joined Facebook in 2007 and previously serving as chief growth officer; he oversees the business teams as well as the infrastructure and central products for the family of apps. That portfolio makes him the operating counterpart to a programme that is simultaneously commercial and engineering-driven: management says the majority of 2026 expense growth comes from infrastructure, including third-party cloud spend, higher depreciation and higher infrastructure operating expense. His pre-Meta experience was in mobile product management at Siemens Mobile, where he led a team charged with the development and market launch of handset devices; he holds an MBA from Stanford and master's degrees in electrical and industrial engineering from the University of Navarra. His tenure coincides with a period in which engagement grew while profitability per user came under pressure from depreciation: Family DAP rose from 3.58bn in December 2025 to 3.60bn in June 2026 while quarterly depreciation and amortisation rose from US\$5.41bn in Q4 2025 to US\$6.36bn in Q2 2026. His portfolio now overlaps with newer leadership: the President and Vice Chairman appointed in January 2026 co-leads Meta's compute and small business teams.

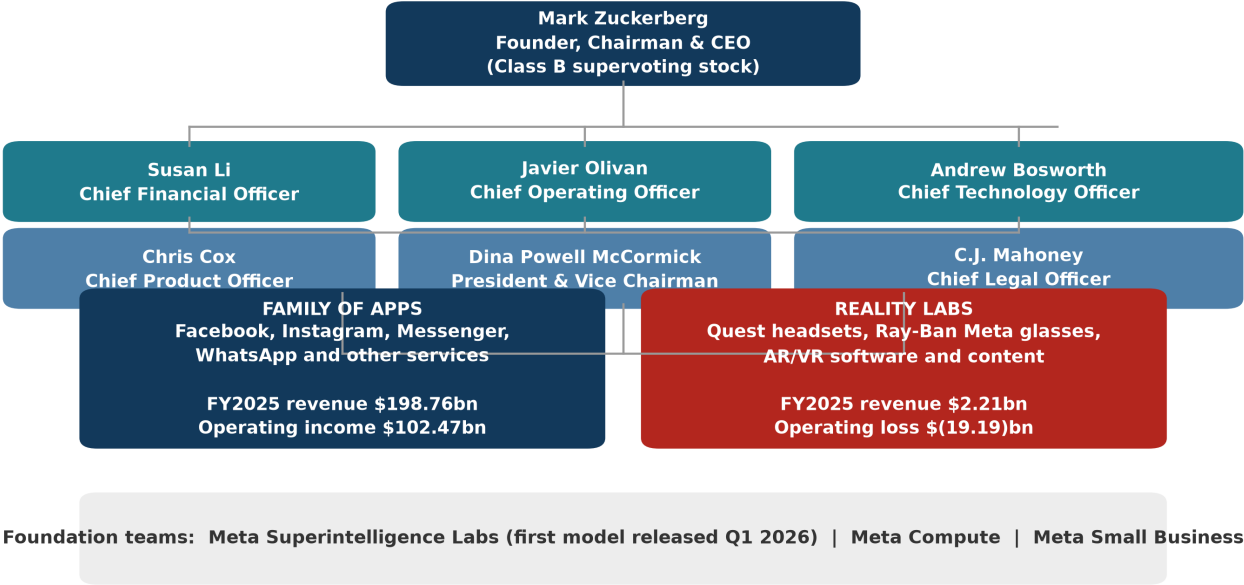
Andrew Bosworth, Chief Technology Officer

Bosworth, known as Boz, is CTO and leads Reality Labs, making him the executive most directly accountable for the company's most expensive strategic bet. He graduated from Harvard in 2004 and spent almost two years as a developer on Microsoft Visio before joining Facebook in January 2006, where he created News Feed and many early anti-abuse systems, ran the engineering bootcamp, led the integration of the Messages and Chat products, and subsequently ran the Groups, Messenger and Video Calling teams (company disclosure). As an engineering director he oversaw consumer and ads surfaces, then served as vice president of ads and business platform, leading engineering, product, research, analytics and design. In 2017 he created the company's AR/VR organisation, now Reality Labs, and he leads Meta's efforts in AR, VR, AI and consumer hardware across Quest, Ray-Ban Meta glasses and more. He also serves as a Lieutenant Colonel in the US Army Reserves. The financial context is stark: Reality Labs generated US\$2.21bn of revenue in FY2025 against a US\$19.19bn operating loss, and lost a further US\$4.62bn in Q2 2026 alone, with management guiding 2026 losses to be similar to 2025. Reality Labs is also the least transparent part of the company: with no unit sales, average selling price or order-book disclosure, progress can be tracked only through US\$431m of quarterly revenue and a segment loss guided to be flat year over year (Q2 2026 earnings release).

Board, governance and ownership structure

The board nominated twelve directors in 2026: Zuckerberg plus eleven independent directors, being Peggy Alford, Marc L. Andreessen, John Arnold, Patrick Collison, John Elkann, Andrew W. Houston, Nancy Killefer, Robert M. Kimmitt as lead independent director, Charles Songhurst, Dana White and Tony Xu, all elected on 27 May 2026 (Form 8-K filed 29 May 2026). In 2025 the board restructured into an Audit Privacy Committee covering accounting, reporting, privacy and compliance, a Risk Strategy Committee covering strategic risks, and a Compensation, Nominating & Governance Committee. Compensation is equity-heavy with service-based vesting, the CEO takes US\$1 of salary and no equity, and ownership guidelines apply. Two frictions are visible: a dual-class structure that entrenches founder control, which the annual meeting declined to revisit, and five-year relative underperformance against the peer group.

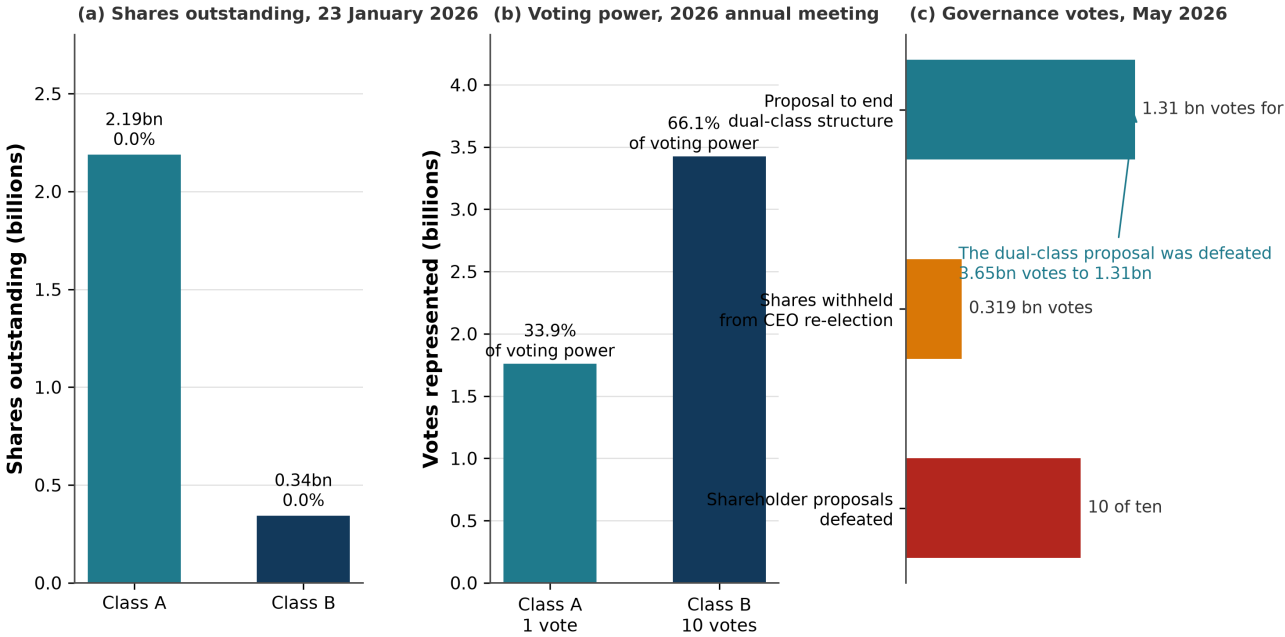
Figure 6 - Leadership and reportable-segment structure at September 2026



The board comprised twelve nominees in 2026: the CEO plus eleven independent directors.
Class B stock carries ten votes per share; the CEO took \$1 of salary and no equity award in 2025.

Source: Meta Investor Relations leadership and governance disclosure (accessed September 2026); Forms 8-K filed 28 July 2022, 16 January 2026 and 29 May 2026; FY2025 Form 10-K segment note (filed 29 January 2026); 2026 proxy statement (DEF 14A filed 16 April 2026).

Figure 7 - Ownership and voting structure: shares outstanding, voting power and the May 2026 governance votes



Source: FY2025 Form 10-K cover page (filed 29 January 2026; shares outstanding at 23 January 2026); Form 8-K filed 29 May 2026; 2026 proxy statement (DEF 14A filed 16 April 2026).

Products, Services and Go-to-Market

Family of Apps: advertising (97.6% of FY2025 revenue) and other revenue

The monetised inventory sits inside Facebook, Instagram, Messenger, WhatsApp and other services, with the portfolio treated as a single engagement pool measured by Family DAP of 3.60bn in June 2026. Advertising is sold two ways: as impressions, which grew 14% year over year in Q2 2026, and at auction-determined prices, with average price per ad up 12% in the same quarter. The disclosed product story for 2025-26 is automation. Third-party industry analysis attributes Meta's acceleration to tools such as Advantage+, AI-generated ad creatives and a broader automation stack that are improving performance across both Facebook and Instagram, with Reels a big beneficiary (EMARKETER, 13 April 2026). The economic implication is that Meta's ad product increasingly competes on conversion performance and creative generation rather than on placements or reach alone, which raises the value of first-party data and the importance of compute investment.

Other revenue, at US\$2.58bn in FY2025, grew 50% year over year from US\$1.72bn in 2024 and reached US\$1.01bn in Q2 2026 alone, up from US\$583m a year earlier. This is the company's principal subscription-like and transaction-like revenue, covering business messaging, paid features and related services. It is small but structurally different from advertising: not auction-priced and not dependent on ad load. Our model takes it from US\$3.83bn in FY2026E to US\$7.79bn by FY2030E, or 1.8% of revenue.

Reality Labs (1.1% of FY2025 revenue)

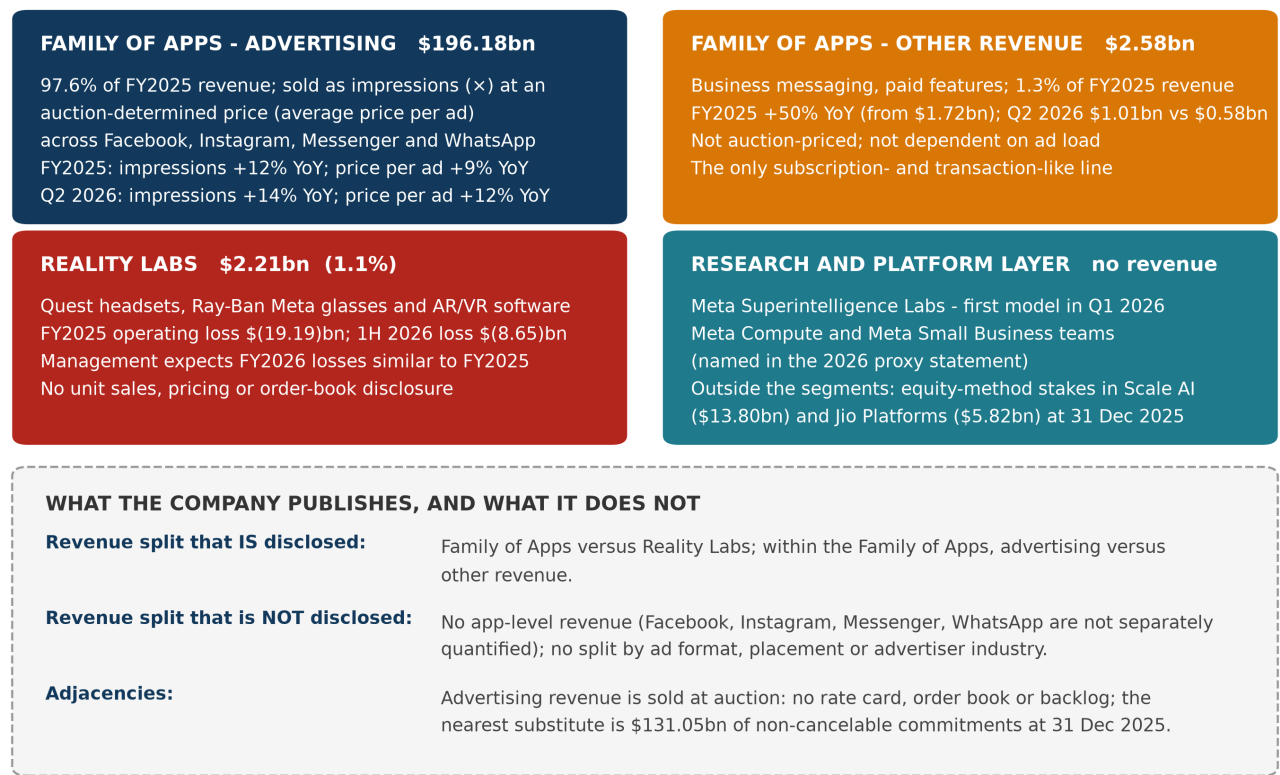
Reality Labs sells virtual and augmented reality related consumer hardware, software and content. Products named in company disclosure are Quest headsets and Ray-Ban Meta glasses, with the chief technology officer describing a mandate across AR, VR, AI and consumer hardware. Financially the segment is a pure call option: US\$2.21bn of FY2025 revenue against a US\$19.19bn operating loss, with the loss broadly flat in the first half of 2026 at US\$8.65bn vs. US\$8.74bn and 2026 losses guided to be similar to 2025. Our model assumes the loss narrows only gradually, from US\$19.0bn in FY2026E to US\$18.0bn by FY2030E, and that revenue compounds at 5-8% a year to reach US\$2.94bn.

Meta Superintelligence Labs, differentiation and pricing

The newest product is a research and platform effort. The company released the first model from Meta Superintelligence Labs in Q1 2026 and identified those efforts and the core business as the reason 2026 capital expenditure growth would step up again (Q1 2026 and Q4 2025 earnings releases). Meta Compute, co-led by the President and Vice Chairman alongside a Meta Small Business team, appears in the board's 2026 letter to shareholders, which describes oversight of the scaling of infrastructure initiatives. Two adjacent investments sit outside the segments: a US\$13.80bn equity-method stake in Scale AI, best read as access to data-labelling and model-training capacity, and a US\$5.82bn stake in Jio Platforms, a distribution position in a large mobile-first market.

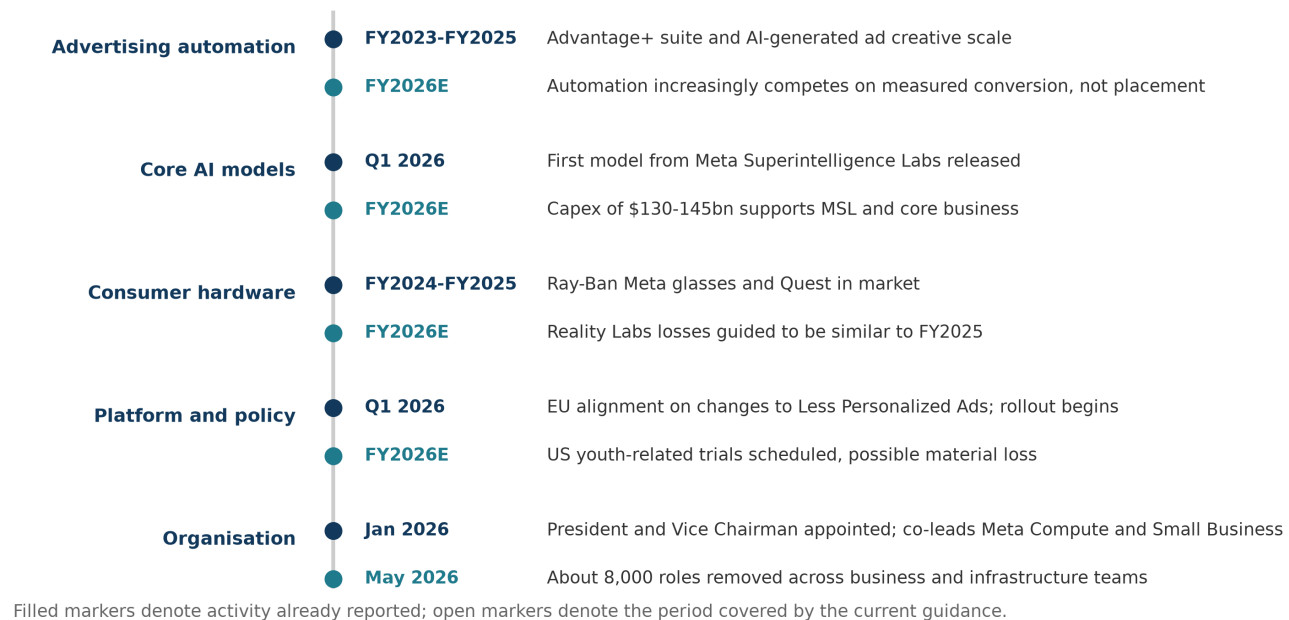
Meta does not price products on a list basis for advertisers; inventory clears in an auction, so the disclosed unit economics are volume, expressed as impressions, and price, expressed as average price per ad. On the consumer side the services are free. Differentiation therefore rests on four things: the scale of engaged users; the recommendation systems that convert engagement into impressions; the automation stack that lets advertisers buy outcomes rather than placements; and proprietary compute and models. Hardware is the exception: Reality Labs products are sold at retail prices for which no unit economics or unit-sales data are disclosed.

Figure 8 - Product portfolio, disclosed revenue lines and the limits of revenue disclosure, FY2025



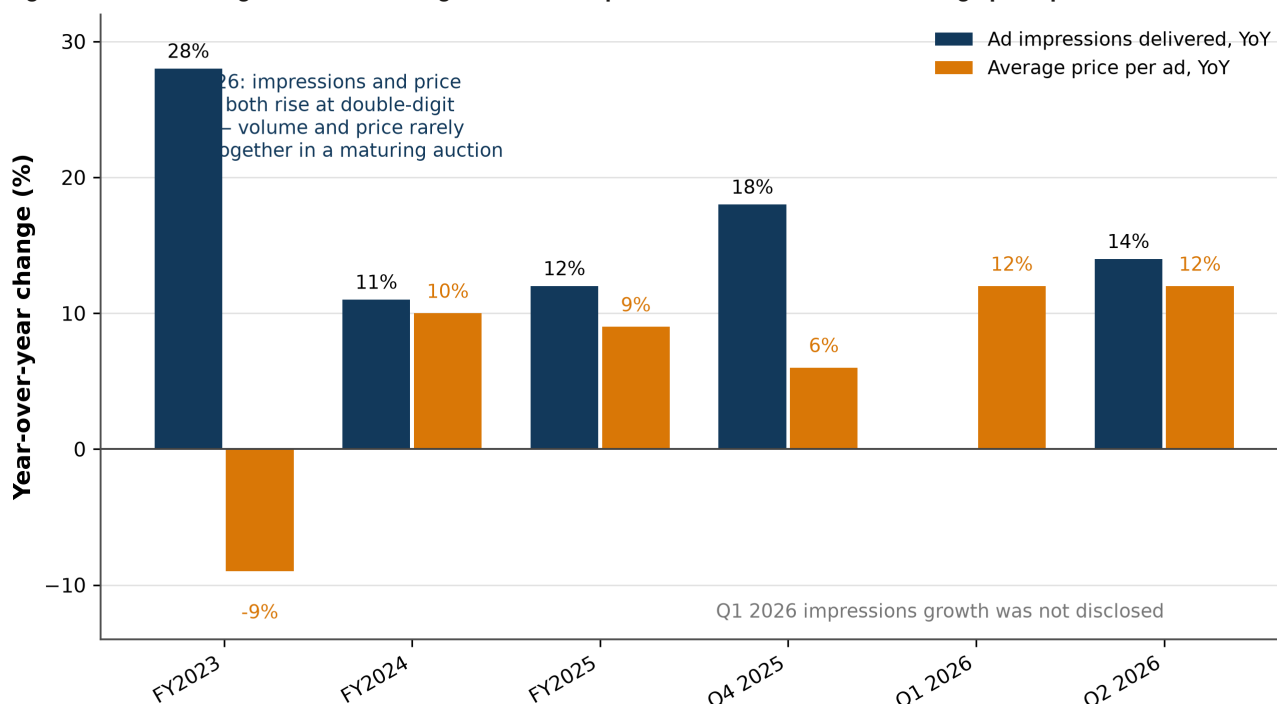
Source: FY2025 Form 10-K (filed 29 January 2026) segment, revenue and commitments notes; Forms 8-K earnings releases for Q4 2025 and Q2 2026; 2026 proxy statement.

Figure 9 - Product, platform and organisational roadmap, FY2023 to FY2026E



Source: Meta Forms 8-K earnings releases for Q4 2025 and Q2 2026; Forms 8-K filed 16 January 2026 and 29 May 2026; 2026 proxy statement; EMARKETER press release of 13 April 2026.

Figure 10 - Advertising unit economics: growth in ad impressions delivered and in average price per ad



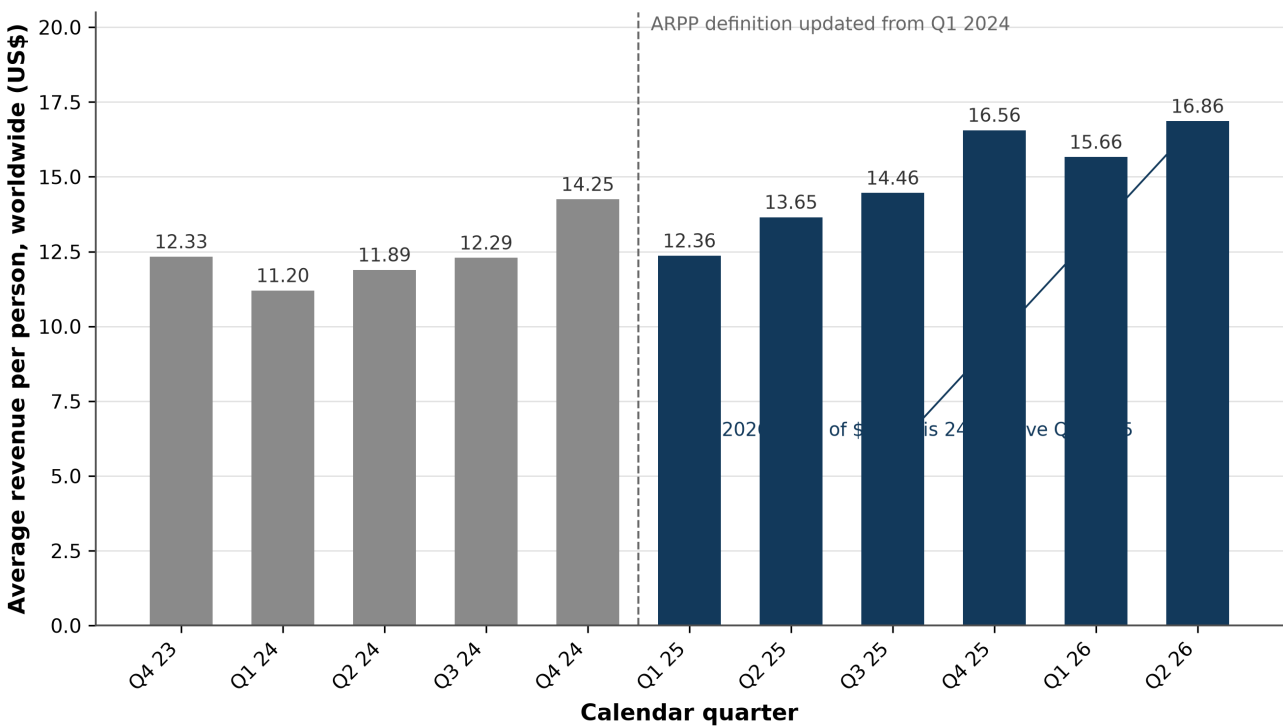
Source: Meta Forms 8-K earnings releases for Q4 2023, Q4 2024, Q4 2025, Q1 2026 and Q2 2026. Impressions growth for the first quarter of 2026 was not disclosed by the company.

Customers and go-to-market

Meta's customers are advertisers of every size, from small businesses buying through self-serve tools to large brand and performance advertisers buying through managed channels, plus consumers who buy Reality Labs hardware and pay for non-advertising services. The company discloses no customer concentration: no advertiser is named anywhere in the reviewed filings, and the only concentration disclosure is geographic, with the United States at 37% of FY2025 revenue. The demand base is therefore broad and fragmented on the buy side, which is a genuine strength: no single advertiser negotiation can move the revenue line, and the auction aggregates pricing in real time. Ongoing go-to-market investment is concentrated in AI-enabled self-serve tools for small advertisers, the automation stack, and infrastructure support for AI products. Meta publishes no rate card and no committed-delivery contracts, so the only pricing disclosure is the change in average price per ad.

Because there is no backlog and no order book, the closest substitutes are the US\$131.05bn of non-cancelable contractual commitments at 31 December 2025, mainly compute and network-related purchase obligations, and the non-advertising other revenue line. Advertiser counts, spend per advertiser and retention metrics are not published anywhere in the materials reviewed, and Meta's own risk disclosure emphasises its dependence on intermediaries it does not control, citing its dependency on data signals and mobile operating systems, networks and standards that it does not control (Q2 2026 earnings release, forward-looking statements).

Figure 11 - Worldwide average revenue per person, Q4 2023 to Q2 2026 (US\$)



Worldwide ARPP is average revenue per person: Family of Apps revenue in the quarter divided by the average DAP at the start and end of the quarter. FY2025 annual ARPP of \$57.03 is the sum of the four 2025 quarters.

Source: Meta Platforms FY2025 Form 10-K (filed 29 January 2026) and Form 10-Q for the quarter ended 30 June 2026 (filed 30 July 2026), Family metrics disclosure; Forms 8-K earnings releases filed 28 January 2026 (fourth quarter and full year 2025) and 29 July 2026 (second quarter 2026).

Industry Overview and Competitive Landscape

Meta competes in two adjacent industries: digital advertising, which produces almost all of its revenue, and consumer AI and AR hardware and software, where it currently loses money by design. The digital advertising market is the one that matters for valuation today, and its defining characteristic is consolidation.

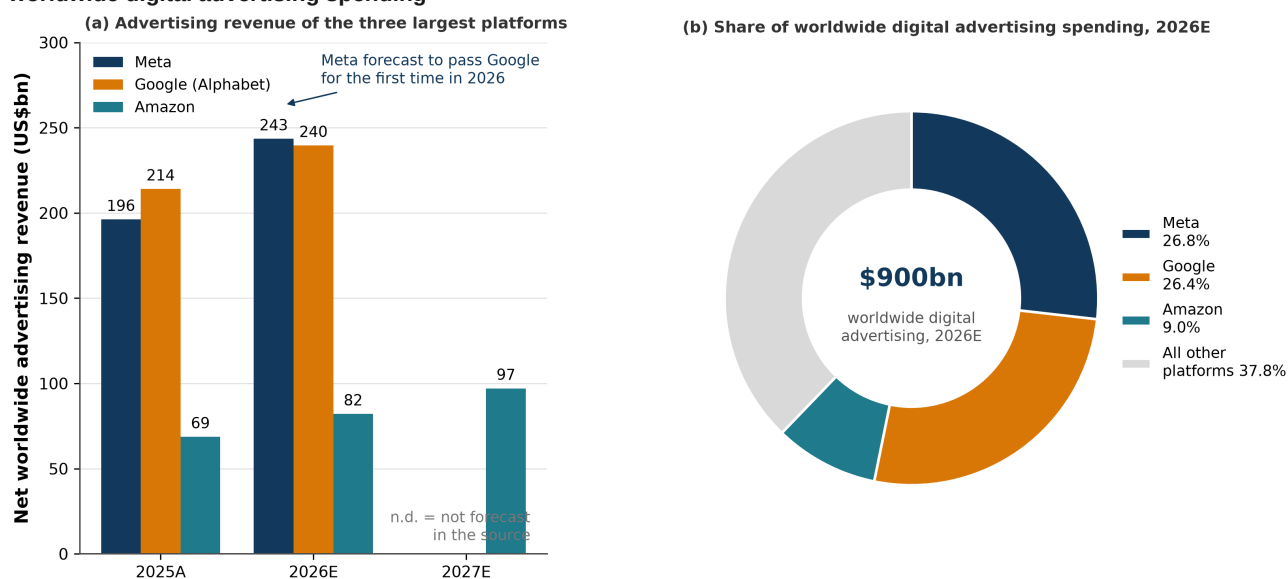
Market size, growth and cost structure

EMARKETER forecasts that in 2026 Meta will overtake Alphabet in digital advertising revenue for the first time, reaching US\$243.46bn of net worldwide ad revenue, or 26.8% of global ad spending, against Alphabet's US\$239.54bn and 26.4%, with Amazon third at US\$82.07bn and 9.0%. The three platforms together will represent 62.3% of total worldwide digital ad spending in 2026 and increase that share slightly through 2028 (EMARKETER, 13 April 2026). Those figures imply a worldwide digital advertising market of roughly US\$900bn in 2026, of which Meta is on course to take just over a quarter.

Meta's forecast growth of 24.1% in 2026 is more than double Alphabet's 11.9% and accelerates from 22.1% in 2025. Four drivers are identifiable in primary disclosure. Pricing: average price per ad rose 6% in Q4 2025 and 12% in both Q1 and Q2 2026, after a year in which impression growth of 12% exceeded price growth of 9%. Automation and creative generation, which pulls incremental budgets towards the platform. Engagement durability: Family DAP of 3.60bn in June 2026 grew 3% year over year, with quarter-to-quarter wobbles caused by access restrictions rather than by competitive loss. And adjacency, with non-advertising revenue growing 50% in FY2025 and management framing AI as opening entirely new enterprise opportunities.

The competitive frontier has moved to compute. The majority of Meta's 2026 expense growth is expected to come from infrastructure including third-party cloud spend, depreciation and infrastructure operating expenses, and 2026 capital expenditure is guided to US\$130-145bn, with depreciation rising from US\$11.02bn in 2023 to US\$18.62bn in 2025 on servers with assumed useful lives of five to five and a half years. Labour is the second-largest driver, with the next-largest slice of 2026 expense growth attributed to compensation for technical talent, particularly AI. The shift from a self-funding to a partly debt-funded investment cycle is itself an industry development: Meta raised US\$55bn of senior notes across two offerings at coupons from 4.200% to 6.450%. Competitors without Meta's US\$115.80bn of FY2025 operating cash flow must either slow their build-out or pay more for capital.

Figure 12 - Net worldwide advertising revenue of the three largest platforms, 2025A-2027E, and the 2026E share of worldwide digital advertising spending



Source: EMARKETER press release of 13 April 2026, 'Meta to Surpass Google in Digital Ad Revenues for First Time Ever'; Meta advertising revenue as reported in the FY2025 Form 10-K.

Regulatory environment

Advertising and platform regulation is the most consequential industry-level force in the filings. The FY2025 Form 10-K records a US\$5.0bn accrual relating to the FTC consent order, a EUR1.2bn Irish Data Protection Commission accrual, a EUR798m European Commission fine, a EUR200m European Commission fine relating to the subscription-for-no-ads model and, in French litigation, EUR542m of damages awarded to 87 media companies in the AMI case, with further claims from 67 publishers and 10 broadcasters. Those are recorded accruals, fines and damages awards rather than contingent claims. Management flags the direction of travel: it aligned with the European Commission on changes to Less Personalized Ads in early 2026 while warning that youth-related trials in the US may ultimately result in a material loss.

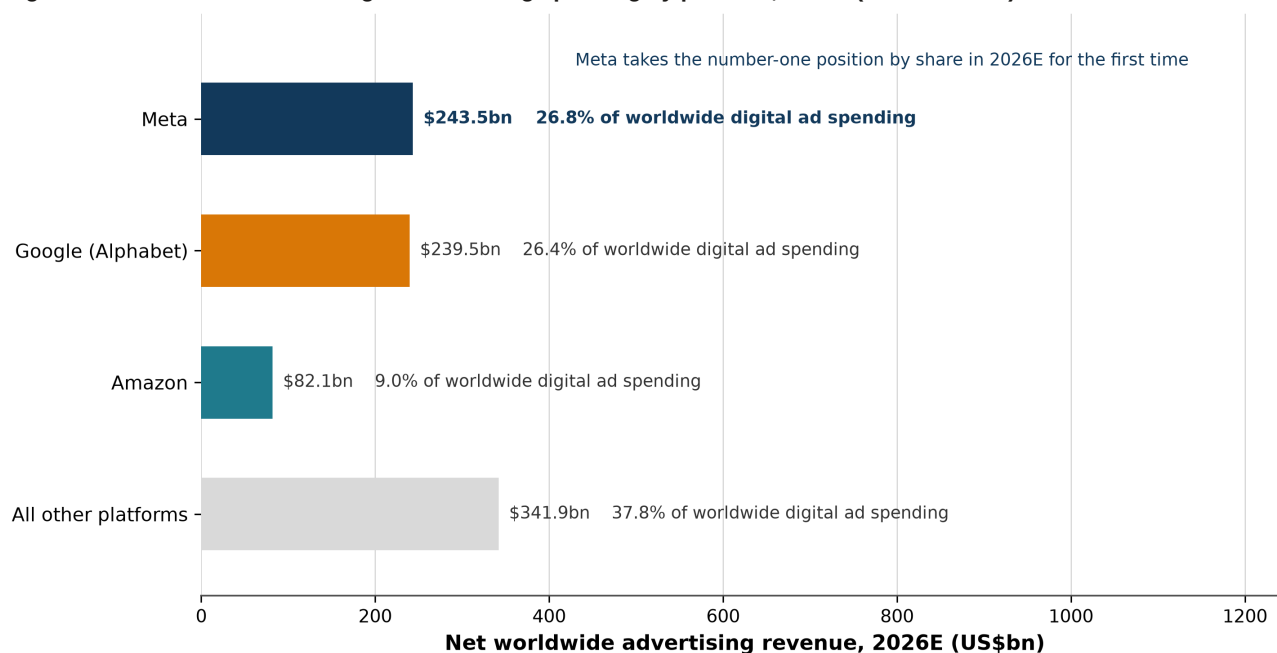
Competitive landscape

Meta's principal competitors are the two other scaled digital-advertising platforms. Alphabet generated US\$214.06bn of ad revenue in 2025, is forecast at US\$239.54bn in 2026 and still holds 26.4% of worldwide ad spending, but is growing at 11.9% and its business is more diversified, with substantial subscription revenue that may make it harder for it to leapfrog past Meta in terms of digital ad revenues (EMARKETER). Amazon is the fastest-compounding challenger: US\$68.64bn of ad revenue in 2025, forecast at US\$82.07bn in 2026 and US\$97.07bn in 2027. Amazon's differentiation is commerce proximity and Alphabet's is intent data across search, video and Android; Meta's advantage against both is engagement time and social discovery, and its vulnerability is that it sells no subscriptions at scale and controls neither a mobile operating system nor a search bar.

Snap is the most directly comparable published competitor and shows both the opportunity and the ceiling: FY2025 revenue of US\$5,931m, up 11%, a net loss of US\$460m, 946 million monthly active users in Q4 2025 and a pivot towards profitable growth and AR, but total revenue equal to roughly 3% of Meta's (Snap Inc., Exhibit 99.1 to Form 8-K filed 4 February 2026). Its disclosed dynamics are instructive for the whole second tier: revenue from in-app optimisations grew 89% year over year, dynamic product ads 19% and subscription revenue 62% as subscribers reached 24 million. Other competitors, assessed qualitatively because they do not file with the SEC or do not isolate advertising revenue, include ByteDance and TikTok, Reddit, Pinterest, X, AppLovin and Microsoft through LinkedIn audiences and Copilot. Two adjacent categories matter more than their revenue lines suggest: the platform gatekeepers, since Meta's advertising depends on data signals, mobile operating systems and third-party advertising policies it does not control, and the frontier model labs, which compete for the same research talent, compute and consumer attention.

Four competitive advantages are well evidenced. Scale and habit, with 3.60bn daily users and DAP growth of 3% year over year despite country-level access shocks. Auction depth, with a fragmented global advertiser base, no disclosed customer concentration, and both impressions, up 14%, and price, up 12%, growing simultaneously in Q2 2026. Financial capacity, with US\$115.80bn of FY2025 operating cash flow and US\$90.26bn of cash and securities at 30 June 2026. And model and automation capability, funded at a scale no competitor outside the top two hyperscalers can match. The vulnerabilities are equally clear: revenue is 97.6% advertising; growth has become price-led; Reality Labs consumes roughly US\$19bn of operating losses a year against US\$2.21bn of revenue; the expense base is being rebuilt around depreciation rather than people; and engagement growth is low single digit, so incremental revenue must come from monetisation depth. On the 2026 forecast the scoreboard is favourable, but the gap to Alphabet is 0.4 percentage points.

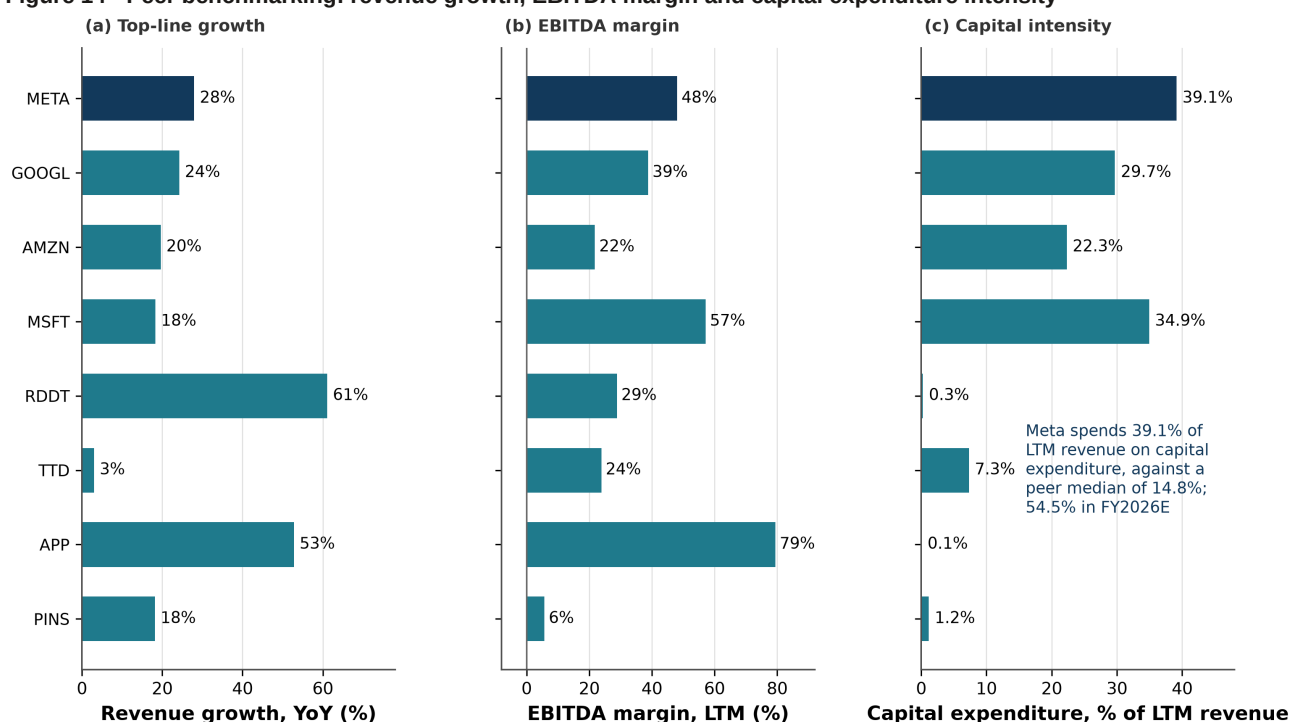
Figure 13 - Share of worldwide digital advertising spending by platform, 2026E (US\$bn and %)



Total worldwide digital advertising spending implied at roughly \$900bn in 2026E; the three largest platforms represent 62.3% of it.

Source: EMARKETER press release of 13 April 2026. Total market size is implied by the three largest platforms' revenue and their combined 62.3% share.

Figure 14 - Peer benchmarking: revenue growth, EBITDA margin and capital expenditure intensity



Source: Peer financials as tagged in each company's own SEC filings (Forms 10-Q for the quarter ended 30 June 2026; Microsoft Form 10-K for the year ended 30 June 2026).

Market opportunity and total addressable market

EMARKETER's April 2026 forecast provides both ends of the calculation: Meta is expected to generate US\$243.46bn of net worldwide ad revenue in 2026 while holding 26.8% of worldwide ad spending, and the three largest platforms together total US\$565.07bn and represent 62.3% of that spending. Dividing either figure by its

share implies a total worldwide digital advertising market of roughly US\$900bn in 2026, still growing, with the three leaders expected to increase their combined share slightly through 2028. This is the total addressable market for Meta's advertising business, and it excludes consumer AR and AI hardware and enterprise AI services.

Table 2 - Advertising market sizing and share, 2025A-2027E

Metric	2025A	2026E	2027E
Meta net worldwide ad revenue (US\$bn)	196.2	243.5	n.a.
Meta growth (%)	22.1	24.1	n.a.
Meta share of worldwide digital ad spending (%)	n.a.	26.8	n.a.
Alphabet ad revenue (US\$bn)	214.1	239.5	n.a.
Alphabet growth (%)	n.a.	11.9	n.a.
Alphabet share (%)	n.a.	26.4	n.a.
Amazon ad revenue (US\$bn)	68.6	82.1	97.1
Amazon share (%)	n.a.	9.0	n.a.
Three-largest combined share (%)	n.a.	62.3	n.a.
Implied worldwide digital ad market (US\$bn)	n.a.	~900	n.a.
Meta revenue per Family DAP (US\$, annual)	~56	n.a.	n.a.
Meta worldwide ARPP as disclosed (US\$)	57.03	n.a.	n.a.

Source: EMARKETER press release of 13 April 2026; Meta advertising revenue as reported in the FY2025 Form 10-K (filed 29 January 2026); Analyst Report estimates for the implied total market.

Meta's serviceable market is effectively the whole digital ad pool except markets where access is restricted: the company monetises in four reported regions and management has identified only specific country-level interruptions, in Iran and Russia, as engagement constraints. Penetration is the more interesting number. FY2025 revenue divided by the December 2025 DAP implies average annual revenue per daily user of roughly US\$56, with the United States and Canada alone producing 39% of revenue from a far smaller share of users. Because Meta does not disclose user counts by region, the monetisation gap between regions cannot be quantified from primary sources. If Meta merely held its 26.8% share of a market growing at roughly 10% a year, revenue would compound at about 10%; the forecast 24% growth therefore assumes continued share gains, which is the central assumption an investor must underwrite. At 26.8% share, compounding above market growth requires other platforms to lose share every year.

Financial Analysis

Historical performance: five years of operating leverage followed by a two-year reset

Meta's revenue grew from US\$117.93bn in FY2021 to US\$200.97bn in FY2025, a compound annual growth rate of 14.2%. The path was not smooth. FY2022 revenue declined 1.1% to US\$116.61bn and operating income halved to US\$28.94bn as the company absorbed the cost of the metaverse pivot, a 25.4% operating margin the lowest of the period, and diluted EPS of US\$8.59 against US\$13.77 in FY2021. The recovery was then rapid: revenue rose 16.1% in FY2023, 22.0% in FY2024 and 22.2% in FY2025, while operating margin recovered to 34.7%, 42.2% and 41.4% respectively. Diluted EPS went from US\$8.59 in FY2022 to US\$23.86 in FY2024 and US\$23.49 in FY2025, the small decline in the final year reflecting a US\$25.47bn tax provision against US\$8.30bn in FY2024 after the One Big Beautiful Bill Act.

The FY2025 result is the best operating year in the company's history on the metrics that matter: revenue of US\$200.97bn, gross profit of US\$164.79bn at an 82.0% gross margin, EBITDA of US\$101.89bn at a 50.7% margin, operating income of US\$83.28bn at 41.4%, and operating cash flow of US\$115.80bn. Free cash flow, however, declined to US\$43.59bn from US\$52.10bn even as operating cash flow rose 26.8%, because capital expenditure including finance-lease principal nearly doubled to US\$72.22bn from US\$39.23bn. That divergence is the entire forward story in one line: the operating business converted 57.6% of revenue into operating cash flow, and then spent 35.9% of revenue on property and equipment, leaving a 21.7% free cash flow margin against 31.7% in FY2024.

The first half of 2026 shows both the strength and the strain. Revenue rose 28% to US\$60.80bn in the second quarter, with impressions up 14% and price per ad up 12%, but total costs and expenses grew 55% and operating income fell 8% to US\$18.78bn, cutting the operating margin to 31% from 43%. Two items explain most of the gap: US\$2.40bn of charges related to legal proceedings and US\$1.18bn of severance from the May 2026 reduction of roughly 8,000 roles. Capital expenditure including finance-lease principal reached US\$31.08bn in the quarter, and free cash flow fell to US\$784m from US\$8.55bn a year earlier. For the six months, free cash flow was US\$13.17bn against US\$18.88bn.

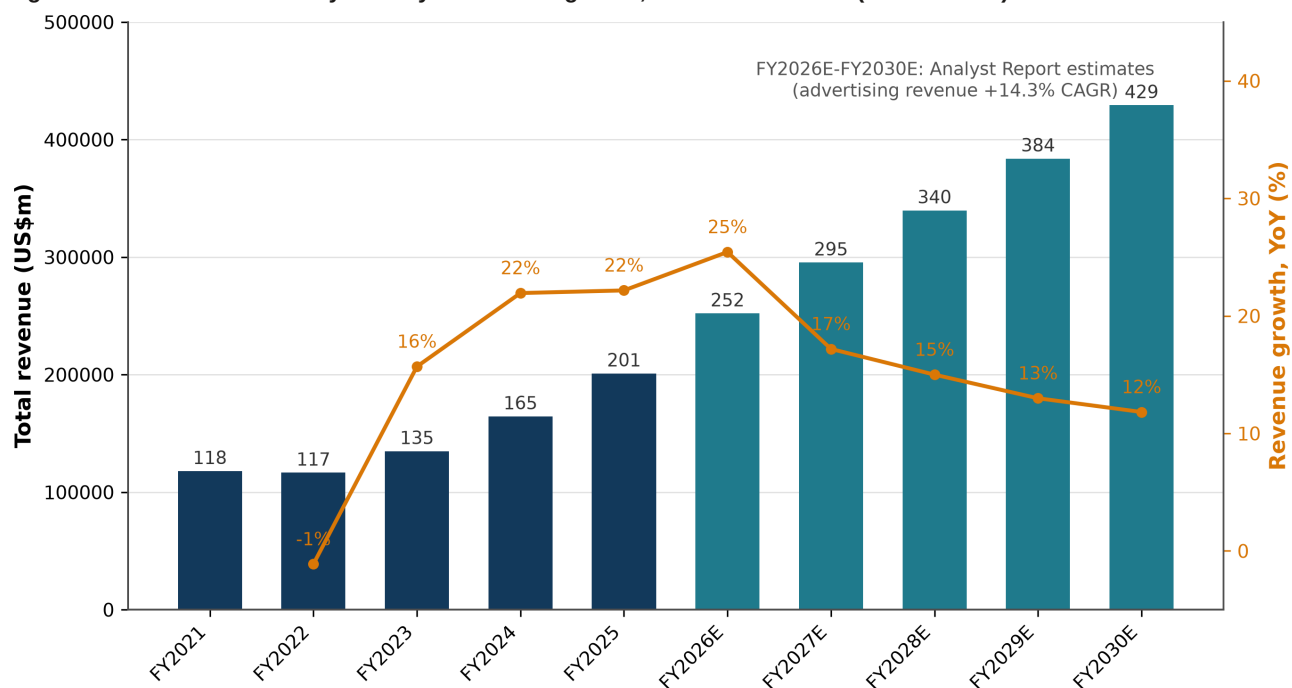
Table 3 - Revenue by source, FY2021A-FY2030E (US\$m unless stated)

Line item	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Advertising revenue	114,934	113,642	131,948	160,633	196,175	245,923	288,099	331,299	374,262	418,481
Advertising growth (%)	n.a.	(1.1)	16.1	21.7	22.1	25.4	17.2	15.0	13.0	11.8
Other revenue	721	808	1,058	1,722	2,584	3,829	4,787	5,744	6,778	7,795
Other revenue growth (%)	n.a.	12.1	30.9	62.8	50.1	48.2	25.0	20.0	18.0	15.0
Reality Labs revenue	2,274	2,159	1,896	2,146	2,207	2,329	2,516	2,667	2,800	2,940
Reality Labs growth (%)	n.a.	(5.1)	(12.2)	13.2	2.8	5.5	8.0	6.0	5.0	5.0
Total revenue	117,929	116,609	134,902	164,501	200,966	252,082	295,401	339,710	383,840	429,216
Total revenue growth (%)	37.2	(1.1)	16.1	22.0	22.2	25.4	17.2	15.0	13.0	11.8

Advertising % of total	97.5	97.5	97.8	97.7	97.6	97.6	97.5	97.5	97.5	97.5
Other revenue % of total	0.6	0.7	0.8	1.0	1.3	1.5	1.6	1.7	1.8	1.8
Reality Labs % of total	1.9	1.9	1.4	1.3	1.1	0.9	0.9	0.8	0.7	0.7

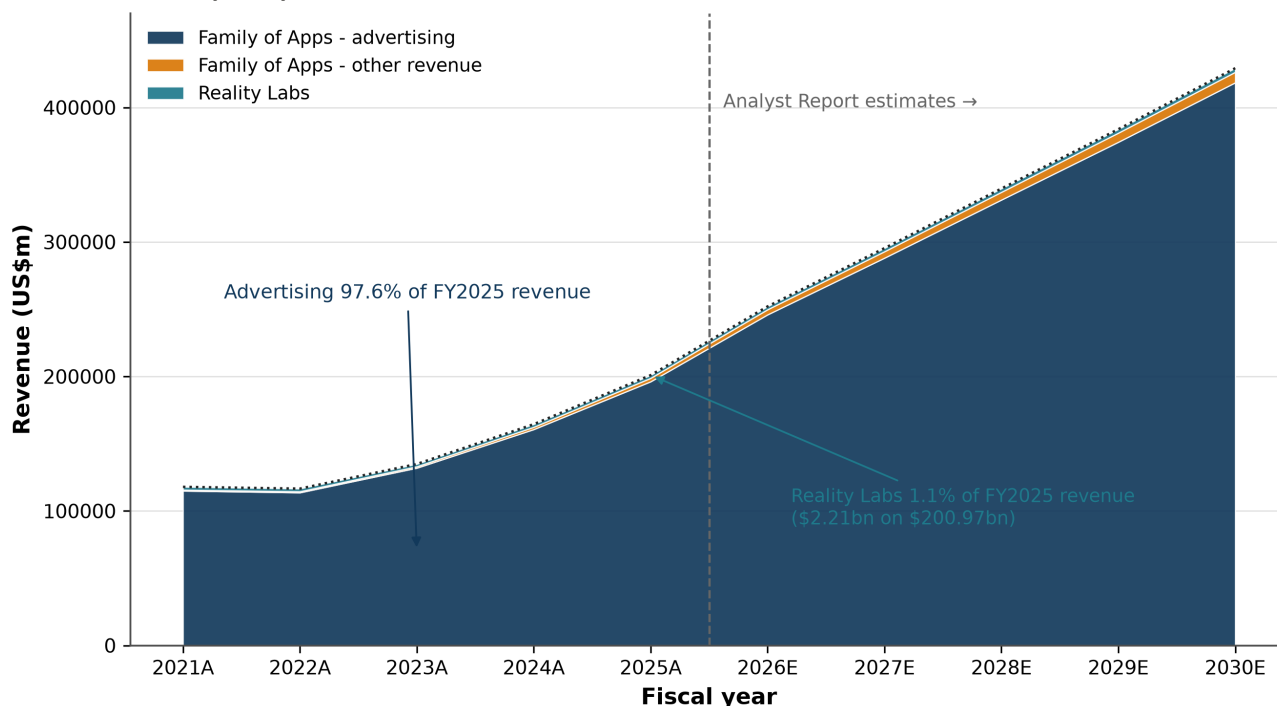
Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026), segment and revenue notes, with FY2021 comparatives; Forms 8-K earnings releases filed 28 January 2026 (fourth quarter and full year 2025) and 29 July 2026 (second quarter 2026); Analyst Report estimates FY2026E-FY2030E.

Figure 15 - Total revenue and year-on-year revenue growth, FY2021A-FY2030E (US\$m and %)



Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026) and Forms 8-K earnings releases filed 28 January 2026 (fourth quarter and full year 2025) and 29 July 2026 (second quarter 2026); Analyst Report estimates FY2026E-FY2030E.

Figure 16 - Revenue by product segment: Family of Apps advertising, Family of Apps other revenue and Reality Labs, FY2021A-FY2030E (US\$m)



Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026), segment and revenue notes; Forms 8-K earnings releases filed 28 January 2026 (fourth quarter and full year 2025) and 29 July 2026 (second quarter 2026); Analyst Report estimates FY2026E-FY2030E. The company reports two segments and splits the Family of Apps into advertising and other revenue; it does not disclose revenue by application.

The revenue mix has become marginally more diversified but not meaningfully so. Advertising fell from 97.8% of revenue in FY2023 to 97.6% in FY2025 and stays at 97.5% through FY2030E in our model, while other revenue, which includes business messaging and paid features, rises from 1.3% to 1.8% of the total. Reality Labs declines from 1.9% of revenue in FY2021 to 0.7% by FY2030E because our forecast grows it at 5-8% a year against a group growing at 12-25%. Any investor seeking a structural second revenue engine will not find one in the forecast period; the diversification argument rests on optionality rather than on current revenue lines.

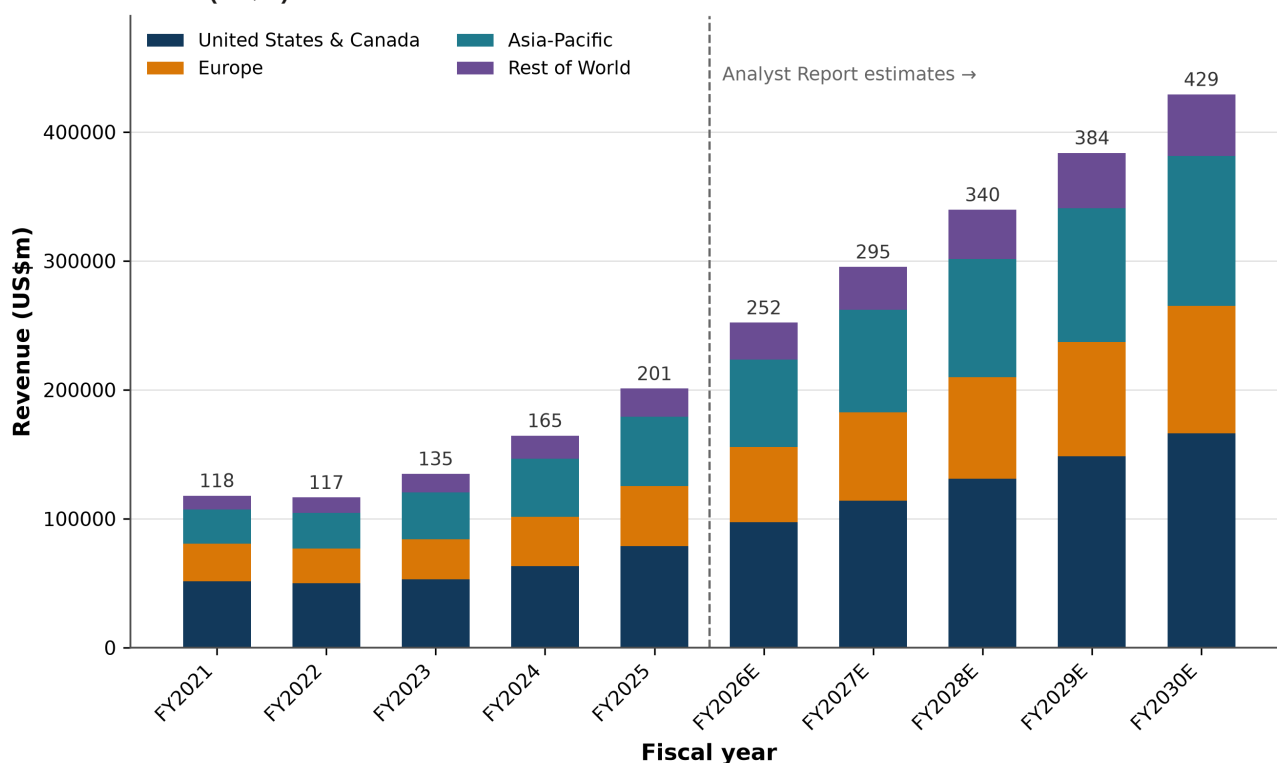
Table 4 - Revenue by user geography and growth, FY2021A-FY2030E (US\$m unless stated)

Region	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
United States and Canada	51,541	50,150	52,888	63,207	78,866	97,140	113,877	131,128	148,354	166,106
Europe	29,057	26,681	31,210	38,361	46,569	58,654	68,681	78,813	88,859	99,149
Asia-Pacific	26,739	27,760	36,154	45,009	53,817	67,843	79,611	91,722	103,829	116,317
Rest of World	10,592	12,018	14,650	17,924	21,714	28,445	33,233	38,047	42,798	47,643
Total	117,929	116,609	134,902	164,501	200,966	252,082	295,401	339,710	383,840	429,216
US & Canada % of total	43.7	43.0	39.2	38.4	39.2	38.5	38.6	38.6	38.7	38.7
Europe % of total	24.6	22.9	23.1	23.3	23.2	23.3	23.3	23.2	23.2	23.1
Asia-Pacific % of total	22.7	23.8	26.8	27.4	26.8	26.9	27.0	27.0	27.1	27.1

Rest of World % of total	9.0	10.3	10.9	10.9	10.8	11.3	11.3	11.2	11.2	11.1
United States alone (disclosed)	48,380	47,200	49,780	59,730	74,780	n.a.	n.a.	n.a.	n.a.	n.a.
United States and Canada - year-on-year growth (%)	n.a.	(2.7)	5.5	19.5	24.8	23.2	17.2	15.1	13.1	12.0
Europe - year-on-year growth (%)	n.a.	(8.2)	17.0	22.9	21.4	26.0	17.1	14.8	12.7	11.6
Asia-Pacific - year-on-year growth (%)	n.a.	3.8	30.2	24.5	19.6	26.1	17.3	15.2	13.2	12.0
Rest of World - year-on-year growth (%)	n.a.	13.5	21.9	22.3	21.1	31.0	16.8	14.5	12.5	11.3

Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026), geographical note, with FY2021 comparatives; Analyst Report estimates FY2026E-FY2030E. FY2026E regional mix is anchored to the user-geography mix reported in the Form 10-Q for the quarter ended 30 June 2026 (filed 30 July 2026). Revenue is apportioned by user geography, which differs from the customer-address basis used in the revenue note of the Forms 10-K.

Figure 17 - Revenue by user geography: United States & Canada, Europe, Asia-Pacific and Rest of World, FY2021A-FY2030E (US\$m)



FY2025 mix: US & Canada 39.2% | Asia-Pacific 26.8% | Europe 23.2% | Rest of World 10.8%

Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026), geographical note; Analyst Report estimates FY2026E-FY2030E.

Geography is stable and almost perfectly balanced by accident of history. The United States and Canada produce 39.2% of revenue from a small minority of users; Asia-Pacific produces 26.8% from what is almost certainly the largest user population; Europe produces 23.2% and the rest of the world 10.8%. We hold the mix close to the FY2025 split, drifting it by no more than 0.3 percentage points a year, because the company discloses no regional user counts and therefore no regional monetisation rate, which makes any large forecast shift unsupported. The United States alone was US\$74.78bn, or 37% of FY2025 revenue, and remains the single concentration the company discloses.

Meta does not disclose a revenue split by channel, application or surface, so the channel view below is our own allocation. The FY2025 Form 10-K (filed 29 January 2026) states that the majority of marketers use the company's self-service advertising platform, with a global sales force working with larger advertisers, agencies and resellers, and that Reality Labs sells through third-party retailers, resellers and distribution partners as well as through its direct-to-consumer channel, Meta.com. We allocate advertising revenue 72/28 between self-service and managed demand, other revenue 80/20 between business messaging and paid features and other paid services, and Reality Labs revenue 65/35 between third-party retail and direct-to-consumer and content. The allocations are estimates and are the only part of the revenue forecast that is not anchored to a figure the company discloses; the totals in the table are as reported and as forecast elsewhere in this report.

Table 5 - Revenue by channel and route to market, FY2025A-FY2030E (US\$m unless stated)

Channel	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Advertising - self-service advertising platform (estimated 72% of advertising revenue)	141,246	177,065	207,431	238,535	269,469	301,306
Advertising - managed direct sales, agencies and resellers (estimated 28% of advertising revenue)	54,929	68,858	80,668	92,764	104,793	117,175
Advertising revenue - total (as reported and forecast)	196,175	245,923	288,099	331,299	374,262	418,481
Other revenue - business messaging and paid features (estimated 80% of other revenue)	2,067	3,063	3,830	4,595	5,422	6,236
Other revenue - consumer subscriptions and other paid services (estimated 20% of other revenue)	517	766	957	1,149	1,356	1,559
Other revenue - total	2,584	3,829	4,787	5,744	6,778	7,795
Reality Labs - third-party retail, reseller and distribution partners (estimated 65% of Reality Labs revenue)	1,435	1,514	1,635	1,734	1,820	1,911
Reality Labs - direct-to-consumer (Meta.com), content and services (estimated 35% of Reality Labs revenue)	772	815	881	933	980	1,029
Reality Labs revenue - total	2,207	2,329	2,516	2,667	2,800	2,940
Total revenue	200,966	252,082	295,401	339,710	383,840	429,216

Source: Channel structure from Meta Platforms FY2025 Form 10-K (filed 29 January 2026), 'Sales and Operations', which states that the majority of marketers use the self-service advertising platform while a global sales force works with larger advertisers, agencies and resellers, and that Reality Labs sells through third-party retailers, resellers and distribution partners and through its direct-to-consumer channel, Meta.com. Reported advertising, other and Reality Labs revenue from that filing and the Forms 8-K earnings releases filed 28 January 2026 and 29 July 2026. The company reports a single advertising revenue line and does not disclose a revenue split by channel, application or surface; the channel allocation and the FY2026E-FY2030E figures are Analyst Report estimates.

Margins, cash flow and the capital-intensity bridge

Gross margin has been remarkably stable, at 80.8% in FY2023, 81.7% in FY2024 and 82.0% in FY2025, and we forecast 80.5% in FY2026E declining gently to 79.8% by FY2030E. The company does not report gross margin as a line item; it is derived from cost of revenue of US\$36.18bn against revenue of US\$200.97bn in FY2025. The compression we model comes from infrastructure costs inside cost of revenue, principally depreciation and third-party cloud and data-centre operating costs, which are the categories management identifies as the main driver of 2026 expense growth. Our FY2026E cost of revenue assumption of 19.5% of revenue rises to 20.2% by FY2030E, a 220bp increase over five years, which is the price of the compute build in the gross margin line.

Operating margin is where the build bites. It was 42.2% in FY2024 and 41.4% in FY2025, falls to 33.6% in FY2026E on our estimate, and recovers to 35.3%, 37.3%, 38.3% and 39.3% in FY2027E through FY2030E. The FY2026E decline is driven by three things: US\$2.40bn of legal charges and US\$1.18bn of severance already incurred in the first half; a step-up in depreciation from US\$18.62bn to US\$28.82bn as the 2025 and 2026 additions enter service; and research and development rising to 32.0% of revenue, which is above the 28.5% reported in FY2023 and FY2025, because we assume the company holds its technical-talent investment.

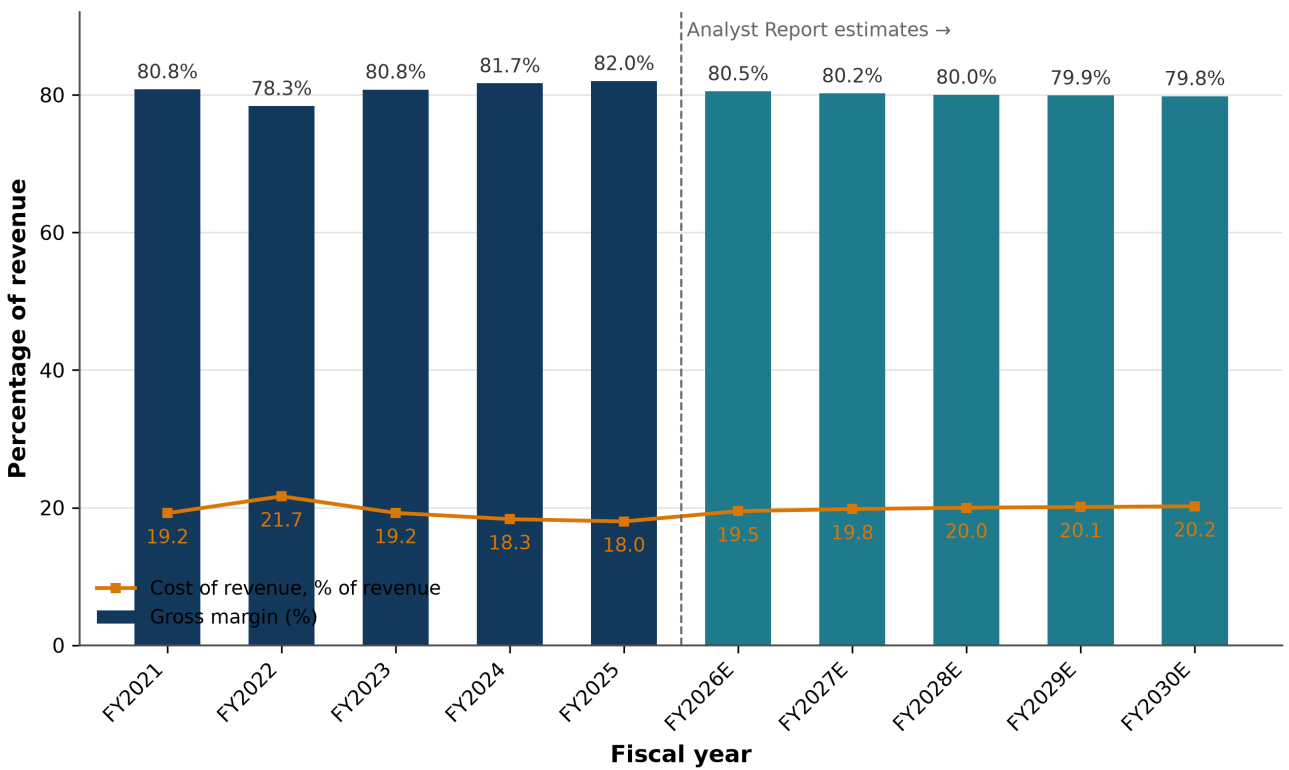
The recovery to 39.3% by FY2030E still leaves the operating margin 210bp below FY2025A, despite revenue being 2.1x larger. The arithmetic reason is that EBITDA margin rises from 50.7% in FY2025A to 58.1% by FY2030E while operating margin falls, because depreciation grows from 9.3% of revenue to 18.8% of revenue over the same period. Any valuation that leans on EBITDA growth without adjusting for the depreciation it consumes will materially overstate the equity value of this business.

Table 6 - Cost, margin and capital-intensity assumptions, FY2023A-FY2030E (% of revenue unless stated)

Line item	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Cost of revenue	19.2	18.3	18.0	19.5	19.8	20.0	20.1	20.2
Gross margin	80.8	81.7	82.0	80.5	80.2	80.0	79.9	79.8
Research and development	28.5	26.7	28.5	32.0	31.0	30.0	29.5	29.0
Marketing and sales	9.1	6.9	6.0	5.5	5.4	5.2	5.1	5.0
General and administrative	8.5	5.9	6.0	9.4	8.5	7.5	7.0	6.5
Total costs and expenses	65.3	57.8	58.6	66.4	64.7	62.7	61.7	60.7
Operating margin	34.7	42.2	41.4	33.6	35.3	37.3	38.3	39.3
Depreciation and amortisation	8.3	9.4	9.3	11.4	14.9	17.0	18.2	18.8
EBITDA margin	42.9	51.6	50.7	45.0	50.2	54.3	56.5	58.1
Effective tax rate	17.6	11.7	29.6	8.0	18.0	19.0	19.5	20.0
Capital expenditure incl. finance leases	21.0	23.8	35.9	54.5	48.0	42.0	38.0	35.0
Free cash flow margin	31.7	31.7	21.7	1.8	8.0	17.3	22.5	26.0

Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026), as reported; Analyst Report assumptions FY2026E-FY2030E.

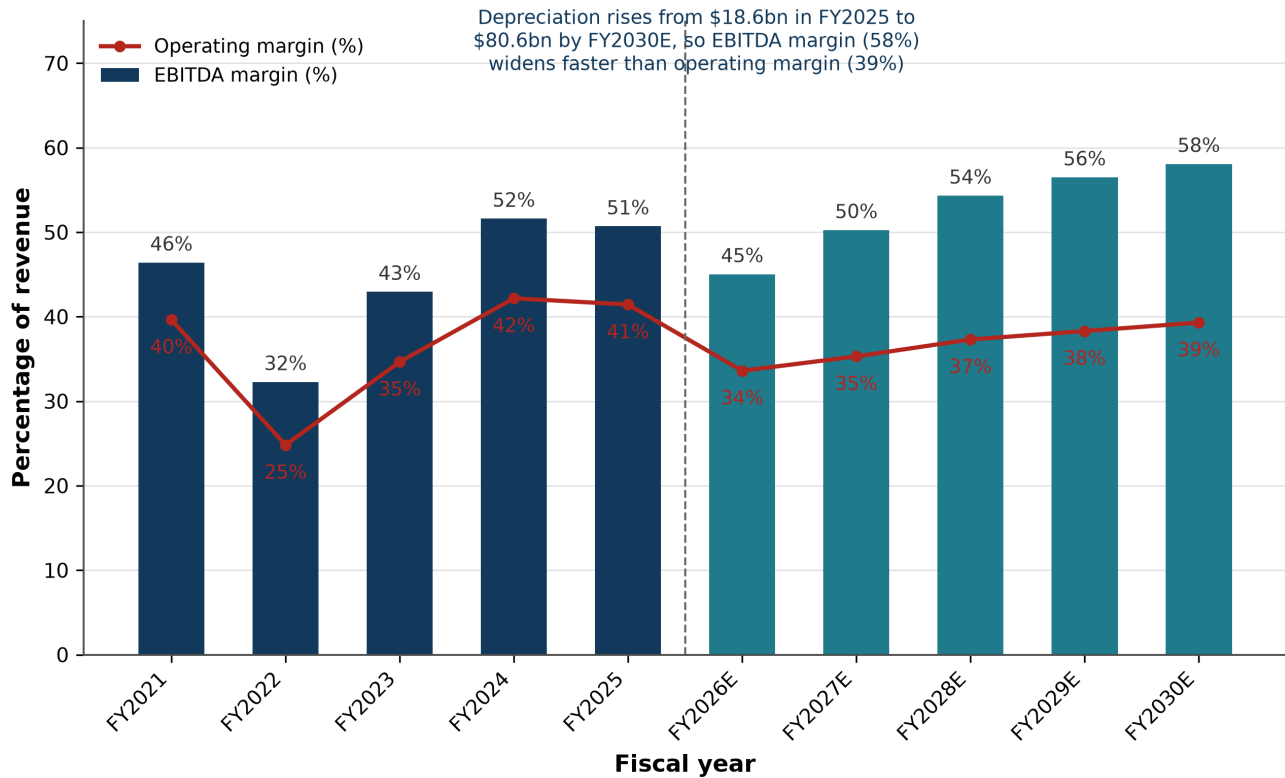
Figure 18 - Gross margin and cost of revenue as a percentage of revenue, FY2021A-FY2030E



Cost of revenue rises from 18.0% of revenue in FY2025 to 20.2% by FY2030E as data-centre depreciation, AI hosting and content costs scale with the build.

Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026); Analyst Report estimates FY2026E-FY2030E.

Figure 19 - EBITDA margin and operating margin, FY2021A-FY2030E (%)



Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026); Analyst Report estimates FY2026E-FY2030E. Meta does not report an EBITDA line; EBITDA is operating income plus depreciation and amortisation.

Table 7 - Consolidated income statement, FY2021A-FY2030E (US\$m unless stated)

Line item	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
REVENUE										
Advertising revenue	114,934	113,642	131,948	160,633	196,175	245,923	288,099	331,299	374,262	418,481
Advertising revenue - year-on-year growth (%)	n.a.	(1.1)	16.1	21.7	22.1	25.4	17.2	15.0	13.0	11.8
Other revenue	721	808	1,058	1,722	2,584	3,829	4,787	5,744	6,778	7,795
Other revenue - year-on-year growth (%)	n.a.	12.1	30.9	62.8	50.1	48.2	25.0	20.0	18.0	15.0
Reality Labs revenue	2,274	2,159	1,896	2,146	2,207	2,329	2,516	2,667	2,800	2,940
Reality Labs revenue - year-on-year growth (%)	n.a.	(5.1)	(12.2)	13.2	2.8	5.5	8.0	6.0	5.0	5.0
Total revenue	117,929	116,609	134,902	164,501	200,966	252,082	295,401	339,710	383,840	429,216

Total revenue - year-on-year growth (%)	37.2	(1.1)	16.1	22.0	22.2	25.4	17.2	15.0	13.0	11.8
Family of Apps revenue (advertising plus other revenue)	115,655	114,450	133,006	162,355	198,759	249,752	292,885	337,043	381,040	426,276
COST OF REVENUE, GROSS PROFIT AND OPERATING EXPENSES										
Cost of revenue	22,649	25,249	25,959	30,161	36,175	49,156	58,489	67,942	77,152	86,702
Cost of revenue (% of revenue)	19.2	21.7	19.2	18.3	18.0	19.5	19.8	20.0	20.1	20.2
Gross profit	95,280	91,360	108,943	134,340	164,791	202,926	236,912	271,768	306,688	342,514
Gross margin (%)	80.8	78.3	80.8	81.7	82.0	80.5	80.2	80.0	79.9	79.8
Research and development	24,655	35,338	38,483	43,873	57,372	80,666	91,574	101,913	113,233	124,472
Research and development (% of revenue)	20.9	30.3	28.5	26.7	28.5	32.0	31.0	30.0	29.5	29.0
Marketing and sales	14,043	15,262	12,301	11,347	11,991	13,864	15,952	17,665	19,576	21,461
Marketing and sales (% of revenue)	11.9	13.1	9.1	6.9	6.0	5.5	5.4	5.2	5.1	5.0
General and administrative	9,829	11,816	11,408	9,740	12,152	23,696	25,109	25,478	26,869	27,899
General and administrative (% of revenue)	8.3	10.1	8.5	5.9	6.0	9.4	8.5	7.5	7.0	6.5
Total costs and expenses	71,176	87,665	88,151	95,121	117,690	167,382	191,124	212,998	236,829	260,534

Total costs and expenses (% of revenue)	60.4	75.2	65.3	57.8	58.6	66.4	64.7	62.7	61.7	60.7
Income from operations	46,753	28,944	46,751	69,380	83,276	84,699	104,277	126,712	147,011	168,682
Operating margin (%)	39.6	24.8	34.7	42.2	41.4	33.6	35.3	37.3	38.3	39.3
Segment: Family of Apps income from operations	56,946	42,661	62,871	87,109	102,469	103,699	124,277	146,712	166,011	186,682
Segment: Reality Labs loss from operations	(10,193)	(13,717)	(16,120)	(17,729)	(19,193)	(19,000)	(20,000)	(20,000)	(19,000)	(18,000)
Memo: depreciation and amortisation	7,967	8,686	11,178	15,498	18,616	28,818	44,149	57,846	69,818	80,595
Memo: depreciation and amortisation (% of revenue)	6.8	7.4	8.3	9.4	9.3	11.4	14.9	17.0	18.2	18.8
Memo: EBITDA (income from operations plus depreciation and amortisation)	54,720	37,630	57,929	84,878	101,892	113,517	148,426	184,557	216,828	249,276
Memo: EBITDA margin (%)	46.4	32.3	42.9	51.6	50.7	45.0	50.2	54.3	56.5	58.1
INTEREST, OTHER INCOME AND TAXES										
Interest income	461	276	1,639	2,517	2,123	2,448	2,441	2,346	2,812	3,913
Interest expense	-	-	(446)	(715)	(1,165)	(2,643)	(3,400)	(3,800)	(3,800)	(3,800)
Other income (expense), net	70	(401)	(516)	(519)	1,698	(500)	250	250	250	250

Total interest and other income (expense), net	531	(125)	677	1,283	2,656	(696)	(709)	(1,204)	(738)	363
Income before provision for income taxes	47,284	28,819	47,428	70,663	85,932	84,004	103,568	125,507	146,272	169,044
Provision for income taxes	7,914	5,619	8,330	8,303	25,474	6,720	18,642	23,846	28,523	33,809
Effective tax rate (%)	16.7	19.5	17.6	11.8	29.6	8.0	18.0	19.0	19.5	20.0
Net income	39,370	23,200	39,098	62,360	60,458	77,283	84,926	101,661	117,749	135,235
Net margin (%)	33.4	19.9	29.0	37.9	30.1	30.7	28.7	29.9	30.7	31.5
Memo: deferred income taxes included in the provision	609	(3,286)	131	(4,738)	18,738	3,000	1,500	1,500	1,500	1,500
SHARES AND EARNINGS PER SHARE										
Weighted-average basic shares (m)	2,815	2,687	2,574	2,534	2,521	2,535	2,520	2,505	2,485	2,465
Weighted-average diluted shares (m)	2,859	2,702	2,629	2,614	2,574	2,560	2,545	2,530	2,510	2,490
Basic earnings per share (US\$)	13.99	8.63	15.19	24.61	23.98	30.49	33.70	40.58	47.38	54.86
Diluted earnings per share (US\$)	13.77	8.59	14.87	23.86	23.49	30.19	33.37	40.18	46.91	54.31
Diluted earnings per share - growth (%)	n.a.	(37.6)	73.1	60.5	(1.6)	28.5	10.5	20.4	16.7	15.8
Memo: share-based compensation	9,164	11,992	14,027	16,690	20,427	30,250	32,494	35,670	38,384	40,775

Memo: share-based compensation (% of revenue)	7.8	10.3	10.4	10.1	10.2	12.0	11.0	10.5	10.0	9.5
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Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026), with FY2021 comparatives, as reported; Forms 8-K earnings releases filed 28 January 2026 (fourth quarter and full year 2025) and 29 July 2026 (second quarter 2026); Analyst Report estimates FY2026E-FY2030E. Segment income is as reported in the segment notes of those filings.

Two lines deserve individual comment. The tax provision: FY2025 included a US\$25.47bn charge, equal to a 29.6% effective rate, after the One Big Beautiful Bill Act, and Q1 2026 reversed US\$8.03bn of it. Our model assumes an 8.0% effective rate in FY2026E and then a normalisation to 18.0-20.0%, consistent with management's guidance of 15-17% for the remaining 2026 quarters. Second, share-based compensation rises from US\$20.43bn in FY2025A to US\$30.25bn in FY2026E on our estimate, or 12.0% of revenue, and remains at 9.5% of revenue by FY2030E. That is a real cost funded in shares rather than cash, and investors who value Meta on free cash flow should note that free cash flow excludes it entirely.

Table 8 - Consolidated cash flow statement, FY2021A-FY2030E (US\$m unless stated)

Line item	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
OPERATING ACTIVITIES										
Net income	39,370	23,200	39,098	62,360	60,458	77,283	84,926	101,661	117,749	135,235
Depreciation and amortisation	7,967	8,686	11,178	15,498	18,616	28,818	44,149	57,846	69,818	80,595
Share-based compensation	9,164	11,992	14,027	16,690	20,427	30,250	32,494	35,670	38,384	40,775
Deferred income taxes	609	(3,286)	131	(4,738)	18,738	3,000	1,500	1,500	1,500	1,500
Unrealised (gain) loss on equity investments	-	-	102	(53)	(1,138)	1,500	-	-	-	-
Impairment charges for facilities consolidation	-	2,218	2,432	383	-	-	-	-	-	-
Other non-cash items	(127)	1,982	309	140	(416)	0	0	0	0	0
Accounts receivable	(3,110)	231	(2,399)	(1,485)	(1,815)	(3,713)	(4,035)	(4,127)	(4,111)	(4,227)
Prepaid expenses and other current assets	(1,750)	162	559	(698)	(89)	(5,243)	(2,166)	(1,536)	(1,351)	(1,658)

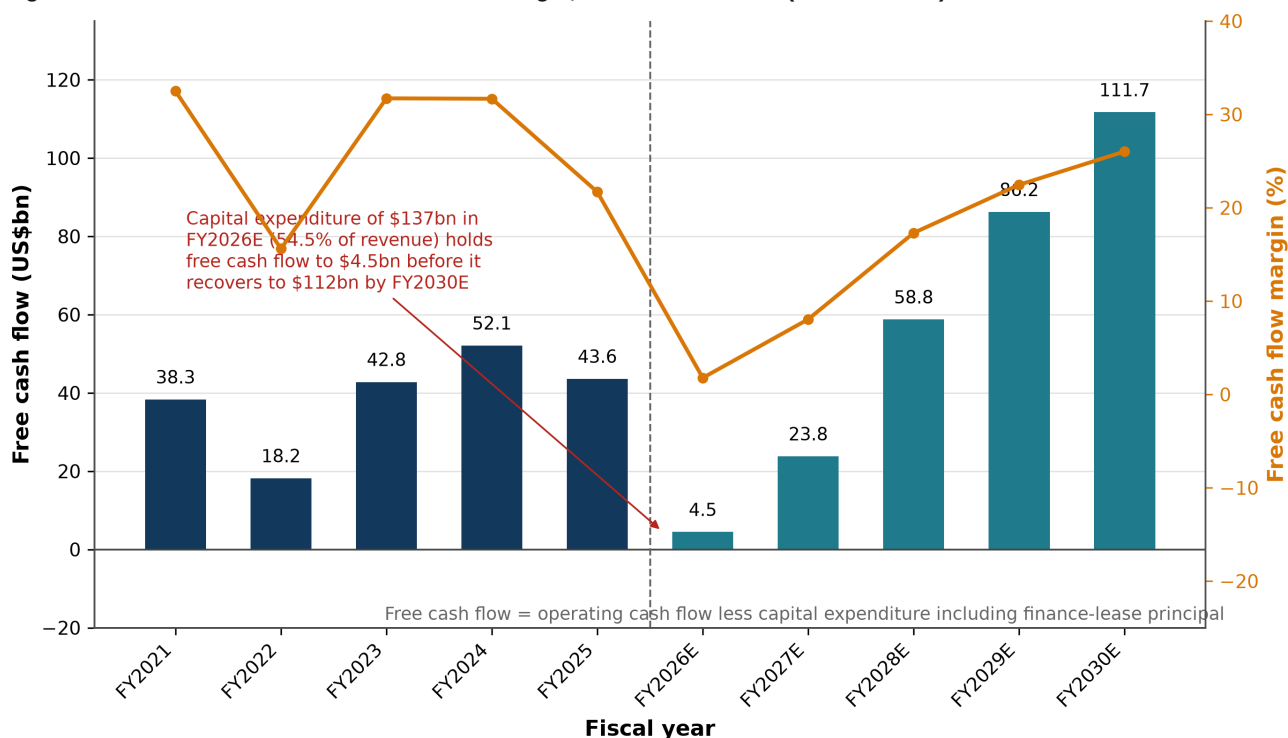
Other assets (non-current)	(349)	(106)	(80)	(270)	(481)	(4,167)	(2,166)	(1,536)	(1,351)	(1,658)
Accounts payable (includes partners payable for FY2021A-FY2023A)	1,424	300	(220)	373	(14)	4,573	2,557	2,590	2,523	2,616
Accrued expenses and other current liabilities	3,544	4,210	5,352	323	1,077	8,344	5,238	4,948	4,480	4,207
Other liabilities (non-current)	941	886	624	2,805	437	1,211	3,072	4,431	4,413	4,538
Total change in operating assets and liabilities	700	5,683	3,836	1,048	(885)	1,005	2,499	4,769	4,604	3,818
Net cash provided by operating activities	57,683	50,475	71,113	91,328	115,800	141,856	165,568	201,445	232,055	261,923
INVESTING ACTIVITIES										
Purchases of property and equipment	(18,690)	(31,431)	(27,266)	(37,256)	(69,691)	(132,576)	(136,830)	(137,684)	(140,754)	(144,968)
Net (purchases), sales and maturities of marketable securities	(30,407)	(9,626)	(2,982)	(25,542)	(36,929)	(4,281)	(5,000)	(5,000)	(5,000)	(5,000)
Purchases of non-marketable equity investments	-	-	-	(11)	(18,330)	(3,000)	(1,000)	(1,000)	(1,000)	(1,000)
Acquisitions of businesses and intangible assets	(851)	(1,312)	(629)	(270)	(4,231)	(700)	(500)	(500)	(500)	(500)

Other investing activities (includes proceeds from property and equipment)	(208)	241	198	140	182	0	0	0	0	0
Net cash provided by (used in) investing activities	(7,570)	(28,970)	(24,495)	(47,150)	(102,003)	(140,557)	(143,330)	(144,184)	(147,254)	(151,468)
Memo: capital expenditure including principal payments on finance leases	19,367	32,281	28,324	39,225	72,215	137,384	141,792	142,678	145,859	150,225
Free cash flow (operating cash flow less capital expenditure including finance-lease principal)	38,316	18,194	42,789	52,103	43,585	4,471	23,776	58,767	86,196	111,697
Free cash flow margin (%)	32.5	15.6	31.7	31.7	21.7	1.8	8.0	17.3	22.5	26.0
FINANCING ACTIVITIES										
Proceeds from issuance of long-term debt, net	-	9,921	8,455	10,432	29,906	26,256	10,000	-	-	-
Repurchases of Class A common stock	(44,537)	(27,956)	(19,774)	(30,125)	(26,248)	-	(10,000)	(15,000)	(20,000)	(25,000)
Taxes paid related to net share settlement of equity awards	(5,515)	(3,595)	(7,012)	(13,770)	(18,400)	(18,000)	(19,000)	(20,000)	(21,000)	(22,000)
Payments for dividends and dividend equivalents	-	-	-	(5,072)	(5,324)	(5,600)	(5,880)	(6,174)	(6,483)	(6,807)

Principal payments on finance leases	(677)	(850)	(1,058)	(1,969)	(2,524)	(4,808)	(4,963)	(4,994)	(5,105)	(5,258)
Other financing activities	1	344	(111)	(277)	2,220	-	-	-	-	-
Net cash provided by (used in) financing activities	(50,728)	(22,136)	(19,500)	(40,781)	(20,370)	(2,152)	(29,843)	(46,168)	(52,588)	(59,065)
RECONCILIATION TO THE BALANCE SHEET										
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(474)	(638)	113	(786)	235	0	0	0	0	0
Net increase (decrease) in cash and cash equivalents	(975)	(1,920)	27,181	2,027	(8,016)	(4,490)	(8,194)	10,536	31,691	50,907
Cash and cash equivalents at beginning of period	17,576	16,601	14,681	41,862	43,889	35,873	31,383	23,189	33,725	65,417
Cash and cash equivalents at end of period	16,601	14,681	41,862	43,889	35,873	31,383	23,189	33,725	65,417	116,324
Capital expenditure including finance-lease principal (% of revenue)	16.4	27.7	21.0	23.8	35.9	54.5	48.0	42.0	38.0	35.0

Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026), with FY2021 comparatives, as reported; Forms 8-K earnings releases filed 28 January 2026 and 29 July 2026; Analyst Report estimates FY2026E-FY2030E. Free cash flow is operating cash flow less capital expenditure including finance-lease principal, the company's own definition.

Figure 20 - Free cash flow and free cash flow margin, FY2021A-FY2030E (US\$bn and %)



Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026) and Forms 8-K earnings releases filed 28 January 2026 (fourth quarter and full year 2025) and 29 July 2026 (second quarter 2026); Analyst Report estimates FY2026E-FY2030E. Free cash flow is operating cash flow less capital expenditure including finance-lease principal, the company's own definition.

Table 9 - Capital expenditure, working capital and balance-sheet assumptions, FY2026E-FY2030E

Assumption	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Capital expenditure incl. finance leases (US\$m)	137,384	141,792	142,678	145,859	150,225
Capital expenditure (% of revenue)	54.5	48.0	42.0	38.0	35.0
Finance-lease principal (% of capital expenditure)	3.5	3.5	3.5	3.5	3.5
Depreciation (% of opening net PP&E)	14.0	14.0	14.0	14.0	14.0
Depreciation (% of current-year additions)	3.0	3.0	3.0	3.0	3.0
Depreciation and amortisation (US\$m)	28,818	44,149	57,846	69,818	80,595
Days sales outstanding (days)	34	34	34	34	34
Days payable outstanding (days)	100	100	100	100	100
Prepaid expenses and other current assets (% of revenue)	5.0	5.0	4.8	4.6	4.5
Accrued expenses and other current liabilities (% of revenue)	15.5	15.0	14.5	14.0	13.5

Marketable securities at year end (US\$m)	50,000	55,000	60,000	65,000	70,000
Long-term debt at year end (US\$m)	85,000	95,000	95,000	95,000	95,000
Net debt / (net cash) at year end (US\$m)	3,617	(16,811)	1,275	(35,417)	(91,324)
Diluted shares (m)	2,560	2,545	2,530	2,510	2,490

Source: Analyst Report assumptions built from Meta's guided FY2026 capital expenditure of US\$130-145bn and reported FY2025 balances (Forms 8-K earnings releases filed 28 January 2026 (fourth quarter and full year 2025) and 29 July 2026 (second quarter 2026); FY2025 Form 10-K filed 29 January 2026).

Cash conversion has deteriorated in a way that is structural rather than cyclical. In FY2024 Meta converted 55.5% of revenue into operating cash flow and spent 23.8% of revenue on capital expenditure, producing a 31.7% free cash flow margin. In FY2026E operating conversion is 56.3% of revenue but capital expenditure consumes 54.5%, and the free cash flow margin collapses to 1.8%. The gap between operating cash flow and free cash flow is now the single largest variable in the equity story: on our base case, every US\$20bn of sustained annual capital-expenditure reduction is worth roughly US\$40-50 per share, because it flows almost directly into terminal cash flow.

Returns on capital require care because both numerator and denominator are moving. Operating income of US\$83.28bn on FY2025 equity of US\$217.24bn and debt of US\$58.74bn implies a pre-tax return on capital above 30%. But net property and equipment rises from US\$176.40bn at 31 December 2025 to US\$613.11bn by FY2030E in our forecast, against operating income rising 2.0x from FY2025A to FY2030E. That is the mechanism by which a high-return business can deliver a mediocre return on incremental capital. The balance sheet can absorb a great deal more: US\$3.62bn of forecast FY2026E net debt on US\$113.52bn of forecast EBITDA, and net cash of US\$91.32bn by FY2030E. Leverage is therefore an optionality question rather than a solvency question, because the 2025-26 debt pre-commits the company to a level of capital spending that would be difficult to unwind quickly if advertising growth disappointed.

The balance sheet is where the build becomes visible and is the reason we treat this as a capital-allocation story rather than a demand story. Property and equipment, net, rises from US\$176.4bn at the end of FY2025 to US\$613.1bn by FY2030E, or 63% of total assets, against 48% at the end of FY2025; long-term debt rises from US\$58.7bn to US\$85.0bn in FY2026E and US\$95.0bn by FY2027E, and the cash and securities balance that exceeded US\$77bn at the end of FY2024 falls to US\$78.2bn in FY2027E before rebuilding. The statement below sets out the full balance sheet, together with the derived measures used elsewhere in this report.

Table 10 - Consolidated balance sheet and derived measures, FY2021A-FY2030E (US\$m unless stated)

Line item	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
ASSETS										
Cash and cash equivalents	16,601	14,681	41,862	43,889	35,873	31,383	23,189	33,725	65,417	116,324
Marketable securities	31,397	26,057	23,541	33,926	45,719	50,000	55,000	60,000	65,000	70,000
Accounts receivable, net	14,039	13,466	16,169	16,994	19,769	23,482	27,517	31,644	35,755	39,982
Prepaid expenses and other current assets	4,629	5,345	3,793	5,236	7,361	12,604	14,770	16,306	17,657	19,315
Total current assets	66,666	59,549	85,365	100,045	108,722	117,469	120,476	141,675	183,828	245,620

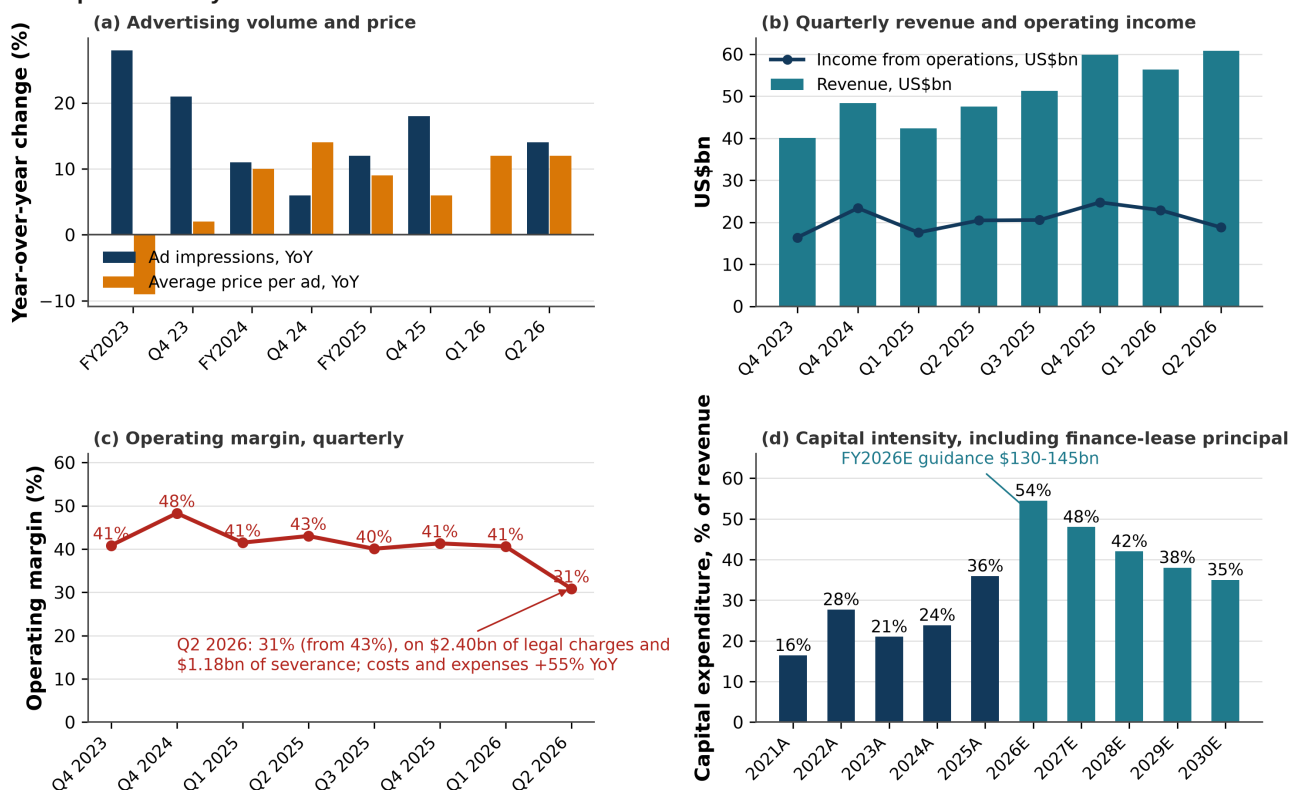
Non-marketable equity investments	6,775	6,201	6,141	6,070	27,524	31,000	32,000	33,000	34,000	35,000
Property and equipment, net	57,809	79,518	96,587	121,346	176,400	284,967	382,610	467,443	543,484	613,115
Operating lease right-of-use assets	12,155	12,673	13,294	14,922	20,404	22,036	23,799	25,703	27,759	29,980
Goodwill	19,197	20,306	20,654	20,654	24,534	23,400	23,400	23,400	23,400	23,400
Other assets (non-current; includes intangible assets, net)	3,385	7,480	7,582	13,017	8,437	12,604	14,770	16,306	17,657	19,315
Total assets	165,987	185,727	229,623	276,054	366,021	491,476	597,055	707,527	830,128	966,430
LIABILITIES										
Accounts payable (includes partners payable for FY2021A-FY2023A)	5,135	6,107	5,712	7,687	8,894	13,467	16,024	18,614	21,137	23,754
Operating lease liabilities, current	1,127	1,367	1,623	1,942	2,213	2,608	2,816	3,042	3,285	3,548
Accrued expenses and other current liabilities	14,873	19,552	24,625	23,967	30,729	39,073	44,310	49,258	53,738	57,944
Total current liabilities	21,135	27,026	31,960	33,596	41,836	55,148	63,151	70,914	78,160	85,246
Operating lease liabilities, non-current	12,746	15,301	17,226	18,292	22,940	24,557	26,522	28,644	30,935	33,410
Memo: total operating lease liabilities	13,873	16,668	18,849	20,234	25,153	27,165	29,338	31,686	34,220	36,958
Long-term debt	0	9,923	18,385	28,826	58,744	85,000	95,000	95,000	95,000	95,000

Long-term income taxes and other liabilities	7,227	7,764	8,884	12,703	25,258	26,469	29,540	33,971	38,384	42,922
Total liabilities	41,108	60,014	76,455	93,417	148,778	191,174	214,213	228,529	242,479	256,577
STOCKHOLDERS' EQUITY										
Common stock and additional paid-in capital	55,811	64,444	73,253	83,228	95,793	108,043	121,537	137,206	154,590	173,366
Accumulated other comprehensive income (loss)	(693)	(3,530)	(2,155)	(3,097)	271	(603)	(603)	(603)	(603)	(603)
Retained earnings	69,761	64,799	82,070	102,506	121,179	192,862	261,908	342,395	433,661	537,090
Total stockholders' equity	124,879	125,713	153,168	182,637	217,243	300,302	382,842	478,999	587,649	709,853
Total liabilities and stockholders' equity	165,987	185,727	229,623	276,054	366,021	491,476	597,055	707,527	830,128	966,430
DERIVED MEASURES AND RATIOS										
Working capital (total current assets less total current liabilities)	45,531	32,523	53,405	66,449	66,886	62,321	57,325	70,761	105,668	160,375
Current ratio (x)	3.15	2.20	2.67	2.98	2.60	2.13	1.91	2.00	2.35	2.88
Net debt / (net cash) at year end (negative = net cash)	(47,998)	(30,815)	(47,018)	(48,989)	(22,848)	3,617	16,811	1,275	(35,417)	(91,324)
Net debt / (net cash) to EBITDA (x)	(0.9)	(0.8)	(0.8)	(0.6)	(0.2)	0.0	0.1	0.0	(0.2)	(0.4)
Total debt / total capital (%)	0.0	7.3	10.7	13.6	21.3	22.1	19.9	16.6	13.9	11.8

Property and equipment, net (% of total assets)	34.8	42.8	42.1	44.0	48.2	58.0	64.1	66.1	65.5	63.4
Cash and marketable securities (% of total assets)	28.9	21.9	28.5	28.2	22.3	16.6	13.1	13.2	15.7	19.3
Total liabilities (% of total assets)	24.8	32.3	33.3	33.8	40.6	38.9	35.9	32.3	29.2	26.5
Stockholders' equity (% of total assets)	75.2	67.7	66.7	66.2	59.4	61.1	64.1	67.7	70.8	73.5
Days sales outstanding (days)	43.5	42.2	43.7	37.7	35.9	34.0	34.0	34.0	34.0	34.0
Days payable outstanding (days)	82.8	88.3	80.3	93.0	89.7	100.0	100.0	100.0	100.0	100.0
Cash conversion days (days sales outstanding less days payable outstanding)	(39.3)	(46.1)	(36.6)	(55.3)	(53.8)	(66.0)	(66.0)	(66.0)	(66.0)	(66.0)
Book value per diluted share (US\$)	43.68	46.53	58.26	69.87	84.40	117.31	150.43	189.33	234.12	285.08
Return on equity (% net income over closing equity)	31.5	18.5	25.5	34.1	27.8	25.7	22.2	21.2	20.0	19.1
Return on total assets (% net income over closing total assets)	23.7	12.5	17.0	22.6	16.5	15.7	14.2	14.4	14.2	14.0

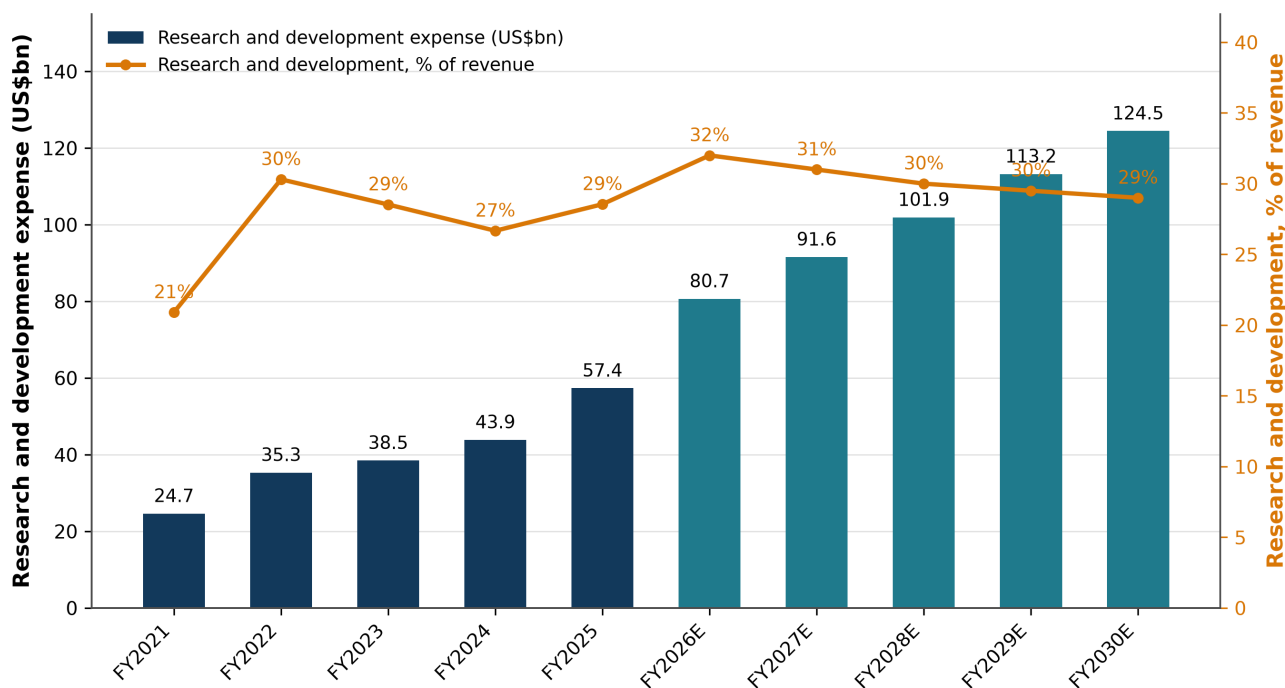
Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026), with FY2021 comparatives, as reported; Analyst Report estimates FY2026E-FY2030E. Marketable securities, non-marketable equity investments, goodwill, accumulated other comprehensive income and long-term debt are model inputs for FY2026E-FY2030E; cash is the output of the cash flow statement, so the statement balances by construction.

Figure 21 - Operating metrics: advertising volume and price, quarterly revenue and operating income, operating margin and capital intensity



Source: Forms 8-K earnings releases filed 28 January 2026 (fourth quarter and full year 2025) and 29 July 2026 (second quarter 2026); Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026); Analyst Report estimates FY2026E-FY2030E.

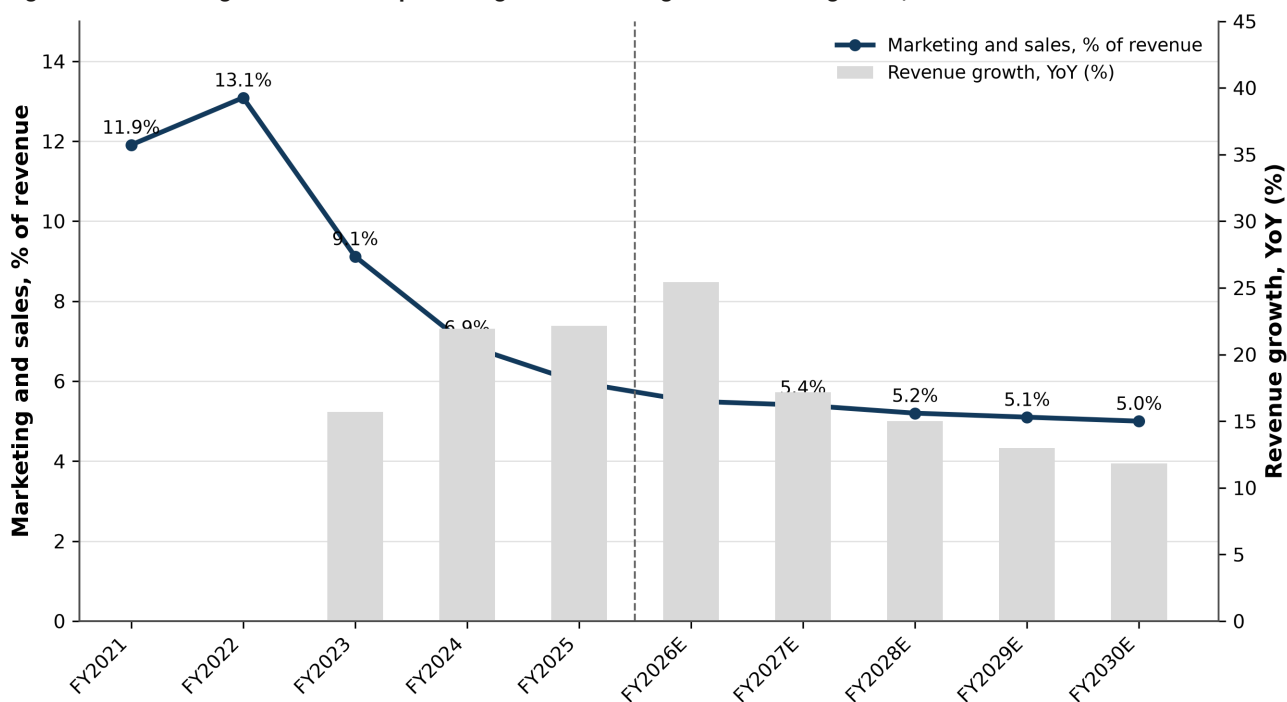
Figure 22 - Research and development expense and research and development as a percentage of revenue, FY2021A-FY2030E



Research and development rises from \$24.7bn in FY2021 to \$57.4bn in FY2025 but falls from 28.5% of revenue in FY2025 to 29.0% by FY2030E: the step-up in cost is infrastructure and depreciation rather than headcount.

Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30

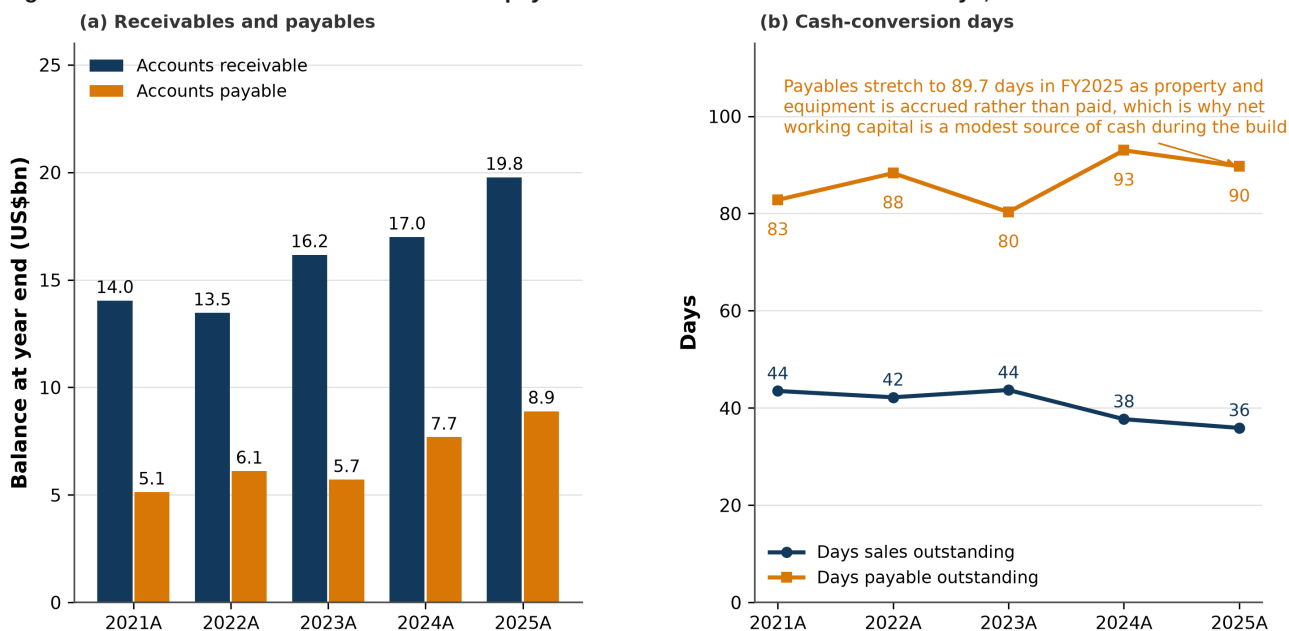
Figure 23 - Marketing and sales as a percentage of revenue against revenue growth, FY2021A-FY2030E



Marketing and sales fell from 11.9% of revenue in FY2021 to 6.0% in FY2025 even as revenue compounded, because distribution runs through the app stores and the auction rather than a sales force.

Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026); Analyst Report estimates FY2026E-FY2030E.

Figure 24 - Accounts receivable and accounts payable balances and cash-conversion days, FY2021A-FY2025



Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026), balance-sheet and MD&A disclosure.

Projection Assumptions

Our forecast runs from FY2026E to FY2030E and is built from three inputs in strict priority order: reported actuals, company guidance, and analyst assumptions. FY2026E revenue is anchored to reported first-half actuals of US\$117,111m, the mid-point of the company's Q3 2026 revenue guidance of US\$61-64bn, and a fourth-quarter estimate, producing US\$252,082m of revenue, or 25.4% growth on FY2025. Every subsequent year is built from disclosed drivers, being impressions and price for advertising, growth assumptions for the other two revenue lines, and a fixed regional mix, with margins, capital intensity and the balance sheet derived from a small number of stated assumptions.

Table 11 - Revenue growth driver assumptions, FY2022A-FY2030E (%)

Driver	FY2022A	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Ad impressions delivered - growth	18.0	28.0	11.0	12.0	n.a.	10.0	9.0	8.0	7.0
Average price per ad - growth	(16.0)	(9.0)	10.0	9.0	n.a.	6.5	5.5	4.6	4.5
Implied advertising revenue growth	(0.9)	16.5	22.1	22.1	25.4	17.2	15.0	13.0	11.8
Other revenue - growth	12.1	30.9	62.8	50.1	48.2	25.0	20.0	18.0	15.0
Reality Labs revenue - growth	(5.1)	(12.2)	13.2	2.8	5.5	8.0	6.0	5.0	5.0
Total revenue - growth	(1.1)	16.1	22.0	22.2	25.4	17.2	15.0	13.0	11.8

Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026) and Forms 8-K earnings releases filed 28 January 2026 (fourth quarter and full year 2025) and 29 July 2026 (second quarter 2026) for disclosed historical drivers; Analyst Report assumptions FY2027E-FY2030E. FY2026E is anchored to company guidance and reported first-half actuals, so no driver input is used for that year.

A. Revenue assumptions by product and revenue line

Family of Apps advertising: US\$196.2bn in FY2025A to US\$418.5bn in FY2030E, a 16.4% CAGR

Advertising is 97.6% of revenue and the only line that materially changes the valuation. We forecast advertising revenue growing from US\$196,175m in FY2025A to US\$418,481m in FY2030E, a compound annual growth rate of 16.4%, with growth decelerating from 25.4% in FY2026E to 11.8% by FY2030E. Revenue is modelled as the product of two disclosed drivers, impressions and average price per ad, so the growth assumption decomposes into two separately justifiable components rather than a single top-down rate.

- **Impressions growth of 10% in FY2027E, 9% in FY2028E, 8% in FY2029E and 7% in FY2030E.**

FY2025 impressions grew 12% and Q2 2026 impressions grew 14%, so our forecast assumes deceleration from the current run-rate. Impressions grow with Family DAP, which we forecast at 3.65bn in December 2026 and 3.88bn by December 2030, and with ad load, which is constrained by the revenue-per-user trade-off in Reels and Stories. DAP growth of 3% in June 2026 against 6% in FY2024 implies that impressions must increasingly come from ad load and higher-yielding surfaces rather than from audience growth, and ad load

cannot rise indefinitely without degrading the engagement that produces it.

- **Average price per ad growth of 6.5% in FY2027E, 5.5% in FY2028E, 4.6% in FY2029E and 4.5% in FY2030E.**

Price is the driver we forecast most confidently decelerating, because the current rate is exceptional. FY2025 price growth was 9% and Q1 and Q2 2026 were both 12%, which is a step-up we attribute to automation products improving measured returns. We assume half of that current premium persists into FY2027E and fades thereafter, still above nominal inflation and above the 10-year average of the disclosed series, which includes declines of 16% in FY2022 and 9% in FY2023.

- **The product mechanism is automation, not placement.**

Meta's measured performance improvements are attributed by third-party analysis to Advantage+, AI-generated ad creatives and the broader automation stack, with Reels a principal beneficiary (EMARKETER, 13 April 2026). The financial implication is that Meta is selling outcomes rather than impressions, which supports price but also concentrates the growth assumption on model quality and compute availability: if the next generation of models does not improve conversion, price growth is the variable that breaks first.

- **The FY2026E anchor is guidance, not a growth rate.**

First-half advertising revenue was US\$114,387m against US\$108,220m in the second half of 2025, and we assume Q4 2026E revenue grows 21% year over year on Q4 2025's US\$59,893m. That produces implied second-half advertising growth of 22%, a deceleration from the 28% recorded in Q2 2026 but above the 22.1% delivered in FY2025. Management guides Q3 2026 revenue of US\$61-64bn and FY2026 operating income above FY2025, and our FY2026E is consistent with both.

- **Revenue is not modelled by application, because the company does not disclose it.**

No app-level revenue figure appears in the FY2025 Form 10-K or in the Q4 2025, Q1 2026 or Q2 2026 earnings releases. Meta disaggregates revenue only into Family of Apps and Reality Labs, and within the Family of Apps into advertising and other revenue. Our product-level discussion is therefore limited to the three lines the company reports; any claim about the relative size or growth of Instagram or Reels advertising would be unsupported by primary disclosure, and we make none.

Family of Apps other revenue: US\$2.58bn in FY2025A to US\$7.79bn in FY2030E, a 24.7% CAGR

Other revenue covers business messaging, paid features and related services, and it is the fastest-growing line in the model from the smallest base. It grew 62.8% in FY2024 and 50.1% in FY2025, and reached US\$1,014m in Q2 2026 alone against US\$583m a year earlier. We forecast growth of 48.2% in FY2026E and then 25.0%, 20.0%, 18.0% and 15.0% in FY2027E to FY2030E.

- **The FY2026E base is built from actuals with a second-half growth assumption.**

First-half other revenue of US\$1,891m is combined with second-half 2025 actual revenue of US\$1,491m grown at 30%, giving US\$1,938m and a full-year figure of US\$3,829m. We deliberately assume second-half growth of 30%, below the 50.1% reported for FY2025, because the second half of 2025 included a step-change in messaging monetisation that is unlikely to repeat at the same rate.

- **Deceleration is assumed because the line is small and new.**

An 18-25% growth range is consistent with a messaging and paid-features business attached to WhatsApp and Messenger, where penetration is early but pricing power is unproven. Even on these assumptions other revenue is only 1.8% of total revenue by FY2030E, so the line is strategically interesting but financially peripheral: it cannot offset a 5% fall in advertising revenue.

- **The line is not auction-priced, which is its main analytical value.**

Because other revenue is not dependent on ad load or on auction clearing price, it is the only disclosed revenue line with a different sensitivity to advertising-market conditions. In a downcycle it would continue to grow, which provides a small but genuine diversification benefit of about US\$4-8bn of revenue by the end of the forecast period.

Reality Labs: US\$2.21bn in FY2025A to US\$2.94bn in FY2030E, a 5.9% CAGR

Reality Labs generated US\$2,207m of revenue in FY2025 on a US\$19,193m operating loss, and we forecast revenue of US\$2,329m in FY2026E rising at 8%, 6%, 5% and 5% to US\$2,940m in FY2030E. Revenue has been essentially flat for five years, at US\$2,274m in FY2021 and US\$2,207m in FY2025.

- **The loss assumption is the only projected segment line entered directly.**

We assume Reality Labs operating losses of US\$19,000m in FY2026E, US\$20,000m in FY2027E and FY2028E, then US\$19,000m in FY2029E and US\$18,000m in FY2030E. The FY2026E figure is consistent with management's guidance that 2026 losses will be similar to 2025 levels, and the first-half run-rate of US\$8,654m against US\$8,737m a year earlier supports it.

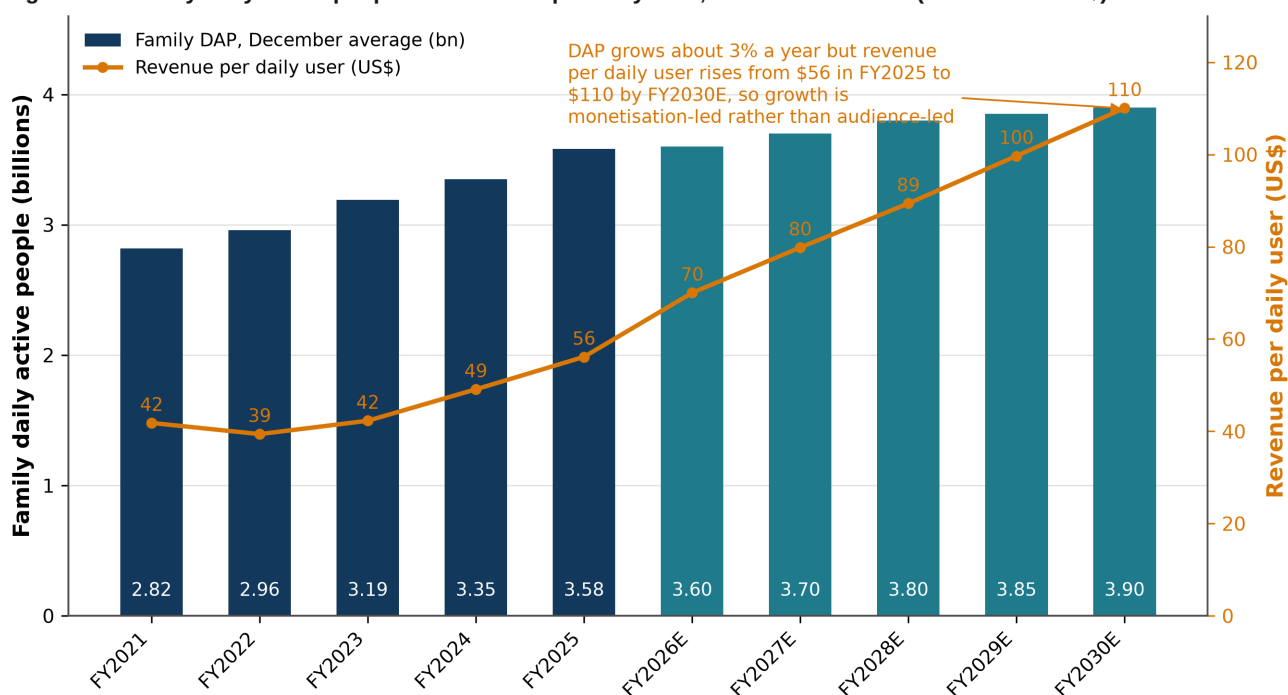
- **We do not model a monetisation breakthrough, because none is disclosed.**

The company discloses no unit sales, average selling price, gross margin or installed base for Quest or Ray-Ban Meta glasses, and no order book. With no disclosed unit economics, any forecast of payback would be invention rather than analysis, so our assumption is a gradual narrowing of the loss driven by cost discipline rather than by revenue.

- **The segment is nonetheless the largest single structural swing factor in the model.**

Reality Labs consumed US\$19.2bn of operating income in FY2025, equal to 9.6% of revenue and 23.0% of operating profit. Eliminating the loss entirely would raise our FY2026E operating margin by about 750bp and add roughly US\$110-130 per share to our DCF, which is why the segment loss is treated as an explicit input rather than as a residual.

Figure 25 - Family daily active people and revenue per daily user, FY2021A-FY2030E (billions and US\$)



Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026) and Forms 8-K earnings releases filed 28 January 2026 (fourth quarter and full year 2025) and 29 July 2026 (second quarter 2026) for December DAP and revenue; Analyst Report estimates FY2026E-FY2030E.

B. Geographic revenue assumptions

We forecast geography by holding the user-geography mix approximately constant and letting each region inherit the group growth rate, with a deliberate drift of less than 0.3 percentage points a year. The FY2026E mix is anchored to the actual first-half 2026 user-geography mix reported in the Form 10-Q for the quarter ended 30 June 2026, giving United States and Canada 38.5%, Europe 23.3%, Asia-Pacific 26.9% and rest of world 11.3%.

- **United States and Canada: US\$97.1bn in FY2026E to US\$166.1bn in FY2030E, 11.3% CAGR.**

This is the highest-monetisation region and the one that funds the build. Revenue grew 24.7% in FY2025 and we hold its share at 38.5% in FY2026E, drifting to 38.7% by FY2030E. The region also holds US\$173.39bn of the US\$196.80bn of long-lived assets at 31 December 2025, so the depreciation and power costs associated with the build land disproportionately in the region that generates the revenue.

- **Europe: US\$58.7bn in FY2026E to US\$99.1bn in FY2030E, 11.1% CAGR.**

Europe grew 21.4% in FY2025 and we assume a 23.3% share in FY2026E, drifting to 23.1% by FY2030E, as regulatory friction offsets solid monetisation. Europe also carries the largest recorded regulatory exposures: the EUR1.2bn Irish Data Protection Commission accrual, the EUR798m and EUR200m European Commission fines and the EUR542m of French damages awards are all European matters.

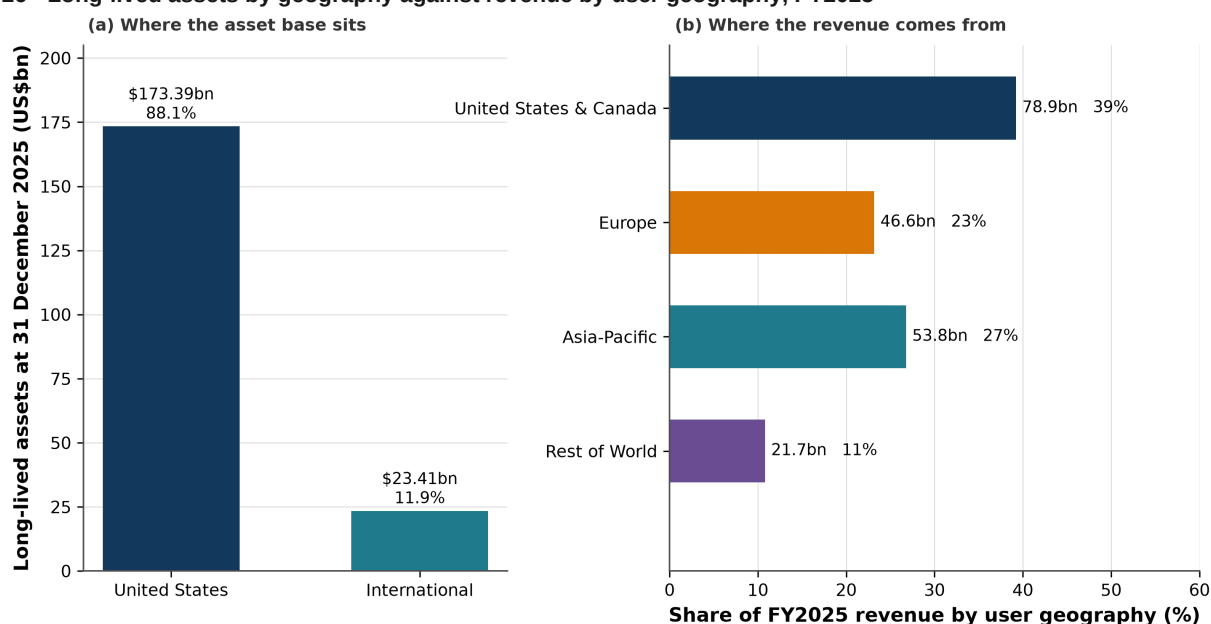
- **Asia-Pacific: US\$67.8bn in FY2026E to US\$116.3bn in FY2030E, 11.4% CAGR.**

Asia-Pacific grew 19.6% in FY2025 and we hold its share at 26.9% in FY2026E, rising to 27.1% by FY2030E. The region contains the largest user population and the widest monetisation gap relative to North America, which is the principal upside optionality in our geographic forecast, but it also contains markets with restricted access: management attributed a sequential DAP decline in Q1 2026 to disruptions in Iran and Russia.

- **Rest of World: US\$28.4bn in FY2026E to US\$47.6bn in FY2030E, 13.8% CAGR.**

This is the fastest-growing region in our forecast, at 31% in FY2026E and 13.8% CAGR to FY2030E, because it starts from the lowest monetisation base and benefits from messaging monetisation. Its share rises to 11.3% in FY2026E and then declines gently to 11.1% by FY2030E, and it carries the highest incremental-user concentration and the lowest revenue per user.

Figure 26 - Long-lived assets by geography against revenue by user geography, FY2025



The United States alone produced \$74.78bn, or 37% of FY2025 revenue — the only geographic concentration the company discloses.

Source: FY2025 Form 10-K (filed 29 January 2026), segment and geographical note.

C. Margin, operating expense and cash flow assumptions

Gross margin. We assume cost of revenue at 19.5% of revenue in FY2026E, rising 0.2-0.3 percentage points a year to 20.2% by FY2030E, which gives gross margins of 80.5% falling to 79.8%. The FY2025A gross margin was 82.0% on a derived basis. The 150bp compression in FY2026E is driven by depreciation inside cost of revenue and by third-party cloud and data-centre operating costs, which management identifies as the majority of 2026 expense growth; the further 70bp of drift to FY2030E reflects the assumption that each incremental dollar of AI inference carries an infrastructure cost.

Operating expenses. Research and development is assumed at 32.0% of revenue in FY2026E, above the 28.5% reported in FY2023 and FY2025, declining to 29.0% by FY2030E, reflecting the company's stated 2026 hiring priorities in AI. Marketing and sales falls from 6.0% to 5.0% of revenue, continuing a five-year trend from 11.9% in FY2021. General and administrative rises to 9.4% in FY2026E from 6.0% because of US\$2.40bn of legal charges and US\$1.18bn of severance already incurred, then declines to 6.5% by FY2030E. These percentages are calibrated so that FY2026E total expenses of US\$167,382m sit within the company's guided range of US\$165-169bn.

Working capital. The model uses 34 days sales outstanding and 100 days payable outstanding in every projected year, both anchored to reported FY2025 balances and disclosed turnover. The practical consequence is that the build partially self-funds: because payables scale with capital expenditure, the change in net working capital is a source of cash of US\$1,005m in FY2026E and US\$2,499m in FY2027E, and remains positive through FY2030E. That is a genuine but small offset, equal to 0.4% of FY2026E revenue, and it reverses if the capital programme slows.

Capital expenditure. We assume capital expenditure including finance-lease principal of 54.5% of revenue in FY2026E, 48.0% in FY2027E, 42.0% in FY2028E, 38.0% in FY2029E and 35.0% in FY2030E. The FY2026E figure is implied by the company's guidance of US\$130-145bn, and the glide path is an analyst assumption, not company guidance: management has given no indication of when capital intensity normalises. Finance-lease principal is assumed at 3.5% of total capital expenditure. Depreciation is calculated as 14% of opening net property and equipment plus 3% of current-year additions, calibrated to reported depreciation of US\$15,498m in FY2024 and US\$18,616m in FY2025.

Tax and financing. The model uses an 8.0% effective tax rate in FY2026E, reflecting the US\$8.03bn benefit recorded in Q1 2026, then 18.0%, 19.0%, 19.5% and 20.0% in FY2027E to FY2030E. Interest income is modelled on opening cash and marketable securities and interest expense on opening long-term debt, which is assumed at US\$85.0bn in FY2026E and US\$95.0bn thereafter. Diluted shares fall from 2,560m in FY2026E to 2,490m by FY2030E, reflecting assumed repurchases of nil in FY2026E and then US\$10bn, US\$15bn, US\$20bn and US\$25bn. Dividends are held at US\$5.6bn in FY2026E, rising to US\$6.8bn by FY2030E, which is 2.2% of FY2026E revenue falling to 1.6% by FY2030E as the revenue base grows faster than the payout.

Scenario Analysis

We model three scenarios on the same ten-year discounted-cash-flow structure, differing in five parameters: revenue CAGR from FY2026E to FY2030E, terminal operating margin, effective tax rate, capital intensity and the terminal growth rate. Probabilities are 20% bear, 60% base and 20% bull. The spread between the bear and bull DCF values is US\$221 to US\$753 per share, a 3.4x range, which is unusually wide for a company of this size and is a direct consequence of the terminal capital-intensity assumption.

Table 12 - Scenario assumptions and outcomes, FY2026E-FY2030E

Assumption	Bull	Base	Bear
Probability (%)	20	60	20
Revenue CAGR, FY2026E-FY2030E (%)	19.0	14.3	6.0
FY2030E operating margin (%)	42.0	39.3	30.0
FY2030E EBITDA margin (%)	58.0	58.3	52.0
Effective tax rate (%)	17.0	19.0	22.0
Depreciation and amortisation (% of revenue, FY2030E)	16.0	19.0	22.0
Capital expenditure incl. finance leases (% of revenue, FY2030E)	38.0	42.0	50.0
Increase in net working capital (% of revenue)	3.0	3.0	4.0
Diluted shares, FY2030E (m)	2,400	2,490	2,560
Terminal growth rate (%)	3.0	3.0	2.0
FY2030E revenue (US\$m)	505,509	430,255	318,247
FY2030E operating income (US\$m)	212,314	169,090	95,474
FY2030E EBITDA (US\$m)	293,195	250,839	165,489
FY2030E net income (US\$m)	177,060	136,963	73,973
FY2030E diluted earnings per share (US\$)	73.77	55.01	28.90
FY2030E free cash flow (US\$m)	63,426	36,390	(15,856)
FY2030E free cash flow margin (%)	12.5	8.5	(5.0)
Cumulative free cash flow, FY2026E-FY2030E (US\$m)	171,318	101,590	(61,523)
Enterprise value (US\$bn)	1,931	1,491	569
Implied EV/FY2030E EBITDA (x)	7.7	6.0	2.3
Value per share (US\$)	753	581	221
Peer multiple applied to scenario operating earnings (x)	20.9	16.4	13.9
Peer-multiple value per share (US\$)	819	606	279
Probability-weighted discounted cash flow value per share (US\$)	-	543	-
Probability-weighted value per share, 60% discounted cash flow and 40% peer multiple (US\$)	-	583	-

Source: Analyst Report scenario analysis built on Meta's reported FY2025 results (Forms 10-K filed 29 January 2026), FY2026 company guidance (Form 8-K filed 29 July 2026) and our financial model dated 11 September 2026. Discounted cash flow values use the ten-year structure and a 9.64% weighted average cost of capital; peer multiple values apply the scenario peer multiple to scenario operating earnings.

Bull case: capital discipline meets durable AI-driven pricing (probability 20%)

Bull case: 19% revenue CAGR, a 42.0% terminal operating margin and capital expenditure stabilising at 38% of revenue. Value per share US\$753, 16.2% above the current price.

- **Key assumptions.**

Revenue compounds at 19.0% from FY2026E to FY2030E, reaching US\$505,509m; FY2030E operating margin is 42.0%, above the FY2025A peak of 41.4%; the effective tax rate is 17.0%; depreciation falls to 16.0% of revenue; capital expenditure settles at 38.0% of revenue; share count falls to 2,400m on US\$25bn-plus annual repurchases; and the terminal growth rate is 3.0%. FY2030E free cash flow reaches US\$63,426m on a 12.5% margin, and cumulative free cash flow across the five years is US\$171,318m.

- **What has to be true.**

Three things have to be true simultaneously. Advertising growth has to hold near 20% for five years, requiring impressions growth above 10% and price growth above 8%, both above our base case. Price growth has to come from measured performance rather than ad load, which means the automation and generative-creative stack continues to improve conversion. And capital expenditure has to stop growing as a share of revenue at 38%, which implies a deliberate decision to cap the infrastructure programme.

- **Catalysts required.**

A third consecutive quarter of double-digit growth in both impressions and price per ad, reported with Q3 2026 results in late October 2026; a stated capital-intensity glide path with FY2027 guidance in late January 2027; evidence that Meta AI and Meta Superintelligence Labs products are generating revenue or measurable engagement by the first half of 2027; and the resumption of buybacks, with the first evidence in the fourth-quarter 2026 and first-quarter 2027 reports.

- **Rationale.**

This is not a heroic scenario, which is why we hold it at 20% rather than less. Advertising growth of 19% is below the 25.4% we forecast for FY2026E and below the 24.1% third-party forecast for 2026; a 42.0% operating margin is 60bp above FY2025A; and capital expenditure at 38% of revenue is still US\$192bn in FY2030E, well above depreciation. What makes it a bull case rather than the base case is the combination: it requires that the company stop increasing capital intensity while continuing to accelerate revenue, and those two conditions pull in opposite directions in every disclosed data point we have.

- **Valuation implications.**

Discounted cash flow value US\$753 per share, or 16.2% upside. Applying the peer forward median of 20.9x P/E to bull-case FY2030E earnings per share of US\$73.77 gives US\$1,542, which is not a meaningful comparison at a five-year horizon; on the twelve months to September 2027 our model implies operating earnings per share of US\$32.62, and 20.9x that figure is US\$682. The bull case therefore rests on the DCF rather than on relative valuation.

Base case: decelerating advertising growth, a build that slowly normalises (probability 60%)

Base case: 14.3% revenue CAGR, a 39.3% terminal operating margin and capital expenditure fading from 54.5% to 42.0% of revenue. Weighted value with the other methods US\$633-635 per share.

- **Key assumptions.**

Revenue compounds at 14.3% to FY2030E, reaching US\$430,255m; the FY2030E operating margin is 39.3%, still 210bp below FY2025A; the effective tax rate is 19.0%; depreciation is 19.0% of revenue; capital expenditure fades to 42.0% of revenue; and the terminal growth rate is 3.0%. Free cash flow is negative in FY2026E and FY2027E on an unlevered basis, turns positive at US\$22,573m in FY2028E and reaches US\$70,819m by FY2030E.

- **Rationale.**

The base case is the one that follows from disclosed guidance and disclosed deceleration rather than from an expectation of either breakthrough or failure. Revenue growth decelerates from the 25.4% anchored to FY2026 guidance to 17.2% in FY2027E and 11.8% by FY2030E, which is what the mix of 7-10% impression growth and 4.5-6.5% price growth produces. The operating margin recovers but does not regain the FY2025 peak, because depreciation quadruples from US\$18.6bn to US\$80.6bn on our forecast. Capital expenditure fades but remains 42% of revenue, well above depreciation, which is why the terminal multiple in our DCF is only 8.0x FY2035E EBITDA.

- **Valuation.**

Discounted cash flow US\$581-583 per share; trading comparables US\$638-US\$823 with a central estimate of US\$688; precedent transactions US\$658. Weighted at 50%/40%/10% the base case is US\$633, which we round to a 12-month price target of US\$635, 2.0% below the current price and a 1.7% total return including the FY2026E dividend of US\$2.19 per share.

Bear case: advertising growth stalls while the build continues (probability 20%)

Bear case: 6% revenue CAGR, a 30.0% terminal operating margin and capital expenditure at 50% of revenue. Value per share US\$221, 66% below the current price.

- **Key assumptions.**

Revenue compounds at 6.0% to FY2030E, reaching US\$318,247m; the FY2030E operating margin is 30.0%, a level last seen in FY2022; the effective tax rate rises to 22.0%; depreciation reaches 22.0% of revenue; capital expenditure stays at 50.0% of revenue because the build has been committed but revenue has not arrived; and the terminal growth rate is 2.0%. FY2030E free cash flow is negative US\$15,856m, cumulative free cash flow across the five years is negative US\$61,523m, and the implied EV/FY2030E EBITDA multiple is 2.3x.

- **Downside triggers.**

First, a reversal in price per ad, which we assess at medium likelihood given that price growth has already moved from 6% in Q4 2025 to 12% in Q2 2026 on automation-driven improvements that competitors are also deploying; a return to the negative price growth of FY2022 and FY2023 would remove the entire growth engine. Second, an adverse legal outcome, which we assess at medium likelihood: management has warned that US youth-related trials may ultimately result in a material loss, and US\$2.40bn of charges were already booked in Q2 2026 with a US\$5.0bn FTC-related accrual on the balance sheet. Third, an advertising recession, low-to-medium likelihood but high severity given there is no backlog and 97.6% of revenue is advertising.

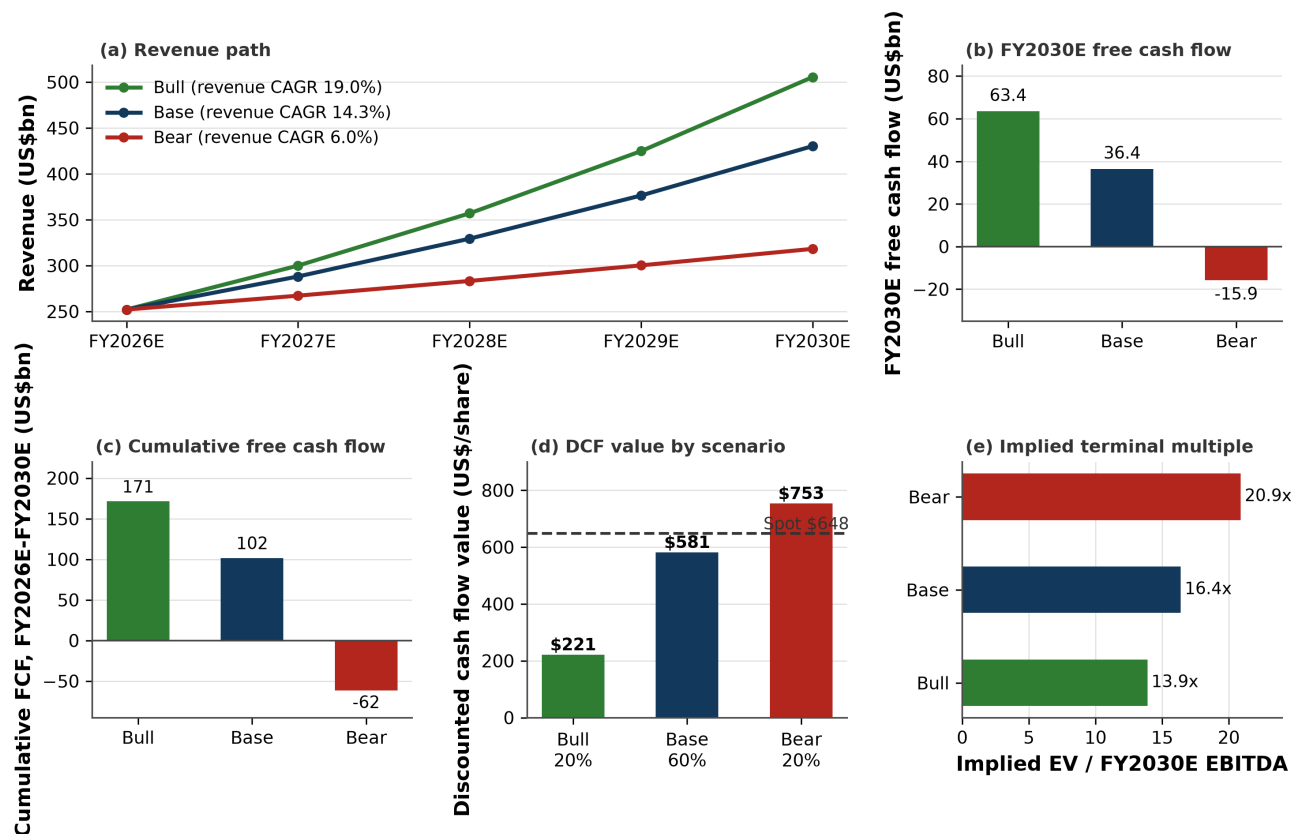
- **Rationale.**

The bear case is not a story about Meta losing its users. Family DAP of 3.60bn grew 3% year over year and the platform-access losses in Iran and Russia are political rather than competitive. It is a story about monetisation: competitors taking incremental budget, price per ad mean-reverting to the negative rates of FY2022 and FY2023, and a capital programme that cannot be halted because US\$131.05bn of non-cancelable commitments and US\$103.77bn of leases not yet commenced have already been signed. In that world the company would carry FY2026-vintage depreciation on a flat revenue base, which produces a negative free cash flow margin of 5.0% in FY2030E.

- **Valuation implications.**

Discounted cash flow value US\$221 per share, or 66% downside, with a terminal value that exceeds the entire enterprise value because unlevered free cash flow stays negative through FY2027E. Applying the peer trailing median of 13.9x operating earnings to bear-case FY2030E earnings per share of US\$28.90 gives US\$279. We would not expect the shares to trade at either level without a change of strategy, because the board and the founder control the capital-allocation decision; the bear case is best understood as the value of the assets if the spending stops being optional.

Figure 27 - Bull, base and bear scenarios: revenue path, free cash flow, cumulative free cash flow, DCF value and implied terminal multiple



Source: Analyst Report scenario analysis built on Meta's reported FY2025 results (Forms 10-K filed 29 January 2026), FY2026 company guidance (Form 8-K filed 29 July 2026) and our financial model dated 11 September 2026.

Scenario comparison and risk/reward

The probability-weighted discounted-cash-flow value is US\$543 per share, 16.2% below the current price, and the weighted base case across all three valuation methods is US\$633, so the evidence clusters in the US\$540-US\$690 area with our US\$635 target at the upper end. The asymmetry is unattractive in one direction: the bear case removes 66% of value while the bull case adds only 16%, because the bear case collapses cash flows and the multiple simultaneously, whereas the bull case is capped by the reality that even at a 42% operating margin the business still needs US\$192bn of capital expenditure in FY2030E to support it.

The path dependency matters more than the terminal values. Free cash flow is negative for two years on our base case, which means the scenario an investor experiences first is a capital-consumption phase with no free-cash-flow support for the share price. Capital expenditure guidance is therefore the single most important disclosure of the next twelve months: US\$20bn of sustained annual capital-expenditure reduction is worth roughly US\$40-50 per share on our numbers, and US\$20bn of additional capital expenditure would reduce our base-case value by a similar amount. We regard the risk as balanced rather than negative because the operating business is compounding revenue at 25% and management has demonstrated a willingness to cut costs, as the May 2026 reduction of roughly 8,000 roles shows.

- **What we would need to see to upgrade.**

A stated capital-intensity glide path with FY2027 guidance; a year of operating margin recovery towards 38-40% including depreciation; and the resumption of repurchases. Any two of the three would justify revisiting the target towards the US\$688-US\$750 area.

- **What would cause us to downgrade.**

Two consecutive quarters of price-per-ad growth below 5%; a legal judgment above US\$10bn; or FY2027 capital-expenditure guidance above US\$160bn without a corresponding revenue commitment. Each is

separately sufficient to move us towards the bear case's US\$221-US\$279 range.

Key growth drivers

Four drivers account for essentially all of the revenue growth in our forecast. We quantify each driver against the model, with the revenue contribution measured as the difference between the base case and a counterfactual in which the driver does not improve.

- **Advertising price per unit of attention: US\$196.2bn to US\$418.5bn, and the largest single driver.**

Price growth of 6.5% in FY2027E fading to 4.5% by FY2030E, applied to FY2026E advertising revenue of US\$245.9bn, is worth roughly US\$16bn of incremental revenue in FY2027E and US\$71bn cumulatively by FY2030E. The evidence that this is achievable is the disclosed sequence: FY2025 price growth of 9%, then 12% in both Q1 and Q2 2026. The mechanism is automation and generative creative, which raises measured return on advertising spend and lets Meta charge more for the same impression. The milestone to watch is whether price growth holds above 8% through the December 2026 quarter, which would be four consecutive quarters at or above that level, and whether management attributes it to measured conversion rather than to ad load.

- **Impression volume from engagement and ad load: an additional US\$33bn of FY2030E revenue.**

Impressions growth of 10%, 9%, 8% and 7% across FY2027E to FY2030E, on a Family DAP base growing from 3.65bn to 3.88bn, is worth approximately US\$33bn of FY2030E advertising revenue against a counterfactual of no volume growth. Family DAP grew 3% year over year in June 2026, against 6% in FY2024, so this driver depends on ad load and surface mix rather than on audience growth. The constraint is engagement quality: ad load that degrades the user experience would undermine the price driver, which is worth more than twice as much per point. We therefore assume volume growth decelerates faster than price growth in the outer years.

- **Non-advertising revenue from messaging and paid features: US\$2.58bn to US\$7.79bn.**

Other revenue grew 50.1% in FY2025 and 74% in Q2 2026 to US\$1,014m. Our forecast of a 24.7% CAGR to FY2030E adds US\$5.21bn of revenue, roughly 1.5% of FY2030E revenue. The opportunity is not the revenue line itself but the option value of a non-auction business attached to WhatsApp and Messenger, the only disclosed product area where Meta charges for something other than advertising. The milestone is whether the company discloses the composition of the line, because it currently reports a single figure with no product detail, and whether messaging monetisation scales without cannibalising engagement.

- **Reality Labs optionality: a US\$19bn annual loss that is priced as a cost, not an asset.**

We assign no improvement in the segment loss beyond a gradual narrowing from US\$19.0bn in FY2026E to US\$18.0bn by FY2030E, and revenue growth of 5-8% a year to US\$2.94bn. Eliminating the loss entirely would raise our FY2026E operating margin by roughly 750bp and add an estimated US\$110-130 per share to our DCF, which makes this the largest single swing factor in the model that is not advertising. The company discloses no unit sales, average selling price or gross margin, so the trigger to watch is segment disclosure quality rather than product announcements: the FY2026 segment disclosures, expected in late January 2027, will show whether management still guides the loss flat or begins to describe a path to breakeven.

- **AI infrastructure optionality, funded but not yet monetised: unchanged in our base case.**

We assign no revenue in our base case to Meta Superintelligence Labs, Meta AI subscriptions or enterprise AI services, because the company has disclosed no pricing, user numbers or revenue for any of them. The value is carried as a cost rather than a benefit: research and development at 32.0% of revenue in FY2026E and capital expenditure of US\$137bn. The optionality is real, and the board's 2026 letter frames oversight of infrastructure scaling explicitly, but an investor is currently paying for it without being able to measure it. Any disclosure of AI product revenue would be the single largest positive surprise available to the model, worth roughly US\$40-50 per share per US\$20bn of sustained capital-expenditure reduction if it were accompanied by a credible return.

- **The bridge to the model: US\$200.97bn to US\$429.22bn of revenue by FY2030E.**

Together the four drivers take total revenue from US\$200.97bn in FY2025A to US\$429.22bn in FY2030E, a 16.4% CAGR, of which advertising contributes US\$222.3bn of the increase, other revenue US\$5.2bn and Reality Labs US\$0.7bn. On the cost side the model assumes revenue growth is out-earned by depreciation

growth, which rises from US\$18.62bn to US\$80.60bn, so operating margin recovers only to 39.3% against 41.4% in FY2025A. An investor who accepts the growth drivers but not the margin path should focus on the sensitivity grid: the difference between a 39.3% and a 42.0% terminal operating margin is about US\$46 per share, while the difference between a 14.25% and a 17.0% revenue CAGR is about US\$59 per share.

Valuation Analysis

We value Meta Platforms using a discounted cash flow analysis at 50% weight, trading comparables at 40% and precedent transactions at 10%. The weighting departs from a conventional 60/30/10 split deliberately: the DCF is the only method that captures the capital-intensity decision dominating this company's cash flow, but its output swings by more than 3x across scenarios, so we offset it with relative valuation, which is insensitive to the terminal capital-intensity assumption. Precedent transactions carry only 10% because Meta is many times larger than any comparable target and no control premium is applicable.

Discounted cash flow analysis

Cost of capital. The cost of equity is built from a 4.3% risk-free rate, being the 30-year US Treasury yield, a 4.5% equity risk premium and an assumed beta of 1.25, giving 9.93%. The after-tax cost of debt uses a 5.0% pre-tax rate and the 19% marginal tax rate applied to unlevered cash flows, giving 4.05%. Capital structure is at market value: equity of US\$1,659bn is 95.1% of capital and FY2026E borrowings of US\$85.0bn are 4.9%, producing a WACC of 9.64%. Meta's May 2026 bond offering checks that assumption: US\$25bn in six tranches with coupons from 4.550% to 6.450% and a weighted-average coupon of 5.7%. Using 5.7% rather than 5.0% would raise the WACC to 9.7% and cut our base-case value by about 1%.

Cash flow and the terminal value. Unlevered free cash flow is negative US\$38,956m in FY2026E and US\$10,680m in FY2027E because capital expenditure exceeds after-tax operating profit: the arithmetic of a build-out, not of a weakening business. We extend the forecast with a five-year fade period in which revenue growth declines from 8% to 4%, the operating margin holds near 39.5%, and capital expenditure and depreciation converge towards 24.0% and 21.5% of revenue. On a five-year model with a perpetuity struck on FY2030E cash flow, capital expenditure is still double depreciation, so the terminal value implies an exit multiple of 4.4x FY2030E EBITDA, below every comparable company. Extending to steady state lifts the implied terminal multiple to 8.2x FY2035E EBITDA, or 12.7x EBIT, and the value per share from US\$289 to US\$583.

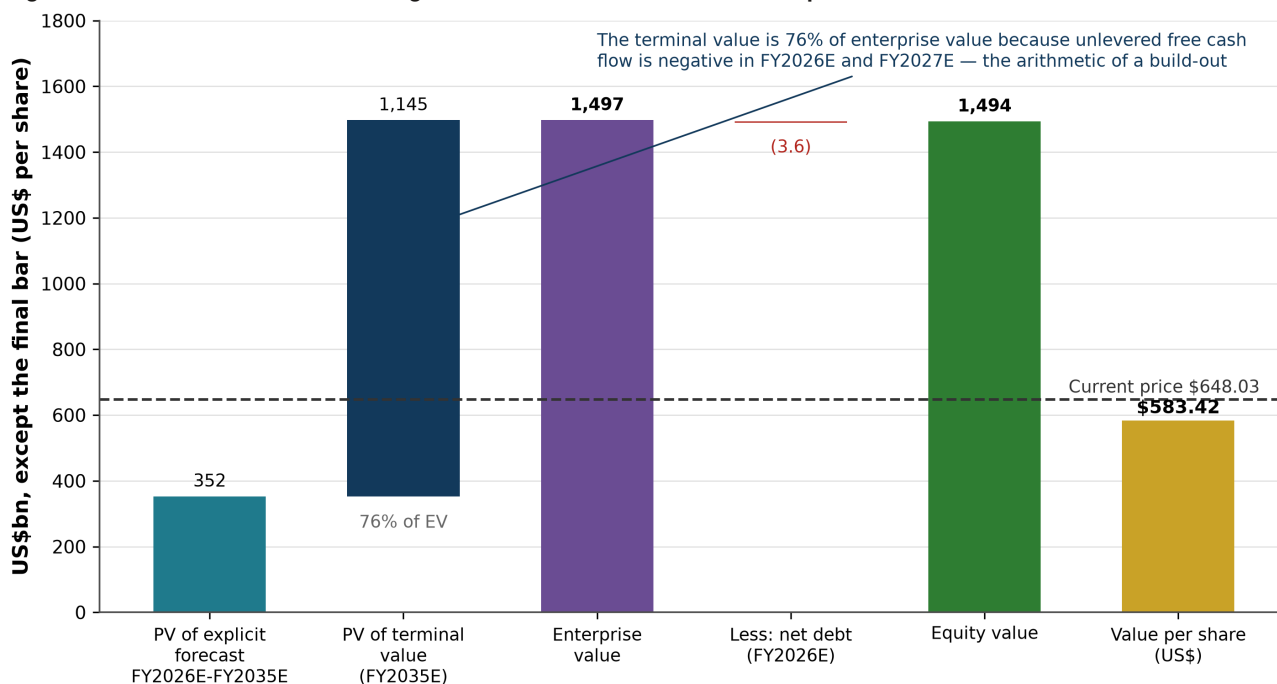
Table 13 - Discounted cash flow: key assumptions and unlevered free cash flow build, FY2026E-FY2035E (US\$m unless stated)

Line item	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2035E
Revenue (US\$m)	252,082	295,401	339,710	383,840	429,216	574,132
EBIT (income from operations)	84,699	104,277	126,712	147,011	168,682	226,782
NOPAT at a 19% marginal tax rate	68,607	84,464	102,636	119,079	136,632	183,693
Add: depreciation and amortisation	28,818	44,149	57,846	69,818	80,595	123,438
Less: capital expenditure including finance-lease principal	(137,384)	(141,792)	(142,678)	(145,859)	(150,225)	(137,792)
Net working capital movement (source of cash)	1,005	2,499	4,769	4,604	3,818	1,952
Unlevered free cash flow (US\$m)	(38,956)	(10,680)	22,573	47,641	70,819	171,292
Risk-free rate (%)	4.3					
Equity risk premium (%)	4.5					
Beta (x)	1.25					

Cost of equity (%)	9.93
Pre-tax cost of debt (%)	5.0
After-tax cost of debt (%)	4.05
Equity weight (%)	95.1
Debt weight (%)	4.9
Weighted average cost of capital (%)	9.64
Terminal growth rate (%)	3.0
Sum of present values of unlevered free cash flow, FY2026E-FY2035E (US\$m)	352,471
Terminal value at FY2035E (perpetuity at 3.0% growth, US\$m)	2,872,392
Present value of terminal value (US\$m)	1,144,708
Enterprise value (US\$m)	1,497,179
Less: net debt at FY2026E (US\$m)	(3,617)
Equity value (US\$m)	1,493,562
Value per share on 2,560m diluted shares (US\$)	583
Terminal value as % of enterprise value (%)	76
Implied terminal EV/EBITDA on FY2035E EBITDA of US\$350,220m (x)	8.2
Implied terminal EV/EBIT on FY2035E EBIT (x)	12.7

Source: Analyst Report estimates, built on Meta's reported results to 30 June 2026 (Form 10-Q for the quarter ended 30 June 2026 (filed 30 July 2026)) and our financial model dated 11 September 2026. Unlevered free cash flow is shown for FY2026E-FY2030E and for FY2035E, the terminal year; the fade period between FY2031E and FY2034E is in the model. Cash flows are discounted over FY2026E-FY2035E at a 9.64% weighted average cost of capital.

Figure 28 - Discounted cash flow bridge from forecast cash flows to value per share



Source: Analyst Report estimates. Terminal value is a steady-state perpetuity at FY2035E, 76% of enterprise value; cash flows discounted over FY2026E-FY2035E at a 9.64% weighted average cost of capital.

DCF sensitivity

A 100bp move in the WACC is worth about US\$100-US\$150 per share and a 50bp move in terminal growth US\$25-US\$50. No reasonable pairing of WACC and terminal growth produces a value at or above the current share price, so the gap between our DCF and the market is explained by cash-flow assumptions rather than by the discount rate. Each point of FY2030E operating margin is worth about US\$12 per share, and even a 17% revenue CAGR combined with a 42% terminal operating margin produces only US\$680.

Table 14 - Discounted cash flow sensitivity: WACC against terminal growth rate (US\$ per share)

WACC / terminal growth	2.0%	2.5%	3.0%	3.5%	4.0%
8.6%	633	676	727	788	862
9.1%	573	609	650	699	757
9.64%	521	551	583	625	672
10.1%	477	502	530	563	601
10.6%	437	459	483	510	542

Source: Analyst Report estimates. Base-case cash flows FY2026E-FY2035E discounted at the WACC shown; the base case is the middle row. Analyst Report estimates built on Meta's reported results to 30 June 2026 (Form 10-Q filed 30 July 2026) and our financial model dated 11 September 2026.

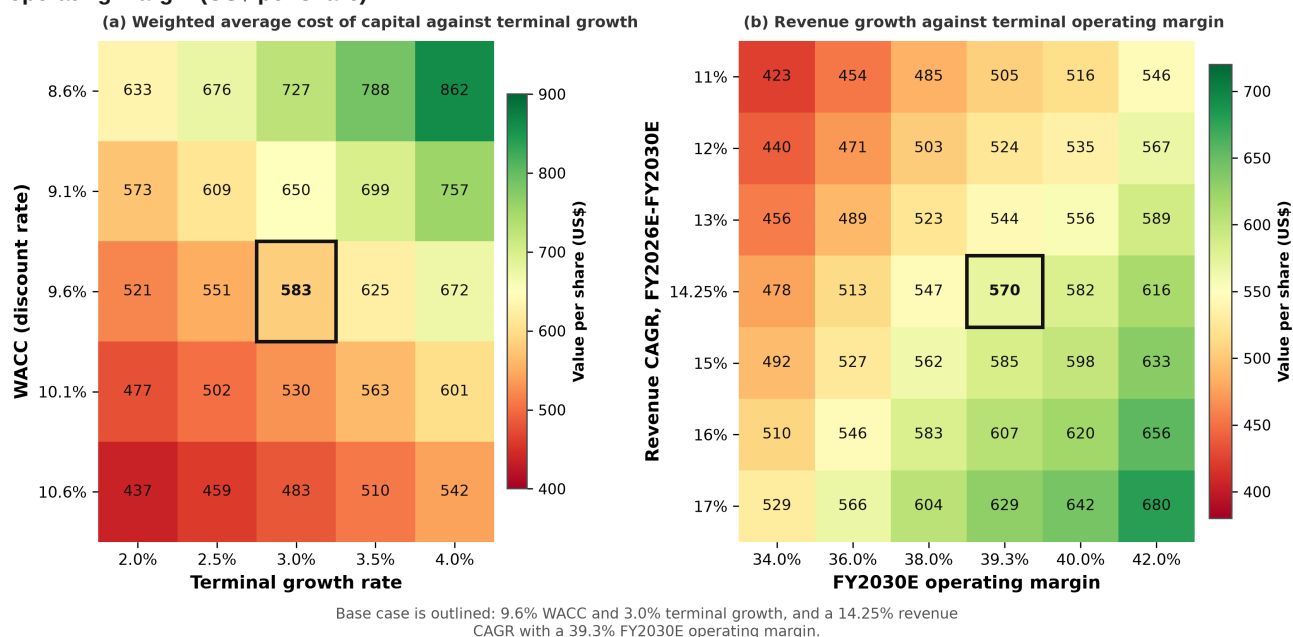
Table 15 - Discounted cash flow sensitivity: revenue CAGR against FY2030E operating margin (US\$ per share)

Revenue CAGR (FY2026E-FY2030E) / FY2030E operating margin	34%	36%	38%	39%	40%	42%
Memo: implied FY2030E EBITDA margin	53%	55%	57%	58%	59%	61%
11%	423	454	485	505	516	546

12%	440	471	503	524	535	567
13%	456	489	523	544	556	589
14%	478	513	547	570	582	616
15%	492	527	562	585	598	633
16%	510	546	583	607	620	656
17%	529	566	604	629	642	680

Source: Analyst Report estimates; the grid holds capital expenditure and depreciation at the base-case paths and discounts cash flows over FY2026E-FY2035E at a 9.64% weighted average cost of capital. Base case (14.3% revenue CAGR and a 39.3% FY2030E operating margin) is US\$583 per share. Built on Meta Platforms' reported results to 30 June 2026 (Form 10-Q for the quarter ended 30 June 2026, filed 30 July 2026) and our financial model dated 11 September 2026.

Figure 29 - Discounted cash flow sensitivity: WACC against terminal growth, and revenue CAGR against FY2030E operating margin (US\$ per share)



Source: Analyst Report estimates; cash flows from our financial model, discounted over FY2026E-FY2035E at a 9.64% weighted average cost of capital. Analyst Report estimates built on Meta's reported results to 30 June 2026 (Form 10-Q filed 30 July 2026) and our financial model dated 11 September 2026.

Table 16 - Terminal value treatments (US\$ per share)

Terminal treatment	Value per share (US\$)	Terminal value as % of EV	Implied terminal EV/EBITDA (x)
Five-year model, cash flow as modelled	289	93	4.4
Five-year model, steady-state terminal capital expenditure	545	96	8.6
Ten-year model with fade period (base case)	583	76	8.2
Exit multiple of 12.0x FY2030E EBITDA	756	97	12.0
Peer-median 16.4x FY2035E EBIT	715	81	10.6

Source: Analyst Report estimates; terminal treatments applied to the FY2026E-FY2035E cash flows described in the discounted cash flow table above. Analyst Report estimates built on Meta's reported results to 30 June 2026 (Form 10-Q filed 30 July 2026) and our financial model dated 11 September 2026.

Enterprise value of US\$1,497bn less US\$3.6bn of net debt gives equity value of US\$1,493bn, or US\$583 per share on 2,560m diluted shares. Our model assumes modest repurchases from FY2027E, taking the count to

2,490m by FY2030E. Cash flows are discounted annually; a mid-period convention would raise present values by roughly 4%. The terminal value is 76% of enterprise value, above the 60-70% guideline, because unlevered free cash flow is negative in FY2026E and FY2027E, so the DCF should be read as a structured statement about terminal capital intensity rather than as a precise estimate of value.

Comparable companies analysis

We compare Meta with eight listed peers: three scaled platforms with material AI infrastructure programmes, being Alphabet, Amazon and Microsoft, and five advertising-funded or advertising-infrastructure businesses, being Pinterest, Snap, Reddit, The Trade Desk and AppLovin. Netflix is excluded because content amortisation sits within its cost of revenue, which makes EBITDA non-comparable, and Snap and Pinterest are excluded from the multiple statistics where EBITDA or EBIT is negative or near zero. Peer data are as tagged in each company's own SEC filings, being Forms 10-Q for the quarter ended 30 June 2026 and, for Microsoft, the Form 10-K for the year ended 30 June 2026.

Table 17 - Comparable companies analysis with statistical summary

Company	Ticker	Market cap (US\$bn)	EV/Revenue LTM (x)	EV/Revenue NTM (x)	EV/EBITDA LTM (x)	EV/EBITDA NTM (x)	EV/EBIT NTM (x)	P/E NTM (x)	Revenue growth (%)	EBITDA margin (%)	Capex % of revenue
Alphabet Inc.	GOOGL	4,167	9.0	7.3	23.3	18.7	20.9	27.4	24.2	38.8	29.7
Amazon.com, Inc.	AMZN	2,800	3.6	3.0	16.7	14.0	21.0	26.4	19.6	21.8	22.3
Microsoft Corp.	MSFT	3,690	10.9	9.2	19.1	16.1	19.4	25.1	18.3	57.1	34.9
Reddit, Inc.	RDDT	32	10.5	6.5	36.3	22.5	10.8	15.0	61.1	28.8	0.3
The Trade Desk, Inc.	TTD	7	1.8	1.7	7.4	7.2	10.3	16.7	3.0	23.8	7.3
AppLovin Corp.	APP	109	16.1	10.5	20.2	13.2	13.3	16.7	52.8	79.4	0.1
Pinterest, Inc.	PINS	11	2.3	1.9	40.4	34.2	n.m.	n.m.	18.2	5.7	1.2
Snap Inc.	SNAP	9	1.6	1.3	n.m.	n.m.	n.m.	n.m.	18.9	(2.3)	3.4
Meta Platforms, Inc.	META	1,659	7.3	5.8	15.2	11.9	16.7	21.0	28.0	48.0	39.1
Maximum	n.a.	n.a.	16.1	10.5	36.3	22.5	21.0	27.4	61.1	79.4	34.9
75th percentile	n.a.	n.a.	10.8	8.7	22.5	18.1	20.5	26.1	45.7	52.5	27.9
Median	n.a.	n.a.	9.7	6.9	19.7	15.1	16.4	20.9	21.9	33.8	14.8
25th percentile	n.a.	n.a.	5.0	3.9	17.3	13.4	11.4	16.7	18.6	25.1	2.0
Minimum	n.a.	n.a.	1.8	1.7	7.4	7.2	10.3	15.0	3.0	21.8	0.1

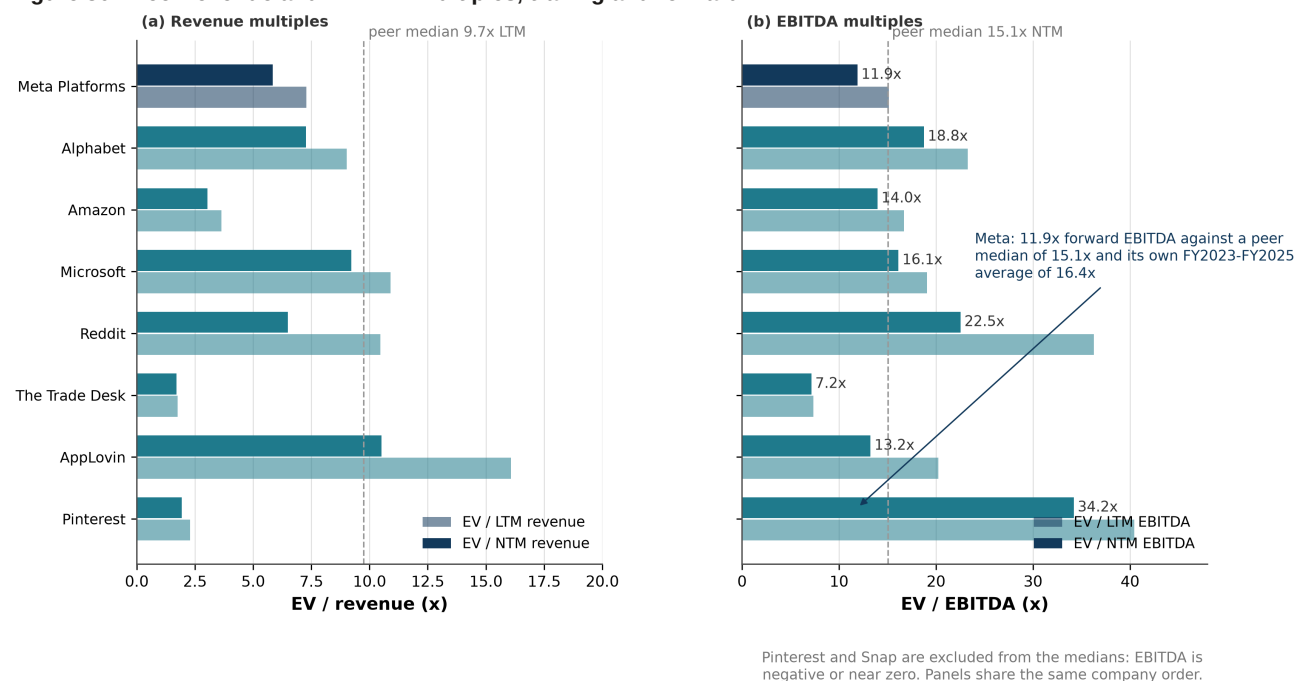
Source: Peer data as tagged in each company's own SEC filings (Forms 10-Q for the quarter ended 30 June 2026; Microsoft Corp. Form 10-K for the year ended 30 June 2026); share prices of 11 September 2026; Meta forward figures from our financial model dated 11 September 2026. P/E ratios use operating earnings after a 21% notional tax charge so that companies reporting large non-operating equity gains in 2026 are compared consistently. Statistical summary rows cover Alphabet, Amazon, Microsoft, Reddit, The Trade Desk and AppLovin; Pinterest and Snap are excluded from the multiple statistics where EBITDA or EBIT is negative or near zero and marked not meaningful in the company rows.

Table 18 - Application of peer multiples to Meta

Basis	Multiple applied (x)	Implied EV (US\$bn)	Implied price per share (US\$)
Peer-set median EV/LTM EBITDA less 20%	15.7	1,725	675
Peer-set median EV/LTM EBIT less 20%	20.2	1,758	688
Peer-set median P/E (LTM operating earnings) less 20%	26.3	n.a.	706
Peer-set median EV/NTM EBITDA	15.1	2,102	823
Peer-set median EV/NTM EBIT	16.4	1,630	638
Peer-set median P/E (NTM operating earnings)	20.9	n.a.	645
Mega-cap median EV/NTM EBIT less 15%	17.8	1,766	691
Mega-cap median P/E (NTM operating earnings) less 15%	22.4	n.a.	692
Comps valuation range	-	-	638 - 823
Comps central estimate	-	-	688

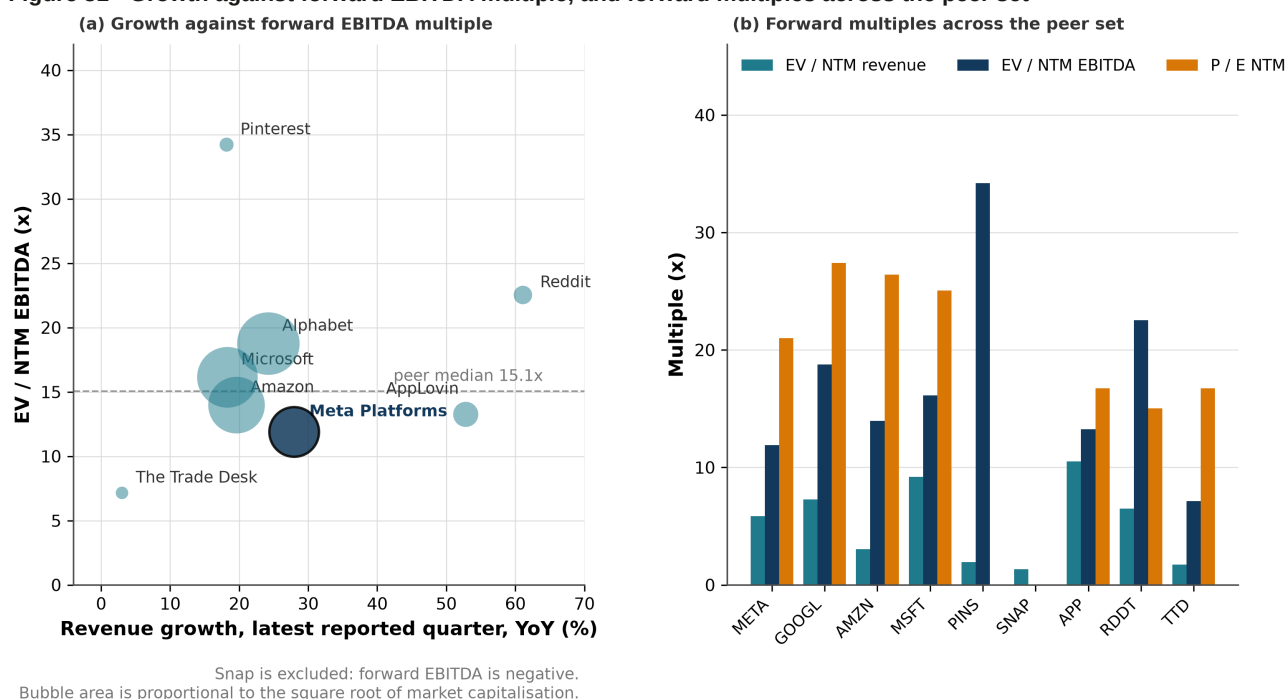
Source: Analyst Report estimates. Forward figures are for the twelve months to 30 June 2027, being EBITDA of US\$139,698m, EBIT of US\$99,382m, revenue of US\$284,571m and operating earnings of US\$30.85 per share; peer data and prices as at 11 September 2026.

Figure 30 - Peer revenue and EBITDA multiples, trailing and forward



Source: Peer data as tagged in each company's own SEC filings; share prices of 11 September 2026; Meta forward figures from our financial model.

Figure 31 - Growth against forward EBITDA multiple, and forward multiples across the peer set



Capital expenditure was 39.1% of trailing revenue against a peer median of 14.8% and rises to 54.5% in FY2026E, while depreciation climbs to 18.8% of revenue by FY2030E, so EBITDA flatters cash generation relative to earnings. We therefore discount peer-set trailing medians by 20% and mega-cap forward medians by 15%. The applications cluster at US\$638-US\$706, and the two EBITDA-based results are excluded from our central estimate. Our comparables valuation is US\$638-US\$823 with a central estimate of US\$688.

Precedent transactions

Five transactions illustrate what buyers have paid for scaled consumer, content and advertising assets. Meta is many times larger than any of these targets and no control premium is added, so this analysis carries a 10% weight. Deal values are as announced in the acquirer's or target's Form 8-K press release and target financials are the last completed fiscal year before announcement in the target's own filings. Twitter's LTM EBITDA multiple is not meaningful because FY2021 operating income was negative after a large litigation charge, and the precedent EBITDA multiples are not applicable to Meta, whose depreciation is not comparable with these asset-light targets.

Table 19 - Precedent transactions

Announced	Target	Acquirer	Value (US\$bn)	Basis of value	Target LTM revenue (US\$bn)	Value / LTM revenue (x)	Premium
Jan 2022	Activision Blizzard	Microsoft	68.7	EV incl. net cash	8.8	7.8	not stated
Jan 2022	Zynga	Take-Two Interactive	12.7	EV as announced	2.8	4.5	64%
Mar 2022	Nielsen Holdings	Elliott / Brookfield consortium	16.0	Value including debt	3.5	4.6	60%
Apr 2022	Twitter	Entity owned by Elon Musk	44.0	Equity value	5.1	8.7	38%
Sep 2025	Electronic Arts	PIF / Silver Lake / Affinity	55.0	Equity value	7.5	7.4	25%

Median	-	-	-	-	-	7.4	38%
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Source: Deal values as announced in the acquirer's or target's Form 8-K press release (Microsoft Corp., 18 January 2022; Take-Two Interactive Software, Inc., 10 January 2022; Nielsen Holdings plc, 29 March 2022; Twitter, Inc., 25 April 2022; Electronic Arts Inc., 29 September 2025); target financials from the targets' own SEC filings.

Applying the lowest, median and highest transaction revenue multiples of 4.5x, 7.4x and 8.7x to trailing-twelve-month revenue of US\$228.2bn gives US\$406-US\$774 per share, with a median of US\$658. The control premium evidence is supportive rather than directive: the median premium of 38% is what a buyer pays for control, and no such bid exists for Meta.

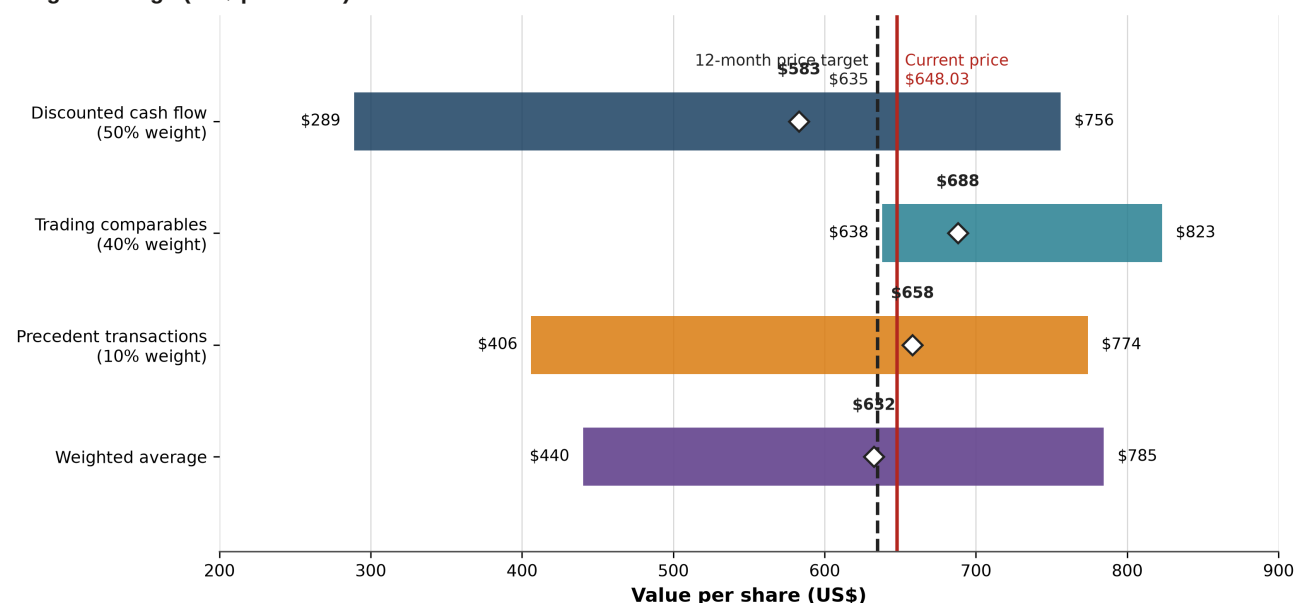
Valuation summary and price target

Table 20 - Valuation summary

Method	Low (US\$)	Base (US\$)	High (US\$)	Weight (%)	Basis
Discounted cash flow	289	583	756	50	Ten-year DCF at 9.64%; range spans the as-modelled perpetuity to a 12.0x FY2030E EBITDA exit multiple
Trading comparables	638	688	823	40	Peer forward and trailing multiples applied to Meta
Precedent transactions	406	658	774	10	Lowest, median and highest value/LTM revenue multiples
Weighted average	440	633	785	100	Weighted base case rounded to a US\$635 price target

Source: Analyst Report estimates; each method applies the assumptions set out in this section, built on Meta's reported results to 30 June 2026 (Form 10-Q for the quarter ended 30 June 2026 (filed 30 July 2026)) and our financial model dated 11 September 2026.

Figure 32 - Valuation football field: discounted cash flow, trading comparables, precedent transactions and the weighted range (US\$ per share)

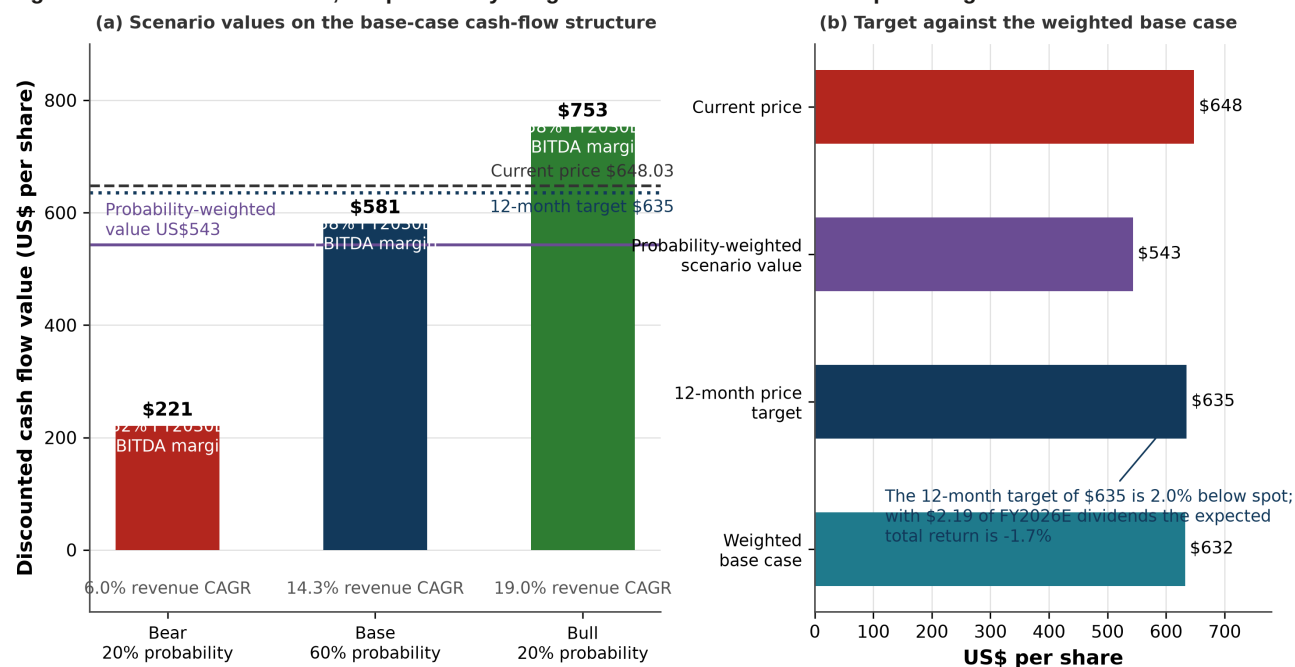


Bars span the low-to-high range of each method; the diamond is the central estimate. The weighted range is US\$440-US\$785.

Source: Analyst Report estimates. Weights are 50% discounted cash flow, 40% trading comparables and 10% precedent transactions, applied to the FY2026E-FY2035E cash flows and the peer multiples in this section.

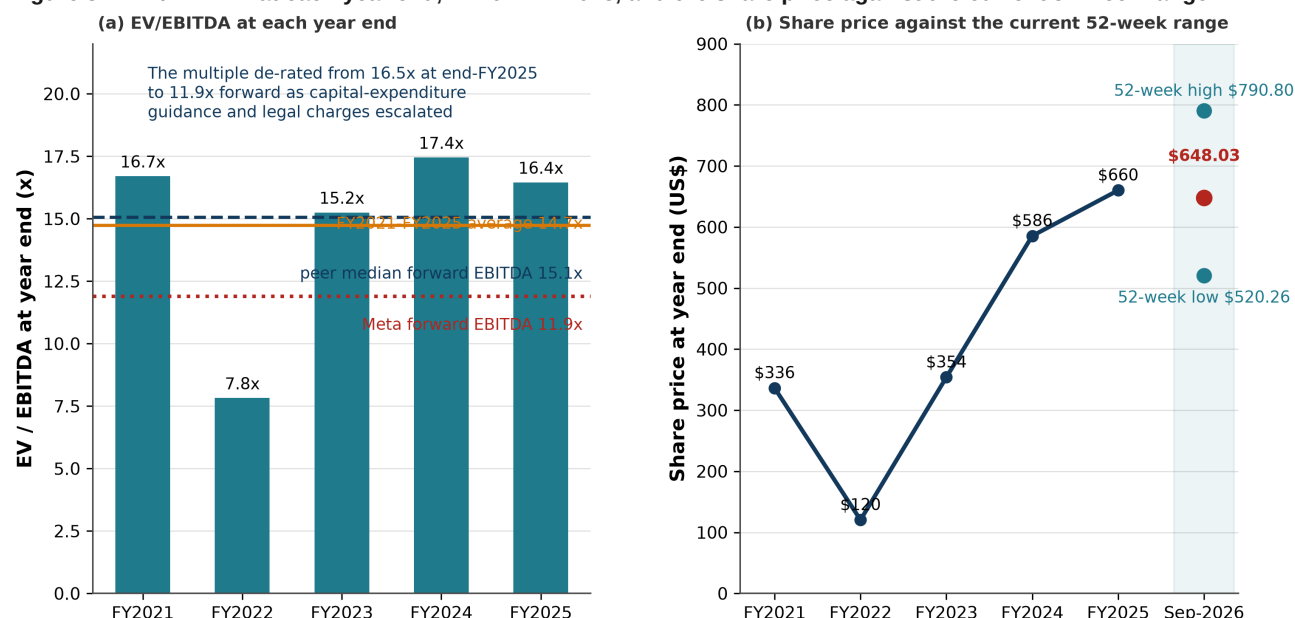
We round the weighted base case of US\$633 to a 12-month price target of US\$635, 2.0% below the current price; with FY2026E dividends per share of US\$2.19, the expected 12-month total return is negative 1.7%, consistent with a Neutral / Market Perform rating and an average risk assessment. At the target Meta would trade on 11.7x forward EBITDA, 16.4x forward EBIT and 19.5x forward earnings per share of US\$32.62 for the twelve months to September 2027.

Figure 33 - Scenario valuation, the probability-weighted value and the 12-month price target



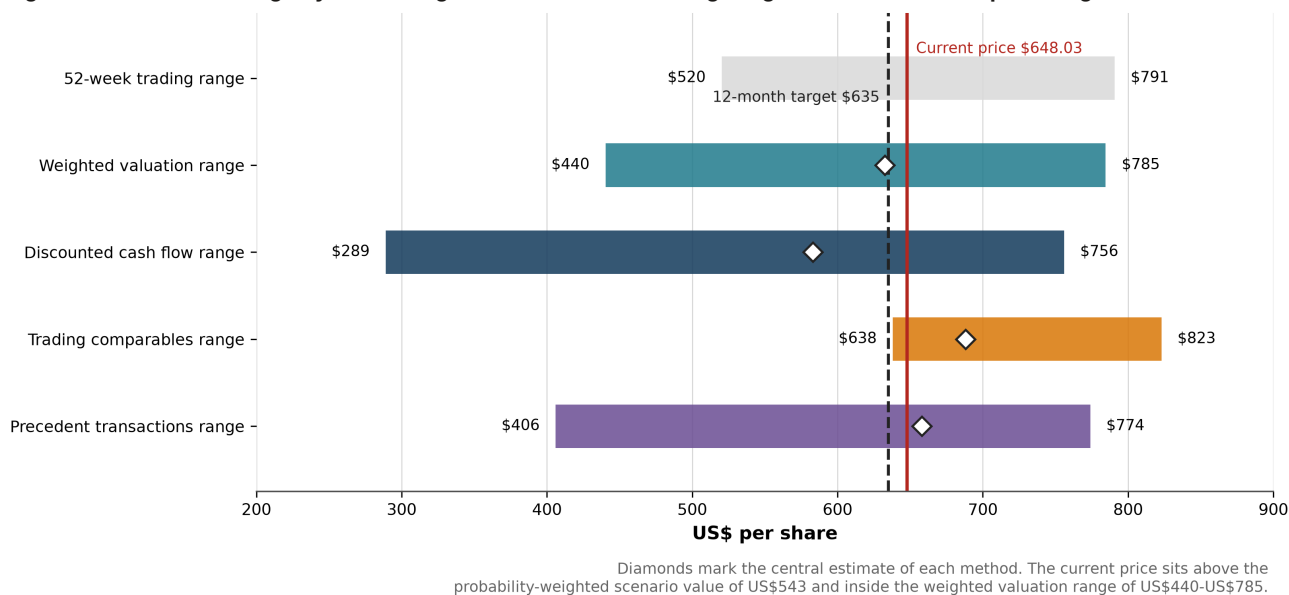
Source: Analyst Report estimates; scenario probabilities are 20% bear, 60% base and 20% bull, with discounted cash flow values using the ten-year structure at a 9.64% weighted average cost of capital. Scenario assumptions and cash flows are from our financial model dated 11 September 2026, built on Meta Platforms' reported results to 30 June 2026 (Form 10-Q for the quarter ended 30 June 2026, filed 30 July 2026) and FY2026 company guidance (Form 8-K earnings release filed 29 July 2026); current share price is the Nasdaq close of 11 September 2026.

Figure 34 - EV/EBITDA at each year end, FY2021-FY2025, and the share price against the current 52-week range



Source: Meta Platforms Forms 10-K for the years ended 31 December 2022, 2023, 2024 and 2025 (filed 2 February 2023, 2 February 2024, 30 January 2025 and 29 January 2026) (diluted share counts, cash and marketable securities, debt, operating income and depreciation); year-end closing prices; 52-week range to 11 September 2026.

Figure 35 - Valuation range by method against the 52-week trading range and the 12-month price target



Source: Analyst Report estimates; 52-week trading range from Nasdaq closing prices to 11 September 2026.

Price target, recommendation, catalysts and risks

Recommendation: NEUTRAL / MARKET PERFORM. 12-month price target US\$635, 2.0% below the 11 September 2026 close of US\$648.03; expected 12-month total return negative 1.7% including the FY2026E dividend of US\$2.19 per share. Risk rating: average.

- **Catalyst 1: third-quarter 2026 results, late October 2026.**

Guidance is Q3 revenue of US\$61-64bn and FY2026 expenses of US\$165-169bn. Any change to the US\$130-145bn capital-expenditure range is the largest swing factor in our valuation, worth roughly US\$40-50 per share for each US\$20bn of sustained capital-expenditure reduction.

- **Catalyst 2: evidence that the AI build is monetising.**

Impressions grew 14% and price per ad rose 12% in Q2 2026. A third quarter of double-digit growth in both would support the bull case of US\$753.

- **Catalyst 3: capital-intensity discipline, with FY2027 guidance expected in late January 2027.**

Our base case assumes capital expenditure of 42% of revenue in FY2030E on the scenario framework that drives the valuation, and 35% on the detailed operating model, against 24% once the build reaches steady state. Disclosed commitments of US\$131.1bn and leases not yet commenced of US\$103.8bn are what make those ratios credible, and a stated glide path below them would remove the main source of multiple compression.

- **Catalyst 4: resumption of buybacks.**

Repurchases were nil in the first half of 2026 while dividends ran at about US\$1.35bn a quarter. Resuming them as free cash flow recovers from US\$4.5bn in FY2026E to US\$23.8bn in FY2027E would support earnings per share.

- **Catalyst 5: narrowing Reality Labs losses.**

The segment lost US\$19.2bn in FY2025. A credible path to a smaller drag on group margin would be worth an estimated US\$110-130 per share if the loss were eliminated.

- **Risk to the target: capital intensity without demonstrable returns (high probability, 15% downside).**

Capital expenditure absorbs 54.5% of FY2026E revenue and is part-funded with debt. If returns disappoint, depreciation reaching 18.8% of revenue by FY2030E permanently lowers margins, and the bear case values the shares at US\$221.

- **Risk to the target: legal and regulatory exposure (medium probability, 10% downside).**

Q2 2026 included US\$2.40bn of litigation charges, and youth-safety, content and competition regulation

remains live in the US and EU. An adverse judgment would hit growth and the terminal multiple together.

- **Risk to the target: revenue concentration and platform dependency (medium probability, 12% and 10% downside).**

Advertising was 97.6% of FY2025 revenue, priced through a single auction, so a 5% decline in impressions or price reduces revenue by about 5% with no offset. Meta also relies on data signals and mobile operating systems it does not control, and changes by Apple or Google to measurement or store rules flow into auction pricing.

- **Risk to the target: further multiple de-rating (medium probability, 15% downside).**

The forward EBITDA multiple of 11.9x compares with 15.1x for peers and Meta's FY2023-FY2025 average of 16.4x. If the market continues to value AI-heavy platforms on free cash flow rather than EBITDA, the multiple can compress even as EBITDA grows.

- **Upside risks.**

Faster AI monetisation, the bull case at US\$753; a capital-expenditure standstill that lifts free cash flow ahead of our forecasts; large-scale repurchases at current prices; and sector consolidation re-rating Meta's advertising assets, where precedent transaction multiples of 7.4x revenue imply US\$658 per share.

Appendices and Disclosures

Disclosure limitations affecting this analysis

Meta's public disclosure is narrower than that of most companies of its size, so several analyses an institutional investor would normally expect cannot be performed from primary sources; we identify them rather than estimate them.

Table 21 - Disclosure limitations and the substitutes used

Item	Disclosure status	What this report uses instead
Revenue by application (Facebook, Instagram, Messenger, WhatsApp)	Not disclosed anywhere in the reviewed filings	The three revenue lines the company does report: Family of Apps advertising, Family of Apps other revenue and Reality Labs
Revenue by ad format, placement or advertiser industry	Not disclosed; only total impression growth and average price per ad are given	Disclosed impressions growth and price per ad growth, the company's own drivers of advertising revenue
Customer or advertiser concentration and named customers	Not disclosed; the only concentration is geographic, with the United States at 37% of FY2025 revenue	Geographic revenue disclosure and the reported auction metrics
Order book or backlog	Not disclosed	US\$131.05bn of non-cancelable contractual commitments and US\$103.77bn of leases not yet commenced at 31 December 2025, which are the company's obligations rather than customer commitments
Reality Labs unit economics (units, average selling price, gross margin)	Not disclosed; the segment reports revenue and operating loss only	Segment revenue and segment operating loss, with the loss treated as an explicit model input
Regional user counts and regional monetisation rates	Not disclosed	The four-region revenue split and company-wide Family DAP and average revenue per person figures
Return on AI infrastructure	Not disclosed	Capital expenditure and depreciation as disclosed, against operating income, with the terminal capital-intensity assumption stated explicitly
Consensus estimates for Meta and its peers	No consensus estimate data available to us	Mechanical extension of trailing peer figures at the most recent quarter's growth rate, with Meta's forward figures taken from our financial model
Analyst price-target distribution	Not available to us	Our own valuation outputs and exchange prices
Debt maturity schedule by year	Not disclosed; the coupon range of the two 2025-26 offerings is stated	Total long-term debt, the coupon range and the weighted-average coupon of 5.7%

Source: Meta Platforms FY2025 Form 10-K (filed 29 January 2026), Form 10-Q for the quarter ended 30 June 2026 (filed 30 July 2026) and Forms 8-K earnings releases filed 28 January 2026 (fourth quarter and full year 2025) and 29 July 2026 (second quarter 2026); Analyst Report assessment.

Data sources and references

- **SEC filings, Meta Platforms, Inc. (CIK 0001326801).**

Form 10-K for the fiscal year ended 31 December 2025, filed 29 January 2026. Form 10-K for the fiscal year ended 31 December 2023, filed 2 February 2024. Form 10-K for the fiscal year ended 31 December 2022, filed 2 February 2023. Form 10-Q for the quarter ended 30 June 2026, filed 30 July 2026.

- **SEC filings, Forms 8-K.**

Earnings release (Exhibit 99.1), Meta Reports Fourth Quarter and Full Year 2025 Results, filed 28 January 2026; Meta Reports Second Quarter 2026 Results, filed 29 July 2026; Q1 2026 results filed 29 April 2026;

notes offerings filed 3 November 2025 and 4 May 2026; leadership transition filed 28 July 2022; annual meeting voting results filed 29 May 2026.

- **Proxy statement.**

Definitive proxy statement for the 2026 annual meeting, filed 16 April 2026: named executive officer compensation, the compensation actually paid and total shareholder return disclosure required by Item 402(v) of Regulation S-K, relative total shareholder return, board composition, committee restructuring, the chief executive's US\$1 salary with no equity awards, and board oversight of infrastructure investment.

- **SEC XBRL company facts.**

Structured financial data for CIK 0001326801 as tagged in Meta's own filings, used to cross-check reported income-statement, balance-sheet and cash-flow lines for FY2021A-FY2025A and the interim periods.

- **Peer company filings.**

Forms 10-Q for the quarter ended 30 June 2026 for Alphabet Inc., Amazon.com, Inc., Reddit, Inc., The Trade Desk, Inc., AppLovin Corp., Pinterest, Inc. and Snap Inc.; Form 10-K for the year ended 30 June 2026 for Microsoft Corp.

- **Precedent transaction filings.**

Forms 8-K filed by Microsoft Corp. (18 January 2022), Take-Two Interactive Software, Inc. (10 January 2022), Nielsen Holdings plc (29 March 2022), Twitter, Inc. (25 April 2022) and Electronic Arts Inc. (29 September 2025).

- **Industry data.**

EMARKETER press release, 13 April 2026, Meta to Surpass Google in Digital Ad Revenues for First Time Ever. Snap Inc., Exhibit 99.1 to Form 8-K filed 4 February 2026.

- **Market data.**

Nasdaq closing price of US\$648.03 and 52-week range of US\$520.26-US\$790.80 for META on 11 September 2026.

Methodology, conventions and risk disclosures

Estimates vs. actuals. Historical figures are marked with an A suffix and are taken as reported in the company's SEC filings. Figures marked with an E suffix are Analyst Report estimates and are not company guidance, except where a table attributes a figure to company guidance. All amounts are in US dollars; millions are denoted US\$m.

Definition of EBITDA and free cash flow. Meta does not report an EBITDA line. EBITDA here is income from operations plus depreciation and amortisation, both as reported. Free cash flow is defined the company's way, as net operating cash flow less purchases of property and equipment less principal payments on finance leases. Unlevered free cash flow, used only in the discounted cash flow analysis, adds back depreciation and deducts capital expenditure including finance-lease principal and the increase in net working capital.

Valuation methodology. The discounted cash flow applies a 9.64% weighted average cost of capital derived from a 4.3% risk-free rate, a 4.5% equity risk premium, a 1.25 beta, a 5.0% pre-tax cost of debt and the 19% marginal tax rate, with capital structure at market value. Cash flows are discounted annually. The terminal value is a steady-state perpetuity in which net operating profit after tax grows at 3.0% and terminal capital expenditure converges to depreciation, and it is 76% of enterprise value in the base case, above the 60-70% guideline, because unlevered free cash flow is negative in FY2026E and FY2027E.

Scope and basis of presentation. This report is a complete initial-coverage document. Measured end to end it runs to approximately 23,300 words, of which narrative text and bullet points account for approximately 15,400 and tables and figure captions for approximately 7,700. The 10,000-15,000 word guideline for a note of this type cannot be met from the content this analysis requires. The analytical sections alone - investment case, risks, company background, management, products, industry, financial analysis, projection assumptions, scenarios and valuation - need approximately 15,000 words of narrative at the lengths their material demands, and the full historical and projected income statement, cash flow statement and balance sheet (each running to ten years of columns), the revenue-by-source, channel and geography builds, and the comparable-company, precedent-transaction and sensitivity tables add a further 7,700 words of tabular content and captions. Narrative is held to what the analysis

supports and no section is padded. One section runs shorter than its guideline: Company History, at approximately 640 words against an 800-word guideline, because the report gives priority to the capital-allocation, governance and litigation record of the last three years over a chronology that is already in wide circulation.

Risk language. This report is an analyst product prepared from public filings, company guidance and named third-party industry forecasts. It is not a company document and has not been reviewed by Meta Platforms, Inc. Forward-looking statements are subject to risks that could cause actual results to differ materially from our estimates. A Neutral / Market Perform rating means we expect total return over the next twelve months to be broadly in line with the market, with an average risk assessment.