

Snap Inc.

Q1 2022 Earnings Slides

April 21, 2022

Forward-Looking Statements & Non-GAAP Financial Measures

This presentation contains forward-looking statements 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, and objectives of management for future operations, 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.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this presentation on our current expectations and projections about future events and trends, including our financial outlook, geo-political conflicts, and the COVID-19 pandemic, that we believe may affect our business, financial condition, results of operations, and prospects. These forward-looking statements are subject to risks, uncertainties, and other factors, including those described in the sections titled “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 the period covered by this presentation and other filings that we make from time to time with the SEC.

In addition, the forward-looking statements in this presentation relate only to events as of the date on which the statements are made and are based on information available to us as of the date of this presentation. 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 geo-political conflicts and the COVID-19 pandemic, 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, mergers, dispositions, joint ventures, or investments.

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.

First Quarter Financial Highlights

Revenue	<ul style="list-style-type: none">• Revenue increased 38% year-over-year to \$1,063 million in Q1 2022.• Average revenue per user increased 17% YoY to \$3.20 in Q1 2022.
Operating Performance	<ul style="list-style-type: none">• Operating margin improved to (26)% in Q1 2022, compared to (39)% in Q1 2021.• Adjusted gross margin¹ improved to 61% in Q1 2022, compared to 47% in Q1 2021.• Net loss was \$360 million, compared to \$287 million in Q1 2021.• Adjusted EBITDA was \$64 million, compared to \$(2) million in Q1 2021.• Adjusted EBITDA margin² improved to 6% in Q1 2022, compared to 0% in Q1 2021.
Cash	<ul style="list-style-type: none">• Operating cash flow was \$127 million, compared to \$137 million in Q1 2021.• Free Cash Flow was \$106 million, compared to \$126 million in Q1 2021.• Ending cash, cash equivalents, and marketable securities were \$5.0 billion as of March 31, 2022.

¹Excludes stock-based compensation expense and other payroll related tax expense, depreciation and amortization, and certain other non-cash or non-recurring items impacting net income (loss) from time to time.

²We define Adjusted EBITDA margin as Adjusted EBITDA divided by GAAP revenue. See Appendix for reconciliation of net loss to Adjusted EBITDA.

Quarterly information is unaudited.

Numbers throughout presentation may not foot due to rounding.

Business Highlights

The Snapchat community is active, engaged, and growing:

- DAUs were 332 million in Q1 2022, an increase of 52 million, or 18%, year-over-year.
- DAUs increased sequentially and year-over-year in each of North America, Europe, and Rest of World.

We invested and innovated in our augmented reality platform:

- Over 250 million Snapchatters engaged with augmented reality every day on average.
- Snapchatters engaged with Valentine’s Day Lenses over 9 billion times, which is more than twice as much as last year.
- Snapchatters played with Lenses created by our community more than twice as much compared with Q1 2021.
- We launched Custom Landmarkers in Lens Studio, allowing creators to build location-based Lenses to anchor Lenses to local places they care about—from statues to storefronts—to tell richer stories about their communities through AR.
- In partnership with Tukwini Mandela and Black Cultural Archives, we released our “Hidden Black Stories” Local Lens, transforming Trafalgar Square into an AR experience that showcases key moments, figures, and stories from Black British History.
- To celebrate Lunar New Year, we released an AR Lens showcasing the first independent Asian-American bookshop in New York City as well as a Lens using our Sky Segmentation technology to overlay a tiger jumping through the clouds.

Business Highlights (continued)

We grew our content offerings:

- Total daily time spent by Snapchatters aged 25 and older engaging with shows and publisher content increased by more than 25% year-over-year.
- We expanded our global content offering by partnering with News UK, TF1 and Le Monde in France, and MBC and Al Arabiya in the Middle East.
- We recently announced Dynamic Stories, a new Discover format that allows publishers to automatically create Stories based on news they publish online to help Snapchatters learn about the world as it happens—early partners include GQ, Vogue, CNN, ESPN, and The Wall Street Journal.
- Six Discover partners reached over 100 million global viewers each in Q1 2022.
- Over 10 million viewers have watched “Breakwater,” our new Snap Original about a dystopian future caused by climate change that featured episodic AR Lenses in partnership with Verizon, helping Snapchatters to immerse themselves in the show.
- We observed a 350% increase in the number of Spotlight submissions using creative tools or Lenses compared with Q1 2021.

We expanded our product and partner ecosystem:

- In Q1 2022, Snapchatters opened Places from the Snap Map more than twice as much as Q1 2021.
- We released Live Location, a new safety feature for our Snap Map that allows users to share their precise location with a chosen list of friends and family for a specified duration.
- We added several new features to our Communications platform, including Chat Replies, Bitmoji Reactions, and Poll Stickers.
- We partnered with Discover publisher Wave Sports + Entertainment to launch their Gym Heroes Mini, a social fitness experience on Snapchat that offers original daily fitness challenges and full workouts curated by experts.
- We introduced Outfit Sharing, making it easier for Snapchatters to share their Bitmoji outfits with friends directly from their Profile.

Business Highlights (continued)

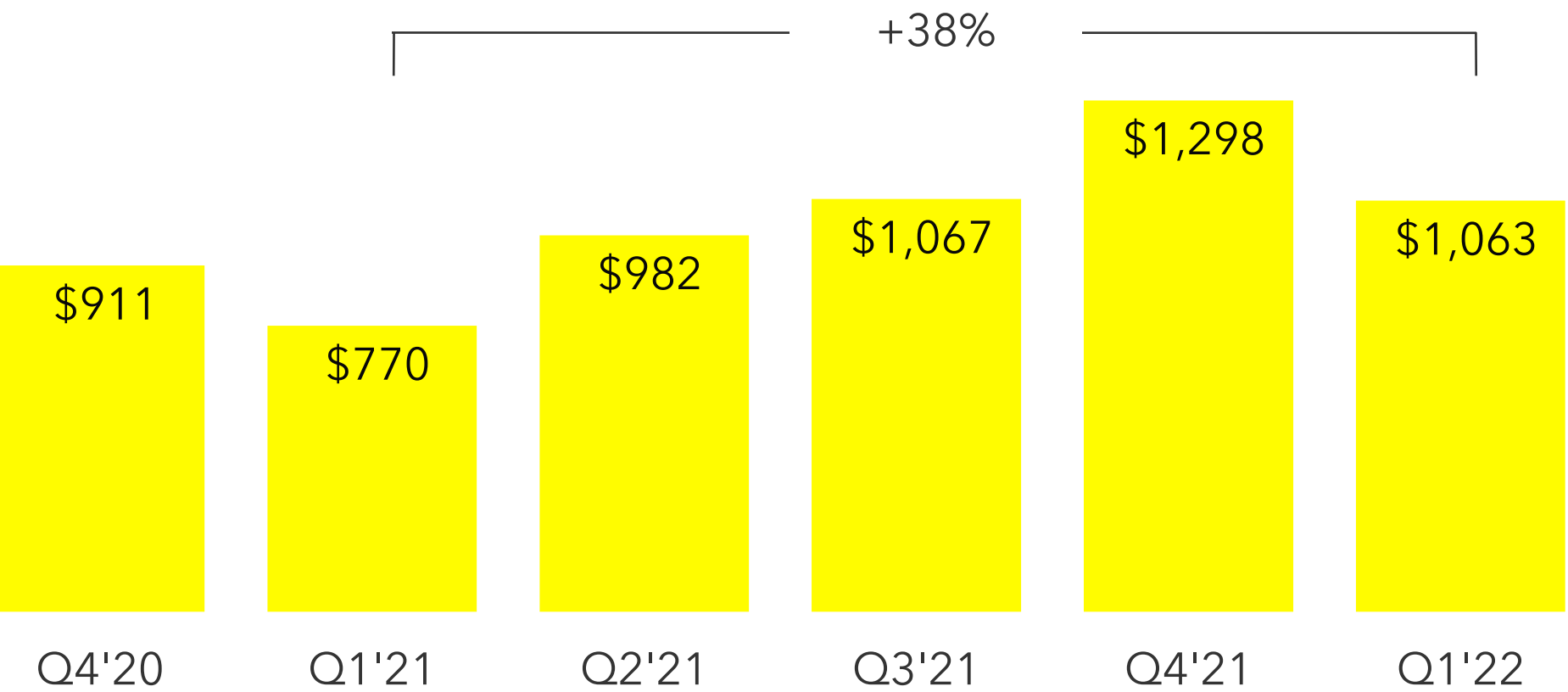
We expanded our offering for advertisers:

- Online retail platform GOAT uploaded two AR shoe try-on Lenses to its Public Profile, and saw over 1 million plays in the first week alone.
- Revenue from Dynamic Ads more than tripled year-over-year, as we have increasingly seen advertisers leverage their product catalogs to automatically create ads in real time.
- We launched our first AR certification on Snap Focus, a five-part online course teaching advertisers how to build, scale, optimize, and measure AR Lens campaigns for a variety of marketing objectives.
- We announced mid-roll ads in Snap Star Public Stories, allowing select Creators to participate in a mid-roll ad revenue sharing program in Stories.
- We published our latest Snapchat Generation Report, providing advertisers with key insights into how Snapchatters are using the app, what makes them happy, and their shopping habits.

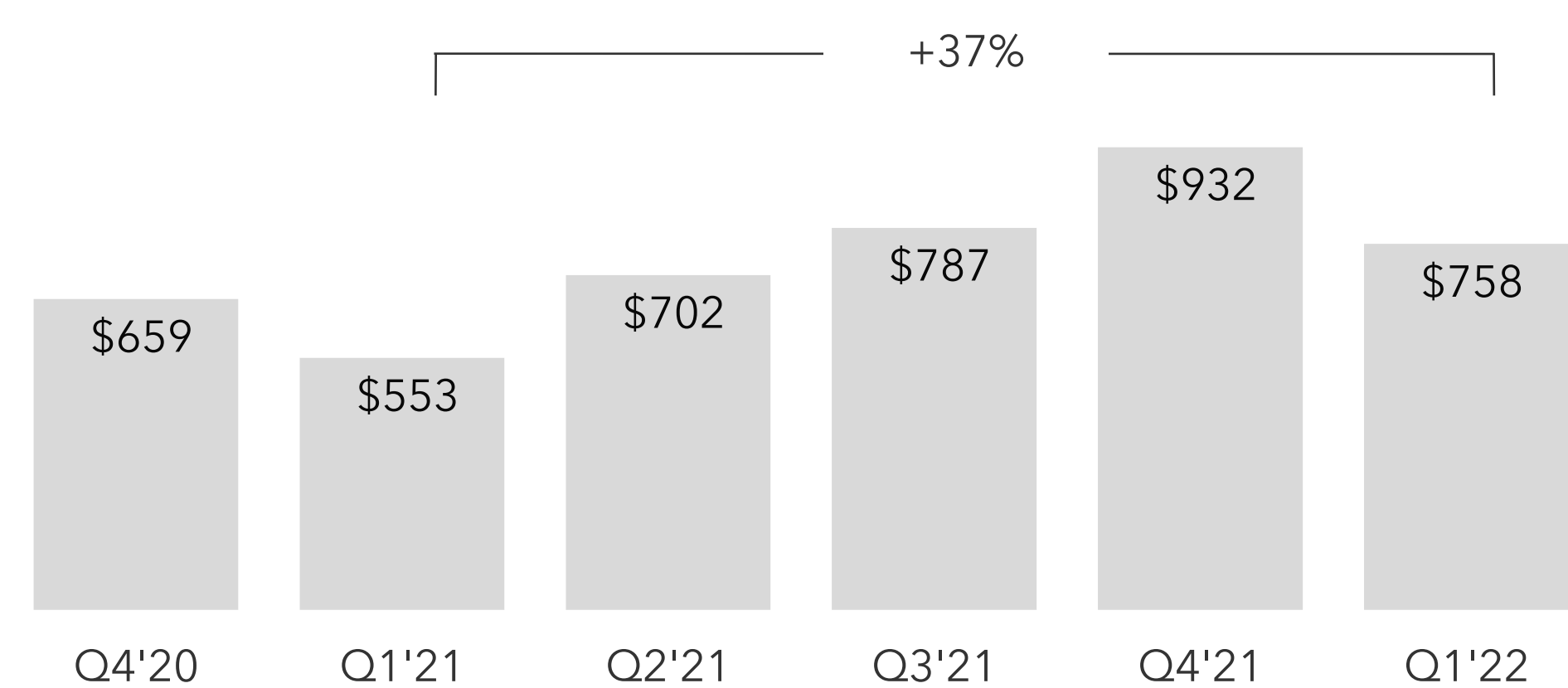
Revenue by Geography

(in millions, unaudited)

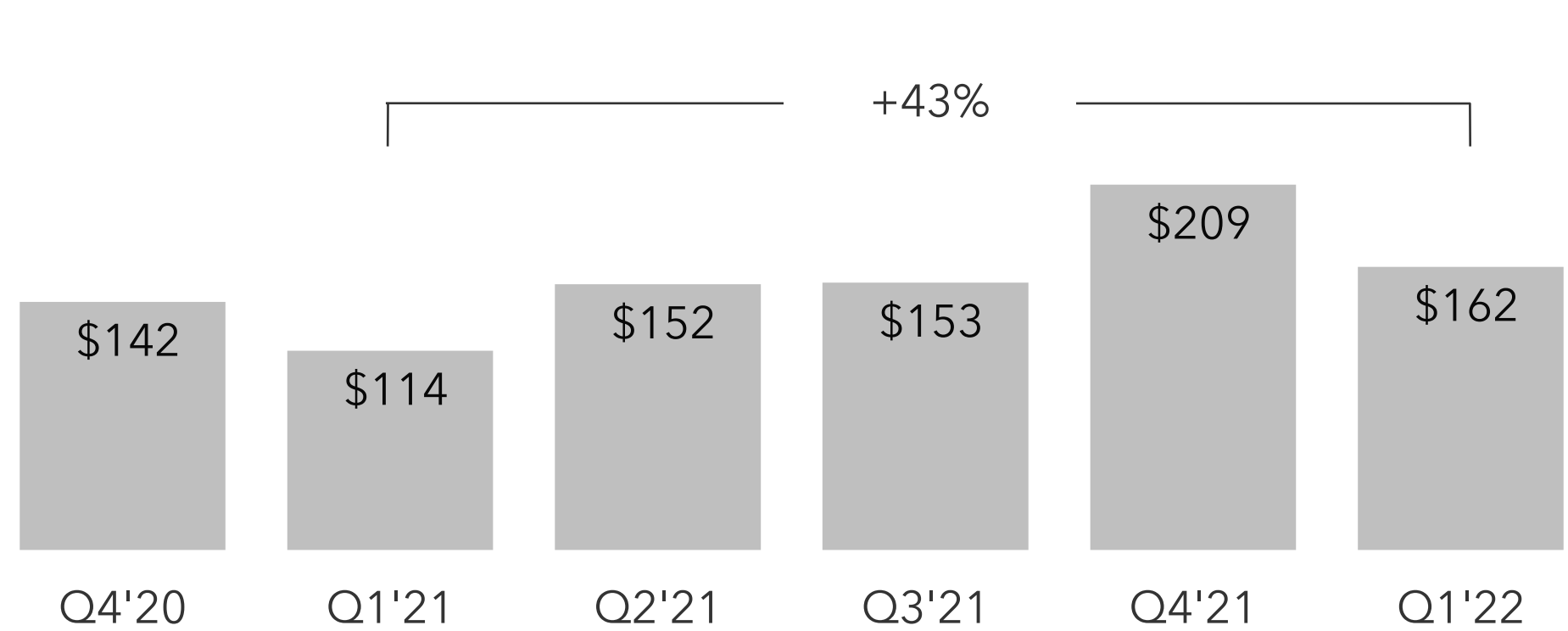
GLOBAL



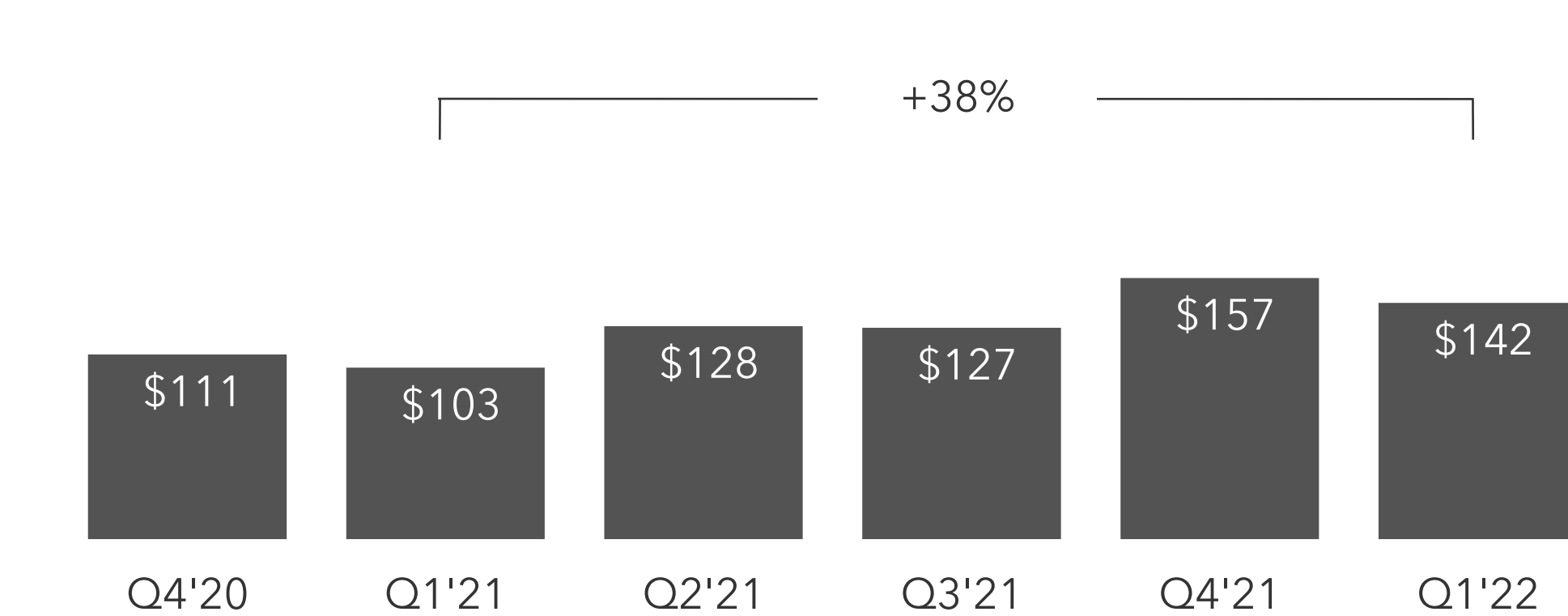
NORTH AMERICA¹



EUROPE²



REST OF WORLD



Total revenue for geographic reporting 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 is consistent with how we determine ARPU.

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

²Europe includes Russia and Turkey.

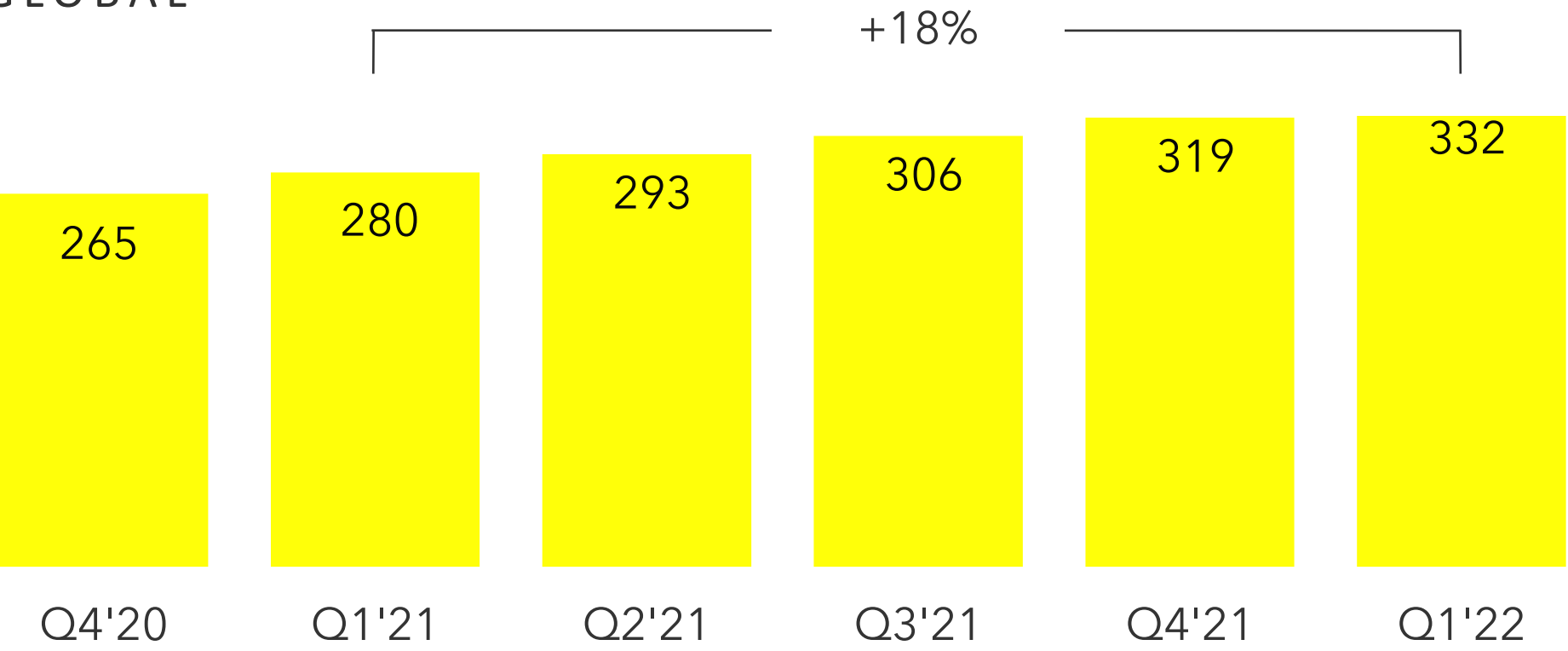
Numbers throughout presentation may not foot due to rounding.

Q1'22 REVENUE INCREASED 38% YoY TO \$1,063 MILLION
TRAILING TWELVE MONTHS REVENUE INCREASED 57% YoY TO \$4,410 MILLION

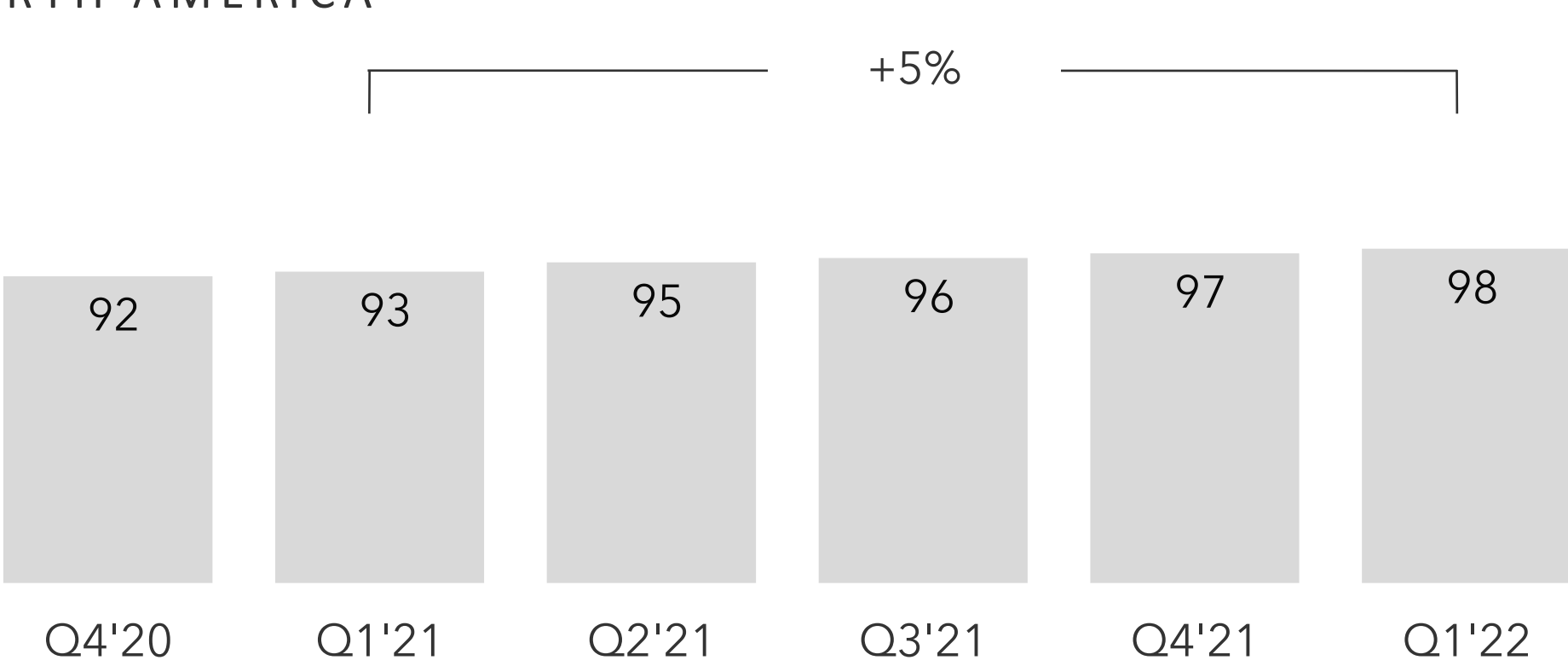
Average Daily Active Users (DAU)

(in millions, unaudited)

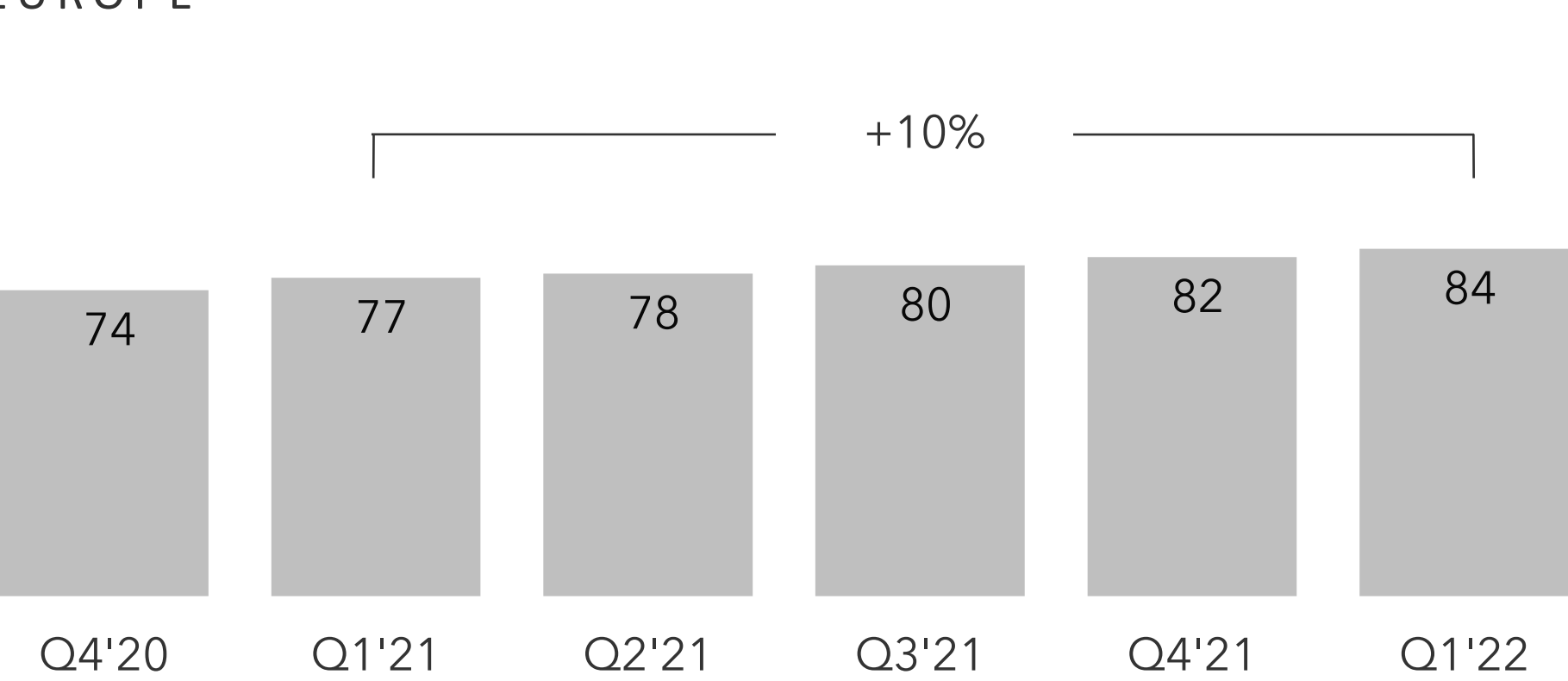
GLOBAL



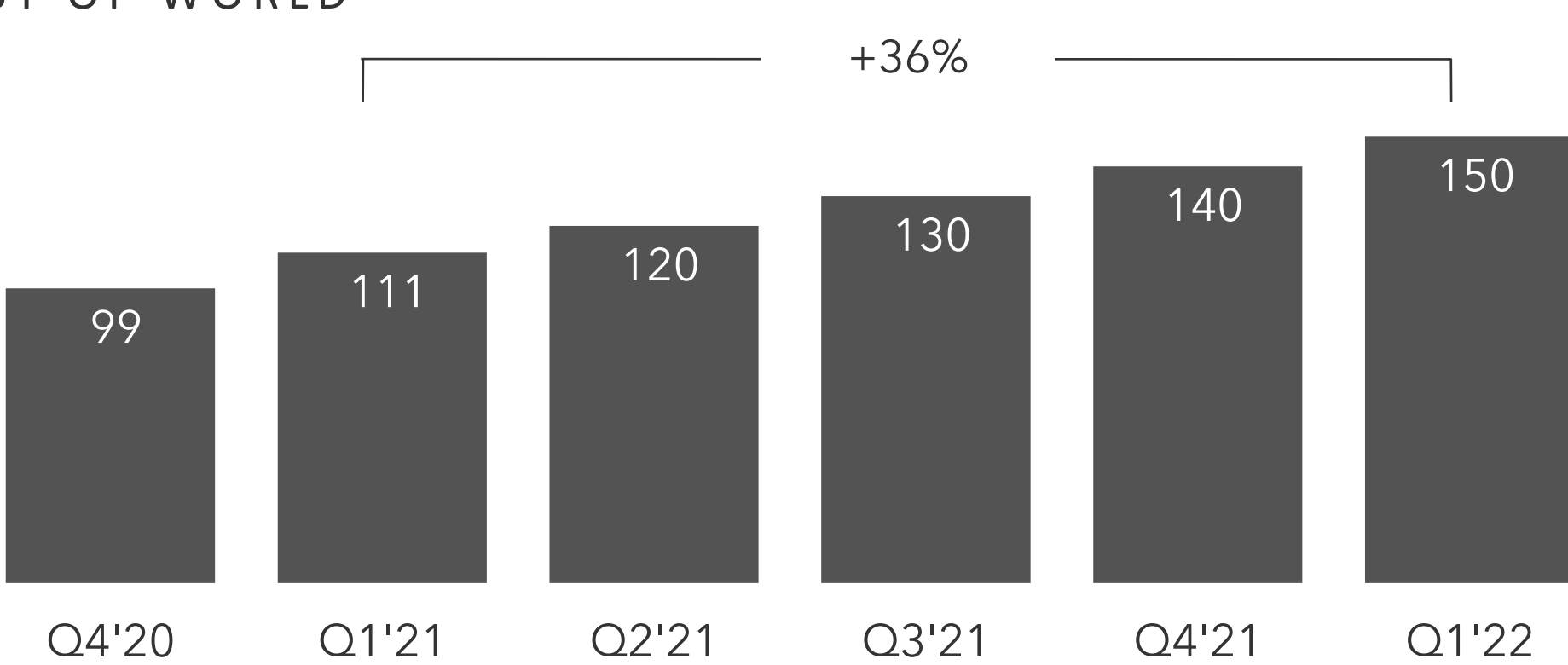
NORTH AMERICA¹



EUROPE²



REST OF WORLD



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.

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

²Europe includes Russia and Turkey.

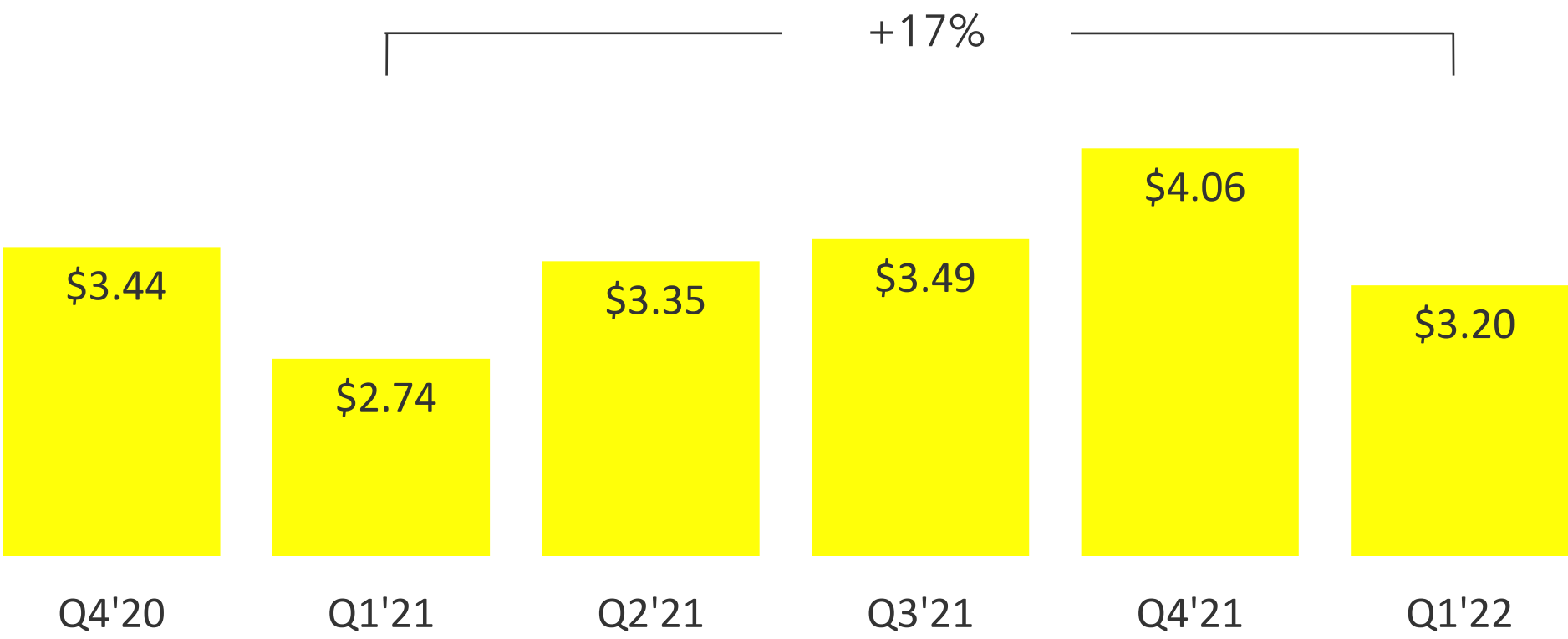
Numbers throughout presentation may not foot due to rounding.

GLOBAL DAU INCREASED 52 MILLION, OR 18%, YoY

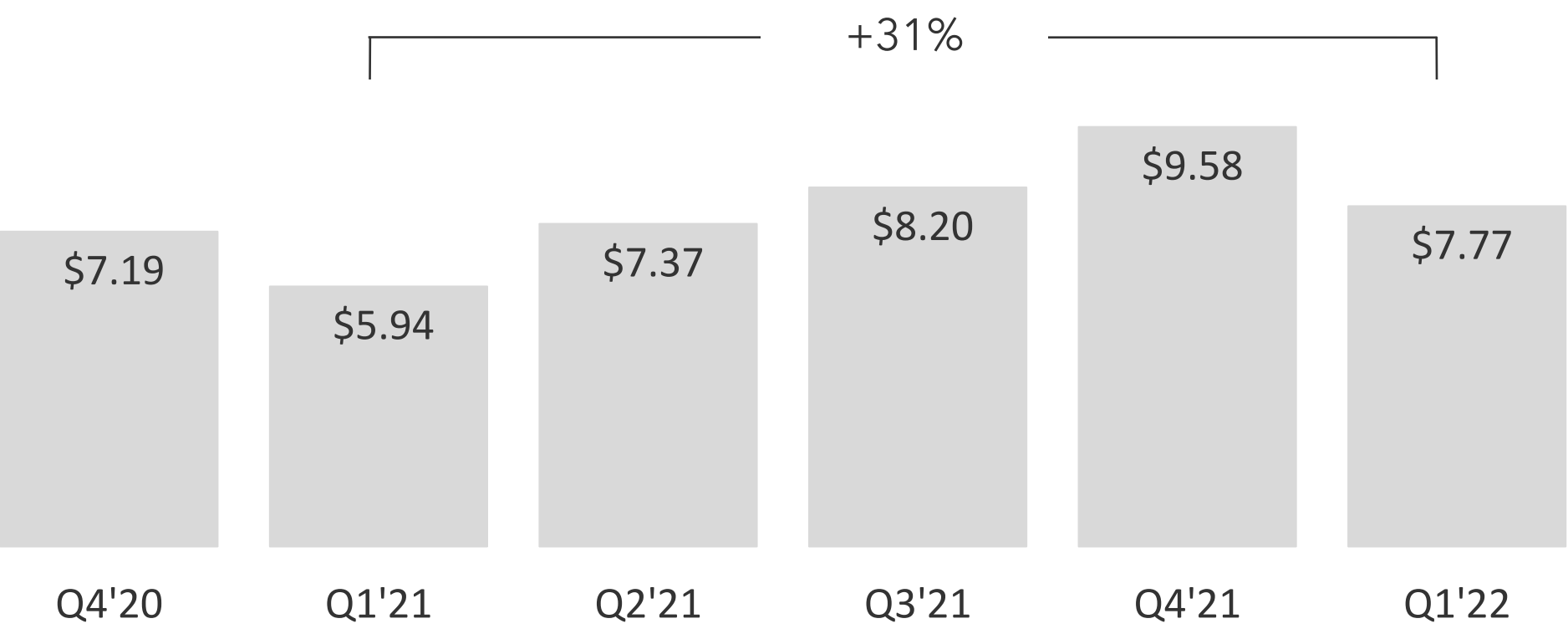
Average Revenue Per User (ARPU)

(unaudited)

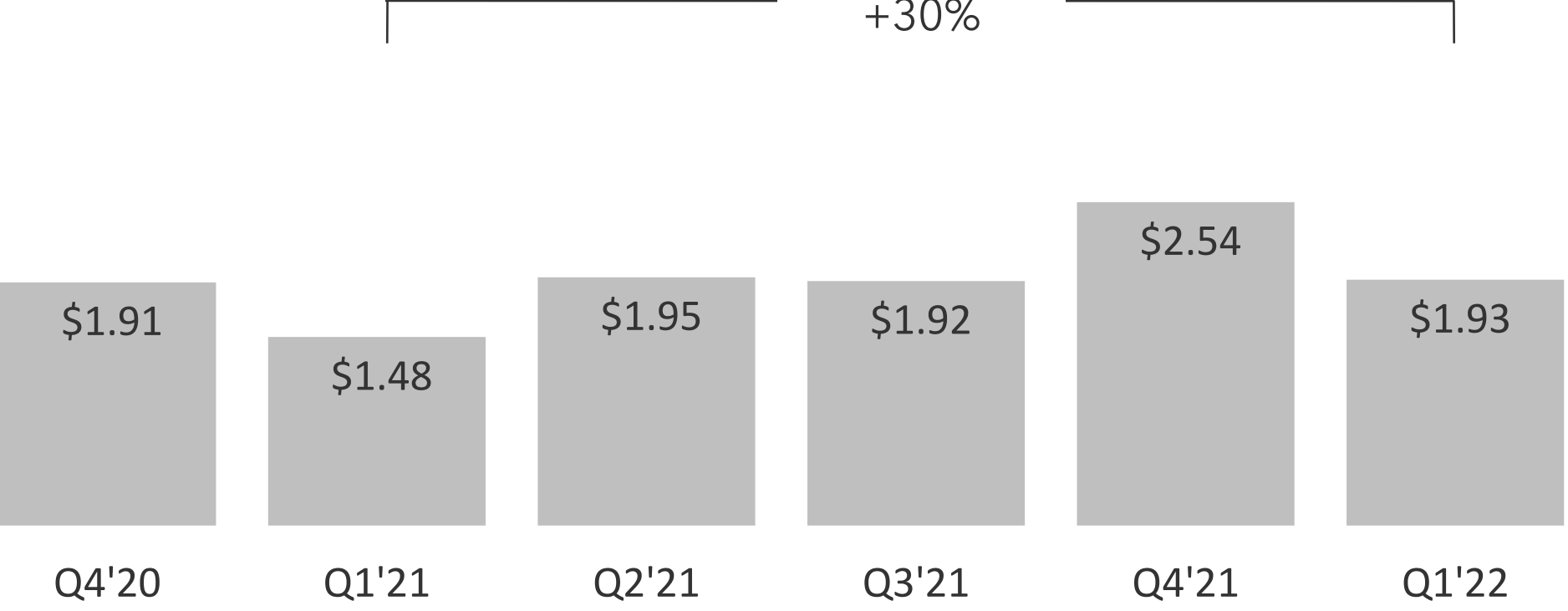
GLOBAL



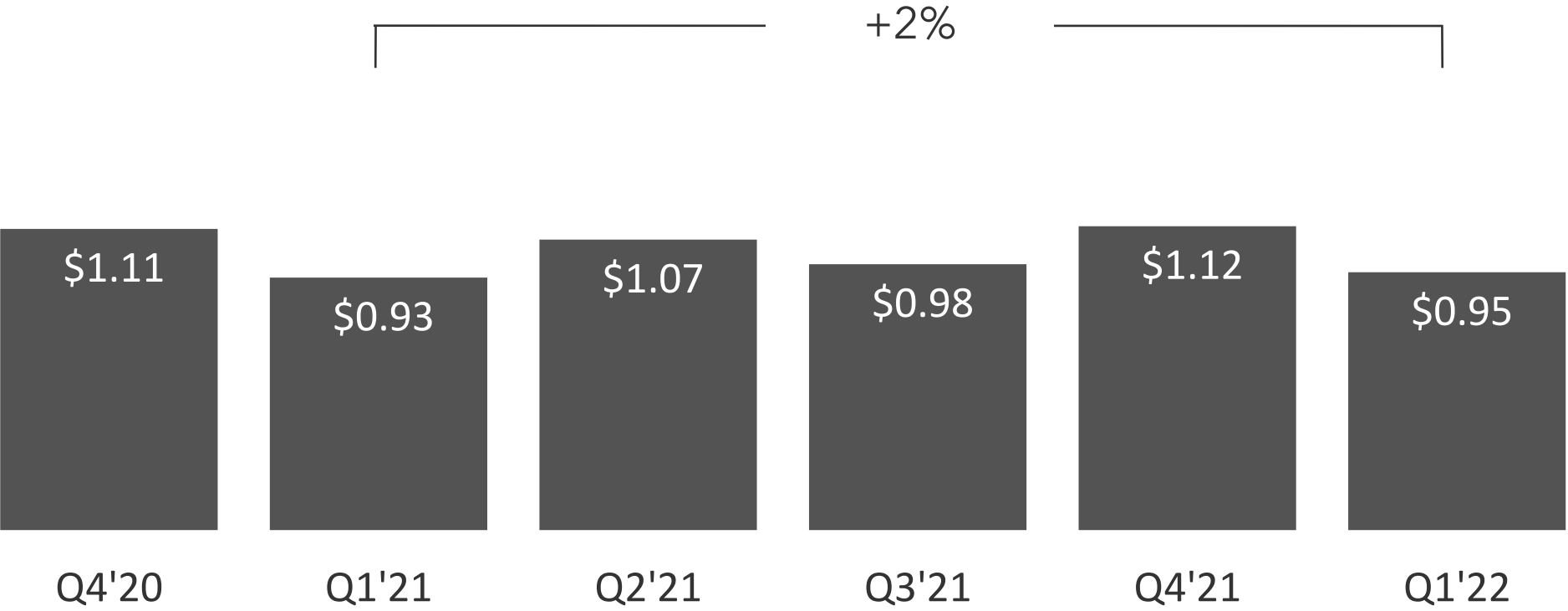
NORTH AMERICA¹



EUROPE²



REST OF WORLD



We define ARPU as quarterly revenue divided by the average Daily Active Users. 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.

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

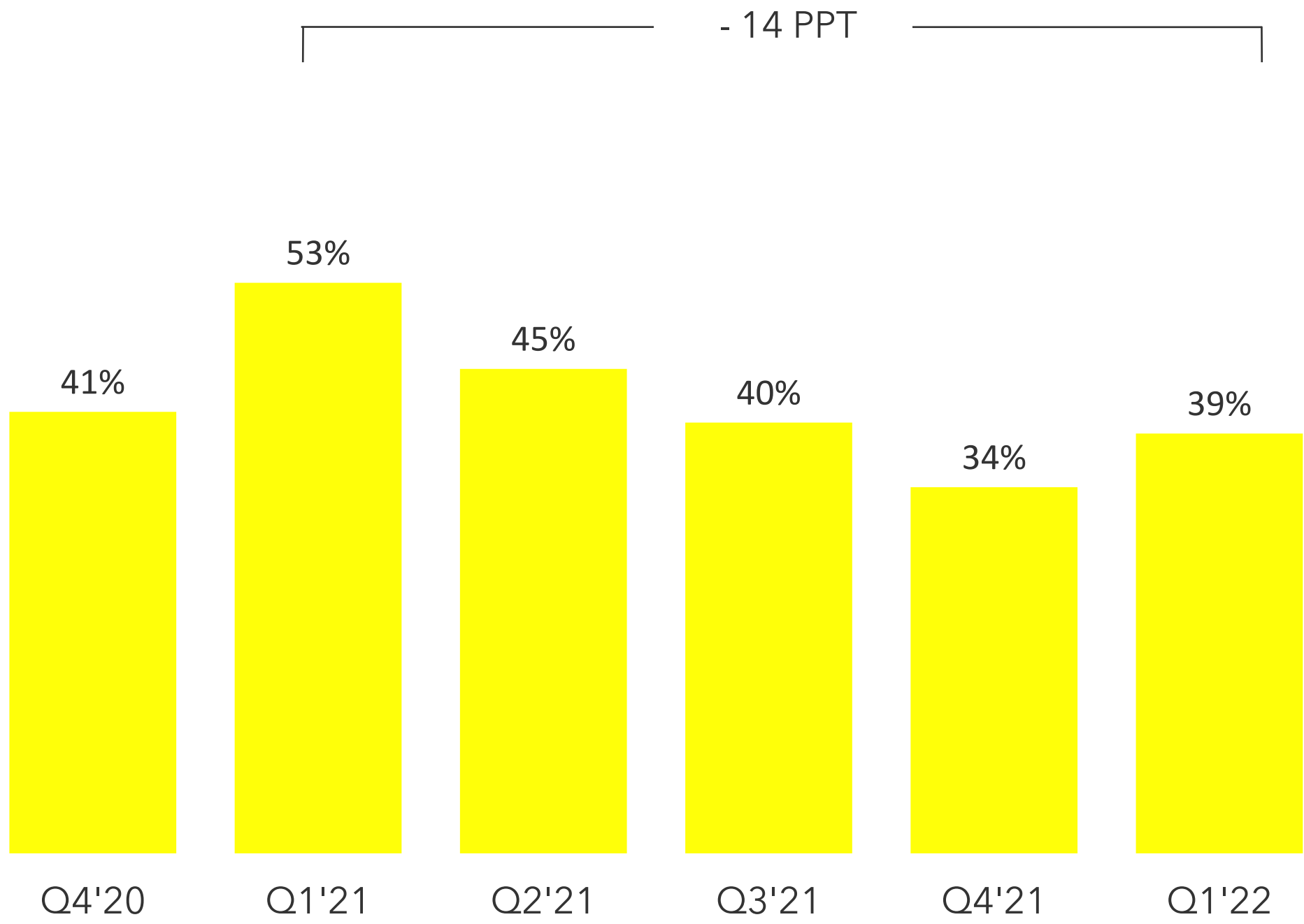
²Europe includes Russia and Turkey.

Numbers throughout presentation may not foot due to rounding.

GLOBAL ARPU INCREASED 17% YoY
NORTH AMERICA ARPU INCREASED 31% YoY

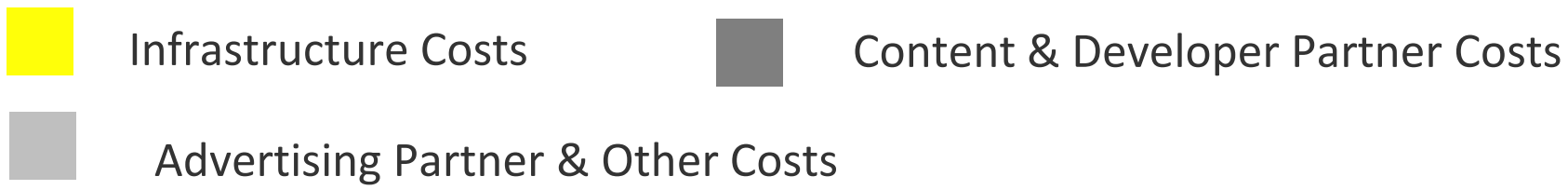
Adjusted Cost of Revenue¹

ADJUSTED COST OF REVENUE AS A % OF REVENUE



Adjusted Gross Margin ¹	59%	47%	55%	60%	66%	61%
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COST OF REVENUE COMPOSITION²
(in millions, unaudited)



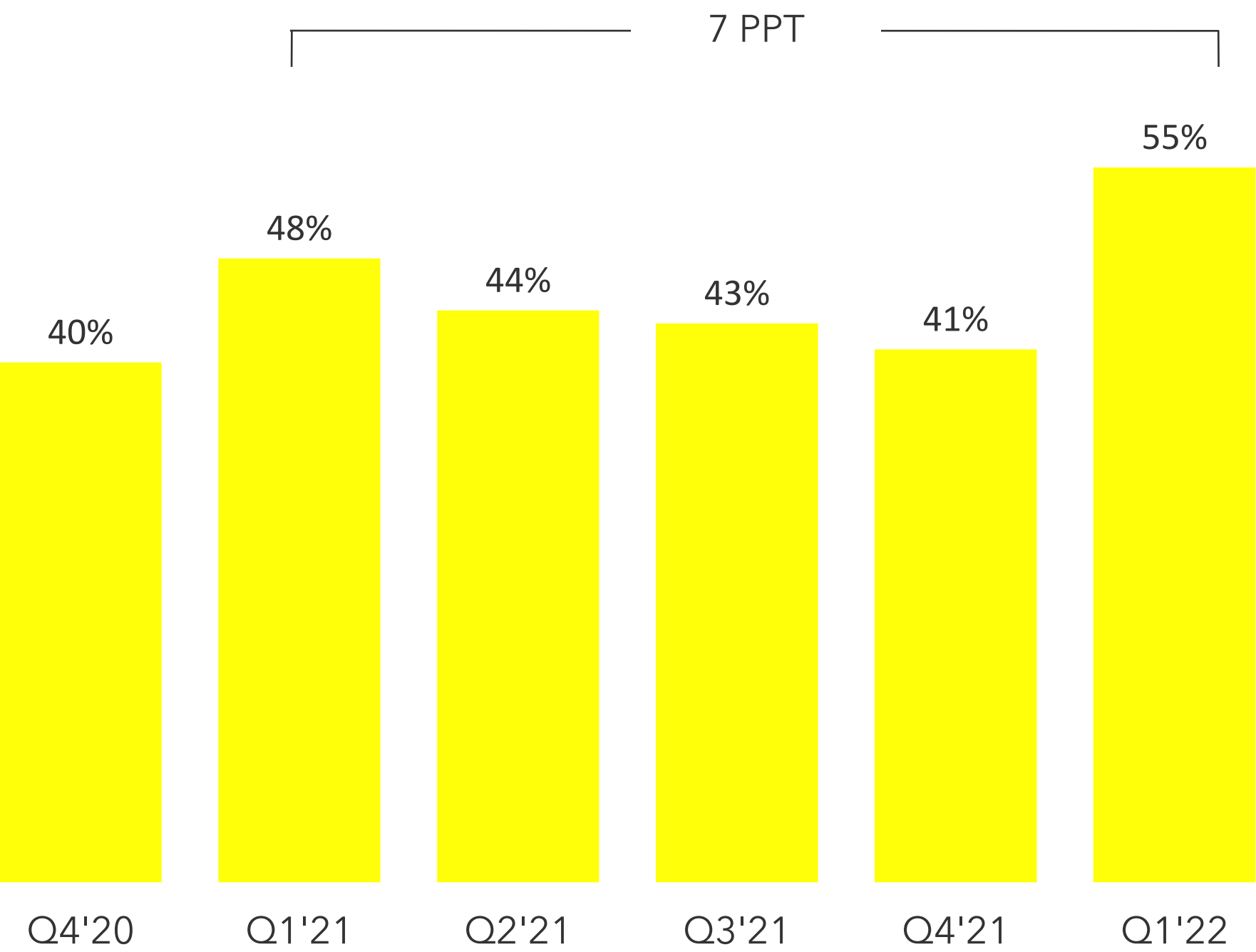
Total Non-GAAP Exclusions ¹	\$9	\$8	\$8	\$14	\$8	\$8
Total GAAP Cost of Revenue	\$386	\$413	\$445	\$443	\$449	\$421

¹Excludes stock-based compensation expense and other payroll related tax expense, depreciation and amortization, and certain other non-cash or non-recurring items impacting net income (loss) from time to time.
²In Q1 2021, we updated the presentation of our cost of revenue composition.
Numbers throughout presentation may not foot due to rounding.

ADJUSTED GROSS MARGIN¹ IMPROVED 14 PPT YoY

Adjusted Operating Expenses¹

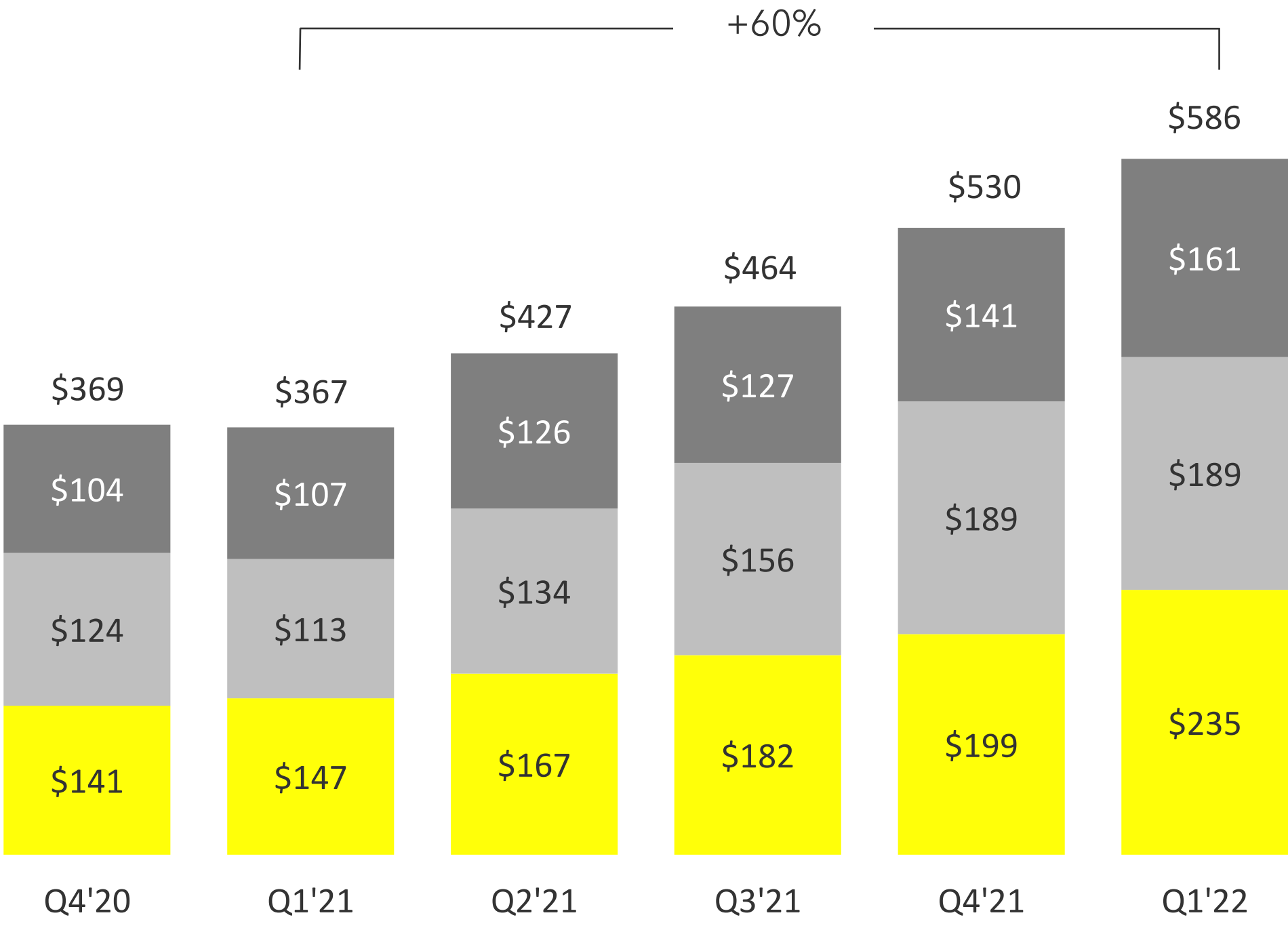
ADJUSTED OPERATING EXPENSES AS A % OF REVENUE



OPERATING EXPENSES COMPOSITION

(in millions, unaudited)

- Research and Development
- Sales and Marketing
- General and Administrative



Total Non-GAAP Exclusions¹

\$254 \$294 \$302 \$341 \$344 \$328

Total GAAP Operating Expenses

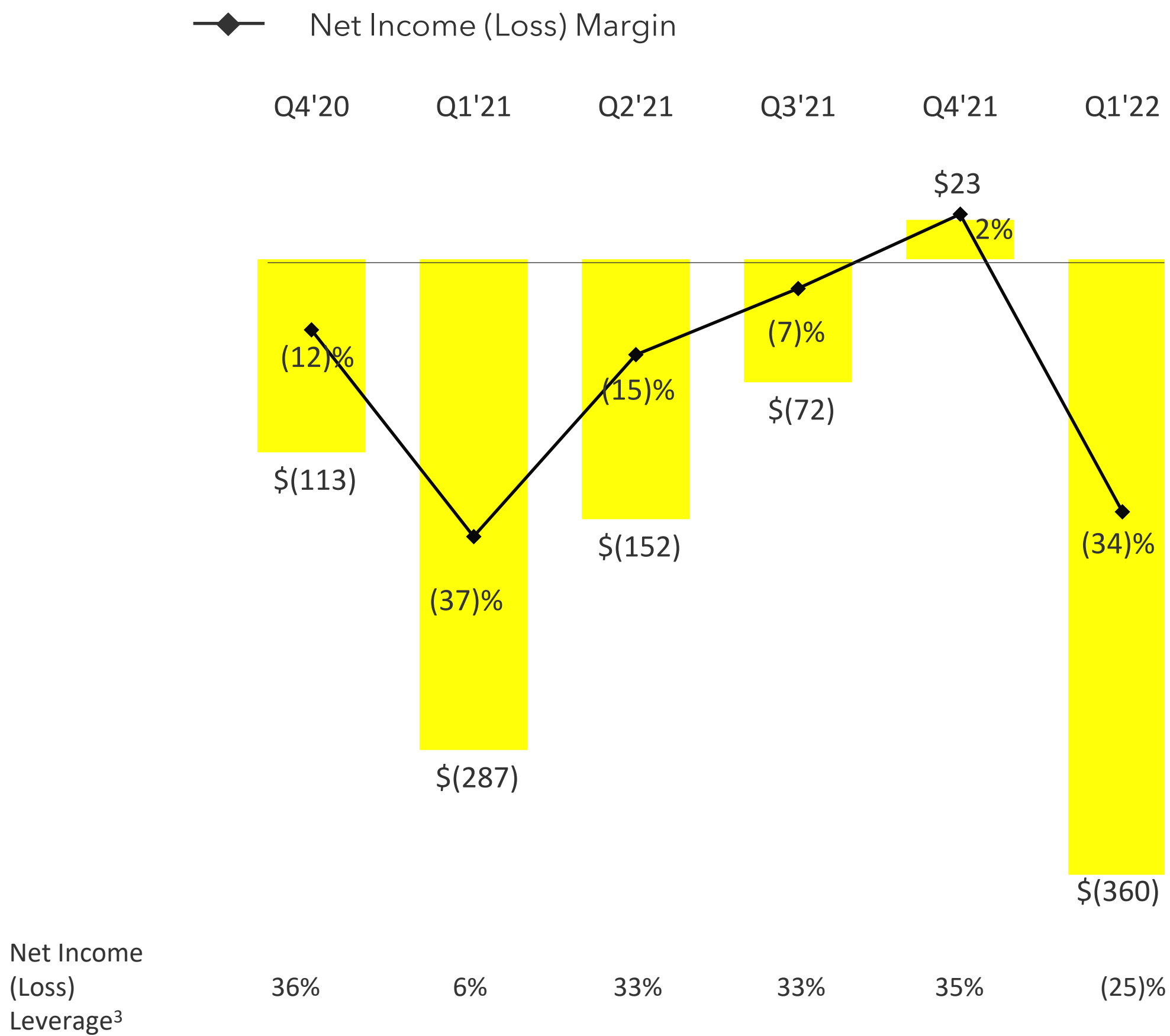
\$623 \$661 \$730 \$805 \$874 \$913

¹Excludes stock-based compensation expense and other payroll related tax expense, depreciation and amortization and certain other non-cash or non-recurring items impacting net income (loss) from time to time. Numbers throughout presentation may not foot due to rounding.

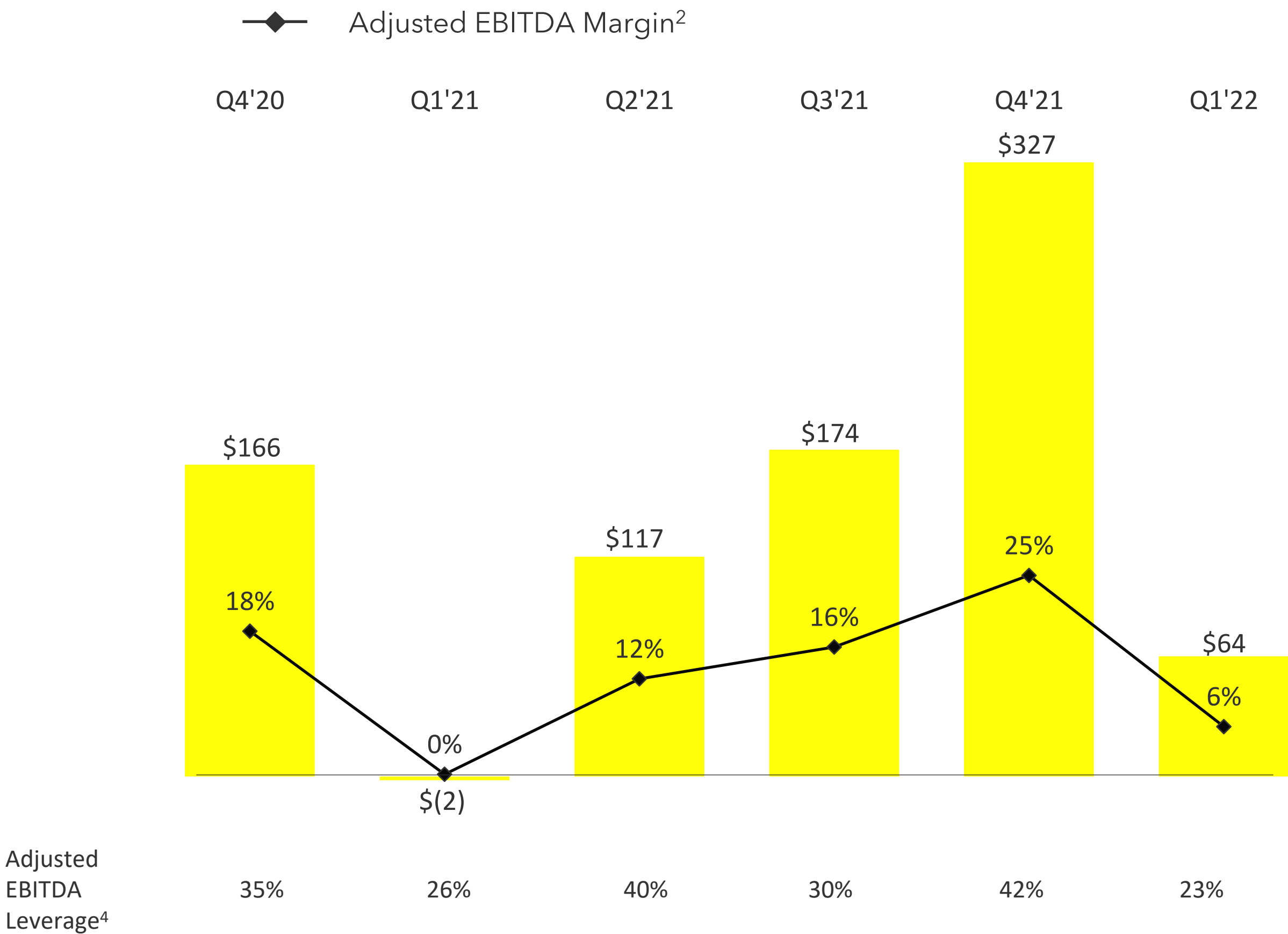
Net Income (Loss) & Adjusted EBITDA¹

(dollars in millions, unaudited)

NET INCOME (LOSS)



ADJUSTED EBITDA



¹We define Adjusted EBITDA as net income (loss), excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense and other payroll related tax expense; 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 We define Adjusted EBITDA margin as Adjusted EBITDA divided by GAAP revenue.

³We define Net Income (Loss) leverage as the year-over-year change in Net Income (Loss) divided by the year-over-year change in GAAP revenue.

⁴We define Adjusted EBITDA leverage as the year-over-year change in Adjusted EBITDA divided by the year-over-year change in GAAP revenue.

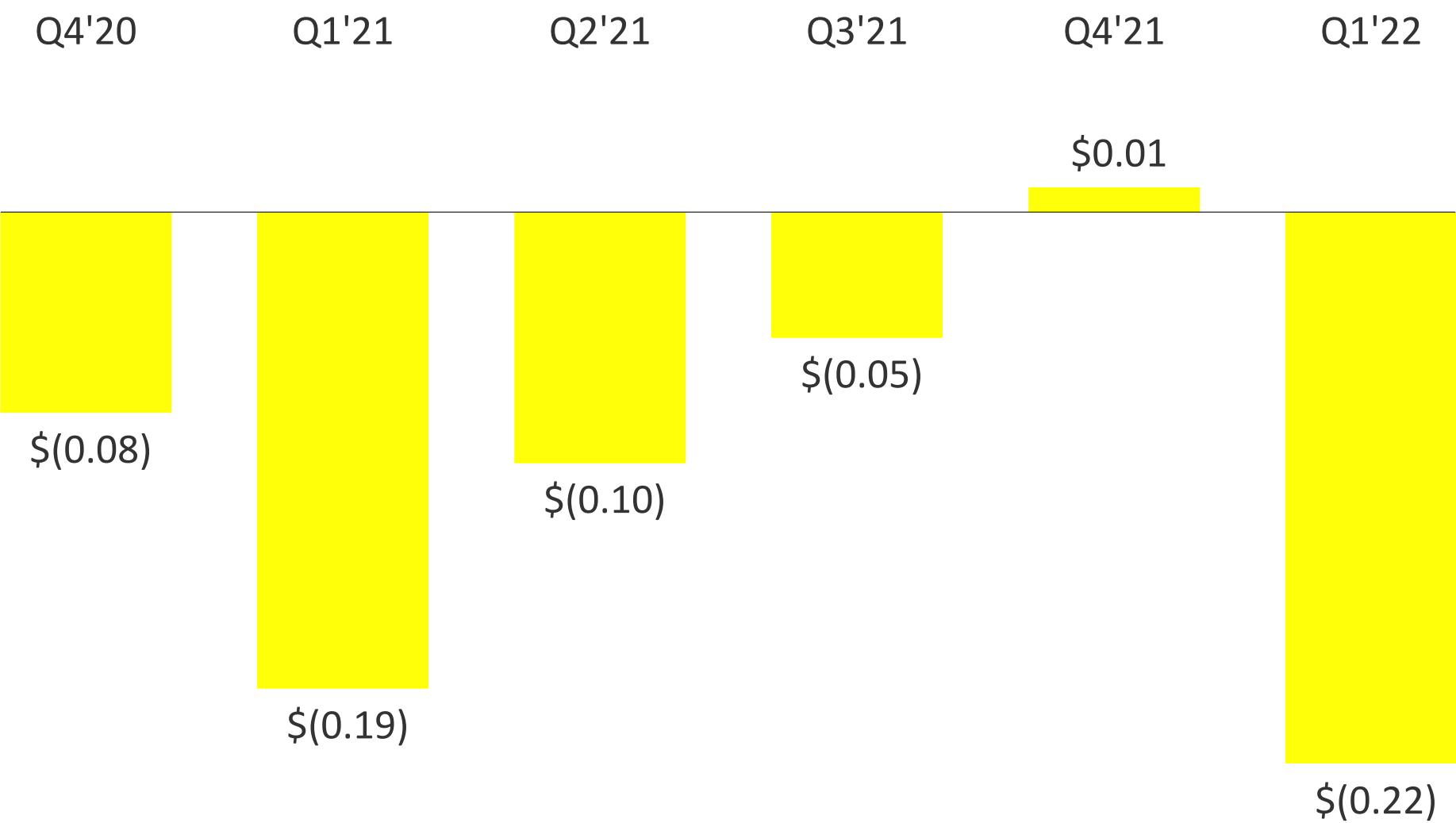
Numbers throughout presentation may not foot due to rounding.

ADJUSTED EBITDA WAS \$64 MILLION IN Q1 2022
TRAILING TWELVE MONTHS ADJUSTED EBITDA WAS \$683 MILLION

Diluted Net Income (Loss) Per Share & Common Shares Outstanding Plus Shares Underlying Stock-Based Awards

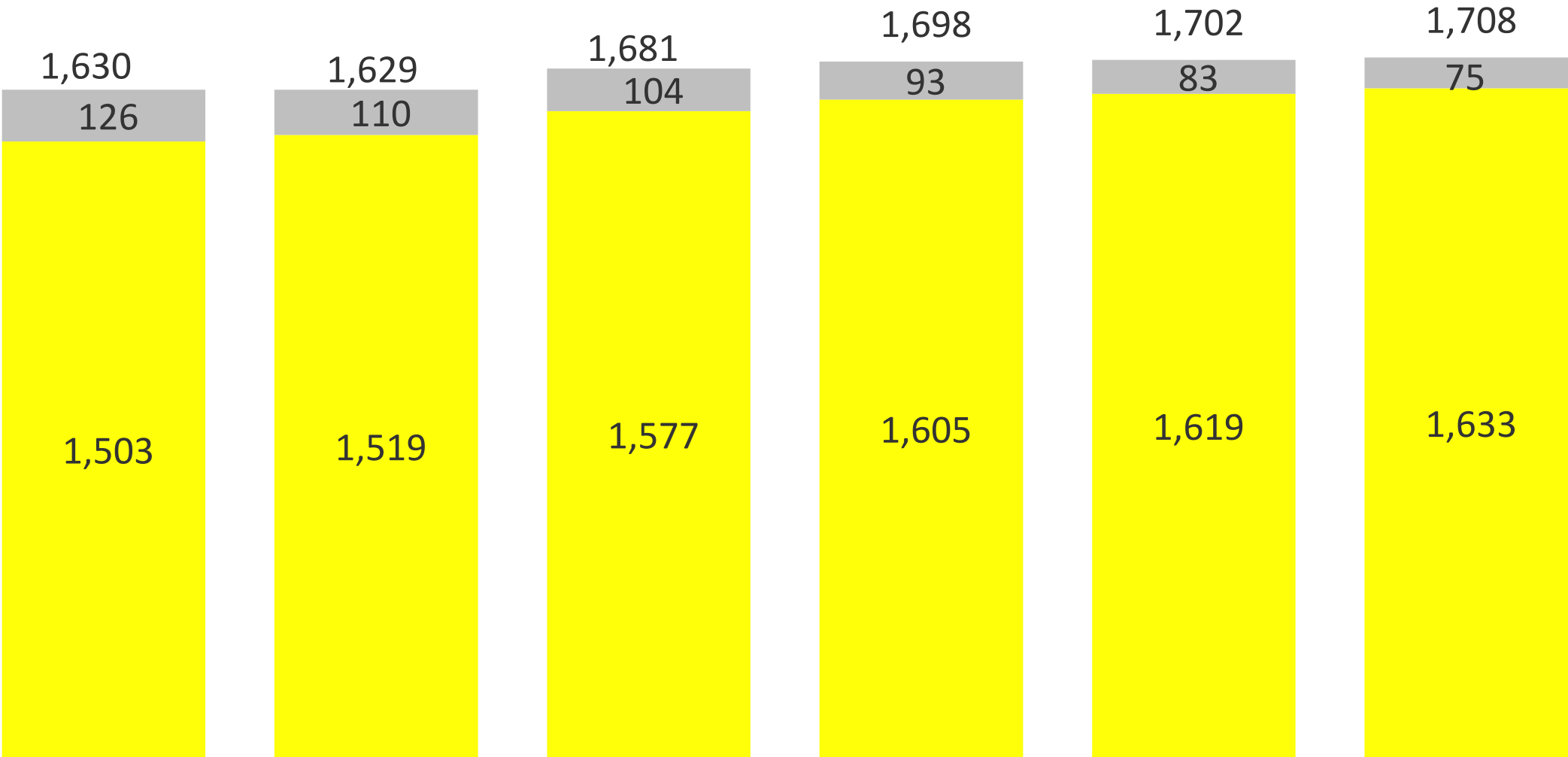
(in millions, except per share data, unaudited)

DILUTED NET INCOME (LOSS) PER SHARE ¹



COMMON SHARES OUTSTANDING PLUS SHARES UNDERLYING STOCK-BASED AWARDS

Common Shares Outstanding Shares Underlying Stock-Based Awards²



YoY Change

3.4% 2.6% 4.0% 4.6% 4.4% 4.8%

YoY Change excluding exchange shares³

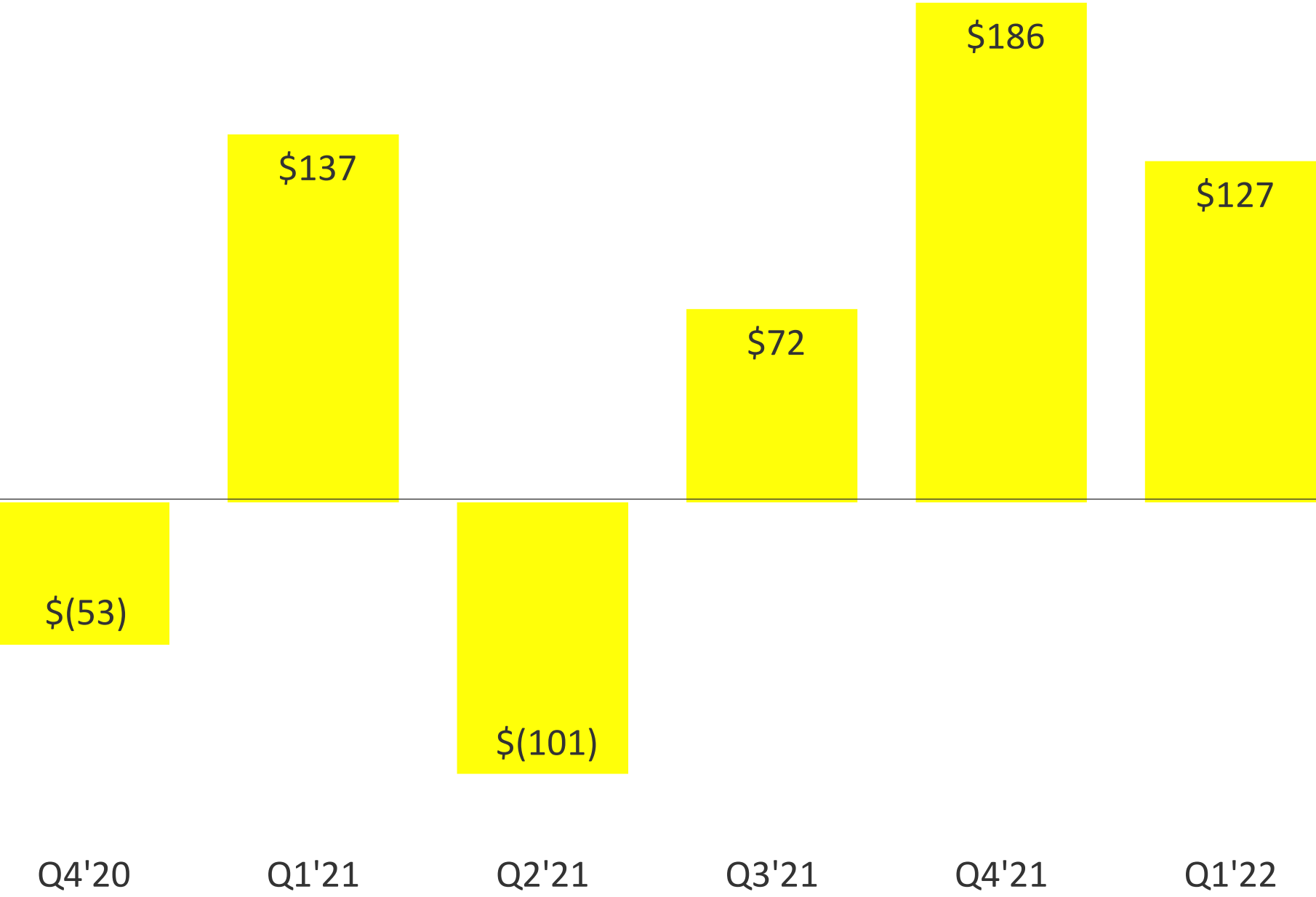
3.4% 2.6% 1.7% 1.3% 1.2% 1.3%

¹Diluted net loss per share is calculated using weighted average shares outstanding during the period. Diluted net income per share in Q4 includes 64 million shares in excess of weighted average shares outstanding during the period primarily related to unvested or unexercised stock-based awards.
²Shares underlying stock-based awards include restricted stock units, restricted stock awards, and outstanding stock options.
³YoY change in Q2 2021 excludes approximately 38 million shares, while YoY changes in Q3 2021, Q4 2021 and Q1 2022 exclude approximately 52 million shares issued as part of the induced conversions of convertible notes.
Numbers throughout presentation may not foot due to rounding.

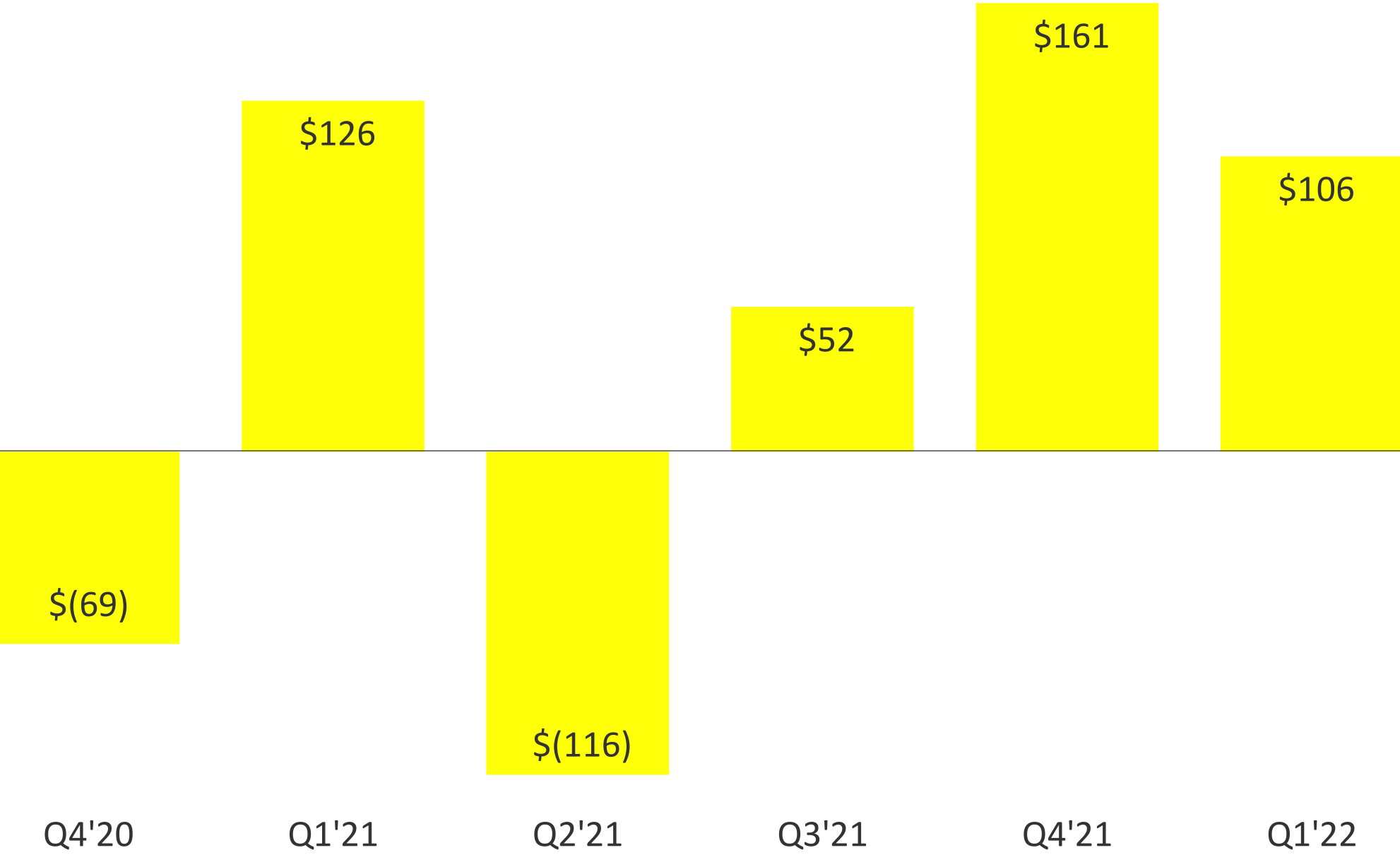
Operating Cash Flow and Free Cash Flow¹

(in millions, unaudited)

OPERATING CASH FLOW



FREE CASH FLOW



Capex	\$(16)	\$(11)	\$(15)	\$(20)	\$(25)	\$(21)	YoY Change	9%	2,835%	(41)%	174%	333%	(16)%
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¹We define Free Cash Flow 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.
Operating cash flow and free cash flow in Q4'20 includes a \$98 million payment for a non-recurring legal settlement related to a securities class action, accrued in 2019.
Numbers throughout presentation may not foot due to rounding.

THREE CONSECUTIVE QUARTERS OF POSITIVE OPERATING AND FREE CASH FLOW

Financial Guidance

The following forward-looking statements reflect our expectations for the second quarter of 2022 as of April 21, 2022, and are subject to substantial uncertainty. This guidance assumes constant foreign currency rates and, among other things, that no business acquisitions, divestitures, investments, exits, restructurings, or legal settlements are concluded in the quarter. Our results are based on assumptions that we believe to be reasonable as of this date, but may be materially affected by many factors, as discussed in “Forward-Looking Statements & Non-GAAP Financial Measures.”

Q2 2022 Outlook

- Revenue growth year-over-year is estimated to be between 20% and 25%.
- Adjusted EBITDA is estimated to be between breakeven and \$50 million.

Appendix

Non-GAAP Financial Measures Reconciliation – Quarterly

(in thousands, unaudited)

Three Months Ended						
	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022
Adjusted EBITDA Reconciliation						
Net income (loss)	\$ (113,099)	\$ (286,882)	\$ (151,664)	\$ (71,959)	\$ 22,550	\$ (359,624)
Add (deduct):						
Interest income	(1,969)	(1,137)	(1,251)	(1,257)	(1,554)	(3,123)
Interest expense	29,176	5,031	4,564	4,031	4,050	5,173
Other (income) expense, net	(29,471)	(22,058)	(42,282)	(112,631)	(63,204)	77,537
Income tax (benefit) expense	18,127	1,440	(1,879)	992	13,031	8,510
Depreciation and amortization	22,811	23,498	28,270	32,510	34,863	38,100
Stock-based compensation expense	219,882	237,073	256,600	300,898	297,564	275,444
Payroll and other tax expense related to stock-based compensation	20,152	41,326	25,045	21,615	19,493	22,451
Adjusted EBITDA²	\$ 165,609	\$ (1,709)	\$ 117,403	\$ 174,199	\$ 326,793	\$ 64,468

Three Months Ended						
	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022
Free Cash Flow Reconciliation						
Net cash used in operating activities	\$ (52,545)	\$ 136,886	\$ (101,086)	\$ 71,552	\$ 185,528	\$ 127,459
Less:						
Purchases of property and equipment	(16,447)	(10,851)	(14,623)	(19,836)	(24,565)	(21,175)
Free Cash Flow¹	\$ (68,992)	\$ 126,035	\$ (115,709)	\$ 51,716	\$ 160,963	\$ 106,284

¹ We define Free Cash Flow as net cash provided by (used in) operating activities, reduced by purchases of property and equipment.

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

Numbers throughout presentation may not foot due to rounding.

Non-GAAP Financial Measures Reconciliation - Quarterly (Continued)

(in thousands, except per share amounts, unaudited)

Three Months Ended												
	December 31, 2020		March 31, 2021		June 30, 2021		September 30, 2021		December 31, 2021		March 31, 2022	
Non-GAAP net income (loss) reconciliation												
Net income (loss)	\$	(113,099)	\$	(286,882)	\$	(151,664)	\$	(71,959)	\$	22,550	\$	(359,624)
Amortization of intangible assets		9,727		10,445		14,363		18,148		20,228		22,505
Stock-based compensation expense		219,882		237,073		256,600		300,898		297,564		275,444
Payroll and other tax expense related to stock-based compensation		20,152		41,326		25,045		21,615		19,493		22,451
Income tax adjustments		(511)		589		(199)		(208)		(374)		(61)
Non-GAAP net income (loss) ¹	\$	136,151	\$	2,551	\$	144,145	\$	268,494	\$	359,461	\$	(39,285)
Weighted-average common shares - Diluted ²		1,484,277		1,501,636		1,547,234		1,580,966		1,668,879		1,619,113
Three Months Ended												
	December 31, 2020		March 31, 2021		June 30, 2021		September 30, 2021		December 31, 2021		March 31, 2022	
Non-GAAP diluted net income (loss) per share reconciliation												
GAAP diluted net income (loss) per share	\$	(0.08)	\$	(0.19)	\$	(0.10)	\$	(0.05)	\$	0.01	\$	(0.22)
Non-GAAP adjustment to net income (loss)		0.17		0.19		0.20		0.22		0.21		0.20
Non-GAAP diluted net income (loss) per share ¹	\$	0.09	\$	0.00	\$	0.10	\$	0.17	\$	0.22	\$	(0.02)

¹ We define Non-GAAP Net income (loss) as net income (loss); excluding amortization of intangible assets; stock-based compensation expense and other payroll related tax expense; certain other non-cash or non-recurring items impacting net income (loss) from time to time; and related income tax adjustments. Non-GAAP Net Loss and weighted average diluted shares are then used to calculate Non-GAAP diluted net Income (loss) per share.

²Q4 2021 weighted average common shares used in computation of diluted EPS excludes Convertible Notes and Capped Call shares as they are anti-dilutive. Prior to Q4 2021, weighted average shares used in computation of diluted EPS primarily excluded unvested or unexercised stock-based awards, Convertible Notes, and Capped Call shares as they were anti-dilutive.

Numbers throughout presentation may not foot due to rounding.

2

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.

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.

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 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.

Note Regarding User Metrics and Other Data (Continued)

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.