This is an excerpt from an event on February 16, 2023. Please refer to the forward looking statements disclaimer provided at the beginning of the event read by David Ometer.

DEREK ANDERSEN, CHIEF FINANCIAL OFFICER

Thanks, Bobby.

Hi everyone, and thank you all for joining us today. My name is Derek Andersen, and I am honored to serve as Snap's CFO. Today, I am excited to share some of the financial progress we have made since our last Investor Day, and how we believe the initiatives my colleagues presented today will translate into financial progress for our company in the years ahead.

Let's start with an update on our progress since our last Investor Day.

In February of 2021, we discussed our strategy to continue to onboard new smartphone users and retain them over the long term in our established markets, as well as the development of our International growth playbook and our plans to deploy that playbook in more markets over time to grow our DAU. As you can see, we have executed on those plans as we described them two years ago, and the progress is evident in the growth of our community. DAU grew at a CAGR of 19% to reach 375 million DAU in Q4 2022.

On the monetization front, we articulated two years ago that we believed we had the capacity to grow our topline revenue at 50% or better for several years, assuming favorable operating conditions. We continue to believe that our business has the potential to grow at elevated rates, and to achieve much greater top line scale over time. That said, the combination of platform policy changes, and various macroeconomic headwinds, have combined to make the more than 50% revenue CAGR we achieved over the past five years ending 2021 unattainable at present. As you can see, we achieved a CAGR of 35% over the past two years, but our growth has decelerated to the point of being flat in the most recent quarter. While we are incredibly disappointed with the current rate of revenue growth and the challenging operating environment, we are focused on executing against the inputs we control to accelerate revenue growth. I will speak in more detail about our plans to accelerate revenue growth shortly, but first, I want to address our progress against some of the other financial objectives we set out during our last Investor Day.

Two years ago, we laid out a plan to achieve 60% gross margins over the medium term, or within two to three years. I am proud to share that we exceeded this goal ahead of schedule, and did so even while increasing our user growth and despite the headwinds on revenue. We achieved this through a relentless focus on cultivating a cost structure that is lean and efficient while still making key strategic investments to drive long-term growth. For example, we made significant strategic investments in content to seed the launch of Spotlight in 2021 and, more recently, to expand revenue sharing to

Creator Stories, but we sized those investments thoughtfully to ensure they could be accretive over time. In addition, we restructured and renewed our Cloud agreements to achieve lower pricing and better ongoing leverage in our relationships. This has contributed to lower cloud infrastructure cost per DAU, which is critical, given that infrastructure is our second-largest cost item after our personnel costs. Finally, we have focused intently on efficient unit cost management by engineering our products efficiently and by migrating among cloud services and products to drive down unit costs. The sum total of these efforts is that adjusted gross margins have expanded by 8 percentage points over the last two years, reaching 62% for full-year 2022 and 64% for Q4 2022.

In addition, when we discussed our intentions for investment in the business two years ago, we were clear that we intended to invest aggressively to support our topline growth expectations, but we would be careful to balance our level of investment with realized growth over time. We invested heavily in operating expenses in 2021 as topline growth remained elevated. But, as growth slowed in 2022, we moved quickly to reprioritize our cost structure to reduce our expected future annual adjusted operating costs by $450 million and our total cash cost structure by $500 million. We've now executed this reprioritization over the last six months and expect to realize the full benefit of these cost reductions in Q1 of 2023. Importantly, while we have substantially reduced our cost structure, we have pivoted our investments to ensure that our primary strategic priorities are fully funded. As a result, we believe we have created a path to deliver meaningful Adjusted EBITDA profitability and positive FCF, even at low revenue growth rates.

Lastly, at our prior Investor Day, we promised to maintain a conservative balance sheet to ensure we were prepared for the unexpected. We have delivered on that commitment by increasing our cash balance by more than $2.5 billion through capital raises on attractive terms at a time when interest rates were very low, and by generating positive FCF for two consecutive years. Importantly, we didn't just raise new debt on attractive terms — we also proactively managed down our leverage when our valuation metrics were at historic highs and attractive early conversion terms were available. In 2021, we entered into exchange agreements with our debt holders to early convert more than $1.1 billion of our outstanding convertible notes into shares of Class A common stock when our shares were trading at approximately $64. This reduced our outstanding debt to approximately $3.7 billion as of now, with a weighted average coupon of just 24 basis points and weighted average maturity date more than four years into the future.

Conservative and opportunistic management of our balance sheet, along with achieving positive free cash flow generation for two consecutive years, put us in a position to responsibly deploy $1.0 billion of capital to repurchase our own shares at historically low valuation levels. We repurchased shares equivalent to 6.7% of our common shares outstanding as of December 31, 2022. As a result of these efforts, the rate of growth in our fully diluted share count went from 3.4% in 2020, to 1.2% in 2021, to 0.2% in 2022 after adjusting for the early conversions I noted earlier.

Thus far, we've spent a lot of time addressing how we've managed our finances over the last two years. We've done this in part because we believe the work we've done to scale our cost structure efficiently, our demonstrated ability to balance our level of investment with realized topline growth, our careful approach to constructing a conservative balance sheet, and our opportunistic approach to managing our share count, are all instructive for understanding how we intend to approach the financial management of our business in the future.

As we look forward, we believe we have cleared a path to deliver Adjusted EBITDA profitability and positive FCF, even at low rates of topline revenue growth. While we are proud of the work we've done in this regard — and believe it is a critical input to establishing a higher floor under our enterprise value — it does not reflect our ambitions for our business. To achieve the full financial potential of our business, we must accelerate topline revenue growth.

Let's now take a look at our roadmap to accelerate revenue growth in the near, medium, and long term. As Jerry discussed in detail earlier today, in the near term, we are focused on improving our direct response advertising platform to better capitalize on our already-immense reach and depth of engagement. We are making significant progress in this regard through deeper integrations with larger clients, improved click-through performance, and retraining our models to focus on measurable performance. Improvements in DR performance will allow us to use the vast inventory we already have more efficiently, while the rapid growth in engagement with Spotlight and expansion of AR advertising within our camera both provide the opportunity to further expand our inventory and ARPU opportunity. The direction of the economy and the operating environment may be uncertain in the near term, but we believe that continuous improvement to our DR business — as well as a focus on building a customer centric ad platform — will best position our business to take share, regardless of the operating environment, and to accelerate growth when operating conditions improve.

Over the medium term, we believe that our track record of innovation positions us well to expand our ARPU opportunity and diversify our revenue sources over time. For example, Snapchat+ presents an entirely new source of revenue for Snap, and just six months since launch, it has reached more than 2.5 million subscribers and an annual revenue run rate of over $100 million. The Snap Map presents an opportunity to reach new advertisers with a compelling advertising offering centered around places, with Snapchatters opening Places on the Map more than twice as much as they did in the prior year. Together, these initiatives present significant new avenues of growth for Snap that can build on top of our existing advertising business.

Over the long term, we believe that our leadership in AR will position us to benefit from the next major computing platform transition to one based on AR. History demonstrates that sitting at the intersection of an actively engaged community, developers, and the core technology of a new computing platform is a compelling recipe for becoming a leader in such transitions. We are innovating to position Snap to benefit from this AR future even as our community and our partners benefit from our AR innovations on mobile today.

I spoke earlier about how we have prepared for scenarios where the operating environment remains challenging by building a conservative balance sheet, and how we have prioritized our investments to clear a path to Adjusted EBITDA and positive FCF, even at lower growth rates. Let's talk now about the more exciting possibilities for our financials, in a world where we are able to execute on our plans in a constructive macroeconomic environment and meaningfully accelerate top line growth as a result.

In such an environment, we see a path to further gross margin expansion over time, with the ability to reach 65% in the medium term and as high as 70% over the long term, as our mix of revenue generation shifts from content to other surfaces over time. Topline revenue growth is a key input to margin expansion, and we will need to accelerate top line growth to achieve our medium- and long-term gross margin objectives.

As it relates to controllable costs, and in particular operating expenses, we expect to be disciplined in our operating cost investments. We begin 2023 having fully implemented the $500 million in cash cost structure reductions we announced as part of our reprioritization in Q3 of 2022, which included $450 million in adjusted operating cost reductions and $50 million in fixed content cost reductions. We will continue to be long-term oriented and may invest in compelling new opportunities as they arise, but will balance this with appropriate cost discipline. When we are able to accelerate revenue growth, we will prioritize our investments to support that growth to deliver meaningful adjusted EBITDA leverage, or flow through of incremental revenue to adjusted EBITDA and FCF. We followed a similar approach after the reprioritization of our cost structure in 2018, and as revenue growth accelerated over the next several years, we expanded our Adjusted EBITDA margins by more than 50 percentage points. We expect to apply similar discipline and prioritization to drive out margin improvement in the years ahead, as growth allows.

As our business grows and begins to generate more meaningful FCF, we will manage our investments carefully and opportunistically. Beyond direct operating investments to support our strategic priorities, the two other areas of investment we will focus on include M&A and stock repurchases. We have been measured in our use of M&A over the years, with a focus on digestible transactions that pull forward our existing product and technology roadmaps. We’ve used a combination of shares and cash for deal consideration while being careful to choose the method of payment that affords the lowest cost of capital at the time of each transaction. We expect to continue this approach going forward.

We view stock repurchases as a tool to manage our share count and protect the long-term returns of our shareholders. In the near term, with stock-based compensation expected to be the primary driver of share count, we prefer to see dilution not exceed 3% year-over-year over any extended period of time.

We have remained well below this level over the last two years, and have opportunistically repurchased shares to proactively address dilution risk while our valuation remains at historically low levels.

We've now covered our progress since our last investor day and discussed in some detail how we see our financial picture evolving in the years ahead. Before we finish up, I'd like to take a step back and bring together the broader picture of what the team has presented today as well as some of the most critical points we hope you'll take away with you.

The first is that we are well on our way to building a community of 1 billion monthly active users, with our core product of visual communication delivering significant reach into some of the most valuable markets in the world, and a young demographic that is difficult to reach elsewhere.

Second, we have reprioritized our investments to ensure that our top strategic priorities are fully funded and have a clear path to deliver Adjusted EBITDA profitability and positive free cash flow even at lower rates of revenue growth.

Third, we are executing against our plan to improve our DR business in order to take share, even in a challenging operating environment.

Fourth, we are innovating to drive growth in content engagement and are encouraged to see this strategy delivering clear results as demonstrated by the progress we are making with Spotlight, Creator Stories, and Community Stories.

Fifth, we are making rapid progress toward diversifying our revenue sources, as evidenced by the remarkable early growth of Snapchat+.

Last, we believe that AR will drive the next computing platform, and that our combination of leading AR technology, a well-established creator ecosystem, and a community deeply engaged with AR experiences, positions us well to be a leader in the next computing platform transition.

Before we wrap up our presentation today, I would like to leave you with one final thought, which is that the most critical input to delivering on all of the strategic initiatives we laid out here today is innovation. That includes innovating on our products, our advertising platform, and the future of AR. We believe that our demonstrated track record of innovation over the last 12 years positions us well to deliver on this for our community, our partners, and our investors.

Thank you for joining us today. After a brief break, we look forward to taking your questions.