

Snap Inc.

INVESTOR DAY 2023

Derek Andersen

Chief Financial Officer

Disclaimers

Note Regarding Forward Looking Statements and use of Non-GAAP financials

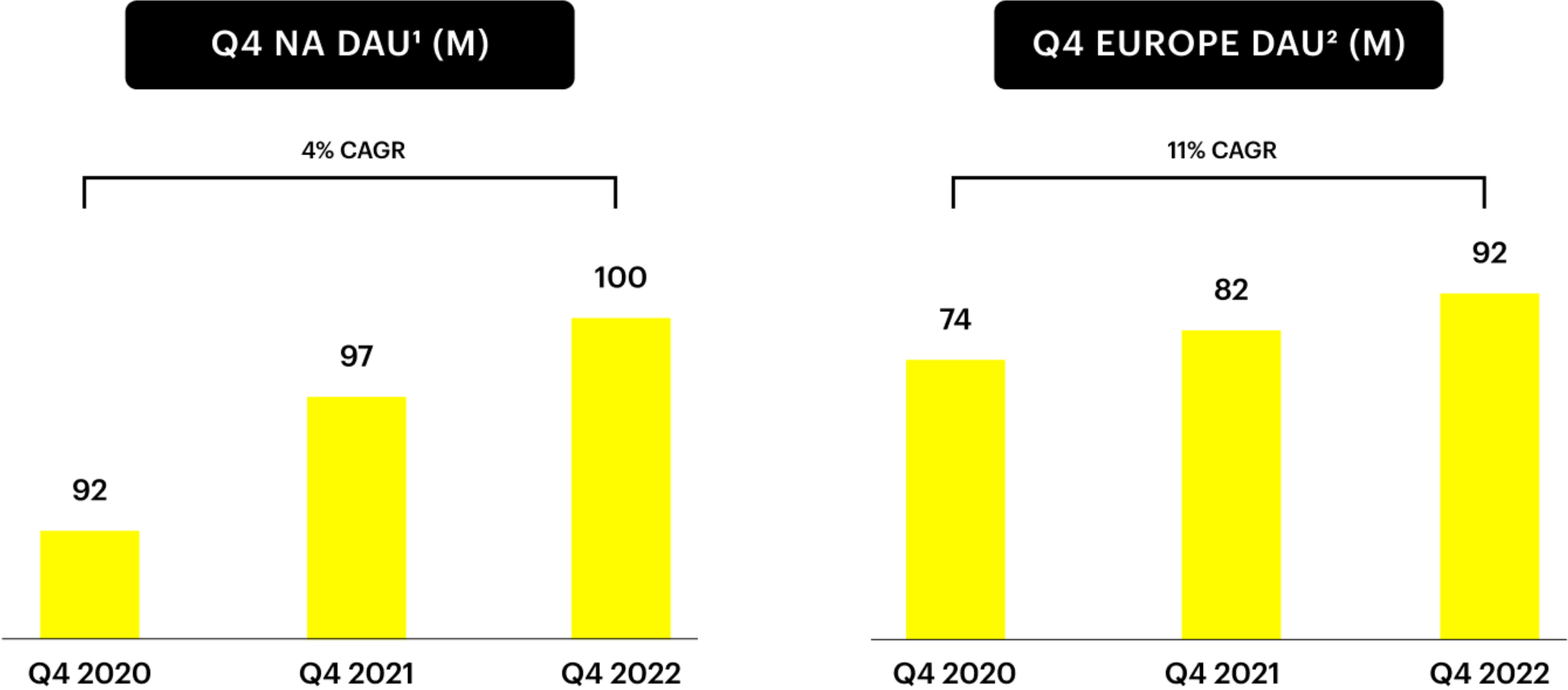
This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this presentation, including statements regarding guidance, our future results of operations or financial condition, business strategy and plans, user growth and engagement, product initiatives, objectives of management for future operations, and advertiser and partner offerings, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “going to,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will,” or “would” or the negative of these words or other similar terms or expressions. We caution you that the foregoing may not include all of the forward-looking statements made in this presentation. You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this presentation primarily on our current expectations and projections about future events and trends, including our financial outlook, macroeconomic uncertainty, geopolitical conflicts, and the COVID-19 pandemic, that we believe may continue to affect our business, financial condition, results of operations, and prospects. These forward-looking statements are subject to risks and uncertainties related to: our financial performance; our ability to attain and sustain profitability; our ability to generate and sustain positive cash flow; our ability to attract and retain users, publishers, and advertisers; competition and new market entrants; managing our growth and future expenses; compliance with new laws, regulations, and executive actions; our ability to maintain, protect, and enhance our intellectual property; our ability to succeed in existing and new market segments; our ability to attract and retain qualified team members and key personnel; our ability to repay outstanding debt; future acquisitions, divestitures or investments; and the potential adverse impact of climate change, natural disasters, health epidemics, macroeconomic conditions, war or other armed conflict, as well as risks, uncertainties, and other factors described in “Risk Factors” and elsewhere in our most recent periodic report filed with the SEC, which is available on the SEC’s website at www.sec.gov. Additional information will be made available in our periodic report that will be filed with the SEC for our most recently completed period and other filings that we make from time to time with the SEC. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this presentation or in our most recent Annual Report on Form 10-K. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements. In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of our most recent Annual Report on Form 10-K. And while we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements. The forward-looking statements made in this presentation or in our most recent Annual Report on Form 10-K relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this presentation to reflect events or circumstances after the date of this presentation or to reflect new information or the occurrence of unanticipated events, including future developments related to geopolitical conflicts, the COVID-19 pandemic, and macroeconomic conditions, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, dispositions, joint ventures, restructurings, legal settlements, or investments. Investors and others should note that we may announce material business and financial information to our investors using our investor relations websites (including investor.snap.com), filings with the SEC, webcasts, press releases, and conference calls. We use these mediums, including Snapchat and our websites, to communicate with our members and the public about our company, our products, and other issues. It is possible that the information that we make available may be deemed to be material information. We therefore encourage investors and others interested in our company to review the information that we make available on our websites. This presentation includes certain non-GAAP financial measures. These non-GAAP financial measures, which may be different than similarly titled measures used by other companies, are presented to enhance investors’ overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. A reconciliation of GAAP to non-GAAP measures is provided in the appendix of this presentation.

Disclaimers

Note Regarding User Metrics and Other Data

We define a Daily Active User, or DAU, as a registered Snapchat user who opens the Snapchat application at least once during a defined 24-hour period. We calculate average DAUs for a particular quarter by adding the number of DAUs on each day of that quarter and dividing that sum by the number of days in that quarter. DAUs are broken out by geography because markets have different characteristics. We define average revenue per user, or ARPU, as quarterly revenue divided by the average DAUs. For purposes of calculating ARPU, revenue by user geography is apportioned to each region based on our determination of the geographic location in which advertising impressions are delivered, as this approximates revenue based on user activity. This allocation differs from our components of revenue disclosure in the notes to our consolidated financial statements, where revenue is based on the billing address of the advertising customer. For information concerning these metrics as measured by us, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our most recent periodic report filed with the U.S. Securities and Exchange Commission, or the SEC, which is available on the SEC’s website at www.sec.gov. Additional information will be made available in our periodic report that will be filed with the SEC for our most recently completed period and other filings that we make from time to time with the SEC. Unless otherwise stated, statistical information regarding our users and their activities is determined by calculating the daily average of the selected activity for the most recently completed quarter included in this presentation. While these metrics are determined based on what we believe to be reasonable estimates of our user base for the applicable period of measurement, there are inherent challenges in measuring how our products are used across large populations globally. For example, there may be individuals who have unauthorized or multiple Snapchat accounts, even though we forbid that in our Terms of Service and implement measures to detect and suppress that behavior. We have not determined the number of such multiple accounts. Changes in our products, infrastructure, mobile operating systems, or metric tracking system, or the introduction of new products, may impact our ability to accurately determine active users or other metrics and we may not determine such inaccuracies promptly. We also believe that we don’t capture all data regarding each of our active users. Technical issues may result in data not being recorded from every user’s application. For example, because some Snapchat features can be used without internet connectivity, we may not count a DAU because we don’t receive timely notice that a user has opened the Snapchat application. This undercounting may increase as we grow in Rest of World markets where users may have poor connectivity. We do not adjust our reported metrics to reflect this underreporting. We believe that we have adequate controls to collect user metrics, however, there is no uniform industry standard. We continually seek to identify these technical issues and improve both our accuracy and precision, including ensuring that our investors and others can understand the factors impacting our business, but these technical issues and new issues may continue in the future, including if there continues to be no uniform industry standard. Some of our demographic data may be incomplete or inaccurate. For example, because users self-report their dates of birth, our age-demographic data may differ from our users’ actual ages. And because users who signed up for Snapchat before June 2013 were not asked to supply their date of birth, we may exclude those users from our age demographics or estimate their ages based on a sample of the self-reported ages that we do have. If our active users provide us with incorrect or incomplete information regarding their age or other attributes, then our estimates may prove inaccurate and fail to meet investor expectations. See <https://businesshelp.snapchat.com/> for details. In the past we have relied on third-party analytics providers to calculate our metrics, but today we rely primarily on our analytics platform that we developed and operate. We count a DAU only when a user opens the application and only once per user per day. We believe this methodology more accurately measures our user engagement. We have multiple pipelines of user data that we use to determine whether a user has opened the application during a particular day, and becoming a DAU. This provides redundancy in the event one pipeline of data were to become unavailable for technical reasons, and also gives us redundant data to help measure how users interact with our application. If we fail to maintain an effective analytics platform, our metrics calculations may be inaccurate. We regularly review, have adjusted in the past, and are likely in the future to adjust our processes for calculating our internal metrics to improve their accuracy. As a result of such adjustments, our DAUs or other metrics may not be comparable to those in prior periods. Our measures of DAUs may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology or data used.

Maintain Deep Penetration in Established Markets

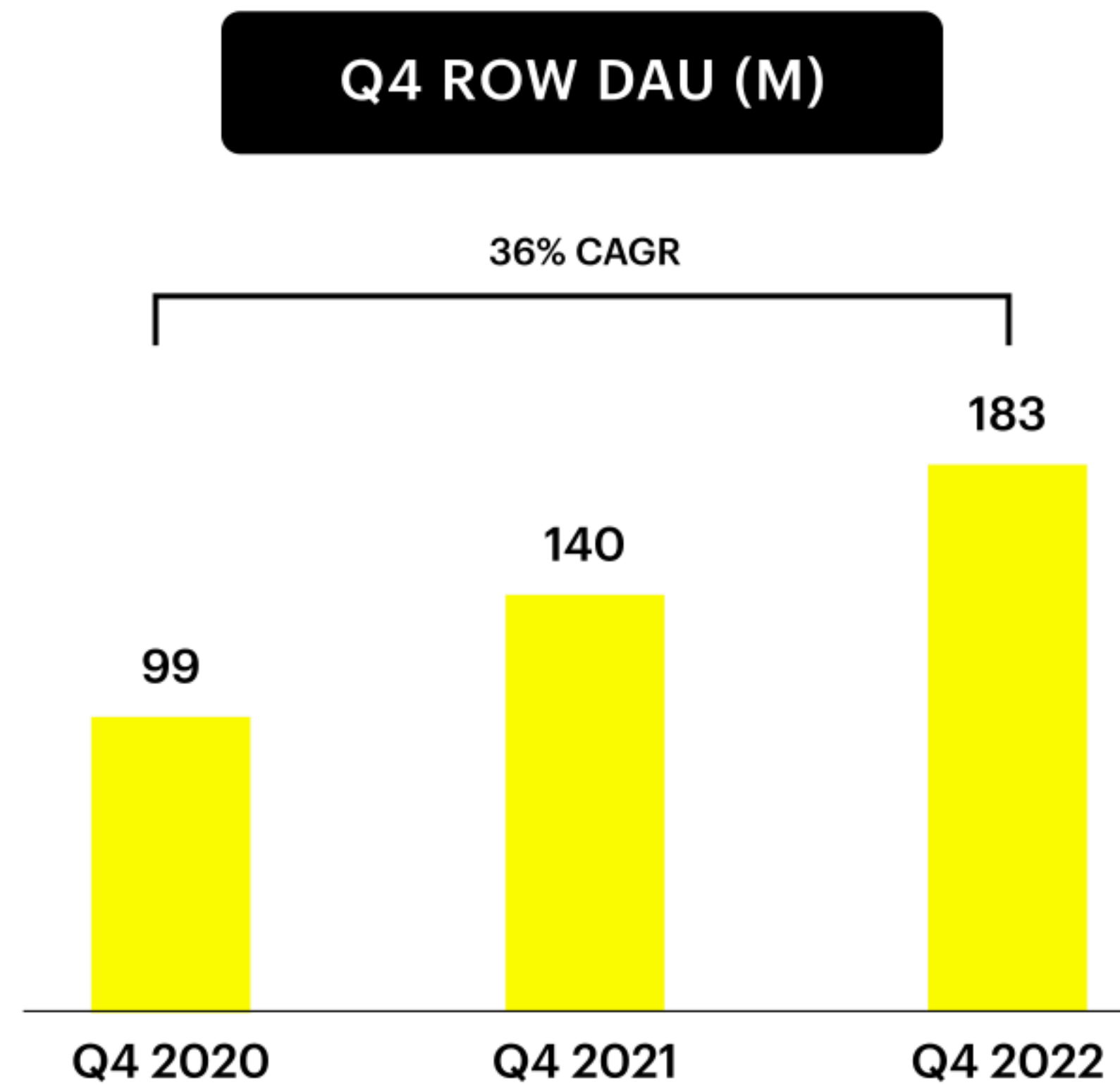


We define a Daily Active User, or DAU, as a registered Snapchat user who opens the Snapchat application at least once during a defined 24-hour period. We calculate average Daily Active Users for a particular quarter by adding the number of DAUs on each day of that quarter and dividing that sum by the number of days in that quarter.

¹ North America includes Mexico, the Caribbean, and Central America.

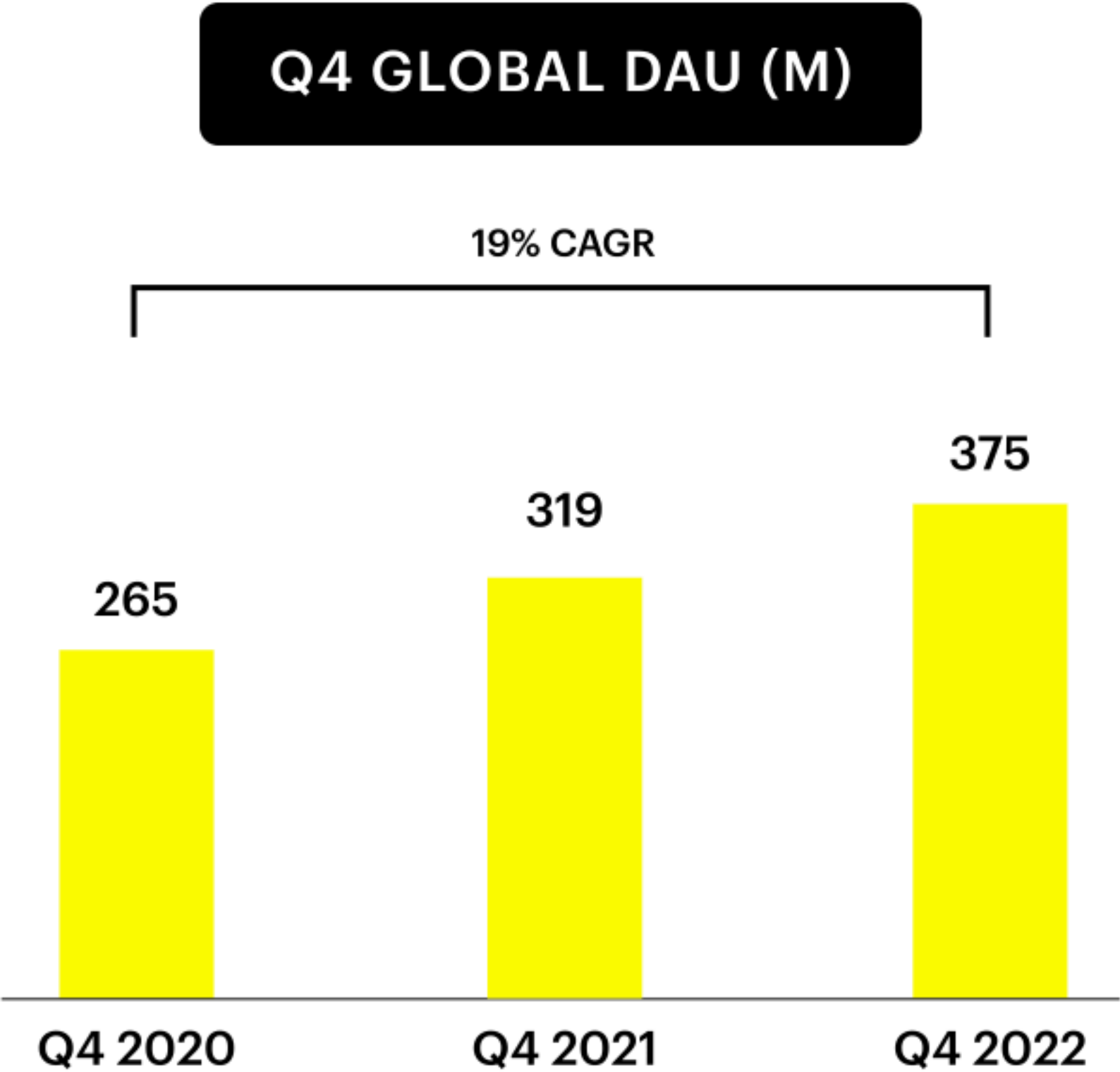
² Europe includes Russia and Turkey.

Accelerated Growth in Rest of World



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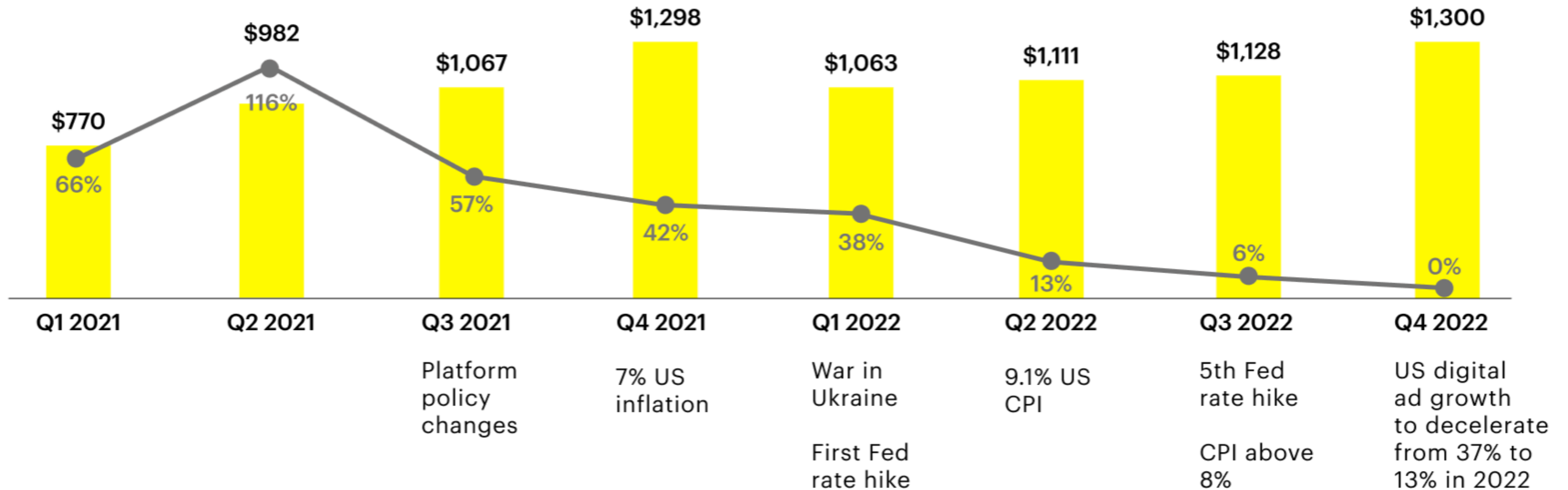
Meaningful Growth of Our Global Community



We define a Daily Active User, or DAU, as a registered Snapchat user who opens the Snapchat application at least once during a defined 24-hour period. We calculate average Daily Active Users for a particular quarter by adding the number of DAUs on each day of that quarter and dividing that sum by the number of days in that quarter.

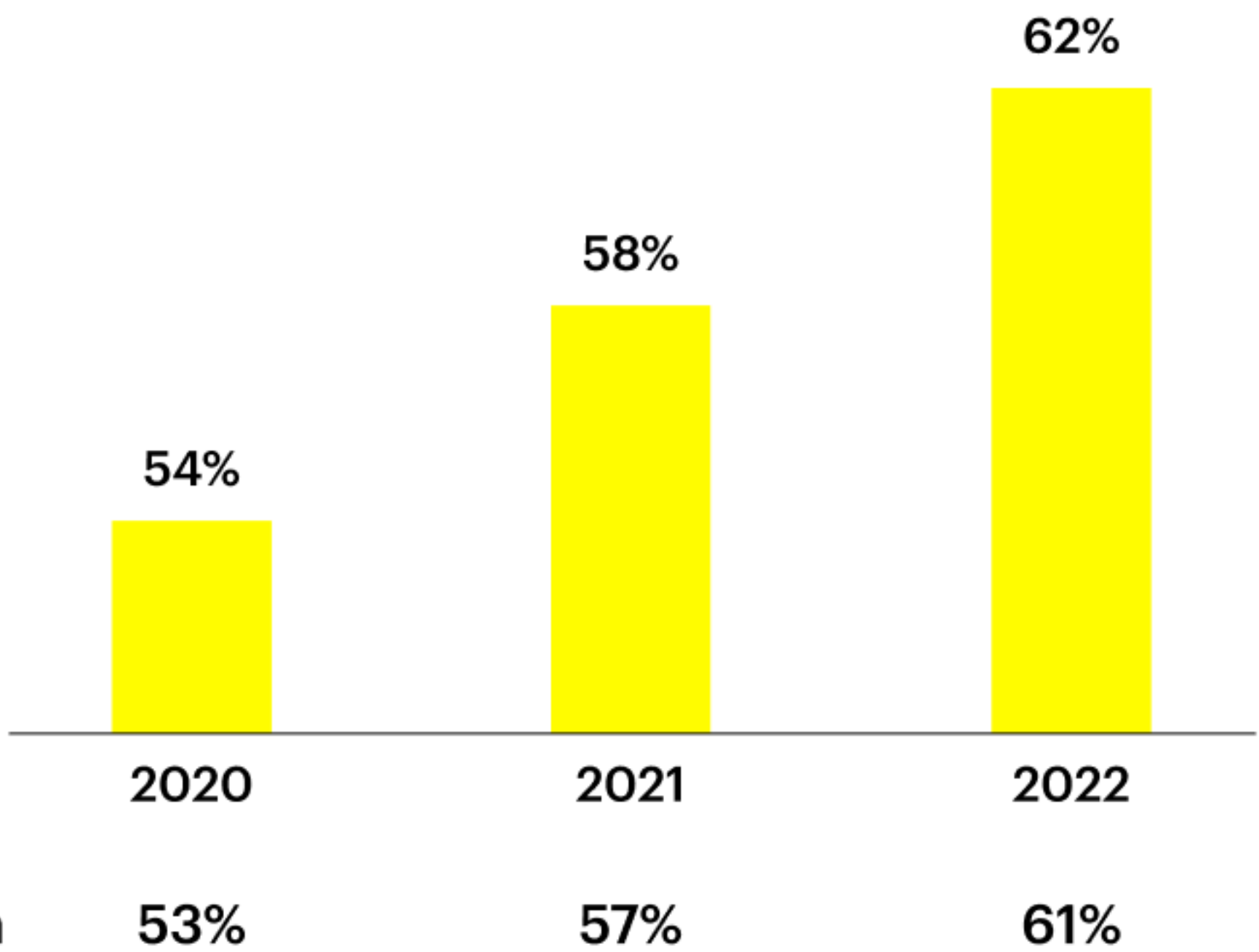
Decelerating Revenue Growth

Quarterly Revenue (\$M) and YoY Growth (%)

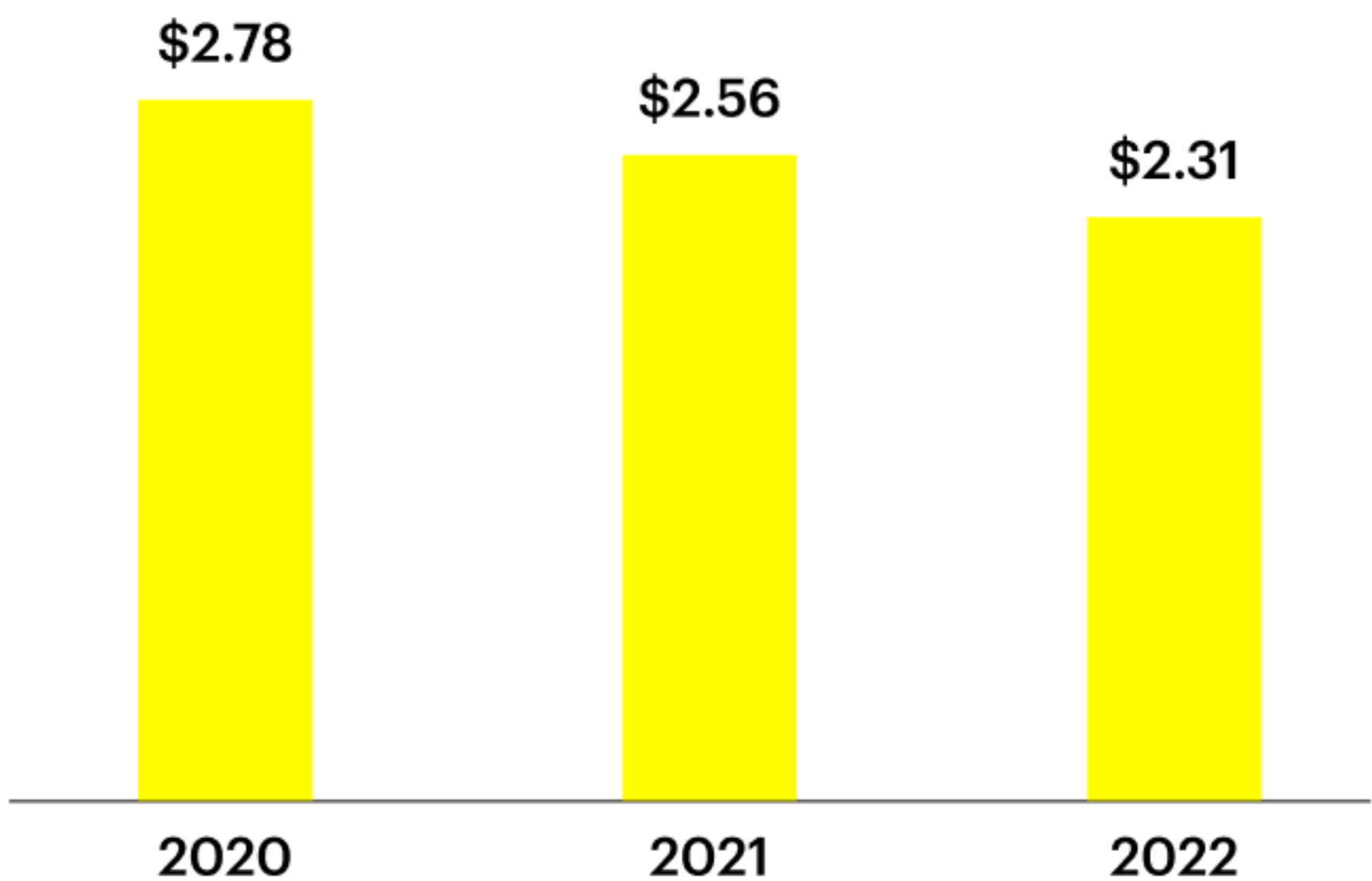


Improved Gross Margin

Adjusted Gross Margin¹



Annual Infrastructure Costs per DAU²



¹ Adjusted gross margin is a non-GAAP measure, which we define as adjusted gross profit divided by GAAP revenue. Adjusted gross profit is a non-GAAP measure, which we define as GAAP revenue less adjusted cost of revenue. Adjusted cost of revenue is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other non-cash or non-recurring items impacting net income (loss) from time to time. Total non-GAAP exclusions were \$32 million, \$38 million, and \$51 million in 2020, 2021, and 2022, respectively. In 2022, non-recurring items included restructuring charges of \$21 million.

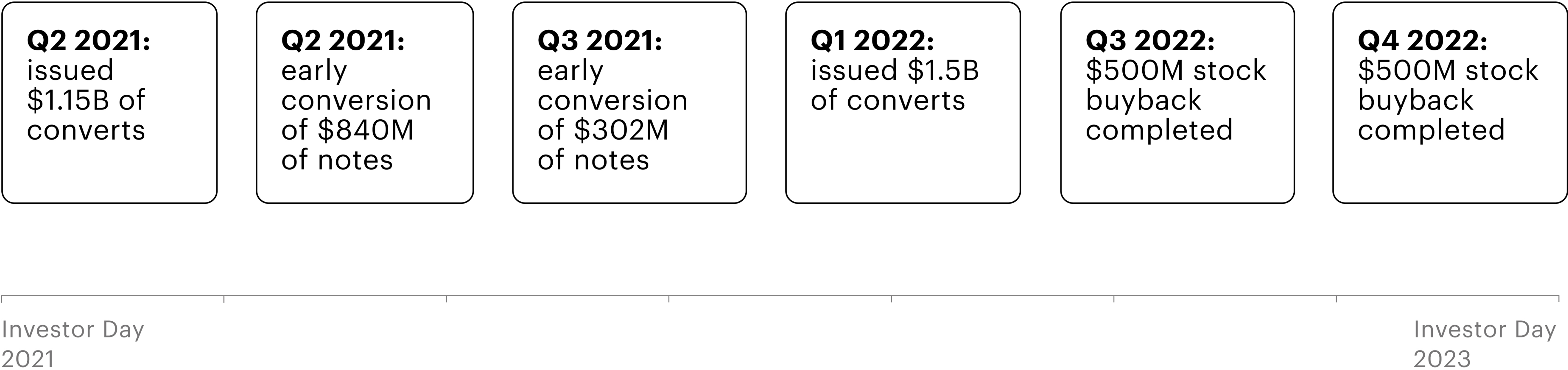
² Annual infrastructure costs per DAU is calculated as the sum of each quarterly infrastructure costs per DAU.

Adjusted gross margins¹ have
**Expanded by 8 percentage
points** over the last two years,
reaching **62%** for FY 2022
and **64%** by Q4 2022.

¹ Adjusted gross margin is a non-GAAP measure, which we define as adjusted gross profit divided by GAAP revenue. Adjusted gross profit is a non-GAAP measure, which we define as GAAP revenue less adjusted cost of revenue. Adjusted cost of revenue is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other non-cash or non-recurring items impacting net income (loss) from time to time. Total non-GAAP exclusions were \$32 million, \$38 million, and \$51 million in 2020, 2021, and 2022, respectively. In 2022, non-recurring items included restructuring charges of \$21 million.

We're on track to deliver
\$500 million reduction
to cash cost structure.

Responsible and Opportunistic Balance Sheet Management



**Three years of consecutive positive
Adjusted EBITDA¹**

**Two years of consecutive positive
free cash flow²**

**Focused on continuing to deliver
Adjusted EBITDA profitability
and positive free cash flow
in a challenging environment**

¹ Adjusted EBITDA is a non-GAAP measure, which we define as net income (loss), excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; and certain other non-cash or non-recurring items impacting net income (loss) from time to time. See Appendix for reconciliation of net loss to Adjusted EBITDA.

² Free Cash Flow is a non-GAAP measure, which we define as net cash provided by (used in) operating activities, reduced by purchases of property and equipment. See Appendix for reconciliation of net cash provided by (used in) operating activities to Free Cash Flow.

Building Blocks to Accelerate Revenue Growth

Near Term

**DR advertising platform
Sponsored AR
Spotlight**

Medium Term

**Snapchat+
Snap Map**

Long Term

**Leadership in
Augmented Reality**

Near Term

Improve our direct response business

Increase depth of content engagement

Expand advertising in Camera and Spotlight

Medium Term

Snapchat+

Revenue diversification

2.5M subscribers¹

Annual run rate of over \$100M²

Snap Map

Focus on Places for new advertisers

Snapchatters opened Places

more than twice as much as in the prior year³

¹ Snap Inc. internal data as of Feb. 8, 2023.

² Snap Inc. internal data June 29, 2022-February 12, 2023.

³ Snap Inc. internal data Q4 2022 vs Q4 2021.

Long Term

Revenue Growth: Long Term (AR Building Blocks)

Creation

Backend



Lens Studio

Lens Cloud

Distribution



Camera Kit

Spectacles

Efficient unit cost management
+ topline revenue growth

**= ability to expand adjusted gross
margin¹ to 65% in the medium term**

¹ Adjusted gross margin is a non-GAAP measure, which we define as adjusted gross profit divided by GAAP revenue. Adjusted gross profit is a non-GAAP measure, which we define as GAAP revenue less adjusted cost of revenue. Adjusted cost of revenue is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other non-cash or non-recurring items impacting net income (loss) from time to time.

Reprioritized cost structure
x Balanced approach to investments
x Revenue acceleration
= Operating leverage and FCF growth

Capital Allocation Priorities

Investment in Business to Support Growth and Scale

Investing in our products and platforms

Investing in our DR business

Investing in AR

M&A to Accelerate Product Roadmap

Accelerating our long-term product and technology vision

Investing in technology and teams to improve our product roadmap

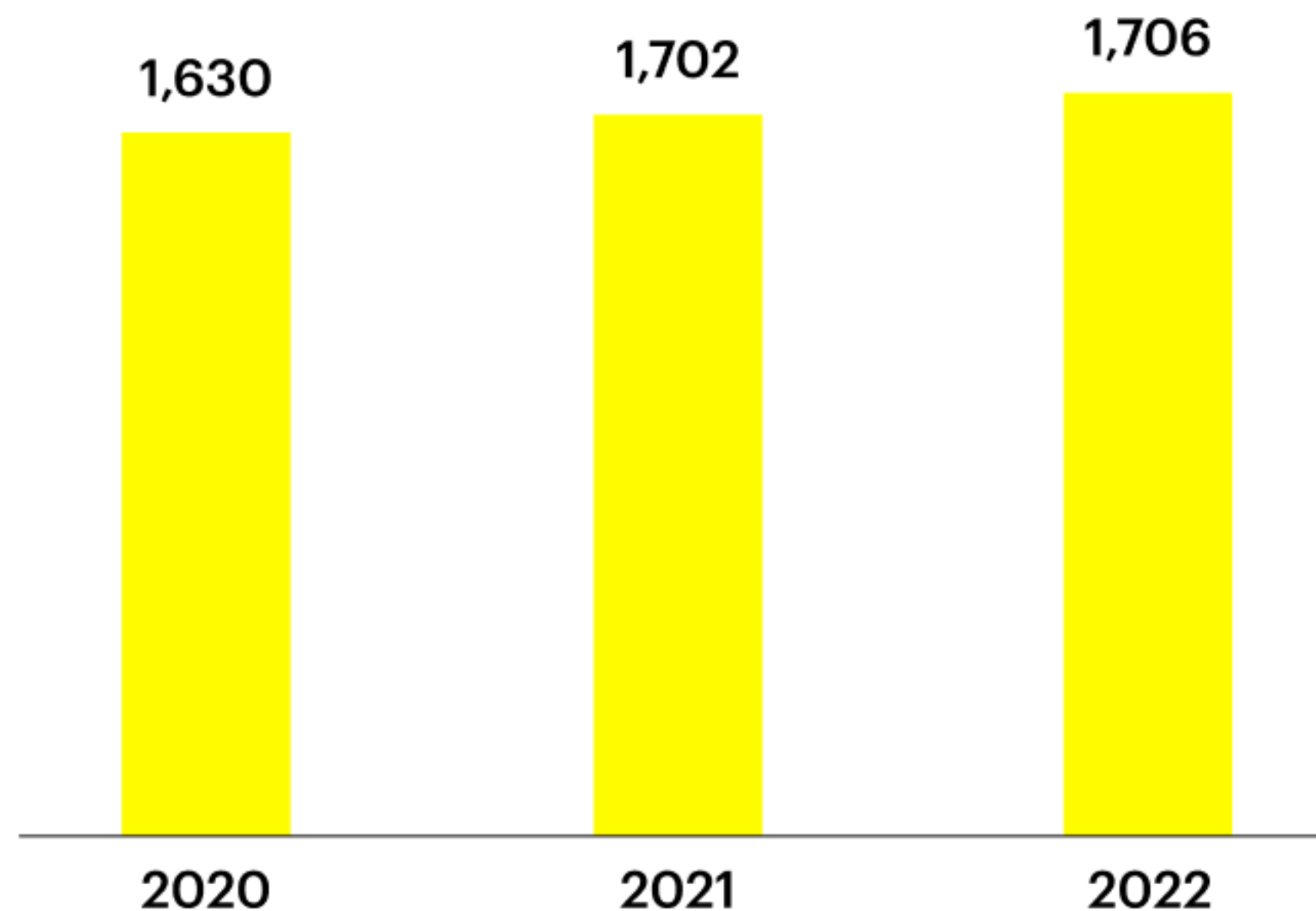
Shareholder Return

Opportunistic share repurchases

Protect long-term value for shareholders

Careful Management of SBC to Build Shareholder Value

Fully Diluted Shares Outstanding¹ (M)



Disciplined Management of SBC

- In the near term with our valuation well below our anticipated long-term value, we have been opportunistic in the use of share repurchases to offset dilution and protect long term value.
- Over any multi-year period of time, we prefer to see dilution under 3%.

¹ We define fully diluted shares outstanding as the sum of common shares outstanding and shares underlying stock-based awards. Shares underlying stock-based awards include restricted stock units, restricted stock awards, and outstanding stock options.

Long-Term Value Creation



Path to 1 billion MAU over the next two to three years



Reprioritized investments and clear path to Adjusted EBITDA profitability and positive free cash flow



Executing against our plan to improve our DR business in order to take share



Innovate to drive growth in content engagement



Diversifying revenue sources



Well-positioned to lead in the next computing platform transition

Appendix

Non-GAAP Financial Measures Reconciliation

(in thousands, unaudited)

	2020	2021	2022
Adjusted EBITDA Reconciliation			
Net income (loss)	\$ (944,839)	\$ (487,955)	\$ (1,429,653)
Add (deduct):			
Interest income	(18,127)	(5,199)	(58,597)
Interest expense	97,228	17,676	21,459
Other (income) expense, net	(14,988)	(240,175)	42,529
Income tax (benefit) expense	18,654	13,584	28,956
Depreciation and amortization	86,744	119,141	186,434
Stock-based compensation expense	770,182	1,092,135	1,353,283
Payroll and other tax expense related to stock-based compensation	50,309	107,479	44,213
Restructuring charges ¹	—	—	188,949
Adjusted EBITDA²	\$ 45,163	\$ 616,686	\$ 377,573

	2020	2021	2022
Free Cash Flow Reconciliation			
Net cash provided by (used in) operating activities	\$ (167,644)	\$ 292,880	\$ 184,614
Less:			
Purchases of property and equipment	(57,832)	(69,875)	(129,306)
Free Cash Flow³	\$ (225,476)	\$ 223,005	\$ 55,308

¹Restructuring charges in 2022 were composed primarily of severance and related charges of \$97 million, stock-based compensation expense, lease exit and related charges, impairment charges, contract termination charges, and intangible asset amortization. These charges are non-recurring and not reflective of underlying trends in our business.

²Adjusted EBITDA is a non-GAAP measure, which we define as net income (loss), excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; and certain other non-cash or non-recurring items impacting net income (loss) from time to time.

³Free Cash Flow is a non-GAAP measure, which we define as net cash provided by (used in) operating activities, reduced by purchases of property and equipment.

