

**Snap Inc.**

# Q4 2022 Earnings Slides

January 31, 2023

# Forward-Looking Statements & Non-GAAP Financial Measures

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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, future stock repurchase programs or stock dividends, 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 on our current expectations and projections about future events and trends, including our financial outlook, macroeconomic uncertainty, geo-political 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, 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](http://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.

# Fourth Quarter Financial Summary

Revenue	<ul style="list-style-type: none"><li>• Revenue was \$1,300 million in Q4 2022, compared to \$1,298 million in Q4 2021. On a constant currency basis<sup>1</sup> to account for changes in foreign exchange rates, the estimated growth was 2% year-over-year.</li><li>• Average revenue per user was \$3.47 in Q4 2022, compared to \$4.06 in Q4 2021.</li></ul>
Operating Performance	<ul style="list-style-type: none"><li>• Operating margin was (22)% in Q4 2022, compared to (2)% in Q4 2021.</li><li>• Adjusted gross margin<sup>2</sup> was 64% in Q4 2022, compared to 66% in Q4 2021.</li><li>• Net loss was \$288 million in Q4 2022, including restructuring charges of \$34 million, compared to net income of \$23 million in Q4 2021.</li><li>• Adjusted EBITDA<sup>3</sup> was \$233 million in Q4 2022, compared to \$327 million in Q4 2021.</li><li>• Adjusted EBITDA margin<sup>3</sup> was 18% in Q4 2022, compared to 25% in Q4 2021.</li></ul>
Cash	<ul style="list-style-type: none"><li>• Operating cash flow was \$125 million in Q4 2022, compared to \$186 million in Q4 2021.</li><li>• Free Cash Flow<sup>3</sup> was \$78 million in Q4 2022, compared to \$161 million in Q4 2021.</li><li>• Cash, cash equivalents, and marketable securities were \$3.9 billion as of December 31, 2022.</li></ul>

<sup>1</sup>Constant currency revenue is a non-GAAP measure, which we define as GAAP revenue in the current period translated using the prior period average monthly exchange rates for revenue transactions in currencies other than the U.S. dollar. The constant currency revenue percentage change is determined using current period constant currency revenue and prior period GAAP revenue.

<sup>2</sup>Adjusted gross margin is a non-GAAP measure, which we define as GAAP revenue less adjusted cost of revenue divided by GAAP 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.

<sup>3</sup>Adjusted EBITDA margin is a non-GAAP measure, which we define as Adjusted EBITDA divided by GAAP revenue. See Appendix for non-GAAP measures of Adjusted EBITDA and Free Cash Flow, including reconciliations of net loss to Adjusted EBITDA and net cash provided by (used in) operating activities to Free Cash Flow.

Quarterly information is unaudited.

Numbers throughout presentation may not foot due to rounding.

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**Q4 2022 REVENUE WAS \$1.3 BILLION; ON A CONSTANT CURRENCY BASIS<sup>1</sup>, ESTIMATED GROWTH OF 2% YoY**  
**FREE CASH FLOW WAS \$78 MILLION IN Q4 2022**

# Business Highlights

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## **We grew and deepened our engagement with our community:**

- DAUs were 375 million in Q4 2022, an increase of 56 million, or 17% year-over-year.
- DAUs increased sequentially and year-over-year in each of North America, Europe, and Rest of World.
- Total time spent watching Spotlight content grew over 100% year-over-year.
- 17 content partners reached over 50 million global viewers each in Q4 2022.
- Through our broadcast partnerships with beIN SPORTS in Qatar and France, ITV in the UK, MediaPro in Spain, and Bell in Canada, among others, over 60 million Snapchatters watched World Cup Stories content on Snapchat and over 285 million Snapchatters engaged with World Cup AR.
- We renewed our partnerships with UFC and the Washington Post in the US. Internationally, we expanded our partnership with Groupe M6 in France and signed new agreements with BBC Studios in the UK, G+J Medien (RTL) in Germany, and Totem Global in Australia.

## **We are focused on expanding and diversifying our revenue growth:**

- In Q4, our subscription service Snapchat+ reached over 2.0 million paying subscribers. Snapchat+ offers exclusive, experimental, and pre-release features, and in Q4 we launched new features such as Custom Story Expiration and Custom Notification Sounds, providing subscribers with over 12 exclusive features.
- We've improved the accessibility of Conversions API (CAPI) by enabling access through four new third-party partners, closing the year with 12 total, making CAPI more accessible to all advertisers on our platform.
- We've accelerated our commerce integrations through the launch of our partnership with BigCommerce, enabling tens of thousands of merchants to seamlessly sync catalogs and run Dynamic Ads.
- We've partnered with Smartly.io to unlock growth and drive performance through real time automation. Through Smartly.io's creative and campaign management tools, brands can tap into their automated ads by scaling thousands of targeted versions.
- Thousands of brands continued investing in their organic presence on Snapchat via Public Profiles for Businesses to build deeper connections, and grow their audience and organic engagements.



# Business Highlights (Continued)

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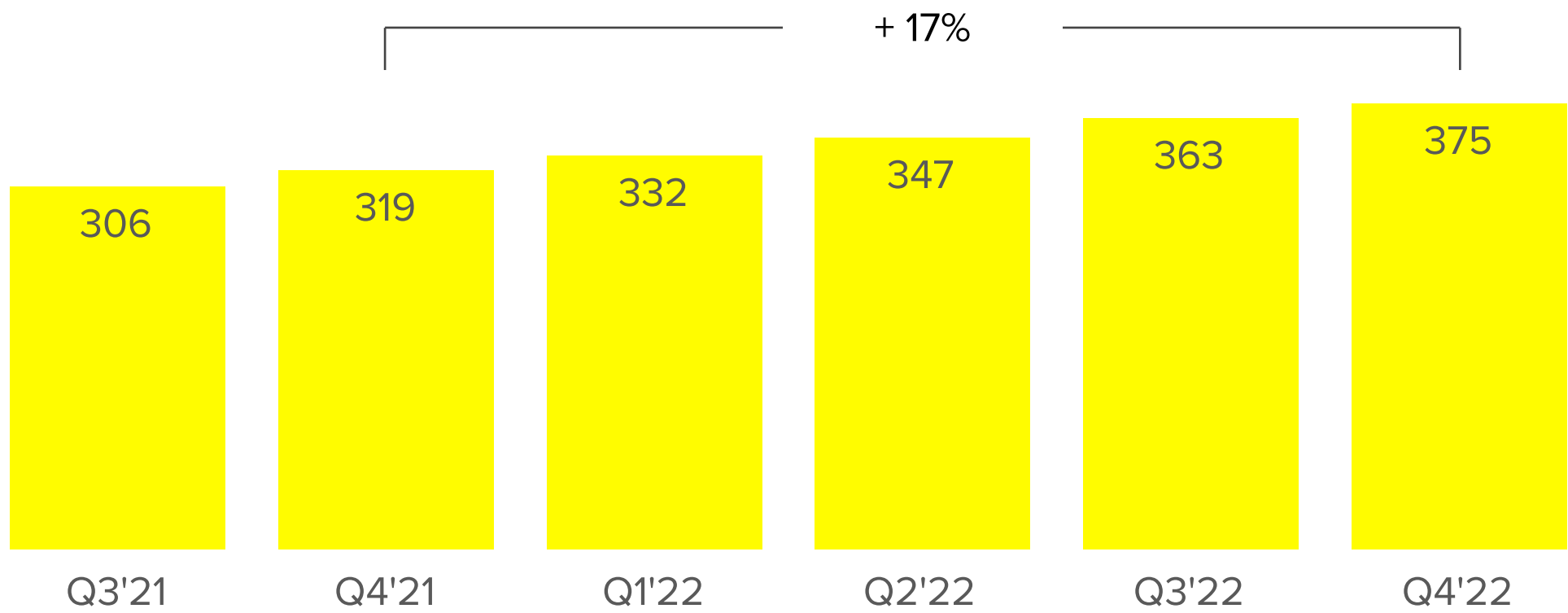
## **We invested in our augmented reality platform:**

- Over 300,000 AR creators and developers have built more than 3 million AR Lenses.
- In our latest Lens Studio release, we unveiled several new features including garment, earring, and wrist wear try-on.
- We powered more than 161 million product trials by over 35 million Snapchatters for Walmart, leveraging Catalog-Powered Shopping Lenses at-scale.
- We launched a new Camera Kit integration with H&M enabling an AR try-on experience of their collection of immersive AR fashion, co-designed by H&M and the Institute of Digital Fashion.
- Luxottica Sunglass Hut drove over 14 million try-ons through Catalog-powered Shopping Lenses.
- In celebration of the film Avatar: The Way of Water, we teamed up with Disney to create an augmented reality Lens that turns any Snapchatter into a Na'vi. This is the first ever sponsored AR Lens integration into the SoFi Stadium infinity screen surprising and delighting attendees.
- In partnership with New Balance, we created a Holiday Gifting Concierge Lens to offer Snapchatters gifting inspiration using augmented reality and speech recognition via voiceML.
- We announced a first-of-its-kind Bitmoji Drop in partnership with adidas that allows Snapchatters to use Snap Tokens to claim an exclusive adidas track jacket. Snapchatters viewed the Bitmoji Drop banner over 280 million times.

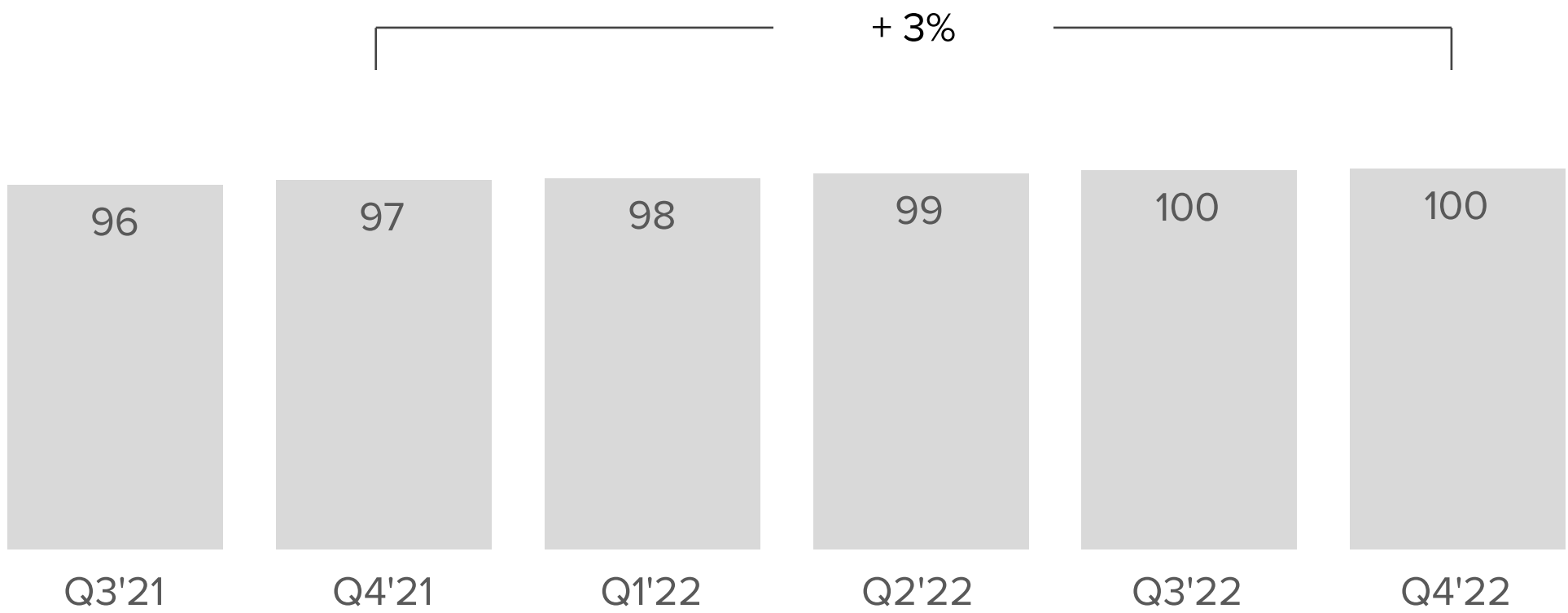
# Average Daily Active Users (DAU)

(in millions, unaudited)

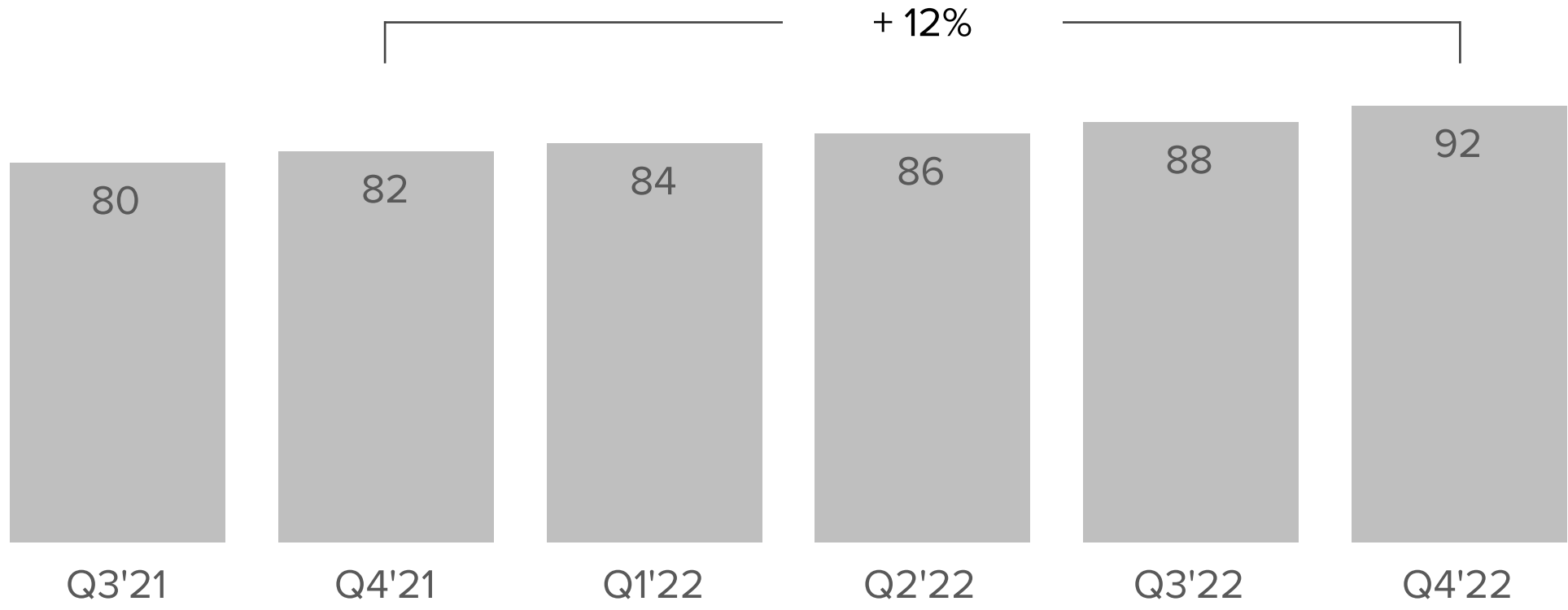
GLOBAL



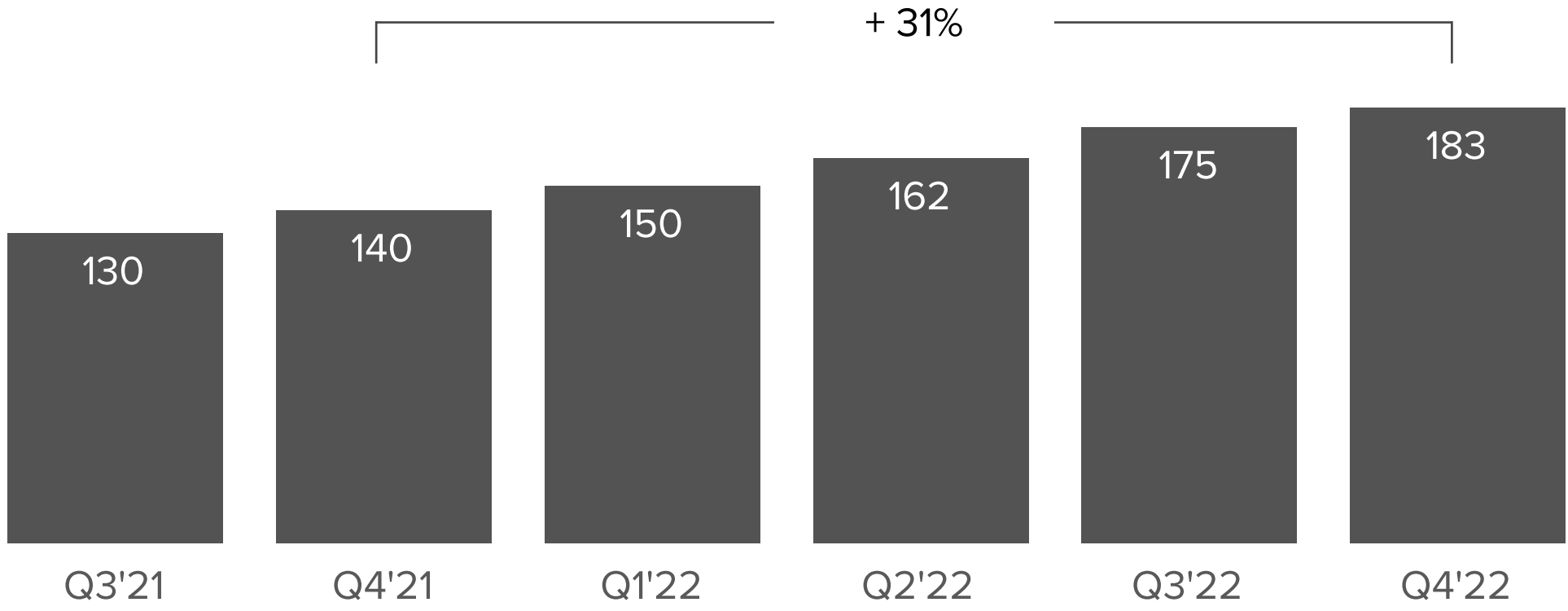
NORTH AMERICA<sup>1</sup>



EUROPE<sup>2</sup>



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.

<sup>1</sup>North America includes Mexico, the Caribbean, and Central America.

<sup>2</sup>Europe includes Russia and Turkey.

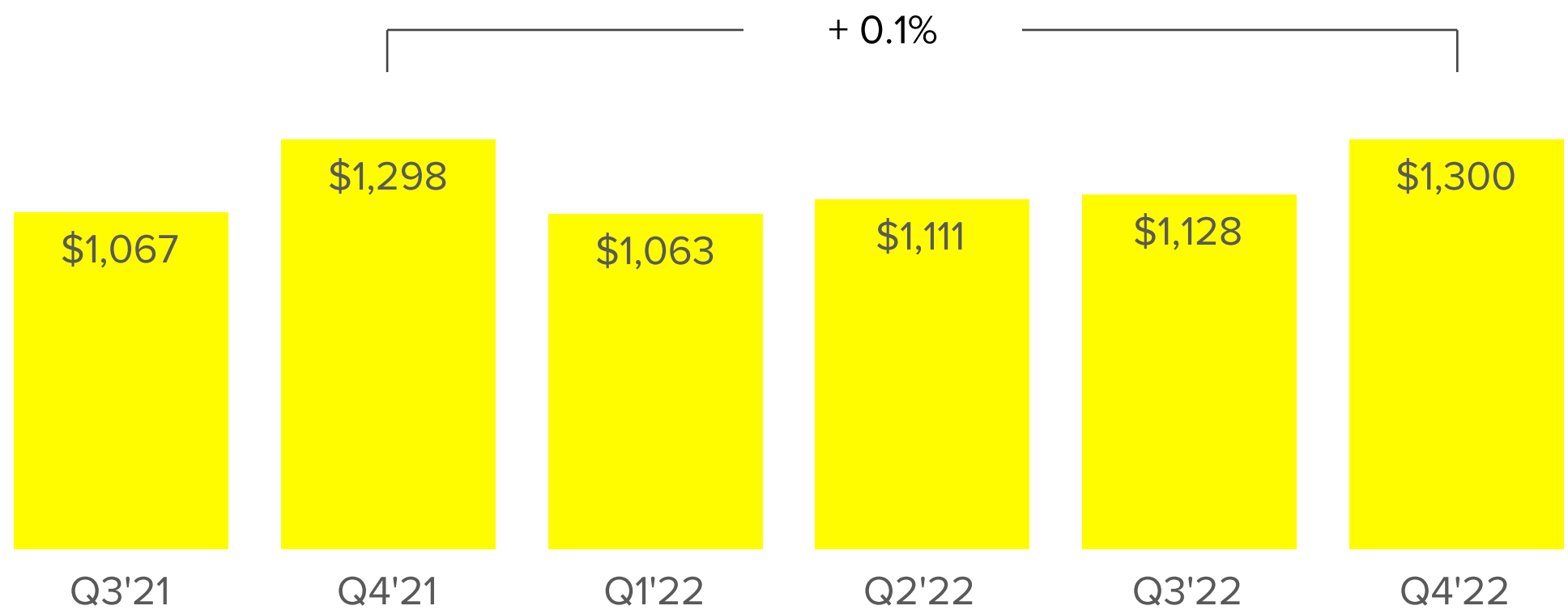
Numbers throughout presentation may not foot due to rounding.

GLOBAL DAU INCREASED 56 MILLION, OR 17%, YoY

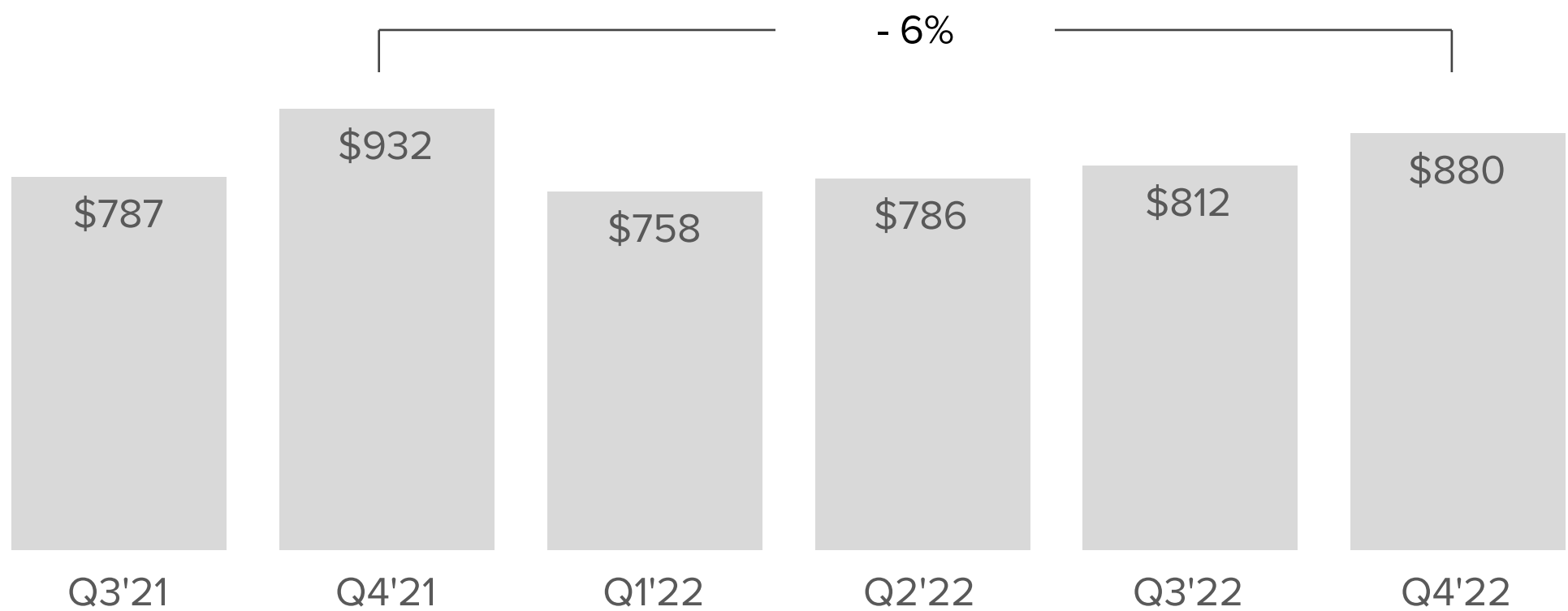
# Revenue by Geography

(in millions, unaudited)

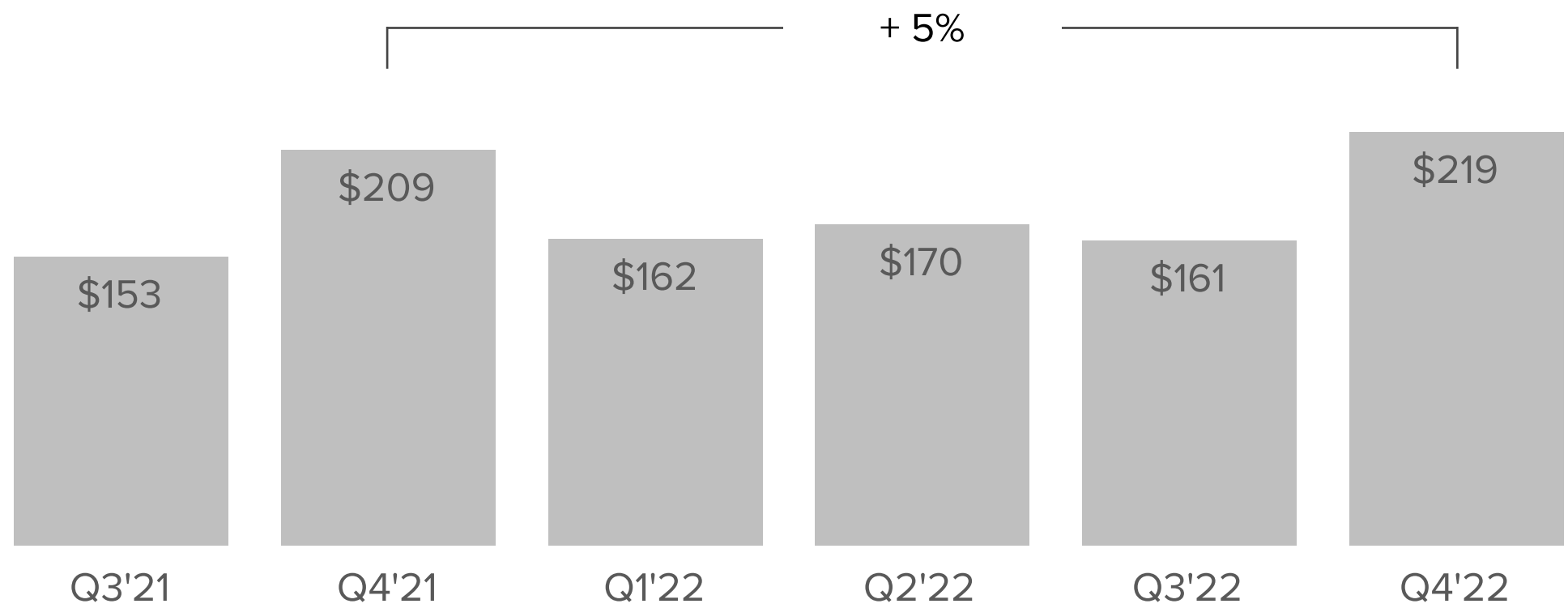
## GLOBAL



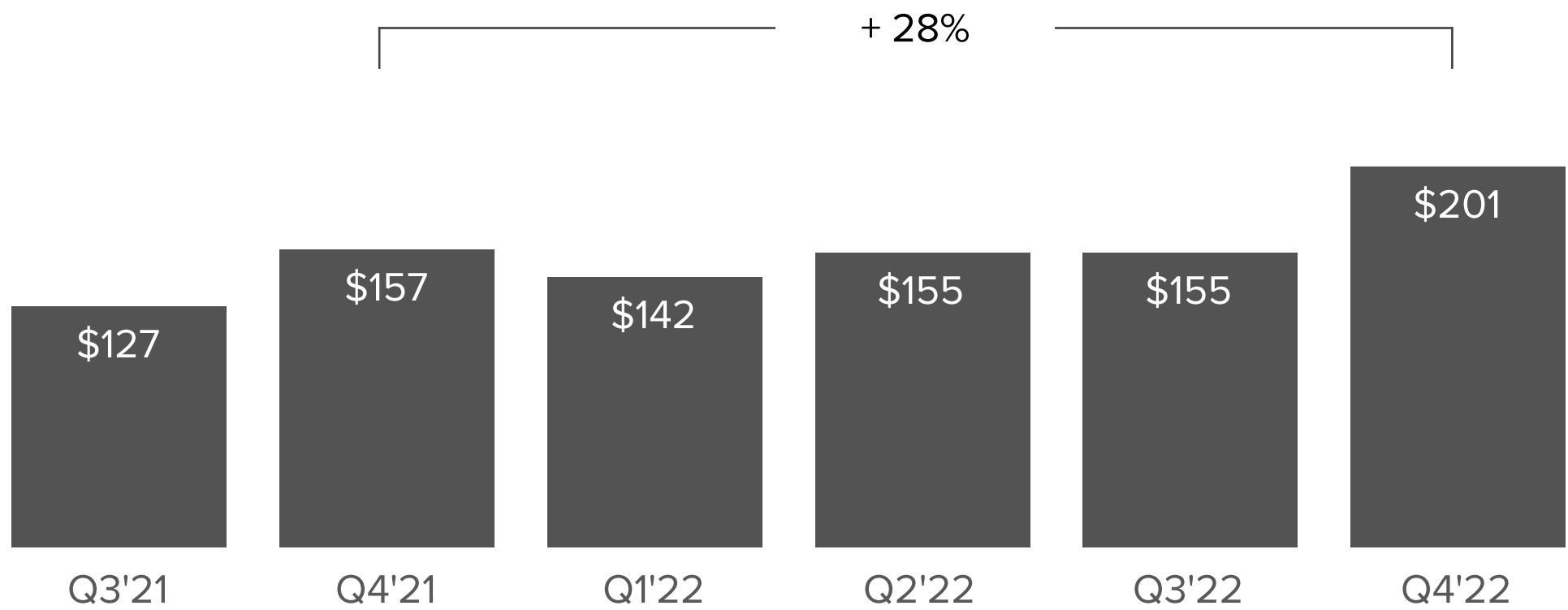
## NORTH AMERICA<sup>1</sup>



## EUROPE<sup>2</sup>



## 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.

<sup>1</sup>North America includes Mexico, the Caribbean, and Central America.

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

<sup>3</sup>Constant currency revenue is a non-GAAP measure, which we define as GAAP revenue in the current period translated using the prior period average monthly exchange rates for revenue transactions in currencies other than the U.S. dollar. The constant currency revenue percentage change is determined using current period constant currency revenue and prior period GAAP revenue.

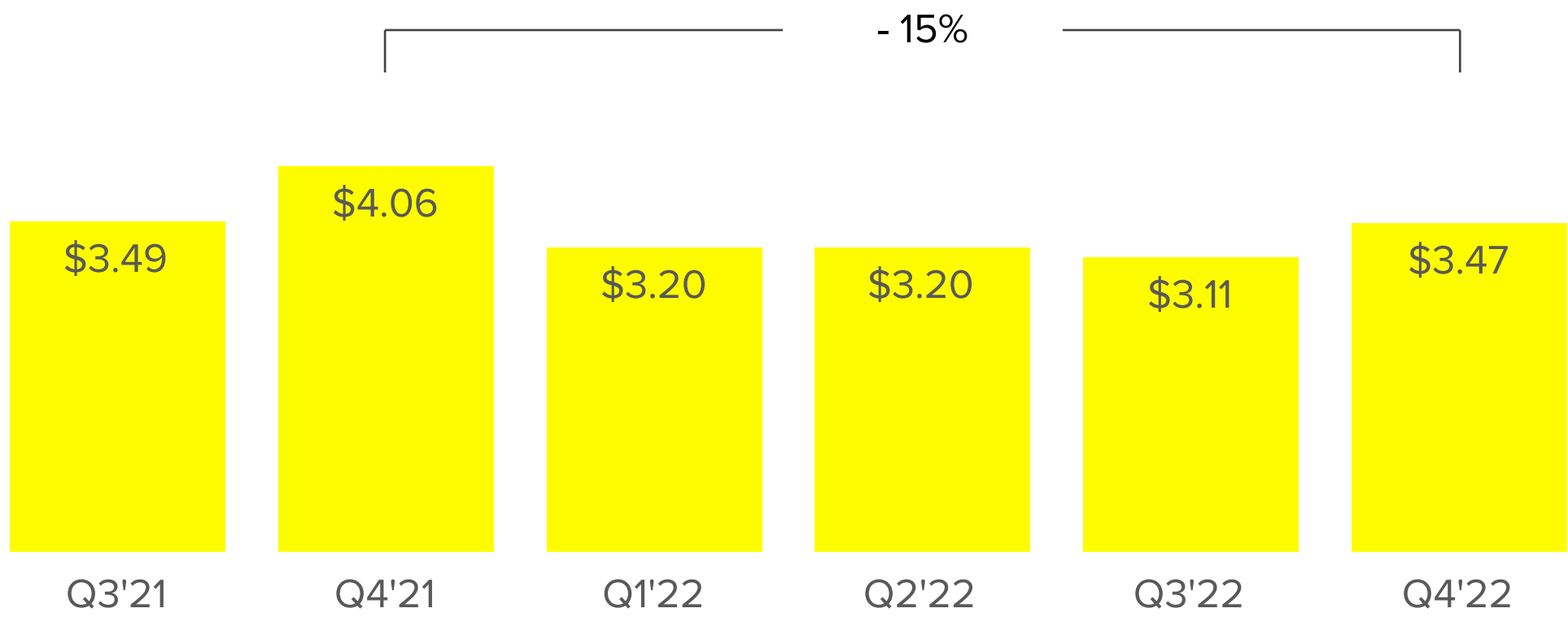
Numbers throughout presentation may not foot due to rounding.

**Q4 2022 REVENUE WAS \$1.3 BILLION; ON A CONSTANT CURRENCY BASIS<sup>3</sup>, ESTIMATED GROWTH OF 2% YoY**  
**FULL YEAR 2022 REVENUE INCREASED 12% YoY TO \$4.6 BILLION**

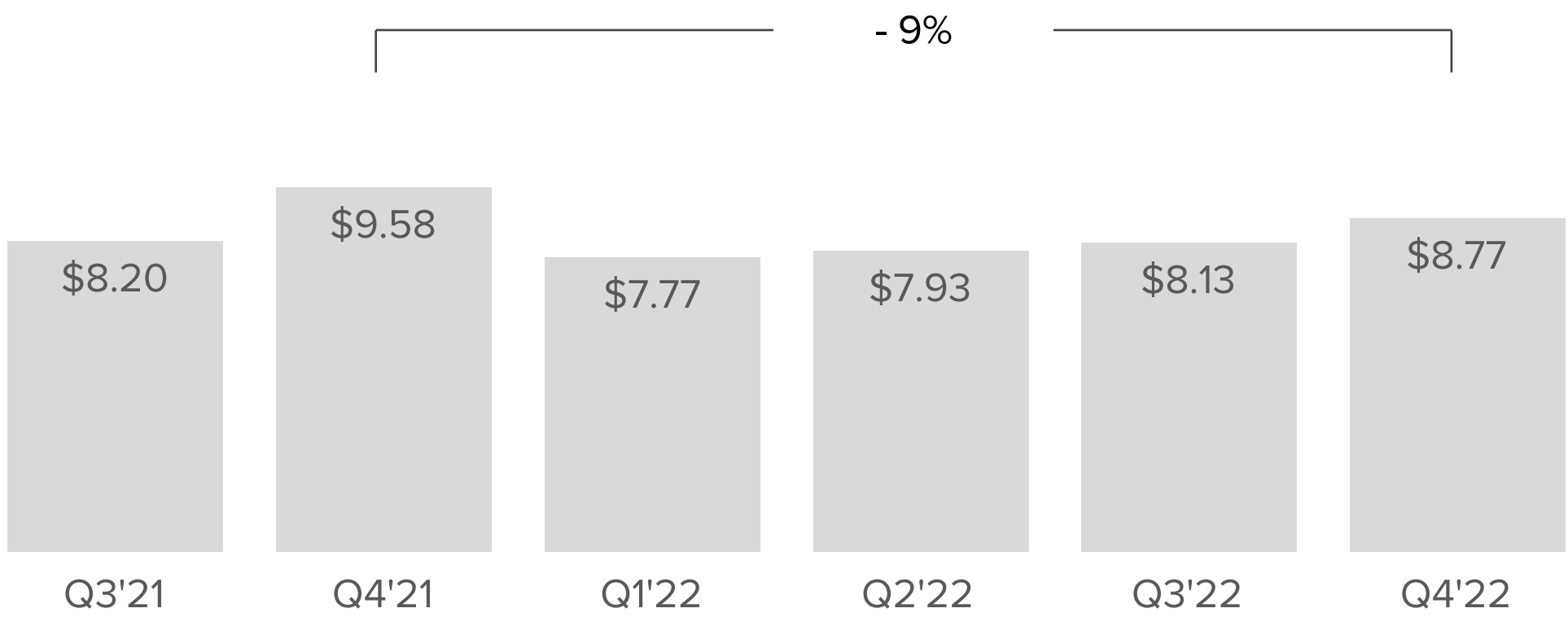
# Average Revenue Per User (ARPU)

(unaudited)

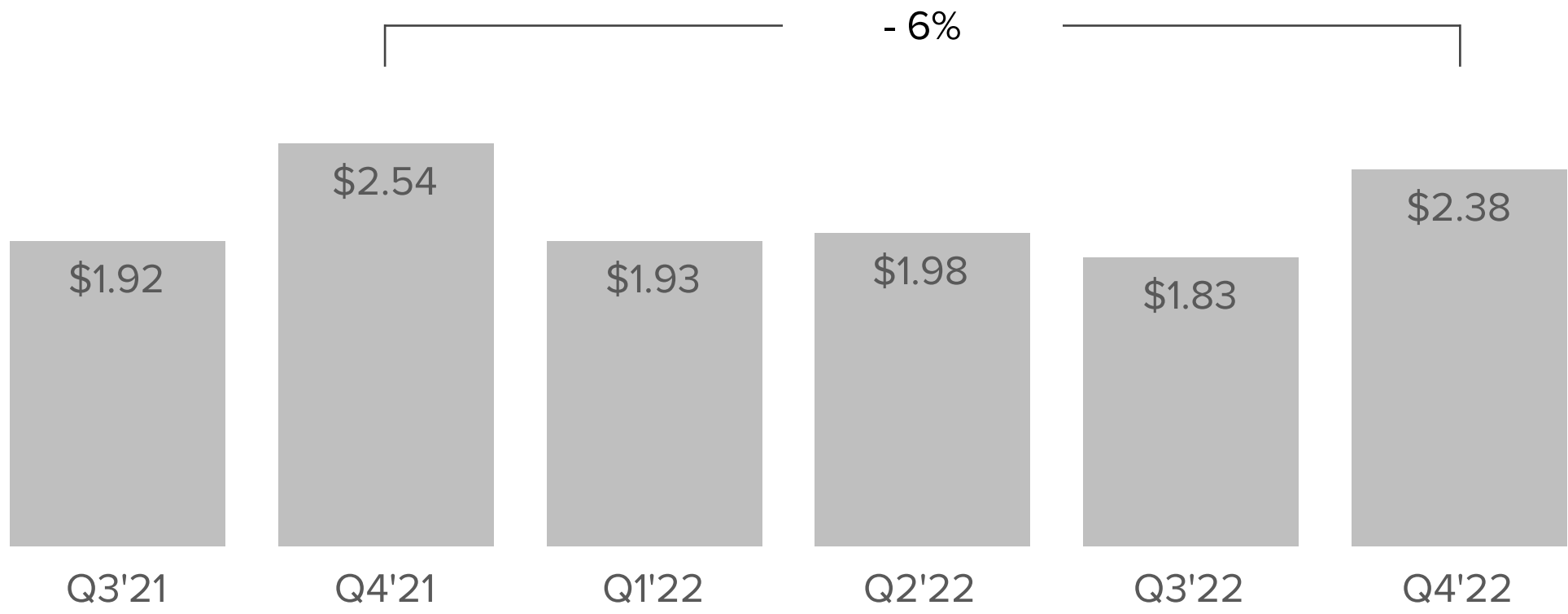
GLOBAL



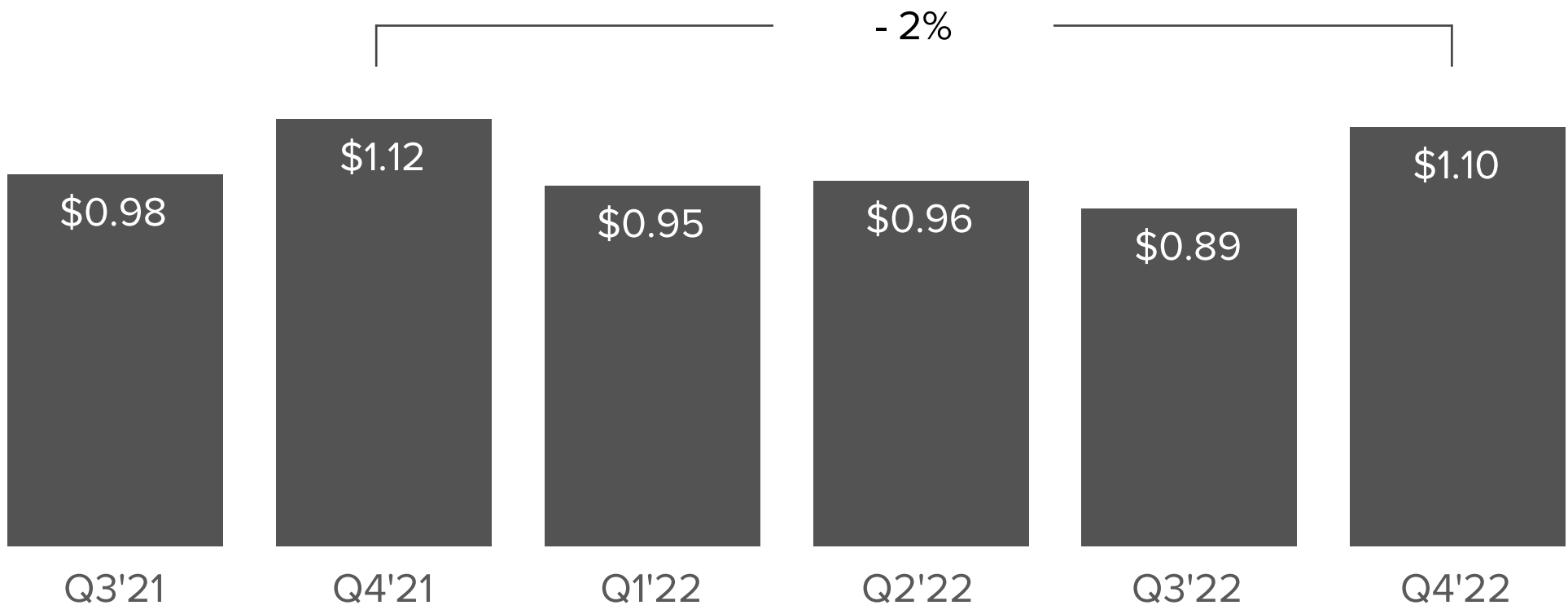
NORTH AMERICA<sup>1</sup>



EUROPE<sup>2</sup>



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.

<sup>1</sup>North America includes Mexico, the Caribbean, and Central America.

<sup>2</sup>Europe 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.

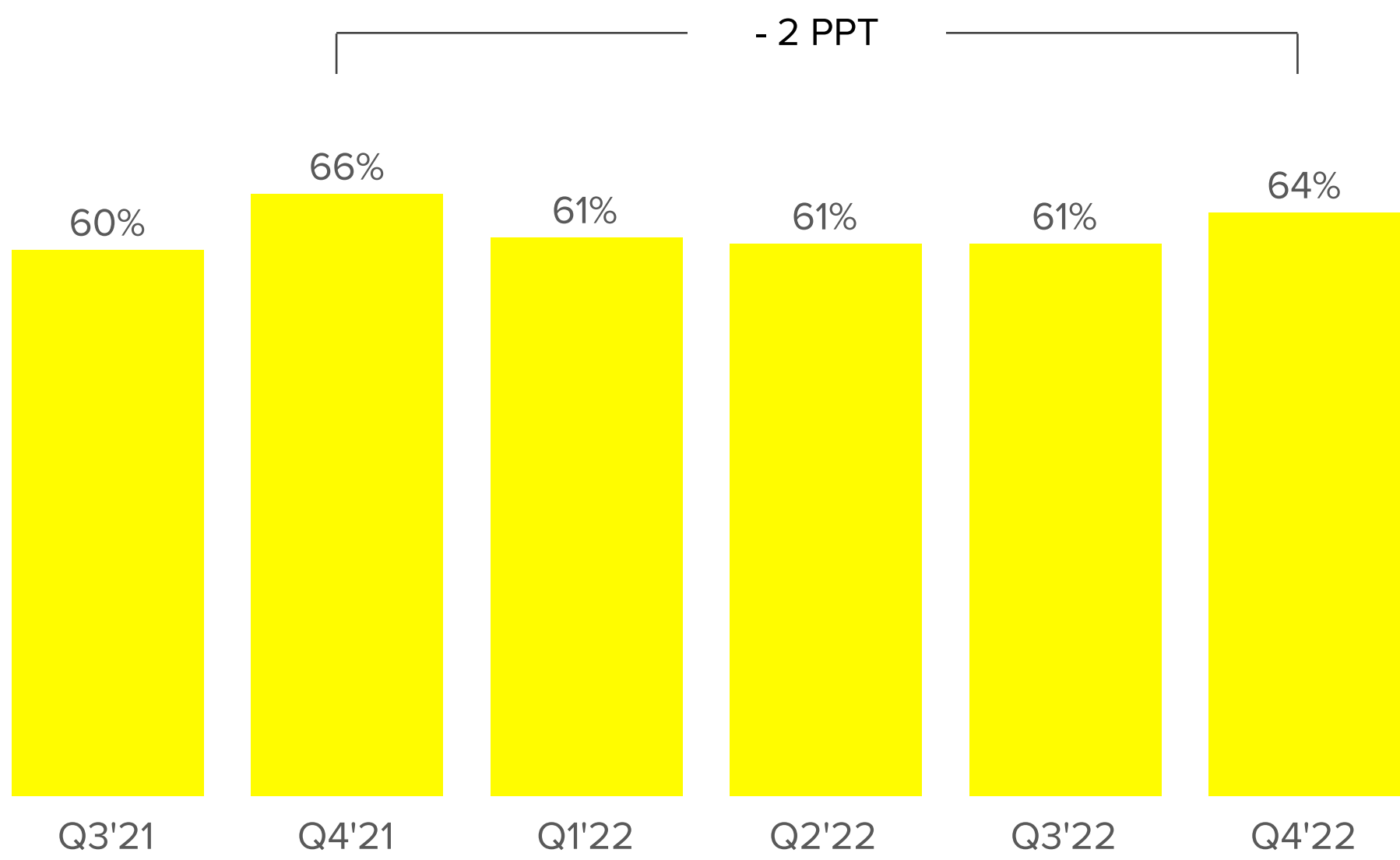
**GLOBAL ARPU INCREASED 11% QoQ to \$3.47 IN Q4 2022**



# Adjusted Gross Margin and Adjusted Cost of Revenue<sup>1</sup>

(dollars in millions, unaudited)

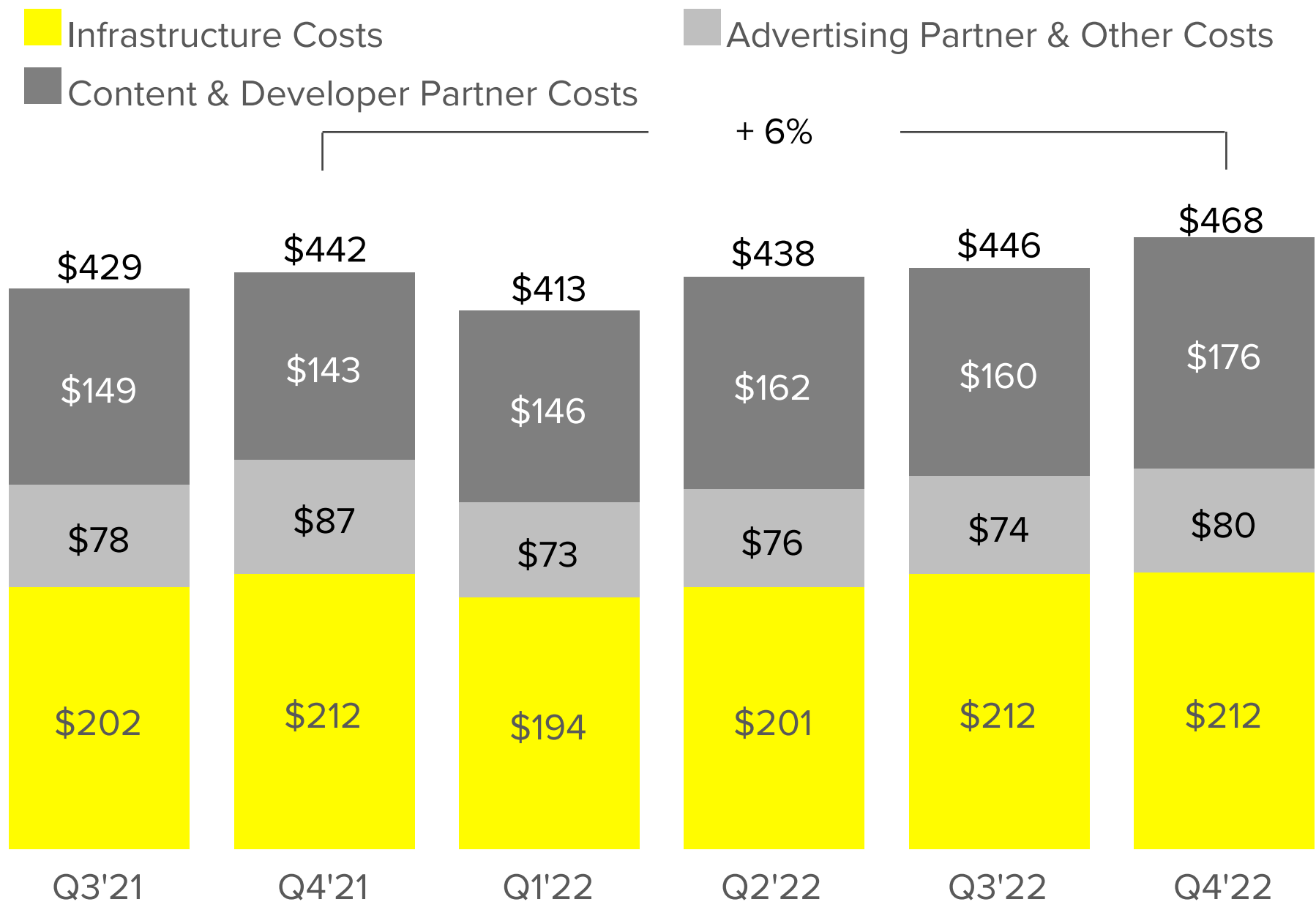
ADJUSTED GROSS MARGIN<sup>1</sup>



Adjusted Cost of Revenue<sup>1</sup> as a % of Revenue

40%      34%      39%      39%      39%      36%

ADJUSTED COST OF REVENUE<sup>1</sup> COMPOSITION



Total Non-GAAP Exclusions<sup>1</sup>

\$14      \$8      \$8      \$8      \$21      \$13

Total GAAP Cost of Revenue

\$443      \$449      \$421      \$446      \$467      \$481

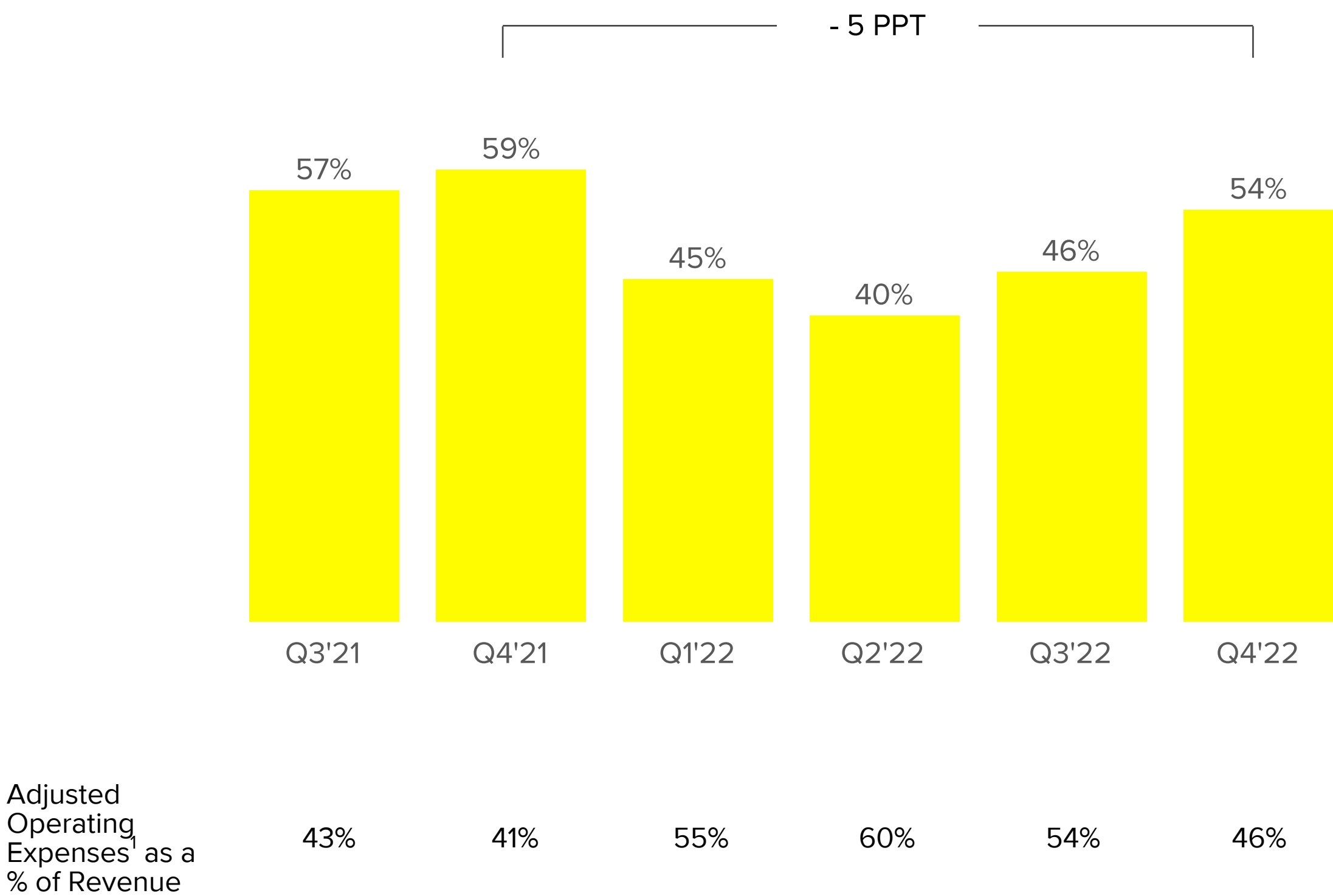
<sup>1</sup>Adjusted gross margin is a non-GAAP measure, which we define as GAAP revenue less adjusted cost of revenue divided by GAAP revenue. Adjusted cost of revenue is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other non-cash or non-recurring items impacting net income (loss) from time to time. In Q3 2022 and Q4 2022, non-recurring items included restructuring charges of \$14 million and \$7 million, respectively. See Appendix for further detail. Numbers throughout presentation may not foot due to rounding.

ADJUSTED GROSS MARGIN<sup>1</sup> IMPROVED 3 PPT QoQ

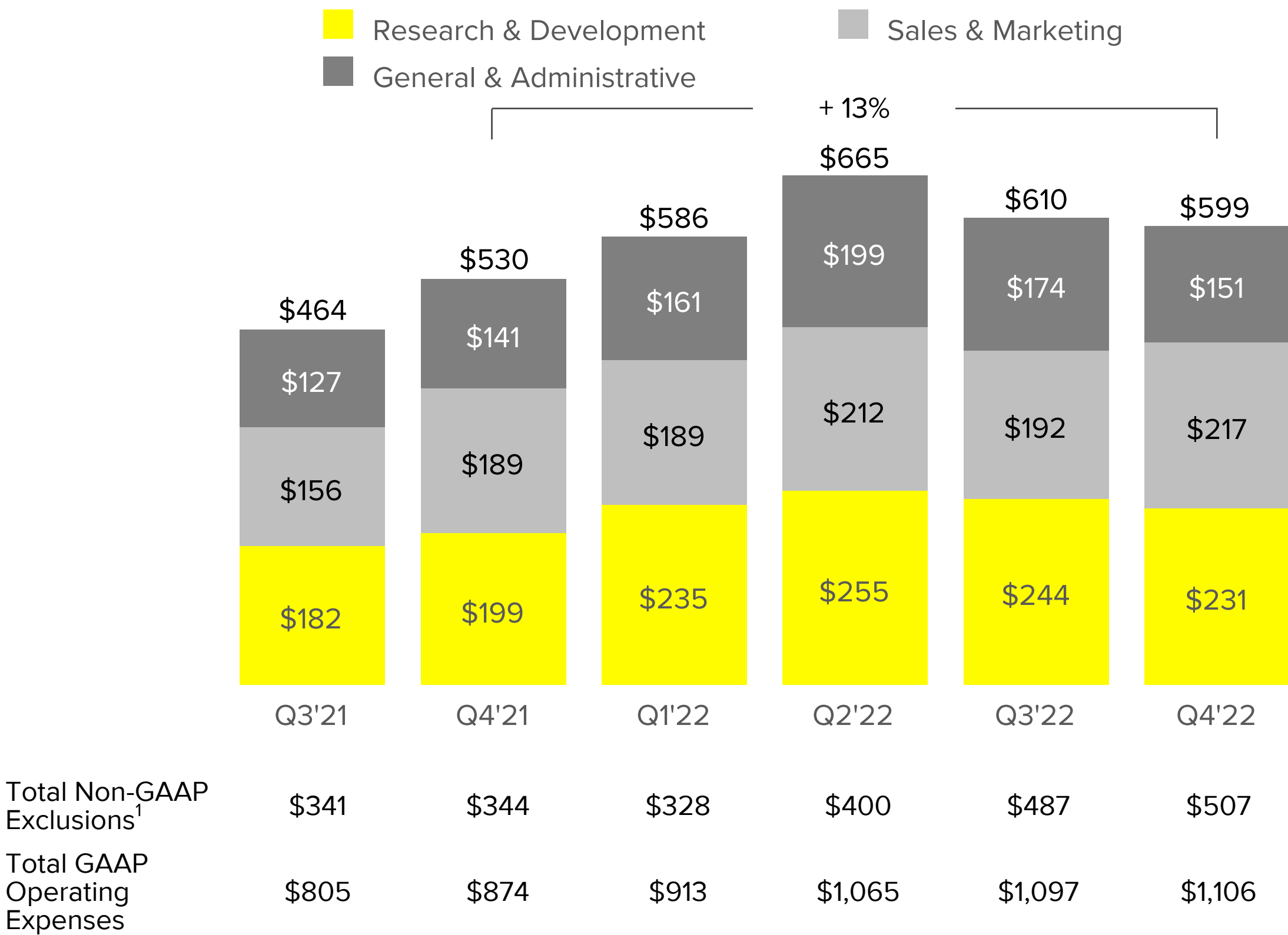
# Adjusted Operating Expense Margin and Adjusted Operating Expenses<sup>1</sup>

(dollars in millions, unaudited)

ADJUSTED OPERATING EXPENSE MARGIN<sup>1</sup>



ADJUSTED OPERATING EXPENSES<sup>1</sup> COMPOSITION

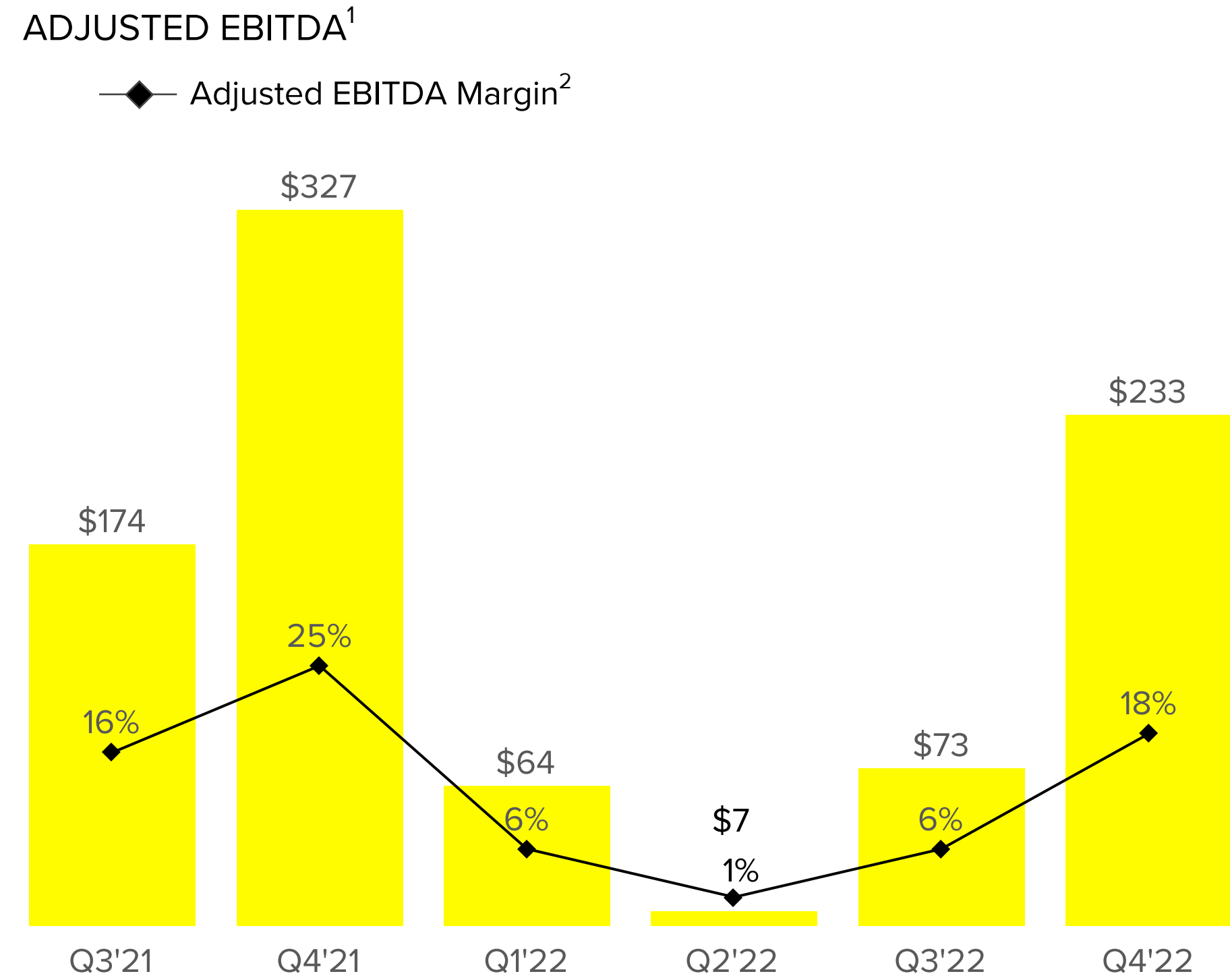
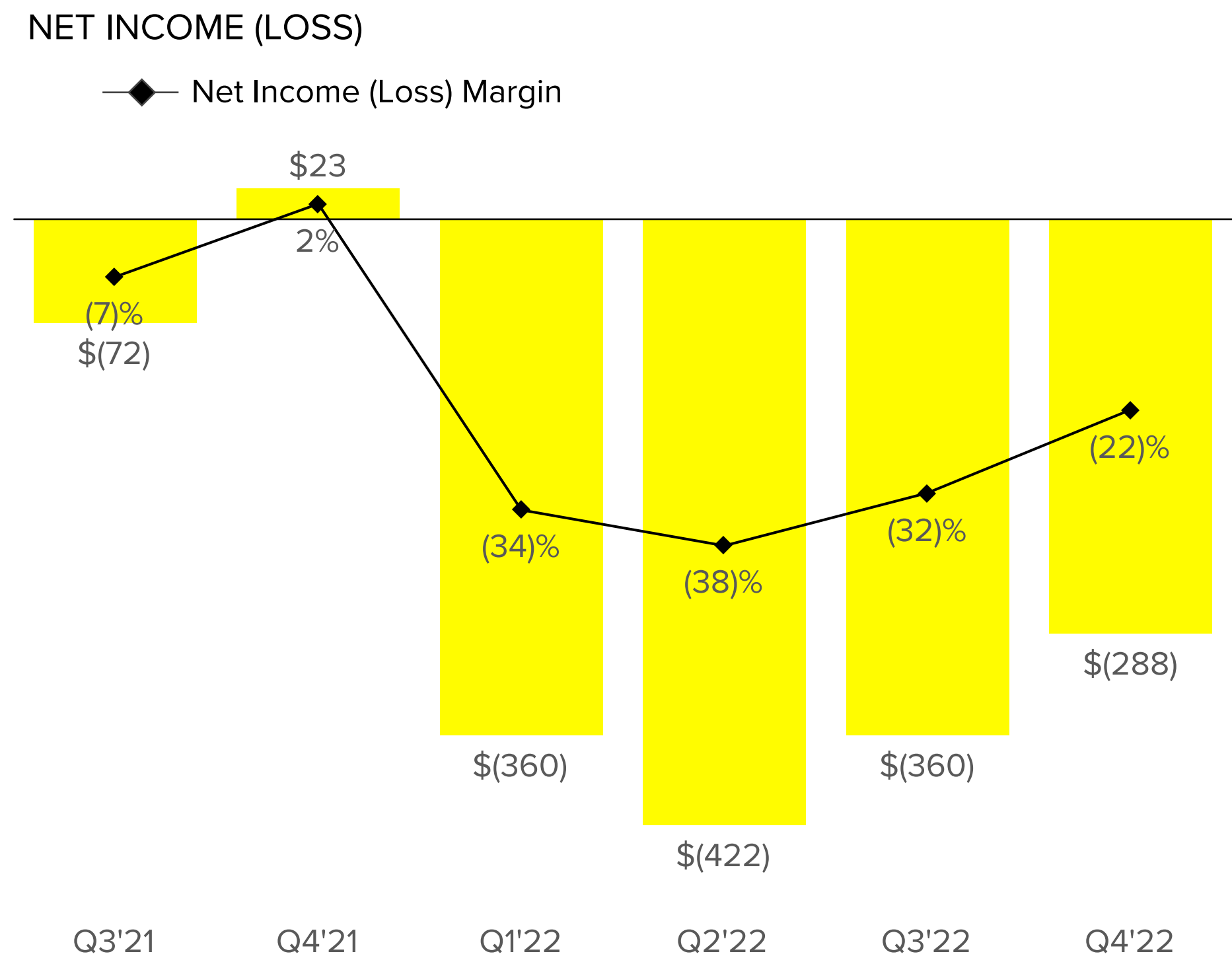


<sup>1</sup>Adjusted operating expense margin is a non-GAAP measure, which we define as GAAP revenue less adjusted operating expenses, divided by GAAP revenue. Adjusted operating expenses is a non-GAAP measure and excludes stock-based compensation expense, payroll and other tax expense related to stock-based compensation, depreciation and amortization, and certain other non-cash or non-recurring items impacting net income (loss) from time to time. In Q3 2022 and Q4 2022, non-recurring items included restructuring charges of \$141 million and \$27 million, respectively. See Appendix for further detail. Numbers throughout presentation may not foot due to rounding.

ADJUSTED OPERATING EXPENSES DOWN 10% FROM Q2 2022

# Net Income (Loss) & Adjusted EBITDA<sup>1</sup>

(dollars in millions, unaudited)



<sup>1</sup>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. In Q3 2022 and Q4 2022, non-recurring items included restructuring charges of \$155 million and \$34 million, respectively. See Appendix for reconciliation of net loss to Adjusted EBITDA.

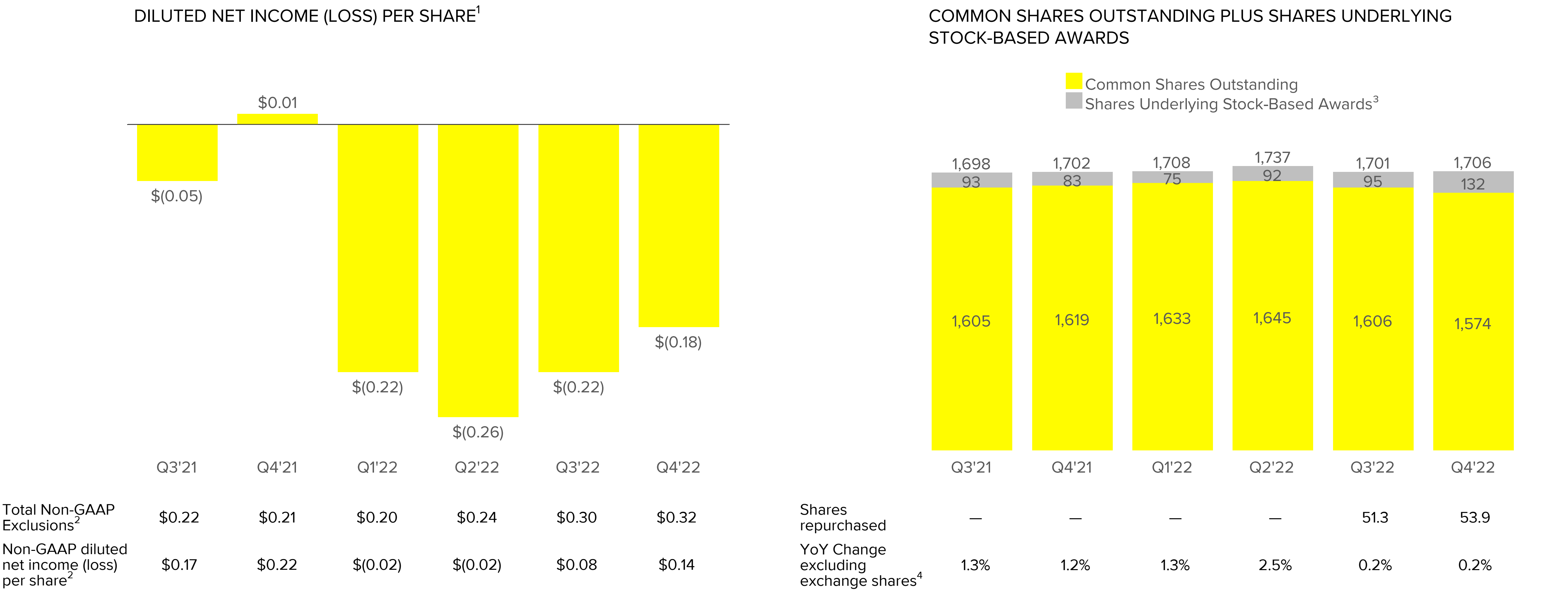
<sup>2</sup>Adjusted EBITDA margin is a non-GAAP measure, which we define as Adjusted EBITDA divided by GAAP revenue.

Numbers throughout presentation may not foot due to rounding.

**ADJUSTED EBITDA WAS \$233 MILLION IN Q4 2022**  
**THIRD CONSECUTIVE FULL YEAR OF ADJUSTED EBITDA PROFITABILITY**

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

(in millions, except per share data, unaudited)



<sup>1</sup>Diluted net income (loss) per share is calculated using weighted average shares outstanding during the period. Diluted net income per share in Q4 2021 includes 64 million shares in excess of weighted average shares outstanding during the period primarily related to unvested or unexercised stock-based awards.

<sup>2</sup>We define Non-GAAP net income (loss) as net income (loss); excluding amortization of intangible assets; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; certain other non-cash or non-recurring items impacting net income (loss) from time to time; and related income tax adjustments. Non-GAAP net income (loss) and weighted average diluted shares are then used to calculate Non-GAAP diluted net income (loss) per share. In Q3 2022 and Q4 2022, non-recurring items included restructuring charges of \$155 million and \$34 million, respectively. See Appendix for reconciliation of diluted net income (loss) per share to non-GAAP diluted net income (loss) per share.

<sup>3</sup>Shares underlying stock-based awards include restricted stock units, restricted stock awards, and outstanding stock options.

<sup>4</sup>YoY change in all periods exclude approximately 52 million shares issued as part of the induced conversions of convertible notes.

Numbers throughout presentation may not foot due to rounding.

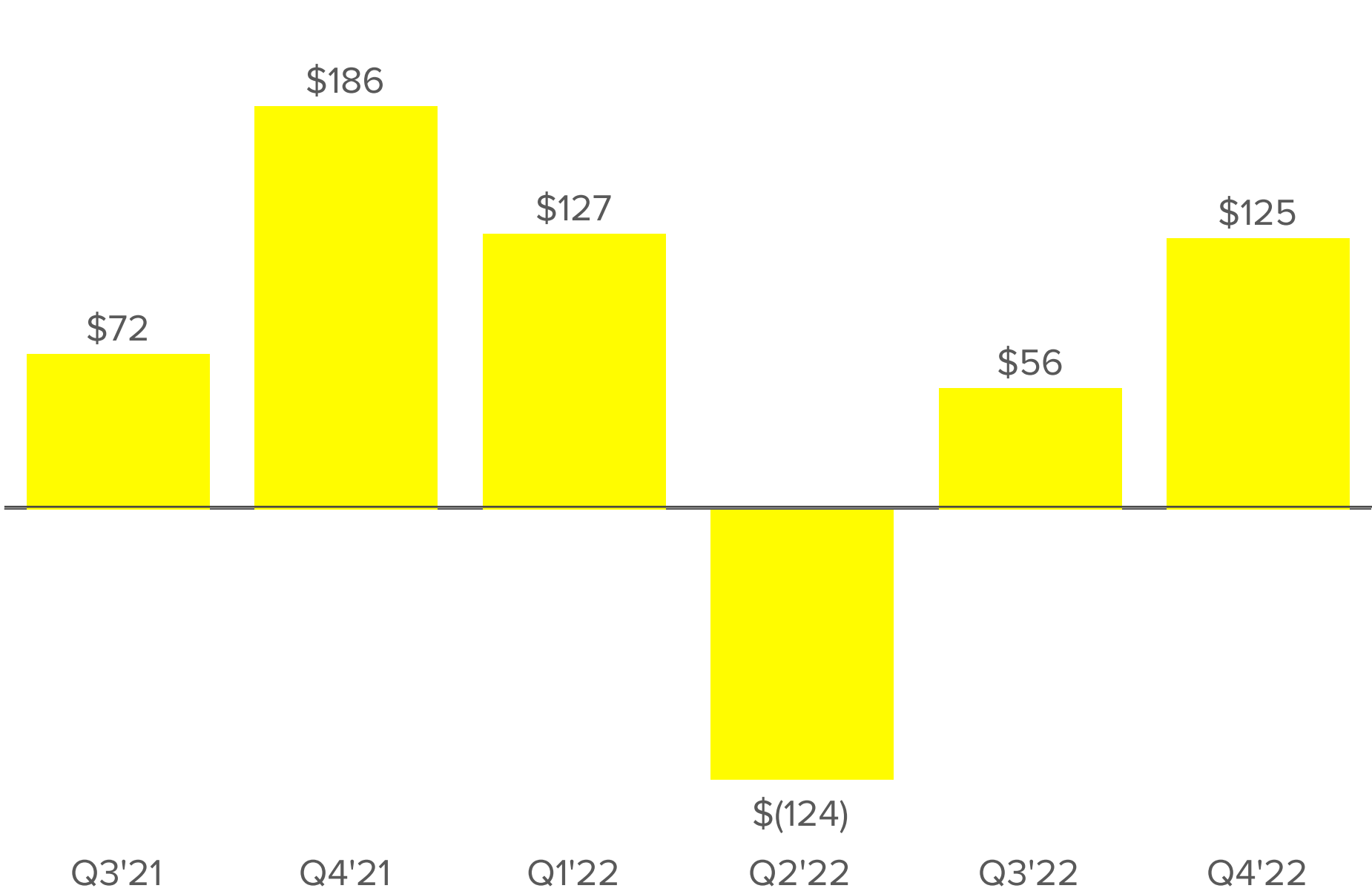
12

REPURCHASED \$1 BILLION OF SHARES IN 2022, REDUCING CLASS A SHARES OUTSTANDING AT YEAR END BY OVER 6%

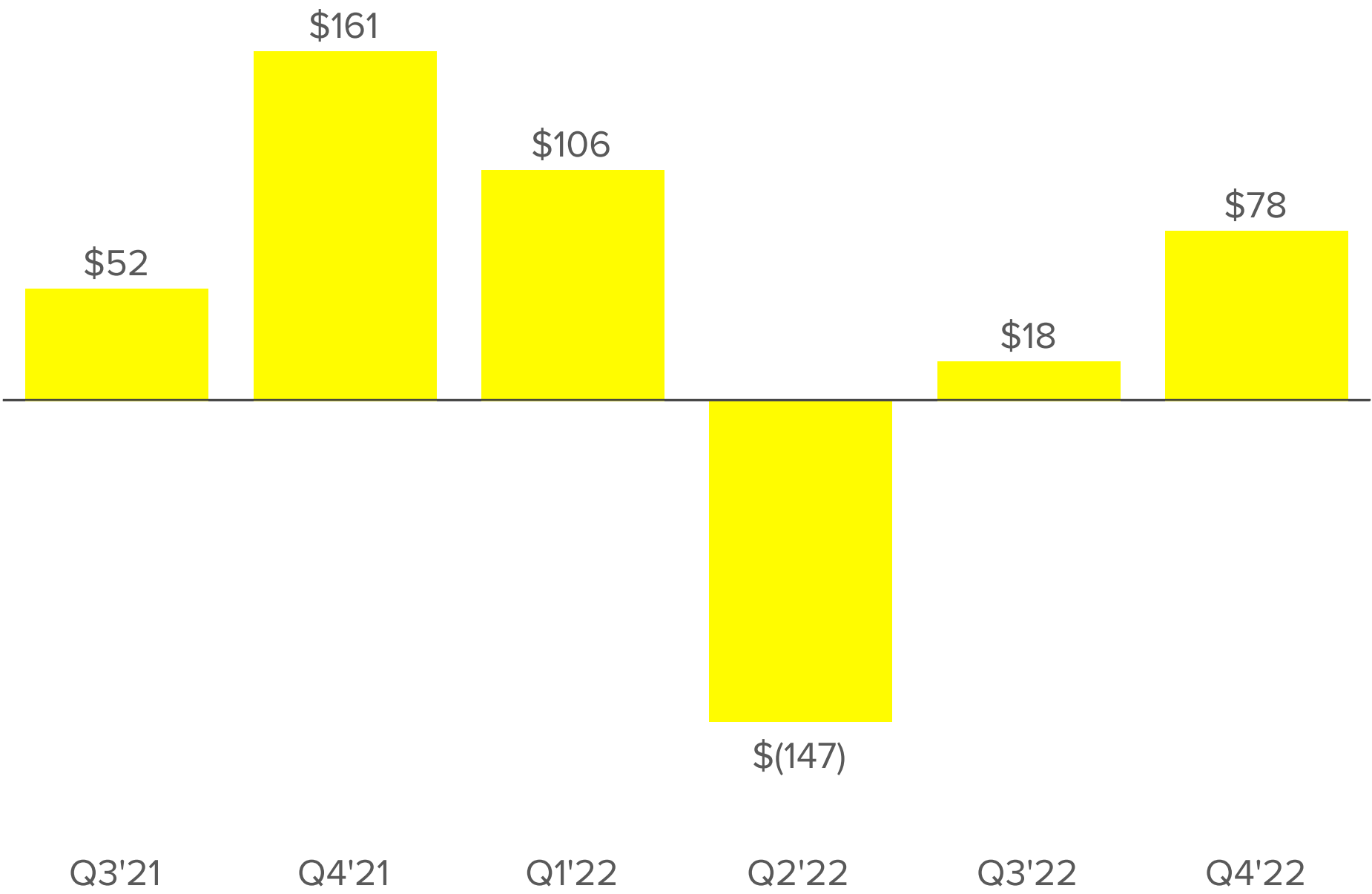
# Operating Cash Flow and Free Cash Flow<sup>1</sup>

(in millions, unaudited)

OPERATING CASH FLOW



FREE CASH FLOW<sup>1</sup>



Capex

\$(20)    \$(25)    \$(21)    \$(23)    \$(38)    \$(47)

YoY Change

174%    333%    (16)%    (27)%    (65)%    (51)%

<sup>1</sup>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. Numbers throughout presentation may not foot due to rounding.

**FREE CASH FLOW WAS \$78 MILLION IN Q4 2022**  
**SECOND CONSECUTIVE FULL YEAR OF POSITIVE FREE CASH FLOW**



# Full Year Summary

# Full Year Financial Summary

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Revenue

- Revenue increased 12% YoY to \$4.6 billion in 2022.
- Average revenue per user<sup>1</sup> was \$12.98 in 2022 compared to \$13.65 in 2021.

Operating  
Performance

- Operating margin was (30)% in 2022, compared to (17)% in 2021.
- Adjusted gross margin<sup>2</sup> improved to 62% in 2022, compared to 58% in 2021.
- Net loss was \$1,430 million in 2022, including restructuring charges of \$189 million, compared to \$488 million in 2021.
- Adjusted EBITDA<sup>3</sup> was \$378 million in 2022, compared to \$617 million in 2021.
- Adjusted EBITDA margin<sup>3</sup> was 8% in 2022, compared to 15% in 2021.

Cash

- Operating cash flow was \$185 million in 2022, compared to \$293 million in 2021.
- Free Cash Flow<sup>3</sup> was \$55 million in 2022, compared to \$223 million in 2021.
- Cash, cash equivalents, and marketable securities were \$3.9 billion as of December 31, 2022.

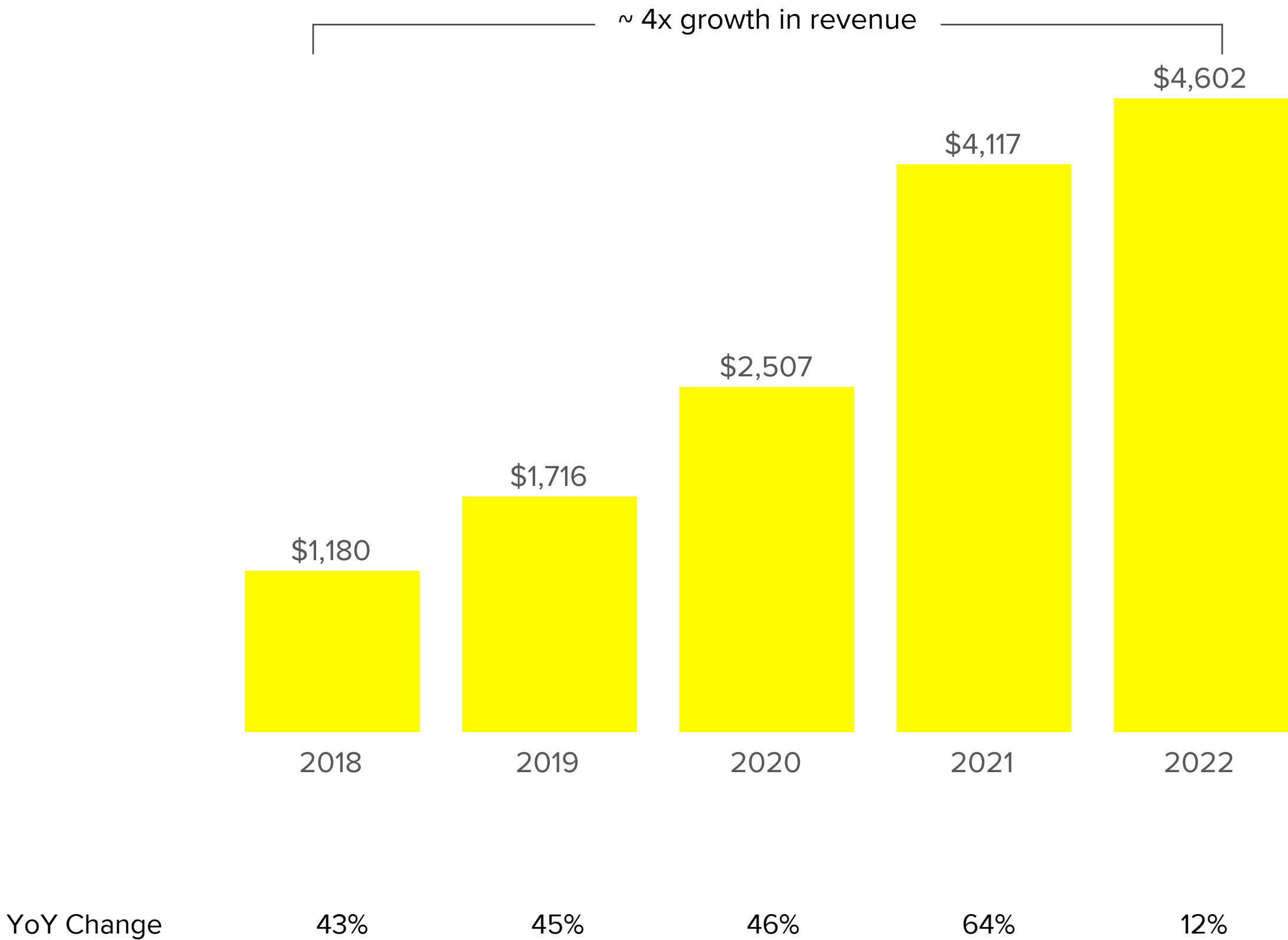
<sup>1</sup>ARPU is presented as an annual ARPU, calculated as the sum of each reported quarterly Global ARPU.  
<sup>2</sup>Adjusted gross margin is a non-GAAP measure, which we define as GAAP revenue less adjusted cost of revenue, divided by GAAP revenue. Adjusted cost of revenue is a non-GAAP measure 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.  
<sup>3</sup>Adjusted EBITDA margin is a non-GAAP measure, which we define as Adjusted EBITDA divided by GAAP revenue. See Appendix for reconciliations of net loss to Adjusted EBITDA and net cash provided by (used in) operating activities to Free Cash Flow..  
Numbers throughout presentation may not foot due to rounding.

**2022 REVENUE INCREASED 12% YoY TO \$4.6 BILLION**  
**FREE CASH FLOW WAS \$55 MILLION IN 2022**

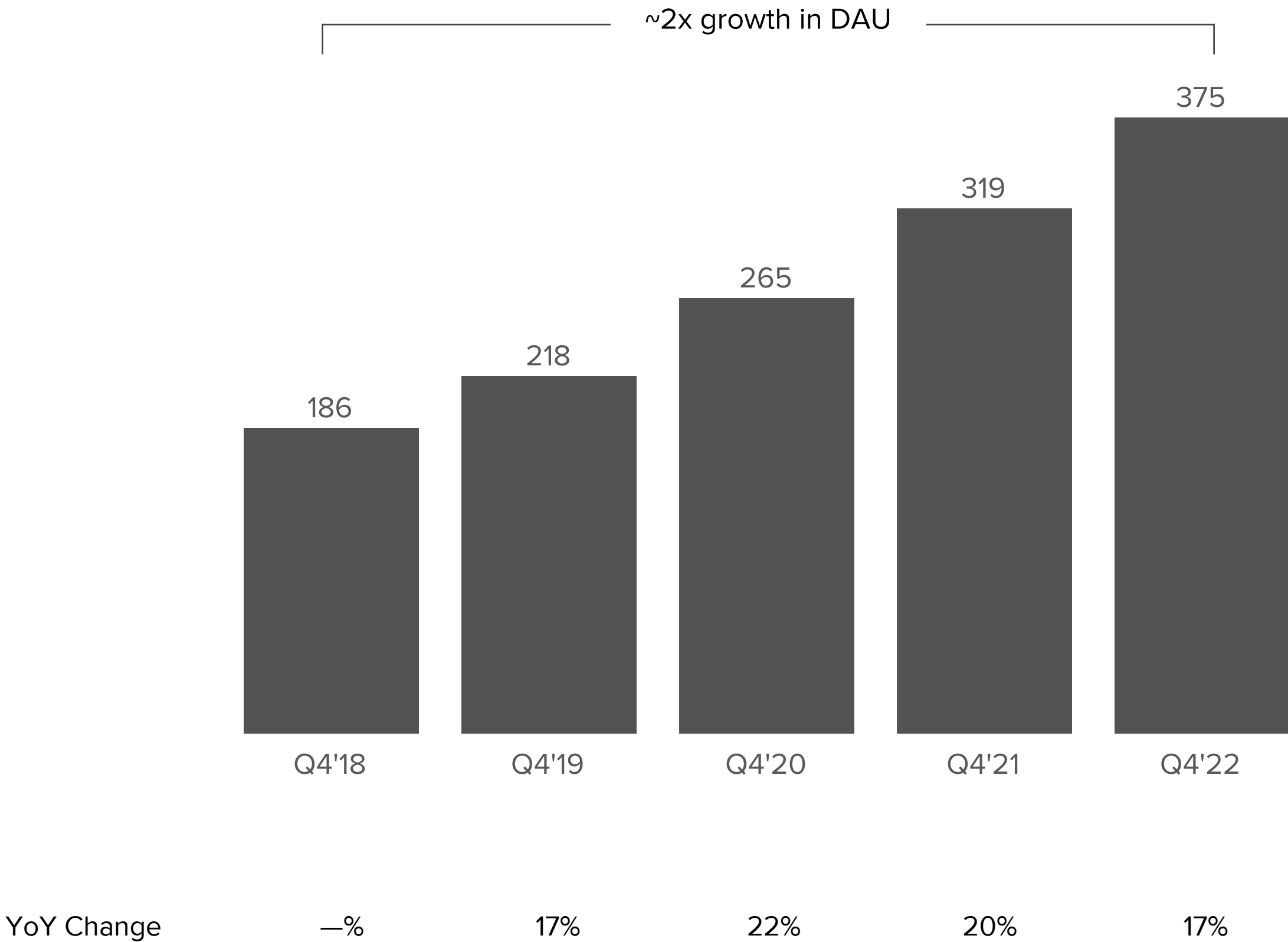
# Revenue and Average Daily Active Users (DAU)<sup>1</sup>

(in millions, unaudited)

REVENUE



AVERAGE DAILY ACTIVE USERS<sup>1</sup>



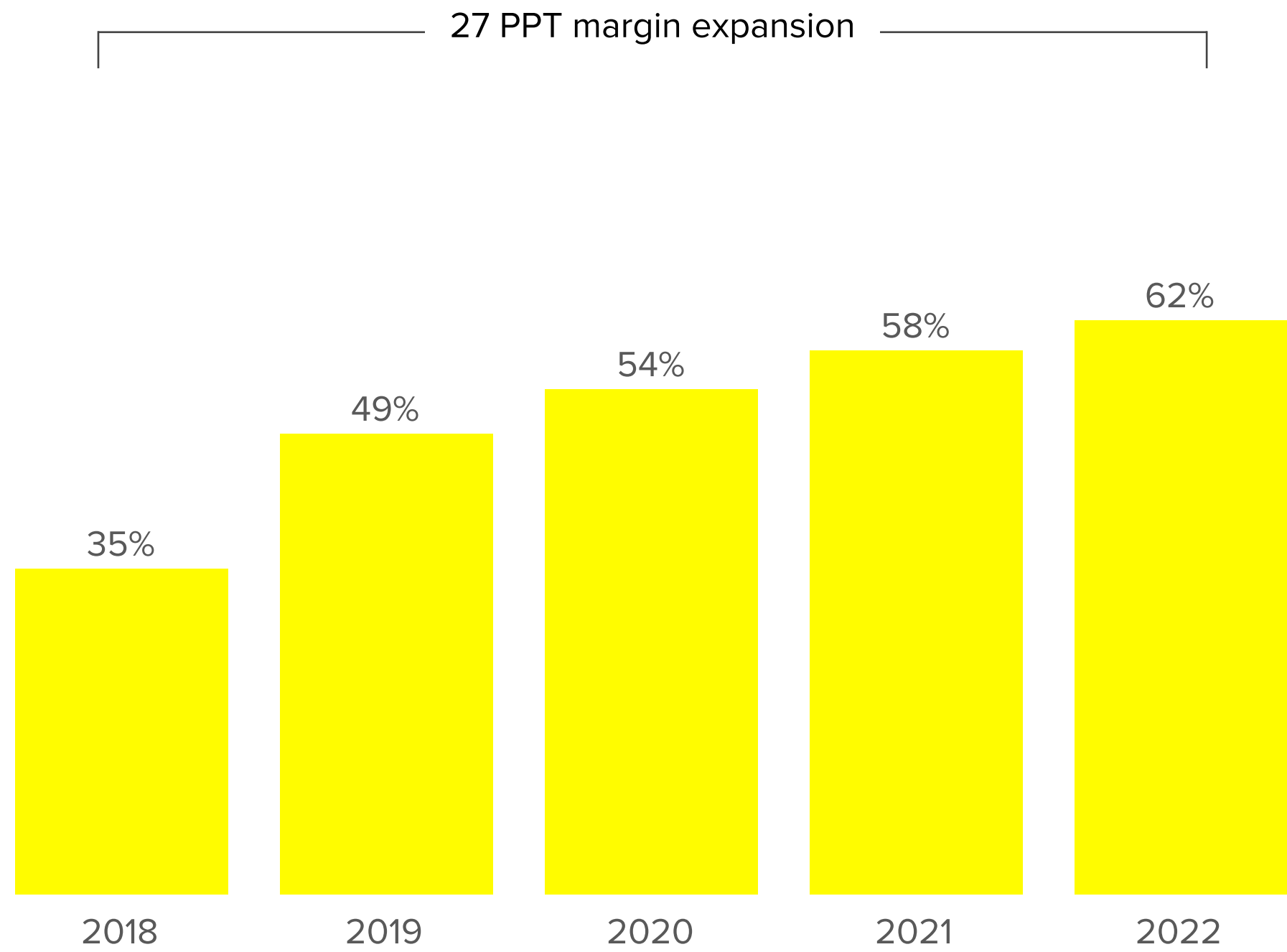
<sup>1</sup>We define a Daily Active User, or DAU, as a registered Snapchat user who opens the Snapchat application at least once during a defined 24-hour period. We calculate average Daily Active Users for a particular quarter by adding the number of DAUs on each day of that quarter and dividing that sum by the number of days in that quarter. Numbers throughout presentation may not foot due to rounding.

**REVENUE INCREASED 12% YoY TO \$4.6 BILLION**  
**DAU INCREASED 17% YoY TO 375 MILLION**

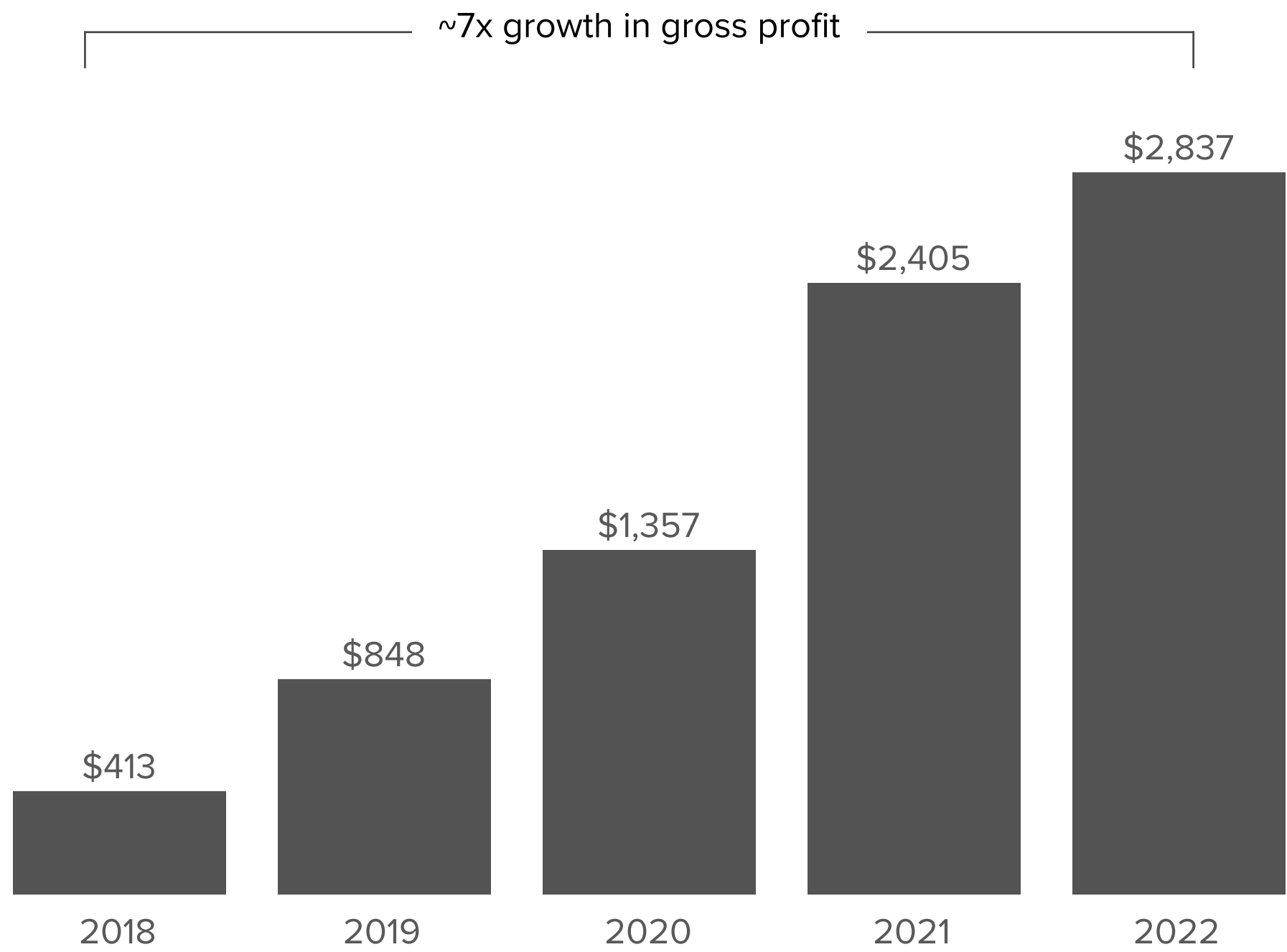
# Adjusted Gross Margin and Adjusted Gross Profit<sup>1</sup>

(dollars in millions, unaudited)

ADJUSTED GROSS MARGIN<sup>1</sup>



ADJUSTED GROSS PROFIT<sup>1</sup>



GAAP Gross Margin

32%      48%      53%      57%      61%

GAAP Gross Profit

\$382      \$820      \$1,324      \$2,367      \$2,787

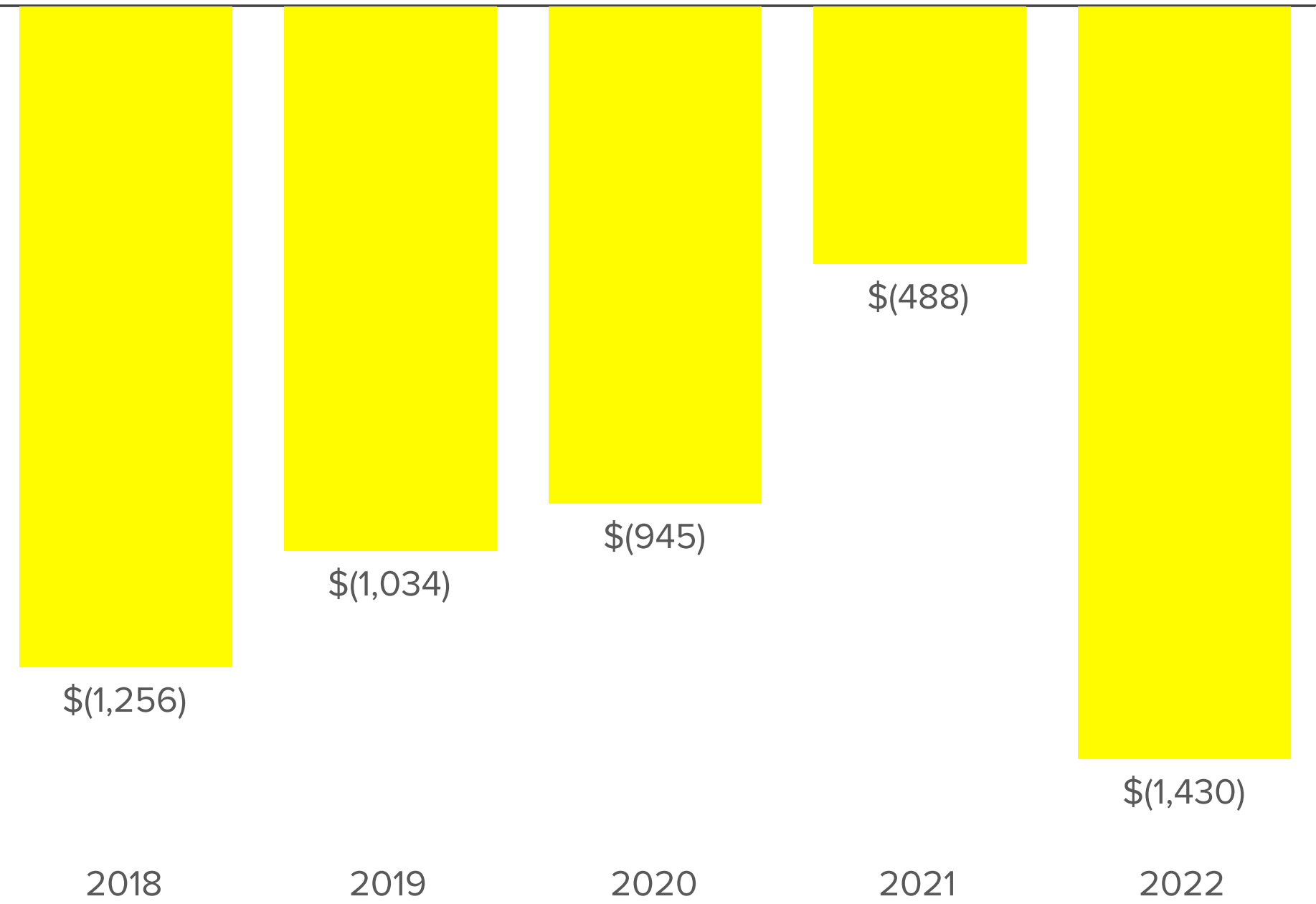
<sup>1</sup>Adjusted gross margin is a non-GAAP measure, which we define as adjusted gross profit divided by GAAP revenue. Adjusted gross profit is a non-GAAP measure, which we define as GAAP revenue less adjusted cost of revenue. Adjusted cost of revenue is a non-GAAP measure and excludes stock-based 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. In 2022, non-recurring items included restructuring charges of \$21 million. See Appendix for further detail.  
Numbers throughout presentation may not foot due to rounding.

FROM 2018 TO 2022, ADJUSTED GROSS MARGIN IMPROVED 27 PPT TO 62%

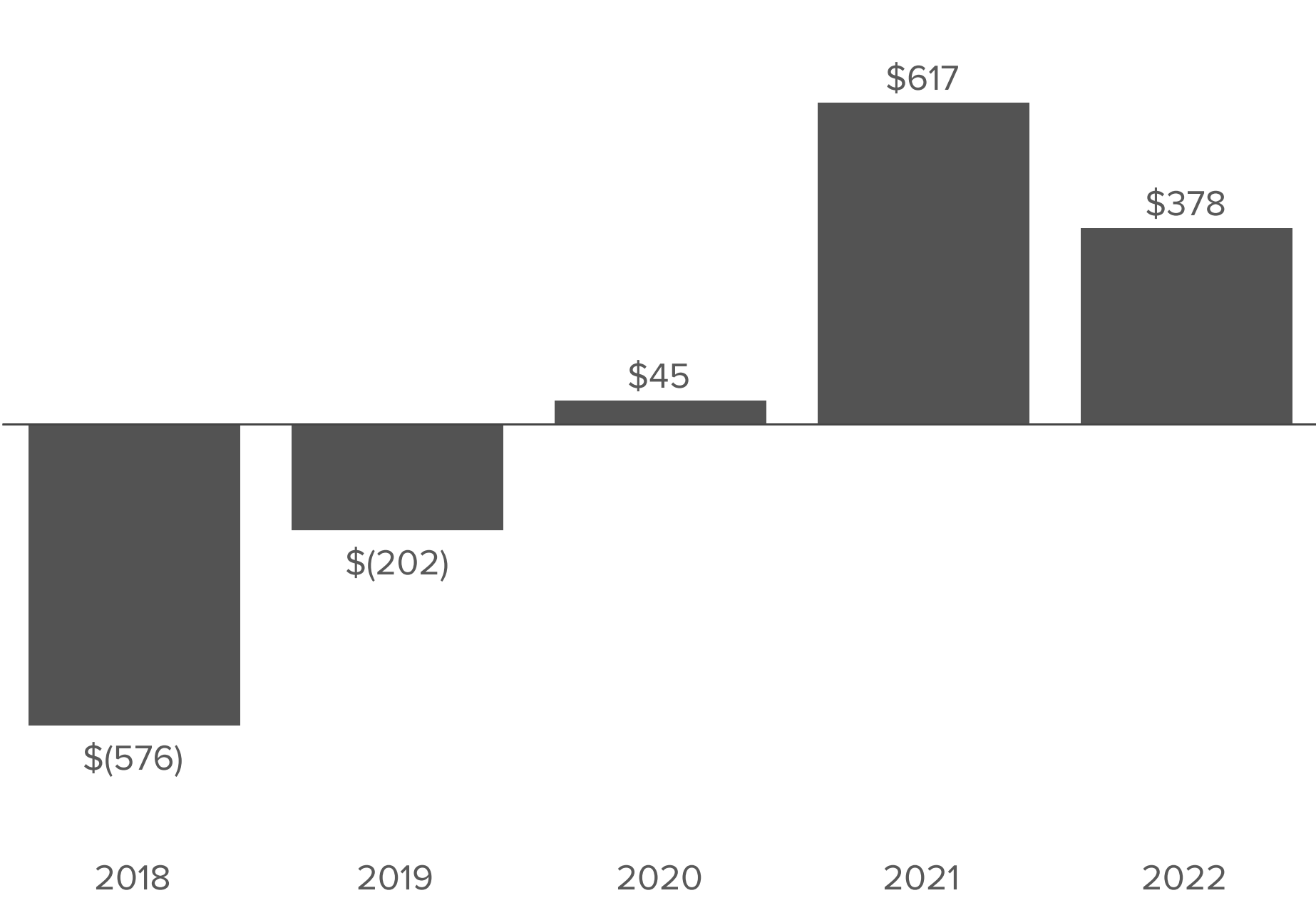
# Net Loss & Adjusted EBITDA<sup>1</sup>

(in millions, unaudited)

NET LOSS



ADJUSTED EBITDA<sup>1</sup>



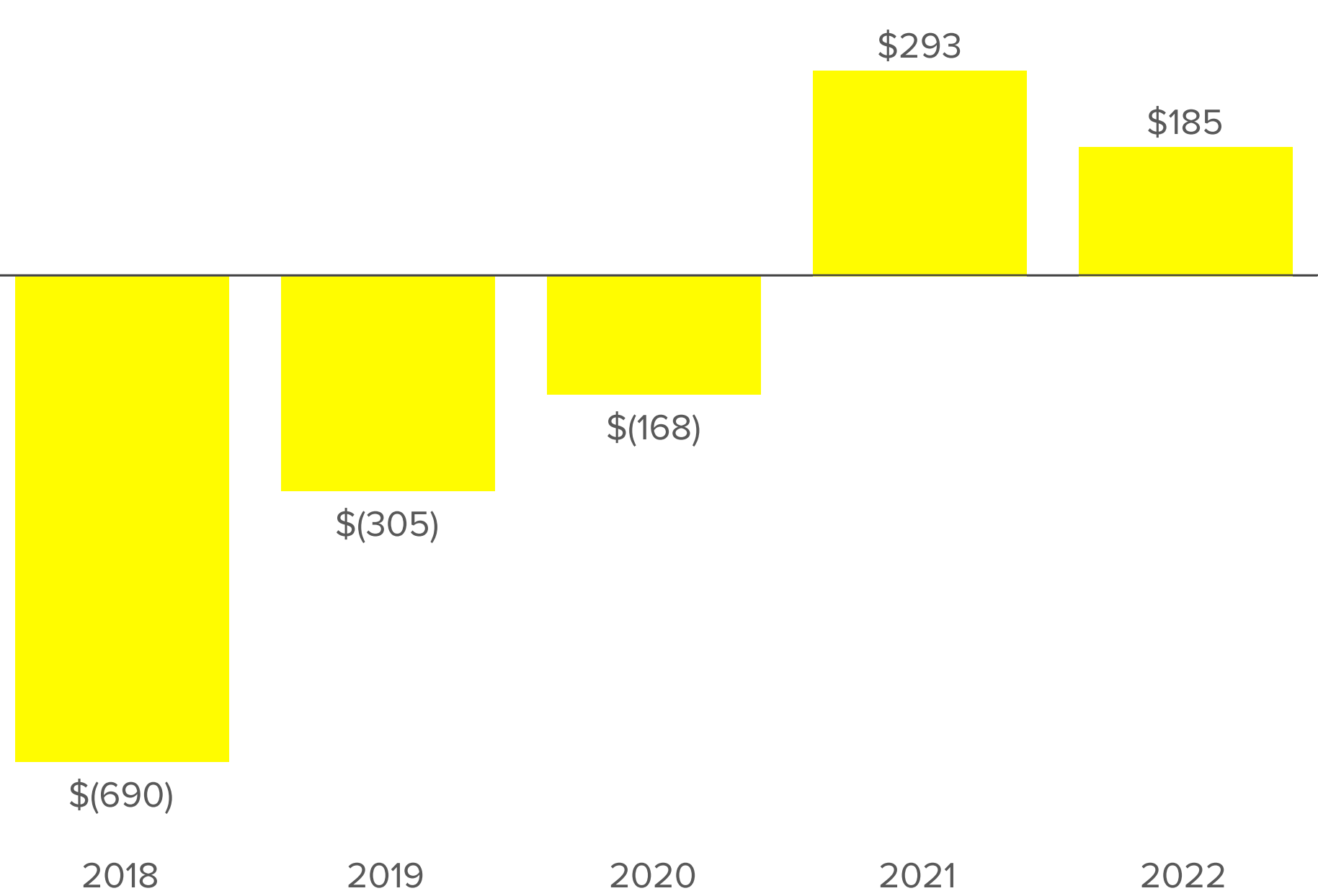
<sup>1</sup>Adjusted EBITDA is a non-GAAP measure, which we define as net income (loss), excluding interest income; interest expense; other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; and certain other non-cash or non-recurring items impacting net income (loss) from time to time. In 2022, non-recurring items included restructuring charges of \$189 million. See Appendix for reconciliation of net loss to Adjusted EBITDA. Numbers throughout presentation may not foot due to rounding.



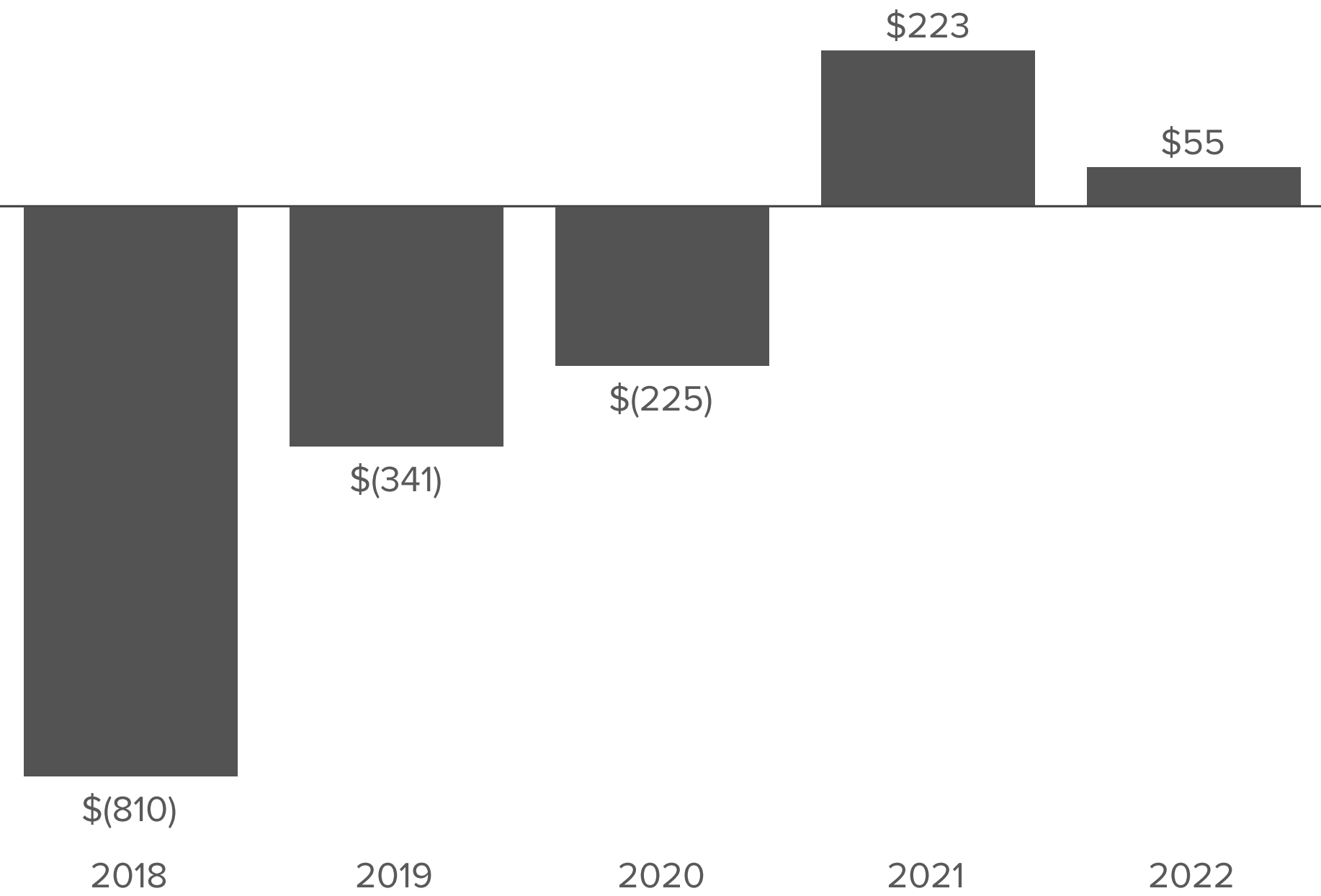
# Operating Cash Flow and Free Cash Flow<sup>1</sup>

(in millions, unaudited)

OPERATING CASH FLOW



FREE CASH FLOW<sup>1</sup>



Capex

\$(120)      \$(36)      \$(58)      \$(70)      \$(129)

<sup>1</sup>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. Operating Cash Flow and Free Cash Flow in 2022 include \$86 million cash paid for restructuring activities. Operating Cash Flow and Free Cash Flow in 2020 include 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.

**SECOND CONSECUTIVE FULL YEAR OF POSITIVE FREE CASH FLOW**  
**FULL YEAR 2022 FREE CASH FLOW OF \$55 MILLION**

## Financial Guidance

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Given uncertainties related to the operating environment, we are not providing our expectations for revenue or adjusted EBITDA for the first quarter of 2023.

# Appendix

# Non-GAAP Financial Measures Reconciliation – Quarterly

(in thousands, unaudited)

	Three Months Ended					
	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022
<b>Adjusted EBITDA Reconciliation</b>						
Net income (loss)	\$ (71,959)	\$ 22,550	\$ (359,624)	\$ (422,067)	\$ (359,502)	\$ (288,460)
Add (deduct):						
Interest income	(1,257)	(1,554)	(3,123)	(8,331)	(18,445)	(28,698)
Interest expense	4,031	4,050	5,173	5,549	5,425	5,312
Other (income) expense, net	(112,631)	(63,204)	77,537	16,910	(71,961)	20,043
Income tax (benefit) expense	992	13,031	8,510	6,999	9,241	4,206
Depreciation and amortization	32,510	34,863	38,100	79,291	34,068	34,975
Stock-based compensation expense	300,898	297,564	275,444	318,810	312,690	446,339
Payroll and other tax expense related to stock-based compensation	21,615	19,493	22,451	10,029	6,561	5,172
Restructuring charges <sup>1</sup>	—	—	—	—	154,563	34,386
<b>Adjusted EBITDA<sup>2</sup></b>	<b>\$ 174,199</b>	<b>\$ 326,793</b>	<b>\$ 64,468</b>	<b>\$ 7,190</b>	<b>\$ 72,640</b>	<b>\$ 233,275</b>

	Three Months Ended					
	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022
<b>Free Cash Flow Reconciliation</b>						
Net cash provided by (used in) operating activities	\$ 71,552	\$ 185,528	\$ 127,459	\$ (124,081)	\$ 55,945	\$ 125,291
Less:						
Purchases of property and equipment	(19,836)	(24,565)	(21,175)	(23,370)	(37,836)	(46,925)
<b>Free Cash Flow<sup>3</sup></b>	<b>\$ 51,716</b>	<b>\$ 160,963</b>	<b>\$ 106,284</b>	<b>\$ (147,451)</b>	<b>\$ 18,109</b>	<b>\$ 78,366</b>

<sup>1</sup>Restructuring charges were composed primarily of severance and related charges of \$91 million and \$6 million in Q3 2022 and Q4 2022, respectively, 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.

<sup>2</sup>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.

<sup>3</sup>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.  
Numbers throughout presentation may not foot due to rounding.

# Non-GAAP Financial Measures Reconciliation – Quarterly

(in thousands, unaudited)

	Three Months Ended					
	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022
<b>Non-GAAP net income (loss) reconciliation</b>						
Net income (loss)	\$ (71,959)	\$ 22,550	\$ (359,624)	\$ (422,067)	\$ (359,502)	\$ (288,460)
Amortization of intangible assets	18,148	20,228	22,505	64,134	18,701	18,073
Stock-based compensation expense	300,898	297,564	275,444	318,810	312,690	446,339
Payroll and other tax expense related to stock-based compensation	21,615	19,493	22,451	10,029	6,561	5,172
Restructuring charges <sup>1</sup>	—	—	—	—	154,563	34,386
Income tax adjustments	(208)	(374)	(61)	(504)	(954)	(988)
<b>Non-GAAP net income (loss)<sup>2</sup></b>	<b>\$ 268,494</b>	<b>\$ 359,461</b>	<b>\$ (39,285)</b>	<b>\$ (29,598)</b>	<b>\$ 132,059</b>	<b>\$ 214,522</b>
<b>Weighted-average common shares - Diluted<sup>3</sup></b>	<b>1,580,966</b>	<b>1,668,879</b>	<b>1,619,113</b>	<b>1,632,140</b>	<b>1,608,523</b>	<b>1,573,883</b>

	Three Months Ended					
	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022
<b>Non-GAAP diluted net income (loss) per share reconciliation</b>						
GAAP diluted net income (loss) per share	\$ (0.05)	\$ 0.01	\$ (0.22)	\$ (0.26)	\$ (0.22)	\$ (0.18)
Non-GAAP adjustment to net income (loss)	0.22	0.21	0.20	0.24	0.30	0.32
<b>Non-GAAP diluted net income (loss) per share<sup>2</sup></b>	<b>\$ 0.17</b>	<b>\$ 0.22</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>	<b>\$ 0.08</b>	<b>\$ 0.14</b>

<sup>1</sup>Restructuring charges were composed primarily of severance and related charges of \$91 million and \$6 million in Q3 2022 and Q4 2022 , respectively, 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.

<sup>2</sup>We define Non-GAAP net income (loss) as net income (loss); excluding amortization of intangible assets; stock-based compensation expense; payroll and other tax expense related to stock-based compensation; certain other non-cash or non-recurring items impacting net income (loss) from time to time; and related income tax adjustments. Non-GAAP net income (loss) and weighted average diluted shares are then used to calculate Non-GAAP diluted net income (loss) per share.

<sup>3</sup>For all periods except 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. In Q4 2021, weighted average common shares used in computation of diluted EPS excludes Convertible Notes and Capped Call shares as they are anti-dilutive.

Numbers throughout presentation may not foot due to rounding.



# Non-GAAP Financial Measures Reconciliation – Annual

(in thousands, unaudited)

	Year Ended					
	2018	2019	2020	2021	2022	
<b>Adjusted EBITDA Reconciliation</b>						
Net income (loss)	\$ (1,255,911)	\$ (1,033,660)	\$ (944,839)	\$ (487,955)	\$ (1,429,653)	
Add (deduct):						
Interest income	(27,228)	(36,042)	(18,127)	(5,199)	(58,597)	
Interest expense	3,894	24,994	97,228	17,676	21,459	
Other (income) expense, net	8,248	(59,013)	(14,988)	(240,175)	42,529	
Income tax (benefit) expense	2,547	393	18,654	13,584	28,956	
Depreciation and amortization	91,648	87,245	86,744	119,141	186,434	
Stock-based compensation expense	538,211	686,013	770,182	1,092,135	1,353,283	
Payroll and other tax expense related to stock-based compensation	21,927	27,840	50,309	107,479	44,213	
Securities class actions legal charges <sup>1</sup>	—	100,000	—	—	—	
Reduction in force <sup>1</sup>	9,884	—	—	—	—	
Lease exit charges <sup>1</sup>	31,143	—	—	—	—	
Restructuring charges <sup>2</sup>	—	—	—	—	188,949	
<b>Adjusted EBITDA<sup>3</sup></b>	<b>\$ (575,637)</b>	<b>\$ (202,230)</b>	<b>\$ 45,163</b>	<b>\$ 616,686</b>	<b>\$ 377,573</b>	

	Year Ended					
	2018	2019	2020	2021	2022	
<b>Free Cash Flow Reconciliation</b>						
Net cash provided by (used in) operating activities	\$ (689,924)	\$ (304,958)	\$ (167,644)	\$ 292,880	\$ 184,614	
Less:						
Purchases of property and equipment	(120,242)	(36,478)	(57,832)	(69,875)	(129,306)	
<b>Free Cash Flow<sup>4</sup></b>	<b>\$ (810,166)</b>	<b>\$ (341,436)</b>	<b>\$ (225,476)</b>	<b>\$ 223,005</b>	<b>\$ 55,308</b>	

<sup>1</sup>Securities class actions legal charges related to a preliminary agreement to settle the securities class actions that arose following our IPO. Charges recorded are net of amounts directly covered by insurance. These and other charges relating to reduction in force and lease exit charges in prior years are non-recurring and not reflective of underlying trends in our business.

<sup>2</sup>Restructuring 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.

<sup>3</sup>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.

<sup>4</sup>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.

Numbers throughout presentation may not foot due to rounding.

# Note Regarding User Metrics and Other Data

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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 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.

## Note Regarding User Metrics and Other Data (Continued)

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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.