

*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.*

**EVAN SPIEGEL, CHIEF EXECUTIVE OFFICER AND CO-FOUNDER**

Welcome, everyone, to our second ever Investor Day! A lot has happened since we held our first one two years ago.

We're very grateful that you're here, and we're excited to share more about our vision for Snap. Our long-term opportunity is enormous, but we're tackling a few significant challenges at the moment — the volatile macroeconomic environment, platform policy changes, and increasing competition.

Our goal today is to give you confidence in our ability to address those challenges by providing our plans and our progress to date. We are also looking forward to sharing why we are so excited about the longer-term potential for our business.

While Snap is still a small business compared to many large technology companies, we've made a lot of progress, growing revenues to \$4.6 billion in 2022. Our large, hard-to-reach audience, brand-safe environment, and innovative advertising platform have made us a valuable partner for businesses that want to reach the next generation.

Today, we're pleased to share that our community has now grown to over 750 million monthly active users.

We reach more than 75% of 13- to 34 year-olds in over 20 countries, with these countries representing over 50% of the advertising market.

Over 100 million daily active users have joined Snapchat since our last Investor Day, with our community now totaling more than 375 million daily active users.

After 5 years of more than 50% year-over-year revenue growth on average, our revenue growth decelerated to 12% in 2022, largely due to the combination of factors I mentioned earlier. While the macro environment has shown signs of stabilizing this year, it remains a significant challenge. We're focused on the things we can control, including improving our performance advertising business, diversifying our revenue with augmented reality and our new subscription product, Snapchat+, and growing engagement with our video content to generate more monetizable inventory.

In response to the platform policy changes, we've been working hard to innovate on our advertising platform — helping partners transition to new ways of measuring and optimizing their advertising spend — and by delivering custom, privacy-safe integrations.

Short-form video has exploded in popularity over the past few years. Spotlight, our new entertainment platform for showcasing the best of Snapchat, benefits from the enormous amount of content created by Snapchatters every day. On average, over 5 billion Snaps are created every day, the best of which our community submits to Spotlight. We are pleased with the rapid growth we're seeing in time spent per Spotlight viewer, which now meaningfully exceeds the time spent watching Friend Stories per Story viewer. Our goal is to grow the number of people watching Spotlight and continue to increase content diversity and time spent per viewer.

In August of last year, we promoted Jerry Hunter to the role of Chief Operating Officer and made changes to our team structure, unifying our Engineering, Sales, and Revenue Product teams in one organization. Jerry is a fantastic partner to me, and a passionate, committed leader. His decades of experience running technical operations and large engineering teams are already making a significant impact on how we are navigating today's advertising landscape. Later, you'll hear a lot of detail from Jerry about how we are evolving our ad platform, and he'll share more about some of the early progress we are making with our advertising partners.

Last summer, we also reprioritized our efforts and substantially reduced or eliminated investments not directly connected to our three strategic priorities: growing our community and deepening their engagement, accelerating and diversifying our revenue growth, and leading in augmented reality.

Adjusted gross margins expanded to reach 62% in 2022, ahead of our medium-term target of 60% set at our last Investor Day.

We generated our third consecutive year of positive Adjusted EBITDA and our second consecutive year of positive free cash flow. Given our strong cash position, we deployed \$1 billion last year to repurchase 6.7% of our common shares outstanding as of December 31, 2022, substantially offsetting dilution for the entire year, and we entered this year with \$3.9 billion in cash and marketable securities on our balance sheet. All of this was achieved as a result of the changes we made to our business and despite the significant deceleration in our revenue growth.

When Bobby and I first started building Snapchat, we wanted to make communication better. We started by making it visual and ephemeral, using disappearing images to bring life into digital conversations. Since then, we've grown our business by identifying everyday human behaviors and working to make them better through design, innovation, and technology. We built Stories to help people share their day with friends, the Map so people can see who their friends are with and what they're doing, and augmented reality for self-expression and enhancing the world around us.

In nearly 12 years of building Snap, we have never worked on anything as profound and meaningful as augmented reality. Augmented reality brings the benefits of computing into the real world, in three dimensions. It enables us to learn and interact with computing in a natural way, while freeing us to move around and fully experience our surroundings. Of course, augmented reality has become extremely popular today, on smartphones, with more than 250 million people engaging with AR on Snapchat every day on average. In the future, we believe people will prefer to use AR through wearables, which has informed nearly eight years of investment in Spectacles, our augmented reality glasses.

Spectacles connect directly to Lens Studio, our augmented reality authoring tool, allowing developers to quickly and easily deploy their creations. Over 300,000 developers have built 3 million augmented reality Lenses, which can be distributed through Snapchat, Spectacles, and CameraKit, our developer SDK that allows developers to distribute augmented reality in their own applications and websites.

Augmented reality has the potential to make nearly everything in our daily lives better. Whether discovering the storied history of your neighborhood, learning to play piano, redecorating your living room, or practicing your football spiral, AR enhances our every day. The only limit is our imagination.

We have everything we need to build a successful business over the long term. A large and growing community, an innovative and engaging product that continues to evolve, a strong balance sheet with a track record of positive free cash flow, and a long-term vision for what we believe will be the most meaningful advancement in computing the world has ever seen: augmented reality.

I'm so excited for you to meet a few of the folks who are driving our progress here at Snap.

With that, I'd like to welcome Jacob to talk more about our strategy for growing our community.