

Snap Inc.

Q2 2022 Earnings Slides

July 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, our stock repurchase program, future stock dividends, 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, the COVID-19 pandemic, and macroeconomic conditions, 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, 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.

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.

Second Quarter Financial Summary

Revenue	<ul style="list-style-type: none">Revenue increased 13% YoY to \$1,111 million in Q2 2022.Average revenue per user decreased 4% YoY to \$3.20 in Q2 2022.
Operating Performance	<ul style="list-style-type: none">Operating margin was (36)% in Q2 2022, compared to (20)% in Q2 2021.Adjusted gross margin¹ improved to 61% in Q2 2022, compared to 55% in Q2 2021.Net loss was \$422 million in Q2 2022, compared to \$152 million in Q2 2021.Adjusted EBITDA was \$7 million in Q2 2022, compared to \$117 million in Q2 2021.Adjusted EBITDA margin² was 1% in Q2 2022, compared to 12% in Q2 2021.
Cash	<ul style="list-style-type: none">Operating cash flow was \$(124) million in Q2 2022, compared to \$(101) million in Q2 2021.Free Cash Flow was \$(147) million in Q2 2022, compared to \$(116) million in Q2 2021.Cash, cash equivalents, and marketable securities were \$4.9 billion as of June 30, 2022.

¹We define adjusted gross margin as GAAP revenue less adjusted cost of revenue, and as a percentage, divided by GAAP revenue. Adjusted cost of revenue excludes 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 347 million in Q2 2022, an increase of 54 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 in our augmented reality platform:

- We released our latest version of Lens Studio, which introduces several features to improve Lens capabilities around ray tracing, lighting, shadows, reflections, and depth and expands our API library and Lens Analytics offerings.
- We launched Lens Cloud, a collection of backend services that expands the types of AR experiences developers can create.
- We introduced the Snap 3D Asset Manager, a web content management platform for businesses to manage their 3D product catalog, facilitating the AR Lens creation process.
- We released Dress Up, the newest AR destination on Snapchat where users can discover and browse personalized AR fashion and try-on experiences from creators, retailers, and fashion brands like Dior, Gucci, and Louis Vuitton.
- We added AR Shopping to our Camera Kit offering, allowing businesses like Puma to integrate try-on Lenses into their own mobile applications.
- We partnered with Vogue to launch a new AR Landmarker Lens and exhibition, *Vogue x Snapchat: Redefining the Body* – Snapchatters visiting La Malmaison in Cannes, and around the world, browsed and virtually tried on clothing from leading fashion brands like Balenciaga and Versace.
- We partnered with Tiffany & Co. to create AR try-on Lenses, making it possible for anyone to wear and experience some of their most iconic heritage pieces. They used Camera Kit to bring Lenses into their own mobile application, which enriched the experience of their Vision & Virtuosity exhibition at the Saatchi Gallery in London.

Business Highlights

We grew our content offerings:

- Total time spent watching Spotlight content grew 59% year-over-year.
- The daily average number of Snapchatters aged 25 and older engaging with shows and publisher content increased by more than 40% year-over-year.
- Over 10 million Snapchatters have watched “The Fight Inside,” our new Snap Original featuring Ryan Garcia and his struggles with mental health and professional boxing.
- We renewed our partnerships with the NFL, WNBA, and NBA with content deals covering Discover Shows, Spotlight Challenges, AR experiences, and Cameos.
- We launched Director Mode, our latest set of camera and editing tools for content creators and users that includes exciting features like our new Dual Camera capability, Green Screen mode to manage video backgrounds, and Quick Edit to combine multiple Snaps.
- We announced our latest slate of Snap Originals, starring well-known personalities like gymnast Simone Biles, Indigenous creators Marika Sila and Kairyn Potts, and returning sister-duo Dixie and Charli D’Amelio.

We expanded our product and partner ecosystem:

- We partnered with Live Nation to develop interactive AR Lens experiences for attendees at music festivals including EDC in Las Vegas, Governors Ball Music Festival in New York, and Wireless Festival in London, with more AR experiences to come at Rolling Loud in Miami, Lollapalooza in Chicago, and Austin City Limits Music Festival.
- We rolled out Snapchat+, a paid subscription service that offers exclusive, experimental, and pre-release features such as Snapchat for Web, which is currently available for subscribers in the United States, United Kingdom, and Canada.
- We released Pixy, our pocket-sized camera that can float, orbit, and follow your lead to capture the perfect picture or video, all without a controller or any set-up.
- We rolled out our newest Map Layer from restaurant review site The Infatuation, allowing Snapchatters from over 10 major cities to discover popular nearby restaurants and read reviews, right from the Snap Map.
- We released our new Minis Private Components System, giving developers the ability to securely add social elements like reviews and ratings to their Minis, thus leveraging their communities’ friends graphs on Snapchat.
- We introduced our eBay integration that allows users to share eBay product listings directly with their friends via the Snapchat Camera.
- We introduced Shared Stories, making it even easier for groups of friends to collaborate and share Stories.

Business Highlights

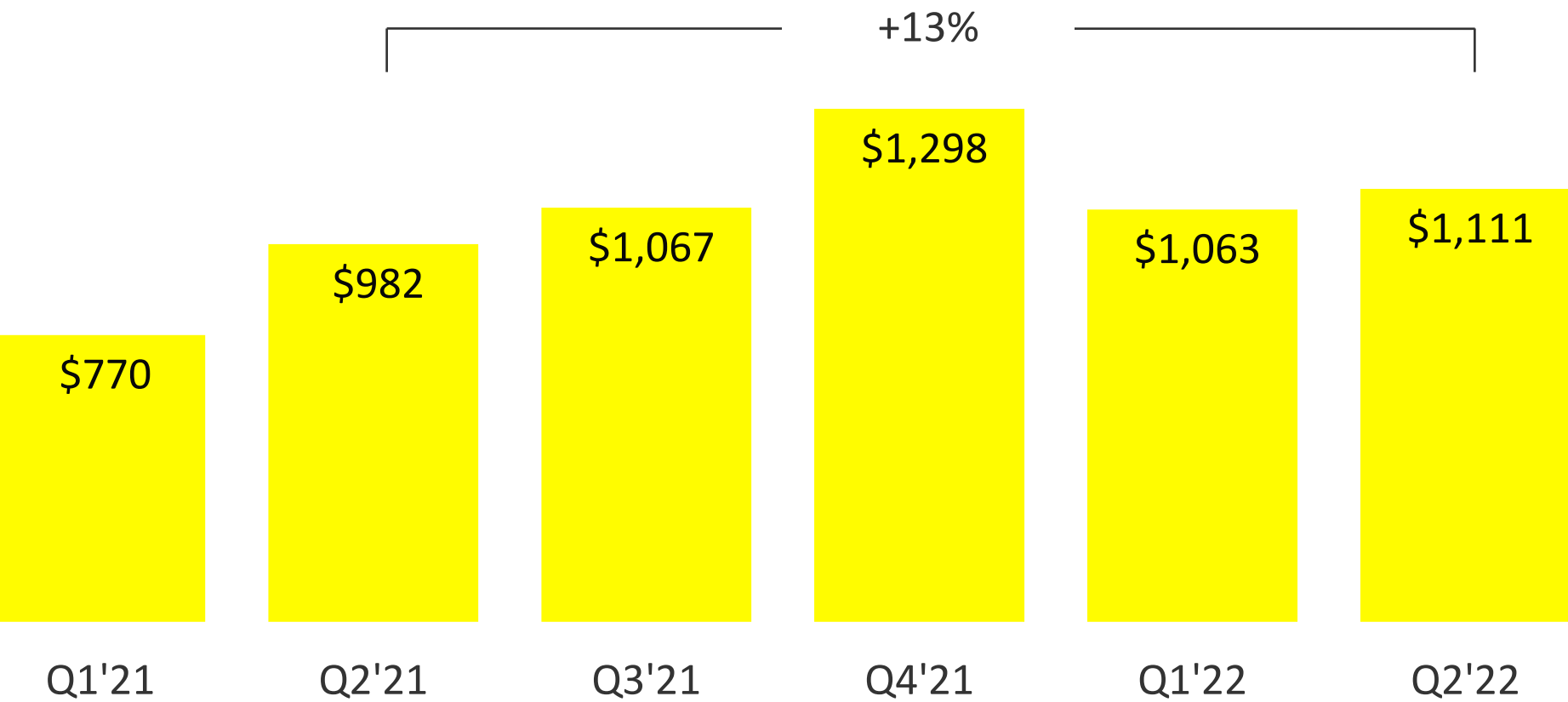
We expanded our offering for advertisers:

- We rolled out our new AR Image Processing technology for businesses, which transforms existing 2D product photography into AR-ready assets for try-on Lenses, further simplifying the AR Lens workflow.
- We rolled out Dynamic Travel Ads, the first category expansion outside e-commerce of our current Dynamic Ads offering, specifically serving hotels, airlines, tours, and online travel agencies.
- We added native actions as a reporting option in Ads Manager, allowing businesses to understand how their advertising impacts their store and organic engagement on Snapchat.
- We expanded multi-format delivery of ad creatives by supporting Lenses as an available option, further allowing Snap to optimize delivery across multiple ad formats.
- Public Profiles are now enabled by default for all new advertisers, which allows users to reach businesses organically on Snapchat.
- We partnered with MAGNA to release their latest study, “The Augmented Reality Playbook: Understanding the Role of AR in the Purchase Journey,” which highlights how AR represents a differentiated opportunity for brands to build connections with consumers and drive meaningful business results.
- We rolled out the Snap Ramadan Mall, our first AR-powered virtual mall in the MENA region, where Snapchatters can browse virtual stores from brands such as L’Oreal, IKEA, and Samsung right from the Snap Camera.

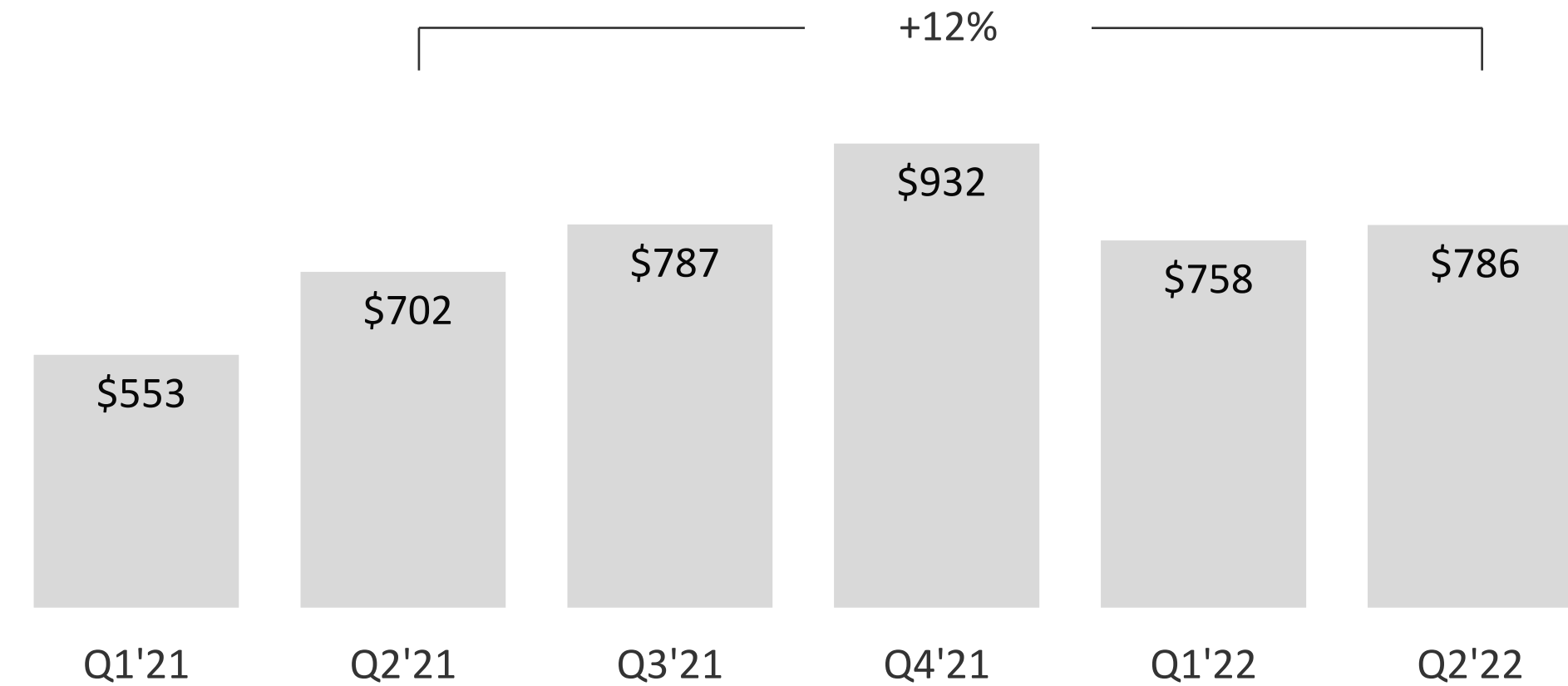
Revenue by Geography

(in millions, unaudited)

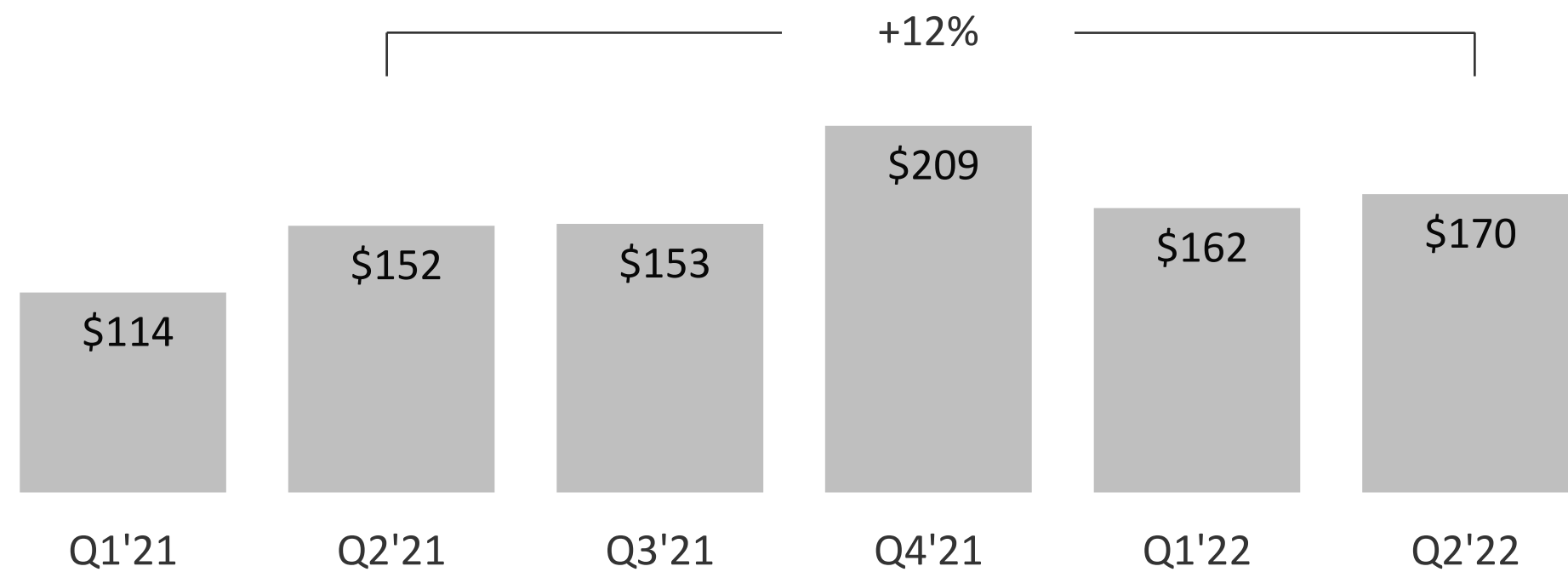
GLOBAL



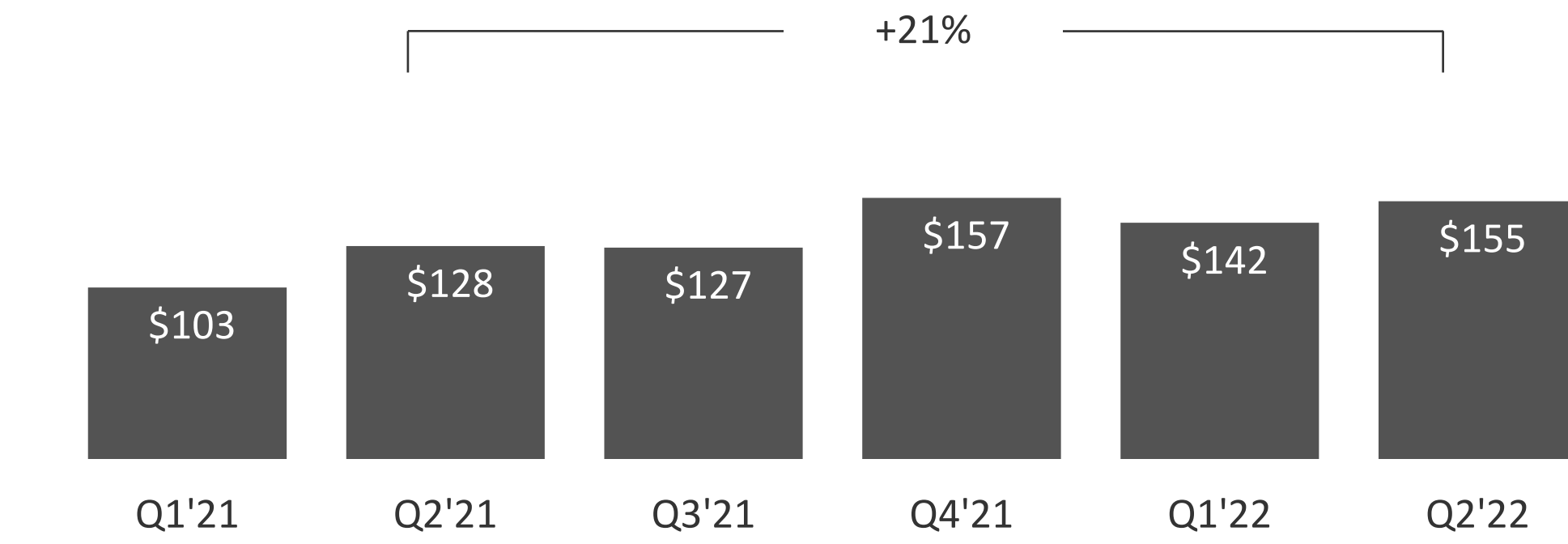
NORTH AMERICA¹



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. Effective March 2022, we halted advertising sales to Russian and Belarusian entities.

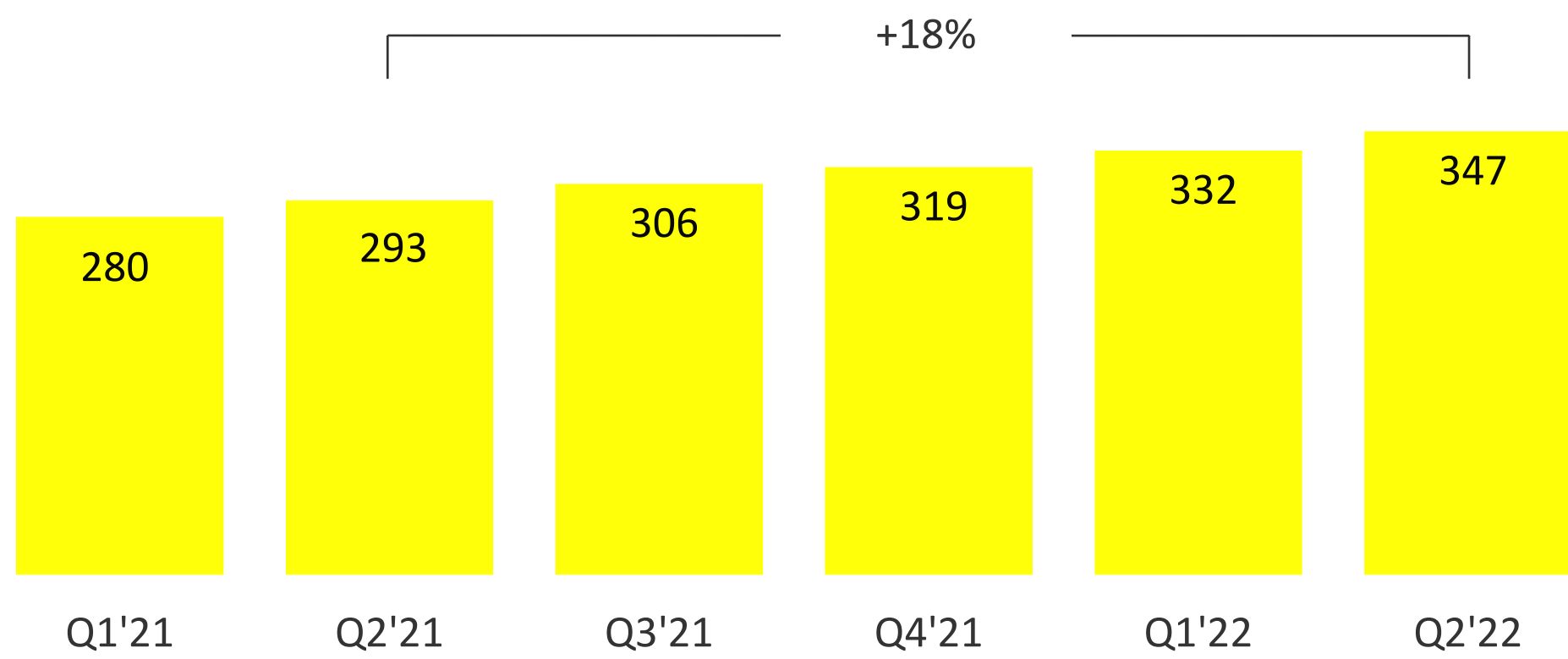
Numbers throughout presentation may not foot due to rounding.

Q2'22 REVENUE INCREASED 13% YoY TO \$1,111 MILLION
TRAILING TWELVE MONTHS REVENUE INCREASED 36% YoY TO \$4,539 MILLION

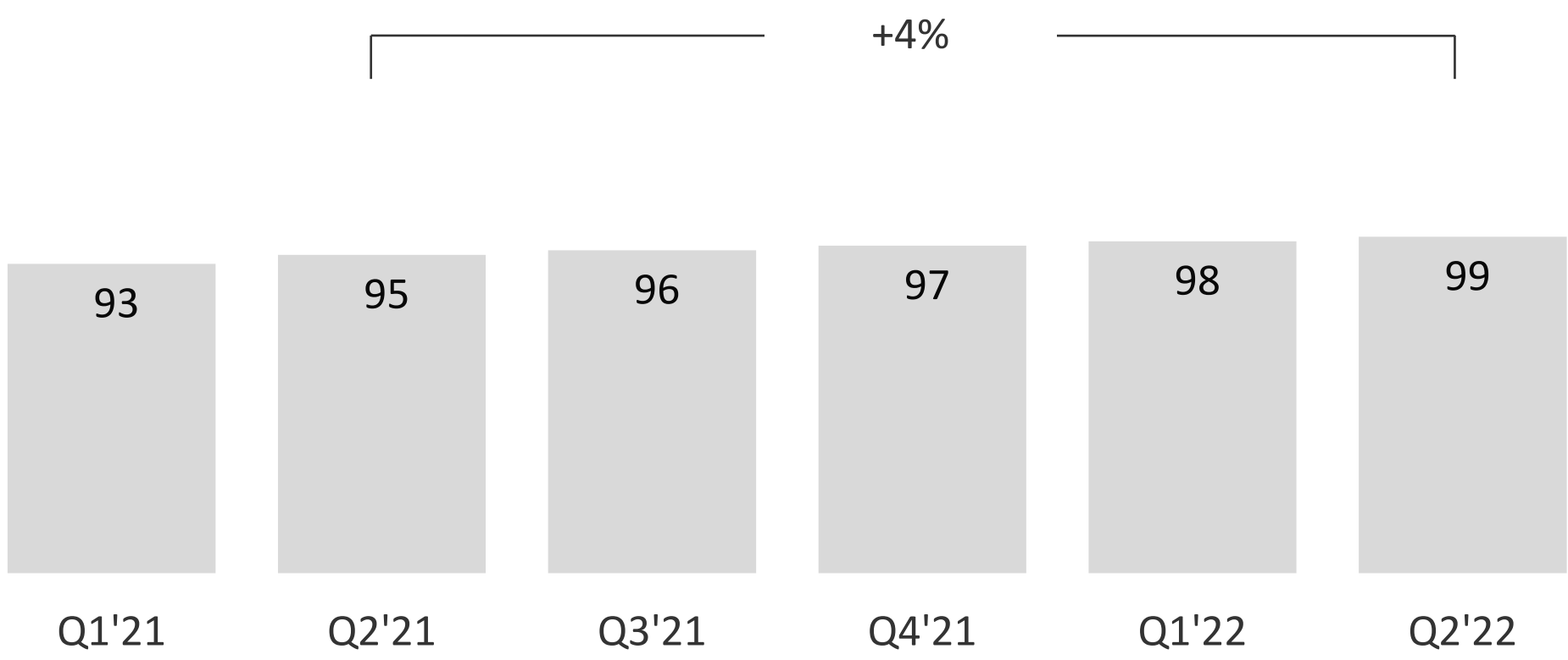
Average Daily Active Users (DAU)

(in millions, unaudited)

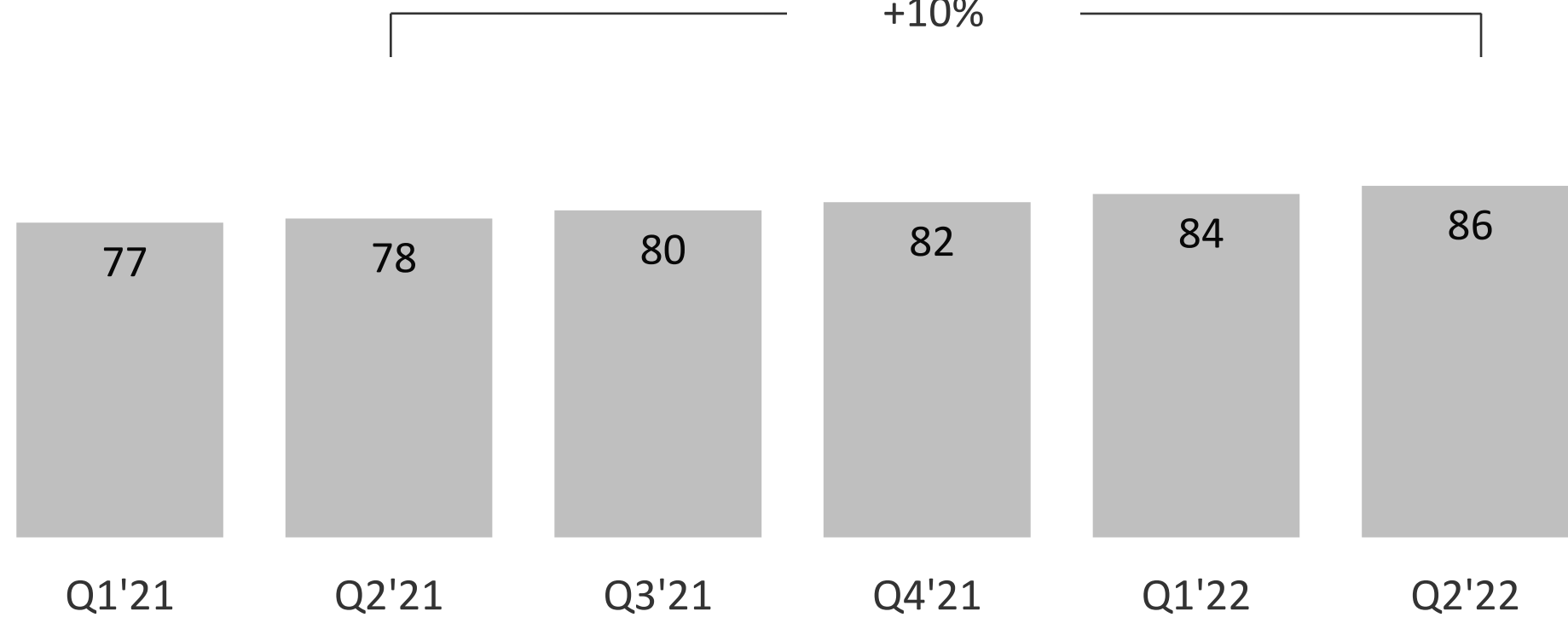
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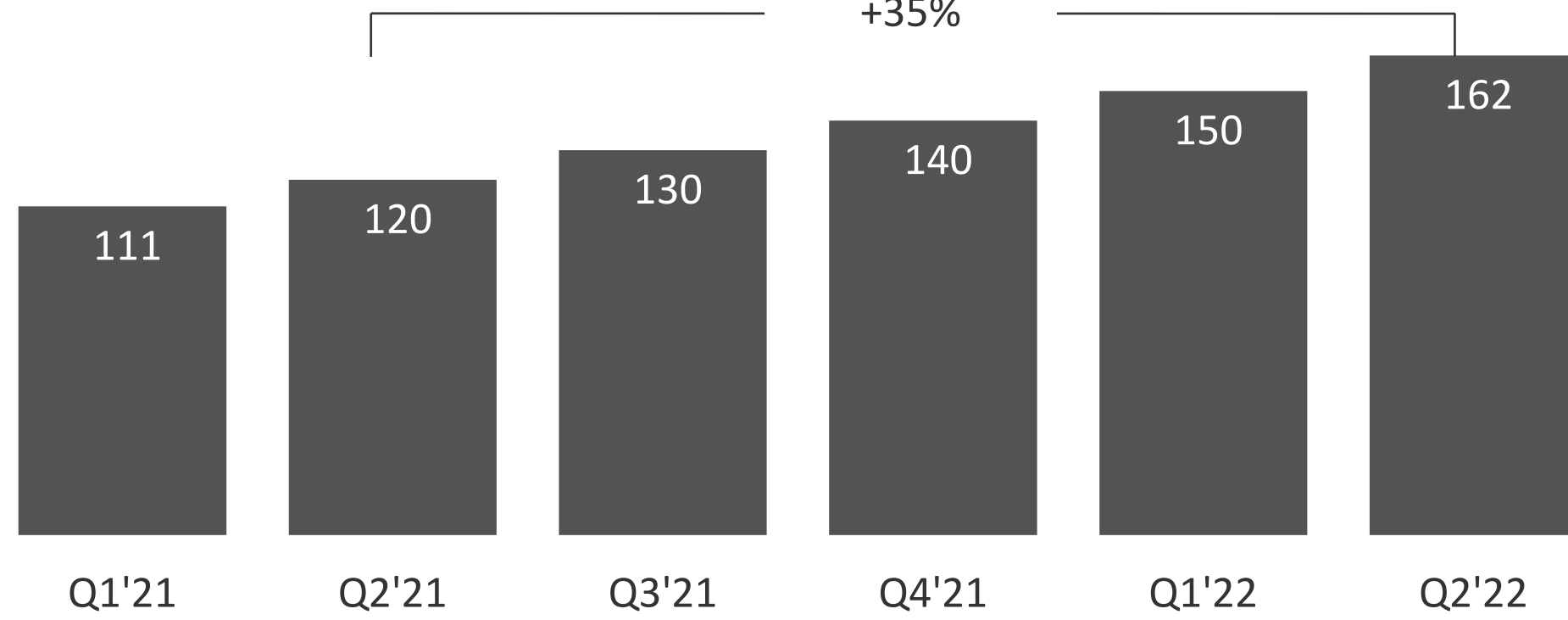
NORTH AMERICA¹



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.

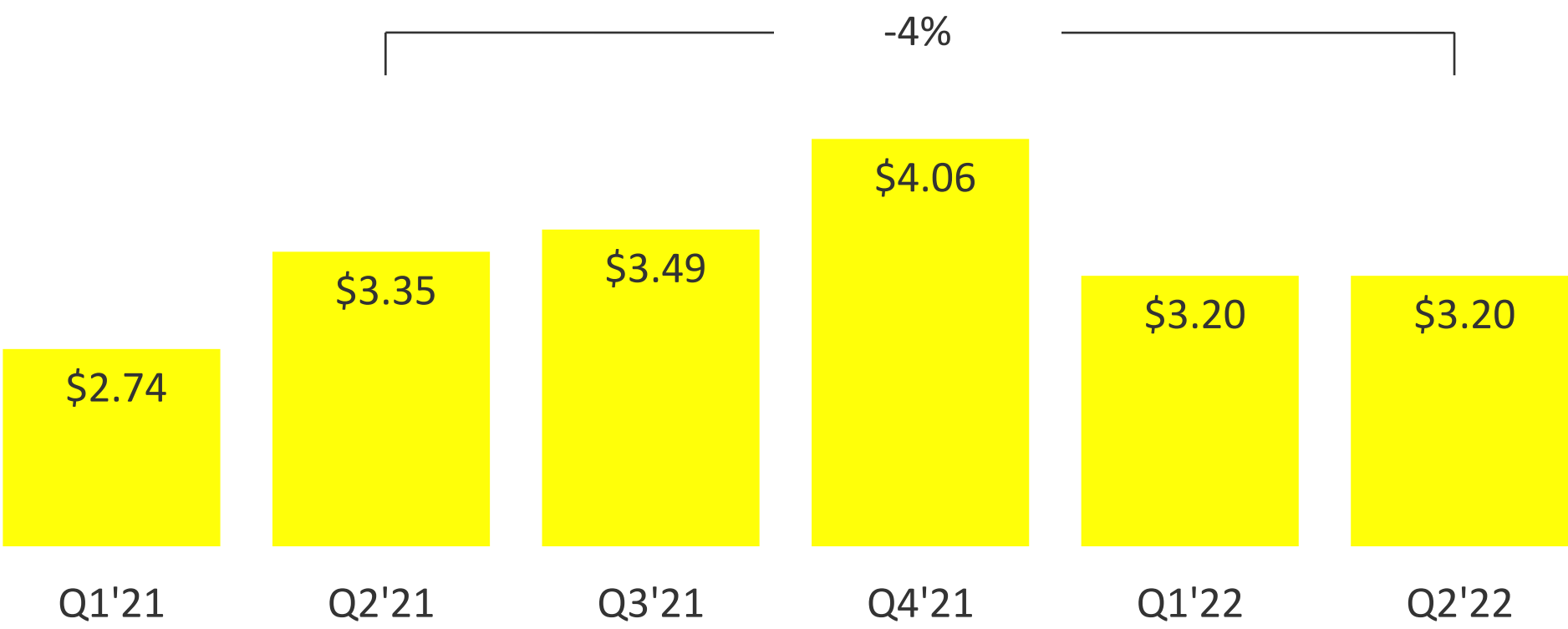
Numbers throughout presentation may not foot due to rounding.

GLOBAL DAU INCREASED 54 MILLION, OR 18%, YoY
REST OF WORLD INCREASED 42 MILLION, OR 35%, YoY

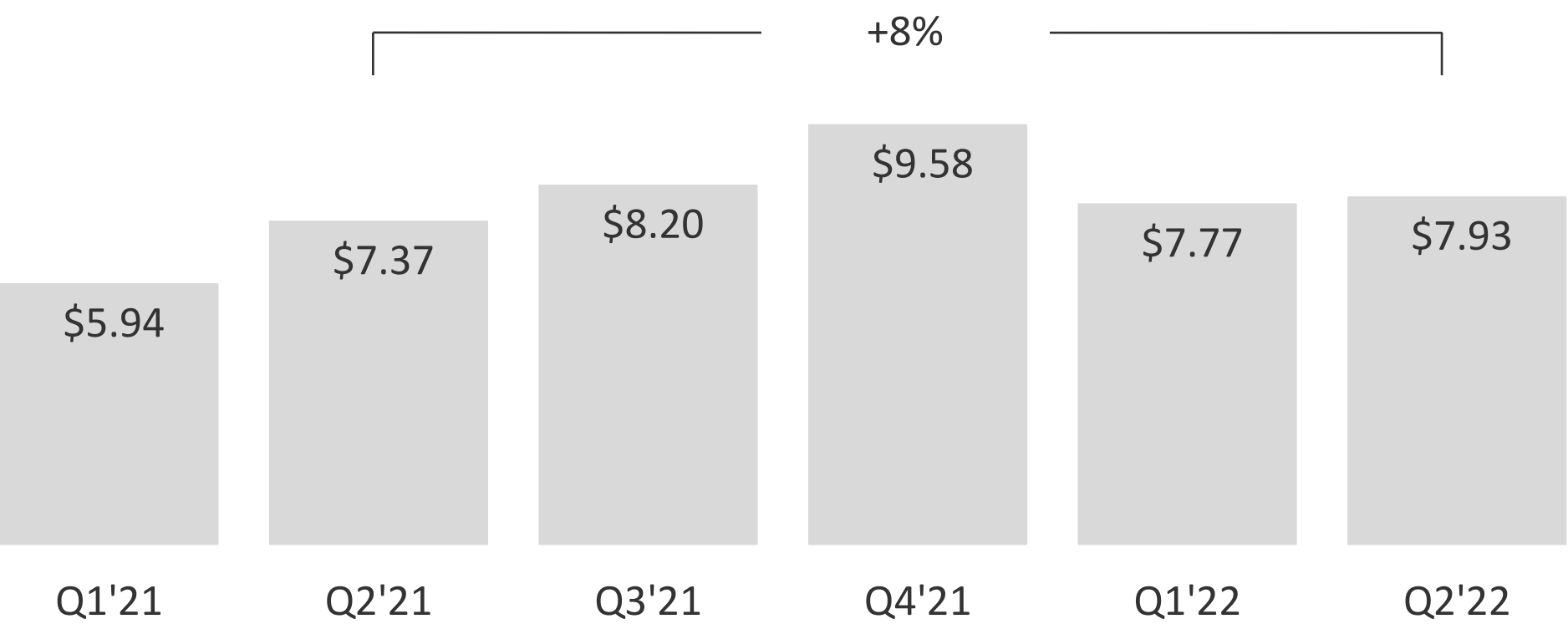
Average Revenue Per User (ARPU)

(unaudited)

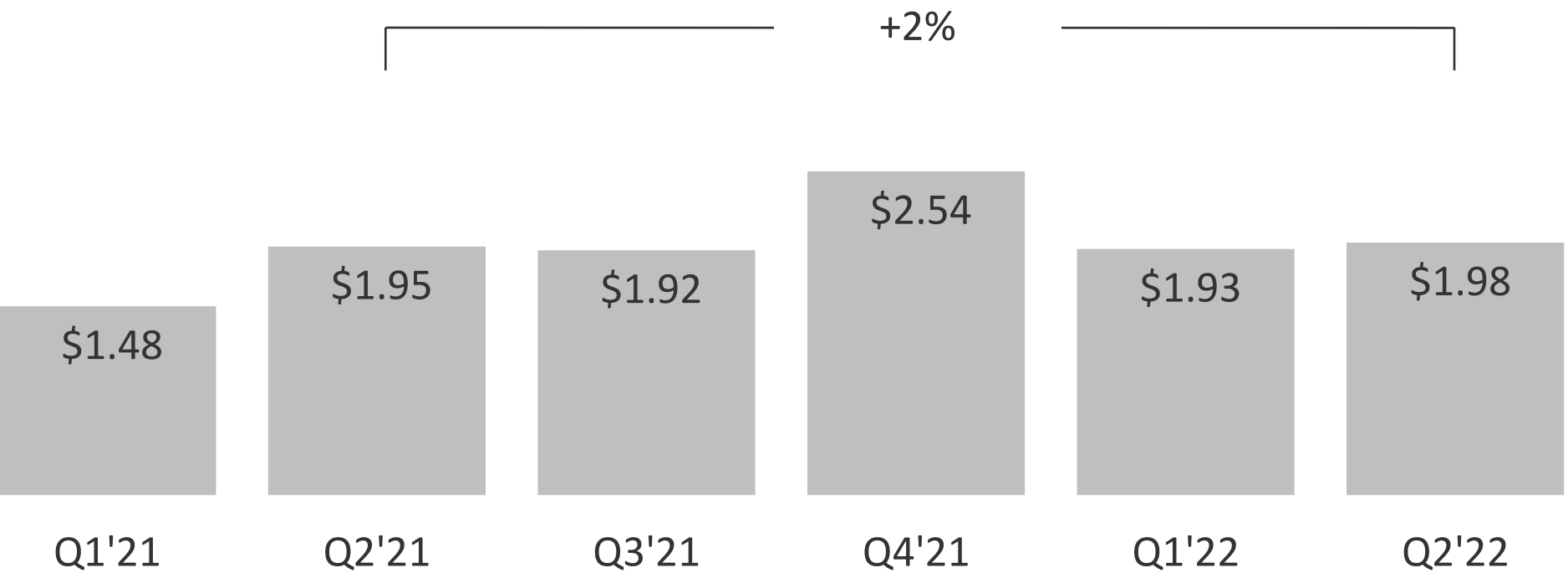
GLOBAL



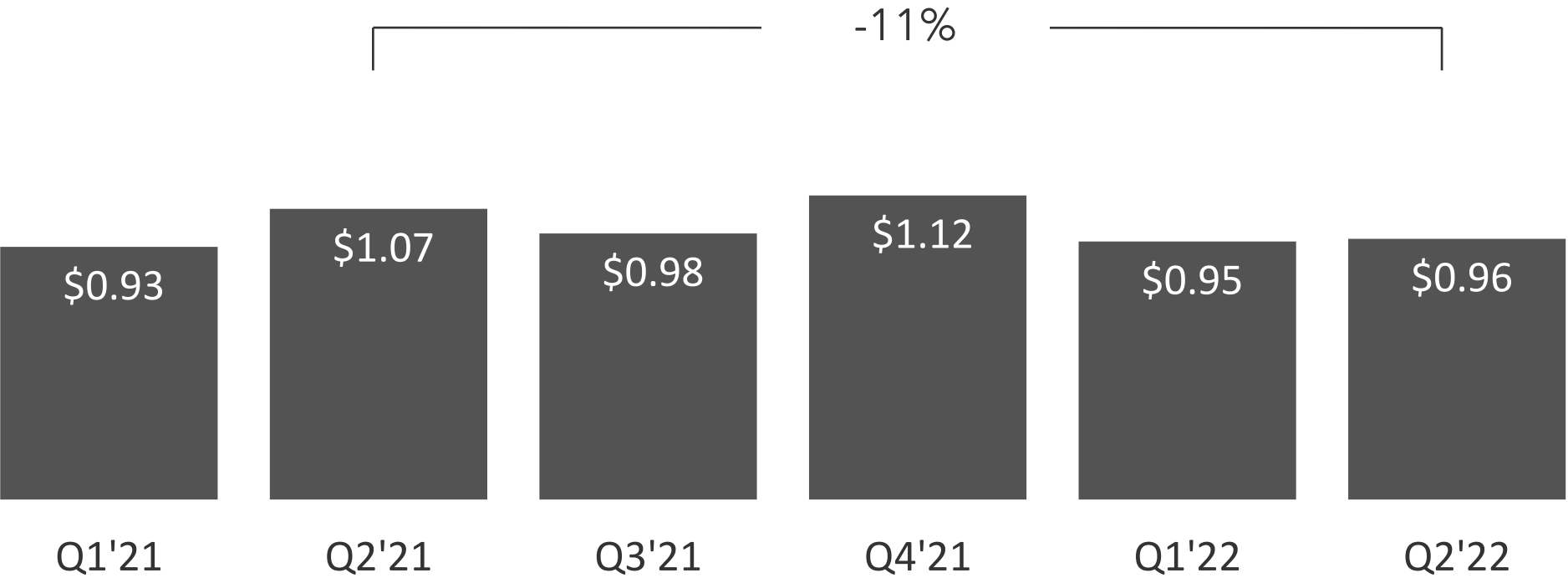
NORTH AMERICA¹



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.

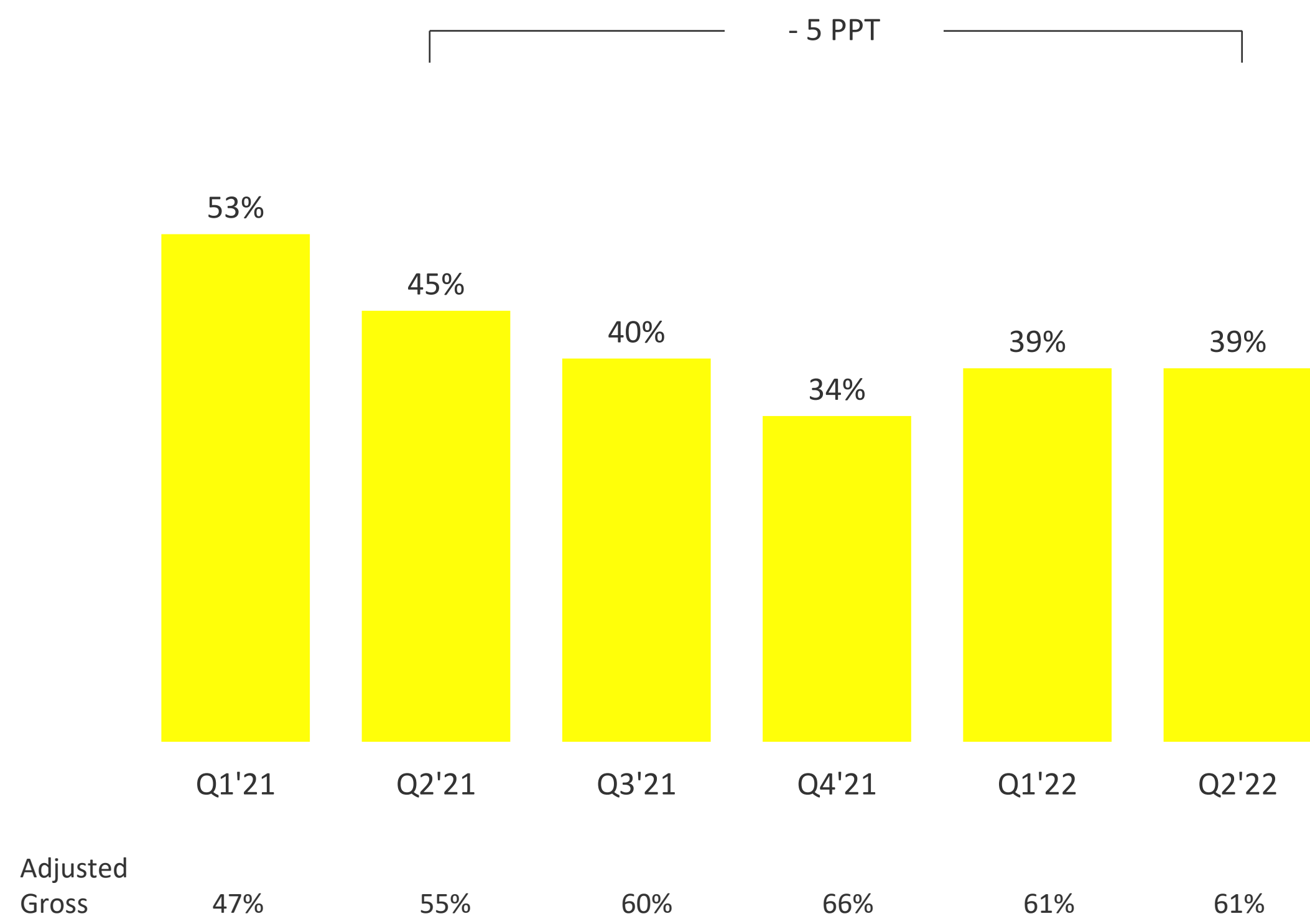
²Europe includes Russia and Turkey. Effective March 2022, we halted advertising sales to Russian and Belarusian entities.

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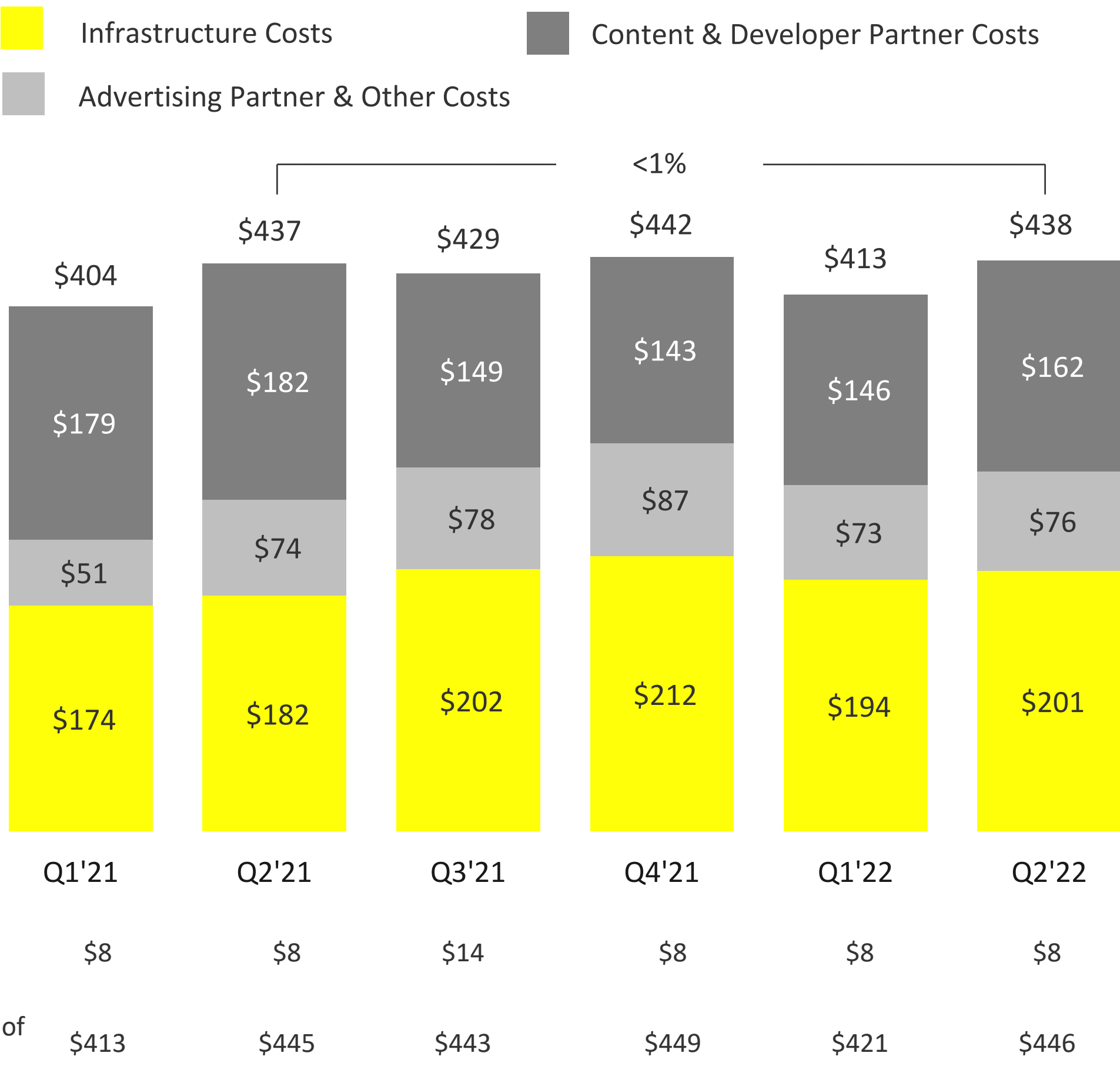
NORTH AMERICA ARPU INCREASED 8% YoY

Adjusted Cost of Revenue¹

ADJUSTED COST OF REVENUE AS A % OF REVENUE



COST OF REVENUE COMPOSITION²
(in millions, unaudited)

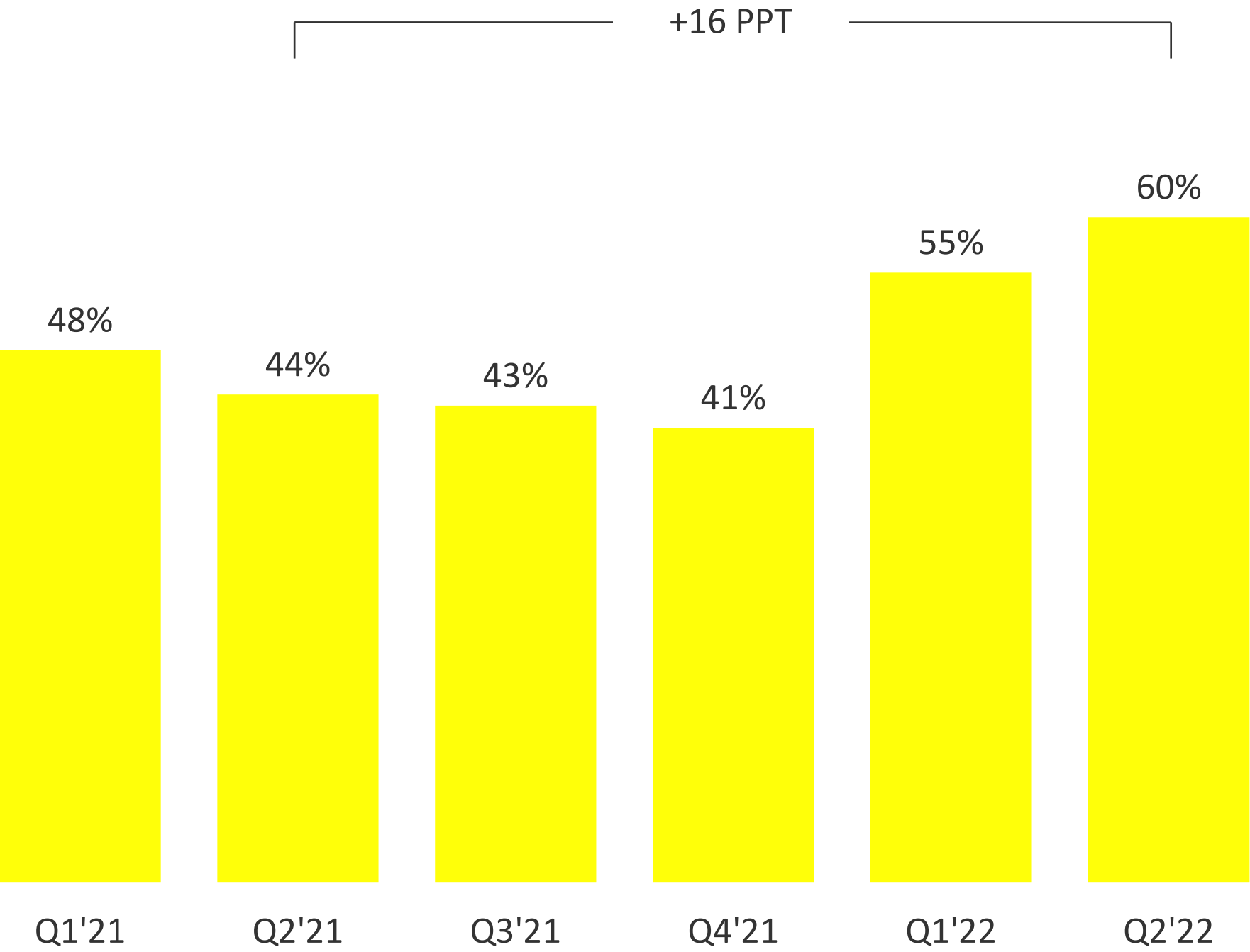


¹We define adjusted gross margin as GAAP revenue less adjusted cost of revenue, and as a percentage, divided by GAAP revenue. Adjusted cost of revenue excludes stock-based compensation expense and other payroll related tax expense, depreciation and amortization, and certain other non-cash or non-recurring items impacting net income (loss) from time to time.
Numbers throughout presentation may not foot due to rounding.

ADJUSTED GROSS MARGIN¹ IMPROVED 5 PPT YoY

Adjusted Operating Expenses¹

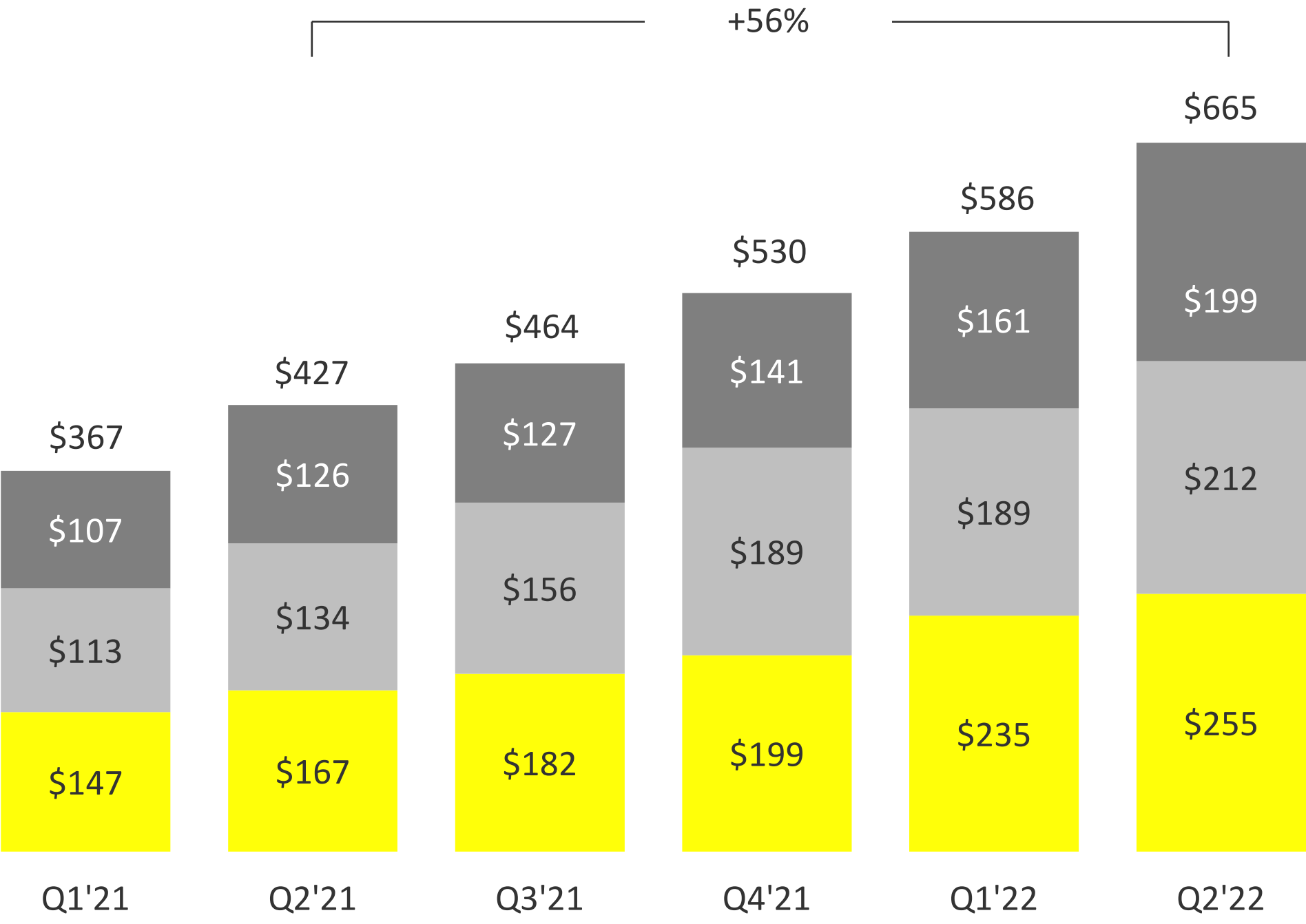
ADJUSTED OPERATING EXPENSES AS A % OF REVENUE



OPERATING EXPENSES COMPOSITION

(in millions, unaudited)

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



Total Non-GAAP Exclusions ¹	\$294	\$302	\$341	\$344	\$328	\$400
Total GAAP Operating Expenses	\$661	\$730	\$805	\$874	\$913	\$1,065

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.

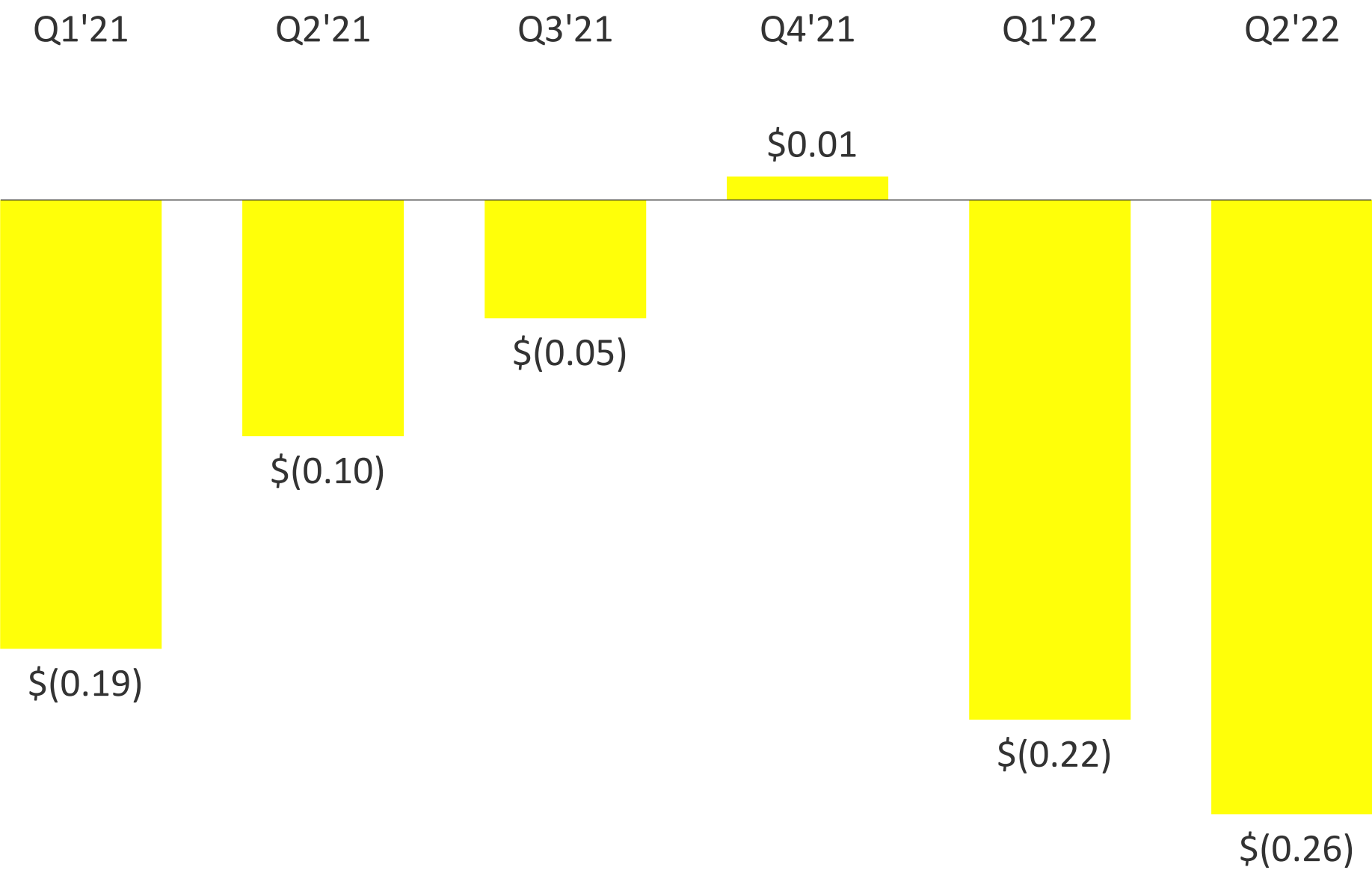
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ADJUSTED EBITDA WAS \$7 MILLION IN Q2 2022
TRAILING TWELVE MONTHS ADJUSTED EBITDA WAS \$573 MILLION

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

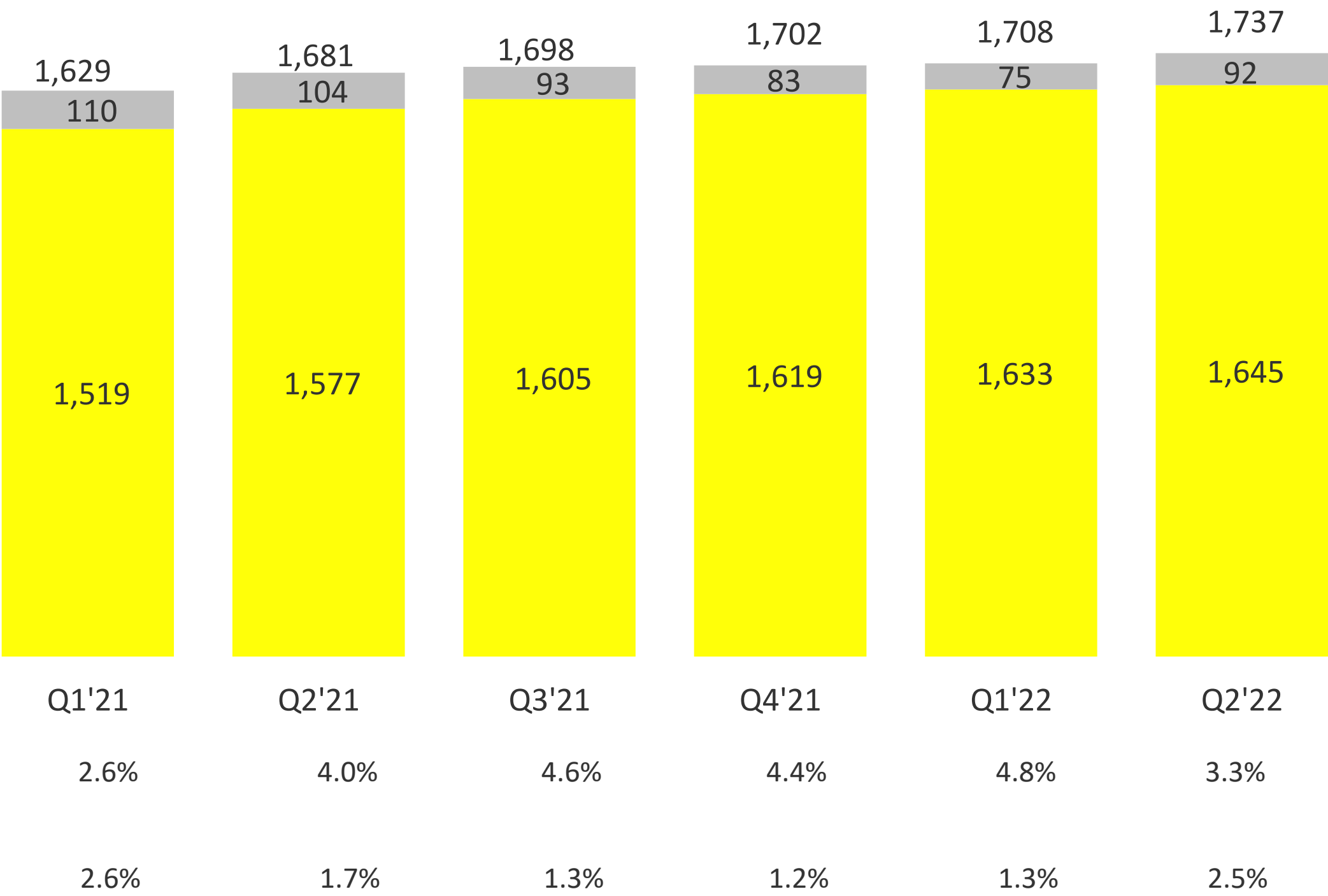
(in millions, except per share data, unaudited)

DILUTED NET INCOME (LOSS) PER SHARE¹



COMMON SHARES OUTSTANDING PLUS SHARES UNDERLYING STOCK-BASED AWARDS

Common Shares Outstanding Shares Underlying Stock-Based Awards²



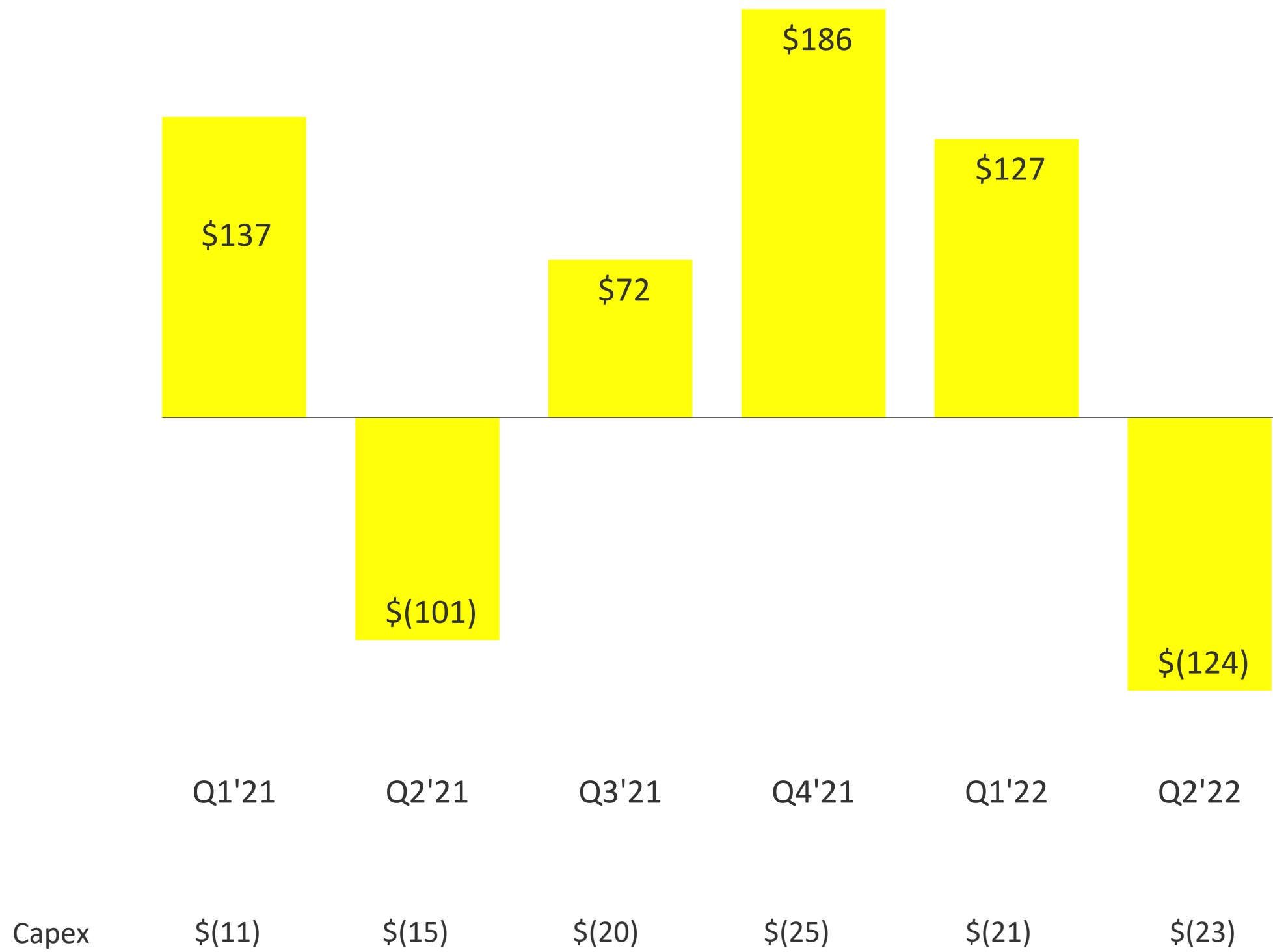
¹Diluted net loss per share is calculated using weighted average shares outstanding during the period. Diluted net income per share in Q4 includes 64 million shares in excess of weighted average shares outstanding during the period primarily related to unvested or unexercised stock-based awards.
²Shares 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, Q1 2022 and Q2 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.

\$500M SHARE REPURCHASE PROGRAM AUTHORIZED TO PARTIALLY OFFSET DILUTION FROM STOCK-BASED COMPENSATION

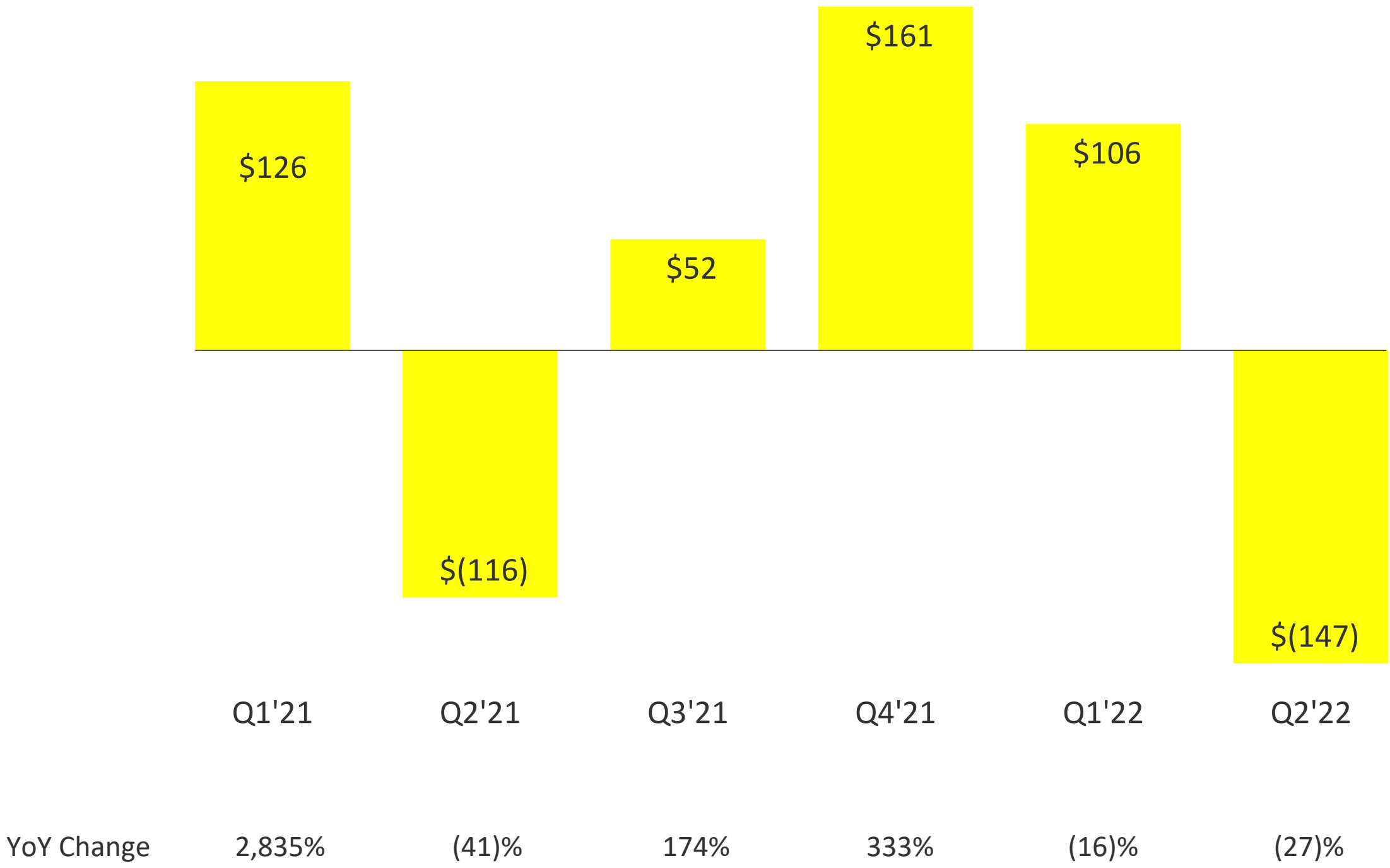
Operating Cash Flow and Free Cash Flow¹

(in millions, unaudited)

OPERATING CASH FLOW



FREE CASH FLOW



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. Numbers throughout presentation may not foot due to rounding.

TRAILING TWELVE MONTHS OPERATING CASH FLOW WAS \$260 MILLION
TRAILING TWELVE MONTHS FREE CASH FLOW WAS \$172 MILLION

Financial Guidance

Given uncertainties related to the operating environment, we are not providing our expectations for revenue or adjusted EBITDA for the third quarter of 2022.

Appendix

Non-GAAP Financial Measures Reconciliation – Quarterly

(in thousands, unaudited)

Three Months Ended						
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022
Adjusted EBITDA Reconciliation						
Net income (loss)	\$ (286,882)	\$ (151,664)	\$ (71,959)	\$ 22,550	\$ (359,624)	\$ (422,067)
Add (deduct):						
Interest income	(1,137)	(1,251)	(1,257)	(1,554)	(3,123)	(8,331)
Interest expense	5,031	4,564	4,031	4,050	5,173	5,549
Other (income) expense, net	(22,058)	(42,282)	(112,631)	(63,204)	77,537	16,910
Income tax (benefit) expense	1,440	(1,879)	992	13,031	8,510	6,999
Depreciation and amortization	23,498	28,270	32,510	34,863	38,100	79,291
Stock-based compensation expense	237,073	256,600	300,898	297,564	275,444	318,810
Payroll and other tax expense related to stock-based compensator	41,326	25,045	21,615	19,493	22,451	10,029
Adjusted EBITDA²	\$ (1,709)	\$ 117,403	\$ 174,199	\$ 326,793	\$ 64,468	\$ 7,190

Three Months Ended						
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022
Free Cash Flow Reconciliation						
Net cash used in operating activities	\$ 136,886	\$ (101,086)	\$ 71,552	\$ 185,528	\$ 127,459	\$ (124,081)
Less:						
Purchases of property and equipment	(10,851)	(14,623)	(19,836)	(24,565)	(21,175)	(23,370)
Free Cash Flow¹	\$ 126,035	\$ (115,709)	\$ 51,716	\$ 160,963	\$ 106,284	\$ (147,451)

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.

1

Non-GAAP Financial Measures Reconciliation - Quarterly (Continued)

(in thousands, except per share amounts, unaudited)

Three Months Ended						
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022
Non-GAAP net income (loss) reconciliation						
Net income (loss)	\$ (286,882)	\$ (151,664)	\$ (71,959)	\$ 22,550	\$ (359,624)	\$ (422,067)
Amortization of intangible assets	10,445	14,363	18,148	20,228	22,505	64,134
Stock-based compensation expense	237,073	256,600	300,898	297,564	275,444	318,810
Payroll and other tax expense related to stock-based compensation	41,326	25,045	21,615	19,493	22,451	10,029
Income tax adjustments	589	(199)	(208)	(374)	(61)	(504)
Non-GAAP net income (loss)¹	\$ 2,551	\$ 144,145	\$ 268,494	\$ 359,461	\$ (39,285)	\$ (29,598)
Weighted-average common shares - Diluted²						
	1,501,636	1,547,234	1,580,966	1,668,879	1,619,113	1,632,140

Three Months Ended						
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022
Non-GAAP diluted net income (loss) per share reconciliation						
GAAP diluted net income (loss) per share	\$ (0.19)	\$ (0.10)	\$ (0.05)	\$ 0.01	\$ (0.22)	\$ (0.26)
Non-GAAP adjustment to net income (loss)	0.19	0.20	0.22	0.21	0.20	0.24
Non-GAAP diluted net income (loss) per share¹	\$ 0.00	\$ 0.10	\$ 0.17	\$ 0.22	\$ (0.02)	\$ (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.