

## Snap Announces Pricing of Upsized \$1.1 Billion Convertible Senior Notes Offering Due 2026

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SANTA MONICA, Calif.--(BUSINESS WIRE)-- Snap Inc. (NYSE: SNAP) announced today the pricing of \$1.1 billion principal amount of 0.75% convertible senior notes due 2026 in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended, or the Securities Act. The aggregate principal amount of the offering was increased from the previously announced offering size of \$1.0 billion. Snap also granted the initial purchasers of the notes an option to purchase up to an additional \$165.0 million principal amount of notes. The sale of the notes is expected to close on August 9, 2019, subject to customary closing conditions.

The notes will be general unsecured obligations of Snap, and interest of 0.75% per year will be payable semiannually in arrears on February 1 and August 1 of each year, beginning on February 1, 2020. The notes will mature on August 1, 2026, unless repurchased, redeemed, or converted in accordance with their terms prior to such date. The notes will be convertible at the option of the holders prior to the close of business on the business day immediately preceding May 1, 2026 only on the satisfaction of certain conditions and during certain periods. After that, the notes will be convertible at the option of the holders at any time until the close of business on the business day immediately preceding the maturity date. On conversion, Snap will elect to settle the notes in cash, shares of Snap's Class A common stock, or a combination of cash and shares of Snap's Class A common stock.

Snap may not redeem the notes prior to August 6, 2023. Snap may redeem all or any portion of the notes, at its option, for cash on or after August 6, 2023 if the last reported sale price of Snap Class A common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately before the date on which Snap provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately before the date on which Snap provides notice of redemption at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

On the occurrence of certain events that constitute a fundamental change (as defined in the indenture governing the notes), holders of the notes will have the right to require Snap to repurchase all or a portion of their notes for cash at a repurchase price equal to 100% of their principal amount, plus accrued and unpaid interest to, but excluding the repurchase date. Under certain circumstances, Snap will also be required to increase the conversion rate for holders who convert their notes in connection with certain events, including any fundamental change, occurring prior to the maturity date or in connection with Snap's issuance of a notice of redemption.

The notes will have an initial conversion rate of 43.8481 shares of Snap Class A common stock per \$1,000 principal amount of notes, which is subject to adjustment in certain circumstances. This is equivalent to an initial conversion price of approximately \$22.81 per share. The initial conversion price represents a premium of approximately 40% to the \$16.29 per share closing price of Snap Class A common stock on the New York Stock Exchange on August 6, 2019. Snap estimates that the net proceeds from the offering will be approximately \$1,087.6 million (or approximately \$1,251.0 million if the initial purchasers exercise their option to purchase additional notes in full), after deducting the initial purchasers' discounts and commissions and estimated expenses payable by Snap. Snap intends to use approximately \$88.8 million of the net proceeds from the offering to pay the cost of the capped call transactions described below, and the remaining net proceeds from the offering for general corporate purposes, including working capital, operating expenses, and capital expenditures. If the initial purchasers exercise their option to purchase additional notes in full, Snap expects to use a portion of the net proceeds from such additional notes to enter into additional capped call transactions. Snap may also use a portion of the net proceeds to acquire complementary businesses, products, services, or technologies or for repurchases of Snap's common stock, although it has no commitments for any material acquisitions or stock repurchases at this time.

The notes and any shares of Snap Class A common stock issuable on conversion of the notes have not been registered under the Securities Act or any state securities laws. Unless a subsequent sale is registered under the Securities Act, the notes and shares of Snap Class A common stock issuable on conversion of the notes may only be offered or sold in the United States in a transaction that is exempt from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws.

In connection with the pricing of the notes, Snap entered into capped call transactions with certain of the initial purchasers of the notes or their respective affiliates, collectively, the capped call counterparties. The capped call transactions cover, subject to customary anti-dilution adjustments, the number of shares of Snap Class A common stock that will initially underlie the notes, assuming the initial purchasers do not exercise their option to purchase additional notes. The capped call transactions are expected generally to reduce potential dilution to holders of Snap's Class A common stock on any conversion of notes or offset any cash payments Snap is required to make in excess of the principal amount of any such converted notes, as the case may be, with such reduction or offset subject to a cap based on the cap price. The cap price of the capped call transactions is initially \$32.58 per share of Snap's Class A common stock, representing a premium of 100% above the last reported sale price of \$16.29 per share of Snap's Class A common stock on August 6, 2019, and is subject to certain adjustments under the terms of the capped call transactions.

In connection with establishing their initial hedges of the capped call transactions, the capped call counterparties or their respective affiliates may purchase shares of Snap Class A common stock or enter into various derivative transactions with respect to Snap Class A common stock concurrently with, or shortly after, the pricing of the notes. This activity could increase (or reduce the size of any decrease in) the market price of Snap Class A common stock or the notes at that time.

In addition, the capped call counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to Snap Class A common stock or purchasing or selling Snap Class A common stock in secondary market transactions following the pricing of the notes and prior to the maturity of the notes (and are likely to do so during any observation period related to a conversion of notes or following any repurchase of notes by Snap on any fundamental change repurchase date or otherwise). This activity could also cause or avoid an increase or decrease in the market price of Snap Class A common stock or the notes, which could affect noteholders' ability to convert the

notes and, to the extent the activity occurs during any observation period related to a conversion of notes, it could affect the amount and value of the consideration that noteholders will receive on conversion of such notes.

This press release is not an offer to sell and is not soliciting an offer to buy any securities, nor will it constitute an offer, solicitation, or sale of the securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction.

#### **About Snap Inc.**

Snap Inc. is a camera company. We believe that reinventing the camera represents our greatest opportunity to improve the way people live and communicate. We contribute to human progress by empowering people to express themselves, live in the moment, learn about the world, and have fun together.

#### **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, about Snap and Snap's industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this press release, including statements regarding the expected closing of the offering, the anticipated use of the net proceeds from the offering, and expectations regarding the effect of the capped call transactions and regarding actions of the capped call counterparties and their respective affiliates, 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. Snap cautions you that the foregoing may not include all of the forward-looking statements made in this press release.

You should not rely on forward-looking statements as predictions of future events. Snap has based the forward-looking statements contained in this press release primarily on its current expectations and projections about future events and trends that it believes may affect Snap's business, financial condition, results of operations, and prospects. These forward-looking statements are subject to risks and uncertainties related to: Snap's financial performance, including revenues, cost of revenues, operating expenses, and its ability to attain and sustain profitability; the ability to generate and sustain positive cash flow; the ability to attract and retain users and partners; the ability to attract and retain advertisers; the ability to compete effectively with existing competitors and new market entrants; the ability to effectively manage its growth and future expenses; the ability to comply with modified or new laws and regulations applying to its business; the ability to maintain, protect, and enhance Snap's intellectual property; the ability to successfully expand in Snap's existing market segments and penetrate new market segments; the ability to attract and retain qualified employees and key personnel; and future acquisitions of or investments in complementary companies, products, services, or technologies, and other factors described in "Risk Factors" in Snap's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 which is available on the SEC's website at sec.gov. In addition, any forward-looking statements contained in this press release are based on assumptions that Snap believes to be reasonable as of this date. Snap undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date of this press release or to reflect new information or the occurrence of unanticipated events, except as required by law.

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#### **Investors and Analysts:**

[ir@snap.com](mailto:ir@snap.com)

#### **Press:**

[press@snap.com](mailto:press@snap.com)

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