This is an excerpt from an event on February 23, 2021. Please refer to the forward looking statements disclaimer provided at the beginning of the event read by Betsy Frank.

DEREK ANDERSEN, CHIEF FINANCIAL OFFICER

HI there, I'm Derek Andersen. Thank you all for joining us today. I'm excited to share how we think about managing the investments in our business and how we expect our financial future could unfold in the years ahead.

Please be reminded that as we mentioned earlier, we will be making forward looking statements, so please be sure to review that disclaimer.

I will start by addressing the progress we've made in recent years. As you can see, DAU and revenue growth accelerated over the last two years. The acceleration in our community reflects the redesign to separate social content from media content, the rebuild of our Android app, our Augmented Reality innovations, and the investments made to localize our product. The acceleration of our revenue growth reflects the sophistication of our ad platform, the measurable returns delivered by our ad products, and the investments we have made in our sales teams to support our advertising partners.

Over this same period we have scaled our operations efficiently in order to achieve full year adjusted EBITDA profitability for the first time in 2020. This was a goal we set at the beginning of the year and we are very proud of our teams for executing against our plan to deliver this result amid a challenging operating environment.

Let's focus next on how we will build on these trends, starting with the opportunity to grow our community.

We view the smartphone population as a good proxy for our addressable market. North America is our most established region, and we have made the most progress with the 13-34 year old demographic in the US and Canada, but have lots of room to grow beyond this base. Rest of World is our least mature region, and we have been able to accelerate our growth here post the rebuild of our Android app and we are just getting started. In the middle you have Europe, where we have made solid progress with our core demographic in a handful of countries, but have significant room to grow beyond this base. Now let's dig a little deeper into this opportunity.

The Rest of World Region comprises the majority of the global smartphone population, and is the largest driver of our community growth. Our DAU represent just 4 percent of the total Rest of World opportunity. Focusing on our core demographic of 13-24 year olds, this group alone represents more than half a billion smartphones. For comparison, we reach over 90 percent of this group in our established countries so this presents a large opportunity for us to grow. Now let's talk about how we can capture this opportunity.

Following the rebuild of our Android app we have made investments to localize our product for specific markets including, adding local language support, building local AR creator communities, adding locally relevant content, investing in local marketing initiatives, and forming local telco partnerships to improve distribution and bandwidth. This set of tactics forms the basis of a repeatable playbook we can now leverage to drive growth.

One of the first markets where we employed this strategy is India. We focused on India early because it has a large and fast growing population of young smartphone users, because high speed mobile networks are expanding quickly, and because GDP per capita is growing rapidly. We've made significant progress in implementing our playbook in India, and we are encouraged to see that our DAU in India has more than doubled year over year in each of the last four quarters. We view this progress as validation of our approach and are excited to extend our playbook to more countries. Now let's discuss where we'll focus our growth investments in the near and medium term.

In our most established markets our penetration of the 13-24 year old demographic is typically above 90 percent. In these markets we will first be focused on continuing to win with new smartphone owners as they enter their teen years, second we will seek to maintain our strong long term retention rates to ensure we age up organically, and third we will be making focused investments in our product, content, and marketing to deepen engagement and accelerate adoption among older demographics.

Our International growth opportunity markets are typically ones where we are only lightly penetrated, even among our core 13-24 year old demographic, and these countries are typically Android heavy. In these countries we will focus on executing our International growth playbook as we've discussed earlier.

We believe that the large untapped population of smartphone users worldwide, and our well-developed approach to growing our community, will enable us to sustain our recent elevated growth rates for years to come.

Lets now turn our focus to our plans to grow our top line. We have made significant progress in growing our ARPU. North America and Europe have led this growth as we have begun to ramp monetization in our highest penetration markets. ARPU growth in Rest of World is best viewed as an output metric at this stage as we accelerate the growth of our community while just beginning to monetize in a subset of the most mature markets.

To put our monetization potential into context we compare our ARPU and audience size to more mature platforms. Here we focus on North America, as even the most mature platforms are generating approximately half of their global revenue in this region. We still have a long way to go to realize our full monetization potential given our unduplicated reach with critical demographics, the depth of our engagement across our platforms, and the sophistication of our advertising platform and products. We believe that North America alone holds enough opportunity to keep our topline growing at attractive rates for years to come.

To put a finer point on this, let’s look closer at our current penetration in the world’s largest digital ad markets and where we observe high long term retention rates. We’ve achieved over 70 percent penetration of 13 to 34 year olds in countries comprising over half the world’s digital ad spend. While we are very excited about the opportunity to grow our community globally in order to expand our long term potential, we already have deep penetration in the markets that will be most critical to driving our top line growth over the near and medium term. Now let's talk about how we plan to capture this opportunity.

We’ll start with Stories and Discover. This is our most mature screen for monetization, yet still very early in terms of realizing its full potential. This platform began with Friend Stories and they are a powerful draw bringing Snapchatters to this screen, which has expanded to include content from Publishers and Shows that leverage our unique mobile first story-telling formats to engage our community. In 2020, total time spent watching Shows was up nearly 70 percent YoY. As we continue to deepen our engagement, our available inventory of premium ad units has grown. These premium ad units are among our highest yielding, and in high demand with revenue from our Commercials ad product more than doubling year over year in each quarter of 2020. As a result, we believe this platform has the potential to deliver robust top line growth for years to come.

Next we have the Camera. Our app opens to the camera, our audience opens the app 30 times a day to create more than 5B Snaps on average, and the vast majority of Snapchatters leverage our AR tools every day. The resulting advertising inventory potential of our camera is therefore already immense.

Today, it is simple and fast to create an AR ad product through our self serve tools, or by leveraging our creator community. The cost to start an AR campaign is now just $5 and can be tied directly to measurable actions such as a product purchase. With the establishment of a Brand Profile our advertising partners now have a home where they can drive audiences, which turns their AR experiences into lasting assets.

It is still very early in the evolution of AR advertising, and we are excited to be a clear leader. We believe the Camera will be a multi-billion dollar platform and that Augmented Reality represents our most exciting long term opportunity.

Spotlight provides a compelling experience for engaging with Snaps created by our community. We are currently focused on improving the product experience for our Creators and Snapchatter community, but the platform is already attracting a large and deeply engaged audience with more than 100 million monthly active users in January. As a result, we are excited about the potential for Spotlight to further expand the supply of our highest yielding and most in demand advertising products in the future.

We elevated the Map with the introduction of the navigation bar last year, and today the Map reaches more than 250 million monthly active users. In 2021, we will focus on building utility for local businesses to begin to lay the groundwork for future monetization. We believe the Map will be a multi-billion dollar platform over the long term and that it represents a logical on ramp to Snap's advertising platform for millions of small businesses around the world.

Next is our Communications platform. Currently, the monetization of this screen is focused on the sharing of sponsored AR experiences among friends. As I mentioned earlier, these advertising products are well positioned to grow going forward.

Games are a natural extension of our Communications platform that allow friends to play and have fun together. Our Games platform includes our Commercials ad unit and we are now experimenting with Tokens to enhance game play as well. Minis are another natural extension of the Communications platform. It is early days for Minis, but there is a natural path to include more partners over time, which will lead to more potential transactions, and of course our ad products will be available to help our partners expand the reach of their Minis on our platform. We believe that our innovative and community focused approach to monetizing our Communication Platform will build it into another billion dollar platform over the long term.

We believe that based on the monetization platform we've built, and the product roadmap we have discussed today, that we can responsibly grow our topline revenue at 50 percent or better year over year for at least the next several years. I would be remiss if I didn't point out that there are risks to this estimate. To achieve this we will require a favorable operating environment and strong execution among many other factors. That said, we've demonstrated an ability to execute our plans and we are confident in the plans we've laid out here today. Now let's turn our focus towards our cost structure.

Scaling our business efficiently to expand gross margins has been critical to our financial progress. Over the past two years our infrastructure costs per DAU have declined by 2 percent per year, while our ARPU has grown at an average rate of 27 percent per year. This leverage has allowed us to make strategic investments in content, while expanding our adjusted Gross Margins by 19 percentage points over the last two years.

In the near term, we expect content costs to be a headwind to margin expansion as we continue to support the launch of Spotlight with fixed content investments. That said, we still expect Gross Margins to expand over the next year, but at a much slower pace than in 2020. We see a path to reach 60 percent or better on Gross Margins over the medium term as we begin to monetize Spotlight and the Map, and as we continue to scale monetization of our other platforms in the years ahead.

In order to deliver on the product roadmap and the top line growth that we have discussed today, we will be investing heavily in the future of our business. Over the last two years we have carefully prioritized our investments in order to grow our level of investment at a sustainable rate while making consistent financial progress. This balanced approach was a key input to achieving full year adjusted EBITDA profitability in 2020 and we will carry this approach forward.

Our revenue growth accelerated in the second half of 2020, and as I mentioned earlier we believe we can sustain approximately 50 percent topline growth rates for the next several years under favorable operating conditions. With this expectation, our balanced approach will lead to higher levels of investment. We estimate that the year over year growth in Operating Expenses will rise from approximately 25 percent year over year growth in 2020 to year over year percentage growth in the mid-30s in 2021. The exact rate of growth in Operating Expenses could vary around this range depending on the rate at which we ramp hiring efforts, as well as the ultimate timing and scale of specific investments in our product and marketing. This level of investment will allow us to invest in our monetization and sales capabilities to capture our ARPU opportunity faster, to invest in our product to build on our pace of innovation, and to invest in marketing in order to grow our community for the long term. While our investment levels will be higher in the coming year, we remain committed to sustained full year Adjusted EBITDA profitability, and continued financial progress over time.

Now let's move further down the P&L. Currently, Stock Based Compensation represents more than 80 percent of the bridge from Adjusted EBITDA to Net Income. SBC is an important strategic input for our business as it is among the most powerful mechanisms we have to build the ownership mentality into our culture. Today more than 95 percent of our employees receive a portion of their compensation in the form of stock that vests over multiple years.

We believe that carefully managing our overall rate of dilution is a critical input to building shareholder value over the long term. The rate of growth in our fully diluted share count went from 4.6 percent in 2019 to 3.4 percent in 2020. Excluding the impact of any material M&A or financing activity, including the potential dilutive impact of prior convertible notes, we believe we have a path to get this rate to 3 percent or below in 2021, and remain committed to managing this carefully going forward.

While we plan for the expected we believe it is important to prepare for the unexpected as well. As a result, we believe in maintaining a conservative balance sheet by raising capital before we need it, and when market conditions are advantageous. Over the past two years we've raised two rounds of convertible notes with total proceeds of approximately $2.3 billion. These two transactions, combined with rapidly improving Free Cash Flow, have allowed us to build a base of cash and marketable securities of $2.5 billion, which equates to approximately one year of our total cash cost structure. In addition, we maintain a credit facility of over $1 billion to ensure access to additional liquidity. While much of our investments have focused internally on hiring and product, we have also established a track record of investing in teams and technology to accelerate our product roadmap.

Here you see a small sample of the investments we have made in recent years to accelerate our roadmap across our various platforms. In each case these investments provided key technology and personnel to advance our business. While all were strategically important, none have been large enough to alter our culture or risk the momentum of our business. It is difficult to predict what opportunities may present themselves in the future, but we intend to maintain a strong balance sheet to ensure we can act strategically when opportunities arise.

I hope that you will take away with you today an understanding of our strategy to grow our community over time, the strength of our monetization platform, the long term ARPU potential of our business, and an appreciation for the discipline we are employing as we invest in our business. You'll notice that we have also declined to provide formal annual or long term guidance today. We believe that the space we are operating in is evolving rapidly, and that it is strategically important to remain agile at this stage in our growth.

Given this, we have endeavored to share how we plan to go about growing our business, how we think about balancing our investments relative to that growth, and why we believe in a conservative approach to building our balance sheet. We hope that you will find the transparency around how we think about the business to be constructive, and that it will be informative as you consider how our financial future may unfold over time, and as the operating environment inevitably changes.

In just a moment, our Chief Communications Officer Julie Henderson will join to get us started with our Q&A session. Thank you again for coming today and we look forward to taking your questions.