

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.

JACOB ANDREOU, VICE PRESIDENT OF PRODUCT

It's great to be here with all of you today. My name is Jacob, and I believe the best Stories are chronological, so I'd like to take this opportunity to start with the origins of Snap's product philosophy. Over the last 6 years we have taken our product DNA and evolved an approach that has fueled innovation and unlocked growth.

From day one the product culture at Snap has been one of empathy. Understanding our community, building for their needs and doing the right thing, were practices that allowed us to identify opportunities and invent entirely new solutions. Empathy in this initial stage led to a series of critical innovations.

When Evan and Bobby first set out to create a faster way to communicate, they realized that people had been drawn to text messaging for its asynchronicity, or the ability to chat back and forth at your own pace. But along the way texting sacrificed the richness and expressiveness only found in face-to-face communication. Texting was simple, fast, and functional – great characteristics of a transactionally-focused communication platform, but hardly the right medium for close friends to create an emotional connection digitally. Voice-calling provided a bit more emotion but required synchronicity and lacked the context of a visual element. Evan and Bobby quickly realized the power of the camera and visual communication. Snapping, or talking with pictures, was born out of these realizations, with its origins in Evan and Bobby's empathy and observations of the world around them. The key to this realization was incorporating the camera as a communication medium rather than a tool to archive and preserve memories. The combination of a communication-focused camera with ephemeral Snaps let our community use the camera as a natural extension of their conversations.

Today, we are using this foundation to build the world's leading platform for communication with real friends. Communicating between real friends is not only something that Snapchat is uniquely positioned to serve, but is also the most frequent and meaningful type of communication. Our communication platform is a core driver of retention for our service and the engine that brings people back multiple times each day. In the last year, we've made foundational improvements to performance to make communication even faster by rewriting and regionalizing critical parts of our backend infrastructure.

Years ago while listening to our community we were inundated with requests for a "Send to All" button, but we knew this idea had issues. Being able to send a Snap to everyone at once would devalue receiving one, and risk the service becoming spam-ridden if people were sending Snaps to

all of their friends all of the time. But Snapchatters wanted an easy way to communicate with all their friends at once. As we studied the landscape, we were confused by the reverse-chronology and permanence of the existing forms of one-to-many sharing. This kernel of an exploration grew into Stories, the revolutionary format used by billions of people around the world across major digital platforms.

Today, Snapchatters post stories to share their lives with trusted circles, and watch stories to catch up with the day-to-day lives of their friends. Friend Stories are the second key pillar of engagement and retention, a strong foundation for our monetization of Snapchat with our advertising partners.

Since launch, we've augmented Friend Stories with Discover which offers curated, professional content designed for our mobile-first audience. Within Discover, we hand-select partners that deliver news and entertainment to our community across Publisher Stories and Shows. Our editorial selectivity and curated approach has helped us bring brand safe, best-in-class mobile content to our community that is accurate, timely, and topical. Ben will spend a little more time on Discover later in the day.

When we invented Stories, our community at the time was small and young, much like our company. Stories and Snaps were changing the world and driving global growth. Our growing global community meant that we needed to expand our thinking and create new tools to build empathy with a diverse world-wide audience.

From this need, we created our Growth approach. We did not replace human-centered design with a relentless data-driven culture, like we've seen in our peer companies. Instead, we established a data-informed approach that allows us to retain our DNA of innovation with the valuable augmentation of data. This data-informed method drives both growth and innovation.

The way we build products and grow products today is centered around delivering value to our community. This is in contrast to many other companies who primarily focus on driving behavior. Behavior is easily measured with metrics and it is often assumed that users spending more time or opening an app more often is universally good, or even beneficial for a company. This mindset makes two very important things difficult; virtuosity and innovation.

There are many non-virtuous ways to drive app opens and time spent that do not result in customer value, therefore undermining long-term engagement and retention. Not all engagement is good engagement. To avoid this trap, our product processes are built specifically to deliver value to our community through all the products we offer, and not to drive short-term behavior.

Over the last 5 years, our community has told us that they use Snapchat because it's the fastest way to communicate with the people they care most about. Whether they are Snapping or posting Stories, our community loves how our camera, creative tools, and augmented reality make communicating information and emotion even faster and easier.

This Core Product Value has been our primary focus in driving growth across all teams at Snap. Our Core Product Value orientation has driven improvements in areas like performance, new user friending, and self expression, all of which drive meaningful and compounding improvements to top-line growth. The progress that we've made in these areas serve as strong validation that focusing on product value and not behavior, delivers impactful improvements that meaningfully drive measurable growth.

Our approach oriented around product value also protects and deepens Snap's DNA of innovation. When the empathy gap grows, as new products and companies scale, many choose to abandon the early stage approach of design-driven product innovation, in favor of a highly iterative data-driven approach that leaves little room for both risk and innovation.

At Snap, we refused to abandon our core of human-centered design and culture of innovation. Instead, we've built tools and mechanisms to minimize risk as we scaled, improving our innovation success rate through our data-informed approach.

This approach is evidenced with our Map, which is used by over 250 Million Snapchatters each month to keep up with friends and share what they are up to. On other platforms, everyone sees the same Map. But on Snapchat we are building the world's most personal Map. Your Snap Map reflects your world; it features the people, places, and activities you care about, and no two are the same.

The Map is built to see where your friends are and what they're up to quickly and easily. This kind of sharing is at it's best with close friends, a perfect fit for the best friends network that is unique to Snapchat. The version of the map in our app today is one that has been relentlessly improved in conversation with our community over the last two years leveraging this data-informed approach.

To build innovative products like this, we leverage User Research and the work of our Sociology team. Together these teams create hypotheses that we then validate and size with the help of our Data Science teams.

These hypotheses go on to form problem statements, and this is where the human-centered design process begins. With our design approach, we value our community to help us identify the biggest problems and opportunities, but we critically rely on the Design Process to create the most innovative solutions.

One of these opportunities was realized in Spotlight. Launched three months ago, Spotlight shines a light on the most entertaining Snaps created by the Snapchat community - which has always told us that they loved our camera and creative tools, but had to post to other platforms to find an audience. We set out to build Spotlight as a place directly within Snapchat that allows anyone to reach a massive audience if they make a great Snap.

We also designed Spotlight with our long held values at its core - it doesn't feature public comments, and all profiles are private by default. All content on Spotlight is moderated through automation and human review before it's widely distributed, a critical aspect of living up to the high expectations of both our community and our advertising partners. With Spotlight, we didn't stop at democratizing creativity and distribution, we also democratized the creator economy with our incentive program where anyone can earn. Ben will touch more on this later today.

By building a product culture focused on value delivery, we have found a reliable way to drive top line growth and innovation simultaneously. We have proven the success of this approach as we evolved each of our products into the five scaled platforms on Snapchat: Map, Communication, Camera, Stories, and Spotlight.

Each of these platforms were built with three distinct values - first, having a deep respect for our community's safety and privacy; second, creating experiences that contribute to their wellbeing and happiness; and third, enabling them to experience the world with their friends in new and exciting ways that make a positive impact. Our content products will continue to deliver increasing user and advertiser value, and in the future we continue to invest in the platform evolution of our Map and Communication products.

The Map started with friends and now we've added Places. For our community, local businesses are places to meet, hang out, and create - they form a key part of our relationships with each other and the world around us. For local businesses, this home on Snapchat will give them new ways to reach our community. We have already added 35 million businesses, and we're creating opportunities through integrations with food delivery partners like Uber Eats, DoorDash, and Grubhub and reservations with OpenTable. Soon you will be able to find your favorite places and discover new ones on the Snap Map. The product becomes even more personal as our community continues to interact with the world around them.

When thinking about the future of our communication platform, the only thing best friends do more than talk is hang out. Over the last 2 years we've invested in new ways for friends to spend time together inside of Snapchat, right from the Chat tab where they're already communicating. In 2019, we started with Snap Games, and today over 30 Million Snapchatters play games each month. With Snap Games, Snapchatters can play together at the same time, even when they are apart.

Snapchatters and developers love Snap Games, and this is just the beginning. New game titles, styles, and genres are next, engaging an ever larger audience and a wider range of developers. Last year we extended this investment in shared experiences beyond Games with Minis. Minis are bite-sized utilities that friends can use together, directly inside of Snapchat. They load instantly, require no registration or personal information, and make coordinating between friends faster than ever.

With Minis, we're currently working with a small group of partners to get the experience right, similar to our approach we used to grow Discover. But early indications have been exciting. For the 2020 election we partnered with the non-partisan organization, Democracy Works. Through their Mini we were able to help over 1 million US Snapchatters register to vote, view a sample ballot, and Snap their friends about registering. Since elections occur infrequently, registering to vote is a great example of an experience that makes more sense as a Mini compared to a space-consuming ever-present mobile app.

As we look into the future, our Map and Communication products will continue to bring people together - on and off platform - helping them feel even closer to the world around them and the people they care most about.

Our values-based approach to design and our relentless focus on delivering Core Product Value has been the engine that has powered our growth to more than 265 million daily active users. In conjunction with network effects, this approach provides compounding value that we believe will continue to accelerate the growth that we have experienced in the past few years.

Creating the easiest and fastest way to communicate transcends borders and ages - while the number of friends, substance of conversations, or amount of time our community dedicates to friendships may differ by region, age, and lifestyle, the need to develop and maintain close friendships is universal. As we have extended our empathetic approach to growth into new regions and demographics, we have found that our core product value resonates globally. While there will always be work required to ensure Snapchat feels made for each of our customers, we have not felt the need to reinvent ourselves fundamentally with every new challenge. Accelerating growth into new regions requires us to ensure that the key elements of each platform feel native to new communities, rather than creating an entirely new product. This allows us to work relentlessly on establishing the pre-conditions, like connectivity, and performance, setting the stage to quickly adapt and grow into new markets.

A great example of our work is in India. We have seen accelerating growth in the region with our community doubling in size in the past year. Much of this growth came from demonstrating our core product value to the Indian community while taking efforts to ensure that Snapchat feels made for our

community there. We took obvious steps like hiring local designers to ensure our creative tools and AR reflect local culture, and partnered with local content producers and creators, added nine new languages, and more. But we went even deeper to develop an empathic and data-informed approach including in-market research studies, launching programs with local high schools to deeply understand communication behaviors of our core demographic, recreating the network environments in our labs to better develop for the local connectivity, and refocusing our team to improve the Android experience which is much more prevalent in our less penetrated markets. We worked on performance of the network and app alongside deep localization to make Snapchat feel “made for me” no matter where in India you were. When this foundation was laid, we saw growth in India accelerate, a clear demonstration of the fundamentals broadly applicable to many markets beyond India.

Importantly, our efforts in India and other markets were focused on enhancing the existing value of our five platforms rather than needing to create new value through new features or products specific to a market. Having a universal set of values at our core and a clear path to making them accessible to new cohorts and markets, ensures that our growth is scalable and repeatable. And while many have tried to recreate the value of Snapchat by copying certain features, we continue to see our value remain differentiated and communities adopt Snapchat as the best way to live in the moment and share experiences with their closest friends. Since the first quarter of 2019, we have doubled the size of our daily active community outside of North America and Europe with year-over-year growth rates accelerating as we increase penetration and see our communities engage with our Core Product Value.

To close, we believe that the best way to build a business in the long-term is to remain focused on delivering value to our community, partners, and advertisers. For Snapchatters, that means improving their lives each time they use our service to connect with their friends or learn about the world. For partners and advertisers, we will continue to build new products and platforms to provide reach and distribution to our unique and unduplicated audience. All of this is done in concert with our values around empathy, and through human-centered design. We believe this approach is critical in fostering a durable relationship with our community and our partners. This approach has guided us well thus far, and will continue to serve as our compass for years to come.

I’m thrilled to introduce you now to Peter Sellis. He’ll take this Product story a step further and share how we’re turning these platforms into businesses.